NEWSLETTER. **12TH – 16TH April 2021.**

NEWS HIGHLIGHTS:

- European Markets Pull Back, Tracking Global Sentiment
- Bitcoin Hits Record High Before Landmark Coinbase Ipo
- Shares Gain Ground As Investors Await U.S. Inflation Data
- Commodity Group Import Index Fell By 0.13% – Nbs.
- Nigerian Stocks Fall Further, Investors Lose N30bn
- Stakeholders Seek Gains From $47.4 Billion On Gas Projects

RATE MONITOR

GDP	=	**2.5%**
MPR	=	**13.50%**
I.R	=	**15%**

GLOBAL ECONOMY.

- **European Markets Pull Back, Tracking Global Sentiment:**

LONDON — European markets retreated slightly on Monday as global stocks continue to search for direction after record highs in several regions last week. The pan-European Stoxx 600 fell 0.4% by mid-morning, with retail stocks shedding 1.5% to lead losses while utilities gained 0.7%. European shares received a weak handover from Asia-Pacific, where Indian stocks led losses on the back of a surge in Covid-19 cases in the country, while MSCI's broadest index of Asia-Pacific shares outside Japan declined more than 1%.

Stateside, futures contracts tied to the major U.S. indexes also pulled back in early premarket trade, pointed to more muted trading on Wall Street after the S&P 500 and Dow Jones Industrial Average notched record highs last week. U.S. Federal Reserve Chairman Jerome Powell told CBS 60 Minutes in an interview that aired Sunday that the U.S. economy is at an "inflection point," with growth and hiring expected to pick up sharply, but risks remaining that a hasty reopening results on a prolonged spike in cases. Powell said it was "highly unlikely" that the central bank would look to raise rates "anything like this year."

Back in Europe, the U.K. government is relaxing lockdown measures in England on Monday, with outdoor dining and hospitality venues, hairdressers, gyms, shops and outdoor attractions allowed to reopen. In corporate news, Swiss newspaper SonntagsZeitung reported Sunday that Credit Suisse was questioned by Swiss regulator FINMA over its links Greensill Capital "months" before the lender was forced to close out $10 billion of funds tied to the now-insolvent supply chain finance firm. On the data front, euro zone retail sales figures for February are due at 10 a.m. London time.

DiaSorin shares jumped 9% by mid-morning trading after the Italian diagnostics company announced a $1.8 billion deal to buy U.S.-based Luminex Corp. French utility companies Suez and Veolia climbed 8.1% and 8.7%, respectively, after announcing a merger deal. At the bottom of the European blue chip index, Hellofresh shares slid 3.6%.

- **<u>Bitcoin Hits Record High Before Landmark Coinbase IPO:</u>**

Bitcoin hit a record of $62,741 on Tuesday, extending its 2021 rally to new heights a day ahead of Coinbase's initial public offering. The largest U.S. cryptocurrency exchange's listing on the Nasdaq on Wednesday is considered a landmark victory for crypto currency advocates. The world's biggest crypto currency, which has growing mainstream acceptance as an investment and a means of payment, rose as much as 5% on Tuesday. Smaller rival Ethereum also reached a record high of $2,205. Major firms including BNY Mellon, Mastercard Inc and Tesla Inc are among those to have embraced or invested in cryptocurrencies.

Bitcoin topped $60,000 early last month, fuelled by Tesla's move to buy $1.5 billion of the digital currency for its balance sheet. For the past two weeks, it had traded in a tight range.

"When bitcoin markets create new highs the price often range-trades and we witness a round of profit-taking," said James Butterfill of digital asset manager CoinShares. "During this most recent period have witnessed a similar profit-taking round, which now looks to have run its course."

The multi-fold rise in crypto currencies is also driven by investors seeking high-yielding assets amid low interest rates.

- **<u>Shares Gain Ground As Investors Await U.S. Inflation Data:</u>**

Global stocks ticked up on Tuesday as robust China trade data boosted confidence for a rebound in its domestic demand, with market players awaiting U.S. data expected to show a pick-up in inflation. China's exports in dollar terms rose by over 30% in March from a year earlier, while imports jumped 38%, their fastest pace in four years, suggesting a post-pandemic recovery in its domestic spending.

