



WEEKLY NEWS HIGHLIGHTS:

30TH AUGUST – 3RD SEPTEMBER 2021.

- Nigeria Entitled to \$3.35n in New IMF Rights Allocation
- Telecoms Firms Post N2.268tr Revenue
- Investors Gain N14bn as 35 Stocks Close Higher
- Forex Transactions at Investors, Exporters’ Window Rise 59.37%
- Foreign Firms Jostle For Nigerian Market as Incubator Presents Opportunities
- CBN okays Fintech firm Bitt Inc as eNaira partner

WEEKLY RATE MONITOR

<u>MPR:</u>	11.5%
<u>GDP:</u>	2.5%
<u>INFLATION :</u>	17.38%
<u>NIBOR:</u>	8.54%

GLOBAL ECONOMY:

- **Forex Transactions at Investors, Exporters’ Window Rise 59.37%:**

Foreign exchange transactions at the Investors’ & Exporters window increased by 59.37 per cent last week, according to FMDQ Securities Exchange Limited. The Central Bank of Nigeria had in April 2017 amid severe forex scarcity created the I&E window in a bid to boost liquidity in the forex market and ensure timely execution and settlement for eligible transactions. The total value of transactions at the I&E window stood at \$661.48m last week, up from \$415.05m in the previous week, according to FMDQ Exchange. It said the total turnover in the forex spot and derivatives markets jumped by 76.08 per cent to \$949.91m from the \$539.47m reported for the previous week.

The week-on-week increase in turnover was said to have been driven by the 59.37 per cent and 131.82 per cent increase in the forex spot and derivatives turnover, respectively. FMDQ Exchange said the increase in forex derivatives turnover was jointly driven by the \$154.79 million and \$9.22m increase in forex futures and forwards turnover respectively, resulting in an increase in forex derivatives’ contribution to total forex market turnover to 30.36 per cent from 23.06 per cent in the previous week

It said the average Nigerian Autonomous Foreign Exchange Fixing rate was N411.28/\$, compared to N411.22/\$ in the previous, representing a depreciation of the naira against the dollar by 0.01 per cent. *In the parallel market, the naira depreciated against the dollar by 0.54 per cent last week to average N518.60/\$, compared to the N515.80/\$ recorded in the previous week.*

- **Foreign Firms Jostle for Nigerian Market as Incubator Presents Opportunities:**

A number of multinational companies from the United States, Japan and Latin America have indicated their eagerness to expand their businesses into Nigeria and other countries in Africa and take advantage of the continent's market.

Some of the foreign multinationals stormed Lagos, recently to acquaint themselves with the nation's huge market and other opportunities and kick-start the process of their investment in the country.

Among them were US-based trio of MaC Venture Capital, an investment group passionate about investing in technology start-ups; GE Capital, the financial services division of General Electric, and Trident Capital, an equity firm investing in Software, Services and Internet.

Also, Japanese multinational tech conglomerate, SoftBank Group Corp, which boasts of \$342.34 billion asset base as at 2020, according to information on its website, was among the foreign investors jostling for the Nigerian and African market.

SafeRoom – a SaaS platform that provides secure messaging for businesses was also readying to invest in the country.

The highlight of their few days stay in the country was the launch of 'Africa Walk Unicorn Day Exhibition', by the Unicorn Group, an initiative intended to change misconceptions about Africa and help foreign investors better understand the continent's business landscape.

Attracted by the nation's over 200 million population which presents a huge market for them, some of the companies who visited the Unicorn Incubation Centre in Yaba, said Nigeria was full of business opportunities, great human capacity as well as rich socio-cultural heritage that they need to succeed in the country.

Their coming was facilitated by Platform Capital, a financial and investment services group and promoters of Unicorn incubation centre, as part of the company's strategy of linking investors with Nigerian technological start-ups that need to scale up their business.

Speaking at the launch, Partner, Platform Capital and Director at Unicorn Group, Dr Ponmile Osibo, said despite the opportunities across sectors on the African continent, there was still huge misconception about its narrative.

Osibo explained that the Africa Walk initiative was launched to demystify Nigeria and Africa to international investors, by inviting them to come and see the country and the continent for themselves, particularly the culture, and opportunities.

"We wanted to change the misconception about the reality of Africa. We wanted to create an initiative and environment where we demystify Africa, where we would help investors understand the continent through our eyes the way that we see Africa," he said.

He added that the visits by foreign investors would provide clarity to them and help them understand that Africa was like other parts of the world.

He stated that the initiative which kick-started in Nigeria and Kenya, will be done annually, and that different investors would be brought in to visit two countries on the continent yearly.

"The initiative is new and as we continue to bring in investors to visit different Africa countries yearly, within the next 25 to 30 years, we would have taken different investors all across every country on the continent," Osibo said.

