ATLASS PORTFOLIOS LIMITED
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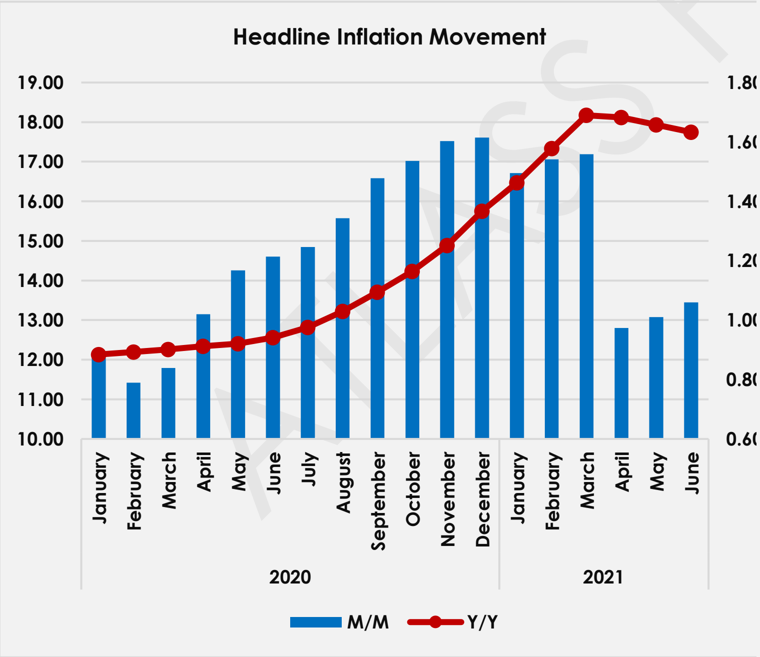
CPI dips for third consecutive month, amid base year effect and sustained inflationary pressures

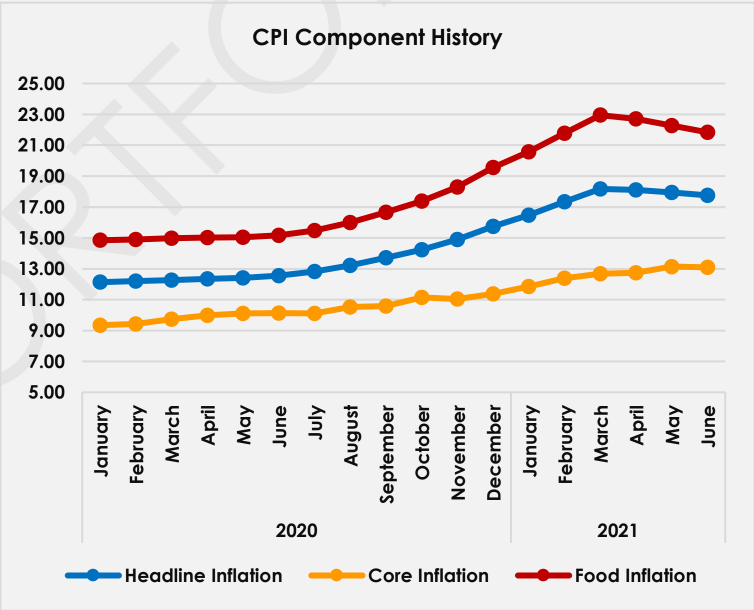
The Headline inflation, according to the Nigerian National Bureau of Statistics (NBS), declined to 17.75% year on year in June 2021, showing a 18bps drop from 17.93% recorded in May 2021, amid inflationary pressures such as heightened insecurity, instability in the foreign exchange market and increased electricity tariffs.

Meanwhile, as earlier published in our last week pre-inflation report, we expected the Consumer Price Index (Headline Inflation) to drop year-on-year given the base year effects, though increasing on a month-on-month basis which eventually played out. On a month-on-month, Headline Inflation and Food Inflation rose to 1.06% and 1.11%, respectively, while Core Inflation was down to 0.81% in June 2021.



Source: NBS, Atlass Portfolios

Similarly, the composite Food Inflation Index dipped 0.44% to increase by 21.83% in June 2021, compared to 22.28% in May 2021 - meaning food items became less expensive in June 2021 as against June 2020, but more expensive compared to May 2021, as consumer purchasing power becomes weaker.



