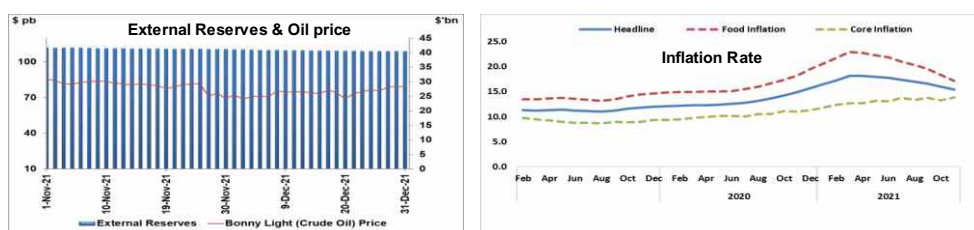
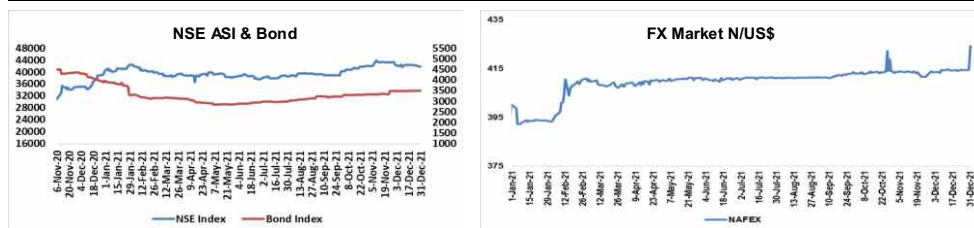


Access Bank Rateswatch

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)	42.58	Rose by 2.65% in November' 2021 from N41.48 trillion in September' 2021
Credit to Private Sector (N' trillion)	35.31	Rose by 1.99% in November' 2021 from N34.62 trillion in September' 2021
Currency in Circulation (N' trillion)	3.15	Rose by 6.06% in November' 2021 from N2.97 trillion in September' 2021
Inflation rate (%) (y-o-y)	15.4	Decreased to 15.4% in November 2021 from 16.63% in October 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)	40.53	December 29, 2021 figure — a decrease of 1.51% from December start
Oil Price (US\$/Barrel) (Bonny Light)	79.31	December 30, 2021 figure — an increase of 3.66% from the prior week
Oil Production mbpd (OPEC)	1.42	November 2021, figure — an increase of 4.41% from October figure



STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	31/12/21	24/12/21	
NSE ASI	41,813.27	42,262.85	(1.06)
Market Cap(N'tr)	21.83	22.06	(1.04)
Volume (bn)	0.36	0.11	227.27
Value (N'bn)	1.84	0.91	102.20

MONEY MARKET

NIBOR			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	31/12/21	24/12/21	
OBB	10.0000	12.0000	(200)
O/N	10.5000	12.5000	(200)
CALL	14.0000	13.5000	50
30 Days	9.6345	9.7983	(16)
90 Days	10.1143	10.2308	(12)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	31/12/21	24/12/21	30/11/21
Official (N)	0.00	0.00	0.00
Inter-Bank (N)	424.11	414.35	413.92
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)
	31/12/21	24/12/21	
5-Year	3.74	3.78	(4)
7-Year	10.55	10.56	(1)
10-Year	9.61	9.60	1
15-Year	12.90	12.90	(0)
20-Year	12.69	12.70	(1)
25-Year	12.00	12.00	0
30-Year	13.04	13.08	(4)

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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 24– December 31, 2021

Global Economy

US policymakers took a hawkish stance in the last policy meeting of 2021, signalling a 3 quarter-point rate hike next year. The yield on the benchmark 10-year Treasury note hovered around 1.5% in December as investors continue to assess the economic impact of the Omicron coronavirus variant and prospects of faster policy tightening by the Fed. Yields could go slightly higher next year as inflation might remain elevated for some time while GDP growth and the labour market continue to recover from the pandemic.

