

Nigeria Inflation Sustains Slower Rate Despite Rising Cost of Feeding

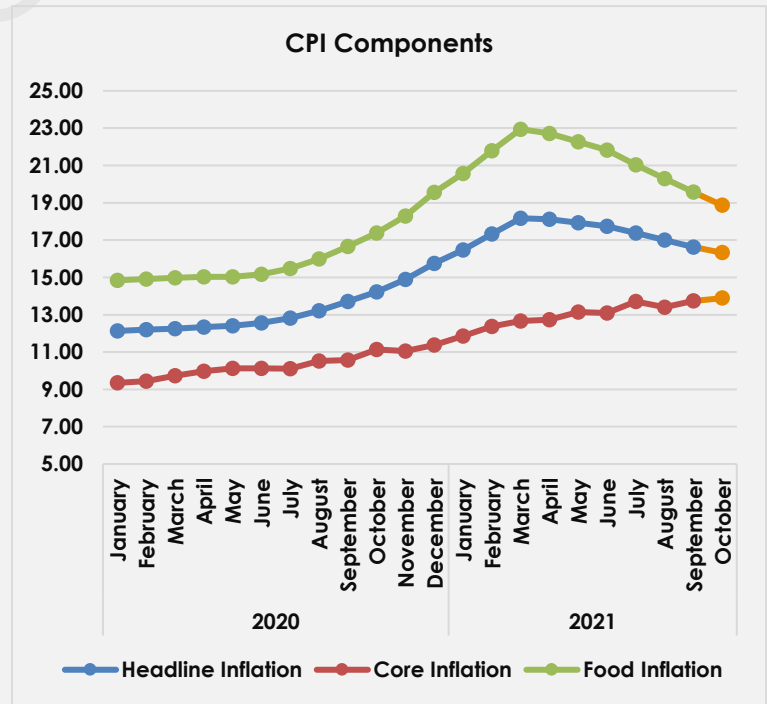
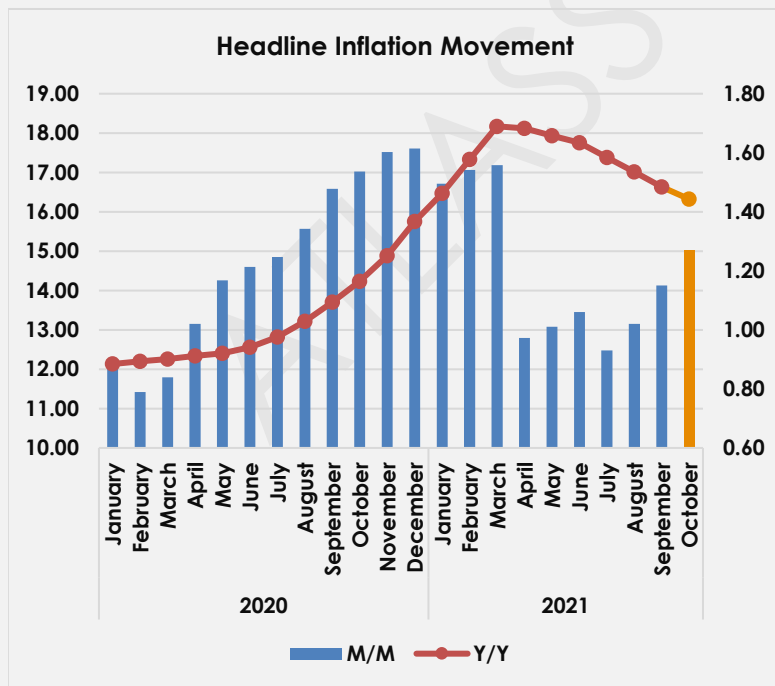
Nigeria Inflation Sustains Slower Rate Despite Rising Cost of Feeding

According to the data released by the National Bureau of Statistics, the Nigeria's Headline inflation rate (the measure of the average change in the general price level of goods and services in the economy) for September 2021, slows for the sixth consecutive month to 16.63%y/y from 17.01%y/y in the prior month. On the month-on-month basis, the headline inflation rose for the second repeated months to 1.15% compared to 1.02% reported in August.

