A drawing of a face

Description automatically generated

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Economic Indicators** | **Mexico** | **Indonesia** | **Nigeria** | **Turkey** |
| **Inflation Rate (%)** | 6.08 | 1.42 | 18.12 | 17.14 |
| **GDP Growth Rate (%)** | -2.90 {Q1 21} | -0.74 {Q1 21} | +0.51 {Q1 21} | 5.90 {Q4 20} |
| **Per Capita Income ($)** | 10,118 | 4,193 | 2,222 | 8,957 |
| **MPR (%)** | 4.05 | 3.50 | 11.50 | 19.00 |
| **Exchange Rate (Per $)** | Mex$19.94 | Rp14,310 | *N*410 | ₺8.57 |
| **Foreign Reserves (bn)** | $194 | $138.80 | $34.25 | $85.83 |

**WEEKLY ECONOMIC UPDATE May 31 2021**

Source: CBN, NBS, Newsnow and Kairos capital research

**Headlines**

* The number of confirmed Covid-19 cases rose to 166,315 as the Nigeria Center for Disease Control (NCDC) reported 30 new cases in Nigeria. Global confirmed cases now stand at 171.08million.
* The Central Bank of Nigeria (CBN) has devalued the Naira to N410.25 to dollar. The devaluation of the local currency was confirmed by the adoption of the Nigerian Autonomous Foreign Exchange Rate (NAFEX), also known as the Investor and Exporter (I&E) forex window rate of N410.25 as its official exchange rate to the dollar.
* The World Bank has approved a $700 million loan for the Nigeria Sustainable Urban and Rural Water Supply, Sanitation and Hygiene Programme (SURWASH). According to the World Bank, the loan will provide six million people with basic drinking water services and 1.4 million people access to improved sanitation services.
* In its circular titled 'New license requirements for the payment system', the Central Bank of Nigeria has set a new capital requirement for payments firms in the country. It states that to have a Payment Terminal Service Provider license, a firm is required to have N100million shareholders' funds unimpaired by losses.
* The Monetary Policy Committee (MPC) voted unanimously to retain all parameters constant. This was disclosed by the CBN Governor, Godwin Emefiele while reading the communique at the end of the MPC meeting on Tuesday 25 May 2021. The MPR was retained at 11.5%, the asymmetric corridor of +100/-700 basis points around the MPR, and CRR was retained at 27.5%.

**Primary Market Auction Result**

**NTB –**26 May 2021

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Tenor** | **Rate**  **(%)** | **Offer**  **(₦'bn)** | **Sub**  **(₦'bn)** | **Sales**  **(₦'bn)** |
| 91-Days | 2.500 | 24.18 | 4.43 | 3.12 |
| 182-Days | 3.500 | 19.16 | 5.53 | 4.12 |
| 364-Days | 9.650 | 19.84 | 286.46 | 143.88 |

**FGN BOND –** 19 May 2021

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Tenor** | **Rate**  **(%)** | **Offer**  **(₦'bn)** | **Sub**  **(₦'bn)** | **Sales**  **(₦'bn)** |
| Mar-27 | 13.10 | 50.00 | 37.24 | 20.14 |
| Mar-35 | 14.00 | 50.00 | 57.35 | 41.15 |
| Apr-49 | 14.10 | 50.00 | 187.38 | 113.95 |

**OMO RESULT** – 27 May 2021

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Tenor** | **Rate**  **(%)** | **Offer**  **(₦'bn)** | **Sub**  **(₦'bn)** | **Sales**  **(₦'bn)** |
| 89-Day | 7.00 | 10.00 | 3.00 | 3.00 |
| 180-Day | 8.50 | 10.00 | 8.00 | 8.00 |
| 348-Day | 10.10 | 30.00 | 47.13 | 30.00 |

**Equity Market**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Market Performance** | | | | |
|  | **21-May-21** | **28-May-21** | **%**  **wtd** | **%**  **ytd** |
| Market Capitalization | 19.975T |  |  |  |
| NSE ASI | 38,324.07 | 38,256.95 | -0.18 | -5.00 |
| NSE – 30 | 1,557.65 | 1,552.29 | -0.34 | -5.35 |
| NSE ASeM | 731.18 | 731.18 | 0.00 | +0.18 |
| NSE Consumer Goods | 563.43 | 563.06 | -0.07 | -1.79 |
| NSE Banking | 361.80 | 355.30 | -1.80 | -9.60 |
| NSE Insurance | 203.38 | 205.43 | -1.01 | +8.41 |
| NSE Oil and Gas | 306.58 | 309.20 | +0.85 | +36.69 |
| NSE Pension | 1,423.93 | 1,426.17 | +0.16 | +2.70 |

**Source: The Nigerian Exchange Limited**

**Bonds and Treasury Bills Market Roundup**

**FGN Bonds Secondary Market:** Last week closed bearish as average yield expanded by 8bps to close the week at 12.52% from 12.44% it closed at the previous week.

**Treasury Bills Market:** Last week closed bearish as average yield expanded by 34bps to close the week at 6.10% from 5.76% it closed at the previous week. Last week, the CBN sold N151.13 billion worth of notes against N63.16 billion offered at its NTB auction this week. The 91-day, 182-day remained unchanged at 2.50%, 3.50%, while the 364-day paper fell by 10bps to 9.65% from 9.75%. At the auction, the 91-day & 182-day papers were undersubscribed by -81.67% and -71.25% while the 364-day paper was oversubscribed by 1,343.70%

**Open Market Operations:** Last week closed bearish as average yield expanded by 36bps to close the week at 9.59% from 9.23% it closed at last, week.

