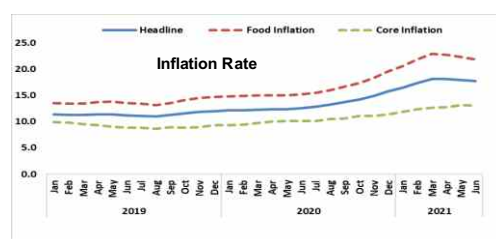
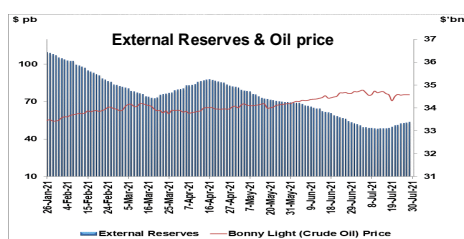
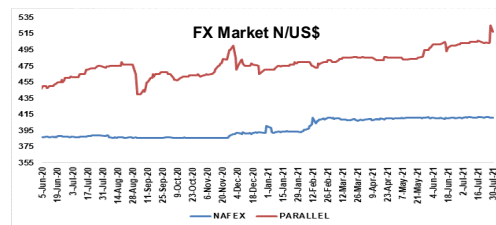
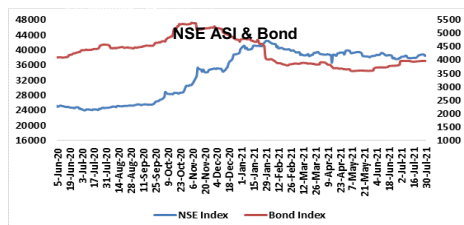


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	0.51	Q1 2021 — higher by 0.40% compared to 0.11% in Q4 2020
Broad Money Supply (N' trillion)	39.41	Decreased by 0.95% in June' 2021 from N39.78 trillion in May' 2021
Credit to Private Sector (N' trillion)	32.64	Increased by 1.63% in June' 2021 from N32.12 trillion in May' 2021
Currency in Circulation (N' trillion)	2.74	Decreased by 1.78% in June' 2021 from N2.79 trillion in May' 2021
Inflation rate (%) (y-o-y)	17.75	Decreased to 17.75% in June 2021 from 17.93% in May 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)	33.38	July 29, 2021 figure — an increase of 0.3% from July start
Oil Price (US\$/Barrel)	75.47	July 27, 2021 figure— an increase of 6.76% from the prior week
Oil Production mbpd (OPEC)	1.40	June 2021, figure — a decrease of 0.57% from May 2021 figure



## Market Analysis and Outlook: July 23 – July 30, 2021

### Global Economy

The United States economy advanced by 6.5% in Q2 2021 from 6.3% in Q1 2021. According to the US Bureau of Economic analysis, personal consumption expenditures grew 11.8% largely due to spending on services and nondurable goods as vaccinated Americans traveled and engaged in activities that were restricted before. Non-residential fixed investment, exports, and state and local government spending also increased. Meanwhile, negative contributions came from private inventory investment, residential fixed investment and imports following the rapid spread of the covid-19 delta variant, supply-chain disruptions, shortage of workers and a cooling housing market. In another development, South African Revenue Service reported that the trade surplus widened to a record high of ZAR 57.68 billion in June 2021 from ZAR 54.37 billion in the previous month. This reflected an improvement in exports which rose 2% to ZAR 166.5 billion, mainly boosted by sales of chemicals, vegetable products, base, and precious metals and stones in that order while shipments of vehicles declined 31%. Most exports went to the US, China, Germany, the UK and Japan. Imports fell slightly to ZAR 108.8 billion, with main decline coming from purchases of vehicles & transport equipment and mineral products. Most imports came from China, the US, Germany, India, and Italy.

