WEEKLY NEWS HIGHLIGHTS: **20th – 24th SEPTEMBER, 2021.**

WEEKLY RATE MONITOR

MPR: 11.5%

GDP: 2.5%

INFLATION: 17.1%

NIBOR: 8.542 %

- **Electric vehicles may cut global refining capacity demand by half in 2050 – Rystad**
- **Universal Music shares soar in stock market debut**
- **FG Plans $2,300 GDP Per Capita by December**
- **Fed Gov. gets N2.336tr from sale of imported fuel**
- **Businesses must accept e-naira payment, CBN warns**
- **Banking, insurance stocks decline as market sheds nearly N20bn**
- **Nigeria Borrows Fresh $4bn Through Eurobonds**

GLOBAL ECONOMY:

- **Electric Vehicles May Cut Global Refining Capacity Demand By Half In 2050 – Rystad:**

A global drive towards electrification of road transport to reduce carbon emissions may cut demand for the world's oil refining capacity by half in 2050, consultancy Rystad Energy says.

"Going forward we will be touching by 2050 somewhere very close to 90% of electrification," Mukesh Sahdev, senior vice president and head of downstream at Rystad Energy said, adding that this scenario would probably lead to a 50% decline in global refining capacity. Electric vehicles will cut global consumption of gasoline and diesel, but demand for other refined oil products in aviation, maritime and petrochemical sectors could remain high because of urbanization which will pose a challenge to the refining sector, Mukesh said.

"How are we going to meet those demands with a 50% scale down in refining capacity? I think that's a big signal that we might have a lot of shorts in the sectors which are coming with demand," he added. "This is going to lead to a significant rationalization of the downstream assets across the entire supply chain." For example, cokers, upgrading units used to produce gasoline and diesel, would have to tweak their production to produce more petcoke for graphite in batteries, he said, adding that processing crude directly to petrochemicals is another trend.

Still, global oil demand could rise in the short term. The consultancy expects pent-up oil demand from the COVID-19 pandemic to drive up global crude processing to 80.1 million barrels per day in the second half of 2021 as refiners maximize gasoline output.

- **Universal Music Shares Soar In Stock Market Debut:**

Shares of Universal Music, whose line-up features The Beatles and Taylor Swift, soared on the label's stock market debut on Tuesday, bolstering confidence in one of the largest IPOs in recent years The music giant was floated by its owner, French media giant Vivendi, with shares jumping from a debut price of 18.50 euros to over 25 euros ($29) on the Euronext Amsterdam index.

The world's biggest label, with a catalogue of four million titles, was valued at $39 billion on the eve of its market introduction. Shares of Vivendi, by contrast, sank by more than 15 percent on the Paris CAC 40 stock exchange as the media company offloaded a majority stake of its crown jewel.

Vivendi is owned by French billionaire Vincent Bollore, who has positioned himself as a powerful right-wing media baron in recent years. Although Vivendi retained a chunk of Universal Music, it is looking to focus more on TV, advertising and publishing. Universal Music, like its rivals Warner and Sony, was once threatened by music piracy but profits have soared in the age of streaming. It is home to many of the world's biggest music stars, from Lady Gaga to Kanye West to Metallica.

Last year the group bought Bob Dylan's entire song catalogue for $300 million, one of the biggest acquisitions in music history. Based in Santa Monica, California, UMG has been a cash cow for Vivendi's media empire, with a turnover of 7.4 billion euros last year, accounting for 46 percent of the parent company's revenue.

But as it pivoted towards other areas, Vivendi sold off a 20 percent stake of Universal to Chinese tech firm Tencent and 10 percent to US financier Bill Ackman. "We are creating the conditions so that the valuation of Vivendi as a whole is greater than the sum of the parts that compose it," said Vivendi chief executive Arnaud de Puyfontaine.

