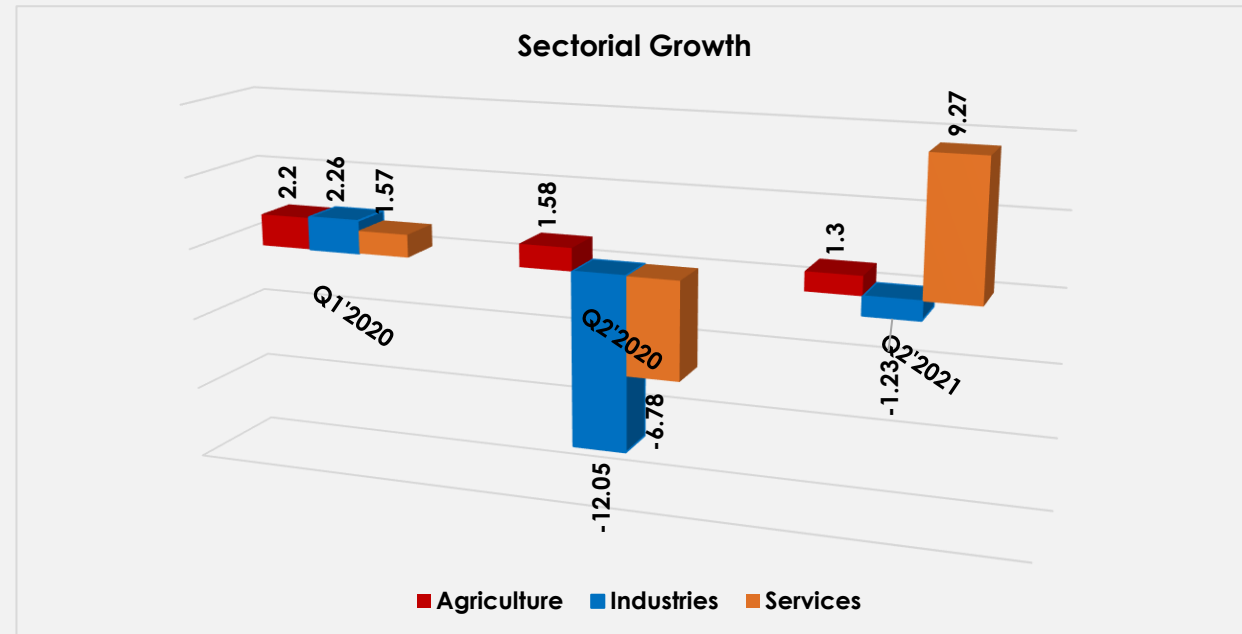
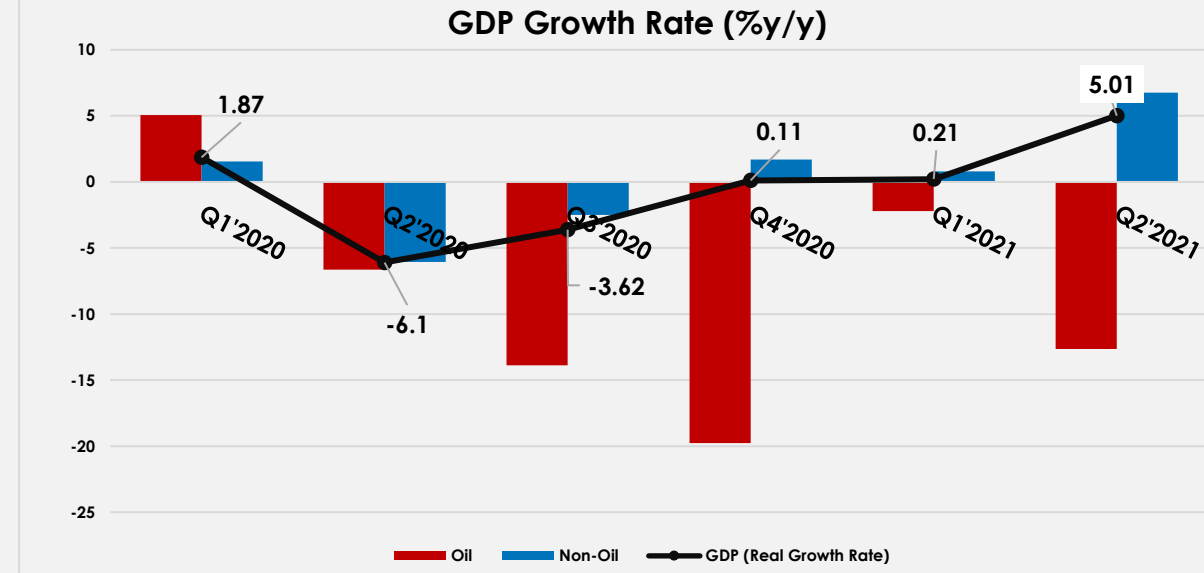