Source: NBS, Atlass Portfolios

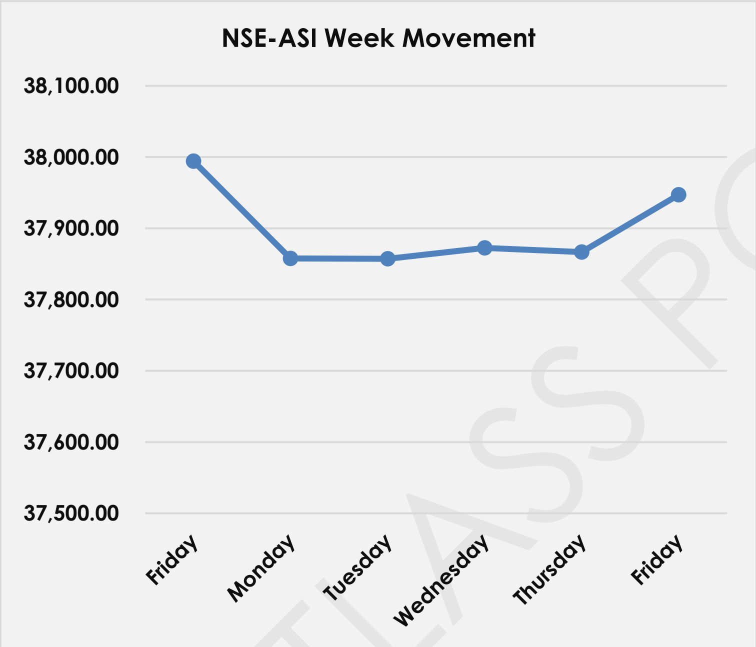
However, Core inflation which excludes all agricultural produces, stood at 13.09%y/y, down 0.06%, and 0.81%m/m to decrease by 0.43% after a sharp increase in May. The decline in Core Inflation could be driven by the relatively stable of the USD against the Naira in the FX market and the last year devaluation of Naira.

NIGERIA EQUITY MARKET

Investors trade cautiously as stock market shed 0.12%w/w

Investors on the Nigerian equity market traded with mixed sentiment during the week as the market declined marginally in three of the five trading sessions. The market, however, shed 0.12% week-on-week following sell-off in some market medium and large capitalized stocks, such as NB, VITAFOAM, BUACEMENT, WAPCO, GTCO, amongst others.

Consequently, the All-Share Index dipped by 47.01 basis points, representing a decrease of 0.12% to close at 37,947.18, while the Market Capitalization lost ₦24.48 billion, representing a decline of 0.12%, to close at ₦19.77 trillion.

