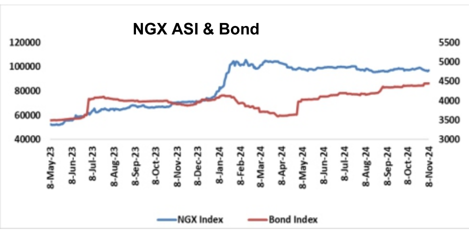
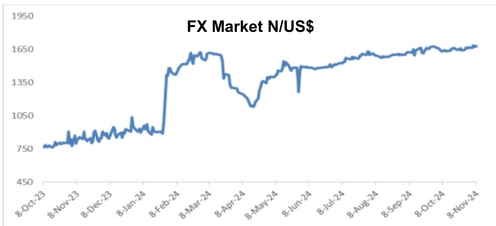
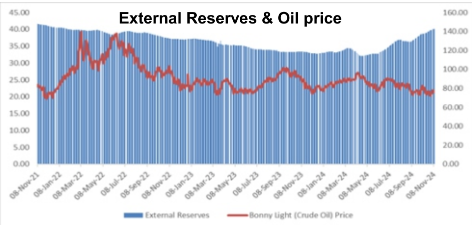
Access Bank Rateswatch

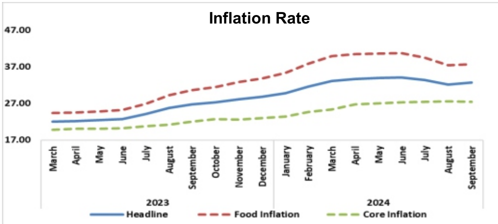
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	3.19	Q2 2024 — Higher by 0.21% compared to 2.98% in Q1 2024
Broad Money Supply (N' trillion)	108.95	Increased by 1.64% in September 2024 from N107.19 trillion in August 2024
Credit to Private Sector (N' trillion)	75.85	Increased by 1.49% in September 2024 from N74.73 trillion in August 2024
Currency in Circulation (N' trillion)	4.31	Rose by 4.01% in September 2024 from N4.14 trillion in August 2024
Inflation rate (%) (y-o-y)	32.70	Increased to 32.70% in September 2024 from 32.15% in August 2024
Monetary Policy Rate (%)	27.25	Adjusted to 27.25% in September 2024 from 26.75% in July 2024
Interest Rate (Asymmetrical Corridor)	27.25(+5/-1)	Lending rate changed to 32.25% & Deposit rate 26.25%
External Reserves (US$ billion)	40.08	Nov 8 2024 figure — an increase of 0.63% from the prior week
Oil Price (US$/Barrel) (OPEC)	75.83	Nov 8, 2024 figure — an increase of 1.28% from the prior week
Oil Production mbpd (OPEC)	1.32	September 2024, figure — a decrease of 2.03% from August 2024 figure









STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	8/11/24	1/11/24	
NGX ASI	97,236.19	97,432.02	(0.20)
Market Cap (N'trn)	58.92	59.04	(0.20)
Volume (bn)	0.48	0.89	(46.11)
Value (N'bn)	9.42	15.84	(40.52)

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	8/11/24	1/11/24	
OPR	31.9500	19.2500	1270
O/N	32.4750	19.6786	1280
CALL	32.7500	20.0000	1275
30 Days	28.4456	26.5833	186
90 Days	29.7049	27.0833	262

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$)	2 Weeks Ago Rate (N/$)	1 Month Ago Rate (N/$)
	8/11/24	1/11/24	8/10/24
NAFEX (N)	1673.15	1664.91	1630.90

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	8/11/24	1/11/24	
3-Year	19.65	19.89	(25)
5-Year	20.75	20.75	0
7-Year	21.35	20.95	40
9-Year	20.29	20.72	(43)
10-Year	19.62	19.64	(2)
15-Year	18.87	18.87	0
20-Year	19.16	19.32	(16)
25-Year	17.36	17.36	(0)
30-Year	16.99	16.99	(0)