### Domestic Economy

At the conclusion of the fourth Monetary Policy Committee (MPC) meeting of the year last week, a unanimous vote ensued to retain all monetary policy parameters at prevailing levels. Specifically, the Committee retained the Monetary Policy Rate (MPR) at 11.5%, asymmetric corridor around the MPR at +100/-700 basis points, Cash Reserves Ratio (CRR) at 27.5%, and Liquidity Ratio (LR) at 30%. The decision to maintain status quo was against the backdrop of declining inflationary pressures and more credit to consumers & firms to enhance consumption and production activities necessary to strengthen the economic recovery. In addition, the Committee encouraged the participation of private sector initiatives to develop and expand modular refineries while it frowned at cross-border smuggling of premium motor spirit. The Committee, thus, urged the government to continue to explore additional sources of non-oil revenue, as this would reduce the over dependence on a single revenue source. In a separate development, data by the National Bureau of Statistics (NBS) revealed that the total value of capital imported in Q2 2021

was \$875.62 million from \$1.91 billion in Q1 2021. This represented a drop of 54.06% and 32.38% compared to Q1 2021 and Q2 2020, respectively. The slump in capital importation stemmed from decline in other investment and Foreign Direct Investments (FDI), which decreased by 68.3% and 49.6% respectively. Portfolio investments was the largest component of capital imported raking in \$551.37 million in Q2 and contributing 62.79% to total imported capital. FDI inflows were \$77 million in Q2, accounting for 8.9% of total capital while other investment inflows registered \$246 billion representing 28.13% of total imported capital. The top-5 countries of imported capital were United Kingdom, South Africa, United States, Singapore & Netherlands. The report also revealed that Lagos state emerged as the top destination of capital investment in Nigeria in Q2 2021 with \$780.06 million.

### Stock Market

Trading indicators at the local bourse tapered at the end of last week. The bearish performance emerged as market participants exited positions entered previous week to take advantage of the accumulated gains. Consequently, the All-Share Index (ASI) and market capitalization settled lower at 38,547.08 points and N20.08 trillion from 38,667.90 points and N20.15 trillion, respectively the preceding week. Stocks in the printing sector, agriculture, financial services, and oil & gas sectors contributed to the. This week, market direction will be swayed by expected Q2 earnings as disappointing reports will see the market heading further south and vice versa.

### Money Market

Cost of funds declined last week following inflow of funds from open market operations maturing treasury bills and excess crude

account refund made by the Central Bank of Nigeria (CBN). 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 7.5% and 7.75% from 27.5% and 28.75% the previous week. However, slightly longer dated instruments like the 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) closed higher settling at 11.92% and 13.50% from 10.82% and 11.89% the prior week. This week, borrowing costs are expected to rise following anticipated outflows from retail Secondary Market Intervention Sales (SMIS).

### Foreign Exchange Market

The naira-dollar exchange rate went in divergent paths at the FX market segments last week. At the interbank market, the local unit appreciated by 18 kobo to close at N411.10/\$ from N411.28/\$. Meanwhile, at the parallel market, the currency depreciated by N13 to finish N517/\$ from N504/\$ following CBN ban on Bureau De Change (BDC) forex sales. The CBN Governor stated that the Bank would no longer sell forex to BDC operators opining that the market segment had become a conduit for illicit forex flows and graft. The central bank also noted that it had stopped processing applications for BDC licenses in the country. This week, naira at the interbank market will remain stable while the parallel market rate will likely continue to reel from the effects of the new FX policy stance.

### Bond Market

Bond yields on the average rose across most maturities last week even though the Access Bank bond index posted a modest increase. The index increased slightly by 7.33 points to close at 3,973.18 points from 3965.84 points. The upswing witnessed was due improved offers across the mid to long tenored maturities with emphasis on the 2035 and 2050 papers. Firm bid/offer yields were quoted at 13.35%/13.25% and 13.40%/13.35% for the 2035 and 2050 bonds, respectively. Consequently, yields on the 15-, 20-, and 30-year debt papers closed higher at 13.26%, 12.78%, and 13.24% from 13.10%, 12.71%, and 13.18% respectively. This week, we expect that yields will decline as investors continue to cherry pick on attractive instruments in the secondary market.

