

**Nigeria Inflation slows down in July, has no effect in realities**

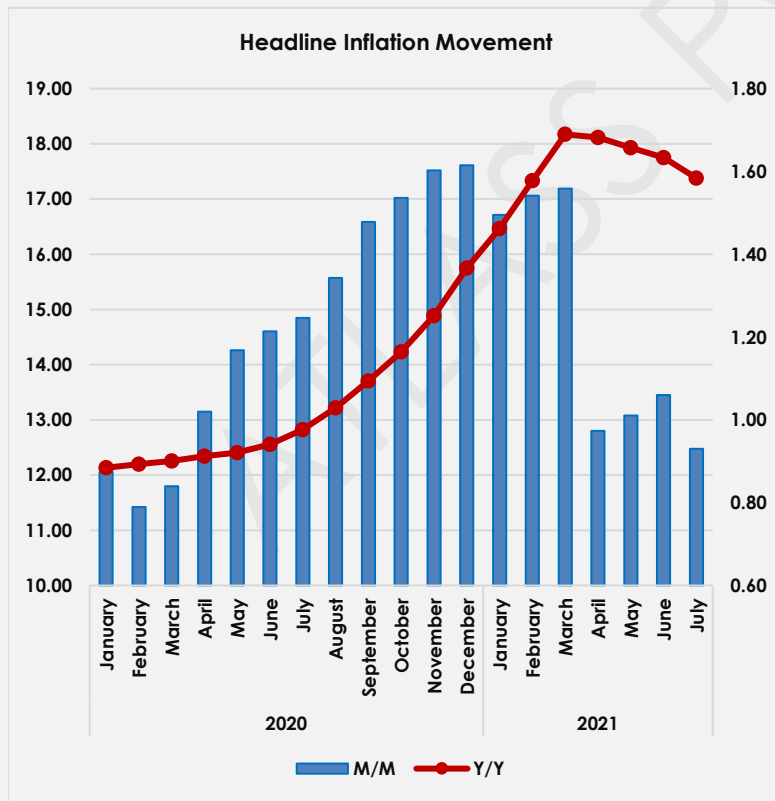
Amidst inflationary burdens such as pressure on the Naira in the foreign exchange market, increased electricity tariffs and high Gas costs, the Nigerian Headline Inflation rate slowed to 17.38% year-on-year in July 2021, showing an 18bps drop from 17.75% recorded in June 2021, according to data released by the Nigerian National Bureau of Statistics (NBS).

In the interim, as earlier published in our last week pre-inflation report, we expected the Consumer Price Index (Headline Inflation) to slow year-on-year given the base year effects, which eventually played out.

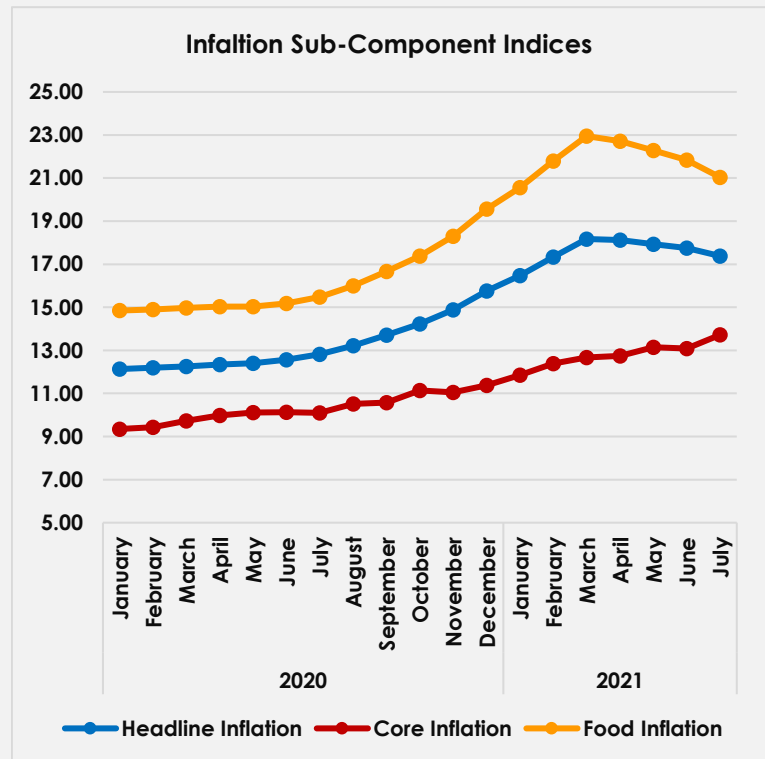
The slow rate in the Headline inflation was driven by the 80bps decline in the Food inflation, while the Core inflation (All-Items Less Farm Produce) expanded by 63bps.

