
**WEEKLY NEWS HIGHLIGHTS:** **7th – 11th JUNE 2021.**

- **Apple Bull Run Expects Iphone Maker To Hit $3 Trillion Market Cap In 2022**
- **Bitcoin Slides 7% After U.S. Seizes Most Of Colonial Pipeline Ransom**
- **Dollar Shuffles Higher, Shares Bask Near Peaks**
- **Nigeria, others lost $1tn oil revenue in two years – OPEC**
- **Stakeholders Demand Transparency As FG, Investors Pump N170.5b In New Carrier**

**Weekly Rate Monitor.**

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|---|---|---|
| GDP. | = | 2.53% |
| MPR | = | 11.5% |
| INFLATION= | | 15.97% |

## GLOBAL ECONOMY:

- **Apple bull expects iPhone maker to hit $3 trillion market cap in 2022**

Apple could hit a $3 trillion market capitalization in 2022, according to Wedbush analyst Dan Ives, who is bullish on the tech giant. The iPhone maker's shares are down about 5% year-to-date. Earlier this year, investors dumped the company's stocks following a historic December quarter. Apple is the world's most valuable company with a current market cap of around $2.1 trillion. It crossed the first trillion in 2018 and the $2 trillion mark in 2020. Analysts, including Ives, have previously talked about Apple's roadmap to the record $3 trillion mark. "We think ultimately 12 to 18 months from now," Ives told CNBC's "Street Signs Asia" on Tuesday when asked about a possible timeline to the next milestone. "If you look at the innovation, if you look at the supercycle playing out in the services business right now, I believe this is just sort of the next stage of growth," Ives said, adding it is set to prove to sceptics that Apple remains focused on innovation. In late April, Ives increased Apple's price target from $175 a share to $185, maintaining an outperform rating on the stock. Apple's shares closed at $125.90 per share during normal trading hours on Monday. There are several potential risks that could hinder Apple from reaching the historic $3 trillion market capitalization, according to Ives. They include a court battle with Epic Games, maker of the popular video game Fortnite, where Cook faced sharp questioning from the judge last month Last year, Apple removed Fortnite from its iPhone App Store, saying that the game violated its guidelines for its software distribution platform. Epic Games responded by filing a lawsuit within hours, accusing Apple of anti-competitive behavior. Apple then filed counterclaims and responses, seeking damages for Epic Games' breach of contract. Ives also pointed to growing regulatory scrutiny around the world. The European Commission said in April that the iPhone maker "abused its dominant position" in the distribution of music streaming apps through its Apps Store.

- **Bitcoin slides 7% after U.S. seizes most of Colonial Pipeline ransom**

Bitcoin's price slipped again Tuesday. The reason for the move was unclear, however it may be related to concerns over security of the cryptocurrency after U.S. officials managed to recover most of the ransom paid to hackers that targeted Colonial Pipeline.

Court documents said investigators were able to access the password for one of the hackers' bitcoin wallets. The money was recovered by a recently launched task force in Washington created as part of the government's response to a rise in cyberattacks.

The world's largest cryptocurrency slid over 7% at 7:30 a.m. ET to a price of $32,936, according to Coin Metrics data. Smaller digital coins also slumped, with ether falling more than 7% to $2,512 and XRP also losing around 7%.In April, 2021 was looking to be a banner year for digital assets, with bitcoin having topped $60,000 for the first time ever. But a recent plunge in crypto prices has shaken confidence in the market. Bitcoin sank to nearly $30,000 last month, and is currently down almost 50% from its all-time high. The digital currency is now up only 13% since the start of the year, though it's still more than tripled in price from a year ago. A number of issues are weighing on cryptocurrencies, including fears of a regulatory clampdown and recent tweets from Tesla CEO Elon Musk.

Chinese authorities last month called for a crackdown on crypto mining and trading. Once a major player in the market, China has since moved to stamp out speculative investment in cryptocurrencies, banning a fundraising method known as initial coin offerings and shuttering local exchanges. Meanwhile, Elon Musk has gone from a supporter of bitcoin to seemingly falling out of love with it in a matter of months. Musk's electric car firm stopped accepting bitcoin as a payment method last month due to concerns over its environmental impact, resulting in a crypto market sell-off. "Bitcoin bulls have been chastened by the market pull back and perhaps are feeling once bitten, twice shy," Charles Hayter, CEO of digital currency data firm CryptoCompare, told CNBC. "The euphoria has worn off to some extent in the retail frenzy, as regulators have moved to temper manias," he added. "Data is showing continued cornering of the market by institutionals." Last week, thousands of bitcoin investors descended on Miami for an event billed as the biggest bitcoin event in history. The conference had a few bizarre highlights, including El Salvador President Nayib Bukele announcing plans for the country to accept bitcoin as legal tender.

