Global Economy
The Brazilian economy advanced 1.7% year-on-year in Q1 2022, picking up from 1.6% posted in the previous quarter, reflecting the fifth consecutive quarter of growth that was driven by lower levels of domestic production and imports of capital goods. In another news, the National Bank of Ukraine (NBU), after its June 2022 policy rate to 15% from 14%, the decision to increase was to protect hryvnia savings, increase the attractiveness of hryvnia assets, reduce foreign exchange market pressures, and strengthen the bank’s ability to ensure exchange rate and consumer price stability during the ongoing war. The NBU expects that inflation should be on the rise in coming months, although the tighter monetary setting and increasing supply from domestic producers should restrain the acceleration. Annual inflation accelerated to 16.4% in April 2022 from 13.7% posted in preceding month.

Domestic Economy
The Organisaton of Petroleum Exporting Countries (OPEC+) increased Nigeria’s production quota to about 1.0 million barrels per day (mbpd). The increase in Nigeria’s oil production quota creates a 400,000 barrels per day deficit, as the country has only been able to ramp up its average of 1.4 mbpd. OPEC and its allies would increase oil production by 648,000 barrels per day in July, as opposed to the 400,000 bpd initially approved and the subsequent increase to 432,000 bpd.

Stock Market
Impressive performance at the Nigerian Exchange Limited (NGX), once again, came as a halt to fixed income rates appealed to investors owing to the increase in the policy rate. Consequently, the All-Share Index closed the week at 52,908.24 points losing 1,177.06 points. Similarly, market capitalization declined by 2.18% to finish the week at N28.52 trillion. This week, market performance might remain depressed as equities remain unattractive due to appealing yields on fixed income assets.

Commodities
Oil prices extended gains for the third consecutive week after a keenly anticipated Organization of Petroleum Exporting Countries plus (OPEC+) meeting delivered only a modest increase in output despite specifications of a bigger supply boost. Consequently, Bonny Light, Nigeria’s benchmark crude held its gains, rising by 6.81% to close last week at $130.02/barrel from $121.73/barrel posted in the preceding week. In a separate news, the price of precious metals slightly declined after the payroll report showed the US economy added more jobs than expected and price pressures continued to ease in May, strengthening the case for the Fed to continue its tightening plans. Consequently, the price of gold declined by 0.06% or $1.53 to settle at $1,861.07 per ounce. Also, the price of silver declined by 0.49% or $0.10 to close at $22.16 per ounce. This week, oil prices are expected to remain elevated at the modest increase by the OPEC+ as the modest increase by the OPEC+ is appealing yields on fixed income assets.

Access Bank Rateswatch