



## WEEKLY NEWS HIGHLIGHTS:

- China Telecom eyes \$8.4 bn Shanghai IPO, world's biggest in 2021
- Hackers steal \$600m worth of crypto
- European shares at record high ahead of U.S. inflation gauge
- Shell Nigeria awards N48m grant to Niger Delta entrepreneurs
- Oil price tumbles to \$68, Nigeria's production faces setbacks
- Nigeria's economy to add \$229b
- World Bank lists Nigeria, nine others as countries with high debt risk exposure

**9<sup>TH</sup> AUGUST – 13<sup>TH</sup> AUGUST 2021.**

### WEEKLY RATE MONITOR

<u>MPR:</u>	11.5%
<u>GDP:</u>	2.2%
<u>INFLATION :</u>	%
<u>NIBOR:</u>	8.5%

## GLOBAL ECONOMY:

### • China Telecom eyes \$8.4 bn Shanghai IPO, world's biggest in 2021:

China Telecom was delisted by the New York Stock Exchange in January along with fellow state-owned telecoms firms China Mobile and China Unicom following an executive order by former president Donald Trump. China **Telecom** could raise more than \$8 billion in a Shanghai initial public offering that would be the biggest this year, months after it was delisted in the United States amid Washington's stand-off with Beijing. The firm said it had priced its offer at 4.53 yuan per share, which would be worth 47.1 billion (\$7.3 billion), according to a filing with the **Shanghai Stock Exchange** on Friday. However, if an over-allotment option was exercised that would jump to 54 billion yuan (\$8.4 billion), Bloomberg News said.

China Telecom was delisted by the **New York Stock Exchange** in January along with fellow state-owned telecoms firms China Mobile and China Unicom following an executive order by former president **Donald Trump**. The order banned investments by Americans into a range of companies deemed to be supplying or supporting China's military and security apparatus. China Telecom is the country's largest fixed-line operator, and the share issue would be the biggest of the year, topping the \$5.4 billion raised in Hong Kong by TikTok rival **Kuaishou Technology** in February. Many of China's biggest tech and telecom firms listed their shares on the more developed US stock markets in the 2000s as they sought access to funding, but the tide has been turning.

Authorities have been pushing in recent years to instead encourage such companies to list on its domestic exchanges in Shanghai and Shenzhen, as well as Hong Kong, a trend expected to be accelerated by an ongoing government campaign to strengthen control over its major tech giants. China is in the midst of a digital transformation drive, and proceeds from the Shanghai listing will be used for 5G and cloud-network infrastructure, among other initiatives, the exchange filing said.

- **Hackers steal \$600m worth of crypto:**

Unidentified hackers stole crypto worth \$610m across three chains on Tuesday. According to CoinTelegraph, Poly Network, a cross-chain protocol, said the attacks removed assets from Binance Chain, Ethereum, and the Polygon network. Blockchain data from the respective networks showed that the hackers stole about \$273m from ETH, \$85m in USD Coin from the Polygon network, and \$253m from Binance Smart Chain.

The network said it would be pursuing legal actions against the hackers in a bid to get back the stolen funds. It also asked miners on the affected chains, and crypto exchanges to blacklist tokens coming from the affected addresses. The crypto space has since responded since news of the hack broke out. OKEx Chief Executive Officer, Jay Hao, said his exchange's team was watching the flow of coins and would try to manage the situation. Tether Chief Technology Officer, Paolo Ardoio, said the project had frozen \$33m in Tether from one of the affected addresses. Binance Chief Executive Officer, Changpeng Zhao, said Binance was coordinating with security partners to help with the hack.

- **European Shares At Record High Ahead Of U.S. Inflation Gauge:**

European shares notched up another record high on Wednesday as investors looked through rising COVID infections in Asia to new highs on Wall Street, after U.S. lawmakers agreed a trillion-dollar boost to the economy. The STOXX (.STOXX) index of 600 European companies hit a new peak for an eighth consecutive session as more acquisitions and steady corporate earnings underpinned the economic outlook.

