

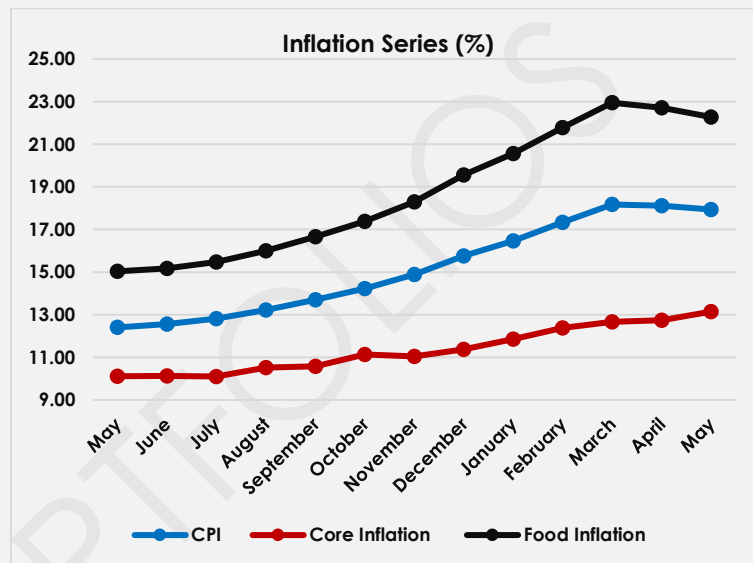
Food Inflation continue to slow down Inflation pressure, amid heightened Insecurity

According to the data released by the Nigerian Bureau of Statistics (NBS) last week, Nigeria's headline inflation rate (which measures the average change in the general price level of goods and services in the economy) records further decline by 0.19% to 17.93% year on year, largely down to the base year effect as inflationary pressures continue to mount with Consumer Price Index (CPI) increasing by 1.01% on a month on month. Growing cases of insecurity such as banditry, kidnappings, farmer-herder crisis, and threats of civil unrest in some regions of the country continue to pile on inflationary pressures.

Similarly, the composite food inflation index also dipped 0.44% to increase by 22.28% in May 2021, compared to 22.72% in April 2021; meaning food items became less expensive in May 2021 as against May 2020 despite the lower purchasing power of the consumers and reduced supply of onions as a result of a strike.

However, Core inflation which excludes all agricultural produces stood at 13.15%, up by 0.41% in May, compared with 12.74% recorded in April 2021. The increase in the index measuring All-items less farm produce was caused by a jump in prices of pharmaceutical products, motor cars, furniture and furnishing, major household appliances and shoes, which was a result of the depreciation of the Naira against the USDollar within the period, high electricity tariff and high cost of transportation.

Meanwhile, an increase in global food prices as a result of growing inflation in global economies and the devaluation of the Naira by the monetary authorities in an attempt to



Source: NBS, Atlass Portfolios

initiate the unification of the multiple exchange rates that hold in the FX market continues to spur a negative outlook for inflationary pressures moving forward.

Nonetheless, with the continued up-trick of the global crude oil prices and the improved country's production levels, it is expected that monetary authorities would be able to combat the widening supply gaps and ease inflationary pressures.

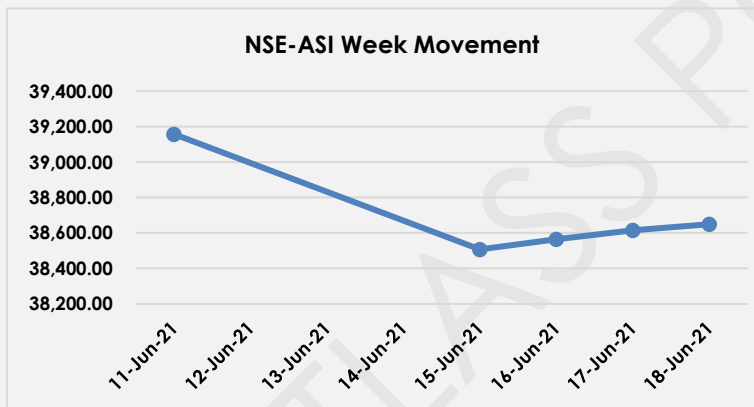
In the meantime, amidst rising inflation, the Nigerian Exchange (NGX) is expected to continue to witness increased volatility as negative sentiment expected to trail growth stocks, and positive sentiment could trail stocks of high dividend-paying companies. Investors should remain cautious as lower foreign participation in the market continues to threaten improved performance on the NGX.

