WEEKLY NEWS HIGHLIGHTS: **16TH AUGUST – 20TH AUGUST 2021.**

- **U.S. States Rush To Meet Deadline To Join $26 Billion Opioid Settlement**
- **Robinhood Tumbles 12% After Warning Of Slowdown In Retail Trading**
- **IMF Suspends Afghanistan's Access To Funds**
- **Investors Lose N2.4bn Amid Banking Stock Sell-Off**
- **Fed Govt Lists N808.2m August Savings Bonds on Stock Exchange.**
- **MDAs Couldn't Account For N4.97tn In 2019, Says Auditor-General**

WEEKLY RATE MONITOR

MPR:	**11.5%**
GDP:	**2.5%**
INFLATION :	**17.35%**
NIBOR:	**8.54%**

GLOBAL ECONOMY:

- **U.S. states rush to meet deadline to join $26 billion opioid settlement:**

U.S. states are racing to meet a deadline to commit to a $26 billion opioid settlement with three drug distributors and the drugmaker Johnson & Johnson (JNJ.N), as some grapple with local resistance and concerns the amount isn't big enough to address the damage done by an epidemic of addiction. Fourteen state attorneys general unveiled the proposed settlement with McKesson Corp (MCK.N), AmerisourceBergen Corp (ABC.N), Cardinal Health Inc (CAH.N) and J&J on July 21, kicking off a months-long process for states, counties and cities to sign on. read more

By Saturday, states must decide whether to join settlements that call for the distributors to pay $21 billion and J&J to pay $5 billion, money meant to help fund treatment and other services. The epidemic of opioid abuse has resulted in nearly 500,000 overdose deaths since 1999, according to the U.S. government. The settlement's complex formula envisions at least 44 states participating, but ultimately the companies decide whether a "critical mass" have joined and whether to finalize the deal. North Carolina Attorney General Josh Stein, a lead negotiator, last month said he expected "well north" of 40 states to join. But several are against it, including Washington and New Mexico and communities in West Virginia holding out in hopes of recouping more.

Michigan, South Carolina and Nevada say they are still evaluating the deal. Ohio, which was slated to take the distributors to trial next month, is nearing a separate, related $808 million deal with them.In hard-hit New Hampshire, Associate Attorney General James Boffetti said he recently told a judge the state was unlikely to join the deal with J&J, which the state plans to take to trial next year. "That settlement is small in comparison to the harm that they caused in New Hampshire and other places," he said. "It's just not sufficient."

The settlement aims to resolve more than 3,000 lawsuits accusing the distributors of ignoring red flags that pain pills were being diverted into communities for illicit uses and that J&J played down the risks of opioid addiction. The companies deny wrongdoing, saying the drugs were approved by the U.S. Food and Drug Administration and that responsibility for ballooning painkiller sales lies with others, including doctors and regulators. The participation of states is tied closely to that of their local governments, who brought the majority of lawsuits. Ultimately, $10.7 billion is tied to the extent localities participate. Texas Attorney General Ken Paxton on Aug. 5 announced the state would join the distributors' settlement, but in a twist said the state was "still evaluating" J&J's piece.

Some local Texas governments have opposed the deal, and a January trial date is set in a lawsuit by the populous city of Dallas, which has sued the distributors, J&J and others for $10.5 billion. Mark Lanier, a lawyer for the city, said he was in discussions with J&J and was "hopeful we can find a resolution." But he said Dallas' case against the distributors would move forward. Paul Geller, a lead negotiator for the plaintiffs with Robbins Geller Rudman & Dowd, called on elected officials to unify for the "greater good." "The only way this deal works, and we've known this from the beginning, is if leaders embrace a level of responsibility that extends beyond local borders," Geller said.

- **Robinhood tumbles 12% after warning of slowdown in retail trading:**

Shares of Robinhood Markets Inc (HOOD.O) tumbled 12% on Thursday, after the owner of the popular trading app warned that the trading frenzy among small-time investors that boosted its second-quarter revenue would slow down in the coming months.

Robinhood, which has been at the center of the "meme stock" phenomenon this year, posted its first results as a public company, offering a glimpse into the growing clout of retail investors. The company's stock, itself dubbed the "meme of memes", has been on a roller-coaster ride since its market debut on July 29, when it closed 8% lower. Since then, the stock more than doubled to $85 through the first week of August, partly due to interest from star investor Cathie Wood.

The shares were down 12% at $43.73 by 5:30 a.m. ET on Thursday and were among the top 15 most traded stocks across U.S. exchanges. Social media chatrooms were abuzz with activity as users reacted to the company's warning. "I wouldn't buy this. (Too) many red flags. If you made money, good, but this will never go to $80 again," a Stocktwits user wrote on the trading-focused social media site, tagging Robinhood's ticker $HOOD. Message volume related to Robinhood spiked by nearly 36% on Stocktwits, with positive and negative sentiment toward the stock split evenly.

