KAIROS CAPITAL

WEEKLY ECONOMIC UPDATE JUNE 21 2021.

Economic Indicators	Mexico	Indonesia	Nigeria	Turkey
Inflation Rate (%)	5.89	1.68	17.93	16.59
GDP Growth Rate (%)	-2.90 {Q1 21}	-0.74 {Q1 21}	+0.51 {Q1 21}	7.00 {Q1 21}
Per Capita Income ($)	10,118	4,193	2,222	8,957
MPR (%)	3.96	3.50	11.50	19.00
Exchange Rate (Per $)	Mex$20.70	Rp14,403	₦410.20	₺8.37
Foreign Reserves (bn)	$193	$136.40	$34.19	$85.83

Headlines

- The number of confirmed Covid-19 cases rose to 167,155 as the Nigeria Center for Disease Control (NCDC). Global confirmed cases now stand at 179.32million.
- Per the Consumer Price Index (CPI) Report for May 2021, released by the National Bureau of Statistics (NBS), the CPI which measures inflation increased by 17.93% (year-on-year). This is 0.19 percent points lower than the rate recorded in April 2021 (18.12 %). On month-on-month basis, the Headline index increased by 1.01% in May 2021. This is 0.04 percentage points higher than the rate recorded in April 2021 (0.97%).
- The Debt Management Office (DMO) released the June 2021 FGN Bond Offer Circular on the 16th of June 2021; plans to sell on auction ₦150billion worth of FGN Bond across three re-openings: ₦50billion (10-Yr Re-opening), ₦50billion (15-Yr Re-opening) and ₦50Billion (30-Yr-Reopening). The auction is scheduled to hold on the 23rd of June, 2021.
- The Central Bank of Nigeria (CBN) has granted a non-interest banking license to Lotus Bank Limited. This follows Lotus Bank's plan to deliver an alternative option to interest-based banking and cater to the needs of the banked, unbanked and underbanked. Lotus Bank is the first non-interest bank to commence operations from South-west, Nigeria with a focus to serve people of all faith. With its flagship branch located at Victoria Island, Lagos, the bank will open its doors to customers from July 2021.
- The Central Bank of Nigeria (CBN) will auction treasury bills worth ₦722.17 billion with varying tenors in the third quarter of this year. On a quarterly basis, the sum is 26.61% more than the ₦570.39 billion given in the second quarter (Q2) 2021, and 12.12% lower than the ₦821.8 billion released in Q3 2020.

Source: Research Desk of Kairos Capital Limited

Equity Market

Market Performance

	11-June-21	18-June-21	% WTD	% YTD
Market Capitalization	20.409T	20.143T	-1.29	-4.37
NSE ASI	39,156.28	38,648.91	-1.30	-4.03
NSE – 30	1,594.62	1,599.22	+0.29	-2.49
NSE ASeM	716.59	716.59	0.00	-1.82
NSE Consumer Goods	566.96	568.35	+0.25	-0.87
NSE Banking	358.61	362.51	+1.09	-7.76
NSE Insurance	199.42	200.93	+0.76	+6.03
NSE Oil and Gas	310.95	314.21	+1.05	+38.91
		.35	+0.61	+5.16

Source: The Nigerian Exchange Limited

Bonds and Treasury Bills Market Roundup

FGN Bonds Secondary Market: Last week closed bullish as average yield contracted by 26bps to close the week at 12.01% from 12.27% it closed at the previous week.

Treasury Bills Market: Last week closed bullish as average yield contracted by 1bps to close the week at 6.35% from 6.36% it closed at the previous week. The CBN sold ₦30.56 billion worth of notes against ₦14.83 billion offered at its NTB auction last week. The 91-day, 182-day & 364-day notes were allotted at 2.50%, 3.50%, and 9.40% (formerly 9.64%) respectively. The auction was oversubscribed by 1,798.79% as subscription was ₦281.74billion

Open Market Operations: Last week closed bearish as average yield expanded by 2bps to close the week at 9.66% from 9.64% it closed at last week. The CBN offered ₦20 billion worth of OMO notes but sold ₦17.30 billion at its auction last week. The offer was over-subscribed. The 89-day, 159-day & 348-day notes were allotted at 7.00%, 8.50%, and 10.10% respectively.