Quarterly Economic Review:
**Will The Recovery
Sustainable?**

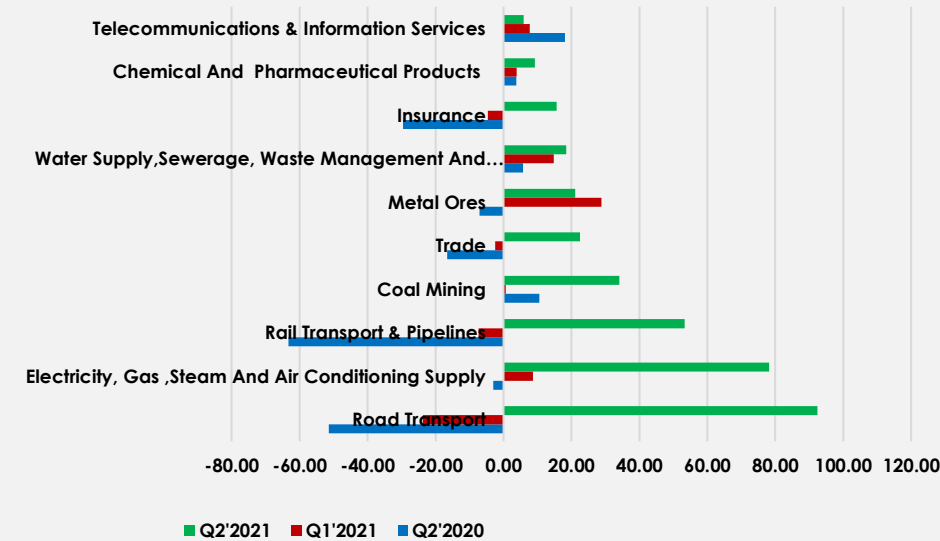
Macro-Economic

- The Nigeria GDP grew in real-term by 5.01%/y/y in Q2'2021, sustaining Q4'2020 and Q1'2021 growth of 0.11% and 0.51%, respectively. On a Quarter-on-Quarter basis, the GDP contracted -0.79% as against the -13.93%q/q contraction in Q1'2021.
- The Non-Oil component of the GDP expanded by 6.74% compared to 0.79% expansion in Q1'2021. This was impacted by the 9.27% expansion in the Services Sector and 1.30% slow growth in the Agricultural Sectors, compared to the -6.78% contraction and 1.58% expansion in Q2'2020, respectively. However, the growth resulted from the base-year effect when the country experienced the economic lockdown to curb the spread of the Covid-19 disease.
- On the other hand, the Oil component of the GDP contracted by -12.65%, compared to the -2.21% and -6.63% contraction in Q1'2021 and Q2'2020, respectively. The contraction was largely impacted by the decrease in Nigeria daily Crude oil production of 4.03mbpd in Q2'2021, compared to 5.48mbpd in Q2'2020, despite the 147%/y/y increase in the average Nigeria daily Crude oil (Bonny Light) price in Q2'2021, as against Q2'2020.
- The sectoral contribution to the real GDP in Services, Agriculture and Industries was 55.66%, 23.78% and 20.57% in Q2'2021 compared to 53.90%(53.49% - Q2'2020), 23.75%(24.65% - Q2'2020) and 23.75% (21.87% - Q2'2020) respectively in Q1'2021. This implies that only the Industries sector had a negative growth contribution to the real GDP, quarterly.

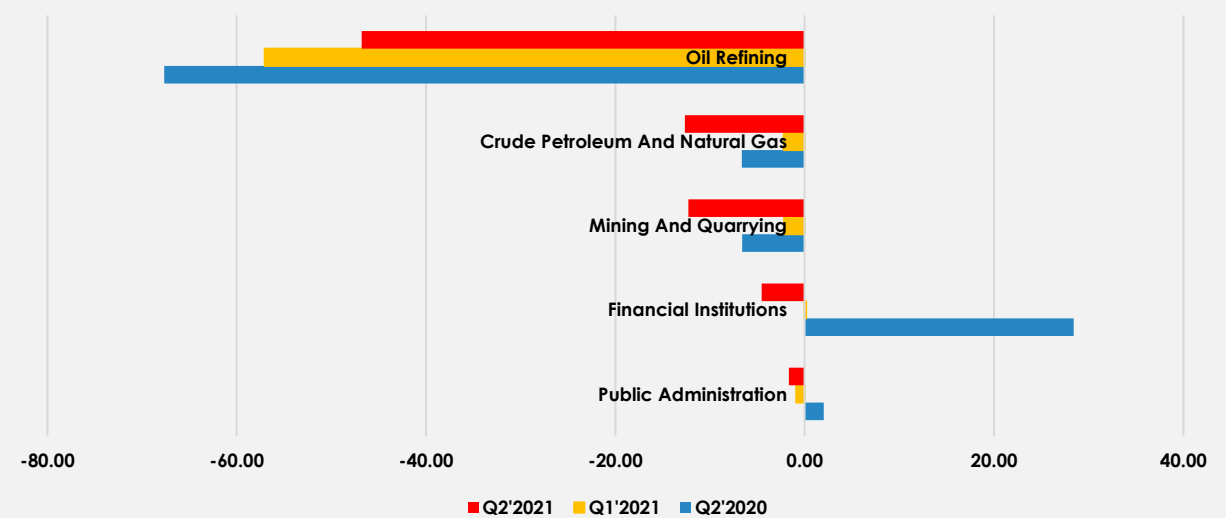


- As expected, Road Transport came out as the fastest growing industry in Q2-2021 with 92.38%/y/y growth from -51.37%/y/y contraction in Q2-2020. Remember that there was a full travelling restriction in the early part of Q2-2020, following the Covid-19 pandemic lockdown. The growth in Road Transport was followed by the expansion in Electricity, Gas, Steam and A.C Supply by 78.16%/y/y (vs -3.00%/y/y expansion in Q2-2020 and 8.66%/y/y in Q1-2021), Rail Transport by 53.28%/y/y (vs -63.32%/y/y in Q2-2020 and -7.30%/y/y in Q1-2021), while Coal Mining and Metal Ores expanded by 34.14%/y/y (vs 10.53% in Q2-2020 and 0.66%/y/y in Q1-2021) and 21.12%/y/y (vs -701%/y/y in Q2-2020 and 28.83%/y/y in Q1-2021). Other sub-sectors that saw expansion was the Insurance sector with 15.68%/y/y expansion from -29.53% in Q2-2020 and Telecommunication & Information with 5.90%/y/y growth, compared to 18.10%/y/y in Q2-2020 when nearly all servicing companies begin to work from home as a result
- On the flipside, Oil Refining recorded the highest contraction of -46.78%, closely followed by the Crude Petroleum & Natural Gas with -12.65%, Financial Institution with -4.54%, and Public Administration -1.68%.

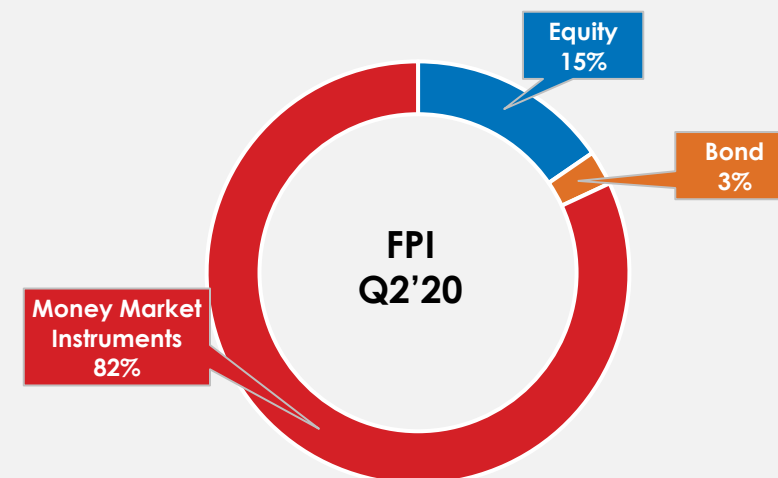
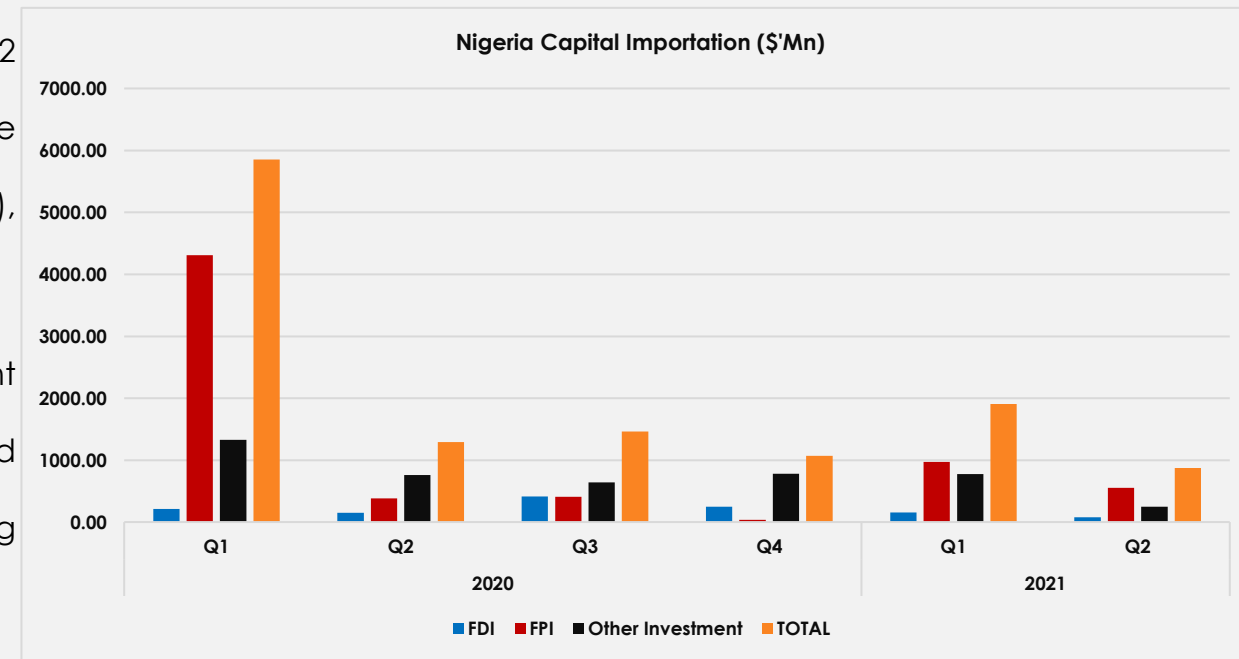
Top 8 Advancers Sub-Sector



