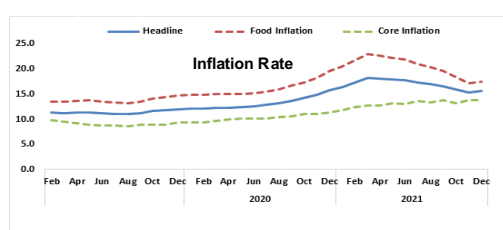
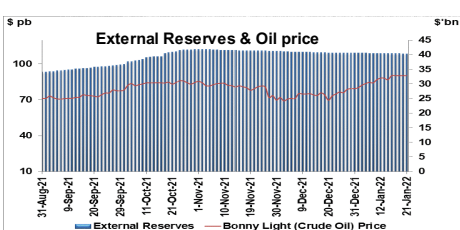
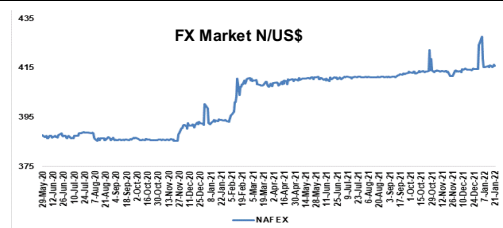
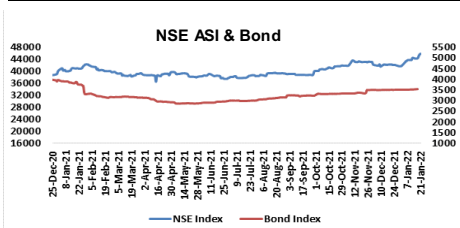


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	4.03	Q3 2021 — lower by 0.98% compared to 5.01% in Q2 2021
Broad Money Supply (N' trillion)	43.95	Rose by 3.15% in December' 2021 from N42.60 trillion in November' 2021
Credit to Private Sector (N' trillion)	35.73	Rose by 0.98% in December' 2021 from N35.38 trillion in November' 2021
Currency in Circulation (N' trillion)	3.33	Rose by 5.61% in December' 2021 from N3.15 trillion in November' 2021
Inflation rate (%) (y-o-y)	15.63	Decreased to 15.63% in December 2021 from 15.4% in November 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)	40.35	January 20, 2022 figure — a decrease of 0.43% from January start
Oil Price (US\$/Barrel) (Bonny Light)	90.09	January 17, 2022 figure— an increase of 1.79% from the prior week
Oil Production mbpd (OPEC)	1.34	December 2021, figure — a decrease of 3.11% from November figure



## Market Analysis and Outlook: January 14, — January 21, 2022

### Global Economy

The People's Bank of China sliced its key lending rates for corporate and household loans for a second straight month at its January fixing as policymakers sought to cushion a slowdown in economic recovery due to multiple headwinds, including sporadic COVID-19 cases and soaring cost of raw materials. The 1-year loan prime rate (LPR) was cut by 10 basis points (bps) to 3.7%, following a 5bps cut in December, and the 5-year LPR which influences the pricing of home mortgages was trimmed 5 bps to 4.6%, the first reduction since April 2020. The Central Bank's Vice Governor said that policymakers should move ahead of the market curve, and respond to the general concerns of the market in a timely manner. The statement followed an unexpected cut to borrowing costs for medium-term loans earlier this week as Chinese economic data in December showed a further weakening in consumption amid a downturn in the property sector. In a separate development, annual inflation rate in the UK increased to 5.4% in December 2021 from 5.1% in November according to Office for National Statistics. It is the highest reading since March 1992 as inflationary pressures persisted due to rising energy prices, supply chain disruptions and a low base effect from last year. Biggest upward contribution came from cost of food and non-alcoholic beverages (4.2% vs 2.5%); restaurants and hotels (6% vs 6.2%); furniture and household goods (7.3% vs 6.1%); and clothing and footwear (4.2% vs 3.5%). On a monthly basis, consumer prices rose 0.5%, following a 0.7% increase in November.

