

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 10, 2021) ₦411.25

Exch. Rate (USD) (Parallel market as at Friday, September 10, 2021) ₦545

Monetary Policy Rate, MPR (As at Friday, September 10, 2021) 11.5%

Crude Oil Price in USD (As at Friday, September 10, 2021) \$72.77

Nigeria's international trade deficit hits N5.81 trillion in H1 2021

According to the recently released foreign trade report by the National Bureau of Statistics (NBS), Nigeria extended its negative trade balance in the first half of 2021, as its trade deficit surged to N5.81 trillion in the period. The report showed that Nigeria exported total merchandise valued at N7.99 trillion in the review period, opposed to a total import value of N13.8 trillion, indicating a trade balance of -N5.81 trillion between January and June 2021. This comes on the back of recurrent trade deficits recorded in previous periods, that is, N2.25 trillion in H1 2020 and N5.12 trillion in H2 2020. However, this is by far the highest trade deficit recorded by Nigeria in any half-year period.

Oil Price Watch

The trading session started on a positive note today in the crude oil market as Brent Crude recorded a marginal growth of 0.69% to trade at \$71.94 per barrel as of 6:00am. In the same vein, West Texas Intermediate recorded a 0.56% growth to trade at \$68.52 per barrel. The Nigerian Crude oil, Bonny Light also moved in the positive territory with 0.35% growth to trade at \$71.33%. However, OPEC Basket and natural gas both have recorded a marginal drop in price as of the time of writing this article. Notably, OPEC Basket dipped by 0.22% to trade at \$71.19, while Natural Gas declined by 0.1% to trade at \$5.026.

Treasury Bills

The bearish performance was reversed last week, on the back of improved demand buoyed by decent financial system liquidity throughout last week (N393.1bn long as at 03-Sep-21). Accordingly, average yield in the Nigerian Treasury Bills ("NT-Bills") secondary market contracted 46bps W-o-W (Week-On-Week) to close at 4.61% last Friday from 5.07% the previous week. Precisely, most demand was on 11-Nov-21 (-114bps W-o-W), 27-Jan-22 (-103bps W-o-W) and 10-Feb-22 (-103bps W-o-W), as market participants seized bargain opportunities on short and medium-term bills.

FGN BONDS

The domestic sovereign bonds space recorded another bullish performance, despite recording quiet trading sessions at the start of week. The performance was sustained mainly by domestic investors' buying interest on mid-dated bonds (which declined 16bps W-o-W). Thus, average yield across all maturities shed 11bps W-o-W to 11.04% (from 11.15% the previous week). JAN-22 and MAR-35 maturities both declined the most, 52bps and 35bps W-o-W respectively. On the flip side, sell offs on JUL-45 and APR-23 pushed the instruments 30bps and 24bps higher W-o-W.

FX

Naira depreciated further against the US dollar on Thursday, to close at N411.67/\$1 compared to N411.5/\$1 recorded at the close of trade on Wednesday, 8th September 2021, representing a 0.04% fall. The exchange rate at the parallel market slumped to a new record on Thursday to close at N540/\$1 compared to N535/\$1 recorded in the previous trading session. This represents a 0.93% depreciation and further widens the gap between the black market rate and the official rate. The persistent fall of the exchange rate at the parallel market has been attributed to demand pressure from Investors who could not obtain forex from the banks. The latest depreciation at the black market takes the gap between the two forex markets to a massive N128.33.