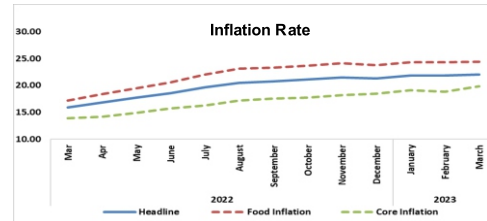
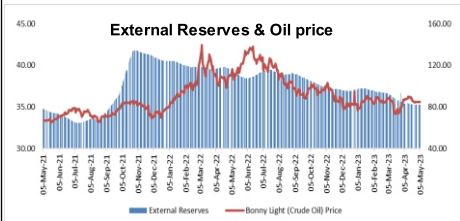
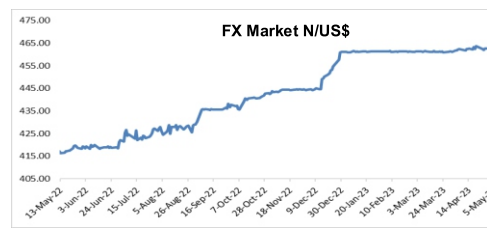
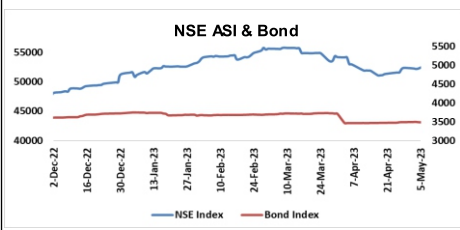


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	3.52	Q4 2022 — higher by 1.27% compared to 2.25% in Q3 2022
Broad Money Supply (N' trillion)	54.63	Rose by 2.5% in March 2023 from N53.3 trillion in February 2023
Credit to Private Sector (N' trillion)	43.07	Rose by 0.58% in March 2023 from N41.75 trillion in February 2023
Currency in Circulation (N' trillion)	1.68	Increased by 71.4% in March 2023 from N0.98 trillion in February 2023
Inflation rate (%) (y-o-y)	22.04	Increased to 22.04% in March 2023 from 21.91% in February 2023
Monetary Policy Rate (%)	18	Adjusted to 18% in March 2023 from 17.5% in January 2023
Interest Rate (Asymmetrical Corridor)	18(+1/-7)	Lending rate changed to 19.5% & Deposit rate 11%
External Reserves (US\$ billion)	35.29	May 04, 2023 figure — a increase of 0.03% from May start
Oil Price (US\$/Barrel) (Bonny Light)	71.99	May 04, 2023 figure — an decrease of 15.0% from the prior week
Oil Production mbpd (OPEC)	1.31	March 2023, figure — an decrease of 3.97% from February 2023 figure



STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	5/5/23	28/4/23	
NSE ASI			0.12
Market Cap(N'tr)	28.57	28.53	0.13
Volume (bn)	0.48	0.31	54.24
Value (N'bn)	5.64	13.07	(56.83)

MONEY MARKET

NIBOR			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	5/5/23	28/4/23	
OPR	11.0000	12.6300	(163)
O/N	11.3800	13.1300	(175)
CALL	11.4680	11.5520	(8)
30 Days	11.4780	11.8390	(36)
90 Days	12.2410	12.5080	(27)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	5/5/23	28/4/23	5/4/23
NAFEX (N)	462.67	462.70	462.25

BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	5/5/23	28/4/23	
7-Year	11.07	11.10	(2)
10-Year	11.48	13.66	(219)
15-Year	14.75	14.75	0
20-Year	14.62	14.63	(1)
25-Year	15.48	15.37	11
30-Year	15.72	15.42	30

DISCLAIMER

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Market Analysis and Outlook: May 05 - May 12, 2023

Global Economy

The Federal Reserve (Fed) raised the fed funds rate by 25 basis points (bps) to a range of 5% - 5.25% during its May 2023 meeting, marking the 10th increase and bringing borrowing costs to their highest level since September 2007. The Fed also signalled that it may be done with a tightening cycle, pointing to the need for additional policy firming. Still, policymakers added that in determining the extent to which additional policy firming may be appropriate, they will consider the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments. Officials also noted that although the U.S. banking system is sound and resilient, tighter credit conditions for households and businesses are likely to weigh on economic activity, hiring, and inflation and the extent of these effects remains uncertain. In a separate event, the European Central Bank (ECB) raised its key interest rates by 25bps during its May 2023 meeting, signalling a slowing pace of policy tightening. Nevertheless, borrowing costs have now reached their highest level since July 2008, following 7 consecutive rate increases as the ECB strives to combat high inflation despite ongoing recession risks. The interest rate on the main refinancing operations, as well as the interest rates on the marginal lending facility and the deposit facility, increased to 3.75%, 4.00%, and 3.25%, respectively. Meanwhile, Christine Lagarde, President of the ECB, told a news conference that the ECB had more ground to cover, and it was not pausing the rate-lifting cycle anytime soon.

