

Summary

Inflation Rate (As at October, 2021) 15.99%

2021 Quarter Three (Q3) GDP Growth Rate 4.03%

Exch. Rate (USD) (NAFEX as at Friday, November 26, 2021) ₦413.71

Exch. Rate (USD) (Black market as at Thursday, November 25, 2021) ₦560

Monetary Policy Rate, MPR (As at Friday, November 26, 2021) 11.5%

Crude Oil Price in USD (As at Friday, November 26, 2021) \$78.86

Agriculture reduces Nigeria's dependence on oil sector

The Federal Government on Thursday, disclosed agriculture has reduced Nigeria's dependence on oil sector in generating foreign exchange revenue. This was made known by the Minister of Agriculture and Rural Development, Dr Mohammed Abubakar, during the launch of 'Technical Working Documents and Debriefing of Outcomes of Socio-economic Studies' by International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) Nigeria held in Abuja. According to Abubakar, investment in agriculture is paying and the country has become the largest producer of rice and sorghum in Africa, second largest producer of millet and the first in cassava and yam production globally.

Governor Sanwo-Olu Presents N1.388 Trillion for 2022 Budget

The Lagos State Governor, Babajide Sanwo-olu, has presented a 2022 budget of N1.388 trillion titled "Budget of Consolidation" to the state house of assembly, earmarking huge capital expenditure in the fiscal year to service key growth areas in order to consolidate the recovery of the State's economy and positively transform residents' livelihoods. The governor in the appropriation bill which was presented on Wednesday said the State would be spending N325 billion to deliver vital infrastructure projects in key sectors to energise and expand the growth of the State's economy.

Crude oil price

Bearish sentiments are beginning to dominate the global crude oil market as Brent Crude dipped 2.51% in the early hours of Friday to trade at \$80.16 per barrel, while West Texas Intermediate had already lost over 300 basis points as of the same time to trade at \$75.9 per

barrel. On the other hand, Natural gas gained by 1.62% to trade at \$5.15, while heating oil dipped by 2.87% to trade at \$2.315. OPEC basket gained 3.61% to trade at \$81.75, while Nigeria's crude, Bonny Light dipped 0.88% to trade at \$80.74 per barrel. The US announced on Tuesday that it would be releasing 50 million barrels of oil from its strategic reserve, in a bid to drive the surging price of gasoline down. The market has begun to react bearishly despite its resolve on the day of the announcement. Meanwhile, the crude oil market now turns to the OPEC+ meeting for next week to see if the cartel will continue with its planned 400,000 supply increase into the market or react based on Joe Biden's crude oil release.

Treasury Bills

Last week, the Nigerian Treasury Bills ("NT-Bills") secondary market maintained its bullish streak, which was supported by the liquidity boost on Wednesday, which stood at N89.7bn long, as buying interest was recorded on all tenors. As a result, average yields declined 18bps W-o-W (Week-On-Week) from 5.29% to 5.11%, as investors cherry picked relatively attractive maturities across the curve. Specifically, the most demand was recorded on long-dated maturities which declined 35bps W-o-W, following demand on the 08-Sep-22 (-67bps), 25-Aug-22(-59bps) and 29-Sep-22 bills (-43bps).

FGN Bonds

The domestic bonds secondary market experienced slight sell-offs last week, as average yields increased 3bps W-o-W from 11.30% to 11.33%. In more detail, average yield across short-tenured bonds remained flat while medium and long-tenured bonds expanded 5bps and 2bps W-o-W respectively, with the 23-Jul-30 (+11bps W-o-W) and 20-Nov-29 (+8bps W-o-W) instruments recording the most sell offs. At the FGN Bond PMA issuance, the 10-Year and 30-Year reopened instruments were oversubscribed by 1.50% (N50.0bn offered vs. N50.8bn subscribed) and 239.42% (N50.0bn offered vs. N169.7bn subscribed) respectively, while the 20-Year re-opened instrument was undersubscribed by 6.62 % (N50.0bn offered vs. N46.69bn subscribed).

FX

The exchange rate between the naira and the US dollar closed at N415.07/\$1, at the Investors and Exporters (I&E) window. Naira closed flat against the US dollar on Thursday at

N415.07/\$1, the same as recorded in the previous trading session. This is despite a 59.7% decline in forex turnover at the official window from \$243.34 million recorded on Wednesday to \$98.07 million. Similarly, naira remained flat at the parallel market according to information obtained from BDC operators interviewed by Naira metrics, as it closed at N560/\$1 on Thursday the rate it traded in the previous trading session. Nigeria's foreign reserve on its path dropped by 0.06% on Wednesday, 24th November to close at \$41.33 billion compared to \$41.35 billion recorded as of the previous day. The recent decline in the nation's external reserve is attributed to the intervention by the apex bank in the official forex market.