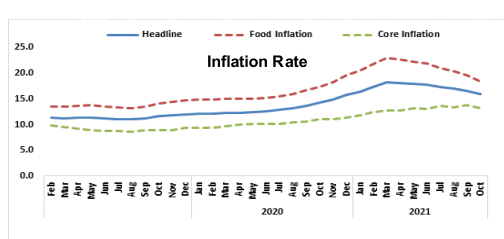
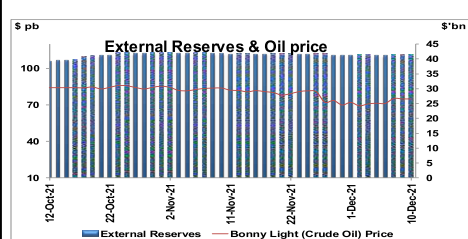
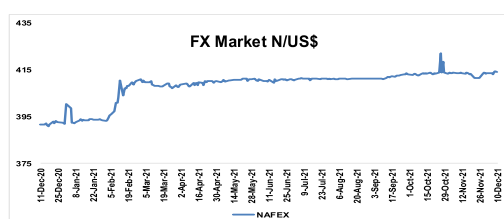
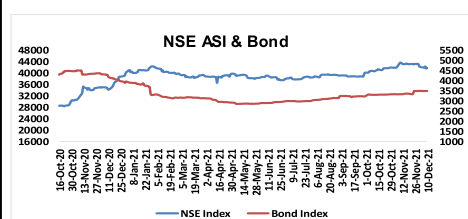


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	4.03	Q3 2021 — lower by 0.98% compared to 5.01% in Q2 2021
Broad Money Supply (N' trillion)	41.37	Increased by 2.28% in October' 2021 from N40.45 trillion in September' 2021
Credit to Private Sector (N' trillion)	34.51	Increased by 1.69% in October' 2021 from N33.94 trillion in September' 2021
Currency in Circulation (N' trillion)	2.97	Increased by 4.54% in October' 2021 from N2.84 trillion in September' 2021
Inflation rate (%) (y-o-y)	15.99	Decreased to 15.99% in October 2021 from 16.63% in September 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)	40.93	December 8, 2021 figure — a decrease of 0.54% from December start
Oil Price (US\$/Barrel)(OPEC)	74.83	December 9, 2021 figure— an increase of 8.26% from the prior week
Oil Production mbpd (OPEC)	1.35	October 2021, figure — an decrease of 3.57% from September figure



## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	10/12/21	3/12/21	
NSE ASI	41,882.97	42,167.91	(0.68)
Market Cap(N'tr)	21.85	22.00	(0.68)
Volume (bn)	0.44	0.18	145.88
Value (N'bn)	3.42	2.43	41.15

## MONEY MARKET

NIBOR			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	10/12/21	3/12/21	
OBB	17.50	15.50	200
O/N	17.75	15.75	200
CALL	12.83	14.10	(127)
30 Days	10.07	11.35	(128)
90 Days	10.77	11.82	(105)

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	10/12/21	3/12/21	10/11/21
Official (N)	0.00	0.00	0.00
Inter-Bank (N)	414.20	413.53	413.64
BDC (N)	0.00	0.00	0.00
Parallel (N)	0.00	0.00	0.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	10/12/2021	03/12/2021	
5-Year	4.10	4.13	(3)
7-Year	10.59	10.61	(1)
10-Year	9.63	9.43	20
15-Year	12.80	12.72	8
20-Year	12.67	12.38	28
25-Year	12.10	12.31	(21)
30-Year	13.06	13.11	(5)

**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: December 3 – December 10, 2021

### Global Economy

The Central Bank of Brazil unanimously on the back of expected Open Market Operations (OMO) maturity inflows. The Selic rate (the benchmark interest rate) by 150 basis points to 9.25% last week. It was the seventh consecutive interest rate hike in 2021 and policymakers see another interest rate increase by the same margin at the next meeting. The Committee noted that it was expedient that the tightening cycle advanced in order to consolidate a disinflation process and anchor expectations. In a separate development, annual inflation rate in the United States accelerated to 6.8% in November 2021 from 6.2% in October, the highest since June 1982, according to the U.S Bureau of Labor Statistics. It marks the 9<sup>th</sup> consecutive month that inflation has stayed above the Fed's 2% target due to the rally in global commodities, rising demand, wage pressures, supply chain disruptions and as a low base effect from last year continue to push prices up.