Domestic Economy

The Senate has approved President Buhari's request to securitize the ₦22.7 trillion debt accrued to the Central Bank of Nigeria (CBN) under the Ways and Means financing. Due to significant decline in revenue especially during the 2020 pandemic, the government has relied heavily on the CBN to finance its budget deficit. According to the special committee set up by the Senate, the fund was used to finance critical projects across the country and provide loans to State Governments to augment investment and raised fears of a second round of banking collapses, triggering a fresh flight to safe assets. Consequently, the price of gold rose by \$25.97 or 1.3% to settle at \$ 2,007.96 per ounce. Also, the price of silver gained by \$0.49 or 2.0% to settle at \$25.38 per ounce. Recession fears amidst continuous rate hikes provides a gloomy prospect for oil prices. On the other hand, the Fed's outlook of keeping interest rates elevated until the end of the year would persistently pressure demand for non-interest-bearing bullion assets.

Stock Market

The local bourse added more gains as bulls in the pension, banking, insurance, oil and gas, industrial goods, and consumer goods segment charged the market with positive sentiments. Consequently, the All-Share Index (ASI) closed at 52,465.31 points further gaining 61.80 points. Similarly, market capitalization ascended further by ₦40 billion closing at ₦28.57 trillion. This week, improved market liquidity is expected to keep the positive sentiment alive.

Money Market

The injection of ₦50 billion into the system from the Open Market Operations (OMO) maturity further boosted liquidity. Consequently, short-dated placements like the Open Repo

Rate (OPR) and Over Night (ON) declined to 11.00% and 11.38% from 12.63% and 13.13% recorded in the preceding week, respectively. Also, longer-dated placements such as the 30-day Nigerian Interbank Offered Rate (NIBOR) declined to 11.48% from 11.84%. This week, rates are expected inch higher as banks fund their obligations.

Foreign Exchange Market

The CBN intervened in the market for Small and Medium Enterprises (SMEs) and invisibles transactions. Consequently, Naira exchanged the Dollar at the Nigerian Autonomous Foreign Exchange (NAFEX) for ₦462.67/\$, appreciating by ₦0.03 week-on-week. This week, marginal depreciation is anticipated due to increasing demand for forex.

Bond Market

The bond market exhibited a quiet trend with a bearish undertone, with selling interests seen for higher maturities. Yields on the 25-, 30-year debt papers closed higher at 15.48% and 15.72% from 15.37% and 15.42%, respectively. The Access Bank bond index declined by 4.32 points to close at 3,494.71 points from 33,499.03 points. This week, sentiment might remain bearish as market participants continue to trade cautiously.

Commodities

Oil prices maintained a southward trajectory, weighed down by persistent concerns that higher interest rates could slow the global economy and hurt energy demand. Both the Fed and the ECB raised their policy rates by 25bps last week, fuelling fears that tightening financial conditions will push major economies into a recession. A surprise contraction in Chinese manufacturing activity amid weakening global demand also clouded the outlook for the world's top crude importer. Consequently, Bonny light, Nigeria's benchmark crude price lost \$12.72 per barrel (pb) to close the week at \$71.99pb from \$84.71pb posted in the preceding week. In another news, bullion gained as investors fled out of regional banking shares after a group of lenders sought outside investment and raised fears of a second round of banking collapses, triggering a fresh flight to safe assets. Consequently, the price of gold rose by \$25.97 or 1.3% to settle at \$ 2,007.96 per ounce. Also, the price of silver gained by \$0.49 or 2.0% to settle at \$25.38 per ounce. Recession fears amidst continuous rate hikes provides a gloomy prospect for oil prices. On the other hand, the Fed's outlook of keeping interest rates elevated until the end of the year would persistently pressure demand for non-interest-bearing bullion assets.

Monthly Macro Economic Forecast

Variables	May'23	Jun'23	Jul'23
Exchange Rate (NAFEX) (N/\$)	463	464.5	466.5
Inflation Rate (%)	22.0	23.0	23.5
Crude Oil Price (US\$/Barrel)	85	83.5	80

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.

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