- **Dollar shuffles higher, shares bask near peaks:**

Markets were in consolidation mode on Tuesday, with world stocks hovering just off record highs, the dollar lifted by upcoming inflation data and the main volatility gauges all looking reassuringly calm. There was some pressure on sterling as the UK government considered whether to delay removing most of its remaining coronavirus restrictions by two weeks, but it looked like being temporary at worst. London's FTSE (.FTSE) was up 0.2% in line with the pan European STOXX 600 (.STOXX). MSCI's 50-country world index (.MIWD00000PUS) was flush to its latest record high and Wall Street futures were steady after its tech titans shrugged off global plans to tax them more over the weekend.

In the bond markets, government bond yields were edging lower ahead of a policy meeting of the European Central Bank (ECB) and U.S. inflation data, both due on Thursday. Recent comments have suggested that the ECB has no plans to start reeling in its mass stimulus programme any time soon, while the U.S. May consumer price index print will be closely watched ahead of a Federal Reserve meeting next week. "The consensus ahead of the ECB meeting has pretty much settled on the view that the Governing Council will keep the faster pace of asset purchases via the pandemic emergency purchase programme for another quarter," ING analysts said. But they also acknowledged that "the bar for a dovish surprise has been set high". The U.S. dollar looked to have found some support again having been sapped by last week's softer-than-expected payrolls data. The dollar's index against a basket of six major currencies stood at 90.136, up 0.2% on the day and off the 89.533 4 1/2-month low touched late last month. It has been idling around there while investors try to gauge the U.S. recovery and policy response.

"Worries remain that the Fed may start discussing tapering asset purchases at next week's FOMC meeting," said Philip Wee, an FX strategist at Singapore's DBS Bank. "More so after U.S. Treasury Secretary Janet Yellen's comment that higher U.S. interest rates would be good for the economy." In a weekend interview, Yellen said slightly higher rates "would actually be a plus for society's point of view and the Fed's point of view".

Sterling was meanwhile down 0.3% on the uncertainty over COVID-19 restrictions removal. The British government had planned to lift almost all remaining restrictions but has seen case numbers start to rise again over the last couple of weeks.

"The world wants to get itself short sterling," said Societe Generale's Kit Juckes. "I don't think it will last, a two-week delay to easing restrictions that really is very temporary." Overnight in Asia, Tokyo's Nikkei 225 (.N225) had inched down 0.2% as losses in market heavyweights offset gains for drugmakers after Eisai Co's (4523.T) Alzheimer drug had received U.S. regulatory approval.

China's benchmark CSI300 Index (.CSI300) dropped 0.9% weighed down by lofty valuations and Sino-U.S. tensions. Australia's S&P/ASX 200 (.AXJO) was the only major index remaining in positive territory, closing up 0.15%. Among the main commodities, oil prices lost ground as lingering concerns about the fragile state of the global recovery were heightened by data showing China's oil imports fell in May. Brent crude widened losses in London to sit at $70.87 a barrel, off 0.9%. U.S. oil was down by 53 cents, or 0.7%, at $68.76 a barrel.

**DOMESTIC ECONOMY:**

- **Nigeria, others lost $1tn oil revenue in two years – OPEC:**

Nigeria and other members of the Organization of the Petroleum Exporting Countries lost about $1tn in revenue due to the plunge in oil prices in 2015 and 2016.

OPEC's Secretary-General, Sanusi Barkindo, who disclosed this at the 2021 Nigeria International Petroleum Summit in Abuja on Monday, said oil sector investments during the period crashed by $300bn.

He said, "In terms of foregone revenues to OPEC member countries during this oil cycle, collectively about $1tn was lost as a consequence of the plunge in prices in 2015 and 2016.

"No member country of OPEC was insulated from such a contraction in oil revenues during this cycle. This had a severe impact on the resources available to the government to pursue its development programmes."

Barkindo added, "Similarly, the 2020-21 recession was also caused by extraneous factors far beyond Nigeria's borders. The devastating spread of COVID-19 severely impacted global oil demand and, again, developing economies were exposed."

He also noted that investments were choked off during the challenging periods in the sector, with exploration and production spending falling by an enormous 25 per cent in both 2015 and 2016.

"A fall amounting to above $300bn," the OPEC scribe said. He added, "There were significant job losses across the industry, as well as increasing financial and operational stresses for many companies.

"In fact, a record number of companies in our industry filed for bankruptcy."