U.S. cybersecurity company NortonLifeLock Inc (NLOK.O) said it had agreed to buy London-listed rival Avast Plc (AVST.L) for up to \$8.6 billion to create a leader in consumer security software. Dutch bank ABN Amro (ABNd.AS) said it would resume paying dividends. The MSCI all country index (.MIWD00000PUS) was just below its lifetime high hit on Tuesday as markets held their breath ahead of the U.S. consumer price index (CPI) at 1230 GMT. The data will likely prompt investors to update their bets on when the U.S. Federal Reserve will begin tapering or scaling back the huge stimulus it put in place to help the economy withstand the pandemic. "Ultimately it's still an inflation story, but markets are much more comfortable with the idea of a slow move to taper bond purchases than they were say two or three months ago," said Michael Hewson, chief markets analyst at CMC Markets.

Economists polled by Reuters estimate U.S. inflation rose 5.3% in the 12 months through July, versus 5.4% in June. "The big question at the moment is are we at peak CPI or is there more in the tank?" Hewson said, adding that a strong figure could trigger a spike in bond yields and send jitters through stocks. Reining in stimulus has been well flagged, however, meaning a repeat of the so-called "taper tantrum" of 2013 that shook markets when the Fed began putting the brakes on its quantitative easing program, is unlikely, said Ray Farris, chief investment officer South Asia, Credit Suisse.

## **DOMESTIC ECONOMY:**

- **Shell Nigeria awards N48m grant to Niger Delta entrepreneurs:**

Shell Nigeria announced on Sunday that 117 young entrepreneurs from the Niger Delta who graduated from its LiveWIRE programme had been awarded a N48m grant to either establish or expand their businesses. The company announced this in a statement, saying the total number of beneficiaries of the youth enterprise development programme had increased to 7,913 since its inception in 2003. Speaking at the graduation ceremony, Shell's Country Head of Corporate Relations, Igo Weli, restated the commitment of SPDC to the development of Niger Delta youths and providing them alternative livelihood opportunities through LiveWIRE and other empowerment programmes in the wider social investment portfolio of the company. "This is one opportunity to set you on the path of self-reliance and to be employers of labour as we have seen with previous beneficiaries of the programme many of

whom are now employers with several others having also taken up the opportunity to play in SPDC's supply chain as vendors," Weli said. Explaining the criteria for the selection of the beneficiaries from across the Niger Delta, SPDC's Social Performance and Social Investment Manager, Dr Gloria Udoh, said the selection was from a pool of graduates from university or its equivalent who have credible business ideas and were able to produce a business plan. Udoh said, "The 117 beneficiaries were selected from a large pool of participants who went through the entrepreneurship training; wrote their business plans and successfully pitched their business ideas. "The expectation is that they will be able to successfully establish or expand their businesses and also enjoy the many linkage opportunities offered by SPDC."

According to the statement, previous beneficiaries, who now run successful businesses, also inspired the graduates with their own stories towards success. The Chief Executive Officer of De-Rabacon Plastics, Yolo Bakumor Smith, described the training as priceless, saying, "It was instrumental to using the limited resources to improvise and implementing a plan that has led me to still making profit." The Executive Director, Centre for Information and Development, Mrs Belema Ogbuigwe, inducted the new graduates into the Shell LiveWire Alumni group, which further enabled the young entrepreneurs to enjoy mentorship from previous beneficiaries. In the last 10 years, five Shell Nigeria LiveWIRE beneficiaries have won the LiveWIRE International "Go and Trade Enterprise Linkage Award" which enabled them to make international trade visits to the United Kingdom, the United Arab Emirates, and Ghana. LiveWIRE beneficiaries are also able to join thousands of young entrepreneurs from all over the world who compete for the Global Shell LiveWIRE Top Ten Innovators Award which comes with huge benefits and rewards.