Decliners Sub-sectors



- The total foreign investment inflow into Nigeria in Q2'2021 stood at \$875.62 million, representing a 54.06%q/q and 32.38%y/y contraction compared to the previous quarter [\$1.91bn] and the corresponding period of 2020 (\$1.29bn), respectively.
- Specifically, inflows into Foreign Direct Investment (FDI) and Other Investment vehicles fell by 47.52%y/y and 67.64%y/y respectively, to \$177.97 million and \$246.27 million from \$148.59 million and \$761.03 million in the corresponding period of Q2'2020.
- However, the Foreign Portfolio Investment rose by 43.09%y/y to \$551.37 million as against \$385.32 million in Q2'2020.
- The sharp decline in the size of foreign investment inflows into Nigeria in Q2'2021, can be linked to the high inflation rate leading to the negative return on investment, the decline of Naira value in the FX market and civil unrest from secessionists in the southern part of the country, as well as high kidnapping rate in the northern part of the country.



Headline Inflation

Jun'2021 17.75% ↓

Aug'2021 17.01%

All Items Less Farm Produce

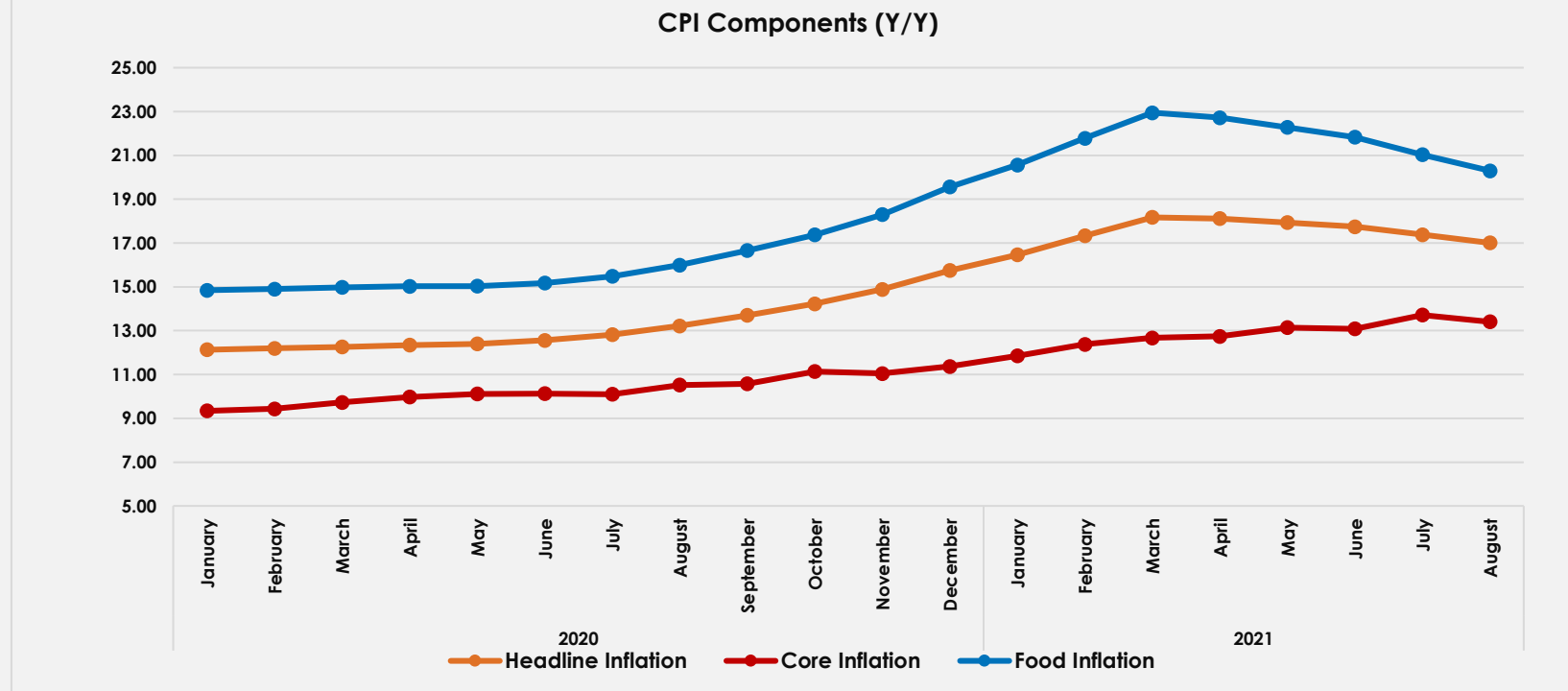
Jun'2021 13.09% ↑

Aug'2021 13.41%

Food Items

Jun'2021 21.83% ↓

Aug'2021 20.30%



- The Nigeria Inflation rate declined for the fifth consecutive months amidst rising rate of insecurities, high exchange rate and low purchasing power.
- The Food inflation declined to 20.30% from 21.83% in Jun'21, while the Core Inflation grew from 12.09% in Jun'21 to 13.41%
- The decline in the headline inflation growth rate has mainly by the base year effect, while the depreciation of the Naira in the FX market continue to weigh on the Core Inflation and the heightening rate of insecurities in the North and IPOB Sit-At-Home order continue to impact on the Food inflation, despite the harvest season effect.

