

Summary:

Inflation Rate (As at June, 2021) 17.75%

Exch. Rate (USD) (NAFEX as at Friday, July 23, 2021) ₦ 411.21

Exch. Rate (USD) (Parallel market as at Friday, July 23, 2021) ₦503

Monetary Policy Rate, MPR (As at Monday, July 19, 2021) 11.5%

Crude Oil Price in USD (As at Friday, July 23, 2021) \$73.81

CBN to launch digital currency by October

The Central Bank of Nigeria with its stakeholders outlined its digital currency initiative via a private webinar held on Thursday this week. The Nigerian Central Bank Governor, Godwin Emefiele had earlier announced that the bank would be working on a central bank digital currency during the 306th Banker's Committee meeting. According to private sources, the pilot scheme will be launched on October 1st, 2021. The press briefing delivered by the Director IT department, Rakiya Mohammed, at the end of the meeting further explained that the Bank have been conducting research in regards to central bank digital currencies since 2017 and may conduct a proof of concept before the end of this year.

POS transactions in Nigeria hit over N3 trillion in H1 2021

The value of point of sales transactions made in Nigeria jumped to N3.01 trillion in the first half of 2021, with a total volume of 462.11 million transactions in the same period. This is according to the report released by the Nigeria Inter-Bank Settlement System (NIBSS) for the month of June 2021. This represents a 50% increase compared to N2 trillion recorded in the corresponding period of 2020 and a 10.3% increase against N2.72 trillion recorded in the second half of 2020. The increase in the value of POS transactions in Nigeria shows the spending patterns of Nigerians and payment preferences as compared to cash payments.

Treasury Bills

The Nigerian Treasury Bills ("NT-Bills") secondary market last week turned bullish on the back of improved system liquidity (N66.14bn long on Friday) with average yield across instruments dipping 19bps W-o-W (Week-On-Week) to close at 6.69%. Precisely, improved buying interest was seen on the mid and long-dated maturities as yields contracted 54bps and 34bps W-o-W respectively while sell-offs were recorded on short-term bills, as average yield advanced 31bps W-o-W. At the Primary Market Auction ("PMA") last week, the Apex Bank allotted a total of N150.00bn across all tenors with the 91 and 182-Day bills retaining their

previous stop rates of 2.50% and 3.50% respectively, while the 364-Day bill declined 48bps to 8.67%.

FGN BONDS

The FGN bond secondary market closed marginally negative last week as average yield across all instruments improved 9bps to settle at 12.16% (from 12.07% the previous week). Most buying interests were seen on the JAN-22, MAR-24, and MAR-25 instruments as their respective yields contracted 139bps, 10bps, and 6bps W-o-W.

FX

Naira appreciated against the US dollar on Thursday, 22nd July 2021 to close at N411.63/\$1. This represents a 4-kobo gain when compared to N411.67/\$1 that was recorded on Monday, 19th July 2021. At the parallel market, however, the naira remained stable against the US dollar at an exchange rate of N503/\$1, the same rate that was recorded on Monday 19th July 2021. However, the dollar supply at the official forex market dropped by 18.1% on Thursday to stand at \$137.83 million as external reserve continues its rebound.