COMMODITIES MARKET

Indicators	8/11/24	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil ($/bbl)	75.83	1.28	(4.50)
Natural Gas ($/MMBtu)	2.73	1.87	(29.46)
Agriculture			
Cocoa ($/MT)	7211.00	3.09	272.47
Coffee ($/lb.)	254.95	5.22	95.81
Cotton ($/lb.)	70.59	(0.18)	(8.92)
Sugar ($/lb.)	22.08	(1.34)	44.03
Wheat ($/bu.)	572.50	0.22	32.06
Metals			
Gold ($/t oz.)	2691.21	(1.86)	104.26
Silver ($/t oz.)	31.64	(2.74)	84.06
Copper ($/lb.)	433.90	(0.38)	32.37

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	8/11/24	1/11/24	
1 Mnth	20.63	21.17	(53)
3 Mnths	24.13	22.99	114
6 Mnths	24.26	25.63	(137)
9 Mnths	25.65	25.34	32
12 Mnths	26.67	24.59	208

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
Indicators	8/11/24	1/11/24	
Index	4,446.19	4440.84	0.12
Mkt Cap Gross (N'trn)	30.21	30.17	0.13
Mkt Cap Net (N'trn)	17.54	17.53	0.06
YTD return (%)	81.00	80.78	0.22
YTD return (%)(US $)	-664.60	-667.17	2.57

TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	16,271.14	17	09-Oct-2024
182 Day	5,323.91	17.5	09-Oct-2024
364 Day	251,683.44	19.864	09-Oct-2024

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

Market Analysis and Outlook: November 8, - November 15, 2024

Global Economy

The Federal Reserve on Thursday made its second rate cut of this year, with the decision coming less than two months after the central bank's unexpected substantial cut in September. Borrowing costs were reduced by 0.25 percentage points, amounting to half the size of the September reduction. This adjustment lowers the federal funds rate to a range of 4.5% to 4.75%, down from the previous range of 4.75% to 5%. The Federal Reserve's preferred inflation measure decreased to 2.1% last month, which is just below the Fed's target of 2%. Consequently, the central bank is easing the restrictive measures it implemented when inflation reached a 40-year high during the pandemic. Elevated borrowing costs have made purchases such as homes and cars more expensive. The 0.25 percentage point cut by the Fed is anticipated to offer some relief to consumers, though the initial benefits are expected to be modest. Fed Chair Jerome Powell also indicated the possibility of pausing rate adjustments in December, contingent upon forthcoming data, while not definitively ruling out the potential for another rate cut at that time. Regarding the impact of Donald Trump's election victory, Powell remarked that the outcome would not influence policy decisions in the short term. He emphasized that the Fed does not engage in guessing, speculating, or assuming future government policies. In another region, the Bank of England has reduced its main interest rate by a quarter of a percentage point to 4.75% following a significant decrease in inflation across the United Kingdom, providing some relief to borrowers facing high mortgage and loan costs. Eight out of nine members of the bank's rate-setting committee supported the reduction — the second in three months — while one member preferred to maintain the existing borrowing costs. This latest cut follows a decline in U.K. inflation to an annual rate of 1.7%, the lowest since April 2021. Despite inflation falling below the bank's target of 2%, Governor Andrew Bailey indicated that interest rates would not be reduced rapidly in the coming months, partly due to budgetary measures from the new Labour government that are expected to increase prices more than they otherwise would have risen.

Domestic Economy

Nigeria's foreign exchange reserves have surpassed the $40 billion threshold, reaching the highest level in nearly three years. This 21.8% increase from $32.91 billion at the close of 2023 highlights the positive impact of reform measures led by the Central Bank of Nigeria (CBN). Among these measures are significant adjustments in the FX market, aimed at reinforcing reserve stability. Key policy shifts include the elimination of multiple exchange rate windows, which had previously allowed for arbitrage and deterred foreign investment. Additionally, the CBN has set an ambitious monthly remittance target of $1 billion to bolster foreign inflows, launched an Integrated Data Collection and Sharing Portal, and created an Investor Relations Unit - all designed to foster a transparent and investment-friendly climate.