Aware that shedding its number one asset might be a risky move, Vivendi has taken steps — described as "quite extraordinary" by one activist shareholder — to protect its own share price. It secured an agreement from its investors for a massive buyback of up to half its shares following the UMG flotation, but that did not stop them from falling on Tuesday. The goal was to give the firm the means to protect itself from a hostile takeover bid should its share price fall after the sale.

Tuesday's operation involved Vivendi distributing 60 percent of UMG shares to its investors while the French company kept 10 percent and maintained a joint-management agreement with Tencent. Bollore will remain a powerful figure at UMG, taking 18 percent of the floated stock, worth before the floatation at around six billion euros, and a seat on its new board. UMG, meanwhile, is not just counting on its music to thrive as it goes public.

A prospectus for the IPO said UMG's three main operating businesses are recorded music, music publishing and advertising, but that it is also expanding into areas such as live events, live streaming, film, television and podcasts. More than half of UMG's record music revenue came from its vast back catalogue of music (defined as more than three years old), while 46 percent came from new releases.

DOMESTIC ECONOMY:

- **FG Plans $2,300 GDP Per Capita by December:**

The Federal Government has said that it expects Nigeria's Gross Domestic Product per capita to rise to $2,300 by the end of the year. According to the Minister of Industry, Trade and Investments, Niyi Adebayo, the country's GDP which currently hovers around $500bn is experiencing steady growth, hence the projection. The minister disclosed this at the United States-Nigeria Investment Summit held in New York. A copy of his speech was made available to journalists by the ministry on Sunday. While highlighting the efforts of the government to boost the investment climate, Adebayo said that Nigeria was ready and open for business and investments. He said that foreign investment announcements in the first half of the year grew to $10.1bn, representing an increase of 100 per cent compared to the corresponding period in 2020, adding that the government was working to ensure that those announcements were converted to actual investments.

"As the majority of you are aware, Nigeria is the largest economy in Africa, with a steadily growing GDP of over $500bn.

"GDP per capita is expected to reach $2,300 by the end of 2021, this is over 84% higher than the African average.

"Despite the view that Nigeria's economy has historically been driven by oil, recent growth has been driven primarily by the non-oil sectors, such as financial services, telecommunications, and entertainment.

"This shows that our diversification agenda is working, the oil sector now only contributes to approximate 14 per cent of GDP

"Nigeria is open for business and the investment climate is improving. Last year was a difficult one for all economies but Nigeria is coming back strong.

He added that investors from places as diverse as Europe, China, Morocco and the UK were making strong commitments to the country.

- **Fed Govt Gets N2.336tr From Sale Of Imported Fuel:**

The Nigerian National Petroleum Corporation (NNPC) on Monday said its subsidiary, Products Marketing Company (PPMC), realized N2.336 trillion from sale of imported Premium Motor Spirit (PMS) in one year. This is contained in the 70th NNPC's Monthly Financial and Operations Report (MFOR), which highlighted the corporation's activities between May 2020 and May 2021. NNPC's Group General Manager, Group Public Affairs Division, Garba Deen Muhammad made this known in a statement on Monday.

He said: "Total revenue generated from the sales of petroleum products for the period of May 2020 to May 2021 stood at N2.345trillion where Premium Motor Spirit (PMS) contributed about 99.61 per cent of the total sales with a value of N2.336trillion."

The statement added that in terms of volume, the figure translates to a total of 2.241billion litres of white products sold and distributed by PPMC in May 2021 compared with 1.673billion litres in April 2021.

The statement noted that the information is contained in the May 2021 edition of the NNPC's MFOR. It noted that the recorded a total crude oil and gas export sales of $219.75million in May 2021, representing 180.29 per cent increase on sales from the previous month.

Crude oil export sales contributed $181.19million (82.45per cent) of the dollar transactions compared with $4.22 million contribution in the previous month, while the export gas sales component stood at $38.56million in May, this year. The report also showed that between May 2020 and May 2021, the corporation exported crude oil and gas worth $1.64billion. In the gas sector, the report showed that natural gas production in the month under review increased by 6.19 per cent at 222.23billion cubic feet (bcf) compared with output in the previous month, translating to an average production of 7,177.53million standard cubic feet (mmscf) of gas per day.