Investors' wealth shed ₦267Bn in four days

Last week, despite gaining in three of the four trading days, the Nigerian equity market closed the week-on-week transaction on a negative sentiment by declining 1.30%w/w following the 1.66% decline in the early session of the week.

The decline was supported by the investors' sell-off sentiment on AIRTELAFRI, OKOMUOIL, STANBIC and GUARANTY, as well as price adjustment on UACN and CILEASING.

Consequently, the All-Share Index shed 508.38 basis point, representing a decrease of 1.30% to close at 38,648.91, while the Market Capitalization lost ₦266.56 billion, representing a decline of 1.31%, to close at ₦20.14 trillion, as Evans Medical Plc, Nigerian-German Chemical Plc, Roads Nigeria Plc and Unic Diversified Holdings Plc, were delisted from the daily official list of the Nigerian Exchange Ltd.



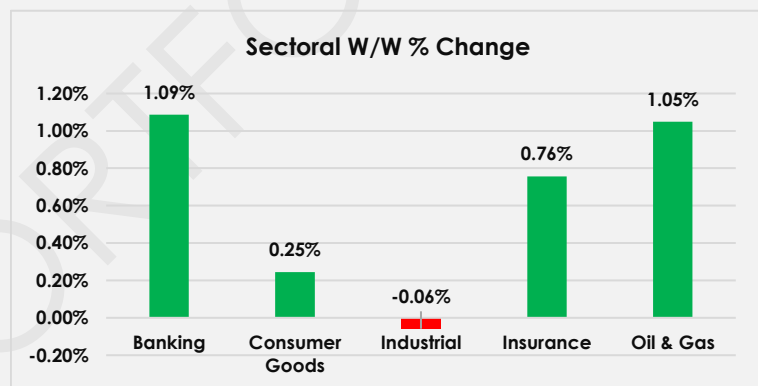
Source: NGX. Atlass Portfolios

However, at the gainers' table, BERGER has the highest gain of 14.93% to emerge as the best performing stock of the week, followed by LASACO with 10.29% growth, while HONEYFLOUR, ACCESS, ZENITHBANK, and UBA grew by 6.06%w/w, 4.27%w/w, 2.81%w/w and 2.10%w/w respectively, to be among the 38 appreciated stocks for

the week.

On the other hand, UACN receded 11.01%w/w to led the losers' chart, trailed by AIRTELAFRI (-10.00%w/w), OKOMUOIL (-9.44%w/w), STANBIC (-4.88w/w), GUARANTY (-1.21%w/w), WAPCO (-0.95%), and FLOURMILL (-0.67%w/w), as 25 stocks depreciated during the week.

Nevertheless, four of the five major sectors of the market had positively sentiment, as Banking, Oil & Gas, Insurance, and Consumer Goods sectors grew by 1.09%, 1.05%, 0.76% and 0.25% week-on-week accordingly, while the Industrial Goods sectors shed 0.06%w/w.



Source: NGX. Atlass Portfolios

Meanwhile, a total of 981.15 million shares valued at ₦ 10.38 billion in 15,001 deals were traded in the week, compared to 1.06 billion shares worth ₦12.83 billion in 17,854 deals traded in the prior week.

Outlook

We anticipate mixed reaction from investors in the coming week, in a bid to take advantage of some relatively low-priced stocks amidst negative real return in the Fixed Income market

Naira strengthened amid CBN USDollar supply to the BDC

The Naira strengthened against the US Dollar following the report from the Association of Bureaux De Change Operators (BDC) that the CBN has committed to improved selling forex to more than 5,000 operators, which will reduce the scarcity of the dollar currency.