Speaking on the economic impact of the initiative, he said the initiative would help drive foreign direct investment, generate more jobs for the continent's economy and drive economic growth.

DOMESTIC ECONOMY:

- **Investors Gain N14bn as 35 Stocks Close Higher**

The equities market of the Nigerian Exchange Limited closed N14.10bn higher at the end of last week, with 35 listed companies recording share price gains. The NGX All-Share Index and market capitalization appreciated by 0.01 per cent to close the week at 39,485.65 basis points and N20.573tn respectively from 39,483.08bps and N20.572tn in the previous week. All other indices finished lower with the exception of NGX Premium, NGX Banking, NGX Insurance, NGX AFR Div Yield, NGX Meri Value and NGX Oil & Gas indices, which appreciated by 0.07 per cent, 0.30 per cent, 1.06 per cent, 0.02 per cent, 0.15 per cent, and 0.08 per cent respectively, while the NGX ASeM, NGX Growth and NGX Sovereign Bond Indices closed flat on Friday.

A total turnover of 1.03 billion shares worth N8.18bn in 18,102 deals were traded last week by investors on the floor of the Exchange, in contrast to a total of 866.544 million shares valued at N12.26bn that exchanged hands the previous week in 17,291 deals. Measured by volume, the financial services industry led the activity chart with 567.23 million shares valued at N3.66bn traded in 7,970 deals, thus contributing 55.30 per cent and 44.70 per cent to the total equity turnover volume and value respectively.

The ICT industry followed with 126.64 million shares worth N1.16bn in 1,073 deals, while the third place was occupied by the consumer goods industry, with a turnover of 90.50 million shares worth N1.45bn in 3,344 deals. Thirty-five equities appreciated in price during the week as against 36 in the previous week; 29 depreciated in price as against 33 in the previous week, while 92 equities remained unchanged as against 87 in the previous week.

The gainers' table was led by UPDC Plc, whose share price gained 37.59 per cent to close at N1.83 on Friday. Morison Industries Plc followed, with a 32.14 per cent gain, ending the week at N1.85 per share. Consolidated Hallmark Insurance Plc (+21.74 per cent), FTN Cocoa Processors Plc (+20.00 per cent), Transcorp Hotels Plc. (+19.90 per cent) were other top gainers last week. Associated Bus Company Plc. saw the biggest loss during the week as its share price fell by 15.38 per cent to N0.33. Unilever Nigeria Plc. came next as its share price dropped by 10.00 per cent to N13.50. Ikeja Hotel Plc., S C O A Nig. Plc. Japaul Gold & Ventures Plc. recorded losses of 10.00 per cent, 9.43 per cent, and 7.41 per cent respectively.

- **Non-oil sector grows by 6.74% in Q2:**

The National Bureau of Statistics (NBS) has said the non-oil sector grew by 6.74 percent in real terms in the second quarter of the year.

It made this known in its *"Nigerian Gross Domestic Product Report – Q2 2021."*

According to the report, the growth rate in the period under review was higher by 12.80 percent point compare to the corresponding time last year. The data said: "The non-oil sector grew by 6.74 percent in real terms during the reference quarter (Q2 2021). The Q2 2021 growth rate was higher by 12.80 percent points compared to the rate recorded in the same quarter of 2020 and 5.95percent points higher than the first quarter of 2021 During the quarter, the sector was driven mainly by growth in Trade, Information and Communication (Telecommunication), Transportation (Road Transport), Electricity, Agriculture (Crop Production) and Manufacturing (Food, Beverage & Tobacco), reflecting the easing of movement, business and economic activity across the country relative to the same period a year earlier."

NBS explained that in real terms, the non-oil sector contributed 92.58 percent to the nation's GDP in the second quarter of 2021, higher from shares recorded in the second quarter of 2020 which was 91.07percent and the first quarter of 2021 recorded as 90.75percent.

On the oil sector, the report noted that in the second quarter of 2021, average daily oil production stood at 1.61 million barrels per day (mbpd), which is -0.19mbpd lower than the average daily production of 1.81mbpd recorded in the same quarter of 2020 and -0.10mbpd lower than the 1.72mbpd recorded in the first quarter of 2021.

In terms of real growth, the NBS said real growth of the oil sector was -12.65percent (year-on-year) in Q2 2021 indicating a decrease of -6.02percent points relative to the growth rate recorded in the corresponding quarter of 2020. Growth decreased by -10.44percent points when compared to Q1 2021 which was -2.21percent.

For the first half of 2021, according to the data, real GDP was recorded at -7.13percent, compared to -0.80percent for the first half of 2020, the performance reflecting lower oil output. Quarter-on-quarter, the oil sector recorded a growth rate of -20.35percent in Q2 2021.