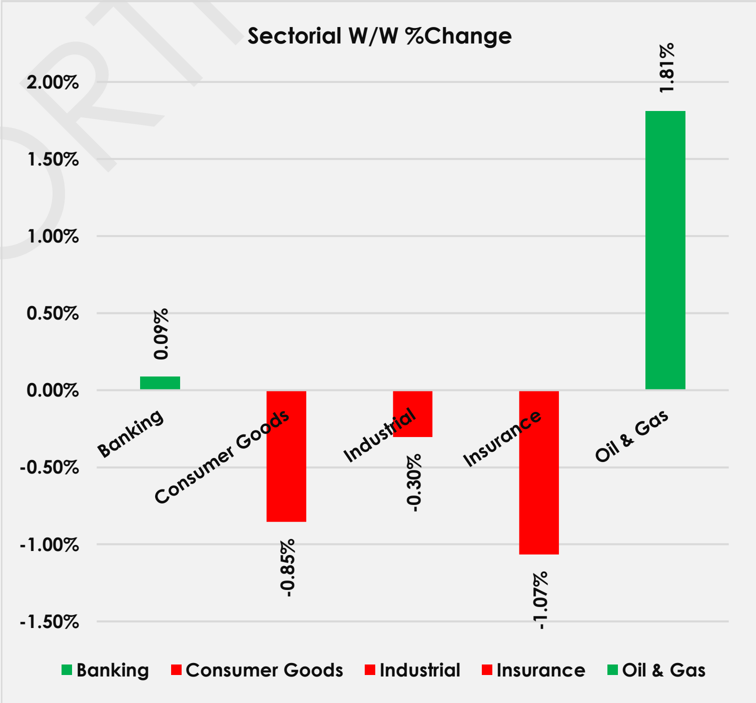


Source: NBS. Atlass Portfolios

However, at the gainers' table, FTNCOCOA has the highest gain of 20.59%w/w, to emerge as the most profitable stock of the week, followed by NCR with 20.48%W/W growth. While WEMABANK, TOTAL, UBA, UACN, ACCESS, STANBIC and MTNN gained 8.11%w/w, 6.06%w/w, 3.33%w/w, 2.56%w/w, 1.10%w/w, 0.74%w/w and 0.61%w/w respectively, to be among the 29 appreciated stocks for the week.

On the other hand, IKEJAHOTEL after many days of appreciation, receded 18.83%w/w to led the losers' chart, dawdled by CHIPLC (-15.71%w/w), FBNH (-5.19%w/w), NB (-3.33%w/w), VITAFOAM (-2.91%w/w), DANGSUGAR (-2.24%), ZENITHBANK (-2.00%w/w), BUACEMENT (-0.70%w/w), WAPCO (-0.69%w/w) and GTCO (-0.17%w/w), as 32 stocks depreciated during the week.

In that regard, only two of the five major sectors of the market had a positive sentiment, namely, Oil & Gas and Banking sectors as they grew by 1.81%w/w and 0.09%w/w. While other sectors, such as Insurance, Consumer Goods and Industrial Goods declined by 1.07%w/w, 0.85%w/w and 0.30%w/w accordingly.



Source: NBS, Atlass Portfolios

Meanwhile, a total of 1.01 billion shares valued at ₦ 10.92 billion in 17.297 deals were traded in the week, compared to 1.35 billion shares worth ₦12.14 billion in 21,581 deals traded in the prior week.

Outlook

Amid a decline in the recent OMO auction yield, we expect to see moderate positive sentiment from equity investors in the new week.

FX, FOREIGN RESERVE & OIL MARKET

Naira traded high at I&E Window as dollar supply increases

The Naira strengthened against the US Dollar at the I&E Window but remain weakened at the parallel market during the week. The Naira appreciated in the I&E Window by 0.33% to close on Friday at ₦410.38/USD, as against ₦411.75/USD in the previous week. While the Naira depreciated in the Parallel Market by 0.20% from ₦505/USD in the prior week to close the week at ₦506/USD.

FX Rate	Open	Close	W/W %Change
I & E Window	411.75	410.38	0.33%
Parallel Market	505.00	506.00	-0.20%

Source: FMDQ, AbokiFX, Atlass Portfolios

High supply, Covi-19 Delta variant drag oil price lower

The global oil prices ended the week lower, weary in volatile trade by expectations of growing supplies just when a rise in coronavirus cases could lead to lockdown restrictions and depress demand.

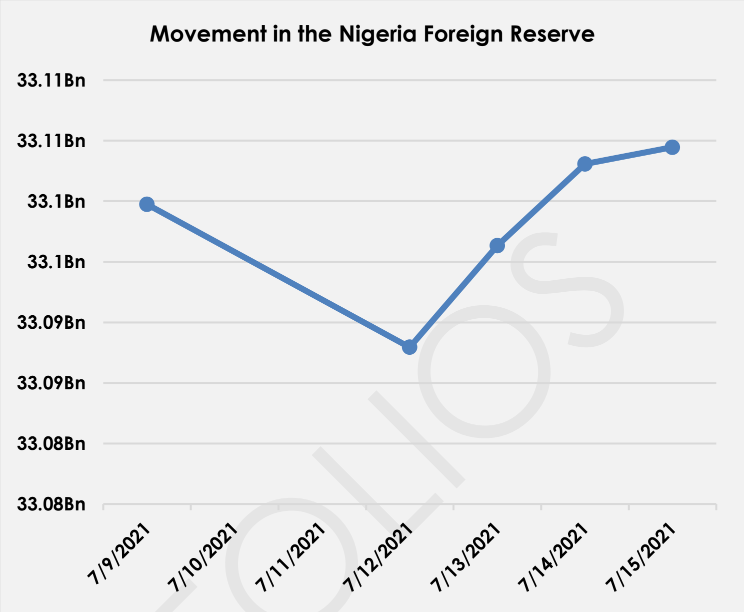
Consequently, the Brent fell by 2.59% to close at $73.59pb, while the US oil benchmark (WTI) dipped by 3.69% to $71.81pb.

