WEEKLY NEWS HIGHLIGHTS: **13th – 17th SEPTEMBER, 2021.**

- **S.Korea fines Google $177 mln for blocking Android customisation**
- **European stocks close mixed after U.S. inflation report; JD Sports up 10%**
- **Millionaire taxes would increase 11% in 2023 under House Democrat plan**
- **Financial Stocks Contribute N8.2b to Total Equities' Turnover**
- **FG to raise $75bn from e-commerce by 2025 –Ministry Nigeria's Green**
- **Nigeria's cryptocurrency market grows by 1,200% in one year – Report**

WEEKLY RATE MONITOR

MPR:	**11.5%**
GDP:	**2.5%**
INFLATION:	**17.1%**
NIBOR:	**8.542 %**

GLOBAL ECONOMY:

- **Crypto Ceos Should Cooperate With Regulators To Unlock Future Growth -SALT Panel**

Cryptocurrency executives should work with regulators instead of being their adversary for the sector to grow to its potential, members of a digital currency panel at Wall Street's SALT conference said on Monday.

- **European Stocks Close Mixed After U.S. Inflation Report; JD Sports Up 10%:**

European stocks closed mixed Tuesday as investors reacted to U.S. inflation data that could inform the Federal Reserve's timing for tapering of its monetary stimulus. The pan-European Stoxx 600 provisionally closed little changed, with mining stocks sinking 1.9% while tech shares rose 1.2%.

The U.S. August consumer price index jumped 0.3% month-to-month, or 5.3% from a year earlier, below the 0.4% increase and 5.4% annual gain expected respectively by economists polled by Dow Jones.

The less volatile core reading excluding food and energy costs showed a modest gain, up 0.1% and below the 0.3% consensus increase expected by economists.

On Wall Street, U.S. stock indexes gave up gains from earlier in the day Tuesday, falling back into their September doldrums despite the better-than-feared inflation reading. Meanwhile, House Democrats in Washington have proposed new tax hikes on individuals and corporations to finance a $3.5 trillion spending package.

Back in Europe, European Central Bank policymaker Isabel Schnabel said on Monday that the ECB is ready to act if inflation does not ease as soon as next year, as currently expected. The fallout from Brexit continues to rumble on, with Britain once again on Monday threatening to unilaterally suspend the Northern Ireland protocol, a key tenet of the withdrawal agreement, if the European Union does not budge on renegotiations to iron out implementation problems.

In terms of individual share price movement, British retailer JD Sports climbed 9.7% on Tuesday to top the Stoxx 600 after reporting a sevenfold surge in first-half earnings. “While the reopening and end of government support schemes could dent confidence going forward for many retail businesses, JD Sports should continue to benefit as demand for sneakers and athleisure remains strong and will endure as a tailwind over the near term,” said Amisha Chohan, equity research analyst at Quilter Cheviot. “It is no surprise, therefore, that the group now expects profit before tax for the full year to be at least £750m, compared to previous guidance of at least £550m and a 25% beat against market expectations.” At the bottom of the index, Spanish utility company Endesa fell 5.2%.

- **Millionaire Taxes Would Increase 11% In 2023 Under House Democrat Plan:**

Households earning $1 million or more would see their taxes rise by almost 11%, on average, in 2023 due to reforms proposed by House Democrats, according to Joint Committee on Taxation estimates published Tuesday. They'd pay an extra $96,000 that year, and their average tax rate would increase to 37.3% from 30.2%, according to the projections. Meanwhile, Democrats' policies would give an average tax cut to all households with incomes less than $200,000.For example, those with $20,000 to $30,000 of income would get an 87% reduction in their federal taxes in 2023, amounting to more than $18,700 of tax savings, according to the Committee estimates. "The president campaigned on 'No one under $400,000 gets a tax increase,'" according to James Hines Jr., an economics professor at the University of Michigan and research director at its Office of Tax Policy Research. "This has tightly constrained every policy decision [Democrats] have made. They want to be able to say they lived up to that promise."

As is customary, the Joint Committee on Taxation doesn't break down tax impacts using a $400,000 income demarcation.