Stock Market

The Nigerian stock market sustained its downward trajectory, with investors offloading shares in the banking, industrial, and consumer goods sectors on a week-over-week basis. The All-Share Index (ASI) dipped by 195.83 points, closing at 97,236.19, while market capitalization fell by ₦118.40 billion, ending at ₦58.92 trillion. Nevertheless, market sentiment is expected to shift this week as investors focus on stocks with solid fundamentals, potentially spurring renewed interest.

Money Market

Market liquidity tightened further last week, driven by an Open Market Operations (OMO) auction. This decline in liquidity triggered a substantial rise in the Open Repo Rate (OPR) and the Overnight (ON) rate, which spiked to 31.95% and 32.48%, respectively, up from the prior week's levels of 19.25% and 19.68%. Additionally, the 30-day Nigerian Interbank Offered Rate (NIBOR) climbed to 28.45% from 26.58%, reflecting heightened pressure in interbank lending conditions. We expect rates to hover around the same levels this week.

Foreign Exchange Market

The FX market exhibited a bullish trend last week, with the Naira appreciating by ₦8.24 to close at $/₦1,673.15. This gain reflects improved sentiment in the market, likely driven by increased FX inflows and stability measures supporting the local currency. Looking ahead, we anticipate mixed sentiments in the trading session this week.

Bond Market

The FGN bond market remained subdued last week, with limited activity across most tenors and selective demand favouring longer-term maturities. This cautious trading approach resulted in modest declines in average yields on key bonds, with the 3-, 9-, and 20-year bonds closing at 19.65%, 20.29%, and 19.16%, down from previous levels of 19.89%, 20.47%, and 19.32%, respectively. Reflecting this slight shift, the Access Bank Bond Index recorded a minor gain, edging up by 5.35 points to end at 4,446.19, compared to its prior close of 4,440.84 points. We expect the bond appetite across the curve to remain weak this week baring any significant change in market activities.

Commodities

Crude oil futures increased by 1.28% to $75.83 per barrel at the end of the last week as supply risks decreased and investors evaluated the potential impact of the incoming Trump administration. Hurricane Rafael, which affected U.S. crude production, is expected to gradually move westward over the Gulf of Mexico, reducing its impact on oil fields. Additional downward pressure was caused by a 9% drop in China's crude imports in October - the sixth consecutive year-on-year decline - along with rising U.S. crude inventories. Investors are also considering that a Trump presidency could potentially lower oil prices by increasing U.S. production and imposing tariffs that may affect China's economy, the world's largest oil importer. Conversely, the Trump administration might impose stricter sanctions on oil-producing countries like Iran and Venezuela. In another news, gold prices declined slightly last week but remained around $2,691 as markets responded to the implications of the latest Federal Reserve interest rate decision. Markets are anticipating higher interest rates from the Fed, given the new U.S. president's policies focused on raising tariffs, cutting taxes, and deregulation - which are expected to increase deficits and drive inflation. Meanwhile, demand for gold remained strong. The World Gold Council reported that global physically backed gold exchange-traded funds experienced inflows for the sixth consecutive month in October. Furthermore, gold prices may receive an additional boost from new Chinese stimulus aimed at raising local governments' debt ceiling to 35.52 trillion yuan, allowing for theissuance of six trillion yuan in additional special bonds over three years to swap hidden debt.

Monthly Macro Economic Forecast

Variables	Nov-2024	Dec - 2024	Jan - 2025
Exchange Rate (NAFEX) (N/$)	1,610	1,575	1,500
Inflation Rate (%)	31.90	30.65	29.80
Crude Oil Price (US$/Barrel)	75.00	78.00	78.00

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