

Summary:

Inflation Rate (As at August, 2021) 17.01%

2021 Quarter Two (Q2) GDP Growth Rate 5.01%

Exch. Rate (USD) (NAFEX as at Friday, September 17, 2021) ₦412.49

Exch. Rate (USD) (Parallel market as at Friday, September 17, 2021) ₦570

Monetary Policy Rate, MPR (As at Friday, September 17, 2021) 11.5%

Crude Oil Price in USD (As at Friday, September 17, 2021) \$75.29

Nigeria's inflation rate drops to 17.01% in August 2021, 5th consecutive decline

According to the National Bureau of Statistics (NBS), Nigeria's inflation rate in the month of August 2021 dropped to 17.01% from 17.38% recorded in July 2021. This represents the fifth consecutive decline in the rate of inflation recorded in Nigeria. The latest figure is 0.37% points lower than what was recorded in the previous month. Meanwhile, on a month-on-month basis, the headline index increased by 1.02% in August 2021, this is 0.09% higher than the rate recorded in July 2021 (0.93%). The urban inflation rate increased by 17.59% (year-on-year) in August 2021 from 18.01% recorded in July 2021, while the rural inflation rate increased by 16.43% in August 2021 from 16.75% in July 2021. On a month-on-month basis, the urban index rose by 1.06% in August 2021, up by 0.08% points compared to the rate recorded in July 2021 (0.98%), while the rural index also rose by 0.99% in August 2021, up by 0.12% points compared to the rate that was recorded in July 2021 (0.87%).

Treasury Bills

The bullish run in the Nigerian Treasury Bills ("NT-Bills") secondary market persisted last week, on the back of sustained positive liquidity levels (averaging N60.7bn for the week) as N119.1bn and N138.2bn worth of Open Market Operation ("OMO") bills and NT-Bills maturities respectively hit the system during the course of the trading week. Consequently, the average yield across all maturities shed 14bps W-o-W (from 4.71% the previous week to close at 4.58%). At the NT-Bills Primary Market Auction ("PMA") last week, the central bank rolled over the matured ₦138.2bn across the 91-, 182-, and 364-Day bills which were met with strong demand. Particularly, the 364-Day instrument enjoyed the most demand with a subscription ratio of 2.2x while the trend on declining stop rate was reversed, closing 40bps higher at 7.20% (from 6.80% in the previous auction).

FGN BONDS

At the FGN bonds secondary market, performance was mixed as investors adjust their portfolios with suitable instruments across the curve. Subsequently, the average yield across the market slightly advanced 5bps to close at 11.09% from 11.04% the week before. In more detail, sell-offs were recorded at the long end of the curve as the average yield gained 18bps W-o-W to close at 12.48%. While the short- and mid-term bonds witnessed some buying interests as yields in both segments shed 3bps W-o-W apiece.

FX

Naira fell profoundly against the U.S. dollar at both the official and unofficial market segment on Thursday. According to abokiFX.com, the local unit closed at N570 per \$1 on Thursday. This represents a N8.00 or 1.42 per cent devaluation from the N562 rate it exchanged on Wednesday. It was the biggest single day plunge in several months. The currency has maintained continuous decline at the parallel market for eight straight trading days. On Thursday, it opened at N562 per \$1 in the morning, rose to N565 at noon, before closing at N570. Similarly, the domestic unit saw a significant decline against the U.S. dollar at the official market on Thursday as foreign exchange supply plummeted significantly. Data published on the FMDQ securities exchange window where forex is officially traded, showed that naira closed at N413.07 per \$1, after the currency remained stable in the previous session on Wednesday. Thursday's performance represents a N1.01 or 0.25 per cent depreciation from the N412.06 rate it traded in the past two consecutive sessions (Wednesday and Tuesday).