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Debt Profile

Amidst the steps to increase vaccination against Covid-19 pandemic, reducing the heightened insecurity rate, closing the infrastructural deficit gap and low revenue generation, Nigeria government has the Nigeria total debt (FGN, States & FCT) as of the Q2'2021 stood at ₦35.47 trillion, 7.12%q/q higher than ₦33.11 trillion in Q1'2021.

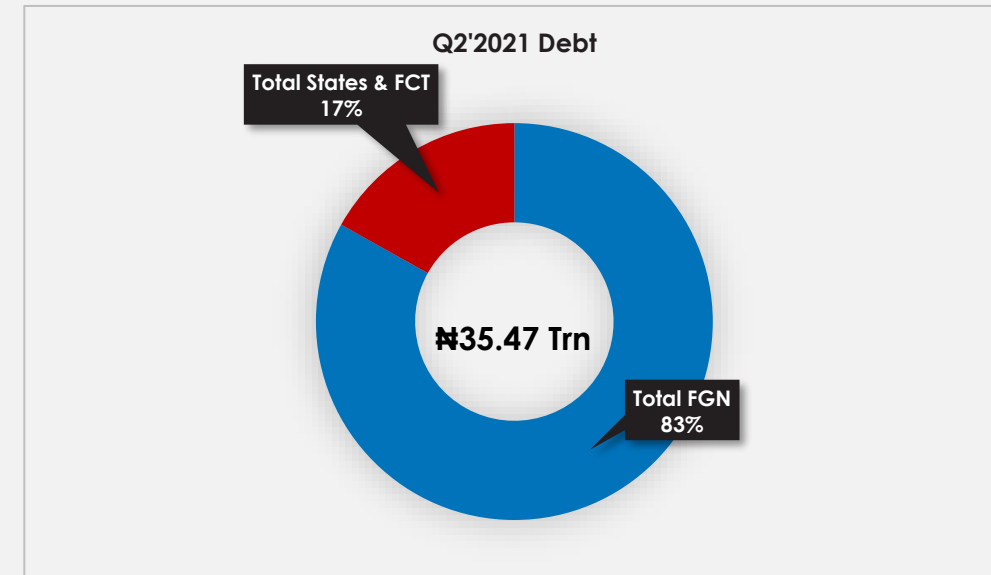
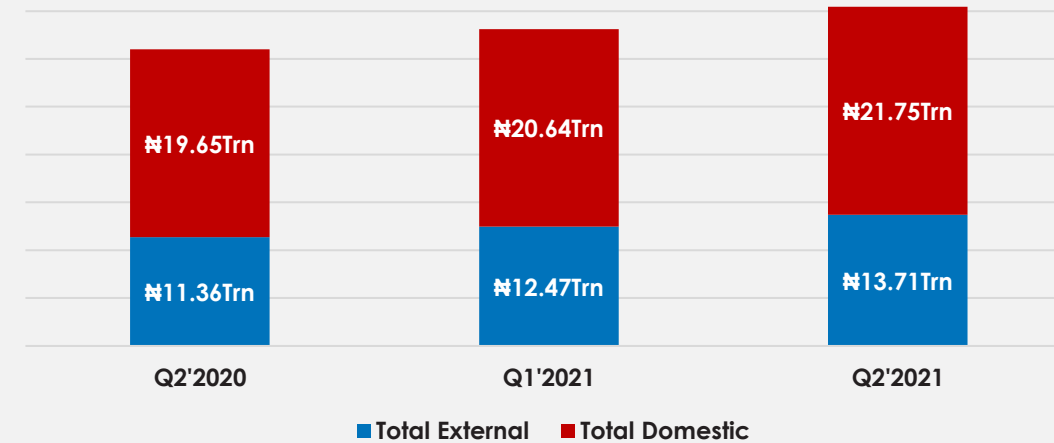
Disaggregating the debt profile, the External debt rose to ₦13.71 trillion by 9.95%q/q (from ₦12.47 trillion in Q1'2021), while the domestic debt claimed to ₦21.75 trillion by 5.41%q/q (from ₦20.64 trillion in Q1'2021).

With the plan of additional borrowings of \$4.1 billion and €713 million Eurobond, the total national debt will stands at ₦38.77 trillion.

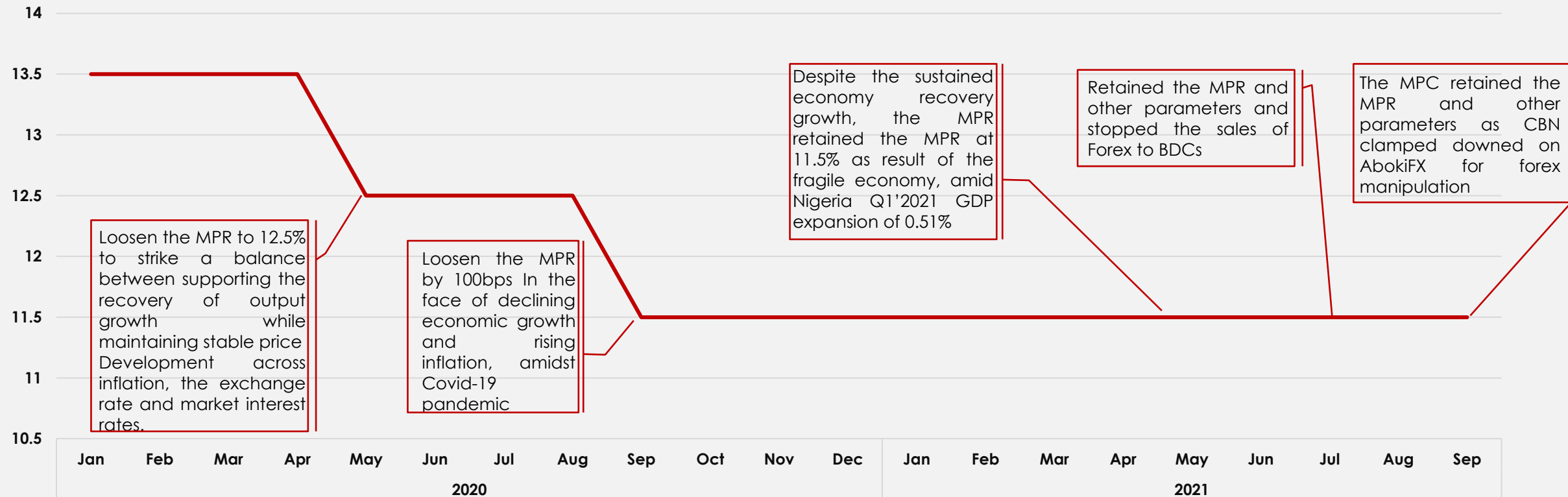
Going by the Q2'2021 Debt and the 2020 Full-Year Nominal GDP value, the Debt to GDP ratio stood at 23.28%. While with the planned borrowings, the Debt to GDP will be at 25.45%

Debt to GDP Ratios	Debt @ Q2'2021	Debt @Q2'2021 + Expected Borrowing
Nominal GDP	23.28%	25.45%
Real GDP	50.65%	55.37%

National Debt



MPR



Within the Quarter under review, the Monetary Policy Committee (MPC) decided to hold the Monetary Policy Rate (MPR) at 11.5%, while other parameters such as Cash Reserve Ratio, Liquidity Ratio and Asymmetric Corridor remained unchanged.