The broad Euro STOXX 600 gained 0.3% to near record highs, with export-heavy German shares up 0.2%. Indexes in Paris and London shares fell 0.1%. Investors were focused on U.S. inflation data for March, due at 1230 GMT. Markets expect a forecast pick-up in inflation to accelerate recent moves by equity investors to rotate towards cyclical stocks. The yield on benchmark 10-year U.S. Treasuries was up at 1.6908%, holding below a 14-month high of 1.776% reached on March 30. Bond yields rise when prices fall. The MSCI world equity index, which tracks shares in 49 countries, was down. Wall Street futures gauges were flat.

Earlier, Asian stocks had gained support on the strong China trade data, though MSCI's broadest index of Asia-Pacific shares outside Japan gave up its gains - as did China's blue-chip index, CSI300. "China is benefiting because of its surging 'first, first out' recovery but the global economy is also accelerating and picking up and that will diminish some of China's export performance in the quarters ahead," said John Woods, Credit Suisse's Asia Pacific chief investment officer.

"SIGNIFICANT REBOUND"

In currency markets, the dollar rose from near a three-week low against other major currencies on Tuesday, buoyed by a bump in Treasury yields. The dollar has eased back along with U.S. yields this month after surging to multi-month peaks as markets expect that major fiscal stimulus, coupled with continued monetary easing, will spur faster U.S. economic growth and higher inflation. Boston Federal Reserve Bank President Eric Rosengren said Monday the U.S. economy could see a significant rebound this year due to looser money and fiscal policy but the country's job market still faced weakness. He said with inflation still below the central bank's 2% target rate the current "highly accommodative" monetary policy stance remained appropriate. Brent crude oil futures were up 37 cents, or 0.5%, at $63.63 a barrel by 0744 GMT. U.S. crude oil futures gained 27 cents, or 0.5%, to $59.58 a barrel.

DOMESTIC ECONOMY:

- **Commodity Group Import Index Fell By 0.13% – NBS:**

The all-commodity group import index increased by 0.13 per cent between October and December 2020. The National Bureau of Statistics disclosed this in its report titled 'Commodity prices indices and terms of trade, Q4, 2020'.

This was driven mainly by an increase in the prices of base metals and articles of base metals (1.0 per cent), boilers, machinery and appliances; parts thereof (1.03 per cent), and products of the chemical and allied industries (0.75 per cent).

However, it added, the index was negatively affected by animal and vegetable fats and oils and other cleavage production (-1.06 per cent), prepared foodstuffs; beverages, spirits and vinegar; tobacco (-0.66 per cent) and plastic, rubber and articles thereof (-0.37 per cent). Between October and November 2020, the all-commodity group import price index decreased by 0.23 per cent. The index was driven by decreases in the import prices of boilers, machinery and appliances (-1.77 per cent), prepared foodstuffs, beverages, spirits and vinegar (-1.35 per cent) and animal and vegetable fats and Oils (-1.20 per cent). It was offset by increase in the prices of products of the chemical and allied industries (1.48 per cent), wood and articles of wood, wood charcoal and articles (1.18 per cent) and mineral products (0.49 per cent). Between November and December 2020, the all-commodity group import index grew by 0.36 per cent, driven by increase in import prices of boilers, machinery and appliances (2.80 per cent) as well as base metals and articles (1.91 per cent).

It was negatively affected by fall in prices for products of the chemical and allied industries (-0.73 per cent), mineral products (-0.71 per cent) and wood and articles of wood, wood charcoal and Articles (-0.58 per cent). A commodity price index is a weighted average of selected commodity prices, according to the NBS. It is an index that tracks a basket of commodities to measure their performance.

Export and import price indices measure the overall change in the prices of transactions in goods and services between the residents of an economic territory and residents of the rest of the world. A price index assumes a value of 100, in the reference period. The values of the index for other periods of time show the percentage change in prices from the reference period.

- **Nigerian Stocks Fall Further, Investors Lose N30bn:**

The Nigerian stock market fell further last week as the market value of equities fell by N30bn.