From May 2020 to May 2021, a total of 2,898.34bcf of gas was produced, representing an average daily production of 7,322.94mmscf during the period.

Period-to-date production from Joint Ventures (JVs), Production Sharing Contracts (PSCs) and Nigerian Petroleum Development Company (NPDC) contributed about 60.94 per cent, 20.04 per cent and 18.99 per cent. Of the 216.29bcf of gas produced in May 2021, a total of 133.56bcf was commercialized, consisting of 44.02bcf and 89.54bcf for the domestic and export markets.

This translates to a total supply of 1,419.83mmscfd of gas to the domestic market and 2,893.66mmscfd to the export market for the month.

This implies that 61.75 per cent of the average daily gas produced was commercialized while the balance of 38.25 per cent was either re-injected, used as upstream fuel or flared.

"In the Downstream sector, the statement said "the report indicates that the Petroleum Products Marketing Company (PPMC), a downstream subsidiary of the NNPC, posted a total ¦ 295.72billion from the sales of petroleum products in May 2021 compared with ¦ 220.13billion sales in April 2021.

"Total sales of petroleum products for the period May 2020 to May 2021 stood at 18.651billion litres and PMS accounted for 99.69 per cent of total volume.

"In May 2021, 64 pipeline points were vandalized representing 39.13 per cent increase from the 46 points recorded in April 2021. The Port Harcourt area accounted for 65 per cent and Mosimi and Kaduna Areas accounted for 30 per cent and five per cent of the vandalized points.

"NNPC, in collaboration with the local communities and other stakeholders, continuously strive to reduce and eventually eliminate this menace,"

- **Businesses Must Accept E-Naira Payment, CBN Warns:**

The Central Bank of Nigeria says the e-naira which is set to be launched on October 1, 2021, is a legal tender equal to the value of the naira and thus must be accepted as a form of payment by all merchants and business outlets. The CBN Director, Payment System Management, Mr. Musa Jimoh, said this during an interview on the 'Business Morning' programme on Channels Television on Monday.

Jimoh said, "Today, anywhere you present naira to pay, compulsorily it must be accepted because that is our fiat currency. So, the same way naira is accepted that you can't reject it, is the same way e-naira must be accepted. Anywhere in this country where e-naira is presented, it must be accepted. So, merchants must accept e-naira as a means of payment."

He advised Nigerians to open e-naira wallets which could be downloaded on their phones from October 1, adding that CBN bears all liabilities.

"The liability of the e-naira money is directly on CBN which is similar to the cash you hold. The liability of the cash you hold today rests with the CBN. So, it gives Nigerians the opportunity to bank with CBN," Jimoh said.

On whether Nigeria was ripe for the e-naira due to the technological challenges in the country, Jimoh said he didn't expect it to be a major problem.

He added, "E-naira is a journey. We don't expect that on October 1, all business merchants in Nigeria will accept it. We don't even expect that come October 1, all Nigerians will have e-naira. It is a journey. It will continue to grow. "Remember there was a time in this country when you had to practically beg business outlets, merchants and others to accept POS transactions. But we have come to a point where traders now beg for POS terminals."

The CBN director added that e-naira comes with many benefits and would save the cost of printing more notes. "Today the cost of producing the naira and coins is very high. It costs money to print naira in this country. Now, the minting of e-naira is electronic so it reduces cost," Jimoh stated. He added that charges of transferring funds would be lower for those using the e-naira. On why the CBN chose a foreign firm instead of a Financial Technology company in Nigeria, Jimoh said it had to do with capacity.

He said Bitt Inc which will handle the project, had done similar projects for other countries and already had the capacity and experience. Jimoh added that the company would be registered and managed in part by Nigerians while the technological aspect would be handled by the foreign arm.

