



Amidst Improving Economic Data: MPC Meeting Decides to Hold Rate, Clampdown on AbokiFx for FX Manipulations

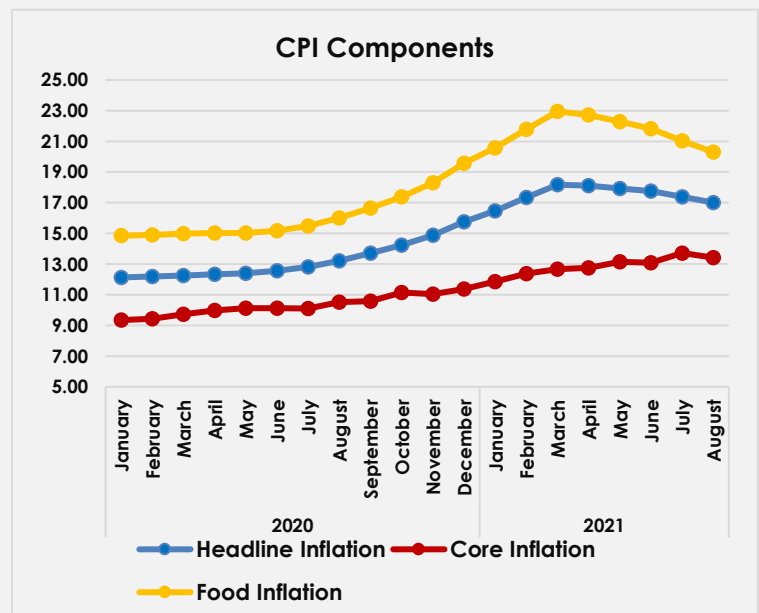
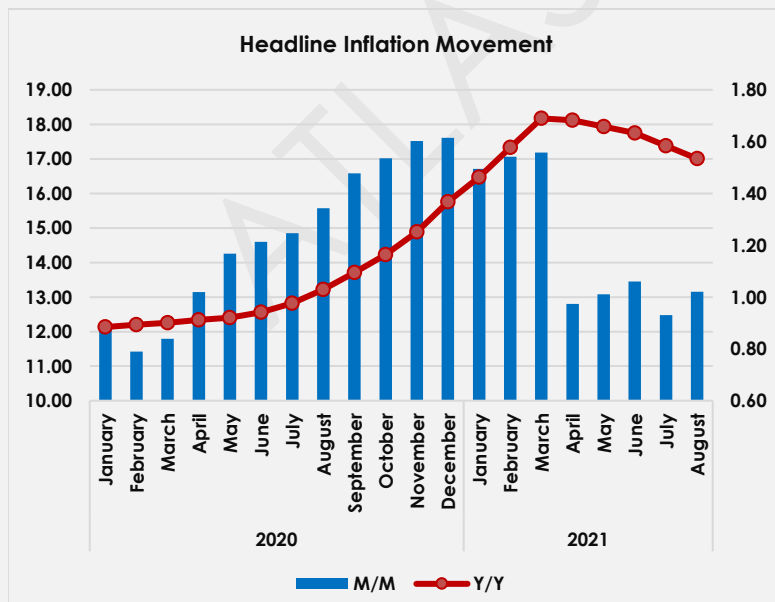
Inflation Sustains Year-on-Year Decline, Amid Base Effect

Official data released by the National Bureau of Statistics (NBS) this week indicated that Nigeria's Headline inflation rate, the measure of the average change in the general price level of goods and services in the economy for August 2021, slow for the fifth consecutive month to 17.01% from 17.38% in the prior month. On the month-on-month basis, the headline inflation rose to 1.02% compared to 0.93% reported in July.

Disaggregating into the headline inflation components; Food and Core inflation. The Food Inflation Index dipped 0.73% to increase by 20.30% in August 2021, compared to 21.03% in July 2021 - meaning food items are less expensive in August 2021 as against July 2020, impacted by the harvest season period. But more expensive compared to July 2021, as the index rose to 1.06% in August 2021, from 0.86% in July 2021, as banditry activities intensify in the northern part of the country.

