Global Economy

In Brazil, unemployment rate dropped to ending rates to trend downwards due to 12.5% in Q3 2021, from an upwardly revised Open Market Operations (OMOs) maturity 14.2% in the June according to expectations, a likely to affect the market. Institute of Geography and Employment.

From July through to September, the pandemic situation in Brazil improved notably due to the expansion of the vaccination coverage. Despite the positive developments, the pandemic situation is far from over, and there is a need for continued vigilance and caution. The Institute of Geography and Employment.

Market Analysis and Outlook: December 17 – December 24, 2021

Foreign Exchange Market

The local unit lost 1.50 kobo to close at N414.39/US$ at the Nigerian Autonomous Foreign Exchange (NAFEX) window. The Naira is expected to decline further despite interventions by the apex bank due to high demand for the dollar during this festive period.

Bond Market

The bond market was calm as we entered the yuletide season. There was a bit of demand on the 2026 bonds with limited offers to match this bid. As market progressed, demand intensified with emphasis on the 2024 bond which traded at 8% handle. Yields on the 5-, 7-, 10-, and 20-year debt papers finished lower at 3.78%, 10.56%, 9.63% and 12.7% from 3.81%, 10.58%, 9.62%, 12.71% and 12.11%, respectively. The Access Bank bond index declined by up to N2.26 billion to close at 3,501.55 points from 3,496.92 points. We expect a quiet session this week as investors appetite for bond remains weak.

Commodities

Crude oil prices recovered as fears around the new variant receded, with early studies suggesting it carries a lower risk of hospitalization and causes a milder illness. Reports also showed that US drillers Merck and Pfizer’s Covid antiviral pills were effective against the omicron. Signs of strong demand also buoyed oil prices, with US crude inventories declining more than expected. Bony light, Nigeria’s benchmark crude rose by 0.96% to settle at $74.86 per barrel from $74.15. Precious metal prices languished against equities, bond yields and despite strong US economic data. The dollar edged up as the dollar failed to gain ground despite strong US economic data. The dollar languished against equities, bond yields and to the end at 22.06 trillion. This confidence grew on signs that omicron might be less severe than feared. Gold prices increased marginally by 0.03% to $1,840.63 per ounce. While, silver finished at $22.87 per ounce, 1.02% higher than the prevailing week. This week, oil prices might continue to rise as investors gauge the omicron variant’s impact on fuel demand. Safe haven assets might continue to enjoy positive trajectory of prices as the dollar continues to struggle.

Monthly Macro Economic Forecast Variables

<table>
<thead>
<tr>
<th>Data</th>
<th>Dec 21</th>
<th>Jan 22</th>
<th>Feb 22</th>
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<tbody>
<tr>
<td>Exchange Rate</td>
<td>NAFEX</td>
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<tr>
<td>Inflation Rate (%)</td>
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<tr>
<td>Crude Oil Price (US$/Barrel)</td>
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<td>72</td>
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For enquiries, contact: Roliuk Peters (Team Lead, Economic Intelligence) @ 011102318 or petersroliuk@accessbank.com