- **IMF suspends Afghanistan's access to funds:**

The International Monetary Fund (IMF) has said Afghanistan will no longer be able to access the lender's resources**.** The move follows the Taliban's takeover of the country last weekend. An IMF spokesperson said it was due to "lack of clarity within the international community" over recognising a government in Afghanistan. Resources of over $370m (£268m) from the IMF had been set to arrive on 23 August.

These funds were part of a global IMF response to the economic crisis. Access to the IMF's reserves in Special Drawing Rights (SDR) assets, which can be converted to government-backed money, have also been blocked. SDRs are the IMF's unit of exchange based on sterling, dollars, euros, yen and yuan. "As is always the case, the IMF is guided by the views of the international community," the spokesperson added. It comes after an official from the Biden administration told the BBC that any central bank assets the Afghan government has in the US will not be made available to the Taliban.

In a **letter to the US Treasury Secretary Janet Yellen**, Congress members called for assurances that the Taliban would receive no US-backed aid. "The potential of the SDR allocation to provide nearly half a billion dollars in unconditional liquidity to a regime with a history of supporting terrorist actions against the United States and her allies is extremely concerning," 17 signatories wrote. Earlier, the head of Afghanistan's central bank said the US had **cut off access to its assets** - around $7bn of which are held at the U.S. Federal Reserve. Ajmal Ahmady, who fled the country at the weekend, tweeted that Da Afghanistan Bank's total reserves were approximately $9bn as of last week. But he said as per international standards, most of this was held in safe, liquid assets such as US Treasury bonds and gold offshore. "Given that the Taliban are still on international sanction lists, it is expected (confirmed?) That such assets will be frozen and not accessible to Taliban," Mr Ahmady tweeted. "We can say the accessible funds to the Taliban are perhaps 0.1-0.2% of Afghanistan's total international reserves. Not much."

Mr Ahmady added that Washington's suspended shipments of physical dollars were causing Afghanistan's currency to depreciate. The Afghan currency, the Afghani, **has fallen to record lows**. "I believe local banks have told customers that they cannot return their dollars — because [Da Afghanistan Bank] has not supplied banks with dollars," he tweeted. "This is true. Not because funds have been stolen or being held in vault, but because all dollars are in international accounts that have been frozen." In June, the IMF gave Afghanistan its latest loan instalment which was approved in November. In the same month, **the UN published a report** which stated that the "primary sources of Taliban financing remain criminal activities," including "drug trafficking and opium poppy production, extortion, kidnapping for ransom, mineral exploitation and revenues from tax collection in areas under Taliban control or influence." The World Bank also funds many development projects in the country and has provided Afghanistan with $5.3bn since 2002. It has not yet responded to the BBC's request for comment on the current status of this funding.

Independent money transfer giant Western Union has also suspended money transfer services to Afghanistan "until further notice". The IMF has taken similar steps against other regimes not recognised by a majority of its members. This happened in April 2019 when SDR access was blocked after more than 50 member countries refused to recognise President Nicolas Maduro as the legitimate leader of Venezuela. The IMF also halted payments to Myanmar after the military junta seized control. On Monday, the IMF will complete a $650bn allocation of SDRs to its 190 member countries.

The sudden advances made by the Taliban left the IMF with an urgent decision. It is about to hand out to almost all its members a reserve asset called special drawing rights. It's an exercise that is not about Afghanistan. It's about reinforcing the global economic recovery from the pandemic related crisis. And it's happening on Monday. So if the new regime in Kabul were to be excluded at this stage the IMF had to move quickly. And it has done so, reflecting what a spokesperson called a lack of clarity about the recognition of the government. That is what lies behind the IMF decision at this stage. It does also raise the possibility that financial assistance might come to be used as leverage to encourage the Taliban not to allow the abuses that many fear - and that some reports say are already taking place.

DOMESTIC ECONOMY:

- **Investors lose N2.4bn amid banking stock sell-off:**

Investors in the equities market of the Nigerian Exchange Limited lost N2.44bn on Wednesday, a development analysts attributed to the sell-offs of some banking stocks. The NGX All-Share Index dropped marginally by 0.01 per cent to close at 39,545.67 basis points from 39,550.36bps recorded on Tuesday. Investors traded more securities as the trading volume increased by 19.17 per cent from 110.77 million shares in 3,305 deals on Tuesday to 132.01 million shares worth N2.67bn in 3,307 deals on Wednesday. "The domestic bourse traded marginally lower today as investors' selling activities in Tier 1 stocks – FBN Holdings Plc (- 0.7 per cent), Access Bank Plc. (-1.1 per cent) and Guaranty Trust Holding Company Plc (-0.9 per cent) triggered a one basis point decline in the ASI," said analysts at Cordros Capital. "Atlas Portfolios Limited's analysts noted that bearish sentiments returned to the Nigerian bourse with market performance indicators both dipping marginally by 0.01 per cent.