Source: FMDQ Daily Quotation Pricelist

Primary Market Auction Result

NTB – 16 JUNE 2021

Tenor	Rate (%)	Offer (₦'bn)	Sub (₦'bn)	Sales (₦'bn)
91-Days	2.500	2.52	14.37	1.61
182-Days	3.500	1.70	2.64	1.10
364-Days	9.400	10.61	264.73	27.87

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 – 17 JUNE 2021

Tenor	Rate (%)	Offer (₦'bn)	Sub (₦'bn)	Sales (₦'bn)
89-Day	7.00	5.00	3.00	3.00
166-Day	8.50	5.00	9.20	4.30
348-Day	10.10	10.00	50.90	10.00

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

Oil Price

Oil futures reversed earlier loses on Friday after OPEC sources said the producer group expected limited U.S. oil output growth this year despite rising prices.

Brent crude futures rose 43 cents, or 0.59% to $73.51 a barrel by 2:53 p.m. ET.

U.S. West Texas Intermediate (WTI) crude futures settled at $71.64 per barrel, up 0.8%.

Source: CNBC

Top Three Gainers

Company	Open	Close	Gain (₦)	% Change
Berger Paints Plc	6.70	7.70	1.00	↑14.93
LASACO Assurance Plc	1.36	1.50	0.14	↑10.29
Champion Brew. Plc	1.80	1.98	0.18	↑10.00

Source: The Nigerian Exchange Limited

Top Three Losers

Company	Open	Close	Loss (₦)	% Change
UACN Plc	10.90	9.70	-1.20	↓-11.01
Airtel Africa Plc	837.00	753.30	-83.70	↓-10.00
Abbey Mortgage Bank Plc	1.05	0.95	-0.10	↓-9.52

Source: The Nigerian Exchange Limited

FGN Bond

	Yield (%)	Yield (%)	
Description	11-06-2021	18-06-2021	Change
14.50 15-Jul-2021	3.65	3.65	0.00
12.75 27-Apr-2023	11.24	11.51	+0.27
12.50 22-Jan-2026	12.40	12.52	+0.12
16.28 17-Mar-2027	12.89	12.65	-0.24
13.98 23-Feb-2028	12.78	12.78	0.00
15.00 28-Nov-2028	12.88	12.50	-0.38
8.50 20-Nov-2029	13.01	12.42	-0.59
12.50 27-Mar-2035	13.75	13.41	-0.34

Source: FMDQ Daily Quotations Pricelist

Nigerian Treasury Bills

		Yield (%)	Yield (%)	
DTM	Maturity Date	11-06-2021	18-06-2021	Change
27	15-Jul-2021	3.65	3.62	0.00
90	16-Sep-2021	4.86	4.85	+0.02
160	25-Nov-2021	6.28	6.28	0.00
244	10-Feb-2022	7.96	7.94	-0.02
321	28-Apr-2022	9.77	9.76	-0.01

Source: FMDQ Daily Quotations Pricelist

FX Market

	Previous (₦/$)	Current (₦/$)
I&E FX Window	410.80	411.00
CBN SMIS Window	380.69	380.69
Parallel Market	502.00	498.00

Source: FMDQ Daily Quotations Pricelist, Abokifx

Commodities

Instrument	11-06-2021	18-06-2021	Change
Brent Crude	$72.69	$73.51	+0.82
WTI Crude	$70.91	$71.64	+0.73
Nigeria Bonny Light	$72.08	$73.04	+0.96
Gold	$1,877.64	$1,764.34	-113.30

Source: Oilprice and the Business Insider

CORPORATE ROUNDUP

- The market capitalization of Exchange Traded Funds (ETFs) listed on Nigerian Exchange Limited, the leading market for ETFs in the West Africa, rose to ₦20.32billion in the first quarter of 2021. The trade volumes rose by 3,064 per cent from nearly 0.2 million units in Q1 2020 to 5.3 million units recorded in Q1 2021.
- Ardova Plc ("AP" or the "Company") notified the Nigerian Exchange Group Plc, its shareholders, and the investing public, that the Company has reached an agreement with Enyo Retail and Supply Holding Limited ("ERSHL") to acquire a 100% equity stake in Enyo Retail and Supply Limited ("Enyo"). This announcement follows the execution of a share purchase agreement by the parties.

GLOBAL STOCK MARKET UPDATE

In the stock market, Dow Jones Industrial Average decreased -533.37 points to 33,290.08 the S&P 500 decreased by -1.31%, or -55.41 points to 4,166.45 and the Nasdaq Composite increased by -130.97 points, or -0.92% to 14,030.38 last week.

OUTLOOK

We expect the activity in the FGN Bond market to increase as investors focus on the primary market auction scheduled to hold on Wednesday, 23rd of June 2021.

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

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