Accordingly, the composite Food Inflation Index dipped 0.80% to increase by 21.03% in July 2021, compared to 21.83% in June 2021 - meaning food items became less expensive in July 2021 as against June 2020, and less expensive compared to June 2021, as the index slowed to 0.86% in July 2021, from 1.11% in June 2021, impacted by the harvest season period.

On the Other hand, Core inflation which excludes all agricultural produces, stood at 13.72%y/y, up 0.63%, and 1.31%m/m to increase by 0.81% after a sharp decline in June. The increase in Core Inflation was a result of price increase in Vehicle spare parts, Major household appliances, Pharmaceutical products, Furniture and furnishing materials, Medical services and Hospital services.



Source: NBS, Atlass Portfolios



Source: NBS, Atlass Portfolios

Notably, the Naira in the month of July, both in the I&E Window and Parallel markets, depreciated by 0.07% and 2.59%, to close at ₦411.10/USD and ₦515/USD, respectively, following the stoppage of USD sales to the BDCs by CBN.

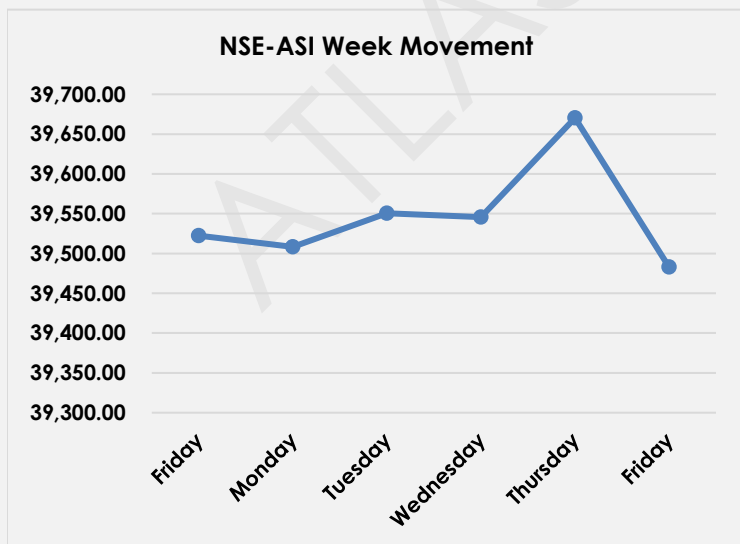
**Conclusively, amidst the existing policies by policymakers, we expect the Headline Inflation to continue to slow down on the back of the base year effect but have no impact in reality as pressure continues to weigh on the Naira in the FX market.**

**NIGERIA EQUITY MARKET**

**Investors loses ₦20 billion w/w on decline in bellwether stocks**

Investors' wealth in the Nigeria equity market shed ₦20 billion week-on-week following the bearish sentiment on bellwether stocks such as NESTLE, NB, MTNN, amongst others.

Consequently, the All-Share Index shed 39.26 basis points, representing a decrease of 0.10% to close at 39,483.08, while the Market Capitalization lost ₦20.45 million, representing a decline of 0.10%, to close at ₦20.57 trillion.