Barkindo observed that as the world economy contracted by 3.5 per cent year-over-year in 2020, global oil demand declined by 9.5 million barrels per day.

- **Stakeholders demand transparency as FG, investors pump N170.5b in new carrier**

About three years after its unveiling in London, United Kingdom, and subsequent suspension, the Federal Government is having another go at the new national carrier project with an estimated sum of N170.5 billion already on the table. The sum, contributed by both private investors and budgetary provisions in the last three years, is expected to start up the new airline next year. Findings by The Guardian showed that private investors have pledged at least $250 million (N112.5 billion), while government's allocations in the form of "project working capital" between 2019 to 2021 have added up to N58 billion ($128.8 million)." Aviation stakeholders are, however, worried about the lack of transparency in the prolonged build-up to the new venture, coupled with its viability and sustainability in a pandemic era. The worry is not unconnected with the venture's ability to attract 90 per cent of investment from both local and foreign investors, coupled with a credible technical partner to drive its operations at a time when global aviation has recorded multiple airline collapses and losses to the tune of $90 billion in 2021 alone.

The Federal Government on July 18, 2018 unveiled the name and logo of the proposed carrier at the Farnborough International Public Air show in London. That was ahead of the planned initial take-off on December 24 of that year. The lack of budgetary provision, and scathing criticism by the public forced the Minister of Aviation, Hadi Sirika to "temporarily" ditch the rollout plan in 2018. Before the suspension, the government had scheduled the carrier to commence flight operations on December 24, 2018 with a target of 81 local, regional and international routes on commencement of operations, 15 leased aircraft as at the due date with additional plans to own 30 planes within three to four years.

Sources at the Ministry of Aviation said that the project was never jettisoned. A senior official recently said the project remains on course, adding that the initial problem was that of funding. "I think that is getting solved now as the project is getting the attention it required from the government. Before long, we will advertise, invite bidders and begin rollout. We already have some money, but I cannot say how much," the official said.

Sirika had said that the project, among others contained in the aviation development roadmap initiative, remains a priority, which earned it a place in the 2019 budget. The project got a capital vote of N47.3 billion. In the 2020 Appropriation Bill, the Federal Government proposed to spend N4.69 billion as working capital for Nigeria Air. The government also proposed to pay the sum of N304 million as consultancy fee. The 2021 fiscal plan only provided N1 billion under the "working capital for establishment of national carrier."

Meanwhile, the carrier got a top priority in the N27 billion aviation bailout lump sum to cushion effects of the COVID-19 lockdown. Of the sum, the national carrier got N5 billion vote. The total sum of N170 billion (that is, $250 million from private investors, and N58.5 billion or $128.8 government vote) already generated, has exceeded the sum of $300 million (N135 billion) originally planned for the project and approved by the Infrastructure Concession Regulatory Commission (ICRC). The national carrier is intended to replace the defunct Nigeria Airways that ceased operations in 2003. The replacement was designed as a Public-Private Partnership (PPP) project with the Federal Government likely to own as much as 10 per cent stake. Sirika earlier said that the venture was expected to gulp $55 million in 2018; $100 million in 2019, and $145 million in 2020. In three years, the government had planned $300 million for the airline project. Reacting to the minister's recent disclosure that the new carrier will now take off in the first quarter of 2022, travel consultant, Sunday Olumegbon, said it was unfortunate that what started as a good initiative has become "a plaything or pet project" of the minister.

Ojikutu had expressed disappointment on how the project has stalled in the last three years. He said up till the beginning of 2020, he had no reason to think that the formation of the national carrier was not possible, "if we, as a people, not a few individuals in government, know what we are looking for. "We need a national carrier not a government airline. We must bring every Nigerian onboard both in and outside the country. In my post to the Minister, I said it should not take more than six months to get it established. The COVID-19 pandemic has now become the alibi to every failure in aviation, including the failures that predated the pandemic.

"It will take as many more years as it would take existing airlines to make up for pre-COVID-19 passenger traffic, for anyone to begin thinking of establishing any new airlines, be it private, public or national, except a cargo airline," Ojikutu said.

INDEED, the COVID-19 pandemic has brought a tumultuous period for aviation, with 23 airlines collapsing due to the international travel restrictions introduced to curb the spread of the disease. The biggest losses have included Flybe, a UK domestic airline that operated since 1979, and Virgin Australia, which came into existence 20 years ago.

Some other big players are showing signs of struggle. Emirates Airlines has said it will cut 30 per cent of staff as a result of the pandemic, with 1,600 pilots sacked since May. Thousands of British Airways staff is at risk of redundancy. The American airline industry is “likely” to lose a carrier to this pandemic, according to Boeing president and chief executive David Calhoun.