However, they do so for the $200,000 to $500,000 income group. This cohort would see its tax bill rise slightly — by 0.3%, or $2,900 — in 2023, according to the estimates.

That increase is likely entirely shouldered by those with more than $400,000 of income, Hines said.

House Democrats proposed a slew of tax reforms on Monday aimed at corporations and wealthy households to help fund climate initiatives and a significant expansion of the U.S. safety net.

Their legislation would raise the top marginal income tax rate to 39.6% and increase the top federal rate on long-term capital gains to 25% from 20%. It would also impose a 3% surtax on households with at least $5 million of annual income, among other measures.

Corporate and individual tax provisions would raise more than $2 trillion over a decade, according to the Joint Committee on Taxation.

DOMESTIC ECONOMY:

- **Financial Stocks Contribute N8.2b to Total Equities' Turnover:**

The financial services industry dominated in volume terms at the end of last week's transactions on the Nigerian Exchange Limited (NGX) with 1.136 billion shares valued at N8.2 billion traded in 10,700 deals.

The sector contributed 79.7 per cent to the total equity turnover volume. Following the financial sector last week, was the consumer goods industry with 76.52 million shares worth N1.4 billion in 3,076 deals. The conglomerates ranked third with a turnover of 58.222 million shares worth N186.293 million in 769 deals. Trading in the top three equities namely FBN Holdings Plc, Access Bank Plc and Wema Bank Plc (measured by volume) accounted for 626.756 million shares worth N4.5 billion in 2,802 deals, contributing 43.95 per cent to the total equity turnover.

Consequently, a turnover of 1.426 billion shares worth N13.1 billion was recorded in 19,315 deals by investors on the floor of the exchange in contrast to a total of 1.338 billion units, valued at N8.7 billion that was exchanged in 19,830 deals during the preceding week. Analysts at Cordros Capital said: "In the week ahead, we anticipate cautious trading in the bourse following the MPC meeting scheduled for next week.

"Notwithstanding, we advise investors to take positions in only fundamentally justified stocks as the weak macro story remains a significant headwind for corporate earnings."

Afrinvest Securities said: "In the absence of positive catalysts, we expect the weak performance to persist in the coming week." Also traded last week was a total of 2,016 units valued of exchange-traded products (ETPs) worth N537, 038.08 were traded this week in 10 deals compared with a total of 54,468 units valued at N2.6 million exchanged in 19 deals during the preceding week. Also, a total of 93,019 units of bonds, valued at N99.809 million were traded in 39 deals compared to a total of 100,152 units valued at N99.7 million transacted last week in 27 deals. The NGX All-share index and market capitalisation depreciated by 0.86 per cent to close the week at 38,921.78 and N20.2 trillion respectively.

All other indices finished lower except NGX consumer goods, NGX oil/gas and NGX sovereign bond indices which appreciated by 0.18 per cent, 2.28 per cent and 0.26 per cent respectively, while equities in the previous week.

- **FG to raise $75bn from e-commerce by 2025 –Ministry**

The Federal Government has said that it is targeting an increase in e-commerce trading, from the current market value of $13bn to about $75bn by 2025.
The Permanent Secretary, Ministry of Industry, Trade and Investment, Dr Evelyn Ngige, who disclosed this on Tuesday in Abuja at the second National E-commerce Roundtable organised by the ministry noted that e-commerce had grown from 14 per cent in 2019 to 17 per cent in 2020.
Ngige who was represented by the Director, Commodities and Export Department, Suleiman Audu, said the encouraging trend had attracted the entrance of payment service providers in the e-commerce market.
She said, "Interestingly, e-commerce provides an alternative to sustain businesses and preserve millions of jobs in the face of COVID-19 challenge.

“For instance, in China, e-commerce companies played a key role in the supply of food and other essential commodities to residents of Wuhan during the knockdown period in 2020.

“In addition, Amazon, a U.S. based company, as a leading e-commerce company in the world expanded and employed additional 175,000 new workers during the period due to increasing online demands for goods and services.”

