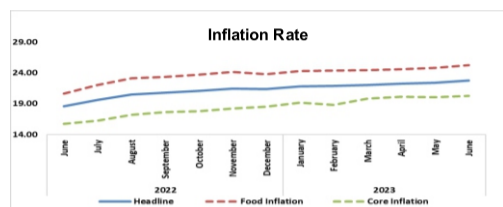
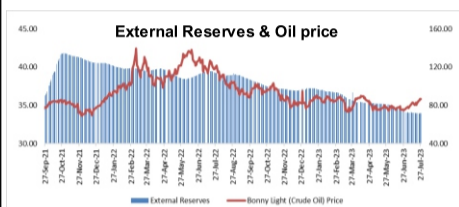
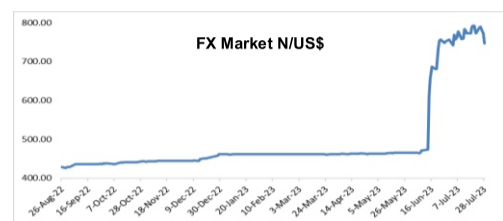
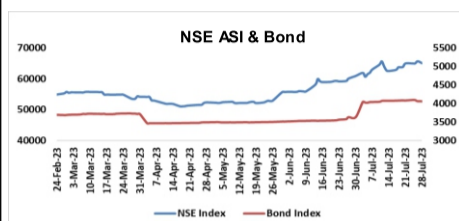


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	2.31	Q1 2023—lower by 1.21% compared to 3.52% in Q4 2022
Broad Money Supply (N' trillion)	64.91	Rose by 16.33% in June 2023 from N55.80 trillion in May 2023
Credit to Private Sector (N' trillion)	52.81	Rose by 19.45% in June 2023 from N44.21 trillion in May 2023
Currency in Circulation (N' trillion)	2.60	Increased by 2.77% in June 2023 from N2.53 trillion in May 2023
Inflation rate (%) (y -o-y)	22.79	Increased to 22.79% in June 2023 from 22.41% in May 2023
Monetary Policy Rate (%)	18.75	Adjusted to 18.75% in July 2023 from 18.5% in May 2023
Interest Rate (Asymmetrical Corridor)	18.75(+1/-3)	Lending rate changed to 19.75% & Deposit rate 15.75%
External Reserves (US\$ billion)	33.95	July 26, 2023 figure — a decrease of 0.21% from July start
Oil Price (US\$/Barrel) (Bonny Light)	86.71	July 28, 2023 figure — a increase of 6.03% from the prior week
Oil Production mbpd (OPEC)	1.25	June 2023, figure—an increase of 5.93% from May 2023 figure



STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	28/7/23	21/7/23	
NSE ASI	65,056.39	65,003.39	0.08
Market Cap(N'tr)	35.40	35.39	0.02
Volume (bn)	0.46	0.77	(40.35)
Value (N'bn)	5.35	14.26	(62.53)

MONEY MARKET

NIBOR			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	28/7/23	21/7/23	
OPR	0.90	20.43	(1953.0)
O/N	1.40	21.00	(1960)
CALL	2.25	17.60	(1535.0)
30 Days	5.75	10.64	(489)
90 Days	7.00	10.90	(390.0)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	28/7/23	21/7/23	27/6/23
NAFEX (N)	746.75	772.35	763.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	28/7/23	21/7/23	
7 -Year	8.99	9.03	(4.5)
10- Year	10.95	10.68	26.4
15- Year	14.07	13.99	8.7
20- Year	13.54	13.32	22.0
25- Year	14.68	14.24	43.3
30- Year	14.86	14.23	63

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Sources: CBN, Financial Market Dealers Quotation, NSE, NBS, Energy Information Agency, Oilprice, Bloomberg and Access Bank Economic Intelligence Group computation.

