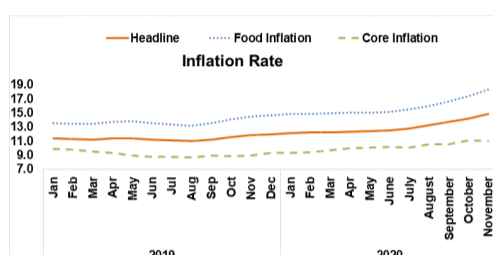
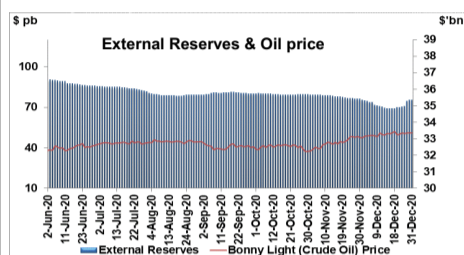
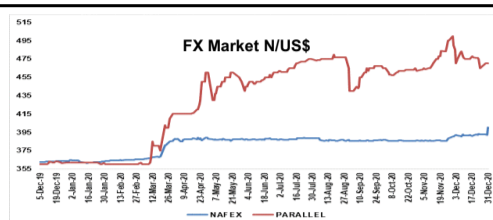
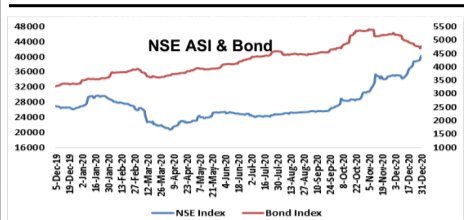


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-3.62	Q3 2020 — higher by 2.48% compared to -6.1% in Q2 2020
Broad Money Supply (N' trillion)	36.08	Increased by 0.32% in October' 2020 from N35.97 trillion in September' 2020
Credit to Private Sector (N' trillion)	29.06	Decreased by 2.26% in October' 2020 from N29.73 trillion in September' 2020
Currency in Circulation (N' trillion)	2.45	Increased by 2.95% in October' 2020 from N2.43 trillion in September' 2020
Inflation rate (%) (y-o-y)	14.89	Increased to 14.89% in November 2020 from 14.23% in October 2020
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)	35.36	December 30, 2020 figure — an increase of 0.07% from December start
Oil Price (US\$/Barrel)	51	December 31, 2020 figure— an increase of 0.02% from the prior week
Oil Production mbpd (OPEC)	1.48	November 2020, figure — a decrease of 0.68% from October 2020 figure



## Market Analysis and Outlook: December 31 – January 8, 2021

### Global Economy

In the US, goods trade deficit expanded to \$84.82 billion in November 2020, from \$80.42 billion in the prior month according to data by the U.S. Census Bureau. The increase represents the largest trade gap since comparable series began in 1955. Imports rose 2.6% to \$212 billion, led by purchases of consumer goods (6.7%), industrial supplies (2.9%) and capital goods (2%). Meanwhile, exports increased at a softer 0.8% to \$127.2 billion, as higher sales of foods, feeds & beverages (4.3%) and industrial supplies (1.5%) were partially offset by decline in exports of capital goods (-0.7%) and vehicles (-1.1%). In a separate development, India's fiscal deficit advanced to an all-time high of Rs10.75 trillion in April-November 2020 from Rs8.08 trillion in the same period of the previous fiscal year according to Controller General Of Accounts, India. The drop is equivalent to 135.1% of the government's budget estimate for 2020, much higher than 114.8% a year earlier. Receipts tapered 17.9% to Rs8.31 trillion, while total expenditure rose 4.7% to Rs19.06 trillion. The deficit is expected to exceed 8% of GDP in the 2020/21 fiscal year that ends in March 2021, compared to initial government estimates of 3.5%, mainly due to the coronavirus crisis.

across all tenors. This outflow led to a rise in short-term lender's charge such as the Open Buy Back (OBB) and Over Night (ON) to 0.5% and 0.83% from 0.43% and 0.58%, respectively. The 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 0.38% and 0.48% from 0.73% and 0.82%, respectively. This week, we expect rates to remain in single digits given no significant funding activity anticipated in the market.

### Foreign Exchange Market

The naira depreciated against the greenback across most market segment last week. The Nigerian Autonomous Foreign Exchange (NAFEX) and the parallel market rates lost against the dollar whilst the official rate remained flat week-on-week. The NAFEX rate settled at N400.33/US\$ from M392.65/US\$, a depreciation of 1.95% despite the Central Bank of Nigeria injecting funds into the market on the last trading day of the market to meet requests from local corporates. The parallel rate lost N5 to close at N470/US\$, while the official rate remained unchanged at N379/US\$. This first week of the new year, we expect FX rates across the different market segments to meander due to sustained intervention by the financial watchdog in the market.

### Domestic Economy

Data from the Nigerian Stock Exchange revealed that total transaction at the nation's bourse increased by 29.77% to N317.81 billion in November 2020 from N244.9 billion in October 2020. In November 2020, the total value of transactions executed by domestic investors outperformed transactions executed by foreign investors by 58%. Total domestic transactions increased by 53.51% to N250.50 billion in November 2020 from N163.18 billion in October. However, total foreign transactions decreased by 17.63% to N67.31 billion from N81.72 billion between October and November 2020. Institutional investors outperformed retail investors by 16%. A comparison of domestic transactions in the current and prior month (October 2020) revealed that retail transactions increased by 52.1% to N106.38 billion in November 2020 from N69.94 billion in October 2020. Whilst the institutional composition of the domestic market also increased by 54.57% to N144.12 billion in November 2020 from N93.24 billion in October 2020. The performance of the current month when compared to the performance in November 2019 (N172.52 billion) revealed that total transactions increased by 84.22%.

