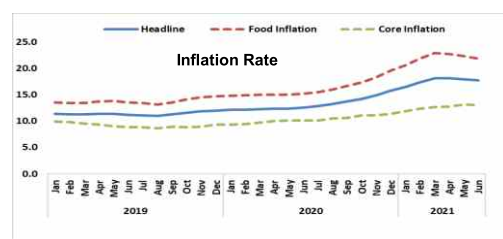
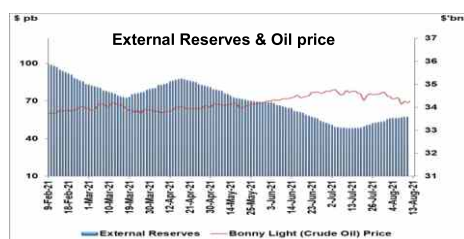
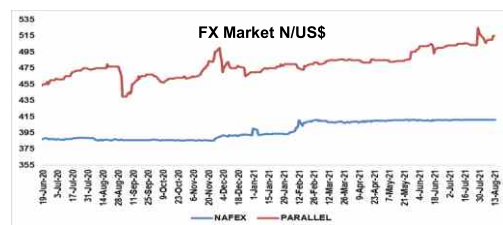
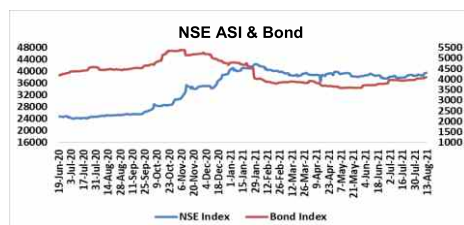


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	0.51	Q1 2021 — higher by 0.40% compared to 0.11% in Q4 2020
Broad Money Supply (N' trillion)	39.41	Decreased by 0.95% in June' 2021 from N39.78 trillion in May' 2021
Credit to Private Sector (N' trillion)	32.64	Increased by 1.63% in June' 2021 from N32.12 trillion in May' 2021
Currency in Circulation (N' trillion)	2.74	Decreased by 1.78% in June' 2021 from N2.79 trillion in May' 2021
Inflation rate (%) (y-o-y)	17.75	Decreased to 17.75% in June 2021 from 17.93% in May 2021
Monetary Policy Rate (%)	11.5	Adjusted to 11.5% in September 2020 from 12.5%
Interest Rate (Asymmetrical Corridor)	11.5 (+1/-7)	Lending rate changed to 12.5% & Deposit rate 4.5%
External Reserves (US\$ million)	33.59	August 11, 2021 figure — an increase of 0.33% from August start
Oil Price (US\$/Barrel)	70.08	August 12, 2021 figure — a decrease of 3.00% from the prior week
Oil Production mbpd (OPEC)	1.40	June 2021, figure — a decrease of 0.57% from May 2021 figure



## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	13/8/21	6/8/21	
NSE ASI	39,522.34	38,810.75	1.83
Market Cap (N'tr)	20.59	20.22	1.83
Volume (bn)	0.19	0.17	12.55
Value (N'bn)	3.22	1.66	93.42

## MONEY MARKET

NIBOR			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	13/8/21	6/8/21	
OBB	16.75	20.00	(325)
O/N	17.25	20.50	(325)
CALL	16.00	18.00	(200)
30 Days	11.69	15.65	(396)
90 Days	12.60	16.93	(432)

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	13/8/21	6/8/21	13/7/21
Official (N)	0.00	0.00	0.00
Inter-Bank (N)	411.13	411.24	411.18
BDC (N)	0.00	0.00	0.00
Parallel (N)	515.00	510.00	505.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	13/08/2021	06/08/2021	
5-Year	4.89	5.09	(19)
7-Year	10.90	11.30	(39)
10-Year	9.65	9.90	(25)
15-Year	12.63	13.18	(55)
20-Year	12.37	12.62	(24)
25-Year	12.27	12.52	(24)
30-Year	12.73	13.17	(44)

**Disclaimer**  
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Sources: CBN, Financial Market Dealers Quotation, NSE, NBS, Energy Information Agency, Oilprice, Bloomberg and Access Bank Economic Intelligence Group computation.  
\* Crude oil (Bonny Light) is as at the previous day.

## Market Analysis and Outlook: August 6 – August 13, 2021

### Global Economy

The Office for National Statistics reported that United Kingdom's gross domestic product advanced by 22.2% year-on-year in Q2 2021, ending a five-quarter period of contraction. This was the fastest pace of expansion on record, reflecting a base year caused by the coronavirus crisis and the re-opening of the economy following the easing of restrictive measures. Household consumption rose 20.5% (vs -11.0% in Q1) and fixed investment soared 21.4% (vs -3.2% in Q1). In addition, government spending was up 32.9% (vs 3.7% in Q1), while net trade contributed negatively to the GDP as imports jumped 17.2% and exports climbed 2.2%. In a separate development, India's retail price inflation rate reduced to 5.59% year-on-year in July 2021, from 6.26% the previous month and below market expectations of 5.78% according to the Ministry of Statistics and Programme Implementation (MOSPI). It was the first time since April that inflation remained within the central bank's 2-6% target range, as the food cost rate slowed sharply to 3.96% from 5.15% in June. Prices also rose at a softer pace for fuel and light (12.38% vs 12.68%) and miscellaneous (6.71% vs 7.28%). Meanwhile, inflation picked up for pan, tobacco and intoxicants (4.71% vs 3.98%), clothing and footwear (6.46% vs 6.21%), and housing (3.86% vs 3.75%). India is Nigeria's biggest export trade partner accounting for 16.79% of total exports as at Q1 2021.

