**Global Economy**

In China, the economy expanded 7.9% year-on-year in Q2 2021, a sharp decline from the 18.3% growth seen in Q1 2021 according to the National Bureau of Statistics of China. A 11.9% growth in the previous week. This week, money market rates are expected to rise due to bi-weekly retail Secondary Market Intervention Sales (SMIS).

**Commodities**

*Crude oil (Bonny Light)* are as at the previous day.

**Market Analysis and Outlook: July 9 – July 16, 2021**

**Foreign Exchange Market**

The naira went in diverging directions across most segments last week. The Nigerian Autonomous Foreign Exchange (NAFEX) gained N6 to close at N411.23/US$ from N411.29/US$. However, the parallel market depreciated by N21 closing at N506/US$. We anticipate that rates will meander around current levels as the apex bank sustains its intervention in the FX market.

**Bond Market**

Average bond yields closed higher last week in reaction to the release of July’s Bond offer circular by the Debt Management Office (DMO). There were improved offers across the on-the-run bonds as market participants positioned themselves ahead of the auction.

**Domestic Economy**

Nigeria’s annual inflation rate eased for the third straight month to 17.75% in June 2021 from 17.85% in May, according to the National Bureau of Statistics (NBS). This was amid a slight slowdown in prices of food & non-alcoholic beverages & tobacco (21.83% vs 22.28% in May) and despite an official 7.7%–naira devaluation in May.

The annual core inflation, which excludes the prices of volatile agricultural produce hit 13.09% in May, the highest since April of 2017. On a monthly basis, consumer prices inched up 1.06%, following a 1.01% rise in April.

**Stock Market**

Bears' activities dominated transactions on the floor of the Nigerian stock exchange on the back of profit taking in highly capitalised stocks. The downside trend was led by stocks in the road transportation, agriculture and financial services sector.

**Fixed Income**

There were improved offers across the on-the-run debt papers closed higher at 11.98% and 12.94% from 10.85% and 11.96% respectively the previous week. This week, we expect that the stock market could continue its downward path due to higher yielding investment and profit taking.

**Money Market**

Cost of borrowing tapered last week following inflow of funds from bond maturity of N602 billion, promissory note maturity of N612 billion and Open Market Operations (OMO) maturity of N101 billion. The inflow of funds led to lower rates as lender’s charge such as the Open Buy Back (OBB) and Overnight (O/N) rates declined to 4.5% and 4.75% from 19.75% and 20.50% respectively the previous week. However, slightly longer dated instruments like the 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) closed higher at 11.98% and 12.04% from 10.85% and 12.03% the prior week.