Oil Price	Open	Close	W/W %Change
Brent	75.55	73.59	-2.59%
WTI Crude	74.56	71.81	-3.69%

Source: Oil Price.com, Atlass Portfolios

Foreign Reserve

The Nigeria Foreign Reserve during the week grew by $4.74 billion from the closing position of $33.10Bn (Friday, 9th July, 2021) to $33.104 billion on Thursday 9th July 2021.



Source: CBN, Atlass Portfolios

GLOBAL STOCKS

Global stocks end bearish amid Delta variant of Covid-19

This week, global stocks end down as investors worried about a rise in coronavirus cases tied to the highly contagious Delta variant. Some of the U.S. states are beginning to reimpose mask mandates on the back of rising Covid-19 cases.

As a result, all the three major market indices in the U.S, the DJIA, S&P 500 and NASDAQ, closed the week lower by 0.52%, 0.97% and 1.87%, respectively.

Similarly, bearish sentiment in the major European markets, posting sharp losses this week over the concerns about rising cases of Delta variant in the continent, as all of the major market indices such as Germany DAX, UK FTSE 100 and France CAC 400 dipped by 0.94%w/w, 1.60%w/w and 1.06%w/w respectively.

	STOCK MARKET	OPEN	CLOSE	W/W % CHANGE
US	DJIA	34,870.16	34,687.85	-0.52%
	S&P 500	4,369.55	4,327.16	-0.97%
	NASDAQ	14,701.92	14,427.24	-1.87%
EUROPE	France: CAC 40	6,529.42	6,460.08	-1.06%
	Germany: DAX	15,687.93	15,540.31	-0.94%
	UK: FTSE 100	7,121.88	7,008.09	-1.60%
ASIA	China: Shanghai Composite	3,547.89	3,539.30	-0.24%
	Hong Kong: Hang Seng	27,490.66	28,004.68	1.87%
	Japan: Nikkei 225	28,569.02	28,003.08	-1.98%
	Indian: S&P BSE Sensex	52,638.33	53,140.06	0.95%
SOUTH AMERICA	Brazil: Bovespa	125,427.77	125,960.26	0.42%
	Mexico: IPC All-Share	49,768.35	50,148.13	0.76%
	Argentina: Merval	62,371.58	63,090.80	1.15%
AFRICA	South Africa: FTSE/JSE Africa All-Share	66,385.57	66,529.53	0.22%
	Egypt: EGX 30	10,184.80	10,561.28	3.70%
	Ghana: GSE Composite	2,652.54	2,648.31	-0.16%
	Nigeria: ASI	37,994.19	37,947.18	-0.12%

Source: WSJ, Atlass Portfolios

However, mixed sentiment in the Asian market as economic data from China was largely more resilient than expected. Consequently, two of the four indices grew week-on-week, the Hong Kong Hang Seng and India S&P BSE gained 1.87w/w and 0.95%w/w respectively, while China Shanghai Composite and Japan Nikkie 225 shed 0.24%w/w and 1.98%w/w respectively.

In other emerging markets, positive sentiment prevailed as the South-Africa FTSE/JSE (0.22%w/w), Egypt EGX 30 (3.70%w/w), Brazil Bovespa (0.42%w/w), Mexico IPC-ASI (0.76%w/w) and Argentina Merval (1.15%w/w) all grew accordingly; save for Ghana GSE Composite and Nigeria NGX ASI that shed 0.16%w/w and 0.12%w/w respectively.

We expect the downward trend in U.S. yields will reverse as confidence in the economic recovery mounts. However, we see a rebound in 10-year yields to 2% by year-end as consistent with a continued rally in equities

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