- **Oil price tumbles to \$68, Nigeria's production faces setbacks:**

The international oil benchmark, Brent crude, extended its losses on Monday, falling below the \$70 per barrel mark to its lowest level since May. The further decline in the price of Brent followed the imposition of more travel restrictions by the world's top crude importer, China, to fight what it sees as the worst outbreak since the original coronavirus outbreak in Wuhan. A stronger US dollar also depressed oil prices as it makes crude more expensive for holders of currencies other than the greenback. Brent, against which Nigeria's crude oil is priced, fell by \$1.72 to \$68.98 per barrel as of 7:20pm Nigerian time on Monday, compared to \$77.72 per barrel at which it closed on July 30.

Nigeria oil output remained hampered by operational and technical problems in July, S&P Global Platts quoted sources close to the matter as saying on Monday. Three of the country's crude oil grades, namely Bonny Light, Escravos and Forcados, all faced production issues last month while output for other key grades such as Qua Iboe, Brass River, Agbami, Akpo and Egina were said to have also remained low. Nigerian crude and condensate output stayed stable at 1.64 million barrels per day in July, according to data from the Department of Petroleum Resources. In June, crude production had fallen to a six-month low of 1.639 million bpd from 1.659 million bpd in May. Pipelines feeding into Bonny Light and Forcados and other grades have faced persistent sabotage in the past few months, resulting in lower production, sources added.

July crude production inched up to 1.32 million bpd from 1.31 million bpd in June while condensate output fell to 316,237 bpd from 326,012 bpd, DPR data showed. Nigeria's crude oil production cap under the OPEC+ deal was 1.579 million bpd for July. S&P Global Platts Analytics expects Nigerian crude supply to remain below its OPEC production quotas in the coming months due to ongoing field and pipeline issues with a downside risk to 2022 forecast if operational setbacks continue. It said in a recent note, "We forecast [crude] supply at 1.5 million bpd in July-September. Supply reaches 1.8 million bpd by end-2021. Growth is threatened by fiscal stress, which may pressure amnesty payments to former militants. "The last time the government curtailed amnesty payments, disruptions surpassed 600,000 bpd by mid-2016. Militant threats are also rising." Growing threats by militants to renew attacks on oil infrastructure in the restive Niger Delta also pose a huge concern for Africa's largest oil producer.

Output has fallen in 2021 as key fields, especially those in the Niger Delta like Bonny, Brass River, Escravos, Forcados and Qua Iboe, are pumping well below full capacity due to technical problems or maintenance. Nigeria has the capacity to produce between 2.2 million-2.3 million bpd of crude and condensate, but production has averaged

only around 1.62 million bpd for the first months of 2021, according to S&P Global Platts estimates. Production has fallen also due to Nigeria's obligation under OPEC+ caps.

- **Nigeria's economy to add \$229b:**

NIGERIA's economy could grow by \$229 billion by 2025 if it reduced gender inequality in the labour market, in economic participation, and in political representation, according to a report. The report was by Nigeria2Equal is an International Finance Corporation(IFC)-led, multi-stakeholder programme in partnership with the Nigerian Exchange (NGX), formerly The Nigerian Stock Exchange (NSE). The programme aims to reduce gender gaps across employment and entrepreneurship in the private sector. It brings leading companies together to make specific, measurable, and time-bound commitments to increase women's participation in Nigeria's private sector as leaders, employees, and as entrepreneurs in the corporate value chain by 2023. The study said if Nigeria reduced gender inequality in the labour market, in economic participation, and in political representation, the economy could grow on average by as much as 1.25 percent more and gross domestic product (GDP).

According to the report, the growth estimates present a strong business case for reducing gender gaps in Nigeria and building a stronger inclusive economy. It observed: "Addressing gender gaps in Nigeria's private sector, The study said if Nigeria reduced gender inequality in the labour market, in economic participation, and in political representation, the economy could grow on average by as much as 1.25 percent more and gross domestic product (GDP).

