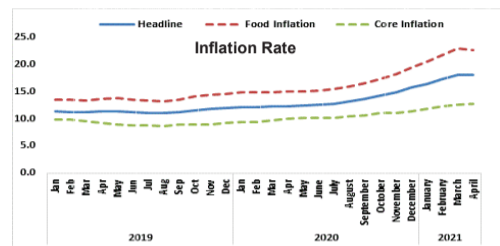
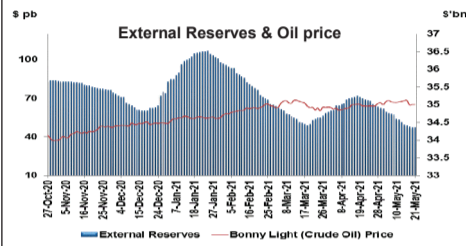
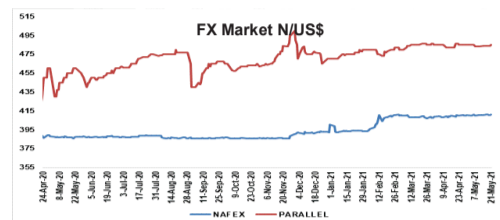
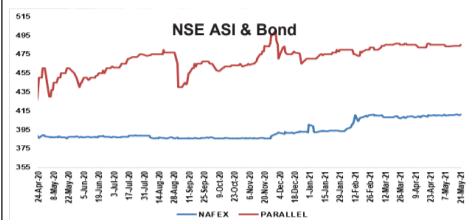


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	0.11	Q4 2020 — higher by 3.73% compared to -3.62% in Q3 2020
Broad Money Supply (N' trillion)	39.07	Increased by 1.88% in April' 2021 from N38.65 trillion in March' 2021
Credit to Private Sector (N' trillion)	31.82	Increased by 1.22% in April' 2021 from N31.44 trillion in March' 2021
Currency in Circulation (N' trillion)	2.8	Decreased by 0.44% in April' 2021 from N2.81 trillion in March' 2021
Inflation rate (%) (y-o-y)	18.12	Decreased to 18.12% in April 2021 from 18.17% in March 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)	34.35	May 20, 2021 figure — a decrease of 1.25% from May start
Oil Price (US\$/Barrel)	65.57	May 20, 2021 figure— a decrease of 3.87% from the prior week
Oil Production mbpd (OPEC)	1.55	April 2021, figure — an increase of 5.09% from March 2021 figure



## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	21/5/21	14/5/21	
NSE ASI	38,324.07	39,481.89	(2.93)
Market Cap(N'tr)	19.98	20.55	(2.81)
Volume (bn)	0.17	0.01	1235.58
Value (N'bn)	1.95	0.18	997.95

## MONEY MARKET

NIBOR	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	21/5/21	14/5/21	
OBB	16.5000	26.8800	(1038)
O/N	17.0000	28.8800	(1188)
CALL	18.0000	19.7667	(177)
30 Days	11.2028	9.8508	135
90 Days	12.3444	10.4777	187

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	21/5/21	14/5/21	21/4/21
Official (N)	0.00	379.00	379.00
Inter-Bank (N)	411.18	484.00	410.21
BDC (N)	0.00	0.00	0.00
Parallel (N)	485.00	410.65	486.00

## BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	21/5/21	14/5/21	
5-Year	5.23	5.24	(1)
7-Year	12.49	12.37	12
10-Year	10.71	10.62	9
15-Year	14.00	13.91	9
20-Year	13.53	13.45	8
25-Year	14.15	14.10	5
30-Year	14.23	13.98	25

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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: May 21 – May 28, 2021

### Global Economy

The European Statistical Office revealed that the Euro Area economy contracted 0.6% on quarter in January-March 2021, entering a double-dip recession, as several countries across the region imposed social distancing and lockdown measures to curb the spread of the coronavirus. The anticipated retail services industry was one of the hardest hit, in particular, the leisure and hospitality industries and other consumer-related sectors. Among the bloc's largest economies, Germany, Italy, Spain, and the Netherlands fell back into contraction territory, while France's economy returned to growth as the government delayed the imposition of lockdown. Year-on-year, the GDP shrank 1.8% in the first quarter, easing from a 4.95% slump in the previous three-month period. In a separate development, annual inflation in the UK climbed to 1.5% in April of 2021 from 0.7% in March, according to the Office for National Statistics. It is the highest reading since March 2020, as the economy started to reopen after a nationwide coronavirus lockdown in the beginning of the year and as the cap on energy bills was lifted. From April 1<sup>st</sup> the price cap returned to pre-pandemic levels (up by €96 to €1,138), principally because of changes in wholesale energy prices. Rising household utility, clothing, and motor fuel prices made the largest upward contributions which were partially offset by a large downward contribution from recreation and culture. Also, the temporary 5% reduced VAT on hospitality, which will last until the end of September, helped to keep costs low.