On the Other hand, Core inflation which excludes all agricultural produces, stood at 13.41%y/y and 0.77%m/m, down 0.31% and 0.54%, respectively, reversing July's uptick. The increase in Core Inflation was a result of price increase in Shoes and other footwear, Household textile, Motor cars, Garments, Game of chance, Major household electric appliances, Hospital services, catering services, Appliances, articles and products for personal care and Clothing materials, other articles of clothing and clothing accessories.

Remarkably, the Naira in August appreciated in the I&E Window by 0.08% to close at ₦411.34/USD. While it depreciated at the Parallel markets by 1.94%, to close at ₦525/USD, despite the increase in system liquidity. However, according to the Nigeria Security Tracker, seven insecurity attacks occurred in August, including the Nigeria Defense Academy (NDA), compared to six attacks in July.



Conclusively, despite the slumping rate of Naira against other currencies in the FX market, we expect the September 2021 inflation decline to about 16.7% and 16.9% as against the August rate.

In the recent MPC meeting that was held on September 16 and 17, where the eleven (11) members of the MPC committee convened at the CBN headquarter to review and make critical decisions on the direction of key monetary policy variables for the next two months.

MPC Meeting Decides to Hold Rate, Clamp Down on AbokiFx

At the MPC meeting, the committee members unanimously voted in favour of retaining the monetary policy parameters: - the MPR at 11.5%; the asymmetric corridor of +100/-700 basis points around the MPR; the CRR at 27.5%; the Liquidity Ratio at 30%, allowing the current recovery of output growth and decline in inflation to continue smoothly, and gradually moving the economy to a sustainable path before adjustments are made to the stance of policy.

MPC Meeting in Sept 2021	Decision	Remark
Monetary Policy Rate (MPR)	11.50%	Hold
Asymmetric Corridor	+100/-700	Hold
Cash Reserve Ration (CRR)	27.50%	Hold
Liquidity Ratio	30.00%	Hold

Source: CBN. Atlass Portfolios

Also, the committee stated the various interventions made to different sectors of the economy, such as the cumulative release of ₦798.09Bn to 3.9Mn under the Anchor Borrowers Programme, the disbursement of ₦134.57Bn in support of the MSMEs, ₦41.06Bn to ten DisCos under the National Mass Metering Programme (NMMP) for the procurement and installation of 759,748 electricity meters among others.

On the exchange rate management, the committee

urged the CBN to take further steps to restrict the activities of unauthorised and illegal dealers in the foreign exchange market, adding that all foreign exchange transactions must be conducted at the I&E window to ensure transparency and stability. However, the CBN accused the AbokiFX (a parallel market exchange rate updating website) of updating Nigerians on the false value of the Naira and carrying out an illegal activity that undermines the economy.

In that regard, AbokiFX has announced the temporary suspension of exchange rate publication on its platform until better clarity of the situation is observed. This implies that most users of the update from the platform may begin to pay for the subsequent update of the exchange rate in the parallel market.

Finally, to strengthen the Naira in the FX market, we believe that the CBN should further improve the liquidity in the FX market and relax the restriction of \$100/month for FX transactions on naira debit cards for legitimate foreign transactions.

CBN Intervention Programmes	Supports	Beneficiaries
Anchor Borrowers Programme	₦798.09 Bn	3.9 Mn Farmers
Commercial Agriculture Credit Scheme	₦708.39 Bn	657 Projects
AGSMEIS	₦134.57 Bn	38,140 Beneficiaries
Targeted Credit Facilities	₦343,21 Bn	726,198 Beneficiaries
Real Sector	₦1.00 Trn	269 Projects
Health Sector	₦ 103.02 Bn	110 Health Care Projects
Non-Oil Export Stimulation Facilities	₦145.99 Bn	
National Mass Metering Programme	₦ 41.06 BN	759,748 Meters
Auto-Gas Conversion Programme	₦39.20 Bn	6 Beneficiaries