The Nigerian Stock Exchange All-Share Index and market capitalization depreciated by 0.13 per cent to close the week at 38,866.39 and N20.33tn respectively. All other indices finished lower with the exception of NSE Premium, NSE MERI Growth, NSE Consumer nGoods, NSE Lotus II and NSE Growth Index which appreciated by 0.62 per cent, 0.28 per cent, 1.12 per cent, 1.11 per cent and 0.62 per cent while the NSE ASeM Index closed flat.

It was a four-day trading week as the Federal Government of Nigeria declared April 5 as Public Holiday in commemoration of the Easter Monday.

Meanwhile, a total turnover of 887.04 million shares worth N9.19bn in 17,837 deals were traded last week by investors on the floor of the Exchange, in contrast to a total of 1.445 billion shares valued at N19.04bn that exchanged hands in 17,400 deals in the previous week. The financial services industry (measured by volume) led the activity chart with 607.22 million shares valued at N6.07bn traded in 10,125 deals, thus contributing 68.46 per cent and 65.99 per cent to the total equity turnover volume and value respectively. The conglomerates industry followed with 112.318 million shares worth N572.83m in 1,450 deals, while the oil and gas industry came third with a turnover of 57.66 million shares worth N201.45m in 1,107 deals. Trading in the top three equities, namely Zenith Bank Plc., Access Bank Plc. and Guaranty Trust Bank Plc. (measured by volume), accounted for 259.25 million shares worth N4.82bn in 4,970 deals, contributing 29.23 per cent and 52.41 per cent to the total equity turnover volume and value respectively.

- **Stakeholders Seek Gains From $47.4 Billion On Gas Projects:**

Stakeholders in the oil and gas sector have insisted on the need to get the best from Nigeria's enormous gas resources, as the country embarks on $47.4 billion gas projects. The country has recorded progress on key gas projects. The Brass Gas Hub is expected to be built for $3.5 billion while the Nigeria-Morocco gas pipeline will cost $25 billion. The Ajaokuta-Kaduna-Kano (AKK) pipeline is expected to cost $2.8 billion just as the Nigeria LNG

Train

Seven will cost $6.6 billion to build while an additional $5 billion is expected to be spent on wells and pipelines. Others are ANOH gas project, which is estimated at $1.4 billion, Dangote Fertilizer, which was estimated at $2.5 billion, and Obiafu-Obrikom-Oben Gas Pipeline also called the OB3 Pipeline that is estimated at $700 million.

Stakeholders, who converged virtually at the "Nigeria Gas/Energy Strategic Outlook for 2021 and Beyond and Review of Petroleum Industry Bill,' which was organised by Energy & Corporate Africa, noted the need to address existing bottlenecks in the country's gas space. According to the Department of Petroleum Resources (DPR), Nigeria with 203tcf proven gas reserve and 600tcf unproven gas reserve has the largest reserve in Africa. Sadly, the resource has not benefited the country, especially in meeting energy needs in the area of power generation, cooking, industrial use, and transportation. Speaking at the programme, Chief Operating Officer, Gas and Power, the Nigerian National Petroleum Corporation (NNPC), Usman Yusuf, stressed the need to leverage the investment for sustainable future energy and technological revolution that would enhance gas uptake in existing and emerging gas markets.

Yusuf noted that the growth in the global energy market would continue as natural gas has a critical role to play in the industrial development of the continent.

"African has enough gas resources to enhance utilisation but requires adequate investment and favorable policies to provide the necessary infrastructure," Yusuf said. Yusuf stated that the COVID-19 pandemic provided thrust in global collaboration for energy market stabilization.

Executive Director of Production at Seplat, Effy Okon, commended efforts being made to harness the country's gas potential, noting that capital, under-investment, delayed delivery of planned gas infrastructure and poor pipeline network continue to affect the gain of gas resources.

Okon also noted that the lack of cost-reflective tariffs and huge debts in the power sector were affecting the gas market, adding that "lack of clear gas fiscal terms for production sharing contracts and the delay in the passage of PIB have reduced investors' confidence in the sector."

He also raised concern over foreign exchange challenges as investors receive revenue in naira against dollar-based investment.

"Non-bankable off-take agreement and lack of a properly-diversified consumer base for gas suppliers impact investor confidence. High loan interest rates, as well as delay in the joint venture funding, make it difficult to fund capital intensive, long-term gas projects," he noted.