

MARKETS AND COMMODITIES MONITOR

BRENT CRUDE	US \$38.32	BDC	NSE Close	FX	FMDQ Close					
					Treasury bills		FGN Bonds			
GOLD PRICE	\$ 1,077.80	USD	264	↓ 271.93	\$/N	3M	6M	5Y	10Y	20Y
		POUND	373			↑ 0.02	↓ 0.01	↓ 0.01	↑ 0.07	↑ 0.02
COCOA PRICE	\$ 3,176.00	EURO	280	28,370.32	199.32	7.22	8.45	10.93	11.11	11.18

News

FOREX policy: FG, economists endorse CBN outlook

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## Oil overhang may hit budget projections on trickledown effect

May miss N1.45 trillion non-oil revenue target

PATRICK ATUANYA

The role of oil in Nigeria's economy while small at about 10 per cent of GDP has an outsized impact due to its ability to slow down other sectors, meaning the government may find it difficult to meet 2016 budget projections.

The Federal Government has rightfully cut down expected oil income to some N820 billion.

However, it still projects non oil revenues of N1.45 trillion which is to come mainly from company income tax, VAT and Customs and Excise duties.

This may be overly optimistic in an economy growing way below potential, as can be seen from the lower year on year profits of most listed firms (2015 vs. 2014) including the banks, and much lower import and export volumes.

"It seems the transmission mechanism from oil prices to the so-called non-oil sector (90% of the economy) in Nigeria is strong," said Eloho Omame, Vice President at General Atlantic's investment team based in London.

"Manufacturing is in recession, banks are taking impairments/writing off loans and Telco's are shedding staff."

Nigeria's merchandise trade

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L-R: Kemi Adeosun, minister of finance; Christine Lagarde, managing director, International Monetary Fund (IMF) and Godwin Emefiele, governor, Central Bank of Nigeria (CBN), during the arrival of the IMF MD on a working visit to Nigeria in Abuja. Pic: © BUSINESSDAY/Tunde Adeniji

## A.M Best affirms Wapic Insurance Plc ratings in sign of strength

JOSEPHINE OKOJIE

A.M Best has affirmed the financial strength rating of B- (Fair) and the issuer credit rating of "bb-" of Wapic Insurance Plc (Wapic Nigeria), the operating holding company of the Wapic group of companies.

The outlook for both ratings is stable.

"The ratings of Wapic reflect its developing business profile in the Nigerian insurance market and its solid risk-adjusted capitalisation," A.M Best said.

Wapic is an insurance group that has been operating under

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## Lagarde arrives Nigeria, begins discussions on economy

ONYINYE NWACHUKWU, Abuja

Christine Lagarde, Managing Director of the International Monetary Fund (IMF) arrived Nigeria on Monday to begin discussions on the country's distressed economy.

Lagarde touched down at the Abuja Nnamdi Azikiwe International Airport at about 2.45 pm in a white private jet and was received by the governor of the Central Bank of Nigeria (CBN) Godwin Emefiele and the finance minister Kemi Adeosun, both of whom were accompanied by some top officials of their institutions.

The visit holding between January 4 and 7 will be Lagarde's secondary

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## Stocks slump across Europe and Asia following Shanghai's 7% crash

...NSE down 0.95 percent

Financial markets are starting 2016 on a bleak note and China is at the center of it.

Stocks crumbled around the world, with emerging markets falling the most since August and European equities heading for the worst first day of trading

ever, as slowing manufacturing triggered a sell-off that halted equity trading in Shanghai, reports BLOOMBERG.

Asian currencies weakened with metals and credit markets, while bonds jumped and the yen rallied on demand for haven assets.

Adding to the turmoil, Saudi Arabia and Bahrain cut ties with Iran, sending Gulf stocks lower and pushing Brent crude up as much as 3.3 percent.

Meanwhile Nigeria's benchmark stock index lost 271.93 points or 0.95 percent to close at 28,370.32 to begin the year.

"It's a nasty start for the year," said Peter Kinsella, a senior

currency strategist at Commerzbank AG in London. "It might be the New Year, but old problems remain. Chinese growth concerns have not gone away."

The slump in developing nations harks back to financial turmoil in August that was fuelled by China's devaluation of the Yuan.

It shows the pace of growth

in the world's second-largest economy will remain vital for markets in 2016 after a slowdown last year dragged emerging markets lower and sparked a slump in commodities prices.

The Caixin factory index for China came in at 48.2 in December, missing the median analyst estimate of 48.9 in a Bloomberg

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