Global Economy
The Office for National Statistics reported that Overnight (ONI) rates dropped to 16.75% and United Kingdom’s gross domestic product (GDP) grew by 0.3% in the second quarter of 2021, ending the year’s peak rates of 17.35% and 20.50% respectively. In advance of the 32-year period in Q2 2021, ending the year’s peak rates of 17.35% and 20.50% respectively. The week market rates are expected to remain firmly in double digit territory following anticipated secondary Market Investment Sales (MISO)..

Foreign Exchange Market
Last week, the rates went in divergent directions against the greenback at the FX market segments. At the interbank market, the local unit gathered at 11.5% to close at N141.25. Meanwhile, at the parallel market, the currency lost N150 to N150.25 due to dollar scarcity and volatility in the market. This week, we expect that the Nigerian trend around current conditions will continue. The CBN sustains its intervention in the FX market.

Bond Market
The bond market was bullish last week following increased demand for the 2024 and 2050 maturity bonds. The bullish trend lasted throughout the week as market players opted to decline at the Nigerian Treasury B/B auction. Consequently, yields on the 3-, 5-, 7-, 10-, 15-, 20-, 25- and 30-year debt papers closed lower at 4.85%, 10.00%, 9.65%, 12.65%, 12.07% and 12.07% from 5.00%, 9.30%, 9.30%, 12.65%, 12.62% and 12.57%, respectively. Accordingly, the index increased by 5.37 points to close at 10,405.24 points from 9,402.92 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 2023 due to the surge in Infections from the Delta variant of COVID-19. Bony light, Nigeria’s benchmark crude dipped 0.9% to settle at $70.68 per barrel. Separately, projected price hike lifted up due stronger US weekly claims and a faster than expected rise in producer inflation. Such figures sparked fears of the need of faster feed cuts 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 sustained its positive trend last week and price appreciation in large-mkt capitalised stocks was seen. Prices at a 2-week gin. Consequently, the AIT – 1,579.81 per ounce. Silver settled at 25.43 per ounce, a 1.62% drop from prior week. Oil prices may 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 right to safety on fears over the rapid spread of the Russian outbreak on 50 countries in Asia. Hence, 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 counterers.

Market Outlook for August: 6 – August 13, 2021

Bond Market
Money borrowing costs declined for the week ended August 13, 2021 following infall of Open Market Operations (OMO) maturity of N60 billion. The inflow of funds led to lower rates as lending charges such as the Open Buy Back (OBB) and...