### Bond Market

The bond market was marginally bullish last week. The market witnessed modest demand on some select maturities (2049 and 2050 bonds), as the rates around these maturities seemed attractive in the secondary market. Consequently, average yields on the 5-, 15-, 25- and 30-year papers dipped to 1.77%, 7.06%, 7.33% and 7.40% from 1.8%, 7.8%, 7.54% and 7.97% accordingly. The Access Bank Nigerian Government Bond Index declined to 4,772.12 points from 4,795.97 points, 23.85 points lower. This week, we expect a quiet opening as markets commence trading in the new year.

### Commodities

Oil price rose slightly last week after Energy Information Administration (EIA) data showed stocks of crude oil in the US declined by 6.07 million barrels. Supporting the oil price increase was the approval of the COVID-19 virus vaccine manufactured by AstraZeneca-University of Oxford, which won approval from the UK regulators last week, making it the third vaccine to governments' arsenal, following regulatory approvals for Pfizer and Moderna. Bonny light, Nigeria's benchmark crude increased 0.02% to close at \$51 per barrel. In the same vein, precious metal prices rose supported by widespread stimulus measures from governments and central banks in the wake of the coronavirus pandemic. Consequently, gold prices increased by 1.11% or \$37.84 to finish at \$1,898.18 per ounce from \$1,883.51 per ounce. Silver settled at \$26.49 per ounce, a 2.83% climb from previous week. This week, oil prices might decline as mutating strains of the coronavirus threaten economic and oil demand recovery with lockdowns and travel restrictions, according to expert opinions. Bullion is likely to remain bullish supported by US stimulus measures as well as rising virus concerns.

## Monthly Macro Economic Forecast

Variables	Jan'21	Feb'21	Mar'21
Exchange Rate (NAFEX) (N/\$)	392	393	393
Inflation Rate (%)	15.01	15.2	15.6
Crude Oil Price (US\$/Barrel)	49	50	52

## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	31/12/20	24/12/20	
NSE ASI	40,270.72	38,800.01	3.79
Market Cap(N'tr)	21.06	20.28	3.83
Volume (bn)	0.71	0.39	82.36
Value (N'bn)	10.08	7.97	26.57

## MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	31/12/20	24/12/20	
NIBOR			
OBB	0.5000	0.4300	7
O/N	0.8300	0.5800	25
CALL	0.4250	0.5000	(8)
30 Days	0.3771	0.4681	(9)
90 Days	0.4804	0.5069	(3)

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	31/12/20	24/12/20	30/11/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	400.33	392.65	390.50
BDC (N)	0.00	0.00	0.00
Parallel (N)	470.00	465.00	500.00

## BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	31/12/20	24/12/20	
5-Year	1.77	1.80	(3)
7-Year	5.44	4.84	60
10-Year	5.44	4.96	47
15-Year	7.06	7.80	(74)
20-Year	7.31	6.89	41
25-Year	7.33	7.54	(21)
30-Year	7.40	7.97	(58)

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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.

## COMMODITIES MARKET

Indicators	31/12/20	1-week Change (%)	YTD Change (%)
<b>Energy</b>			
Crude Oil (\$/bbl)	51.00	0.02	(20.76)
Natural Gas (\$/MMBtu)	2.49	(4.60)	(18.52)
<b>Agriculture</b>			
Cocoa (\$/MT)	2.49	(99.90)	(99.87)
Coffee (\$/lb.)	126.60	(0.16)	(2.76)
Cotton (\$/lb.)	77.87	2.22	0.48
Sugar (\$/lb.)	15.22	2.84	(0.72)
<b>Metals</b>			
Wheat (\$/bu.)	638.50	1.55	47.29
Gold (\$/t oz.)	1898.18	1.11	44.07
Silver (\$/t oz.)	26.49	2.83	54.10
Copper (\$/lb.)	352.20	(0.66)	7.44

NIGERIA YIELDS	INTERBANK	TREASURY	BILLS	TRUE
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)	
	31/12/20	24/12/20		
1 Mnth	0.33	0.29	4	
3 Mnths	0.35	0.35	0	
6 Mnths	0.44	0.37	7	
9 Mnths	0.62	0.65	(4)	
12 Mnths	0.77	0.75	2	

## ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	31/12/20	24/12/20	
Index	4,772.12	4,795.97	(0.50)
Mkt Cap Gross (N'tr)	15.52	15.60	(0.49)
Mkt Cap Net (N'tr)	11.28	11.32	(0.33)
YTD return (%)	94.27	95.24	(0.97)
YTD return (%) (US \$)	1.88	2.85	(0.97)

## TREASURY BILLS PMA AUCTION

Tenor	Amount million	N' Rate (%)	Date
91 Day	44,837.72	1.21	30-Dec-2020
182 Day	10,000.00	0.035	30-Dec-2020
364 Day	1,500.00	0.048	30-Dec-2020

### Money Market

Interbank borrowing costs increased slightly following the Open Market Operations (OMO) auction held at the close of the week, where a total of 70 billion was sold

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