The CBN director stated, "The CBN digital currency is not what every country has implemented. We are blazing the trail in Africa. Nigeria is the only country in Africa that is doing it. And so many advanced countries are not doing it. You can only talk of China and the Bahamas that have tried to do something serious on central bank digital currency. "So, the technology is not everywhere you need to be very sure. You cannot use Nigeria as a testing ground and say oh if it works, well, if it doesn't work. You have to use entities that have actually done it, that are sure of it. What we did is to partner with an entity that has done it, that has that experience because we know that eventually the system is going to run in Nigeria. So, we also want to domicile some responsibilities here. So, the arrangement is such that you are going to have a Nigerian incorporated company, Bitt Nigeria, which will basically be running the system."

- **Banking, Insurance Stocks Decline As Market Sheds Nearly N20bn:**

Equity investors in the Nigerian Exchange Limited lost N19.51bn on Monday as the market capitalization slid down from N20.29tn to N20.27tn at the end of trading. The NGX All-Share index depreciated by 0.10 per cent as it dropped from 38,943.87 basis points to close the day at 38,906.42bps. The volume of shares traded on the exchange rose by 23.12 per cent from 155.10 million valued at N1.95bn in 2,906 deals to 190.96 million shares worth N2.35bn traded in 3,462 deals.

Analyzing by sectors, the NGX Banking, Insurance and Oil & Gas indices fell by 0.70 per cent, 0.70 per cent and 0.08 per cent respectively, while the Consumer Goods and Industrial indices appreciated by 0.16 and 0.13 per cent each. Market sentiment as measured by market breadth was flat as both gainers and losers amounted to 19. Consolidated Hallmark Insurance Plc led the gainers' chart with a 9.62 per cent increase, ending the day at N0.57 per share. Next was Chams Plc rising by 9.52 per cent to N0.23 per share. Other major gainers were Courtville Business Solutions Plc (+6.90 per cent), Wema Bank Plc (+3.95 per cent) and the Nigerian Aviation Handling Company Plc (+3.62 per cent).

Atop the losers' chart was SCOA Nigeria Plc whose share price dropped by 9.43 per cent, ending at N0.96 per share. Veritas Kapital Assurance Plc followed with an 8.70 per cent depreciation to close at N0.21 per share. The share prices of Linkage Assurance Plc, PZ Cussons Plc and Cornerstone Insurance Plc also declined by 6.56 per cent, 5.98 per cent and 5.77 per cent respectively.

- **Nigeria Borrows Fresh $4bn Through Eurobonds**

Nigeria has raised another $4bn through Eurobonds. The Debt Management Office disclosed this in a statement on its website on Tuesday titled 'Nigeria raises $4bn through Eurobonds'. This would raise Nigeria's Eurobond debt from $10.37bn as of the end of March according to figures obtained from DMO's external debt stock figure to $14.37bn. The DMO said in the statement, "After an intensive two days of virtual meetings with investors across the globe, Nigeria has raised the sum of $4bn through Eurobonds.

"The order book peaked at $12.2bn which enabled the Federal Government of Nigeria to raise $1bn more than the $3bn it initially announced.

“This exceptional performance has been described as ‘one of the biggest financial trades to come out of Africa in 2021 and an ‘excellent outcome’. Bids for the Eurobonds were received from investors in Europe and America as well as Asia. “There was also good participation by local investors. The size of the order book and the quality of investors demonstrated confidence in Nigeria.” It added that the Eurobonds were issued in three tranches which were seven-year $1.25bn at 6.125 per cent P.A; 12-year $1.5bn at 7.375 per cent P.A; and 30-year $1.25bn at 8.25 per cent P.A.

The DMO added, “The long tenors of the Eurobonds and the spread across different maturities are well aligned with Nigeria’s Debt Management Strategy, 2020-2023. “Since the Eurobond were issued as part of the new external borrowing in the 2021 Appropriation Act, the raising of $4bn through Eurobonds provides a significant amount of funds to finance projects in the Act, thus contributing to the implementation of the 2021 Appropriation Act.”