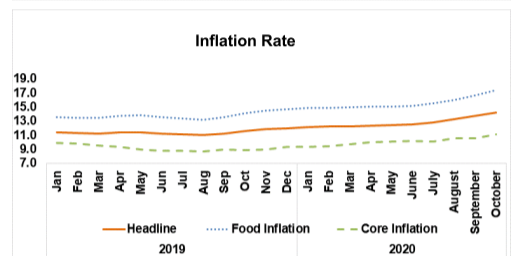
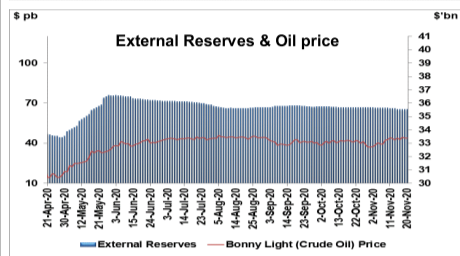
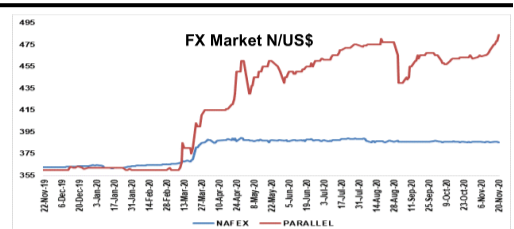
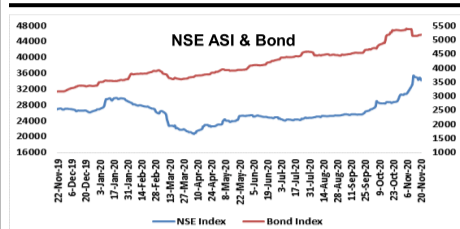


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-6.1	Q2 2020 — lower by -7.97% compared to 1.87% in Q1 2020
Broad Money Supply (N' trillion)	37.18	Decreased by 0.12% in September' 2020 from N37.23 trillion in August' 2020
Credit to Private Sector (N' trillion)	29.71	Decreased by 2.20% in September' 2020 from N30.38 trillion in August' 2020
Currency in Circulation (N' trillion)	2.43	Increased by 2.38% in September' 2020 from N2.37 trillion in August' 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)	35.51	November 19, 2020 figure — a decrease of 0.44% from November start
Oil Price (US\$/Barrel)	43.85	November 19, 2020 figure— an increase of 3.08% 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 (%)
	20/11/20	13/11/20	
NSE ASI	34,136.82	35,037.46	(2.57)
Market Cap(N'tr)	17.84	18.31	(2.57)
Volume (bn)	0.34	1.24	(72.27)
Value (N'bn)	4.22	16.29	(74.08)

## MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	20/11/20	13/11/20	
NIBOR			
OBB	3.3300	0.5000	283
O/N	4.3300	0.6300	370
CALL	2.5000	1.0000	150
30 Days	0.3300	0.4950	(17)
90 Days	0.7936	0.9318	(14)

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	20/11/20	13/11/20	20/10/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	385.50	385.61	385.60
BDC (N)	0.00	0.00	0.00
Parallel (N)	484.00	470.00	463.00

## BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	20/11/20	13/11/20	
5-Year	0.91	0.95	(4)
7-Year	2.24	2.38	(14)
10-Year	3.17	3.16	0
15-Year	5.00	5.05	(5)
20-Year	4.59	4.81	(22)
25-Year	5.75	5.85	(10)
30-Year	6.97	7.16	(20)

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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.

## Market Analysis and Outlook: November 20– November 27, 2020

### Global Economy

In Japan, the economy expanded by 5% in Q3 2020, partially recovering from a record contraction of 8.2% in the previous period according to the Cabinet Office. This was the first quarterly growth rate in a year, as activity and demand rebounded from the severe damage caused by the COVID-19 crisis. Private consumption rose for the first time in four quarters (4.7% vs -8.1% in Q2), while capital expenditure contracted at a softer pace (-3.4% vs -4.5%). In addition, net external demand added 2.9 percentage points to GDP as exports grew for the first time in three quarters (7% vs -17.4%) while imports tumbled (-9.8% vs 2.2%). On an annualized basis, the economy grew at a record 21.4% in Q3, after a record slump of 28.8% in Q2 2020. In a separate development, annual consumer price inflation in India edged up 7.61% in October 2020 from a downwardly revised 7.27% in September as revealed by the Ministry of Statistics and Programme Implementation (MOSPI). It is the highest rate since May 2014, remaining above the central bank 2%-6% target range for the 7<sup>th</sup> straight month. Food inflation went up to 11.07% from 10.68%, the highest since January and ahead of the festival season. Meanwhile, cost slowed for miscellaneous (6.88% vs 7.79%); transport & communication (11.16% vs 11.36%); health (5.22% vs 6.74%) and education (2.06% vs 3.1%). Elsewhere, the Office for National Statistics reported that Britain's public sector net borrowing excluding public sector banks was £22.3 billion in October 2020, £10.8 billion more than in October of 2019, which is both the highest October borrowing and the sixth-highest borrowing in any month since monthly records began in 1993. Tax receipts are estimated to have been £39.7 billion, £2.7 billion less a year earlier, with falls in VAT, Business Rates and Pay As You Earn (PAYE) income tax. Central government bodies are estimated to have spent £71.3 billion on day-to-day activities, £6.4 billion more than in October of 2019; including £1.3 billion in Coronavirus Job Retention Scheme and £0.3 billion in Self Employment Income Support Scheme payments.

