



WEEKLY NEWS HIGHLIGHTS:

15th –19th November, 2021.

- **Bitcoin, Ether Nurse Losses, Lurk Near Critical Levels**
- **Tesla's Musk Exercises More Options, Sells \$973 Million For Taxes**
- **Biden Signs 'Once-In-A-Generation' \$1tn Infrastructure Bill Into Law**
- **Oil Falls On Expectation Of Higher Supply**
- **Reps Probe Alleged Fraud Of W'Bank Funds For Assets Insurance**
- **Amid Crypto Crackdown, CBN's Enaira Attracts 78,000 Merchants From More Than 160 Countries**
- **Exchange Rate Closes Flat As Forex Liquidity Improves Significantly**

WEEKLY RATE MONITOR

MPR: 11.5%

GDP: 2.6%

INFLATION: 16.63%

NIBOR: 8.542 %

GLOBAL ECONOMY:

- **Bitcoin, Ether Nurse Losses, Lurk Near Critical Levels:**

Bitcoin and ether, the world's two largest cryptocurrencies, stayed weak on Wednesday and near critical levels that analysts believe could spell further weakness if breached. Bitcoin last traded around \$59,000, down 1% on the day, and off about 12% from the record high of \$69,000 set on Nov. 10, while ether was at \$4,163, more than 14% lower than its peak \$4,868. While profit-taking after the massive run-up in prices was emerging as the biggest factor, analysts pointed to bitcoin's blockchain upgrade on the weekend, higher U.S. inflation and China's latest directive to its state-owned firms not to engage in cryptocurrency mining as being other reasons behind the more cautious sentiment.

Bitcoin has doubled in value since January. Its correction could get severe if it fell through \$58,000, Craig Erlam, senior market analyst at online broker Oanda, said in a note. "This is roughly where it found strong support at the end of October and given how much it's struggled to make major strides higher since, it could be the catalyst for a deeper correction," Erlam wrote. News that Twitter would not be investing in cryptocurrencies and the U.S. Securities and Exchange Commission's (SEC) rejection of what would have been the first U.S. spot bitcoin exchange-traded fund by VanEck were also dampeners. In the past week, traders have become less willing to pay to hold long positions in bitcoin futures. Average funding rates fell to 0.00354% on Tuesday, according to cryptocurrency analytics platform CryptoQuant, their lowest since late September and down from 0.04122% on Nov. 10.

Funding rates represent sentiment in the perpetual swaps market, a major part of the bitcoin derivatives world. Positive funding rates imply that traders are bullish, as they must pay to hold a long position, while negative rates mean traders must pay to hold a short position, and hence are bearish. Money pouring into

bitcoin products and funds has hit a record \$9 billion this year, and totalled \$151 million last week in the 13th consecutive week of inflows, data from digital asset manager CoinShares showed on Monday. Although flows have been positive recently, volumes have been subdued in the second half, averaging \$750 million daily versus \$960 million in the first, CoinShares said. Singapore-based digital economy trading firm QCP Capital pointed to the relatively heavier selloff in ether (ETH) and said that might continue, alongside a pick-up in options activity on that token.

- **Tesla's Musk Exercises More Options, Sells \$973 Million For Taxes:**

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

- **Biden Signs 'Once-In-A-Generation' \$1tn Infrastructure Bill Into Law:**

The bill caused a rift in Mr Biden's party that was partly blamed for a Democratic election loss this month. Another massive social spending bill is currently being considered in Congress. "My message to the American people is America is moving again. And your life is going to change for the better," Mr Biden said in a speech before signing the law.

Billed as a "once-in-a-generation" infrastructure measure, the legislation pledges \$550bn in new federal expenditure over the next eight years to upgrade highways, roads and bridges, and to modernise city transit systems and passenger rail networks. It also sets aside funding for clean drinking water, high speed internet, and a nationwide network of electric vehicle charging points.

It is the largest federal investment in the country's infrastructure for decades. The law will be financed in several ways, including unspent emergency relief funds from the Covid pandemic, new taxes on cryptocurrency and other smaller sources. The other bill, known as the Build Back Better Act, still faces an uncertain future in Congress. Progressive Democrats had hoped to pass that bill alongside the infrastructure package, but faced resistance from moderates who asked that the Congressional Budget Office (CBO) first release a forecast of how much it will add to the national debt.