### Domestic Economy

The Central Bank of Nigeria (CBN) pegged N10 billion as the minimum paid-up capital for the establishment of the proposed Credit Guarantee Companies (CGCs) in the country. This was contained in a circular by the CBN titled, "Exposure Draft of Guidelines for Regulation and Supervision of Credit Guarantee Companies in Nigeria," dated August 4, 2021, and addressed to banks, other financial institutions and stakeholders. The apex bank stated that the framework for the CGCs would further provide regulation and basis for the operation of credit guarantee companies. The circular, which was signed by the CBN Director, Financial Policy and Regulations Department, also detailed the permissible and non-permissible activities of the CGCs. A CGC is an institution licensed by the CBN with the primary objective of providing guarantees to banks and other lending financial institutions against the risk of default by obligors.

### Stock Market

Trading indicators at the Nigeria stock market sustained its positive trend last week amid price appreciation in large-mid capitalised stocks consolidating a 2-week gain. Consequently, the All-Share Index (ASI) and market capitalization settled higher at 39,522.34 points and N20.59 trillion from 38,810.75 points and N20.22 trillion, respectively the preceding week. Stocks in the real estate, agriculture, consumer goods, financial services, and oil & gas sectors contributed to the uptrend. This week, we envisage market will remain in positive territory as half year scorecards are being released and the low prices spur bargain hunting activities on attractively priced counters.

### Money Market

Interbank borrowing costs declined for the week ended August 13, 2021 following inflow of Open Market Operations (OMO) maturity of N80 billion. The inflow of funds led to lower rates as lender's charge such as the Open Buy Back (OBB) and

Overnight (O/N) rates dropped to 16.75% and 17.25% from 20% and 20.50% the previous week. In the same vein, slightly longer dated instruments like the 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) closed lower settling at 11.69% and 12.60% from 15.65% and 16.93% the prior week. This week, money market rates are expected to remain firmly in double digit territory following anticipated retail Secondary Market Intervention Sales (rSMIS).

### Foreign Exchange Market

Last week, the naira went in divergent directions against the greenback at the FX market segments. At the interbank market, the local unit gained by 11 kobo to close at N411.13/\$ from N411.24/\$. Meanwhile, at the parallel market, the currency lost N5 to finish N515/\$ from N510/\$ due to dollar scarcity and volatility in the market. This week, we expect that the naira will trend around current levels as the CBN sustains its intervention in the FX market.

### Bond Market

The bond market was bullish last week following increased demand for the 2036 and 2050 maturities. The bullish trend lasted throughout the week as market players anticipated a decline at the Nigerian Treasury Bill auction. Consequently, yields on the 5-, 7-, 10-, 15-, 20-, 25- and 30-year debt papers closed lower at 4.89%, 10.90%, 9.65%, 12.63%, 12.37%, 12.27% and 12.73% from 5.09%, 11.30%, 9.90%, 13.26%, 12.62%, 12.52%, and 13.17% respectively. Accordingly, the index increased by 53.73 points to close at 4,103.24 points from 4,049.52 points. Market performance will be determined by anticipated bond auction holding this week.

### Commodities

Oil prices slumped after International Energy Agency (IEA) warned that growing demand for crude may halt and is set to rise at a slower pace over the rest of 2021 due to the surge in infections from the Delta variant of COVID-19. Bonny light, Nigeria's benchmark crude dipped 3% to settle at \$70.08 per barrel. Separately, precious metal prices dipped further after strong US weekly claims and a faster than expected rise in producer inflation. Such figures sparked fears of the need of the Fed to start reducing stimulus and hike interest rates sooner than expected denting bullion's appeal as that would increase the opportunity cost of holding the non-yielding metal. Gold prices declined 2.02% or \$36.24 to finish at \$1,761.57 per ounce from \$1,797.81 per ounce. Silver settled at \$23.43 per ounce, a 1.62% drop from prior week. Oil prices might remain pressured as traders weigh prospects of a demand rebound in the US and Europe against mobility curbs in China to rein the Delta spread. A flight to safety on fears over the rapid spread of the Delta strain of COVID-19 in several countries in Asia might boost bullions appeal this week.

## Monthly Macro Economic Forecast

Variables	Aug'21	Sept'21	Oct'21
Exchange Rate (NAFEX) (N/\$)	411	412	411
Inflation Rate (%)	17.7	17.34	17.01
Crude Oil Price (US\$/Barrel)	74	76	75

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