

# NEWSLETTER

## 1st quarter 2017

### 2017 Q1 NEWSLETTER CONTENT

Dear Esteemed Customer,

It is amazing how time flies' past, the first quarter of the year is already gone. Wow! Against all odds, it been a positive year thus far, and we are confident that the momentum will be sustained all through the year.

In our last edition, we discussed the economic realities of the country from the past year, as well as, our outlook for the first quarter of this year. As a nation, we appear to be on the right track. We are gradually finding our way out of the shores of recession we sailed into last year.

In this edition, we give a review of the Nigerian economy in the first quarter, updates on our fund performance. We have also included information on the other exciting things we have been up to as a company. We are certain you will find this an interesting read.

As is our culture, we welcome your suggestions and con-

### Review of the Nigerian economy (Q1)

**GDP declined by 1.5% in 2016(Q4 2016 GDP: -1.3%):** Nigeria slipped into recession in 2016 following the drop in oil prices and production. Q4 GDP growth rate of -1.3. compared to -2.1% and -2.2% in Q2 and Q3 2016 respectively is an indication that Nigeria is on its way out of a recession. The International Monetary Fund revised Nigeria's 2017 GDP growth forecast from 0.2% to 0.7% due to an increase in oil production.

**Inflation dropped to 17.8% in February from 18.7% in January 2017:** This is the first decline in headline inflation for 13 months. The decline in inflation was mainly due to base effects. As such, inflation reading is expected to moderate through the year

**The CBN's monetary policy committee left the monetary policy rate unchanged at 14%:** Despite the decline in inflation figures, the CBN left its monetary policy unchanged citing concerns over the sustained demand pressure in the foreign exchange market and the negative real policy rate.

**Crude oil prices remained stable in the first quarter of the year and traded at an average of US\$54.6 per barrel during the period:** Crude oil prices rose in Q1 2017 on the back of agreements by OPEC and non-OPEC members to cut production. However, there are concerns that the rise in US Shale oil production could boost supply and depress prices.

**FG successfully issued US\$1bn and US\$500m Eurobonds at 7.9% and 7.5% respectively:** The bonds were issued to finance the 2016 budget deficit. Both issues were successful; the US\$1bn issue was Eurobond was almost eight times oversubscribed. The Federal government has secured an approval to issue a US\$300mn Diaspora bond in June 2017.

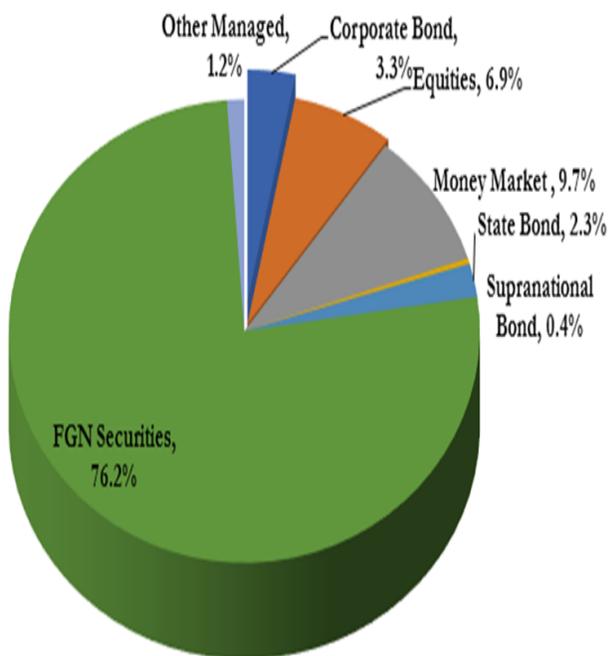
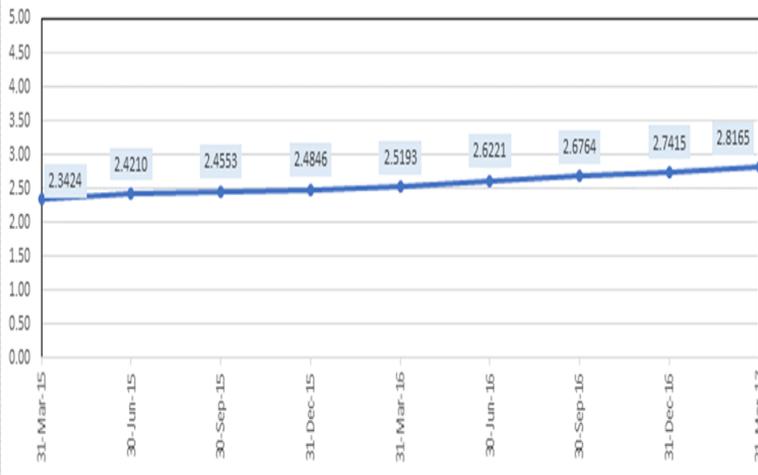
**FX reserves continued to rise and stood at US\$30.3bn (30-day moving average) at the end of March 2017:** The rise in reserves have been largely linked to the rise in global oil price (average oil price in Q1 2017 was US\$54.6/pb compared to US\$51.0/pb in Q4 2016) and proceeds from Eurobond issuances by the Federal government.

**Improvement in FX liquidity with knock-on-effects narrowing the gap between the interbank and parallel market rates:** During the quarter, the CBN stepped up its intervention in the foreign exchange market and increased weekly FX allocation to BDCs to US\$10,000 from US\$5,000. Consequently, the spread between the interbank and parallel market rate dropped to N123.1 from N188.1 at the start of the year

## PAL VALUE FUND – 1<sup>st</sup> Quarter

The PAL Value fund opened the year with a unit price of N2.7415 and stood at N2.8165 as at March 31, 2017. This represent a Year to date return of 2.74%. The PAL Value fund portfolio as at 31<sup>st</sup> March,2017 comprised of the following asset classes: Federal Government Securities (76.2%), Corporate Bonds (3.3%), Supranational Bond (0.4%), State Government Bonds (2.3%), Money Market (9.7%), Equities (6.9%), Other Managed Funds (1.2%).

PAL Value Fund Unit Price as at 31 MARCH 2017



## PAL IN PICTURES



## PAL PENSIONS @ THE LAGOS CITY MARATHON



## UBA PFC 5-ASIDE TOURNAMENT



## PAL PENSIONS AT BABCOCK UNIVERSITY JOB FAIR

## FREQUENTLY ASKED QUESTIONS

### WHY DO I NOT RECEIVE SMS ALERT REGULARLY?

The SMS alert is sent to notify clients, only when contributions have been received from their employer and their RSA's have been credited. If you have changed your phone number, we advise you inform us so we can update your profile on our database in order for you to continue receiving the SMS alert.



## JUST FOR LAUGHS

A young businessman had just started his own firm. He rented a beautiful office and had it furnished with antiques. Sitting there, he saw a man come into the outer office. Wishing to appear the hot shot, the businessman picked up the phone and started to pretend he had a big deal working. He threw huge figures around and made giant commitments. Finally, he hung up and asked the visitor, "Can I help you?" The man said, "Yeah, I've come to activate your phone lines."

## #DID YOU KNOW NIGERIA ?

The Sambisa Forest was used for Safaris in the 1970s. It had a large population of leopards, lions, hyenas, elephants and cabins that tourists could lodge.

Thank you for reading.....*PAL Pensions; Your Pal For Life!*