



WEEKLY NEWS HIGHLIGHTS:

23RD AUGUST – 27TH AUGUST 2021.

- **Nigeria Entitled to \$3.35n in New IMF Rights Allocation**
- **Telecoms Firms Post N2.268tr Revenue**
- **Oil Price Jumps to \$68 After Days of Losses**
- **Fin Tech Capital Market Collaboration Can Build a Digital Economy-NGX**
- **The World’s Second-Largest Stablecoin is Undergoing a Massive Change.**
- **Nigeria Leads Sub-Saharan Africa’s P2P Bitcoin Trade.**

WEEKLY RATE MONITOR

<u>MPR:</u>	11.5%
<u>GDP:</u>	2.5%
<u>INFLATION :</u>	17.35%
<u>NIBOR:</u>	8.54%

GLOBAL ECONOMY:

- **Nigeria Entitled to \$3.35bn in New IMF Rights Allocation.**

The Managing Director of the International Monetary Fund, Ms Kristalina Georgieva, has said that the organisation begun allocating Special Drawing Rights of about \$650bn on Monday.

This was contained in a press statement on the IMF website on Monday.

She was quoted in the statement, as saying, “The largest allocation of Special Drawing Rights in history – about \$650bn – comes into effect today.

“The allocation is a significant shot in the arm for the world and, if used wisely, a unique opportunity to combat this unprecedented crisis.”

She added that the allocation would provide extra liquidity to the global economy.

Georgieva was quoted as saying, “The SDR allocation will provide additional liquidity to the global economic system – supplementing countries’ foreign exchange reserves and reducing their reliance on more expensive domestic or external debt.

“Countries can use the space provided by the SDR allocation to support their economies and step up their fight against the crisis.”

She further said that the allocation would be made to countries based on their quota shares in the IMF.

“SDRs are being distributed to countries in proportion to their quota shares in the IMF. This means about \$275bn is going to emerging and developing countries, of which low-income countries will receive about \$21bn – equivalent to as much as six per cent of GDP in some cases,” she said.

Nigeria has 2,352.5m SDR shares, which translates to about \$3.35bn.

She also stated that IMF planned to engage member countries in establishing a new Resilience and Sustainability Trust.

Georgieva said, “The IMF is also engaging with its member countries on the possibility of a new Resilience and Sustainability Trust, which could use channeled SDRs to help the most vulnerable countries with structural transformation, including confronting climate-related challenges.

- **The World’s Second-Largest Stablecoin is Undergoing a Massive Change.**

Digital currency company Circle had claimed its stablecoin, USD Coin, was backed 1:1 by actual dollars in a bank account.

In July, it was revealed this was no longer the case, with Circle disclosing in an “[attestation](#)” from auditors Grant Thornton that cash made up just over 60% of USD Coin’s reserves. The other 40% was backed by various forms of debt securities and bonds.

What constitutes a stablecoin’s reserves is important. What sets them apart from other cryptocurrencies is the fact they’re pegged to an existing currency like the U.S. dollar or the euro. The aim is to avoid the volatility often found in [bitcoin](#) and other major cryptocurrencies.

Now, Circle says it’s changing the makeup of USD Coin’s reserves once again, with just cash and U.S. Treasury bonds underpinning the stablecoin.

Centre, a consortium founded by Circle and crypto exchange [Coinbase](#) which developed the stablecoin, unveiled the change on Sunday.

“Mindful of community sentiment, our commitment to trust and transparency, and an evolving regulatory landscape, Circle, with the support of Centre and Coinbase, has announced that it will now hold the USDC reserve entirely in cash and short duration US Treasuries,” Centre said in a [blog post](#). “These changes are being implemented expeditiously and will be reflected in future attestations by Grant Thornton.

Many crypto traders use stablecoins as an alternative to their bank, to buy or sell digital currencies.

USD Coin is the second-largest stablecoin globally, with \$27 billion worth of coins in circulation.

Tether, the largest stablecoin with \$75 billion in circulation, has [drawn scrutiny from regulators](#) amid fears it doesn’t have enough assets to support its peg to the greenback.