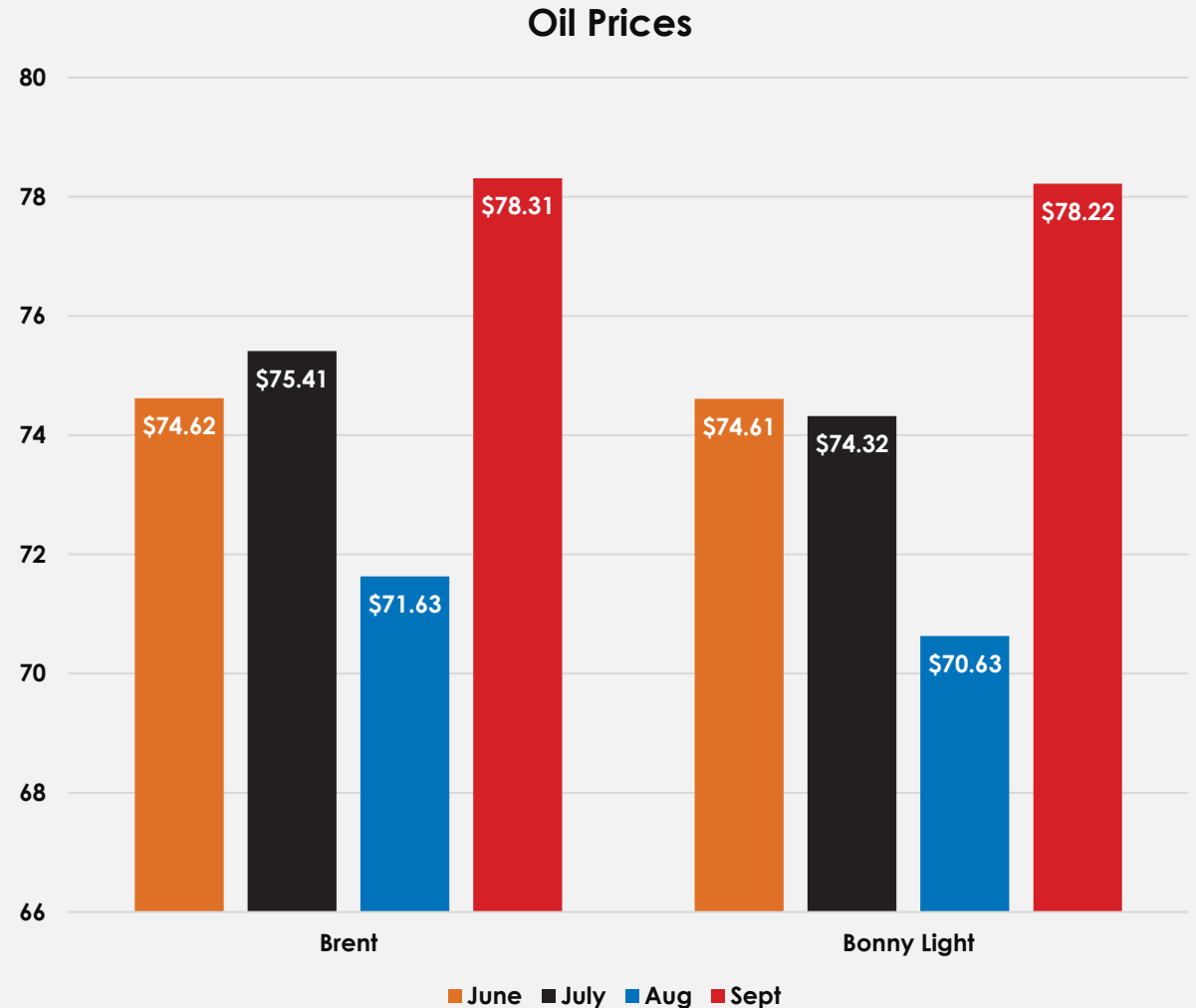
Leaving the MPR and other parameters was to enable the continued permeation of current policy measures in supporting the recorded growth.

Meanwhile, the CBN in July announced the stoppage of sales of FX to Bureau De Change (BDCs), accusing operators of multiple ownership and facilitating graft and corruption in the country.

Oil Price

Global oil price reaches an almost 3-year high of \$80 per barrel following numerous supply disturbances, among which are global output disruptions that forced energy companies to pull large amounts of crude out of inventories, shut-in of about 1.7 million barrels per day along the Gulf Coast in August and the impact of Hurricane Ida that delayed restart of some offshore platforms.

The global oil benchmark (Brent) rose by 4.95% to close in September at \$78.31 per barrel. While the Nigeria oil (Bonny Light) surged by 4.84% to close at \$78.22 per barrel