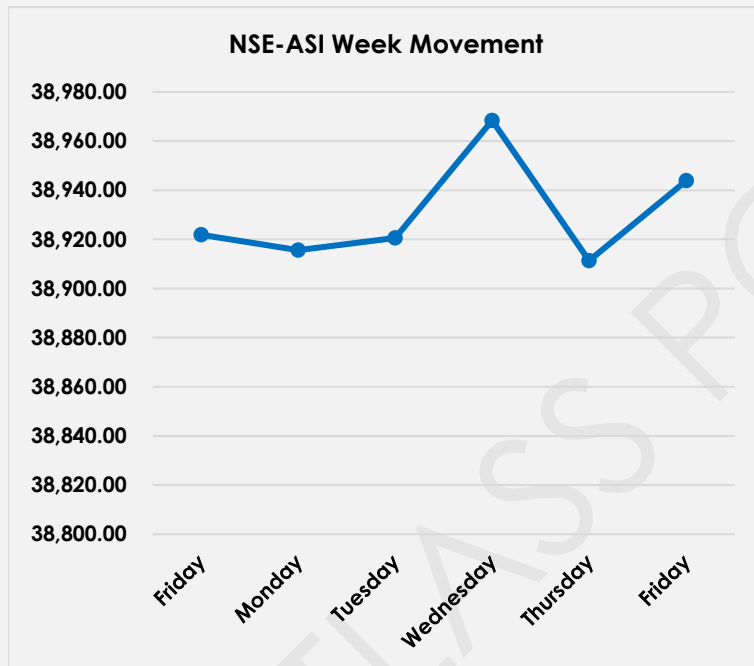
Source: CBN. Atlass Portfolios

NIGERIA EQUITY MARKET

Amidst Bargain-Hunting, Investors Gained ₦11 Bn in 5-days

The Nigeria equity market this week reversed the previous week's negative sentiment with a marginal growth of 0.06%, following the improved investor appetite in three of the five trading session. The growth was driven by price appreciation in 21 stocks.

Resultantly, the All-Share Index grew by 22.09 basis points, representing an increase of 0.06% to close at 38,943.87, while the Market Capitalization gained ₦11.14 billion, representing a growth of 0.05%, to close at ₦20.29 trillion. The disparity in the ASI and Market Cap. follows the ₦0.30 interim dividend price adjustment on Access Bank Pls stock.

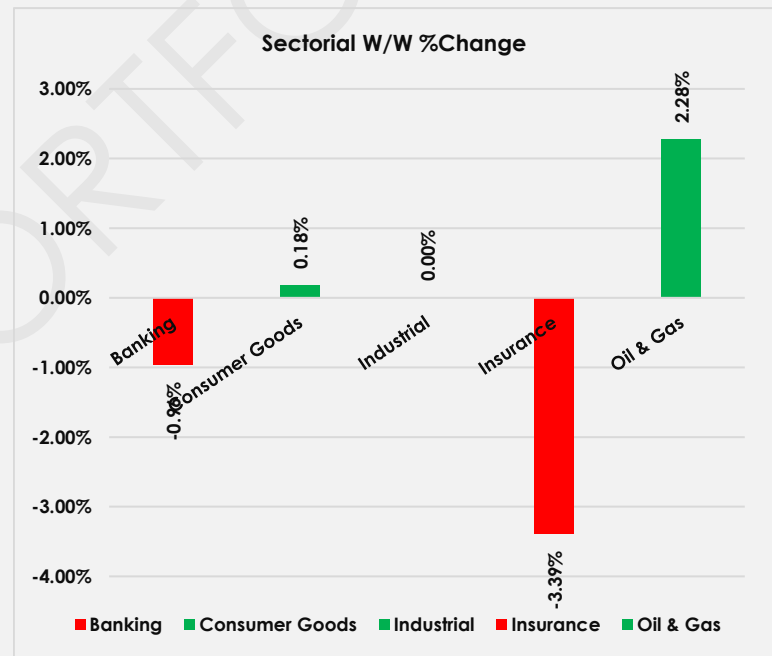


Source: NGX, Atlass Portfolios

In the meantime, the positive sentiment was driven mainly by UPDC, which emerged as the best performing stock of the week with 11.80% growth, followed by UCAP with 11.25% growth. While FIDELITYBK, HONYFLOUR, GTCO, VITAFOAM, MTNN, FLOURMILL, STANBIC and NB grew by 5.65%w/w, 5.26%w/w, 3.51%w/w, 2.69%w/w, 1.45%w/w, 0.52%w/w, 0.52%w/w and 0.21%w/w respectively, to be among the 21 appreciated stocks for the week.