According to the report, the growth estimates present a strong business case for reducing gender gaps in Nigeria and building a stronger inclusive economy.

It observed: "Addressing gender gaps in Nigeria's private sector, which impact women's ability to participate equally as men, takes on added urgency when considering the country's rapid population growth—and that inaction will only exacerbate poverty." which impact women's ability to participate equally as men, takes on added urgency when considering the country's rapid population growth—and that inaction will only exacerbate poverty."

- **World Bank Lists Nigeria, Nine Others as Countries With High Debt Risk Exposure:**

The World Bank has stated that Nigeria is among a list of top 10 countries with high debt risk exposure. It stated this in the financial statement for International Development Association, which was among the World Bank FY21 audited financial statements released on Monday. The financial statement said, "IDA faces two types of credit risk: country credit risk and counterparty credit risk. "Country credit risk is the risk of loss due to a country not meeting its contractual obligations; and counterparty credit risk is the risk of loss attributable to a counterparty not honoring its contractual obligations. "IDA is exposed to commercial as well as noncommercial counterparty credit risk."

It stated, "As of June 30, 2021, the 10 countries with the highest exposures accounted for 66 per cent of IDA's total exposure."

Nigeria was rated fifth on the list with \$11.7bn IDA debt stock, while India led the list with \$22bn IDA debt stock, followed by Bangladesh with \$18.1bn IDA debt stock, Pakistan with \$16.4bn IDA debt stock, and Vietnam with \$14.1bn IDA debt stock. Other countries on the list in order of appearance included Ethiopia with \$11.2bn IDA debt stock, Kenya with \$10.2bn IDA debt stock, Tanzania with \$8.3bn IDA debt stock, Ghana with \$5.6bn IDA debt stock, and Uganda with \$4.4bn IDA debt stock. It added that there was a Single Borrower Limit for IDA, which for FY22, had been set at \$45bn (25 per cent of \$180.9bn of equity as of June 30, 2021). It was further discovered that Nigeria's undisbursed balance with the World Bank is about \$8.656bn as at June 30, 2021.

According to the financial statement for the International Bank for Reconstruction and Development, Nigeria has a total of \$589m undisbursed balance, consisting of \$500m loans approved but not yet signed and \$89m signed loan commitment. The financial statement for IDA disclosed that Nigeria had a total undisbursed balance of \$8.07bn, consisting of \$1.462bn loans approved but not yet signed and \$6.61bn signed loan commitment. The financial statement for IBRD disclosed that although certain amount of loans has been agreed 'the loans are not effective and disbursements do not start until the borrowers and/or guarantors take certain actions and furnish documents'.

A total of \$1bn loans were agreed between Nigeria and the World bank's IBRD, of which Nigeria's outstanding loan is \$411m. For IDA, a total of \$19.54bn loans were agreed upon, of which Nigeria's outstanding loan is \$11.47bn.

According to the Debt Management Office, Nigeria owes the World Bank a total of \$11.51bn, consisting of \$11.10bn IDA loans and \$410.23m IBRD loans as of March 31. Other financial statements released included the statements for International Finance Corporation and Multilateral Investment Guarantee Agency.

In a press statement titled 'World Bank Group Releases FY21 Audited Financial Statements', the bank disclosed that the World Bank Group commitments rose to \$84.3bn in the fiscal year 2021, 15 per cent higher than FY20. The statement quoted the World Bank Group President, David Malpass, as saying, "The World Bank Group support to client countries surged to \$157bn over the last 15 months to address increased poverty, inequality, and the impacts of COVID-19."

He added that the unprecedented level of commitments helped countries strengthen health systems, protect the poor and vulnerable, support jobs and businesses, promote economic growth, and lay the foundation for a green, resilient and inclusive recovery.