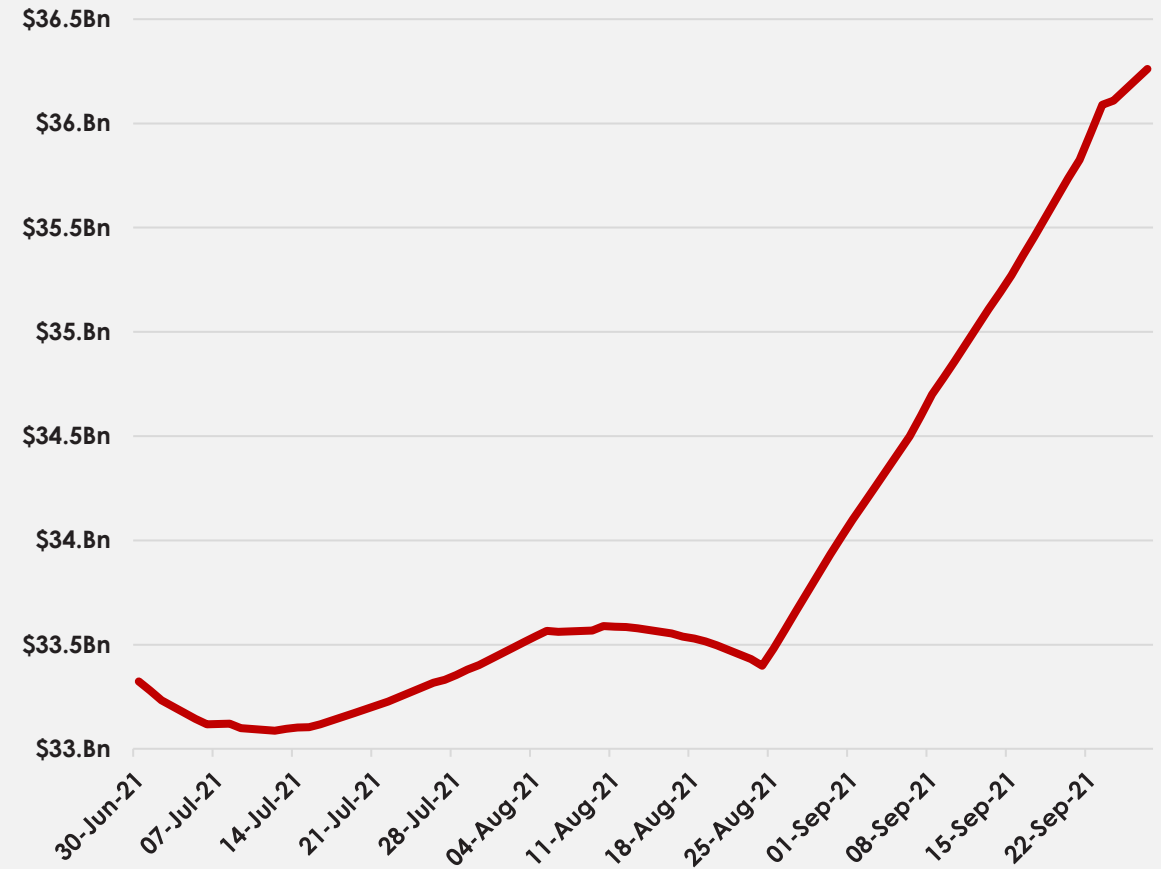


Foreign Reserve

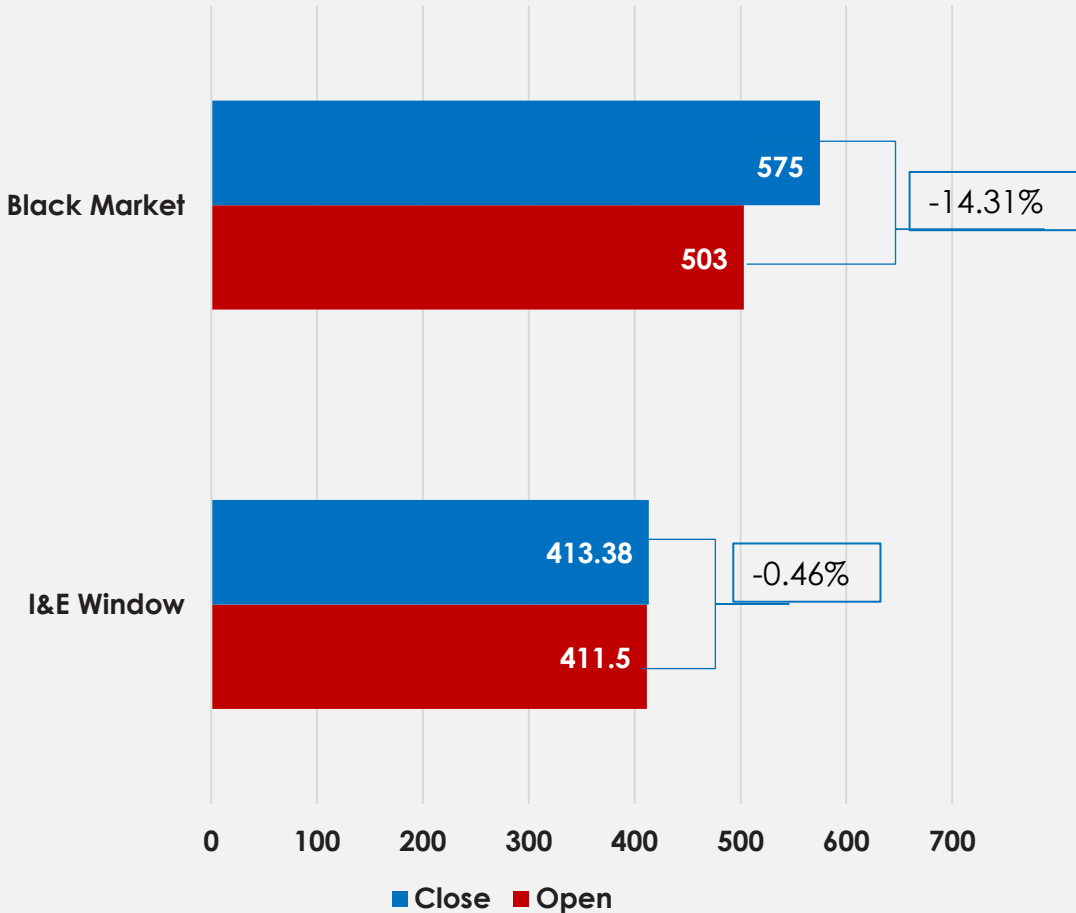
After the decline of about \$2.1 billion in the Nigeria Foreign Reserve with the first 6-months of 2021, falling to its lowest in four years, the Foreign Reserve reversed the downtrend following the successful sales of \$4 billion Eurobond and \$3.5 billion from the \$650 billion Special Drawing Rights (SDRs) approved by the International Monetary Fund (IMF).

Consequently, the nation's Foreign Reserve closed the Q3'2021 at \$36.78 billion to increase by \$3.46 billion compared with Q2'2021 closing of \$33.32 billion

Nigeria Foreign Reserve in Q3'2021



FX Rate (₦/\$)



- The FX market in Q3'2021 was full of activities as Central Bank of Nigeria (CBN) stopped the sales of FX to the Bureau De Change (BDCs) after the July'2021 Monetary Policy Committee (MPC) meeting. And in September 2021, the CBN clamped down on the popular FX black market data platform (AbokiFX) for FX manipulation.
- Consequently, the Naira in the I&E Window depreciated by 0.46% from ₦411.5/\$ to ₦413.38/\$. • Similarly, at the Black market, the Naira depreciated by 14.31% to close at an average of ₦575/\$, according to the BDCs operators.
- Despite numerous FX policies by the CBN, such as the Naira for Dollar remittance, increase in dollar supply, note that about 44 products have been restricted from the previous official exchange rate, this has consequently increase the pressure on the Naira as many manufactures source for FX for the raw material through the black market.

