Access Bank Rateswatch

Key Macroeconomic Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Current Figures</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth (%)</td>
<td>4.63</td>
<td>Q3 2021 — lower by 9.95% compared to 5.61% in Q2 2021</td>
</tr>
<tr>
<td>Broad Money Supply (N’ trillion)</td>
<td>42.58</td>
<td>Rose by 2.46% in November’21 from N41.48 trillion in September’21</td>
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<tr>
<td>Credit to Private Sector (N’ trillion)</td>
<td>35.31</td>
<td>Rose by 1.8% in November’21 from N34.62 trillion in September’21</td>
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<tr>
<td>Inflation in Consumer Prices (N’ billion)</td>
<td>14.15</td>
<td>Decreased to 14.4% in October’21 from 14.6% in September’20</td>
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<tr>
<td>Monetary Policy Rate (%)</td>
<td>11.5</td>
<td>Adjusted to 11.5% in September’20 from 12.0%</td>
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<tr>
<td>Interest Rate (Percentual)</td>
<td>11.5 (S/MM)</td>
<td>Landing rate changed to 12.0% &amp; Deposit rate 4.5%</td>
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<tr>
<td>External Reserve (S/MMbillion)</td>
<td>40.52</td>
<td>January 12, 2022 figure — a decrease of 0.02% from January start</td>
</tr>
<tr>
<td>Oil Price (US$/Barrel) (Brent Light)</td>
<td>88.51</td>
<td>January 15, 2022 figure — an increase of 6.01% from the prior week</td>
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</tbody>
</table>

Stock Market

| MSCI ASI & Bnim | November 2021, figure — an increase of 4.41% from October figure |

Analysis and Outlook: January 07, — January 14, 2022

Global Economy

The US inflation rate reached a new high since June 1982, setting at 7% in December 2021 with market participants bidding for funds to meet month-end foreign foreign currency obligations were met with Statistics, inflation rate was largely driven limited offers. Consequently, the Naira increased in price energy. Other drivers were a strengthening USD, the price of the rise in the prices of new, vehicles, used cars and trucks, appliance and medical care services. Inflation soared in 2021 due to pandemic-induced supply constraints, soaring energy costs, labor shortages, and increasing demand and a low 2020 base effect.

In a separate development, the Office for National Statistics reported that UK’s GDP grew by 0.9% in November 2021 from 0.2% recorded in the preceding month, pushing GDP above its pre-pandemic level for the first time. The service sector advanced 0.7% driven by a sharp increase in retail trade. All other services, industrial production and construction sectors rose by 0.6%, 1.0% and 3.5% respectively.

Domestic Economy

Data from the National Bureau of Statistics (NBS) revealed that capital importation soared by 23.47% and 6.32% respectively to the capital importation in Q3 2021. The United Kingdom and Lagos maintained their spots as the top source of, and the top destination for capital import in Q3 2021 respectively.

Stock Market

Shares at the Nigerian Exchange Group (NGX) showed an impressive performance last week as the All Share Index (ASI) kept its northwards path. ASI further grew by 1.37% on-week-to-week closing at 44,456.47 points. Also, market capitalization gained No. 33 trillion to settle for the week, at N23.95 trillion. The increase reflects positive market sentiment and could be attributed to gains recorded in large and medium capitalised stocks. This week, the positive, but cautious trend is likely to be maintained as the stock market maintains its attractiveness with improving corporate performance.

Monetary Policy

The money market witnessed no significant funding activity as the Open Market Operations (OMO) maintained its stop-out status. The policy rate remained unchanged at 14%.

Foreign Exchange Market

There was no significant improvement in liquidity at the foreign exchange market as the Foreign Exchange Market (NAFEX) window closed at $415.28/95 to N415.28/95 last week. Rates are expected to trade at similar levels this week.

Bond Market

Bids were at slightly elevated levels for the 4-year reopening due to market reaction to the recently released Q1 2022 bond calendar where the Debt Management Office (DMO) offered around N13.6 billion across two maturities (2026 and 2043). Most trades executed centered around the on-the-run instrument. Yields on the 5-, 7-, 10-, 20- and 30-year debt papers finished lower at 3.7%, 10.52%, 9.56%, 12.6% and 13.15% respectively. The Access Bank bond index nosed up 0.33% to close at 3,519.59 points relative to N3,508.07 points. This week, a mixed sentiment is expected as market participants trade cautiously ahead of the week’s bond auction.

Commodities

Although oil prices slipped slightly last week as investors took profits after a strong rally, prices headed for a fourth consecutive weekly advance driven by market tightening as global consumption resisted the impact of the omicron variant, supply interruptions in Libya and Kazakhstan, concerns over the ability of OPEC countries to deliver on planned increases and falling crude inventories in the US. Bonny Light, Nigeria's benchmark crude rose by 6.27% to close the week at $86.51/barrel from $83.29/barrel posted in the preceding week. In other news, price of precious metals turned northwards, supported by a weaker dollar and Treasury yields as November 2021 annual inflation rate surged to 7% and investors unwound hawkish bets on the US rates outlook. Gold prices rose by 1.89% or $33.78 to settle at $1,823.03 per ounce. Silver rose by 4.33% or $0.96 at $22.18 per ounce. This week, oil, gold price growth is expected to slow down as investors remain cautious of a potential hit to demand from Covid-induced restrictions in China and prospects of aggressive US interest rate hikes. Also, the upward movement in the price of precious metals is not guaranteed as and Overnight (O/N) rates remained unchanged as a hawkish unchanged week-on-week closing at the same level. The service sector advanced 0.7%, 1.16% and 1.17% respectively.

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Inflation Rate

Energy

Crude Oil (Bonny Light) is as at the previous day.


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