

Summary:

Inflation Rate (As at June, 2021) 17.75%

2021 Quarter One (Q1) GDP Growth Rate 0.51%

Exch. Rate (USD) (NAFEX as at Friday, August 13, 2021) ₦411.27

Exch. Rate (USD) (Parallel market as at Friday, August 13, 2021) ₦515

Monetary Policy Rate, MPR (As at Friday, August 13, 2021) 11.5%

Crude Oil Price in USD (As at Friday, August 13, 2021) \$70.96

Nigeria's Credit to the Private Sector Hits all Time High of N32.6 Trillion

According to data from central bank of Nigeria, Nigeria's total credit to the private sector of the economy was at an all-time high of N32.63 trillion as of June 2021 making the 5th consecutive month of rising domestic credit to the private sector. This is an indication of success of CBN's aggressive policy towards expanding credit to the domestic sector, which according to them will propel GDP growth. This is in lieu with a CBN research report which recommended that private sector credit to **major sectors of the economy hold great potentials for promoting economic growth in Nigeria.**

CBN Sets N10bn Capital Base for Credit Guarantee Companies

The Central Bank of Nigeria (CBN) on Wednesday pegged N10 billion as the minimum paid-up capital for the establishment of the proposed Credit Guarantee Companies (CGCs) in the country. This was made known to the public in a CBN circular titled, "Exposure Draft of Guidelines for Regulation and Supervision of Credit Guarantee Companies in Nigeria," dated August 4, 2021, and addressed to banks, other financial institutions and stakeholders. The apex bank stated that the framework for the CGCs would further provide regulation and basis for the operation of credit guarantee companies. The circular, which was signed by the CBN Director, Financial Policy and Regulations Department, Mr. Ibrahim Tukur, also detailed the permissible and non-permissible activities of the CGCs.

Treasury Bills

Last week, the Nigerian Treasury Bills ("NT-Bills") secondary market witnessed an improvement in activity levels on the back of stable liquidity levels (which stood at N285.4bn long as at Monday, 02-Aug-21) as average yield across all tenors fell 27bps W-o-W (Week-

On-Week) to close at 5.62% from 5.90% the previous week. In more detail, the average yield in the short-, medium- and long-end of the curve shed 9bps, 22bps, and 39bps W-o-W respectively as yields dipped across all tenors save for the 25-Nov-21 instrument, which advanced 35bps W-o-W.

FGN BONDS

The FGN Bond secondary market sustained its bullish run as average yield across the curve declined 13bps to close at 11.94% (from 12.07% the previous week). Specifically, the most buying interest was seen in the short- to medium-end of the curve as average yield shed 11bps and 22bps W-o-W to close at 9.92% and 12.32% respectively while average yield at the long-end of the curve marginally maintained its bullish run, shedding only 5bps to stop at 13.00% from 13.05% the previous week.

FX

Amid persistent dollar scarcity, the Naira, which had made recent gains, remained pared to N515/\$1 as at Thursday. The Naira had strengthened to 506/\$ on August 4 after plunging to 525/\$ at the parallel market on July 28, a day after the Central Bank of Nigeria (CBN) stopped foreign exchange sales to Bureau de Change and had been hovering around 508/\$ and 510/\$ in recent days. At the Investors and Exporters' (I & E) window, the Naira stood at 410.12 to the Dollar, leading to urgent calls that the apex bank should settle its divorce with the Bureau De Change operators (BDCs).