WEEKLY NEWS HIGHLIGHTS: **22nd –26th November, 2021.**

- **Some Chinese Stocks Briefly Surge 30% As Investors Bet On A New Beijing Exchange Opening**
- **Stocks Making The Biggest Moves Premarket: Deere, Gap, Nordstrom, Vmware, HP & More**
- **Oil Giant Shell Strikes Deal To Buy Power From 'World's Largest Offshore Wind Farm'**
- **Nigeria Records N18.54tr Real GDP In Q3**
- **Dollar Shortage, Subsidy, Deficit Financing Threatening Nigeria's Growth – W'Bank**
- **Experts Back CBN's Decision To Retain 11.5% Interest Rate**

WEEKLY RATE MONITOR

MPR: 11.5%

GDP: 2.6%

INFLATION: 16.63%

NIBOR: 8.542 %

GLOBAL ECONOMY:

- **Some Chinese Stocks Briefly Surge 30% As Investors Bet On A New Beijing Exchange Opening:**

Shares of more than 60 little-traded mainland Chinese stocks briefly surged by at least 10% Monday as investors bet on the companies' potential inclusion in a new Beijing stock exchange. Chinese President Xi Jinping announced late Thursday the capital city would launch the country's third stock exchange to help small and medium-sized businesses raise capital.

These and other privately run businesses contribute to more than 80% of jobs nationwide, but have had a harder time than state-owned enterprises in getting financing from banks, the largest of which are state-owned. The new Beijing exchange will initially draw from stocks already traded over-the-counter in the "select" section of the "New Third Board," or National Equities Exchange and Quotations (NEEQ), the securities regulator said Friday. This pool of 66 select stocks all rose in Monday afternoon trading, with nearly a third briefly climbing about 30%. Only five of the companies have market capitalizations of more than $1 billion. Daily trading volume per stock was in the millions of yuan on Monday, compared with hundreds of millions of yuan for the largest stocks traded on the mainland.

Metal sheet manufacturer Speedbird, specialized rubber products manufacturer Tongyi Aerospace and packaged food company Zhulaoliu were among the top 10 advancers. The Beijing exchange's launch date has not been announced yet. Authorities are gathering public comment on rules for the new trading venue through Sept. 22.

- **Stocks Making The Biggest Moves Premarket: Deere, Gap, Nordstrom, Vmware, & More:**

  Deere & Co. (DE) – The farm equipment maker reported quarterly earnings of $4.12 per share, beating the consensus estimate of $3.90, although revenue came in slightly below analyst forecasts. Deere said solid demand for its products helped cushion the impact of a month-long workers strike. Deere rallied 3.7% in the premarket.

  Nordstrom (JWN) – Nordstrom plummeted 25% in premarket trading after it reported earnings of 39 cents per share for its latest quarter, shy of the 56 cent consensus estimate. The retailer was hurt by rising labor costs and inventory issues and said inventories were especially short in women's apparel and shoes, where demand rebounded more strongly than it had expected.

  Gap (GPS) – Gap reported adjusted quarterly profit of 27 cents per share, well short of the 50 cents analysts had been anticipating, and also cut its full-year forecast. The apparel retailer has been hit by higher costs for shipping, as well as extended factory closures in Vietnam where it sources about 30% of its products. Gap plunged 20% in premarket trading.

  Booking Holdings (BKNG) – The parent of Priceline and other online travel services is buying Swedish travel agency Etraveli from private equity firm CVC Capital for $1.83 billion.

  VMware (VMW) – VMware beat forecasts by 18 cents with adjusted quarterly earnings of $1.72 per share. The software company also gave an upbeat current-quarter forecast amid growing global demand for cloud computing services. Nonetheless, the stock slid 2.6% in premarket action.

  HP Inc. (HPQ) – HP Inc. came in 6 cents above consensus with adjusted quarterly profit of 94 cents per share, with the computer maker also issuing a strong outlook as consumer and business demand for personal computers and printers remains robust. HP jumped 5.6% in premarket trading.

  Dell Technologies (DELL) – Dell reported adjusted quarterly earnings of $2.37 per share, beating the $2.18 consensus estimate, with Dell seeing strong demand for its personal computers and servers. Dell also issued a stronger than expected current-quarter forecast. Dell added about 2% in the premarket.

  Pure Storage (PSTG) – Pure Storage surged 11.1% in premarket trading after beat estimates by 10 cents with adjusted quarterly profit of 22 cents per share. The maker of flash-based storage systems also issued a better-than-expected current-quarter revenue outlook.

  Chevron (CVX) – The energy producer was upgraded to "outperform" from "sector perform" at RBC Capital Markets, which said Chevron has a relatively stable portfolio compared to its industry peers.

  Jack In The Box (JACK) – The restaurant chain's stock was downgraded to "hold" from "buy" at Stifel Financial, which points to a number of factors including weak comparable restaurant sales. Jack In The Box slid 3% in the premarket.

