

Inflation Rate (As at August, 2021) 17.01%

2021 Quarter Two (Q2) GDP Growth Rate 5.01%

Exch. Rate (USD) (NAFEX as at Friday, October 08, 2021) ₦414.44

Exch. Rate (USD) (Black market as at Thursday, October 07, 2021) ₦570

Monetary Policy Rate, MPR (As at Friday, October 08, 2021) 11.5%

Crude Oil Price in USD (As at Friday, October 08, 2021) \$83.20

President Muhammadu Buhari Proposes 16.39 trillion Naira Budget for 2022

Budget of Economic Growth and Sustainability

President Muhammadu Buhari on Thursday presented the 2022 National budget captioned **“Budget of Economic Growth and Sustainability”** to the National Assembly, stating that it was a budget designed to build on the achievements of previous budgets and to deliver on the goals and aspirations to be reflected the soon-to-be launched National Development Plan of 2021 to 2025. With the parameters and fiscal assumptions set to include; Conservative oil price benchmark of 57 US Dollars per barrel; Daily oil production estimate of 1.88 million barrels (inclusive of Condensates of 300,000 to 400,000 barrels per day); Exchange rate of four 410.15 per US Dollar; Projected GDP growth rate of 4.2 percent and 13 percent inflation rate, total federally-collectible revenue is estimated at 17.70 trillion Naira in 2022 with total revenue available to fund the 2022 Federal Budget estimated at 10.13 trillion Naira including Grants and Aid of 63.38 billion Naira, as well as the revenues of 63 Government-Owned Enterprises. On the flipside, a total expenditure of 16.39 trillion Naira was proposed for the Federal Government in 2022 resulting to a deficit of 6.26 trillion Naira (3.39% of estimated GDP) which is slightly above the 3% threshold set by the Fiscal Responsibility Act 2007.

Oil Price Watch

The crude oil market made a rebound on Thursday from the bearish trade recorded on Wednesday as the United State considered releasing oil from its strategic petroleum reserve. However, as the U.S Department of Energy walked back on the comments, oil prices had begun to record positive growth. Brent Crude gained 1.7% on Thursday to close at \$82.46 per barrel, as WTI also gained 1.85% to close at \$78.86 per barrel. In the same vein, the price of Natural Gas increased by 1.36% to close at \$5.752 per barrel. However, Nigeria’s crude Bonny Light experienced a downtrend on Thursday as its price dropped by 2.12% to close at \$80.34 per barrel, while other Nigerian crude Brass River and Qua Iboe both recorded 2.37% decline apiece to close at \$80.64 per barrel. The bullish trades witnessed since last week and more

recently is attributable to the OPEC+ decision to maintain its production increases of 400,000 bpd per month.

Treasury Bills

Last week, performance in the Nigerian Treasury Bills ("NT-Bills") secondary market turned bullish post-auction, as investors' unmet bids filtered in from the primary market. Consequently, average yields during the four-day week dipped 30bps W-o-W to settle at 5.29% from 5.61% the previous week. Specifically, most demand was recorded on the mid-tenored instruments that declined 85bps W-o-W as the 31-Mar-22 (-126bps W-o-W), 17-Mar-22 (-109bps W-o-W) and 10-Mar-22 (-100bps W-o-W) bills enjoyed the most buying interest. At the Primary Market Auction ("PMA") on Wednesday, the central bank's total offer of N111.9bn was met with strong demand, recording a subscription ratio of 1.6x (total subscription: N174.7bn). The longer offer maintained its strong demand levels with a subscription ratio of 1.6x (subscription: N166.3bn). Furthermore, stop rates on the long-term offer advanced 30bps to settle at 7.50% from 7.20% at the previous auction while the short- and mid-term offers remained at 2.50% and 3.50% respectively.

FGN BONDS

The FGN bonds secondary market was mildly bullish last week, as pockets of demand were recorded across short-dated maturities. As a result, average yields across the curve dipped marginally by 3bps W-o-W to close at 11.20% from 11.23% the previous week. Particularly, the APR-23, JAN-22 and MAR-24 maturities enjoyed the most buying interest, moderating 45bps, 39bps and 32bps W-o-W respectively.

FX

Naira appreciated marginally against the US dollar on Thursday, for the first time this week to close at N414.67/\$1, representing a 0.01% gain compared to N414.73/\$1 recorded on Wednesday 6th October 2021. Similarly, according to information obtained by Nairametrics from BDC operators in Lagos the exchange rate at the parallel market gained on Thursday to close at N570/\$1 compared to N575/\$1 recorded in the previous day, representing an appreciation of 0.87%. The value gained by naira could be as a result of the boost in Nigeria's foreign reserve which recorded an increase of \$209.5 million on Wednesday, 6th October 2021 to close at \$37.99 billion compared to \$37.78 billion recorded as of the previous day representing the highest since 31st January 2020.