It said the oil sector contributed 7.42percent to total real GDP in Q2 2021, down from figures recorded in the corresponding period of 2020 and down compared to the preceding quarter, where it contributed 8.93percent and 9.25percent

- **CBN Okays Fintech Firm Bitt Inc As Enaira Partner:**

The Central Bank of Nigeria (CBN) has announced the engagement of the global Fintech Company, Bitt Inc., as the Technical Partner for its digital currency, named eNaira. The eNaira is due to be unveiled later in the year.

This development was disclosed in Abuja by the Governor of the Central Bank, Godwin Emefiele, who listed the benefits of the Central Bank Digital Currency (CBDC) to include increased cross-border trade, accelerated financial inclusion, cheaper and faster remittance inflows, easier targeted social interventions, as well as improvements in monetary policy effectiveness, payment systems efficiency, and tax collection.

In a statement, CBN Acting Director, Corporate Communication, Osita Nwanisobi, said Project Giant, as the Nigerian CBDC pilot is known, has been a long and thorough process for the CBN, with the Bank's decision to digitize the Naira in 2017, following extensive research and explorations.

The CBN's selection of Bitt Inc, from among highly competitive bidders, was hinged on the company's technological competence, efficiency, platform security, interoperability, and implementation experience. In choosing Bitt Inc, the CBN will rely on the company's tested and proven digital currency experience, which is already in circulation in several Eastern Caribbean Countries. Bitt Inc. was key to the development and successful launch of the central bank digital currency (CBDC) pilot of the Eastern Caribbean Central Bank (ECCB) in April, this year.

- **Nigeria's Eurobonds Debts Rise by \$9.37bn in Five years:**

Commercial loans obtained by Nigeria through Eurobonds rose from \$1.50bn as of December 31, 2015 to \$10.87bn as of December 31, 2020, indicating a \$9.37bn or 625 per cent increase in five years.

The debt stock remained at \$1.5bn from 2015 to 2016, but rose to \$6bn by 2017, indicating a \$4.5bn or 300 per cent rise within a year.

It further rose to \$10.87bn in 2018, signifying an increase by \$4.87bn or 81 per cent. It remained at this figure till the end of 2020.

However, the Federal Government still intends to seek more funding through Eurobonds, which would increase Nigeria's Eurobonds debt stock.

The Federal Government had appointed transaction advisers to facilitate the issuance of Eurobonds in the international capital market, according to a statement issued by the Debt Management Office.

The institutions approved by the Federal Executive Council as transaction advisers include JP Morgan, Citigroup Global Markets Limited, Standard Chartered Bank, Goldman Sachs, Chapel Hill Denham Advisory Services Ltd, FSDH Merchant Bank Ltd, White & Case LLP, and Banwo & Ighodalo.

The DMO said it would speed up Eurobonds issuance activities based on the transaction advisers' approval, with the issuance of Eurobonds raising funds for the New External Borrowing of N2.34tn (about \$6.2bn) provided in the 2021 Appropriation Act to partly finance the deficit. It added that the funds raised would be used to finance different projects in the budget, while boosting foreign exchange inflow, increasing Nigeria's external reserves, and supporting the naira exchange rate.

The Minister of Finance, Budget and National Planning, Zainab Ahmed, during press briefing in Abuja on Monday said that the government planned to raise about €3bn through Eurobonds to fund budget deficit.

She had said, "We have an approval in the 2021 budget to fund the budget deficit 50 per cent locally and 50 per cent externally.

"So, the 50 per cent external borrowing is 6.1bn euros. We are planning to do about half of that in Eurobonds and the other half through other windows such as multilateral and bilateral sources."

She further stated that the government was borrowing responsibly by borrowing to invest in infrastructure that would later yield revenue.

- **Lagos to Secure 185bn Bond Following Positive Financial Ratings:**

The Lagos State government has said that it is in the process of securing bonds to the tune of N185bn following positive rating approvals from rating agencies due to increased bondholder's confidence.

This was disclosed by the state's Debt Management Office which noted that the automation of the office had further assisted the agency's financial transaction processes, placing the state in good light among other states in the country.

A statement by the Lagos State Head of Service, Mr Hakeem Muri-Okunola, said that public administrators must keep abreast of international best practices while taking full advantage of the latest technologies in the performance of their duties and responsibilities.

He commended the leadership of the Lagos State DMO for its professionalism and clear commitment to the discharge of the very sensitive mandate in the challenging process of governance and financial management in Lagos State.

In his remarks, the Commissioner for Finance, Dr Rabiun Olowo, represented by the Accountant-General, Dr Abiodun Muritala, reiterated the resilience of Lagos State following the pandemic and expressed his belief that the state is now more resolute in its quest to give Lagosians infrastructure and services.