Earlier this month, Mr Biden denied that the Democrats' shock loss in the gubernatorial race in Virginia was a verdict on his presidency, but **acknowledged that it would have been helpful** for Congress to have passed the infrastructure and spending bills ahead of the vote. His explanation came amid rising discontent among voters over the party's struggle to pass major legislation, despite controlling both chambers of Congress, albeit narrowly.

- **Tesla: JP Morgan Sues For \$162m After Musk Tweets:**

JP Morgan Chase is suing Tesla for \$162 (£121m) over tweets in 2018 by boss Elon Musk that he could take the electric car maker private. The bank accused Tesla of "flagrantly" breaching a deal it claims should have triggered payments to JP Morgan. Mr Musk's notorious tweets that he had funding to take Tesla off the New York stock market sparked volatility in the share price. He later abandoned the move and was fined by the US financial regulator.

JP Morgan's suit, filed in a Manhattan federal court, says the companies had an agreement signed in 2014 that allowed the bank to buy Tesla shares at a set price and date. Under the deal, Tesla sold so-called warrants to JP Morgan allowing the bank to purchase shares if the "strike" price was below Tesla's share price when the warrants expired in June and July 2021.

"We have provided Tesla multiple opportunities to fulfil its contractual obligations, so it is unfortunate that they have forced this issue into litigation," a spokesperson for JP Morgan said in a statement.

JP Morgan said the warrants contained standard provisions that allowed it to adjust their price to protect both parties against the economic effects of "significant corporate transactions involving Tesla," such as an announcement the company was going private. Mr Musk's tweeted on 7 August 2018 tweet that he might take Tesla private at \$420 per share and had "funding secured". He scrapped the plan 17 days later. Tesla's share price rose approximately 10-fold by the time the warrants expired this year, and JP Morgan said this required Tesla under its contract to hand over shares of its stock or cash.

Failure to do so, said JP Morgan, amounted to a default. Tesla has yet to comment publicly on the bank's lawsuit. But the company said in 2019 when news of the dispute emerged that JP Morgan was being "opportunistic" to take advantage of the share price volatility. Mr Musk is an enthusiastic and frequently controversial user of twitter, and now has 64 million followers. Only this month the billionaire caused a stir when he asked his followers in a twitter poll whether he should sell 10% of his Tesla shares. The vote was 'yes'. His 2018 tweets on taking Tesla off the stock market led to charges from the powerful US regulator, the Securities and Exchange Commission, for misleading the market. Mr Musk vehemently denied the charges, but eventually agreed a settlement that led to him stepping down as chairman of the carmaker. He and Tesla paid \$40m in penalties.

DOMESTIC ECONOMY:

- **Oil Falls On Expectation Of Higher Supply:**

CRUDE oil prices fell yesterday on expectations of increasing supply, while the recent surge in energy costs and rising COVID-19 cases are expected to weigh on demand. Brent crude futures fell 1.1per cent, to \$81.30 a barrel while United States' West Texas Intermediate (WTI) crude one per cent to settle at \$79.99 a barrel. Oil markets have ended each of the last three weeks lower than the previous one. However, Brent has only shed a total of four per cent in that time, as the market saw-sawed between concerns about insufficient supply and worries that high prices will cool demand just as drillers ramp up activity. The strengthening dollar has also pressured oil prices, along with speculation that President Joe Biden's administration might release oil from the U.S. Strategic Petroleum Reserve. U.S. energy firms last week added oil and natural gas rigs for a third week in a row with crude prices hovering near a seven-year high, prompting some drillers to return to the wellpad.

- **Reps Probe Alleged Fraud Of World Bank Funds For Assets Insurance:**

The House of Representatives has urged the Federal Ministry of Finance, Budget and National Planning, the National Insurance Commission and all ministries, departments and agencies of the Federal Government to ensure proper actuarial valuation and adequate provision for insurance premium

in the 2022 and subsequent national budgets. The House also mandated its Committee on Insurance and Actuarial Matters to ‘investigate the irregularities, misapplication and alleged misappropriation of funds of World Bank special intervention funds for insurance of government assets and report back within four weeks for further legislative action.’”

