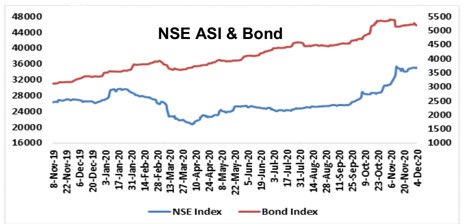
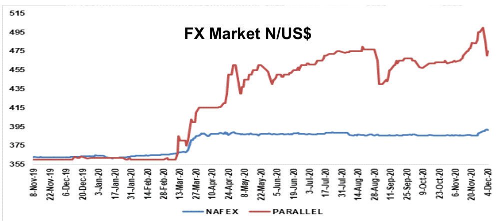
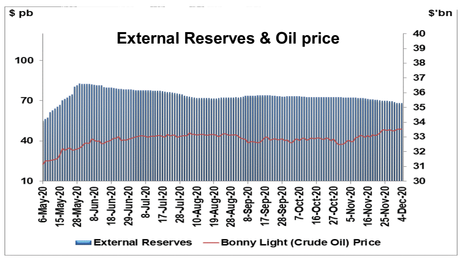
Access Bank Rateswatch

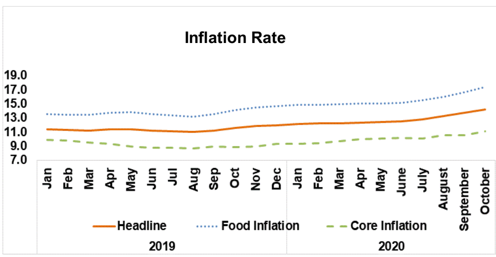
KEY MACROECONOMIC INDICATORS

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)	14.23	Increased to 14.23% in October 2020 from 13.71% in September 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)	35.30	December 02, 2020 figure — a decrease of 1.03% from November start
Oil Price (US$/Barrel)	48.45	December 02, 2020 figure— an increase of 0.58% from the prior week
Oil Production mbpd (OPEC)	1.49	October 2020, figure — an increase of 3.26% from September 2020 figure









STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	4/12/20	27/11/20	
NSE ASI	35,137.99	34,885.51	0.72
Market Cap(N'tr)	18.37	17.87	2.77
Volume (bn)	0.29	0.19	53.91
Value (N'bn)	4.29	3.33	28.66

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	4/12/20	27/11/20	
OBB	3.6300	1.2500	238
O/N	6.0000	1.5000	450
CALL	6.0000	1.0400	496
30 Days	0.2300	0.2480	(2)
90 Days	0.2732	0.3648	(9)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$)	2 Weeks Ago Rate (N/$)	1 Month Ago Rate (N/$)
	4/12/20	27/11/20	4/11/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	391.75	388.54	385.75
BDC (N)	0.00	0.00	0.00
Parallel (N)	475.00	495.00	464.00

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	4/12/20	27/11/20	
5-Year	0.91	0.88	3
7-Year	1.26	1.70	(44)
10-Year	3.14	3.01	13
15-Year	5.00	5.06	(6)
20-Year	5.11	4.59	52
25-Year	5.35	5.50	(15)
30-Year	6.79	6.67	12

COMMODITIES MARKET

Indicators	4/12/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	48.45	0.58	(24.84)
Natural Gas ($/MMBtu)	2.50	(14.68)	(18.19)
Agriculture			
Cocoa ($/MT)	2,639.00	(3.12)	36.31
Coffee ($/lb.)	120.00	(1.56)	(7.83)
Cotton ($/lb.)	71.68	(0.94)	(7.51)
Sugar ($/lb.)	14.59	(2.47)	(4.83)
Wheat ($/bu.)	581.00	(2.60)	34.03
Metals			
Gold ($/t oz.)	1,841.71	1.80	39.78
Silver ($/t oz.)	24.23	4.08	40.95
Copper ($/lb.)	352.05	3.10	7.40

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	4/12/20	27/11/20	
1 Mnth	0.04	0.01	3
3 Mnths	0.05	0.03	2
6 Mnths	0.28	0.02	26
9 Mnths	0.09	0.05	4
12 Mnths	0.11	0.09	2

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
Indicators	4/12/20	27/11/20	
Index	5,199.48	5,221.23	(0.42)
Mkt Cap Gross (N'tr)	16.91	16.98	(0.37)
Mkt Cap Net (N'tr)	12.67	12.75	(0.67)
YTD return (%)	111.67	112.55	(0.88)
YTD return (%)(US $)	19.28	20.17	(0.89)

TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	20,372.79	0.0215	25-Nov-2020
182 Day	19,157.66	0.09	25-Nov-2020
364 Day	111,071.72	0.15	25-Nov-2020