Market Analysis and Outlook: July 28 - August 4, 2023

Global Economy

The Federal Reserve (Fed) raised the target range for the federal funds rate by 25 basis points (bps) to 5.25% - 5.5% in July 2023, bringing borrowing costs to the highest level since January 2001. Policymakers also said they will continue to monitor the implications of the incoming information for the economic outlook and would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of inflation and employment goals. Officials will continue to consider a wide range of information, including readings on labour market conditions, inflation pressures and inflation expectations, and financial and international developments. The Fed resumed the tightening campaign after a pause in June, while noticing the economy has been expanding at a moderate pace, job gains have been robust in recent months, and the unemployment rate has remained low while inflation remains elevated. In another zone, the European Central Bank (ECB) raised interest rates by 25bps in July, the 9th consecutive rate hike, saying inflation is still expected to remain too high for too long despite the recent slowdown. This brought the rate on main refinancing operations to 4.25%, the highest since October 2008, and the rate on the deposit facility to an over 22-year high of 3.75%. The ECB has also committed to following a "data-dependent approach" to future rate decisions and said that the rates would be set at sufficiently restrictive levels for as long as necessary to bring inflation back to its 2% target. Since the commencement of the central bank's tightening cycle in July 2022, ECB officials have implemented an unprecedented 425 basis point increase in rates, marking the fastest tightening pace in its history.

Money Market

The Federation Account Allocation Committee (FAAC) inflows provided sufficiently liquidity for the money market. Consequently, the Open Repo Rate (OPR) and Over Night (ON) Plummets to 0.90% and 1.40% from 20.43% and 21.00% recorded in the prior week, respectively. Also, longer-dated placements such as the 30-day Nigerian Interbank Offered Rate (NIBOR) descended to 5.75% from 10.64%. This week, rates are expected to edge higher as banks fund their obligations.

Foreign Exchange Market

Late week, the CBN intervened in the market by selling forex to deposit money banks. As a result, the Naira gained significant value, appreciating by ₦25.60 to close the week at ₦746.75/\$. This week, the market is expected to trade at these levels barring any unforeseen market activities.

Bond Market

The Bond market closed on a bearish note as sell interest was seen across the curve due to the hawkish stance of the MPC. Consequently, average yields on the 10-, 15-, 25- and 30-year debt papers closed higher at 10.95%, 14.07%, 13.54%, 14.68% and 14.86% from 10.68%, 13.99%, 13.32%, 14.24% and 14.23%. The Access Bank bond index declined by 22.68 points to close at 4,064.24 points from 4,086.92 points. Going into a new trading week, the market sentiment is expected to remain weak as participants continues to trade cautiously given the anticipated penalty to banks by the CBN for non-compliance to the Loan-to-Funding Ratio (LFR).

Commodities

Oil prices rebounded, underpinned by signs of tightening global supplies and an improving outlook in Chinese demand. Bonny Light, Nigeria's benchmark crude, price rose by \$4.93 per barrel (pb) to close the week at \$86.71pb from \$81.78pb posted in the preceding week. In separate development, bullion prices reversed gains, facing renewed pressure from stronger-than-expected US economic data which supported the case for the Fed to tighten policy further. Subsequently, gold price lost \$5.39 or 0.3% to sit at \$1,960.13 per ounce. Similarly, silver price lost \$0.43 or 1.7% to sit at \$24.34 per ounce. This week, oil prices are expected to trend northward as the Organization of the Petroleum Exporting Countries Plus (OPEC+) indicates willingness to take further action to support the oil market and the Chinese authorities pledged to shore up a slowing economy, raising hopes for a stronger rebound in the country's fuel consumption. On the other hand, bullion prices might remain muted as investors continue to assess economic data to support their positions.

Domestic Economy

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) lifted its benchmark interest rate by 25 bps to 18.75% in a decision announced on July 25th, 2023. It marks the fourth consecutive rate hike so far this year, bringing borrowing costs to their highest since the monetary policy rate was adopted in 2006. The decision is the first under the leadership of the Acting CBN Governor, Folashodun Shonubi. The CBN's hawkish decision is premised on the expected liquidity injections into the economy from the recent policy developments and the likely impact on inflation.

Stock Market

Nigerian bourse closed in the green zone last week as investors remain optimistic on the outlook of the country's economy. Increasing investors' confidence thrusted rallies in the banking, insurance, industrial goods, oil and gas stocks. Consequently, the All-Share Index (ASI) rose to 65,056.39 points gaining 53 points. Similarly, market capitalization ascended by ₦10 billion closing at ₦35.40 trillion. Going into trading this week, the market might reroute south as market participants reacts to Monetary Policy Rate (MPR) hike.

Monthly Macro Economic Forecast

Variables	May'23	Jun'23	Jul'23
Exchange Rate (NAFEX) (N/\$)	463	650	650
Inflation Rate (%)	22.0	26	26
Crude Oil Price (US\$/Barrel)	85	83.5	80

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