On the other hand, SCOA receded 18.46%w/w to led the losers' chart, trailed by ETERNA (-9.44%w/w), SEPLAT (-6.54%w/w), OKOMUOIL (-5.45%w/w), WAPCO (-4.02%w/w), UACN (-3.38%), ACCESS (-2.71%w/w), ZENITHBANK (-0.83%w/w), FBNH (-0.66%w/w) and OANDO (-0.22%w/w), as 38 stocks depreciated during the week.

Subsequently, only three of the five major sectors had a positive sentiment, led by Oil & Gas with 2.28%w/w gain, followed by Consumer Goods with 0.18%w/w growth and Industrial Goods sector with 0.004%w/w marginal increase. Whereas, the Banking and Insurance sectors shed 0.96%w/w, and 3.39%w/w, respectively.



Source: NGX, Atlass Portfolios

Meanwhile, a total of 856.29 million shares valued at ₦10.75 billion in 12,663 deals were traded in the week, compared to 1.43 billion shares worth ₦13.07 billion in 19,315 deals traded in the prior week.

Outlook

We expect the bargain hunting to sustain amid the decline of fundamental stocks in recent times.

FX, FOREIGN RESERVE & OIL MARKET

Naira remain weakened in the FX market

The Naira during the week remains weakened against the US Dollar in the FX market as it depreciated both in the parallel market and I&E Window by 4.59% and 0.21%, respectively to close on Friday at ₦570/USD and ₦412.88 in the previous week.

FX Rate	Open	Close	W/W %Change
I & E Window	412.00	412.88	▼ -0.21%
Parallel Market	545.00	570.00	▼ -4.59%

Source: FMDQ, AbokiFX, Atlass Portfolios

Oil Price rose on drawdown in U.S. output

The global oil prices rose after a larger-than-expected drawdown in crude oil stocks in the United States, the world's largest oil consumer and on concerns that another storm could affect output in Texas this week even as the U.S. industry struggles to return to normal production levels after Hurricane Ida wreaked havoc on the Gulf Coast.

Consequently, the Brent grew by 3.32% to close at \$75.34pb, while the Nigeria oil benchmark (Bonny Light) rose by 3.09% to close at \$73.50pb.

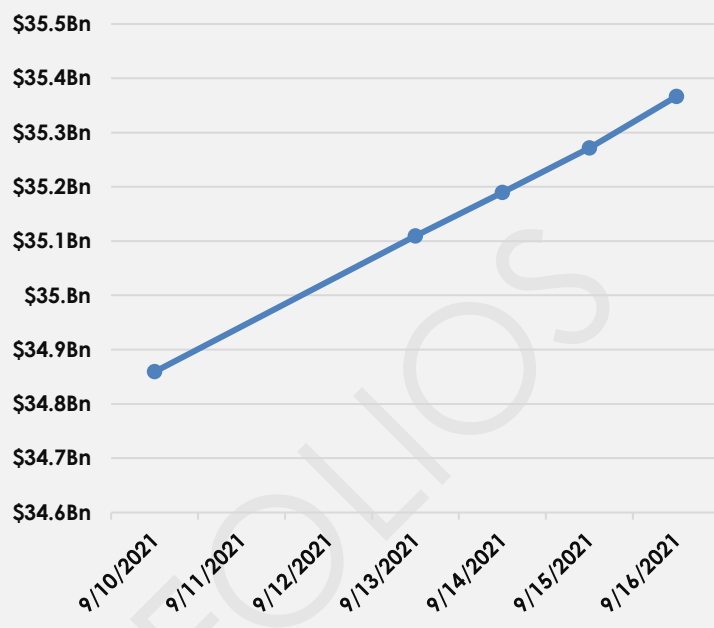
Oil Price	Open	Close	W/W %Change
Brent (\$)	72.92	75.34	▲ 3.32%
Bonny Light (\$)	71.30	73.50	▲ 3.09%

Source: Oilprice.com, Atlass Portfolios

Foreign Reserve

The Nigeria Foreign Reserve sustained its increments for the third consecutive week as it rose by \$507.08 million from the closing position of \$34.86Bn (Friday, 10th September 2021) to \$35.37 billion on Thursday 16th September 2021.