### Commodities

Oil prices rose last week after the decline posted for 2 previous weeks. The US Energy Information Administration (EIA) Petroleum Status Report revealed that US crude oil inventories fell by 4.09 million barrels to its lowest level since January 2020 and distillates supplies fell the most since April. Earlier in the month, the Organisation of Petroleum Exporting Country (OPEC) and its allied partners agreed to increase overall crude production by 400,000 barrels per day monthly starting August 2021, after an initial setback and opposition from the United Arab Emirate (UAE). Bonny light, Nigeria's benchmark crude rose 6.76% to settle at \$75.47 per barrel. Separately, precious metal prices inched higher last week reversing 2 weeks ago loss, gold prices climbed 1.83% or \$32.87 to finish at \$1,828.26 per ounce from \$1,795.39 per ounce. Silver settled at \$25.54 per ounce, a 1.67% rise from prior week after the US Fed, at its last meeting, left the target range for federal funds rate unchanged between 0% - 0.25% and bond-buying at the current \$120 billion monthly paces. Although oil prices climbed last week, the rapid spread of the Covid-19 delta variant and consequent restrictions on people movement remain a big threat to the oil market. Investors might continue to bet on bullions demand despite the Covid-19 threat. A global shift towards green technologies also led support for more investor appeal for safe haven metals.

## Monthly Macro Economic Forecast

Variables	Aug'21	Sept'21	Oct'21
Exchange Rate (NAFEX) (N/\$)	411	412	411
Inflation Rate (%)	17.7	17.34	17.01
Crude Oil Price (US\$/Barrel)	74	76	75

## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	30/7/21	23/7/21	
NSE ASI	38,547.08	38,667.90	(0.31)
Market Cap (N'tr)	20.08	20.15	(0.31)
Volume (bn)	0.39	0.23	68.13
Value (N'bn)	3.82	2.31	65.12

## MONEY MARKET

NIBOR			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	30/7/21	23/7/21	
OBB	7.5000	27.5000	(2000)
O/N	7.7500	28.7500	(2100)
CALL	8.6667	12.0000	(333)
30 Days	11.9194	10.8232	110
90 Days	13.5026	11.8944	161

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	30/7/21	23/7/21	30/6/21
Official (N)	0.00	0.00	0.00
Inter-Bank (N)	411.10	411.28	410.66
BDC (N)	0.00	0.00	0.00
Parallel (N)	517.00	504.00	503.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	30/7/21	23/7/21	
5-Year	5.10	5.49	(39)
7-Year	11.39	11.51	(12)
10-Year	10.01	10.01	(0)
15-Year	13.26	13.10	16
20-Year	12.78	12.71	7
25-Year	12.52	13.19	(67)
30-Year	13.24	13.18	6

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## COMMODITIES MARKET

Indicators	30/7/21	1-week Change (%)	YTD Change (%)
<b>Energy</b>			
Crude Oil \$/bbl	75.47	6.76	16.98
Natural Gas (\$/MMBtu)	3.99	(0.50)	30.56
<b>Agriculture</b>			
Cocoa (\$/MT)	698.00	(69.80)	(63.95)
Coffee (\$/lb.)	188.95	(5.78)	45.12
Cotton (\$/lb.)	89.00	(0.92)	14.84
Sugar (\$/lb.)	18.23	1.22	18.92
Wheat (\$/bu.)	698.00	0.87	61.01
<b>Metals</b>			
Gold (\$/t oz.)	1828.26	1.83	38.76
Silver (\$/t oz.)	25.54	1.67	48.57
Copper (\$/lb.)	451.75	3.73	37.81

## NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	30/7/21	23/7/21	
1 Mnth	3.43	3.36	7
3 Mnths	4.29	4.16	13
6 Mnths	5.33	5.59	(25)
9 Mnths	7.63	7.72	(10)
12 Mnths	8.72	8.72	(1)

## ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	30/7/21	23/7/21	
Index	3,973.18	3,965.84	0.18
Mkt Cap Gross (N'tr)	13.03	13.00	0.21
Mkt Cap Net (N'tr)	8.74	8.74	0.00
YTD return (%)	61.75	61.45	0.30
YTD return (%) (US \$)	(46.44)	(46.75)	0.31

## TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	3,123.98	2.5	26-May
182 Day	4,118.56	3.5	26-May
364 Day	143,884.92	9.65	26-May