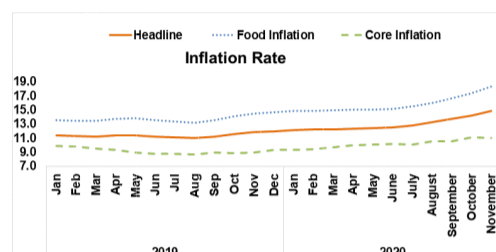
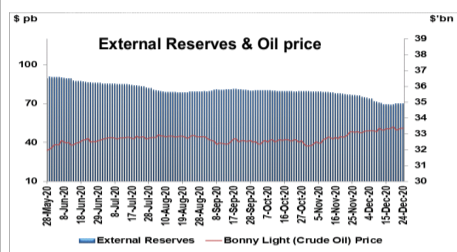
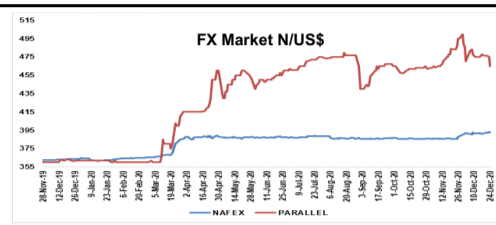
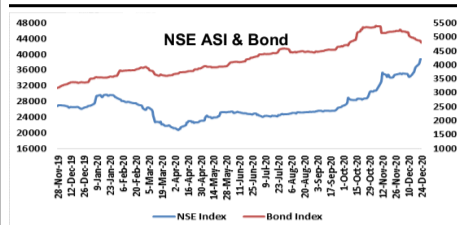


Access Bank Rateswatch

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)	34.91	December 22, 2020 figure — a decrease of 1.19% from December start
Oil Price (US\$/Barrel)	50.80	December 23, 2020 figure— a decrease of 1.34% 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 24 – December 31, 2020

Global Economy

In the UK, gross domestic product narrowed by 8.6% year-on-year in the third quarter of 2020, less than a 9.6% contraction previously estimated and following a record contraction of 20.8% in the previous three-month period according to the office for National Statistics (ONS). The economy started to recover as restrictions on movement eased across June, July, August and September. Household consumption dropped 10.1% (vs -24.7% in Q2) and fixed investment fell by 11.3% (vs -23.8% in Q2). At the same time, the public investment declined by 8.8% (vs -18.1% in Q2), while net external demand contributed positively to the GDP as exports decreased less than imports. In a separate development, Brazil posted a current account surplus of \$0.2 billion in November 2020, compared with a deficit of \$3.1 billion in the corresponding month last year as reported by the Central Bank of Brazil. The goods surplus was unchanged at \$2.9 billion, while the services deficit shrank to \$1.8 billion from \$2.3 billion a year earlier and the primary income gap dropped to \$1.0 billion from \$3.9 billion. The secondary income surplus dropped slightly to \$0.1 billion from \$0.2 billion. Considering January to November, the current account surplus expanded to €34.1 billion in October 2020 from €28.9 billion in the same month of the prior year according to the European Central Bank. The goods surplus rose to €39 billion from €36.5 billion in October of 2019, the services surplus widened to €7.9 billion from €0.2 billion and the secondary income deficit shrank to €11.8 billion from €12.5 billion. Meantime, the primary income account recorded a €1 billion deficit, compared to a €4.6 billion surplus a year earlier.

Money Market

The cost of borrowing significantly declined last week due to net Open Market Operations (OMO) maturity credit of N251 billion. This inflow led to a decline in short-term lender's charge such as the Open Buy Back (OBB) and Over Night (ON) to 0.43% and 0.58% from 4.5% and 4.5%, respectively. The 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 0.47% and 0.51% from 0.73% and 0.82%, respectively. This week, we expect rates to remain in single digit closing the year barring any significant funding activity.

Foreign Exchange Market

The local unit went in varying directions against the dollar across most market last week. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) depreciated while the parallel market rate appreciated. The official rate remained flat week-on-week. The NAFEX settled at N392.65/US\$ from N391.74/US\$ as paucity of dollars was witnessed in the Investors' and Exporters' Window as bids continue to outweigh offers in the market. The parallel rate gained N12 to close at N465/US\$, while the official rate remained unchanged at N379/US\$. We expect rates across the different market segments to trend around similar levels this week as the Central Bank continues to intervene in the FX market.

Bond

Average bond yield increased last week as the bond market continued to witness bearish sentiment. There were selling interests for the 2023, 2027, 2029 and 2049 securities with very few consummated trades which may be attributed to year end sell offs and expectations of a further increase in market yields. Consequently, average yields on the 5-, 7-, 10-, 15-, 20-, 25- and 30- year papers climbed to 1.8%, 4.84%, 4.96%, 7.8%, 6.89%, 7.54% and 7.97% from 1.39%, 3.25%, 4.29%, 7.18%, 6.5%, 7.47% and 7.36% accordingly. The Access Bank Nigerian Government Bond Index declined to 4,795.97 points from 4,910.65 points, 114.68 points lower. This week, the bearish interest is expected to continue as market analysis suggest a further increase in yields.