Movement in Nigeria Foreign Reserve



Source: CBN, Atlass Portfolios

GLOBAL STOCKS

Global stocks edged lower amid FED timeline tapering assets purchase

Global stocks edged lower, buffeted by mixed economic data, corporate tax hike worries, the Delta COVID variant, and possible shifts in the U.S. Federal Reserve's timeline for tapering asset purchases.

All the three major market indices in the U.S. lost ground, the DJIA, S&P 500, and NASDAQ closed the week lower by 0.07%w/w, 0.57%w/w, and 0.47%w/w, respectively as rising U.S. Treasury yields worried market-leading growth stocks.

The European stocks similarly dropped for the third straight week in the red as the basic resources sector was hit by declines in Anglo American, but news that Britain was mulling easing travel restrictions boosted airlines and hotel groups. Consequently, UK FTSE 100, Germany DAX and France CAC 400 dipped 0.93%w/w, 0.77%w/w and 1.40%w/w, respectively.

The Asian markets were mixed as weak Chinese economic data reinforced worries about slowing growth globally, as well as in the world's second-biggest economy amid fraught nerves over a still-dominant pandemic and tapering of central banks' stimulus. In that regard, China Shanghai Composite and Hong Kong HANG SENG dipped by 2.14%w/w and 4.90%w/w, respectively, while Japan Nikkei 225 and India S&P BSE increased by 0.39%w/w and 1.22%w/w, respectively.

Negative sentiment also prevailed in other emerging markets as all other emerging stock markets declined, accordingly; save for Argentine Merval and Nigeria ASI that grew by 3.45%w/w and 0.06%w/w.

We expect bargain hunting in the coming week as investors will be keeping a close eye on the Federal Reserve meeting, which concludes on Wednesday, for any details of the central bank's plans to pull back its emergency-level support of the economy. Also, the European Central Bank and the Bank of Japan will conclude their meetings on the same day.

	STOCK MARKET	OPEN	CLOSE	W/W % CHANGE
US	DJIA	34,607.72	34,584.88	▼ -0.07%
	S&P 500	4,458.58	4,432.99	▼ -0.57%
	NASDAQ	15,115.49	15,043.97	▼ -0.47%
EUROPE	France: CAC 40	6,663.77	6,570.19	▼ -1.40%
	Germany: DAX	15,609.81	15,490.17	▼ -0.77%
	UK: FTSE 100	7,029.20	6,963.64	▼ -0.93%
ASIA	China: Shanghai Composite	3,703.11	3,613.97	▼ -2.41%
	Hong Kong: Hang Seng	26,205.91	24,920.76	▼ -4.90%
	Japan: Nikkei 225	30,381.84	30,500.05	▲ 0.39%
	Indian: S&P BSE Sensex	58,305.07	59,015.89	▲ 1.22%
SOUTH AMERICA	Brazil: Bovespa	114,285.93	111,439.37	▼ -2.49%
	Mexico: IPC All-Share	51,521.80	51,307.71	▼ -0.42%
	Argentina: Merval	75,895.02	78,512.09	▲ 3.45%
AFRICA	South Africa: FTSE/JSE Africa All-Share	64,296.06	62,863.64	▼ -2.23%
	Egypt: EGX 30	11,056.27	10,996.76	▼ -0.54%
	Ghana: GSE Composite	2,800.36	2,795.88	▼ -0.16%
	Nigeria: ASI	38,921.78	38,943.87	▲ 0.06%

Source: WSJ, Atlass Portfolios

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