### Domestic Economy

The National Bureau of Statistics revealed that Nigeria's annual inflation rate rose to 15.63% in December 2021, after eight straight months of decline, amid a slight acceleration in prices of major component food (17.4% vs 17.2% in November), linked to the increase in demand during the festive season. Upward pressure also came from non-food products, including transport (15%, the same as in November); clothing & footwear (15.1% vs 14.8%); miscellaneous goods & services (14.1% vs 14%); housing & utilities (11.1% vs 10.6%), among others. The annual core inflation rate, which excludes the prices of agricultural produce, rose further to 13.87% in December, the highest since April 2017, from 13.85% in the prior month. On a monthly basis, consumer prices inched up by 1.82%, the most since May of 2017, after a 1.08% increase in the prior month.

### Stock Market

Activities at the local bourse remained bullish last week as the All-Share Index crossed 45,000 points for the first time since 2008. The sustained bullish rally at the Nigerian stock market underlines a positive, though cautious, outlook for the equities by several pundits after the Nigerian market sustained a two-year consecutive positive return. The All share index (ASI) further grew by 3.38% week-on-week to close at 45,957.35 points. Also, market capitalization gained N80 billion to settle, for the week, at N24.76 trillion. This week, we expect that the market will remain in positive territory as investors continue to reposition their portfolios in anticipation for full year 2021 financial score cards from corporates..

### Money Market

Liquidity in the money market tightened slightly, an aftermath of the retail Secondary Market Intervention Sales (SMIS) and Cash Reserve Ratio (CRR) maintenance debit held the preceding week. Short-dated placements such as Open Repo Rates (OPR) and Overnight (O/N) rates settled higher at 15% and 15.25% from 14% and 14.75% previous week. On the other hand, slightly longer dated instruments like the 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) moved in the opposite direction, trending lower. The 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) closed at 7.15% and 8.89% from 10.13% and 10.95% the prior week. We expect rates to decline significantly t

his week due to inflows from coupon payments, Federal Accounts Allocation Committee and bond maturity that will hit the system.

### Foreign Exchange Market

Despite the central bank's intervention to foreign portfolio investors, dollar illiquidity at the Nigerian Autonomous Foreign Exchange (NAFEX) persisted, with only a few bids being matched. Nevertheless, the Naira gained 5 kobo to close the day at 415.78/\$. This week, we expect rates to trade at similar levels. Also, we expect the lender of last resort to intervene by meeting the legitimate dollar needs of Small & Medium Scale Enterprises (SMEs) and invisibles market.

### Bond Market

The Federal Government of Nigeria bond market opened with bullish sentiments on the shorter end of the curve with emphasis on the 2023 and the on-the-run 2026 papers last week. The upbeat run persisted throughout the trading session with bid/offer yields quoted at 11.3e%/11.2% for the 4-year instrument. Most of the trades consummated centered around this active paper with very limited activities seen on the longer end of the curve. As at January 18, 2022, yields on the 7-, 10-, 20- and 30-year debt papers finished lower at 10.51%, 9.55%, 12.58 and 13.08% from 10.52%, 9.56%, 12.62 and 13.15% respectively. The Access Bank bond index rose by 0.35% to close at 3,531.90 points from 3,519.59 points. This week, we anticipate the bullish rally to be sustained due to the expected inflows from NIGB 27 JAN 2022 bond maturity and coupon payment.

### Commodities

Crude oil price extended gains, hovering at a 7 year high, on the back of supply concerns. A key pipeline running from Iraq to Turkey was hit by an explosion, while outages and production shortfalls in major oil producers and heightened geopolitical tensions also added to worries. The latest developments also coincided with declining crude inventory levels and demand recovery, with investors shrugging off a potential hit to fuel demand from the omicron variant. Bonny light, Nigeria's benchmark crude increased by 1.79% to close the week at \$90.09/barrel from \$88.51/barrel posted in the preceding week. In other news, price of precious metals remained positive underpinned by inflation concerns, easing US bond yields and increased safe-haven demand. Gold prices rose by 0.57% or \$10.31 to settle at \$1,833.34 per ounce from \$1,823.03 per ounce. Also, silver rose by 5.4% or \$1.25 to \$24.39 per ounce. This week, oil price growth is expected to take a hit as an increase in crude and fuel stockpiles prompts investors to take profits from the rally. Global sell off in equities as investors reduced exposure to risk assets on prospects of higher interest rates is expected to also drag oil price downwards. Easing US bond yield, recent market volatility and geopolitical tensions is expected to keep bullion's safe-haven appeal high.