CitiRecovery

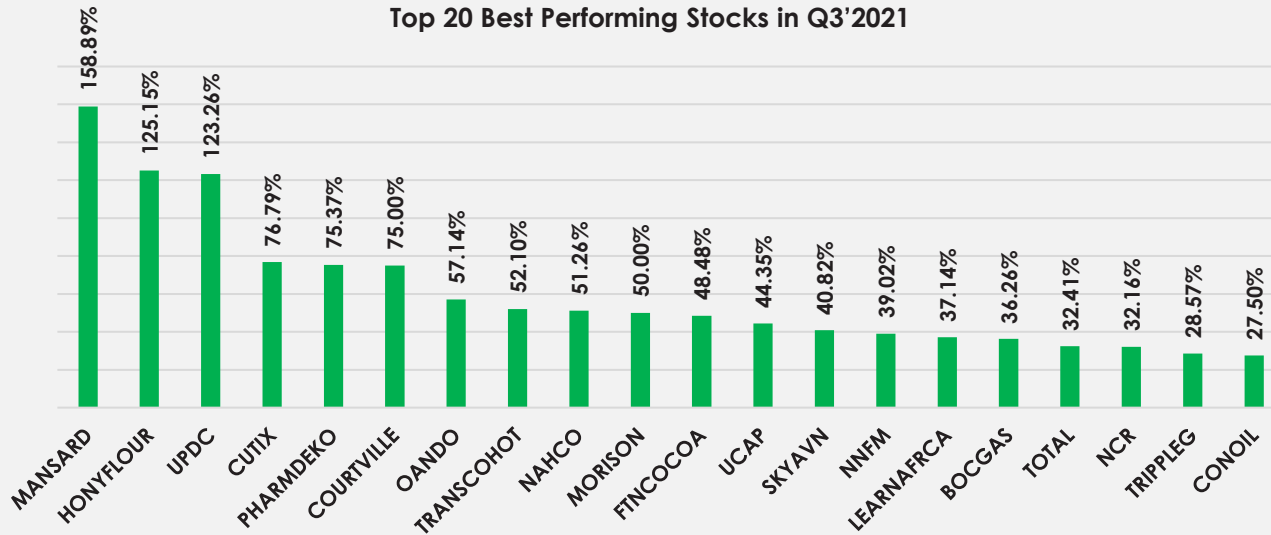
- ✓ Share Reconciliation
- ✓ Recovery of all outstanding shares, bonuses and dividends
- ✓ Recovery of shares trapped in inactive/suspended and dead firms
- ✓ Recovery of shares and dividend of late relatives
- ✓ Dematerialization of lost/damaged share certificates
- ✓ Consolidation of multiple shareholding accounts.
- ✓ Consolidation of CSCS accounts in multiple houses.



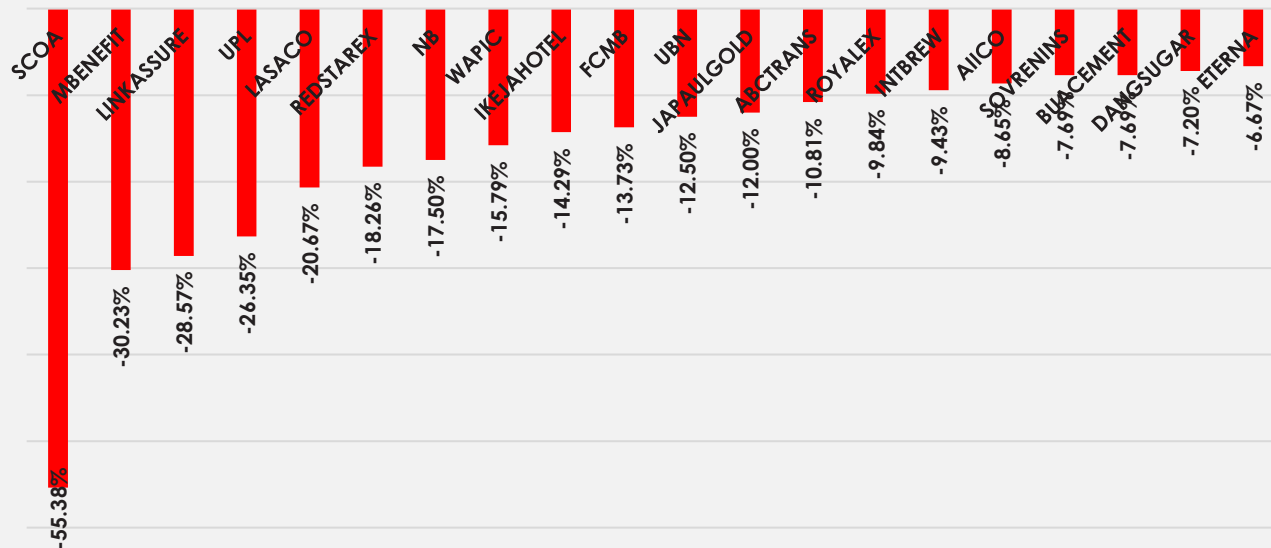
Indicators	Q3'2020			Q2'2021			Q3'2021		
	Close	Open	% Change	Close	Open	% Change	Close	Open	% Change
Index (ASI)	26,831.76	24,479.22	▲ 9.61%	37,907.28	39,045.13	▼ -2.91%	40,221.17	37,907.28	▲ 6.10%
Capitalization (₦'trn)	14.02	12.77	▲ 9.79%	19.76	20.43	▼ -3.28%	20.96	19.76	▲ 6.07%
YTD Returns	▼ -0.04%			▼ -5.87%			▼ -0.12%		

- ❑ Positive sentiment prevailed in the equity market in Q3'2021 as the All-Share Index rose by 6.10%.
- ❑ AXA Mansard Insurance Plc completed its share reconstruction following the shareholders and regulatory approval of redenomination of the nominal value of its shares from ₦0.50 per share to ₦2.00 per share. Amounts to ₦3.32 per share opening price after the share was reconstructed.
- ❑ UACN Property Development Company Plc changed its name and trading symbol to UPDC Plc and UPDC respectively.
- ❑ Rak Unity Petroleum Pls shares was suspended, following the share holders approval of voluntarily winding up the company.