Domestic Economy

Total public debt reached N38.00 trillion in Q3 2021 reflecting an increase of 7.16% from N35.46 trillion posted in Q2 2021. While domestic debt reached 22.43 trillion in Q3, external debt sat at 15.57 trillion. Domestic and external debt accounted for 59.02% and 40.97% of the total public debt respectively. The \$4 billion Eurobonds issued by the government in September 2021 majorly accounted for the debt increase. Nigeria's ballooning debt which comes amid tight revenues remains a source of concern, particularly considering that government now spends most of its incomes on debt service. The Government generated N3.93 trillion within the first 8 months of 2021 but used 2.89 trillion (73.5% of revenue generated) to service debt for the same period.

Stock Market

Nigerian stock market performance trended downwards as investors took profit ahead of the new year. The Nigerian Exchange Group All Share Index (NGX ASI) dipped by 1.06% week-on-week to 41,813.27 points. In the same vein, market capitalization lost 1.04% to end the week at 21.83 trillion. The bearish performance was led by stocks in consumer goods, industrial and oil & gas sectors. Investors will likely take a bearish stance and opt for cash as they weigh priorities in the new year.

Money Market

Lenders charge amongst banks declined due to inflows from bridge facilities by the Federal government to various state governments and Open Market Operations (OMO) maturity. Consequently, short term instruments such as the Open Repo Rates (OPR) and Overnight (O/N) rates closed at 10.00% and 10.50%, a decrease from 12.00% and 12.50% recorded the previous week. Also, slightly longer dated instruments like the 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) declined to 9.63% and 10.11% from 9.80% and 10.23% respectively the previous week. This week, rates are expected to increase as we enter the new year and as liquidity declines in the build up to the first month of the year.

Foreign Exchange Market

The relative dollar illiquidity in the market persisted this week with most market participants' bidding for funds to clear their outstanding obligations. Although, the CBN intervened in the market to provide some liquidity, at the close of market, rates depreciated by a massive 9.76 to close at 424.11/\$ at the Nigerian Autonomous Foreign Exchange (NAFEX) window. This week, the Naira is anticipated to trade at similar levels even as the CBN continues to intervene.

Bond Market

The Bond market closed the week on a calm note. A skeletal demand was seen on the long end of the curve with emphasis on the 2049 and 2050 bonds. Limited offers were available to match these demands hence few trades were consummated by close of the market. Yields on the 5-, 7-, 20- and 30-year debt papers finished lower at 3.74%, 10.55%, 12.69% and 13.04% from 3.78%, 10.56%, 12.70% and 13.08%, respectively. The Access Bank bond index rose by 0.20% to close at 3,508.46 points from 3,501.55 points. A similar trend is expected to persist in the coming week as investors' appetite continue to remain weak for debt instruments.

Commodities

Oil prices inched up hovering close to levels last seen before news of the omicron variant first broke in November. The Environmental Impact Assessment (EIA) Petroleum Status Report showed that the US crude oil inventories fell by 3.6 million barrels, marking a 5th consecutive period of decline. Also, investors grew confident there will be no need to impose more restrictions on movement amid more evidence that the Omicron strain is less severe than previous strains. Bonny light, Nigeria's benchmark crude rose by 1.40% to settle at \$75.91 per barrel from \$74.86 posted in the preceding week. In a separate development, precious metal prices stabilized as a weaker greenback provided a platform for increase. However prices remains under pressure as Treasury yields edged higher. Gold prices increased 0.46% or \$8.39 to settle at \$1,818.65 per ounce from \$1,810.26 per ounce. Also, silver rose by 1.4% or \$0.32 at \$23.19 per ounce from \$22.87 per ounce. This week, oil price might book more gains amidst rising demand and supply constraints. Safe haven assets will remain under pressure as Treasury yields edges higher, thus raising the opportunity cost of holding a non-interest paying gold.

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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