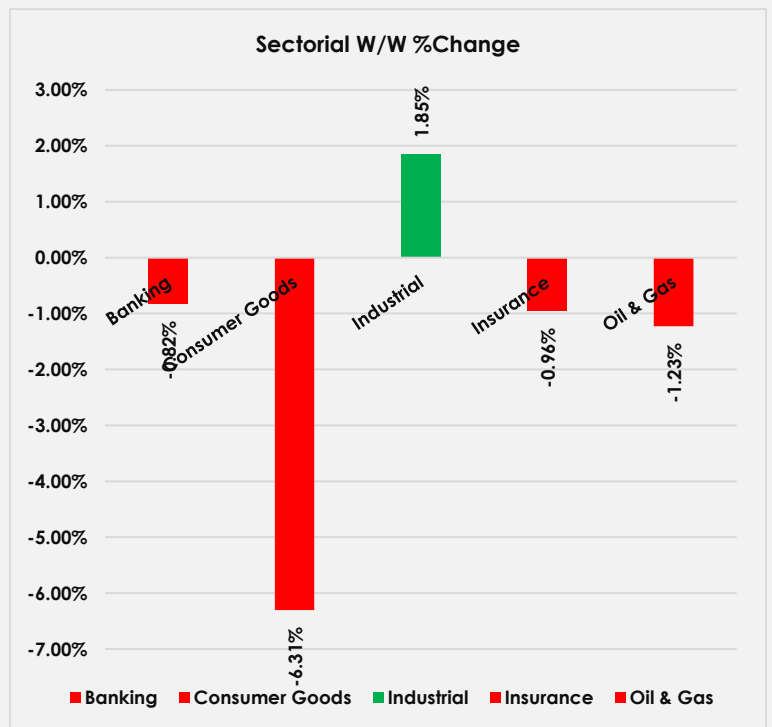


Source: NGX, Atlass Portfolios

The negative sentiment was driven mainly by HONYFLOUR, which emerged as the best performing stock of the week with 46.34% growth, followed by PHARMDEKO with 44.50% growth. While DANGCEM, VITAFOAM, FCMB, DANGSUGAR, WAPCO and FBNH grew by 3.31%w/w, 3.23%w/w, 2.32%w/w, 2.00%w/w, 1.79%w/w and 1.37%w/w respectively, to be among the 36 appreciated stocks for the week.

On the other hand, MEYER receded 66.10%w/w to led the losers' chart, trailed by SCOA (-18.46%w/w), NESTLE (-9.09%w/w), NB (-8.77%w/w), FLOURMILL (-4.76%w/w), TOTAL (-1.97%), ACCESS (-1.10%w/w), GTCO (-0.53%w/w), ZENITHBANK (-0.41%) and MTNN (-0.06%w/w), as 33 stocks depreciated during the week.

Afterward, only the Industrial Goods sector of the five major sectors had a positive sentiment with 1.85%w/w gain. While the Consumer Goods (-6.31%w/w), Oil & Gas (-1.23%w/w), Insurance (-0.96%w/w) and Banking (-0.82%w/w) declined, respectively.



Source: NGX, Atlass Portfolios

Meanwhile, a total of 866.54 billion shares valued at ₦12.26 billion in 17,291 deals were traded in the week, compared to 1.61 billion shares worth ₦12.59 billion in 18,621 deals traded in the prior week.

**Outlook**

**Amid the declining yields in the Fixed Income market, we anticipate positive bargain hunting from investors in the coming week.**

**FX, FOREIGN RESERVE & OIL MARKET**

**Naira remain pressured in the FX market**

The Naira this week traded negatively, as it depreciated in both the parallel market and I & E Window by 0.97% and 0.21%, respectively to close on Friday at ₦520/USD, and ₦411.67/USD.

FX Rate	Open	Close	W/W %Change
I & E Window	410.80	411.67	▼ -0.21%
Parallel Market	515.00	520.00	▼ -0.97%

Source: FMDQ, AbokiFX, Atlass Portfolios

**Oil Price decline as Delta Variant begins to impact economy recovery**

The global oil prices closed out their extensive week of losses in more than nine months as investors sold futures in anticipation of weakened fuel demand worldwide due to a surge in COVID-19 cases.

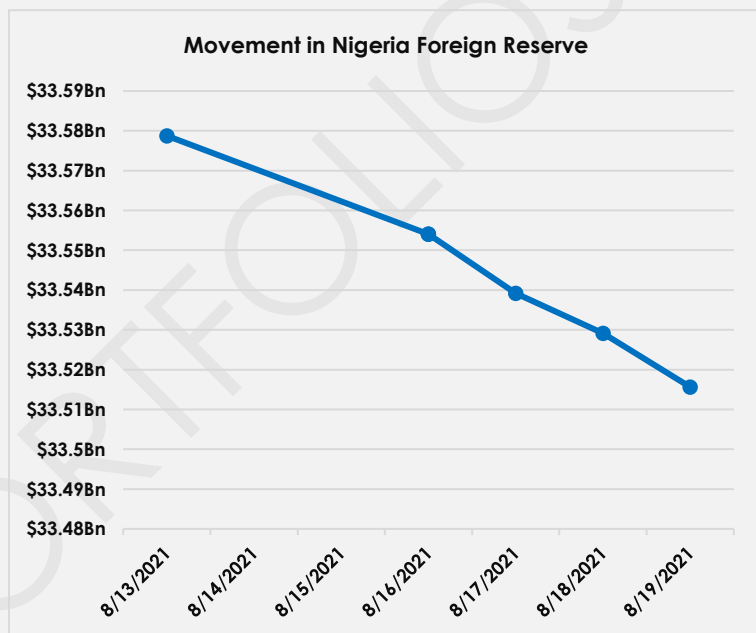
Consequently, the Brent declined by 7.66% to close at \$65.18pb, while the Nigeria oil benchmark (Bonny Light) shed 7.24% to close at \$64.71pb