### Foreign Exchange Market

The local unit depreciated against the dollar across all market segments last week. The Nigerian Autonomous Foreign Exchange (NAFEX) lost 69 kobo to close at N411.18/US\$ from N410.65/US\$ with demand outweighing supply of funds. The parallel market settled at N485/US\$ from N484/US\$, depreciating by N1. The Central Bank of Nigeria has removed the official rate of N379/US\$ from its website—a pointer to the end of this rate band as the banking regulator seeks to make the NAFEX rate the default reference exchange rate for official and legitimate transactions. This week, rates are expected to remain at sub N410/US\$ levels at the NAFEX window giving CBN sustained intervention in the forex market.

### Bond Market

The Federal Government of Nigeria bond market was active last week as the bond auction took center stage. At the auction, the Debt Management Office (DMO) raised a total of N175 billion across the three tenors on offer; most of the interest was skewed towards the 30-year re-opening with a subscription of N187 billion. In contrast, there were minimal interest on the short end of the curve. The stop rates maintained the trajectory of rising yields this year with stop rates clearing at 13.10% (85bps), 14% (66bps) and 14.20% (35bps) on the 2027, 2035 and 2049 bonds, respectively. Consequently, yields on the 7-, 10-, 15-, 20-, 25-, and 30-year debt papers finished lower at 12.49%, 10.71%, 14%, 13.53%, 14.15% and 14.23% from 12.37%, 10.62%, 13.91%, 13.45%, 14.10% and 13.98% respectively.

### Domestic Economy

The President of Nigeria has sent a letter to the Nigerian Senate requesting the sum of \$2.18 billion external loan for approval to fund the 2021 Appropriations Act. This was disclosed last week, as the Senate President, Ahmed Lawan read the letter from the Presidency requesting for the resolution of the National Assembly for the implementation of the external borrowing of \$2.18 billion in the 2021 Appropriations Act and request for the approval of donor funded projects under the 2018-2020 Federal Government external borrowing rolling plan. In a separate development, data from the National Bureau of Statistics (NBS) show that inflation rate declined for the first time in 20 months due to a slower rise in food prices. The inflation figure declined to 18.12% in April 2021 from 18.17% in March 2021. Food inflation dropped to 22.72% in April 2021 from 22.95% recorded in March 2021. However, the "All items less farm produce" or core inflation, which excludes the prices of volatile agricultural produce rose to 12.74% in April 2021 compared to 12.67% in March 2021.

### Commodities

Oil prices tapered last week as rising coronavirus cases in Asia and signs of progress in the US-Iran nuclear talks spooked investors away from oil markets. Bonny light, Nigeria's benchmark crude dipped 3.87% to close at \$65.27 per barrel. Precious metal prices ascended amid general dollar weakness and falling Treasury yields. Precious metals also benefited from safe-haven bids stemming from rising coronavirus infections in Asia and a selloff in Bitcoin. Consequently, gold prices jumped 2.25% or \$41.37 to finish at \$1,879.12 per ounce from \$1,837.75 per ounce. Silver settled at \$27.80 per ounce, a 1.42% rise from previous week. This week, oil prices might experience an uptick as traders are upbeat about fuel demand recovery this summer with vaccination programs in Europe and the US allowing more people to travel. Bullions might take a beating this week after data showed US services and factory activity expanded at a record pace in May sending the dollar and US Treasury yields higher.

### Stock Market

Trading indicators declined last week due to profit taking seen at the bourse. The downward trend was led by stocks in the road transportation, support & logistics, construction, information & communication technology (ICT) and financial sectors. Consequently, the All-Share Index (ASI) and market capitalization closed lower at 38,324.07 points and N19.98 trillion from 39,481.89 points and N20.55 trillion, respectively the preceding week. This week, we expect that investors will remain cautious as they monitor the economic trends of the nation and reposition their portfolio accordingly.

### Money Market

The debt market was liquid last week following Open Market Operation (OMO) maturity inflow of N55 billion. The liquidity inflowed to a decline in rates as short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) rates shrank to 16.5% and 17% from 26.88% and 28.88% the previous week. However, the slightly longer dated

### Monthly Macro Economic Forecast

Variables	May'21	Jun'21	Jul'21
Exchange Rate (NAFEX) (N/\$)	410	411	411
Inflation Rate (%)	18.2	18.45	18.7
Crude Oil Price (US\$/Barrel)	66	67	69

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