These resolutions were sequel to the unanimous adoption of a motion moved by a member, Ahmadu Jaha, titled, ‘Need to Safeguard Critical National Assets through Budgetary Provisions for Insurance Premium by Ministries, Departments and Agencies’. Jaha said critical national assets and infrastructure were assets, systems and items of value that supported efficient public service delivery, economic, political and social sectors of nation. The lawmaker also noted that adequate budgetary provisions of insurance premium to safeguard the existing and ongoing Federal Government’s massive investments in the development and construction of various infrastructure would reduce avoidable government expenditure, engender value for money and support quick asset recovery, public service efficiency, employment generation and wellbeing of Nigerian people.

- **Amid Crypto Crackdown, CBN’s Enaira Attracts 78,000 Merchants From More Than 160 Countries:**

As the Central Bank of Nigeria (CBN) tightens its grip on cryptocurrency-related transactions, the eNaira continues to lure individuals, with 78,000 merchants from over 160 countries on board just weeks after its debut.

This was disclosed by the CBN which has remained staunch in its crackdown on cryptocurrency transactions, amid claims that banks have increased their efforts to stop cryptocurrency-related transactions.

The crackdown resulted in a 43% decrease in Nigerian peer-to-peer transactions. Nigerians accounted for around \$9.4 million in weekly P2P volumes, followed by Kenyans and South Africans, who accounted for nearly \$2.8 million and \$1.8 million respectively.

- **Exchange Rate Closes Flat As Forex Liquidity Improves Significantly:**

The exchange rate between the naira and the US dollar closed at N415.1/\$1, at the Investors and Exporters window, where forex is traded officially. Naira started the week flat against the US dollar at N415.1/\$1 on Monday 15th November 2021, the same as recorded in the previous trading session.

In the same vein, naira remained flat at the parallel market as it closed at N545/\$1 on Monday, which is the same as recorded on Friday. The exchange rate gained massively in the previous week to N535 to a dollar from N570/\$1. Nigeria’s foreign reserve declined by 0.06% on Friday, 12th November 2021 to close at \$41.51 billion, representing a \$26.79 million drop compared to \$41.53 billion recorded as of the previous day.

The exchange rate at the Investors and Exporters window closed flat against the US dollar on Monday, 15th November 2021 to close at N415.1/\$1, the same as recorded in the previous day. The opening indicative rate closed at N413.74/\$1 on Monday, indicating a 65 kobo appreciation compared to N414.39/\$1 recorded in the previous trading session. An exchange rate of N453.75 to a dollar was the

highest rate recorded during intra-day trading before it settled at N415.1/\$1, while it sold for as low as N404/\$1 during intra-day trading. The highest rate recorded on Monday is the highest on record.

Forex turnover at the official window improved by 52.6% to \$138.37 million on Monday. According to data from FMDQ, forex turnover at the I&E window increased from \$90.7 million recorded on Friday, 12th November 2021 to \$138.37 million on Monday, 15th November 2021. The global crypto market started the day on a bearish note, characterised by huge sell-offs from Bitcoin and Ethereum holders. The crypto market capitalisation dipped 4.34% in the early hours of Tuesday as investors lost over \$120.1 billion. Bitcoin also dipped 4.24% to trade at \$60,906, despite rallying close to \$69,000 in the previous week. Similarly, Ethereum recorded a 4.77% decline as of 7am on Tuesday to trade at \$4,346.

Meanwhile, Nigeria's peer-to-peer transactions in the crypto market reduced by 43% to \$9.4 million in the previous week, followed by Kenyans and South Africans with nearly \$2.8 million and \$1.8 million respectively.

Nigeria's foreign reserve declined yet again by 0.06% to close at \$41.51 billion as of Friday, 12th November 2021 compared to \$41.53 billion recorded as of the previous day. The nation's foreign reserve had gained \$5.04 billion in the month of October, as a result of the \$4 billion raised by the federal government from the issuance of Eurobond in the international debt market. The gains recorded in the previous month is higher than the \$2.76 billion gain recorded in the month of September 2021, while the recent decrease puts the year-to-date gain at \$6.13 billion. So far in the month of November, Nigeria's reserve has lost \$312.29 million.