FMDQ Data and fees

**Source: The Central Bank of Nigeria (CBN) and the Debt Management Office**

**Oil Price**

Oil prices fell slightly last Friday but posted a weekly advance as strong U.S. economic data and expectations of a rebound in global demand outweighed concerns about more supply from Iran once sanctions are lifted. WTI settled down 0.79% at $66.32 after hitting a high of $67.52 the highest level since May 8. WTI closed up 4.31% this week. Brent (JUL) settled up 0.24% at $69.63, bringing its weekly gain to 4.8%.

Source: CNBC

Source: FMDQ Daily Quotation Pricelist

**Top Three Gainers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company** | **Open** | **Close** | **Gain (₦)** | **% Change** |
| Regency Assurance Plc | 0.34 | 0.49 | 0.15 | **↑+44.12** |
| Consolidated Hallmark Insurance Plc | 0.51 | 0.73 | 0.22 | **↑+43.14** |
| Royal Exchange Plc | 0.62 | 0.81 | 0.19 | **↑+30.65** |

**Top Three Losers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company** | **Open** | **Close** | **Loss**  **(N)** | **%**  **Change** |
| Associated Bus Company Plc | 0.41 | 0.34 | -0.07 | ↓-17.01 |
| Academy Press Plc | 0.39 | 0.33 | -0.06 | ↓-15.38 |
| Nigerian Enamelware Plc | 17.95 | 16.20 | -1.75 | ↓-9.75 |

**Source: The Nigerian Exchange Limited**

**Source: The Nigerian Exchange Limited**

**FGN Bond**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Yield (%)** | **Yield (%)** |  |
| **Description** | **21-05-2021** | **28-05-2021** | **Change** |
| 14.50 15-Jul-2021 | 3.27 | 4.00 | +0.73 |
| 12.75 27-Apr-2023 | 10.45 | 11.81 | +1.36 |
| 12.50 22-Jan-2026 | 12.72 | 12.62 | -0.10 |
| 16.28 17-Mar-2027 | 13.04 | 13.10 | +0.06 |
| 13.98 23-Feb-2028 | 13.15 | 13.15 | +0.00 |
| 15.00 28-Nov-2028 | 13.15 | 13.02 | -0.14 |
| 8.50 20-Nov-2029 | 13.25 | 13.06 | -0.19 |
| 12.50 27-Mar-2035 | 14.00 | 14.06 | +0.06 |

**Nigerian Treasury Bills**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Yield (%)** | **Yield (%)** |  |
| **DTM** | **Maturity Date** | **21-05-2021** | **28-05-2021** | **Change** |
| 13 | 10-Jun-2021 | 2.41 | 3.42 | +1.01 |
| 48 | 15-Jul-2021 | 3.23 | 3.97 | +0.74 |
| 111 | 16-Sep-2021 | 4.56 | 4.97 | +0.41 |
| 181 | 25-Nov-21 | 5.74 | 6.14 | +0.40 |
| 258 | 10-Feb-22 | 7.05 | 7.50 | +0.45 |

**Source: FMDQ Daily Quotations Pricelist**

**Source: FMDQ Daily Quotations Pricelist**

**FX Market**

**Commodities**

|  |  |  |  |
| --- | --- | --- | --- |
| **Instrument** | **21-05-2021** | **28-05-2021** | **Change** |
| Brent Crude | $66.44 | $69.63 | +3.19 |
| WTI Crude | $63.58 | $66.32 | +2.74 |
| Nigeria Bonny Light | $66.51 | $68.38 | +1.87 |
| Gold | $1,881.30 | $1,909.49 | +28.19 |

|  |  |  |
| --- | --- | --- |
|  | **Previous (N/$)** | **Current (N/$)** |
| I&E FX Window | 412.00 | 412.00 |
| CBN SMIS Window | 380.69 | 380.69 |
| Parallel Market | 485.00 | 495.00 |

**Source: Oilprice and the Business Insider**

**Source: FMDQ Daily Quotations Pricelist, Abokifx**

**CORPORATE ROUNDUP**

* Nigerian Exchange Limited (NGX) hosted Ellah Lakes Plc to a virtual Facts Behind the Figures presentation and Closing Gong Ceremony on Wednesday, 26 May 2021. Represented by the Managing Director, Mr. Chuka Mordi and Chief Agronomist, Mr. Jamie Rixton, the company presented its 2019/2020 financial performance and plans for the future to capital market stakeholders.
* FMDQ Securities Exchange Limited announced the admission of the BUA Cement PLC N115billion Series 1 Fixed Rate Senior Unsecured Bond under its N200billion Bond Issuance Programme, for listing on its platform.

**GLOBAL STOCK MARKET UPDATE**

In the stock market, Dow Jones Industrial Average increased +64.81points to 34,529.45, the S&P 500 increased by +0.08%, or +3.23 points to 4,204.11 and the Nasdaq Composite increased by +12.46points, or +0.09% to 13,748.74 last week.

**outlook**

We expect the activity in the treasury bills market to remain subdued next week as system liquidity remains relatively tight.

We at Kairos Capital cannot overemphasize the benefits of observing laid down safety precautions this period. Do not forget to #WashYourHands #WearNoseMasks #MaintainSocialDistancing #ObeyTheGuidelines #StayatHome #StaySafe

For enquiries, please contact us at:

Kairos Capital Limited

12th Floor, Elephant House

214, Broad street, Marina,

Lagos Island,

Nigeria.

Email: [info@kairoscapitalng.com](mailto:info@kairoscapitalng.com)

Tel: +234(0) 908 748 2175

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