

Summary

2021 Quarter Three (Q3) GDP Growth Rate 4.03%

Inflation Rate (As at December, 2021) 15.63%

Exch. Rate (USD) (NAFEX as at Wednesday, February 02, 2022) ₦415.50

Exch. Rate (USD) (Black market as at Thursday, February 03, 2022) ₦569.9

Monetary Policy Rate, MPR (As at Thursday, February 03, 2022) 11.5%

Crude Oil Price in USD (As at Thursday, February 03, 2022) \$88.69

External Reserves Fall to \$40.4 billion in January 2022

Nigeria's foreign exchange reserve recorded a \$481.4 million decline in the month of January 2022 to close at \$40.04 billion, following the \$66.17 million decline recorded in the previous month. This is according to data obtained from the Central Bank of Nigeria (CBN). Notably, foreign reserve fell by 1.2% in January 2022 compared to \$40.52 billion recorded as of 31st December 2021. The decline in the country's external reserve can be attributed to the continuous intervention by the Central Bank in the FX market to ensure stability of the currency. According to data from the CBN statistical bulletin for Q3 2021, the apex bank supplied a sum of \$8.97 billion in the FX market through the I&E, SME, and invisible.

Commodity Market

The price of paddy rice, sorghum, and cashew plunged on the AFEX Commodity Exchange last week by 2.47%, 0.18%, and 1.97% w-o-w (Week-On-Week) respectively. However, maize, soybean, and cocoa recorded marginal increases of 1.14%, 2.32%, and 1.10% w-o-w respectively, while other commodities remained unchanged. In the open market, sorghum reached a new high of 2.97%, which remained unchanged in the international market. Cocoa decreased for the second consecutive week by 4.69% w-o-w due to an increased global supply.

Treasury Bills

Last week, the Nigerian Treasury Bills ("NT-Bills") secondary market started the week on a quiet note as investors anticipated the NT-Bills Primary Market Auction ("PMA") which was conducted last week Wednesday (27-Jan-22). As the week progressed, the activity level rose due to improved liquidity (N453.6bn long as of Friday) and as lost PMA bids filtered into the secondary market. Consequently, the average yield in the market contracted 7bps W-o-W to close at 4.34% from 4.41% the previous week. In more detail, the average yield in all segments of the market dropped 9bps, 5bps, and 6bps, across the short-, medium-, and long-end of the curve W-o-W respectively. At the PMA, the Apex bank offered a total of N129.3bn across the

91-, 182- and 364-Day instruments. The offer maintained a significant level of demand as it recorded a total bid-to-cover ratio of 3.7x (N129.3bn offer vs. N475.6bn subscription). Therefore, stop rate on the 91-, 182- and 364-Day tenor dropped to 2.48%, 3.30%, and 5.40% from 2.50%, 3.44%, and 5.50% respectively at the previous auction.

FGN BONDS

The FGN Bonds secondary market sustained its bullish sentiment last week as investors reinvested inflows from maturities on Jan-2022 bonds worth about 844.06bn. As a result, average yield in the market reduced 28bps W-o-W to close at 11.64% from 11.93% the previous week. Specifically, activities were mixed across the curve as the average yields on short- and medium-tenured maturities dipped 8bps and 26bps W-o-W respectively to close at 10.01% and 12.31% in that order. While the average yield at the long-end of the curve advanced 3bps W-o-W to close at 12.67%. The 28-Nov-28, 18-Mar-36, 26-Apr-29 saw the most buying interest as yield fell 55bps, 52bps, and 48bps W-o-W respectively.

FX

The exchange rate between the naira and the US dollar closed at N416.25/\$1 at the official Investors and Exporters (I&E) window. Naira fell against the US dollar for the second day in a row on Wednesday with a 0.12% depreciation to close at N416.25/\$1 compared to N415.75/\$1 recorded as of the close of trading activities on Tuesday, 1st February 2022. On the other hand, the exchange rate at the Peer-to-Peer (P2P) market appreciated to its highest level in a month to trade at N569.9/\$1 on Thursday morning compared to N570/\$1 recorded in the previous day.