## Monthly Macro Economic Forecast

Variables	Jan'22	Feb'22	Mar'22
Exchange Rate (NAFEX) (N/\$)	415	416	417
Inflation Rate (%)	15.04	14.97	14.64
Crude Oil Price (US\$/Barrel)	80	86	88

## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	21/1/22	14/1/22	
NSE ASI	45,957.35	44,454.67	3.38
Market Cap(N'tr)	24.76	23.95	3.38
Volume (bn)	0.28	0.41	(30.60)
Value (N'bn)	2.41	9.83	(75.46)

## MONEY MARKET

NIBOR			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	21/1/22	14/1/22	
OBB	15.0000	14.0000	100
O/N	15.2500	14.7500	50
CALL	19.6667	14.0000	567
30 Days	7.1506	10.1290	(298)
90 Days	8.8862	10.9508	(206)

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	21/1/22	14/1/22	21/12/21
Official (N)	0.00	0.00	0.00
Inter-Bank (N)	415.78	416.00	414.35
BDC (N)	0.00	0.00	0.00
Parallel (N)	0.00	0.00	0.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	21/1/22	14/1/22	
5-Year	3.72	3.70	2
7-Year	10.51	10.52	(1)
10-Year	9.55	9.56	(1)
15-Year	12.90	12.90	0
20-Year	12.58	12.62	(5)
25-Year	12.00	12.00	0
30-Year	13.08	13.15	(7)

**Disclaimer**  
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## COMMODITIES MARKET

Indicators	21/1/22	1-week Change (%)	YTD Change (%)
<b>Energy</b>			
Crude Oil (\$/bbl)	90.09	1.79	39.76
Natural Gas (\$/MMBtu)	3.93	(5.53)	1.55
<b>Agriculture</b>			
Cocoa (\$/MT)	2660.00	1.95	37.40
Coffee (\$/lb.)	243.65	2.81	87.14
Cotton (\$/lb.)	121.91	3.59	57.30
Sugar (\$/lb.)	18.74	3.88	22.24
<b>Metals</b>			
Wheat (\$/bu.)	785.50	5.72	81.20
Gold (\$/t oz.)	1833.34	0.57	39.15
Silver (\$/t oz.)	24.39	5.40	41.88
Copper (\$/lb.)	453.10	(0.14)	38.22

## NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	21/1/22	14/1/22	
1 Mnth	2.83	2.94	(11)
3 Mnths	3.40	4.46	(106)
6 Mnths	4.31	5.18	(87)
9 Mnths	5.08	5.18	(9)
12 Mnths	5.98	5.70	28

## ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	21/1/22	14/1/22	
Index	3,531.90	3,519.59	0.35
Mkt Cap Gross (N'tr)	16.14	16.08	0.37
Mkt Cap Net (N'tr)	10.10	10.08	0.21
YTD return (%)	43.78	43.28	0.50
YTD return (%) (US \$)	-66.96	-67.18	0.22

## TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	N' Rate (%)	Date
91 Day	4220.558	2..5	12-Jan-2022
182 Day	7459.979	3.44	12-Jan-2022
364 Day	65931.722	5.5	12-Jan-2022

Sources: CBN, Financial Market Dealers Quotation, NSE, NBS, Energy Information Agency, Oilprice, Bloomberg and Access Bank Economic Intelligence Group computation.  
\* Crude oil (Bonny Light) is as at the previous day.

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123 [rotimi.peters@accessbankplc.com](mailto:rotimi.peters@accessbankplc.com)