Market Analysis and Outlook: December 4– December 11, 2020

Global Economy

In Brazil, the economy shrank 3.9% year-on-year in the third quarter of 2020, following a downwardly revised 10.9% drop in the previous period and extending the decline for a 3rd consecutive quarter due to the coronavirus crisis according to Brazil Institute of Geography and Statistics. In the quarter, exports went back to contraction (-1.1% vs 0.7%) and imports shrank at a faster pace (-25% vs -14.6%). On the other hand, slower decreases were seen for household spending (-6% vs -12.2%), government spending (-5.3% vs -8.5%) and investment (-7.8% vs -13.9%). On a quarterly basis, the economy expanded at a record 7.7%, following a record 9.6% drop in the previous period. In a separate development, the US unemployment rate notched down to 6.7% in November 2020, from the previous month's 6.9% as fewer people looked for work as revealed by the U.S. Bureau of Labor Statistics. The number of unemployed persons fell by 326,000 to 10.7 million and the employment level declined by 74,000 to 149.7 million. The labour force participation rate edged down to 61.5% in November, 1.9 percentage points below its February level. The employment-population ratio was little-changed at 57.3%, 3.8 percentage points lower than in February. Elsewhere, the Reserve Bank of India (RBI) kept its benchmark repurchase rate at 4% during its December meeting, saying it was maintaining an accommodative stance as long as necessary to support the economy hit by the COVID-19 crisis amid high inflationary pressure. Decision makers expect inflation to average 6.8% in the third quarter of fiscal 2020-2021 and 5.8% in the fourth quarter. For FY2021, the central bank revised its economic forecast to a contraction of 7.5% from a decline 9.5% projected in October. The reverse repo rate at which RBI borrows from banks was left unchanged at 3.35% and the marginal standing facility (MSF) rate and the bank rate at 4.25%.

Domestic Economy

AThe Central Bank of Nigeria in an effort to ensure the stability of the foreign exchange market released a circular titled 'Operations of Domiciliary Account'. The circular addressed to all authorised dealers and the general republic stated that exports proceeds domiciliary account will continue to operate on existing regulations which allow account holders use of their funds for business operations only with any extra funds sold in the investors and exporters (I & E) window. Ordinary domiciliary account which are funded by cash lodgement will function based on existing regulations while accounts that are funded by electronic/wire transfer, their account holders will be allowed unfettered and unrestricted use of these funds for eligible transaction. The circular also stated that BVN would be used to enforce compliance with these regulations. In another circular, the Central Bank of Nigeria has announced amendment of procedures for beneficiaries of diaspora remittances through International Money Transfer Operators (IMTOs). The CBN explained that the beneficiaries of diaspora remittances would now begin to receive inflows in foreign currency (US Dollars) through the designated bank of their choice. This is also an attempt by the apex bank to improve liquidity in the forex market and reduce the disparity between the parallel market and official I&E window.

Stock Market

The Nigerian stock market sustained its bullish run for the second consecutive week. Companies in the telecommunication, logistics, financial, oil and gas sectors were responsible for the uptrend seen in the market. Consequently, the All Share Index (ASI) and market capitalization closed at 35,137.99 points and 18.37 trillion from 34,885.51 points and 17.87 trillion, respectively the preceding week. This week, we expect market participants to continue to base investment decisions on Q3 financial scorecards by listed companies as well as the evolving macroeconomic trends in the country.

Money Market

The debt market was illiquid following the Retail Secondary Market Intervention Sales (SMIS) auction held last week as well as the system-wide Cash Reserve Ratio (CRR) debits These outflows led to an increase in short-term lender's charge such as the Open Buy Back (OBB) to 3.63% from 1.25% respectively. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 0.23% and 0.27% from 0.25% and 0.36%, respectively. This week, we expect rates to meander around current levels given no significant funding activity.

Foreign Exchange Market

The naira went in varying directions last week. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) depreciated, and the parallel market appreciated against the dollar while the official rate remained unchanged week-on-week. The NAFEX settled at 391.75/US$ from 388.54/US$ while at the parallel market, the naira gained N20 to close at 475/US$ from 495/US$ last week following policy measures declared by Central bank to close the gap between the I&E window and the black market. The official market rate remained flat at 379/US$. We expect that the market will trend around similar levels following CBN sustained interventions in the forex market

Bond Market

The bond market traded with slight bearish undertone witnessed on some select maturities (2049 and 2050 Bonds). Consequently, average yields on the 5-, 10-, 20-, and 30- year papers climbed to 0.91%, 3.14%, 5.11% and 6.79% from 0.88%, 3.01%, 4.59% and 6.67% in that order. The Access Bank Nigerian Government Bond Index declined to 5,199.48 points from 5,221.23 points, 21.75 points lower. We expect mixed sentiments this week as investors continue to trade cautiously.

Commodities

The price of crude oil rose after OPEC+ in a recent meeting decided to slash output by 7.2 million barrels per day (bpd) from January. The decision is an improvement from earlier calls within the organization to raise output by 2 million bpd. The cartel will now meet once a month to review the compromise, but monthly increases will not exceed 500,000 bpd. Bonny light, Nigeria's benchmark crude edged up 0.58% to close at $48.45 per barrel. In the same vein, precious metal gained as an inflation hedge remains the key driver as investors weighed a worsening inflation outlook if Congress approves a second major fiscal package. Lending further support was a weaker dollar, as concerns about rising levels of debt in the US made the greenback an increasingly unattractive investment. Consequently, gold prices increased by 1.8% or $32.51 to finish at $1,841.71 per ounce from $1,809.20 per ounce. Silver settled at $24.23 per ounce, a 4.08% jump from previous week price. This week, oil prices have also been supported by news of the rollout of COVID-19 vaccines and prospects of a bigger US stimulus package. Safe haven assets prices will benefit from continuing rise in global virus cases which has forced authorities to impose tighter restrictions dampening economic activities.

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

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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