Looking into the Headline inflation components; Core and Food inflation. The Food Inflation Index dipped 73.7 basis points to increase by 19.57% in September 2021, as against 20.30% in July 2021. However, Food items becomes more expensive compared to August 2021, as the index rose to 1.26% in September 2021, from 1.06% in August 2021, despite the harvest season period.

On the other hand, Core inflation which excludes all agricultural produces, stood at 13.74%y/y and 1.24%y/y, up 0.34% and 0.47%, respectively, sustaining August's uptick. The increase in Core Inflation was a result of price increase in gas, household textile, motor car, game of chance, major household appliances, passenger transport by air, hospital services, other services in respect to personal transport equipment, wine, clothing materials amongst others.

Notably in September, the Naira depreciated in the I&E Window by 0.56% to close at ₦413.38/USD. While it depreciated at the Parallel markets by 9.28%, to close at ₦577/USD.



Source: NBS, Atlass Portfolios

Source: NBS, Atlass Portfolios

On the regional basis, Inflation in the Urban centers slows to 17.19%/y/y from 17.59%/y/y in August, but rose to 1.21%/m/m from 1.06%/m/m. Similarly, In the Rural centers, the Composite Price Index slows to 16.08%/y/y in September (vs.16.43%/y/y in August), while it increased to 1.10%/m/m (vs. 0.99%/m/m in August)

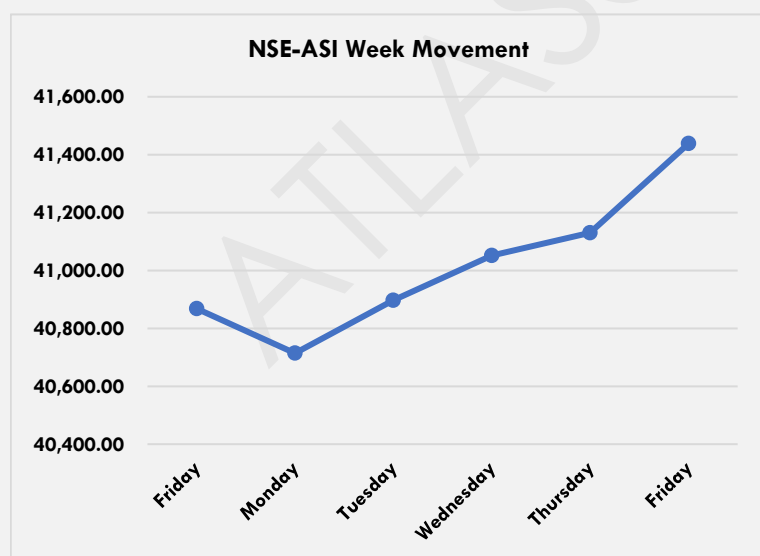
In conclusion, notwithstanding the tumbling rate of Naira against other currencies in the FX market, we expect the October 2021 inflation decline to about 16.2% and 16.5% year-on-year as against the September rate.

NIGERIA EQUITY MARKET

Bull Remains Dominance as NGX-ASI grew 1.39% in five days

Transactions on the Nigerian Exchange sustained the previous week's bullish sentiment following investors' positive reaction in all the five major indices in the market.

In that regard, the All-Share Index grew by 569.79 basis points, representing an increase of 1.39% to close at 41,438.15 while the Market Capitalization gained ₦328.98 billion, representing a growth of 1.54%, to close at ₦21.62 trillion as the NGX Group listed 1.96 million ordinary shares by introduction.