Earlier this year, tether’s issuer revealed that just 2.9% of its reserves were held in cash. The vast majority of its reserves were made up of commercial paper, a form of unsecured, short-term debt that’s riskier than government bonds.

This sparked fears that a sudden mass redemption of tether tokens could destabilize short-term credit markets.

In their latest policy meeting, officials at the U.S. Federal Reserve said stablecoins [should be regulated](#) as they pose a potential threat to financial stability.

Fed Chairman Jerome Powell has previously said a U.S. central bank digital currency could eliminate the need for cryptocurrencies and stablecoins like USDC and tether.

There are increasing calls for stablecoin issuers to provide frequent breakdowns of their reserve compositions to address opaqueness in fast-growing crypto industry.

New York Attorney General Letitia James said Tether, the company behind the stablecoin of the same name, should submit quarterly transparency reports. It's one of the things Tether was required to do as part of an [\\$18.5 million settlement](#) with James' office.

DOMESTIC ECONOMY:

- **Telecoms Firms Post N2.268tr Revenue.**

All the mobile network operators (MNOs) posted a total revenue of N2.268trillion as at last December as against N2.019trillion recorded in the preceding year, according to the latest report of the Nigerian Communications Commission (NCC).

According to the data, this reflects an increase of 12.33 per cent of total revenue from the MNOs while their total operating cost (OPEX) declined from N1.415trillion in 2019 to N1.395trillion at the end of last year.

This, NCC said, showed a slight decline (reduction in operational cost) of 1.46 per cent from the figures reported in 2019. The reduction in operating cost may have been as a result of investment in capital expenditures (CAPEX) that are more efficient.

According to the Commission's 2020 Subscriber/Network Data Report prepared by its Policy Competition and Economic Analysis Department, the total value of assets reported by the MNOs during the period under review increased from N2.923trillion in 2019 to N3.444trillion at end of last year. This represents an increase of 18.81 per cent increase in the value of assets reported in the previous year.

On local CAPEX investments in the industry, the MNOs reported a total CAPEX of N404,819trillion as against the N339,77trillion invested last year.

The data which also captured prepaid and postpaid mobile voice subscriptions in the country showed that total prepaid mobile voice subscriptions increased from 179,249,965 in December, 2019 to 199,043,508 as last December, indicating an increase of 11.04 per cent growth in prepaid Mobile Voice subscriptions.

"Similarly post-paid Mobile Voice Subscriptions increased from 5,208,832 in December, 2019 to 5,450,774 as at December, 2020 indicating an increase of 4.64 per cent growth in postpaid Mobile Voice Subscriptions at the end of 2020.

"In summary, the above analysis indicates that about 97.1 per cent of mobile subscribers are pre-paid subscribers while only about 2.8 per cent are postpaid subscribers," the Commission noted.

The Northwest and Southwest geo-political zones recorded the highest number of subscriptions in the zones while the Northeast zone recorded the least number of subscriptions due to the insecurity situation of the zone that hampered investment

There was also 29 per cent of the active subscription in the Southwest zone; the Northwest had 19 per cent of active voice subscription; while the Northeast had the least percentage of active voice subscription of 10 per cent.

The total number of national Short Message Service (SMS) or text messages both sent and received as at December 2020 was 17,364,524,490.02. This is a decline of 43.6 per cent from that of the total SMS sent and received last year that stood at 30,769,238,164.56.

There was however a 29.4 per cent increase in the number of SMS sent out last year compared to the previous year.

“Conversely, 2020 count of Incoming SMS declined by 62.6 per cent higher than that of year 2019. MTN recorded the highest count of SMS received (6,290,889,268) in Year 2020 the highest count of SMS sent (6,100,543,865) within the period under review,” the report noted.

Also, the total number of international SMS sent increased from 56,205,299 in 2019 to 57,566,961 as at December last year; indicating a 2.4 per cent increase in international SMS received last year. Similarly, the number of international SMS received in 2019 increased from 183,518,472 to 229,173,132 SMS last year translating to a 24.9 per cent increase.

