

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, September 03, 2021) ₦411.42

Exch. Rate (USD) (Parallel market as at Friday, September 03, 2021) ₦530

Monetary Policy Rate, MPR (As at Friday, September 03, 2021) 11.5%

Crude Oil Price in USD (As at Friday, September 03, 2021) \$73.12

CBN Selects Technical Partner for Digital Currency Project

The Central Bank of Nigeria (CBN) has announced the formal engagement of the global Fintech Company, Bitt Inc., as the Technical Partner for its digital currency, named eNaira, which is due to be unveiled later in the year. The Governor of the Central Bank, Mr. Godwin Emefiele, disclosed this development in Abuja listing the benefits of the Central Bank Digital Currency (CBDC) to include increased cross-border trade, accelerated financial inclusion, cheaper and faster remittance inflows, easier targeted social interventions, as well as improvements in monetary policy effectiveness, payment systems efficiency, and tax collection. Bitt Inc. was key to the development and successful launch of the central bank digital currency (CBDC) pilot of the Eastern Caribbean Central Bank (ECCB) in April 2021. The CBN's selection of Bitt Inc, from among highly competitive bidders, was hinged on the company's technological competence, efficiency, platform security, interoperability, and implementation experience.

Nigeria Ranked 17th in Africa Based on Per Capita GDP

Nigeria, the 'giant of Africa' and the most populous country in Africa with over 200 million people residing in the country according to World Bank estimates, boasts of being the largest economy on the continent with an aggregate GDP of \$468.6 billion. Nigeria's GDP per capita stood at \$2,097.09 in 2020 to rank 17th on the list of African countries, representing a 6% decline compared to \$2,229.86 recorded in the previous year. Despite recording the highest aggregate GDP, it is no surprise that Nigeria's GDP per capita paints a less than stellar picture. This is majorly attributed to the enormous population size compared to other countries in the region, which accounts for about 18% of the entire sub-Saharan African.

A Look at Nigeria's External Reserve

Nigeria's foreign reserve rose by \$85 million as it recorded its fifth increase in over 2 weeks to close at \$34.018 billion on Tuesday, 31st August 2021, compared to \$33.933 billion recorded

the previous day. The latest increase represents a 0.25% boost in the country's foreign reserve. In the same vein, the reserve level has also gained \$615 million month-to-date compared to \$33.403 billion recorded as at the beginning of August. However, its year-to-date change shows a \$1.535 billion loss compared to \$35.37 billion recorded as of 31st December 2020. While recent reports have suggested that Nigeria's foreign reserve position could grow as high as \$40 billion by the end of September 2021, the recent decline in the external reserve could be attributed to the decline recorded in the global crude oil market in recent weeks.

Treasury Bills

The Nigerian Treasury Bills ("NT-Bills") secondary market traded on a bearish note throughout last week, as market participants exited positions across the curve given the subdued liquidity levels (sinking to N201.1bn negative on Tuesday) and ahead of Wednesday's Primary Market Auction ("PMA"). Consequent on this, average yields on secondary market NT-Bills expanded 27bps W-o-W to 4.95% - with the 28-Apr-22 (+83bps W-o-W) and 12-May-22 (+89bps W-o-W) bills advancing the most - and closed the week on a quiet note with minimal trading activities post-PMA. At the Primary Market Auction (PMA), the Apex Bank's total offer of N157.2bn across the 91-, 182- and 364-Day tenors was met with strong demand, recording an overall subscription of N394.1bn (subscription ratio: 2.5x) and with the most demand centred on the 1-Year offer (subscription ratio: 3.3x). In addition, stop rates for the long offer recorded a further contraction of 55bps from the last auction to settle at 6.80%.

FGN BONDS

Last week, the FGN Bond secondary market maintained its bullish run, fuelled by a sustained flow of lost primary market bids. As a result, average yields across all maturities dipped 23bps W-o-W (Week-On-Week) to 11.15% from 11.38% the previous week. While demand was recorded across the curve, short-term FGN Bonds enjoyed the most demand, inching 32bps southwards W-o-W, particularly on the MAR- 25 and JAN-26 maturities that dipped the most by 47bps and 48bps W-o-W respectively.

FX

Naira extended losses against the U.S. dollar at the parallel market on Thursday as the currency exchanged hands with the greenback at N530 per \$1. This translates to a N2.00 or 0.40 per cent devaluation from N528.00 rate recorded in the previous session on Wednesday. Similarly, the naira weakened further against the U.S. dollar at the official market as foreign exchange supply plummeted significantly. Data posted on the FMDQ Security Exchange where forex is

officially traded showed that the naira closed at N411.67 per \$1 at the official market on Thursday indicating a N0.17 or 0.04 per cent devaluation from the N411.50 rate it traded in the previous session on Wednesday.