

## **Summary:**

Inflation Rate (As at July, 2021) 17.38%

2021 Quarter Two (Q2) GDP Growth Rate 5.01%

Exch. Rate (USD) (NAFEX as at Friday, August 27, 2021) ₦411.80

Exch. Rate (USD) (Parallel market as at Friday, August 27, 2021) ₦522

Monetary Policy Rate, MPR (As at Friday, August 27, 2021) 11.5%

Crude Oil Price in USD (As at Friday, August 27, 2021) \$71.79

## **Nigeria Records a Massive 5.01% Real GDP Growth Y-o-Y in Q2 2021**

Nigeria's Gross Domestic Product (GDP) grew by 5.01% (year-on-year) in real terms in the second quarter of 2021, marking three consecutive quarters of growth following the negative growth rates recorded in the second and third quarters of 2020. The Q2 2021 growth rate was higher than the -6.10% growth rate recorded in Q2 2020 and the 0.51% recorded in Q1 2021 year on year, indicating the return of business and economic activity near levels seen prior to the nationwide implementation of COVID-19 related restrictions. Year to date, real GDP grew 2.70% in 2021 compared to -2.18% for the first half of 2020. Nevertheless, quarter on quarter, real GDP grew at -0.79% in Q2 2021 compared to Q1 2021, reflecting slightly slower economic activity than the preceding quarter due largely to seasonality.

## **Food Prices Hike**

Food prices in Nigeria increased further in the month of July according to selected food price watch data for July 2021. The average price of 1 dozen of Agro Mechanised Eggs (medium size) increased year-on-year by 21.82% and month-on month by 3.79% to N577.55 in July 2021 from N556.47 in June while the per unit price increased year-on-year by 24.20% and month-on-month by 2.95% to N52.73 in July 2021 from N51.22 in June 2021. The data also showed among other price changes, an increase in the average price of 1kg of tomato year-on-year by 36.45% and month-on-month by 23.66% to N414.83 in July 2021 from N335.46 in June 2021.

## **Treasury Bills**

Last week, the Nigerian Treasury Bills ("NT-Bills") secondary market sustained a bullish run amidst pressured liquidity levels which fell to N72.3bn short on Friday, due to persistent demand on the long-dated maturities leading to 56bps W-o-W (Week-On-Week) contraction

on average yields. Consequently, average yield dipped by 8bps W-o-W to close at 4.69% from 4.77% in the previous week.

### **FGN BONDS**

The FGN bonds secondary market sustained its bullish trend last week, as funds were channelled from unmet bids at the PMA. As a result, average yield across all maturities dipped 16bps W-o-W to settle at 11.38% from 11.56% the previous week, with the most buying interests recorded on the 17-Mar-27 (-76bps W-o-W) and 14-Mar-24 (-39bps W-o-W) maturities. At the PMA (Primary Market Auction), the Debt Management Office's ("DMO") total offer of N150.0bn was met with a strong demand, recording an overall subscription of 2.1x. The DMO reduced the stop rate offered across all offers to 11.60%, 12.75%, and 12.80% from 12.35%, 13.15% and 13.25% respectively.

### **FX MARKET**

The Naira further declines to the U.S. dollar at the unofficial market on Thursday. Sources from abokiFX.com states that the local unit closed at N522.00 per \$1 at the black market, representing a N1.00 or 0.20 per cent devaluation from the N521.00 it traded in the last two sessions. The naira however gained against the foreign currency at the Investors and Exporters (I&E) window. The FMDQ Security Exchange window where forex is officially traded showed that the local unit closed at N410.88 per \$1 at the official market. This translates to a N1.00 or 0.20 per cent appreciation from the N411.00 rate posted in the previous session on Wednesday.