### Foreign Exchange Market

The local currency depreciated as demand for the greenback outweighed available supply. Consequently, the Naira lost 67 kobo to close at ₦414.20/US\$ at the Nigerian Autonomous Foreign Exchange (NAFEX) window. This week, the naira will likely hover around current levels as CBN supplies dollars to ease pressure and improve dollar liquidity.

### Bond Market

The FGN bond market was slightly bullish last week with market participants more interested in the 2036 and 2050 maturities which traded at 12.95% and 13.10%, respectively. Yields on the 5-, 7-, 25- and 30-year debt papers finished lower at 4.1%, 10.59%, 12.1% and 13.06% from 4.13%, 10.61%, 12.31% and 13.11%, respectively. The Access Bank bond index dipped by 0.19% to close at 3,492.56 points from 3,499.39 points. We expect mixed sentiment opening this week as market players position for the auction where the Debt Management Office (DMO) is set out to borrow N100 billion across the 2026 and 2037 bonds.

### Domestic Economy

The National Bureau of Statistics (NBS) revealed that the nation's trade deficit in Q3 2021 stood at N3 trillion, an increase of 26.53% year-on-year. Total import hit ₦8.2 trillion while export was ₦5.1 trillion in the period under review. Export rose 1% when compared against Q2 2021, but ascended by 71.38% when compared against Q3 2020. Similarly, imports rose by 17.32% measured against Q2 2021 but 51.47% on a year-on-year basis. The bulk of the export was still attributed to oil. Total crude oil export reached N4.03 trillion accounting for 78.48% of total exports. Non-crude oil export was valued at N1.1 trillion or 21.52% of total exports.

### Commodities

Oil prices recouped losses from the recent Omicron-related sell off as fears that the new variant could dent global growth and fuel demand waned. Oil prices have been recovering amid positive reports suggesting the new variant may be milder than initially feared, with Pfizer and BioNTech saying that a booster shot of their vaccine provides a high level of protection against the Omicron strain. Bonny light, Nigeria's benchmark crude surged by 8.26% to settle at \$74.83 barrel from \$69.12. Separately, precious metal prices went in varying directions. Gold prices rose as the US Treasury yields and the dollar eased, with traders shifting their attention to US inflation data that could influence the Federal Reserve's decision to taper its stimulus at a faster pace. Gold prices increased 0.5% or \$8.94 to settle at \$1,780.84 per ounce from \$1,771.90 per ounce. While, silver finished at \$22.10 per ounce, 1.07% lower than the previous week due to profit taking. This week, we expect oil prices might be volatile as investors try to assess the impact the new strain of the coronavirus will have on fuel demand. Safe haven assets might be pressured as investors fears over omicron subsides, reducing its appeal as a hedge against weak economic performance.

### Stock Market

Trading indicators at the local bourse trended downwards on the back of profit taking by investors for the week ended December 10, 2021. The Nigerian Stock Exchange All Share Index (NSE ASI) dipped by 0.68% week-on-week to 41,882.97 points. In the same vein, market capitalization lost 0.68% to end the week at N21.85 trillion. The bearish performance was led by stocks in information, communication and technology and financial services sectors. Investors will likely take advantage of the correctional profit-taking and low supply to position ahead of the year-end rally as capital flow and repositioning in value stocks continue.

### Money Market

Last week, borrowing cost inched up as market participants funded operating accounts to accommodate the FX Auction and Cash Reserve Ratio (CRR) debits passed by the Central Bank of Nigeria. Consequently, short term instruments such as the Open Repo Rates (OPR) and Overnight (O/N) rates closed at 17.5% and 17.15%, a marginal increase from 15.5% and 15.75% recorded the previous week. However, slightly longer dated instruments like the 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) declined to 10.07% and 10.77% from 11.35% and 11.82% respectively the previous week. This week, we expect rates to decline slightly

## Monthly Macro Economic Forecast

Variables	Dec'21	Jan'22	Feb'22
Exchange Rate (NAFEX) (N/\$)	413	415	416
Inflation Rate (%)	15.04	14.97	14.64
Crude Oil Price (US\$/Barrel)	80	82	78

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