"A tepid market saw losses printed on the market by price depreciation in banking tickers as bargain hunting intensifies," they added. Analyzing by sectors, the insurance (-0.87 per cent) index declined while the consumer goods (+0.12) and banking (+0.08 per cent) indices recorded gains. The industrial goods and oil & gas indices closed at +0.40 per cent each. Seventeen equities dropped at the end of trading while 19 saw gains in their share prices. SCOA Nigeria plc. depreciated the most as its share price dropped by 9.66 per cent to N1.59 at the end of trading on the floor of the NGX on Wednesday. It was followed by Prestige Assurance Plc, which dropped by 8.33 per cent to close at N0.44 per share. The other top losers were Regency Alliance Insurance Plc (-6.98 per cent), Mutual Benefits Assurance plc. (-5.71 per cent), and Caverton Offshore Support Group Plc (-5.49 per cent).

Atop the gainers' chart was Pharma-Deko plc. with a 10.00 per cent gain to close at N1.43 per share. It was followed by BOC Gases plc., which gained 8.33 per cent to close at N10.10 per share. Honeywell Flour Mills plc. also saw a 9.72 per cent gain while Courtville Business Solutions plc. and Associated Bus Company plc. rose by 8.00 per cent and 6.06 per cent respectively.

- **Fed Govt lists N808.2m August savings bonds on stock exchange:**

The Federal Government yesterday listed its latest tranches of the Federal Government of Nigeria (FGN) Savings Bonds (FGNSBs) on the Nigerian Exchange (NGX) Limited, paving the way for bondholders to trade on their securities. The government had earlier this month issued two-year and three-year tenured savings bonds in continuation of its monthly issuances.

A total of 204,965 units of the 8.864 per cent FGNSB August 2023 bond valued at N204.965 million were listed at par value of N1000. The two-year tenured bond has a maturity date of August 11, 2023.

Also, a total of 603.248 million units of the FGNSB August 2024 bond valued at N603.248 million were listed at par value of N1, 000. The three-year tenured bond has a maturity date of August 11, 2024. The coupon payment for the new tranches of the FGNSB, which pays interest rate or coupon quarterly, is November 11, February 11, May 11 and August 11. NGX stated that the additional listing of the debt instruments further reaffirms its leading position as a multi-asset securities exchange providing investors access to equities, diverse fixed income securities, Exchange Traded Products (ETPs), mutual and other investment funds.

The FGNSB was introduced in 2017 as a mass instrument for nationwide mobilization of savings and investments. Minimum subscription to the FGNSB is usually N5, 000 while the bond pays coupon or interest rate on a quarterly basis.

Usually, the minimum subscription to the bonds, offered at N1,000 per unit, is N5,000 or five units and in multiples of N1,000 thereafter, subject to a maximum subscription of N50 million.

GTI Securities Limited, one of the authorized distribution agents for the FGNSB, noted that the savings bonds help to deepen national savings culture while providing opportunity to all Nigerians irrespective of income level to contribute to and benefit from national development.

According to the stockbroking firm, FGNSB enables all Nigerians opportunity to participate in and benefit from the favorable returns available in the capital market.

GTI Securities noted that the savings bonds are acceptable as collateral for loans by banks and can be sold for cash in the secondary market before maturity.

The bonds are usually listed on the stock exchange for trading, thus providing liquidity for investors who want to exit before maturity.

Savings bonds are good for savings towards retirement, marriage, school fees and house projects among other targets while assuring on its safety as the bonds are backed by the full faith and credit of the Federal Government of Nigeria.

- **MDAs couldn't account for N4.97tn in 2019, says auditor-general:**

The Auditor-General of the Federation, Adolphus Aghughu, says ministries, departments and agencies of the Federal Government failed to account for a total sum of N4.97tn in 2019.

Aghughu said the MDAs failed to substantiate the sum after an audit of their financial statements. The auditor-general made this known while laying the 2019 audit report to the National Assembly in Abuja on Wednesday. Aghughu also lamented that his office lacked the capacity to function effectively and efficiently especially relating to detection of mismanagement of public funds by the MDAs. He said, “From the audit carried out on the 2019 Federal Government Consolidated Financial Statement, unsubstantiated balances amounting to N4.97tn were observed. The N4.97tn unsubstantiated balances are above the materiality level of N89.34bn set for the audit. “In auditing, materiality means not just a quantified amount but also the effect that amount will have in various contexts. “During the auditing planning process, the auditor decides what the level of materiality will be, taking into account the entirety of the financial statements to be audited.”

Aghughu, however, decried that his office was not working the way it should due to various factors crippling its operations, thereby giving room for all forms of financial infractions across the various MDAs. He said, “One of such problems is the absence of Federal Audit Service Law, which is a big challenge as far as effective and efficient public sector auditing are concerned. This is a law that is needed as basis of fiscal sustainability.

“Another problem incapacitating optimal functionality of our mandate, as far as thorough and appropriate auditing of financial statements of the MDAs are concerned, is gross underfunding which is telling much on our efficiency.

“Accommodation is also part of the problem as our staff in Lagos are about to be evicted from their office due to litigations. These are aside problem of insecurity seriously affecting our scope of coverage.”

The Clerk to the National Assembly, Amos Ojo, who was represented by the Deputy Clerk, Bala Yabani, received the report.