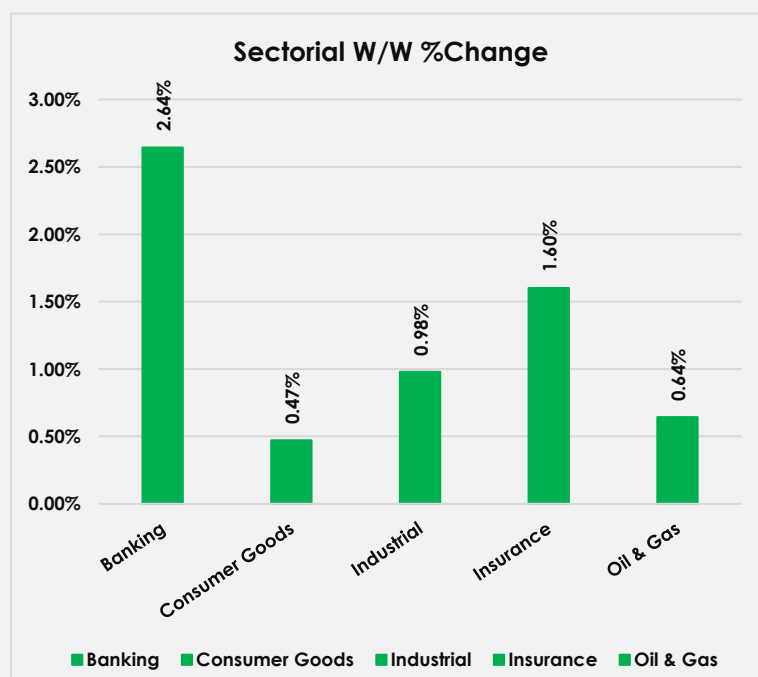


Source: NGX, Atlass Portfolios

However, the positive sentiment was driven mainly by price appreciation in CHAMPION, which emerged as the best performing stock of the week with 49.52% growth, followed by FBNH with 29.59% growth. While ETI (9.52%), CUSTODIAN (8.96%), UCAP (8.84%), OKOMUOIL (8.23%/w/w), NEIMETH (7.19%/w/w), UBA (4.4%/w/w), UACN (3.29%/w/w), WAPCO (3.21%/w/w), BUACEMENT (2.27%/w/w), SEPLAT (1.41%/w/w), ZENITHBANK (0.82%/w/w) and TOTAL (0.52%/w/w) appreciated in price as 45 stocks grew week-on-week.

On the other hand, LEARNAFRCA receded 18.71%/w/w to led the losers' chart, trailed by IKEJAHOTEL (-7.89%/w/w), NB (-3.23%/w/w), GUINNESS (-1.86%/w/w), STERLNBANK (-0.65%/w/w), MANSARD (-0.43%), OANDO (-0.38%/w/w), and HONYFLOUR (-0.28%/w/w), as 18 stocks depreciated during the week.

Subsequently, all of the five major market indices surge week-on-week, led by Banking – 2.64%/w/w, trailed closely by Insurance – 1.60%/w/w, Industrial Goods – 0.98%/w/w, Oil & Gas – 0.64%/w/w and Consumer Goods with 0.47%/w/w, respectively.



Source: NGX, Atlass Portfolios

Meanwhile, a total of 2.84 billion shares valued at ₦31.65 billion in 23,355 deals were traded in the week, compared to 2.18 billion shares worth ₦21.96 billion in 22,438 deals traded in the prior week.

Outlook

We anticipate diverse reaction as some investors may begin profit taking following the recent rally. However, strong Q3 results which has begun to roll-in may sustain confidence in the equity market.

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 0.52% and 0.19%, respectively to close on Friday at ₦578/USD and ₦415.07 as against the previous week.

FX Rate	Open	Close	W/W %Change
I & E Window	414.30	415.07	▼ -0.19%
Parallel Market	575.00	578.00	▼ -0.52%

Source: FMDQ, AbokiFX, Atlass Portfolios

Oil Price climb on improve economic activities

The global oil prices climbed as an energy crisis gripping major economies shows no sign of easing amid a pickup in economic activity and restrained supplies from major producers. Also, the draw in the U.S. gasoline and distillate stocks prompted buying.

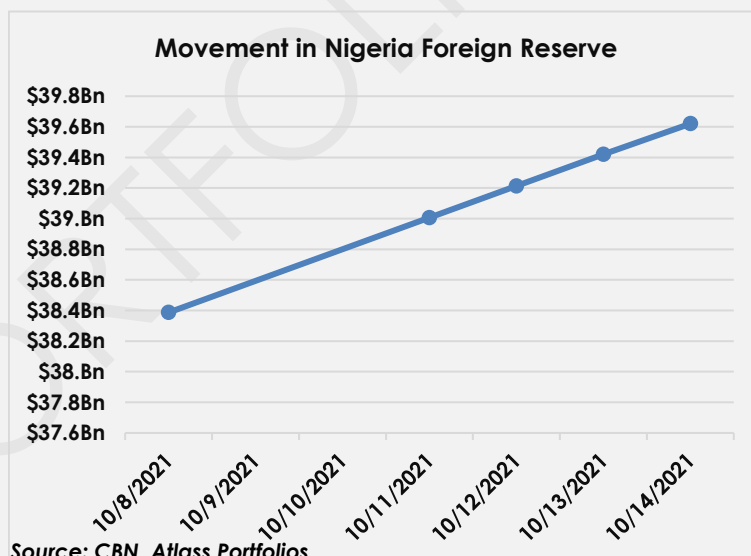
Consequently, the Brent grew by 3.00% to close at \$84.86pb, while the Nigeria oil benchmark (Bonny Light) rose by 2.63% to close at \$84.34pb.

