## Global Economy

The Cabinet Office of Japan has revealed that the Japanese economy advanced 1.9% on an annualized basis in Q2 2021, compared to the preliminary estimate of +1.1% expansion. GDP as imports rose more than exports. Elsewhere, the South African economy advanced by 19.1% year-on-year in the second quarter of 2021. A recent downside review 2.6% decline in the previous period according to Statistics, South Africa. It was the first economic expansion after four quarters of contraction and the strongest on record, reflecting a low base last year and helped by the relaxation of Covid-19 restrictions during the period. In a separate development, the annual inflation rate in Brazil jumped to 9.6% in August from 9.95% in July 2021. According to the Brazilian Institute of Geography and Statistics. It is the highest reading since February 2014 as the reopening of the economy, alongside global supply issues, the effects of a weaker currency, and a severe drought continued to weigh on prices. A monthly basis, consumer prices increased up 0.87%, higher than market expectations of 0.71% and the highest inflation for August since 2000.

## Domestic Economy

Total merchandise trade stood at N12 trillion representing 23.28% increase over the value (N7.9 trillion) recorded in Q1 2021 and N8.71 trillion compared to Q2 2020 based on data from the National Bureau of Statistics. This increase resulted from the sharp increase in export value during the quarter under review. The export component of trade was valued at N1.87 trillion or 42.22%. Import, on the other hand, also fell by N17.67 billion to N20.28 trillion from N20.47 trillion in the previous quarter. A decrease of 42.22% in total export trade during Q2 2021. Crude oil, the major component of export trade stood at N1.87 trillion or 42.22%. Import, on the other hand, also fell by N17.67 billion to N20.28 trillion from N20.47 trillion in the previous quarter. A decrease of 42.22% in total export trade during Q2 2021.

## Stock Market

The Nigeria Stock Exchange suffered another week of losses on the back of selling pressure and seeming profit-taking. Stocks responsible for the downturn witnessed were information & communication technology, financial services and consumer goods sectors. Accordingly, the All Share Index (ASI) tapered off 0.87% to 38,179.36 points from 38,921.78 points recorded in Q1 2021. While the non-crude oil export recorded N1 trillion or 111.32% in crude oil value in Q2 2021 compared to Q1 2021.

## Oil Price

Crude oil (Brent) settled at $69.23 per barrel which was up 0.4% from the prior week. The parallel market lost N15 to finish at N411.08/$ from N411.23/$ recorded the prior week. The parallel market lost N15 to finish at N411.08/$ from N411.23/$ recorded the prior week. In a separate development, the annual inflation rate in Brazil jumped to 9.6% in August from 9.95% in July 2021. According to the Brazilian Institute of Geography and Statistics. It is the highest reading since February 2014 as the reopening of the economy, alongside global supply issues, the effects of a weaker currency, and a severe drought continued to weigh on prices. A monthly basis, consumer prices increased up 0.87%, higher than market expectations of 0.71% and the highest inflation for August since 2000.

## World Exchange

The 10-year Treasury yield in the United States rose above 1.6% for the first time since March, as the economic reopening and lifting of lockdown measures pushed demand for higher yields. The yield on the benchmark 10-year Treasury note rose to 1.63% from 1.41% on Friday, while the 5-year Treasury yield was at 0.90%.

## Crude Oil

The global oil price settled lower this week. Brent crude oil settled at $71.33 per barrel which was up 1.5% from the prior week. This week, we expect oil prices might suffer more losses as the US dollar hovered near a one-week high while oil prices remained under pressure due to a lack of bullish catalysts.

## Forex Market

The naira went in divergent directions against the greenback at the FX market segments last week. At the interbank market, the naira gained 15 kobo to settle at N411.08/$ from N411.23/$ recorded the prior week. The parallel market lost N15 to finish at N411.08/$ from N411.23/$ recorded the prior week. In a separate development, the annual inflation rate in Brazil jumped to 9.6% in August from 9.95% in July 2021. According to the Brazilian Institute of Geography and Statistics. It is the highest reading since February 2014 as the reopening of the economy, alongside global supply issues, the effects of a weaker currency, and a severe drought continued to weigh on prices. A monthly basis, consumer prices increased up 0.87%, higher than market expectations of 0.71% and the highest inflation for August since 2000.

## Bond Market

The Federal Government of Nigeria (FGN) bond market witnessed significant demand last week with emphasis on the 2035, 2050 and 2055 bonds. Deals were consummated at the 15.11% for the 30-year instrument at the peak of the market. Consequently, yields on the 7-, 15-, 20- and 30-year debt papers closed higher at 10.26%, 12.7%, 11.90% and 12.48%, respectively. According, the Access Bank Bond Index decreased by 0.63 points to close at 1,235.36 points from 1,245.99 points. We expect demand in the secondary market to persist as local players continue to re-invest their outstanding matured.

## Commodities

Crude oil prices decreased slightly pressured by the US dollar hovered near a one-week high while oil prices remained under pressure due to a lack of bullish catalysts.

## Market Analysis and Outlook: September 3 – September 10, 2021

**Money Market**

The Bank of England raised its key interest rate by 0.5 percentage points to 0.75%, the highest rate since 2007, in a surprise policy decision. The central bank’s move came as the UK economy continues to recover from the COVID-19 pandemic, with the service sector leading the way.

**Exchange Rate**

The exchange rate for the naira against the US dollar settled at N411.08/$.

**Inflation Rate**

The year-end inflation rate stood at 16.9%.

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