According to her, the second edition of the e-commerce roundtable session will consolidate the achievements of the first session and align discussions to current realities especially in the impact of COVID -19. She said the advent of the pandemic had turned global attention to the importance of e-commerce in the conduct of businesses around the world.

Ngige said the event was expected to highlight critical issues that required the attention of relevant stakeholders in order to develop a strategic framework that would improve the performance of the e-commerce sector in Nigeria. She said in view of the cross-cutting nature of e-commerce, the ministry was open to any form of collaboration that would support the development of the e-commerce ecosystem in Nigeria.

Also, the Director, Commodities and Export Department, FMITI, Mr Suleiman Audu, who was represented by the Deputy Director of Commodities and Export Department of the Ministry, Mr Kaura Irimiya, said that one of the thriving and promising markets globally was the e-commerce market,

- **Nigeria’s Cryptocurrency Market Grows By 1,200% In One Year** :

The cryptocurrency market in Nigeria and other African countries have grown by 1200 per cent in one year. This was disclosed in a report by Chainalysis on Tuesday.

According to the report, the African region has one of the highest grassroots adoptions in the world, with Kenya, Nigeria, South Africa, and Tanzania ranking in the top 20 of its Global Crypto Adoption Index.

The report added that Africa has the third-fastest growing cryptocurrency economy, and a bigger share of its overall transaction volume made up of retail-sized transfers than any other region at just over 7 per cent, versus the global average of 5.5 per cent. The report said that Africa was the smallest cryptocurrency economy of any region under review, having received $105.6 billion worth of cryptocurrency between July 2020 and June 2021.

It added that Peer to Peer platform is more prominent in Africa than other regions, and many African cryptocurrency users also rely on P2P platforms for remittances and commercial transactions.

It said, “Cross-region transfers also make up a bigger share of Africa’s cryptocurrency market than any other region at 96 per cent of all transaction volume, versus 78 per cent for all regions combined. Thanks in part to this recent growth, no region uses P2P platforms at a higher rate than African cryptocurrency users, as they account for 1.2 per cent of all African transaction volume and 2.6 per cent of all volume for Bitcoin specifically.

- **FG Woos Local Investors, Opens $3bn Eurobond Borrowing Plan:**

The Debt Management Office has disclosed that Nigeria is back in the International Capital Market after about three years with a plan to raise at least $3bn from Eurobond issuance.

This was contained in a statement titled ‘Nigeria back at International Capital Market with Eurobond offer’ issued by the DMO’s spokesperson, Chinenye Onu, on Thursday.

The statement read, “The Federal Government of Nigeria has announced plans for a Eurobond issuance in the International Capital Market.

“The last time Nigeria accessed the ICM was November 2018.”

The statement further disclosed that there would be virtual meetings with investors on September 17 and 20, adding that the meetings are open to local investors for the first time.

“Virtual meetings with investors have been scheduled for September 17 and September 20,2021.

“In order to avail local investors the opportunity to invest in the Eurobonds, meetings will also be held with local investors.

“This is the first time local investors will be included in the roadshows, and this is one of the reasons why a Nigerian Book runner (Chapel Hill Denham Advisory Services Ltd) was appointed as one of the transaction advisers,” it stated.

It further stated, “Through the Eurobond issuance, Nigeria is expected to raise up to $3bn but no more than $6.2bn.

“The issuance for which all statutory approvals have been received, is for the purpose of implementing the New External Borrowing in the 2021 Appropriation Act.

“Proceeds are for the financing of various projects in the Act.”

The statement disclosed that beyond providing funding to part-finance the deficit in the 2021 Appropriation Act, the issuance of Eurobonds would help to increase external reserves and support the naira exchange rate and Nigeria’s sovereign rating as well as free up space in the domestic market for private sector and sub-national borrowers.

It added that the issuance of Eurobonds by Nigeria had opened up opportunities for Nigeria’s corporate sector notably banks, to issue Eurobonds to raise capital in the ICM.

By so doing, their capital base had been strengthened to provide banking services whilst also meeting regulatory requirements, the statement said.

The Federal Government had appointed transaction advisers to facilitate the issuance of Eurobonds in the international capital market.
The transaction advisers appointed by Nigeria for the issuance included 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.