Oil Price	Open	Close	W/W %Change
Brent (\$)	82.39	84.86	▲ 3.00%
Bonny Light (\$)	82.18	84.34	▲ 2.63%

Source: Oilprices.com, Atlass Portfolios

Foreign Reserve

The Nigeria Foreign Reserve sustained its upsurge as by \$1.23 billion from the closing position of \$38.39Bn (Friday, 8th October 2021) to \$39.62 billion on Thursday 14th October 2021.



Source: CBN, Atlass Portfolios

GLOBAL STOCKS

Global stocks edged higher on strong Q3 earnings

Global stocks edged higher as results from the big financial institutions provided a strong start to the third-quarter U.S. earnings season.

The three major stock indexes were on track to post gains for the week as the DJIA, S&P 500, and NASDAQ closed the week grew by 1.58%w/w, 1.82%w/w, and 2.18%w/w, respectively as rising U.S. Treasury yields traded bearishly.

The European stocks marked their best weekly performance in seven months, as a bright start to the earnings season helped ease investor worries about higher inflation. Consequently, UK FTSE 100, Germany DAX and France CAC 400 rose 1.95%w/w, 2.15%w/w and 2.55%w/w, respectively.

The Asian markets rose as investors reckoned on inflation, bringing forward rate hikes around the world. In that regard, Japan Nikkie, Indian S&P BSE and Hong Kong HANG SENG climbed by 3.64%w/w, 2.08%w/w and 1.99%w/w, respectively, while China Shanghai Composite decreased by 0.55%w/w.

Positive sentiment also prevailed in other emerging markets as all other emerging stock markets appreciated, accordingly, except for the Ghana GSE Composite that declined by 0.77%w/w.

As investors begin to watch out for impacts from supply chain disruptions and higher costs, especially from the energy sector, we expect sustained positive sentiment following the anticipation of strong Q3 earnings.

Region	STOCK MARKET	OPEN	CLOSE	W/W % CHANGE
US	DJIA	34,746.25	35,294.76	▲ 1.58%
	S&P 500	4,391.34	4,471.37	▲ 1.82%
	NASDAQ	14,579.54	14,897.34	▲ 2.18%
EUROPE	France: CAC 40	6,559.99	6,727.52	▲ 2.55%
	Germany: DAX	15,206.13	15,587.36	▲ 2.51%
	UK: FTSE 100	7,095.55	7,234.03	▲ 1.95%
ASIA	China: Shanghai Composite	3,592.17	3,572.37	▼ -0.55%
	Hong Kong: Hang Seng	24,837.85	25,330.96	▲ 1.99%
	Japan: Nikkei 225	28,048.94	29,068.63	▲ 3.64%
	Indian: S&P BSE Sensex	60,059.06	61,305.95	▲ 2.08%
SOUTH AMERICA	Brazil: Bovespa	112,833.20	114,647.99	▲ 1.61%
	Mexico: IPC All-Share	51,136.62	52,798.38	▲ 3.25%
	Argentina: Merval	77,553.31	81,990.22	▲ 5.72%
AFRICA	South Africa: FTSE/JSE Africa All-Share	65,242.61	67,028.86	▲ 2.74%
	Egypt: EGX 30	10,536.39	10,995.59	▲ 4.36%
	Ghana: GSE Composite	2,869.96	2,847.90	▼ -0.77%
	Nigeria: ASI	40,868.36	41,438.15	▲ 1.39%

Source: WSJ, Atlass Portfolios

Contact Information

Investment Research

obaanu@atlassportfolios.com

info@atlassportfolios.com

Corporate website: <https://atlassportfolios.com/>