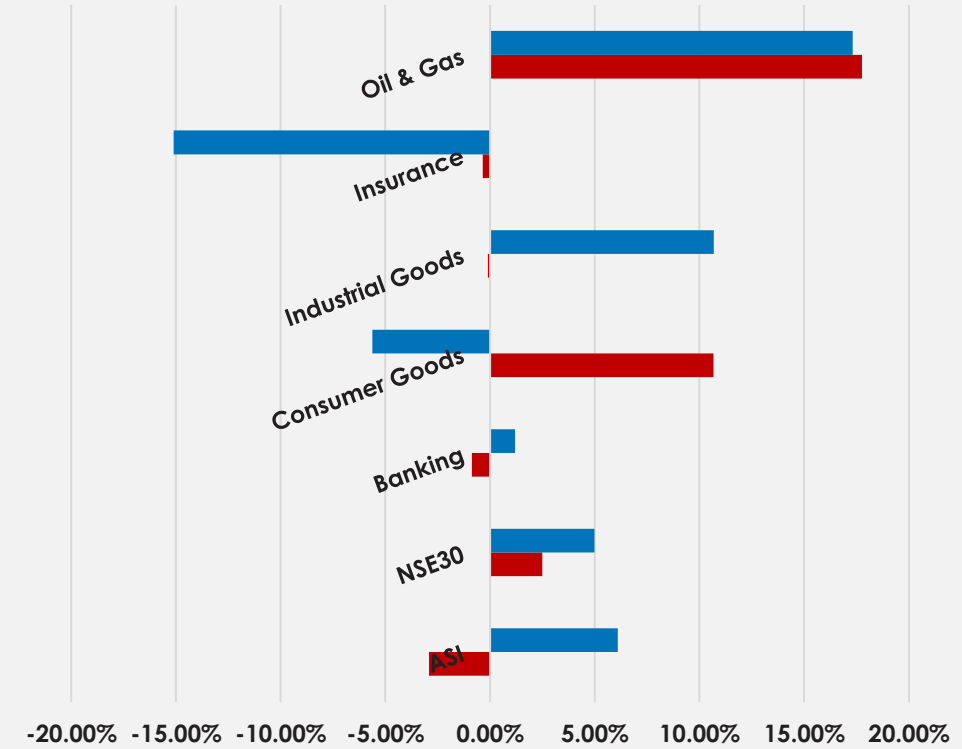
Top 20 Best Performing Stocks in Q3'2021



Top 20 Worst Performing Stocks in Q3'2021



NGX Sector Performance



	ASI	NSE30	Banking	Consumer Goods	Industrial Goods	Insurance	Oil & Gas
■ Q3'2021	6.10%	4.99%	1.20%	-5.61%	10.68%	-15.11%	17.31%
■ Q2'2021	-2.91%	2.50%	-0.87%	10.67%	-0.11%	-0.34%	17.76%

■ Q3'2021 ■ Q2'2021

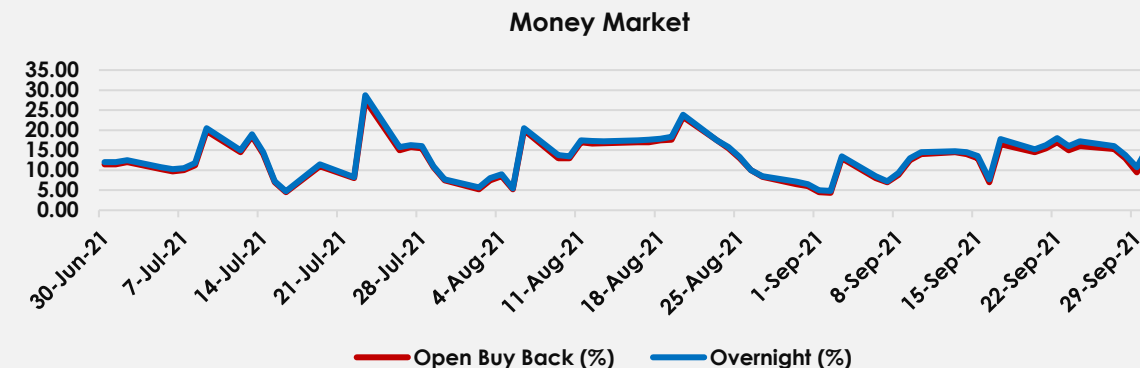
Fixed Income Market

The Overnight (ON) and Open Buy Back (OBB) rates in Q3'2021 opened at 12.00% and 11.50%, to respectively close at 15.75% and 15.00%, following the Open Market Operation (OMO) maturity inflow of ₦199 billion, Bond maturity of ₦602 billion and Promissory Note of ₦312 billion within Q3'2021.

In the secondary T-bills market, the average yield on the 12-month instrument dipped by 2.35% from 9.81%, closing the month at 7.46%. Similarly, the 91-day and 180-day declined to 3.90% and 4.86% from the previous quarter's close of 4.96% and 6.87%, respectively.

Also, the average bond yield declined on the medium and long term instruments as the 1yr, 2yr, 4yr, 7yr and 10yr closed the Q3'2021 at 7.46%, 8.12%, 9.60%, 11.55% and 12.02% from 8.80%, 11.48%, 11.98%, 12.41% and 12.70%, respectively in Q2'2021.

The dipped across the Fixed Income market was a result of the decline in the inflationary rate, decline in the OMO Auction rates and positive sentiment in the equity market, as investors continued to take advantage of the valued stocks.



T.Bills Yields	Q3'2020			Q2'2021			Q3'2021		
	Close	Open	% Change	Close	Open	% Change	Close	Open	% Change
1M	0.83%	1.74%	-0.91%	3.85%	1.87%	1.98%	3.26%	3.85%	-0.59%
3M	0.93%	1.94%	-1.01%	4.96%	2.43%	2.53%	3.90%	4.96%	-1.06%
6M	1.06%	2.48%	-1.42%	6.87%	3.66%	3.21%	4.86%	6.87%	-2.01%
9M	1.96%	2.90%	-0.94%	8.22%	5.47%	2.75%	6.38%	8.22%	-1.84%
12M	2.48%	3.54%	-1.06%	9.81%	6.48%	3.33%	7.46%	9.81%	-2.35%

Bond Yields	Q3'2020			Q2'2021			Q3'2021		
	Close	Open	% Change	Close	Open	% Change	Close	Open	% Change
1YR	1.87%	6.09%	-4.22%	8.80%	4.80%	4.00%	7.46%	8.80%	-1.34%
2YR	2.53%	4.81%	-2.28%	11.48%	6.34%	5.14%	8.12%	11.48%	-3.36%
4YR	3.62%	6.18%	-2.56%	11.98%	8.92%	3.06%	9.60%	11.98%	-2.38%
7YR	6.73%	8.35%	-1.62%	12.41%	10.49%	1.92%	11.55%	12.41%	-0.86%
10YR	7.86%	10.97%	-3.11%	12.70%	10.72%	1.98%	12.02%	12.70%	-0.68%
20YR	8.80%	10.05%	-1.25%	12.90%	11.50%	1.40%	12.76%	12.90%	-0.14%

- We expect the Q3'2021 GDP growth to grow at the range of about -0.5% and 0.50%, amidst the base year effect when the real GDP was ₦17.82 trillion, high insecurity causing, low ease of doing business, the decline in value creation of goods and low export of goods compared the import.
- The inflationary rate to sustain decline for the rest of 2021, relative to the base year effect. However, the rising rate of insecurities, high transport costs and the pressure on Naira in the FX market will continue to affect the living of an ordinary citizen for all the various agricultural interventions by the CBN.
- Despite the increase in the external reserve, we anticipate further pressure on the Naira in the FX market following the cumbersome process of obtaining FX from the bank and the ban of FX on 44 items.
- We expect bargain-hunting from the equity market players as the year runs to an end and stocks are more valuable.
- As the inflation rate continues to decline, the CBN may continue to maintain low OMO auction rates, which may further impact the average yields in the Fixed Income market.

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