Tesla Chief Executive Elon Musk sold another $973 million in stock to pay taxes after exercising options on Tuesday, filings showed after the electric vehicle maker's shares rebounded during regular trade

- **<u>Oil Giant Shell Strikes Deal To Buy Power From 'World's Largest Offshore Wind Farm':</u>**

Shell said on Wednesday it had signed a deal to purchase power from a development dubbed "the world's largest offshore wind farm."

The 15-year power purchase agreement relates to 240 megawatts from Dogger Bank C, the third and final phase of the 3.6 gigawatt Dogger Bank Wind Farm, which will be located in waters off the coast of northeast England. The agreement builds upon a previous deal to purchase 480 MW from Dogger Bank A and B, meaning that its combined offtake will amount to 720 MW. On Wednesday, Dogger Bank Wind Farm announced it had also agreed 15-year power purchase agreements for Dogger Bank C with Centrica Energy Marketing & Trading, SSE Energy Supply Limited and Danske Commodities.

"The commercial power agreements provide a route to sell the green energy generated by the third phase of the wind farm into the GB electricity market when it enters commercial operation," it said.

Dogger Bank A and B represents a joint venture between Equinor, SSE Renewables and Eni, with the companies holding stakes of 40%, 40% and 20% respectively. This month, it was announced Eni would also acquire a 20% stake in Dogger Bank C, with Equinor and SSE Renewables each holding on to a share of 40%. This deal is slated for completion in the first quarter of 2022. "Once the three phases are complete, which is expected by March 2026, Dogger Bank will be the largest offshore wind farm in the world," Dogger Bank Wind Farm says. Despite making deals related to renewable energy, Shell remains a major player in oil and gas. It has pledged to become a net-zero emissions energy firm by 2050.

In February, the business confirmed its total oil production had peaked in 2019 and said it expected its total carbon emissions to have peaked in 2018, at 1.7 metric gigatons per year. In a landmark ruling earlier this year, a Dutch court ordered Shell to take much more aggressive action to drive down its carbon emissions and reduce them by 45% by 2030 from 2019 levels. The verdict was thought to be the first time in history a company has been legally obliged to align its policies with the 2015 Paris Agreement. Shell is appealing the ruling, a move that has been sharply criticized by climate activists. In October, billionaire activist investor Dan Loeb called on the business to break up into multiple companies to strengthen its performance and market value.

Shell acknowledged Loeb's letter to clients calling for the company to split, saying it "regularly reviews and evaluates the Company's strategy with a focus on generating shareholder value. As part of this ongoing process, Shell welcomes open dialogue with all shareholders, including Third Point." More recently, in mid-November, Shell said it would move its head offices to the U.K. from the Netherlands, and ditch its dual share structure. Under these plans, the firm's name would change from Royal Dutch Shell plc. to Shell plc.

"The simplification will normalize our share structure under the tax and legal jurisdictions of a single country and make us more competitive," Andrew Mackenzie, the company's chair, said at the time.

DOMESTIC ECONOMY:

- **Nigeria Records N18.54tr Real GDP In Q3:**

The National Bureau of Statistics (NBS) yesterday said in third quarter (Q3) of 2021, Nigeria recorded N18.54 trillion real Gross Domestic Product (GDP). Besides, the bureau said in the period under review, the country recorded N45.11 trillion nominal GDP. The NBS made this known in its Nigerian Gross Domestic Product Report Q3 2021. According to the report, the country recorded 0.51per cent in Q2 2021, in Q2 2021, it recorded 5.01per cent and 4.03per cent in Q3, 2021.

In its overview of the report, NBS said “Nigeria’s Gross Domestic Product (GDP) grew by 4.03 per cent (year-on-year) in real terms in the third quarter of 2021, showing a sustained positive growth over the last four quarters since the recession witnessed in 2020. “Output contracted by -6.10per cent and -3.62per cent in Q2 and Q3 of 2020 under the COVID pandemic. “The Q3 2021 growth rate was higher than the -3.62per cent growth rate recorded in Q3 2020 by 7.65 per cent points and lower than 5.01per cent recorded in Q2 2021 by 0.98% points, indicative of a continuous recovery.

“Nevertheless, quarter on quarter, real GDP grew at 11.07per cent in Q3 2021 compared to Q2 2021, reflecting a higher economic activity than the preceding quarter.” Real growth of the oil sector, according to the NBS, was –10.73 per cent (year-on-year) in Q3 2021 indicating an increase by 3.16 per cent points relative to rate recorded in the corresponding quarter of 2020.