### Domestic Economy

Data from the National Bureau of Statistics revealed that the annual inflation rate climbed for a 14<sup>th</sup> straight month to 14.23% in October 2020 from 13.71% in September. It was the highest inflation rate since February 2018, amid widespread increases in prices due to the adverse effects of ongoing border closures, Covid-19 crisis, food shortages and recent dollar restrictions. The main upward pressure came from food prices (17.38% vs 16.66% in September). The "All items less farm produce" or core inflation, which excludes the prices of volatile agricultural produce stood at 11.14% in October 2020, up by 0.56% when compared with 10.58% recorded in September 2020. On a monthly basis, consumer prices inched up 1.54%, the most since June 2017, after increasing 1.48% in the previous month. In a separate development, the manufacturing Purchasing Managers Index (PMI) in the month of November 2020 stood at 50.2 index points, indicating recovery from contraction in the manufacturing sector recorded since May 2020. A PMI above 50 represents an expansion when compared with the previous month. A PMI reading under 50 represents a contraction, and a reading at 50 indicates no change. 8 subsectors reported expansion (above 50% threshold) in the review month in the following order: transportation equipment, non-metallic mineral products, furniture & related products, cement, textile, apparel, leather & footwear, plastics & rubber products, food, beverage & tobacco products and printing & related support activities. The remaining 6 subsectors reported declines in the period under review.

### Stock Market

The Nigerian Stock Exchange was bearish last week due to unimpressive third quarter results released by some companies. Companies in the telecommunication, financial services, consumer and industrial sectors were responsible for the negative performance seen in the market. Consequently, the All Share Index (ASI) and market capitalization closed at 34,136.82

points and ₦17.84 trillion from 35,037.46 points and ₦18.31 trillion, respectively the preceding week. This week, market performance will also be influenced by third quarter score cards of other listed companies.

### Money Market

The debt market was illiquid at the close of last week as a result of the biweekly Retail Secondary Market Intervention Sales (SMIS) auction held on Friday and a system wide Cash Reserve Requirement (CRR) debit. These outflows led to an increase in short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) rates to 3.33% and 4.33% from 0.5% and 0.63% respectively. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) went in the opposite direction settling at 0.33% and 0.79% from 0.5% and 0.93%, respectively. This week, rates are expected to decline slightly barring any significant funding activity.

### Foreign Exchange Market

The local unit went in varying directions last week responding to different levels of pressure from the demand and supply sides of the FX market. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) appreciated while the parallel market depreciated against the dollar. The official rate remained unchanged week-on-week. The NAFEX settled at ₦385.50/US\$ from ₦385.61/US\$ while at the parallel market, the naira lost N14 to close at ₦484/US\$ from ₦470/US\$ last week as dollar shortages persisted due to increased demand by manufactures and traders. The official market rate remained flat at ₦379/US\$. We expect that the market will trend around similar levels this week as the CBN continues to intervene in the market.

### Bond Market

Average bond yields declined last week as attention was directed towards the November Bond auction which offered a total of ₦80 billion of the 2035 and 2045 reopening's. Demand was recorded on the long end of the curve such as the 2035, 2045, and 2050 maturity. Yields on the 5-, 7-, 15-, 20-, 25- and 30- year papers declined to 0.91%, 2.24%, 5%, 4.59%, 5.75% and 6.97% from 0.95%, 2.38%, 5.05%, 4.81%, 5.85% and 7.16% in that order. The Access Bank Nigerian Government Bond Index rose to 5,187.26 points from 5,146.87 points, 40.39 points lower. We expect the market to trade with slight bullish undertones this week as market participants expect a further decline in average yields.

### Commodities

The price of crude oil went up as prospects that a coronavirus vaccine may be available soon and hopes that OPEC+ will delay a planned increase in oil output offset mounting concerns about near term fuel demand. In addition, signs of renewed talks about a US stimulus package after Senate Republican Majority agreed to resume discussions on providing more COVID-19 relief amid a spike in cases across the country supported prices. Bonny light, Nigeria's benchmark crude climbed 3.08% to close at \$43.85 per barrel. In contrast, precious metal prices tapered as Treasury Secretary called for Fed's emergency lending programs to expire by the end of the year and as progress towards an effective coronavirus vaccine brightened the global economic outlook. Consequently, gold prices dipped by 1.45% or \$27.52 to finish at \$1,864.75 per ounce from \$1,892.27 per ounce. Silver settled at \$24.18 per ounce, a 1.95% drop from previous week price. This week, concerns continue to mount over the impact the increase of coronavirus cases would have on crude oil demand for the rest of 2020 and into 2021. Bullions prices will remain choppy as markets sentiments is weighed down by optimism about the progress of a COVID vaccine.

## Monthly Macro Economic Forecast

Variables	Nov'20	Dec'20	Jan'21
Exchange Rate (NAFEX) (N/\$)	387	388	388
Inflation Rate (%)	13.9	14.25	14.5
Crude Oil Price (US\$/Barrel)	44	46	46

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