As a result, the Naira appreciated in the parallel market by 0.80% to close on Friday at ₦498/USD, as against ₦502/USD in the previous week. While the naira depreciated in the I&E Window by 0.05% from ₦410.80/USD in the prior week to close the week at ₦411.00/USD.

FX Rate	Open	Close	W/W %Change
I & E Window	410.80	411.00	▼ -0.05%
Parallel Market	502.00	498.00	▲ 0.80%

Source: FMDQ, Aflax Portfolios

Falling oil stock increases global oil price

The global oil prices during the week, rose by 1% as falling stockpiles and a recovery in demand kept the main benchmarks at multi-year highs.

Consequently, the Brent rose by 1.13% to close at \$73.51pb, while the Nigeria oil benchmark, (Bonny Light) rose by 1.33% to \$73.04pb.

Oil Price	Open	Close	W/W %Change
Brent	72.69	73.51	▲ 1.13%
Bonny Light	72.08	73.04	▲ 1.33%

Source: Oilprice.com, Aflax Portfolios

Global stocks bearish amid sooner FED rate hike

The global market this week ended drastically lower on to post weekly performances in months, after comments from Federal Reserve official James Bullard that the U.S. central bank might raise interest rates sooner than previously expected startled investors.

As a result, all of the three major market indices in US the DJIA, S&P 500 and NASDAQ, closed the week lower by 3.24%, 1.91% and 0.28% respectively, amid sooner than anticipated interest rate hikes.

Similarly, all of foremost indices in the European market, Germany DAX, UK FTSE 100 and France CAC 400 shed 1.56% w/w, 1.63%w/w and 0.48%w/w respectively. Sentiment was also dented by the European Union losing its bid for speedier COVID-19 vaccination deliveries from UK drugmaker AstraZeneca, which could slow the pace of a steady vaccination campaign.

	STOCK MARKET	OPEN	CLOSE	W/W % CHANGE
US	DJIA	34,479.60	33,290.08	▼ -3.45%
	S&P 500	4,247.44	4,166.45	▼ -1.91%
	NASDAQ	14,069.42	14,030.38	▼ -0.28%
EUROPE	France: CAC 40	6,600.66	6,569.16	▼ -0.48%
	Germany: DAX	15,693.27	15,448.04	▼ -1.56%
	UK: FTSE 100	7,134.06	7,017.47	▼ -1.63%
ASIA	China: Shanghai Composite	3,589.75	3,525.10	▼ -1.80%
	Hong Kong: Hang Seng	28,842.13	28,801.27	▼ -0.14%
	Japan: Nikkei 225	28,948.73	28,964.08	▲ 0.05%
	Indian: S&P BSE Sensex	52,474.76	52,344.45	▼ -0.25%
SOUTH AMERICA	Brazil: Bovespa	129,441.03	128,405.35	▼ -0.80%
	Mexico: IPC All-Share	51,286.46	50,319.57	▼ -1.89%
	Argentina: Merval	66,093.97	65,136.00	▼ -1.45%
AFRICA	South Africa: FTSE/JSE Africa All-Share	67,723.91	65,635.23	▼ -3.08%
	Egypt: EGX 30	9,977.90	9,865.59	▼ -1.13%
	Ghana: GSE Composite	2,713.14	2,645.88	▼ -2.48%
	Nigeria: ASI	39,157.29	38,648.91	▼ -1.30%

Source: WSJ, Aflax Portfolios

Likewise, bearish sentiment prevailed mostly in the Asian market as three of the four indices receded, China Shanghai Composite, Honk-Kong HANG SENG, and India S&P BSE shed 1.80%w/w, 0.14%w/w, and 0.25%w/w respectively; save for Japan Nikkei 225 that grew marginally by 0.05%w/w.

In other emerging markets, Egypt EGX 30, Brazil Bovespa, Argentina Merval, South-Africa FTSE/JSE and Ghana GSE Composite all declined by 1.13%w/w, 0.80%w/w, 1.45%w/w, 3.08%w/w and 2.48%w/w respectively.

We expect a modest recovery in the global market as investors will be keeping a close eye on next week's economic data for clues on whether the recent surge in inflation will saw consumer prices accelerate at their fastest pace in 12 years last month

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