Airtel recorded the highest count of incoming SMS (173,756,541) while MTN recorded the highest count of SMS sent (42,444,130) last year.

- **Oil Price Jumps to \$68 After Days of Losses.**

The international oil benchmark, Brent crude, jumped on Monday, snapping a seven-day losing streak that was crude’s worst since 2019, as the dollar pulled back and traders bet the recent selling was overdone.

Brent, against which Nigeria’s crude oil is priced, rose by \$3.58 to \$68.76 per barrel as of 8:05pm Nigerian time on Monday, after posting its worst week since October 2020.

“News of zero new cases in China has certainly provided a tailwind as it gives added light at the end of the COVID tunnel and a breath of fresh air to the demand landscape,” analysts at Blue Line Futures were quoted by CNBC as saying.

“Additionally, the US dollar has retreated from recent highs, underpinning the commodity landscape broadly,” they added.

West Texas Intermediate crude futures, the US oil benchmark, gained \$3.50, or 5.6 per cent, to settle at \$65.64 per barrel.

Earlier in the day, it rose more than six per cent to hit a session high of \$66, at which point it was on track for its best day since November.

The sharp jump marks a turnaround from last week when the contract sank nearly nine per cent for its worst weekly performance since October 2020 and second negative week in three. WTI ended Friday at its lowest level since May 20.

- **Nigeria Leads Sub-Saharan Africa's P2P Bitcoin Trade.**

Sub-Saharan Peer-to-Peer Bitcoin trading has surpassed that from North America, making the region the largest P2P market in the world.

This is according to data from UsefulTulips.org. UsefulTulips analyses data from LocalBitcoins and Paxful trading platforms.

In the last trading week, a total of \$17,599,679 was traded in BTC volume from sub-Saharan Africa. For the North American region, \$17,540,134 was traded in BTC volume.

Nigeria led sub-Saharan charge with \$8,761,051 in BTC traded volume. Kenya and Ghana were distant second and third with \$3,613,004 and \$2,882,710 in traded BTC volume for the period.

The United States led the North American charge with \$16,752,803 in BTC volume for the period.

In terms of monthly averages for August, North America was marginally above sub-Saharan Africa. A total of \$73,529,843 has been traded in BTC volume from North America, while \$73,420,672 has been traded in BTC volume from sub-Saharan Africa.

Since the Central Bank of Nigeria banned cryptocurrency in Nigeria in February, P2P trading has surged in the country.

In April 2021, Paxful had announced that trading volume from Nigeria had hit \$1.5bn with 1.5 million users.

Between 2015 and 2020, Nigerians traded \$566m worth of bitcoin only behind the United States in the peer-to-peer bitcoin market.

- **FinTech, Capital Market Collaboration Can Build a Digital Economy – NGX**

Nigerian Exchange Limited (NGX) has said that the collaboration between FinTech and the capital market will effectively create a digital economy as well as increase financial inclusion and cashless payments. The Chief Executive Officer, NGX, ably represented by the Divisional Head, Trading Business at NGX, Jude Chiemeka, stated this during the 2021 Chartered Institute of Stockbrokers National Workshop which held in Abuja recently.

Speaking on the theme; Roadmap to a Digital Nigeria: Harnessing Fintech, Cryptocurrencies and Artificial Intelligence to Create Stronger Financial Markets, Chiemeka explained that Fintechs have a huge potential to transform the capital markets and effectively build a digital economy.

He added that rather than seeing fintechs as competitors, they are potential partners to incumbent Capital Market Infrastructure Providers like NGX.

Citing the Pulse of FinTech H2 2020 report, Chiemeka said that the global investments by fintechs was \$105 billion despite a significant drop compared to \$165 billion recorded in 2019 while adding that Nigerian Fintechs raised about \$439 million in 2020.

According to him, Fintechs are transforming the financial services industry by focusing on targeted products and services, automating and commoditising high margin process, strategic use of data and collaborating with incumbents.

Chiemeka noted that the NGX provides access to capital, trade execution, post trade services, data analytics and information services, operations and technology and added that NGX is not left out of the FinTech adoption as it continues to adopt technology to improve market accessibility and transparency.