Commodities

Crude oil price declined after industry data showed an unexpected 2.7 million barrel build in US crude inventories. The oil market was already under pressure amid persistent concerns over weakening demand in the light of a worsening pandemic reports that US President Donald Trump rejected the \$900 billion stimulus bill. Bonny light, Nigeria's benchmark crude declined 1.34% to close at \$50.80 per barrel. In the same vein, precious metal prices dipped as a stronger dollar offset support from US Congress passing a long-awaited near \$900 billion coronavirus aid package. Consequently, gold prices increased by 2.05% or \$37.84 to finish at \$1,883.51 per ounce from \$1,845.67 per ounce. Silver settled at \$24.09 per ounce, a 7.31% jump from previous week price. This week, oil prices are expected to be bullish as news that Britain and the EU were on the verge of striking a narrow trade deal lifts sentiment and that four drug makers expect their COVID-19 vaccines will be effective against the new fast-spreading variant of the virus found in Britain. Safe haven asset prices are expected to turnaround on the back of a weaker dollar and hopes of extra fiscal stimulus in the US.

Stock Market

The local stock exchange market capitalization hit the 20 trillion-mark last week as the stock market rallied as the year came to an end. The sustained rally was as a result of buying interests in some highly capitalised equities in sectors such as transport related services, finance, oil & gas, consumer and industrial goods. Consequently, the All Share Index (ASI) and market capitalization closed at 38,800.01 points and 20.28 trillion from 36,804.75 points and 19.24 trillion, respectively the preceding week. This week, we expect that the market rally might continue as the year comes to a close.

STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	24/12/20	18/12/20	
NSE ASI	38,800.01	36,804.75	5.42
Market Cap (N'tr)	20.28	19.24	5.42
Volume (bn)	0.39	0.43	(8.59)
Value (N'bn)	7.97	4.36	82.58

MONEY MARKET

NIBOR			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	24/12/20	18/12/20	
OBB	0.43	4.50	(407.0)
O/N	0.58	4.50	(392)
CALL	0.50	0.81	(31.3)
30 Days	0.47	0.73	(26)
90 Days	0.51	0.82	(31.7)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	24/12/20	18/12/20	24/11/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	392.65	391.74	388.54
BDC (N)	0.00	0.00	0.00
Parallel (N)	465.00	477.00	495.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	24/12/20	18/12/20	
5-Year	1.80	1.39	41.5
7-Year	4.84	3.25	159.3
10-Year	4.96	4.29	67.1
15-Year	7.80	7.18	62.8
20-Year	6.89	6.50	39.0
25-Year	7.54	7.47	6.9
30-Year	7.97	7.36	61

Disclaimer
This report is based on information obtained from various sources believed to be reliable and no representation is made that it is accurate or complete. Reasonable care has been taken in preparing this document. Access Bank Plc shall not accept responsibility or liability for errors of fact or any opinion expressed herein. This document is for information purposes and private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior written consent of Access Bank Plc.

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	24/12/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil (\$/bbl)	50.80	(1.34)	(21.19)
Natural Gas (\$/MMBtu)	2.61	(3.69)	(14.59)
Agriculture			
Cocoa (\$/MT)	2543.00	1.60	31.35
Coffee (\$/lb.)	126.80	1.93	(2.61)
Cotton (\$/lb.)	76.18	(1.14)	(1.70)
Sugar (\$/lb.)	14.80	2.49	(3.46)
Wheat (\$/bu.)	628.75	3.75	45.04
Metals			
Gold (\$/t oz.)	1877.28	(0.33)	42.48
Silver (\$/t oz.)	25.76	(0.35)	49.85
Copper (\$/lb.)	354.55	(2.26)	8.16

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	24/12/20	18/12/20	
1 Mnth	0.29	0.25	4
3 Mnths	0.35	0.26	9
6 Mnths	0.37	0.40	(3)
9 Mnths	0.65	0.59	6
12 Mnths	0.75	0.76	(1)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	24/12/20	18/12/20	
Index	4795.97	4910.65	(2.34)
Mkt Cap Gross (N'tr)	15.60	15.98	(2.34)
Mkt Cap Net (N'tr)	11.32	11.68	(3.14)
YTD return (%)	95.24	99.91	(4.67)
YTD return (US \$)	2.85	7.52	(4.67)

TREASURY BILLS PMA AUCTION

Tenor	Amount million	(N'Rate (%)	Date
91 Day	1,500.00	0.048	12-Dec-2020
182 Day	1,700.00	0.5	12-Dec-2020
364 Day	3,800.00	1.139	12-Dec-2020

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123 rotimi.peters@accessbankplc.com

Monthly Macro Economic Forecast

Variables	Dec'20	Jan'21	Feb'21
Exchange Rate (NAFEX) (N/\$)	387	388	388
Inflation Rate (%)	14.7	15.2	15.6
Crude Oil Price (US\$/Barrel)	44	46	46