It added that growth increased by 1.92 per cent points when compared to Q2 2021 which was –12.65 per cent. Quarter-on-Quarter, the oil sector recorded a growth rate of 12.05 per cent in Q3 2021. The Oil sector contributed 7.49 per cent to total real GDP in Q3 2021, down from figures recorded in the corresponding period of 2020 and up compared to the preceding quarter, where it contributed 8.73 per cent and 7.42 per cent respectively. On the Non-Oil Sector, the report said, the non-oil sector grew by 5.44 per cent in real terms during the reference quarter (Q3 2021). This rate was higher by 7.95 percent point compared to the rate recorded same quarter of 2020 and 1.30 per cent point lower than the second quarter of 2021.

It noted that “this sector was driven in third quarter 2021 mainly by trade, Information and Communication (Telecommunication); other drivers include Financial and Insurance (Financial Institutions); Manufacturing (Food, Beverage & Tobacco); Agriculture (Crop Production); and Transportation and Storage (Road Transport), accounting for positive GDP Growth. “In real terms, the Non-Oil sector contributed 92.51 per cent to the nation’s GDP in third quarter 2021, higher from share recorded in the third quarter of 2020 which was 91.27 per cent and lower than the second quarter of 2021 recorded as 92.58 per cent.”

- **Dollar Shortage, Subsidy, Deficit Financing Threatening Nigeria’s Growth – W’Bank:**

The World Bank has said that economic growth in Nigeria is being threatened by certain macroeconomic challenges, including dollar shortage, petrol subsidy and the fiscal deficit financing by the Central Bank of Nigeria. The bank disclosed this in its Nigeria Development report, which was released on Tuesday. The report identified measures taken by the government to tackle the pandemic-induced economic challenges.

“In 2020, the Nigerian government began to address longstanding macroeconomic challenges by harmonizing the two main exchange rates, adjusting electricity tariffs to more cost-reflective levels, cutting nonessential spending, redirecting budgetary resources towards the COVID-19 response at both the federal and state levels, strengthening debt management, and increasing the transparency of oil and gas operations,” it said.

It noted that certain macroeconomic challenges had emerged that were undermining efforts made towards economic rebound. The World Bank said, “However, the reform momentum weakened in 2021, and in the absence of continued progress, key macroeconomic challenges have re-emerged as major threats to growth. The report said despite a strong initial recovery and resurgent global oil prices, the stalled reform agenda had undermined Nigeria’s long-term growth prospects.

- **Experts Back CBN’s Decision To Retain 11.5% Interest Rate:**

Economic and financial experts have supported the decision of the Monetary Policy Committee of the Central Bank of Nigeria to again retain all monetary parameters, including the benchmark interest rate. The MPC said at the end of its two-day meeting that the Monetary Policy Rate would remain unchanged at 11.5 per cent, while the Cash Reserve Ratio and Liquidity Ratio would be held constant at 27.5 per cent and 30 per cent respectively.

Announcing the committee’s decision in Abuja, the CBN Governor, Mr Godwin Emefiele, said, “The MPC believes that the existing parameters have supported the growth recovery and should be allowed to continue for a little longer for consolidation to achieve the committee’s mandate of price stability conducive for growth. He said the committee expressed several concerns about shifting the rates, adding that while tightening the parameters would significantly reduce inflation, it would also increase the cost of funds and constrain output growth. “On the other hand, whereas loosening will lower policy rate, ease liquidity pressure and stimulate additional credit creation, which will boost output growth, MPC also thinks that loosening will further widen the negative real interest rate gap and compound the price distortions in the money market which could fuel inflation pressures,” Emefiele added.

The MPC has retained the monetary parameters for 14 consecutive months. The last time the monetary policy rate was reviewed was in September 2020, when the apex bank lowered it from 12.5 per cent to 11.5 per cent while maintaining all other parameters. Emefiele said the continued security challenge across the country remained a major source of concern for members, noting its impact on business confidence, foreign investment inflows and overall economic activities. Speaking on the latest development, a professor of Economics and Public Policy at the University of Uyo, Akpan Ekpo, said he wasn’t surprised by the decisions of the apex bank, stating that there was no need to revise the rates as inflation rates had been trending downwards. Expressing a similar view, the immediate past Director-General of the Lagos Chamber of Commerce and Industry, Muda Yusuf, said he agreed with the CBN’s position and the emphasis on the need for impactful interventions by the fiscal authorities.

“I agree with the outcome given the prevailing economic conditions. I also like the fact that there was a lot of emphasis on what the fiscal side should do around issues of promoting public-private partnership, issues of security and things like that and the role of government in exports,” he said.

An economist and past presidential candidate, Prof. Pat Utomi, said, “It doesn’t really matter whether the monetary authorities are going to decide to increase or reduce the rates because nobody is borrowing money anyway because they is no money to lend to the creditor. The inflation is going to keep galloping because it is not the economic choices that are being made that are affecting the economic conditions but the political choices.” A former President, Association of National Accountants of Nigeria, Dr Sam Nzekwe, said he did not expect the rates to be changed.