Oil Price	Open	Close	W/W %Change
Brent (\$)	70.59	65.18	▼ -7.66%
Bonny Light (\$)	69.76	64.71	▼ -7.24%

Source: Oilprice.com, Atlass Portfolios

**Foreign Reserve**

The Nigeria Foreign Reserve reversed the previous week gain to a loss of \$63.11 million from the closing position of \$33.58Bn (Friday, 13th August 2021) to \$33.52 billion on Thursday 19th July 2021.



Source: CBN, Atlass Portfolios

**GLOBAL STOCKS**

**Global stocks plunge as amid resurgence of Covid-19**

Negative sentiment prevailed in the global stock markets, as the concerns of health crisis could be a longer than expected hindrance to economic revival.

In that regard, the three major market indices in the US, the DJIA, NASDAQ and S&P 500, closed the week lower by 1.11%w/w, 0.73%w/w and 0.59%w/w, after a steep mid-week sell-off pulled towards the beginning of the week saw traders balancing their books ahead of the Fed statement on Dovid monetary policy sooner than expected.

Similarly, the European stocks, this week, see the worst week since February on signs of slowing economic growth and rising COVID-19 cases. Consequently, the UK FTSE 100, Germany DAX and France CAC 400 shed 1.81%%w/w, 1.06%w/w and 3.91%%w/w, respectively.

The Asian market also finished the week lower, lowest since November and the worst week since February, dragged down by losses in China and extending the sharp fall a day earlier. Resultantly, all of the four indices dipped, as China Shanghai Composite, Japan Nikkei 225, Honk-Kong HANG SENG, and India S&P BSE decreased by 2.53%w/w, 3.45%w/w, 5.84%w/w and 0.19%w/w respectively.

Negative sentiment also prevailed in other emerging markets as all other emerging stock markets declined accordingly, save for the Ghana GSE Composite index that grew 0.39%w/w.

We expect a positive sentiment as Investors are preparing for a rockier ride ahead for markets by way of worries over slowing growth, a looming rollback of the Federal Reserve's easy monetary policies, and a global COVID-19 resurgence threatens a rally.

	STOCK MARKET	OPEN	CLOSE	W/W % CHANGE
US	DJIA	35,515.38	35,120.08	▼ -1.11%
	S&P 500	4,468.00	4,441.67	▼ -0.59%
	NASDAQ	14,822.90	14,714.66	▼ -0.73%
EUROPE	France: CAC 40	6,896.04	6,626.11	▼ -3.91%
	Germany: DAX	15,977.44	15,808.04	▼ -1.06%
	UK: FTSE 100	7,218.71	7,087.90	▼ -1.81%
ASIA	China: Shanghai Composite	3,516.30	3,427.33	▼ -2.53%
	Hong Kong: Hang Seng	26,391.62	24,849.72	▼ -5.84%
	Japan: Nikkei 225	27,977.15	27,013.25	▼ -3.45%
	Indian: S&P BSE Sensex	55,437.29	55,329.32	▼ -0.19%
SOUTH AMERICA	Brazil: Bovespa	121,193.75	118,052.77	▼ -2.59%
	Mexico: IPC All-Share	51,490.94	51,414.32	▼ -0.15%
	Argentina: Merval	69,544.76	67,822.20	▼ -2.48%
AFRICA	South Africa: FTSE/JSE Africa All-Share	69,384.76	66,011.06	▼ -4.86%
	Egypt: EGX 30	10,884.50	10,808.70	▼ -0.70%
	Ghana: GSE Composite	2,744.25	2,754.93	▲ 0.39%
	Nigeria: ASI	39,522.34	39,483.08	▼ -0.10%

Source: WSJ, Atlass Portfolios

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