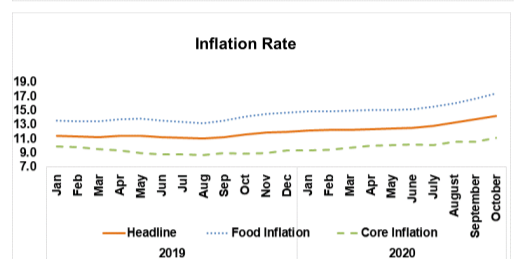
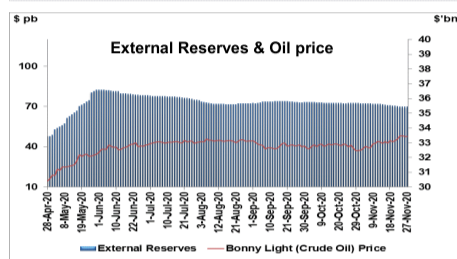
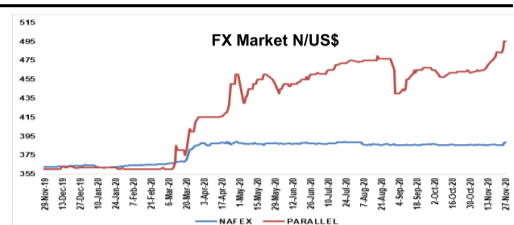
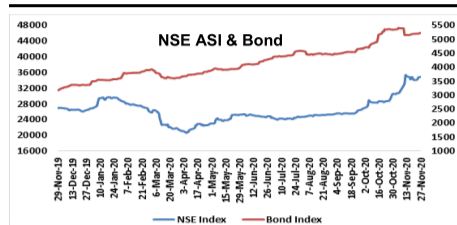


Access Bank Rateswatch

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)	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)	35.43	November 26, 2020 figure — a decrease of 0.66% from November start
Oil Price (US\$/Barrel)	48.17	November 25, 2020 figure — an increase of 9.85% 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 (%)
	27/11/20	20/11/20	
NSE ASI	34,885.51	34,136.82	2.19
Market Cap(N'tr)	17.87	17.84	0.19
Volume (bn)	0.19	0.34	(44.83)
Value (N'bn)	3.33	4.22	(21.11)

MONEY MARKET

NIBOR	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	27/11/20	20/11/20	
OBB	1.25	3.33	(208.0)
O/N	1.50	4.33	(283)
CALL	1.04	2.50	(146.0)
30 Days	0.25	0.33	(8)
90 Days	0.36	0.79	(42.9)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	27/11/20	20/11/20	27/10/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	388.54	385.50	385.72
BDC (N)	0.00	0.00	0.00
Parallel (N)	495.00	484.00	463.00

BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	27/11/20	20/11/20	
5-Year	0.88	0.91	(2.8)
7-Year	1.70	2.24	(54.2)
10-Year	3.01	3.17	(15.9)
15-Year	5.06	5.00	5.7
20-Year	4.59	4.59	(0.6)
25-Year	5.50	5.75	(25.0)
30-Year	6.67	6.97	(30)

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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 27– December 4, 2020

Global Economy

In the US, the economy grew by an annualized 33.1% in Q3 2020 according to data by the U.S. Bureau of Economic Analysis. It is the biggest expansion ever, following a record 31.4% nose-dive in Q2, as the economy rebounds from the coronavirus pandemic. Upward revisions to business and housing investment, and exports were offset by downward revisions to personal and public consumption and private inventory investment. Still, personal spending was the main driver of growth, helped by checks and weekly unemployment benefits from the federal CARES Act. However, GDP is still 3.5% below its pre-pandemic level and although a coronavirus vaccine is expected to be ready soon, the pandemic is far from controlled. Also, only around half of the 22 million jobs lost were recovered so far and a new stimulus bill hasn't been approved yet. Elsewhere in India, the economy contracted 7.5% yoy in Q3 2020, as revealed by the Ministry of Statistics and Programme Implementation (MOSPI), amid easing of lockdown restrictions from June, higher demand during festival season and a rebound in manufacturing and utilities. It follows a record 23.9% dip in Q2, bringing the economy into recession for the first time on record. The GDP is still seen shrinking in Q4 2020 as the pandemic is far from controlled and the government announced a \$10 billion stimulus package in mid-October only. In a separate development, the Central Bank of Brazil reported that Brazil's current account balance shifted to a \$1.47 billion surplus in October 2020 from a \$8.05 billion deficit in the same month of the previous year. The goods surplus expanded sharply to \$4.81 billion from \$1.80 billion a year earlier and the services shortfall tapered to \$1.64 billion from \$3.65 billion. Additionally, the primary income gap decreased to \$1.86 billion from \$6.33 billion in October 2019 and the secondary income surplus rose to \$0.15 billion from \$0.13 billion. Considering the first ten months the year, the country's current account deficit declined sharply to \$7.59 billion from \$42.94 billion in the corresponding period of 2019.

Domestic Economy

According to data by the Nigerian Bureau of Statistics, the economy shrank 3.6% year-on-year in Q3 2020, following a 6.1% plunge in the previous period. It marks the second recession in the country in four years, amid still-subdued oil prices and lingering effects of the restrictions implemented across the country in early Q2 in response to the COVID-19. The oil sector declined 13.9%, following a 6.6% slump in the second quarter, amid lower crude oil production (1.67 million barrels per day, down from 1.81 mbps in Q2 and 2.04 mbps a year ago). The non-oil sector declined by -2.51% in real terms during the reference quarter (Q3 2020). It is -4.36% points lower than the rate recorded in Q3 2019 but 3.54% points higher than in the Q2 2020. The non-oil sector decline was driven mainly by transportation & storage, accommodation & food service, trade and manufacturing. In a separate development, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) recently concluded its 276th meeting by retaining the Monetary Policy Rate at 11.5%. The CBN Governor, Godwin Emefiele, disclosed this after the committee's two-day meeting in Abuja last week. The committee members voted to hold all policy variables at current levels with the intention to give more room for the previous rate cut to run its full course on the economy. This is coming on the back of recent gross domestic product (GDP) report by the Nigeria Bureau of Statistics which confirmed that the economy slipped into a recession as at Q3-2020 amid sharp rising inflation and widening exchange rate divergence. It also retained the Cash Reserve Ratio and Liquidity Ratio at 27.5% and 30%, respectively.

Stock Market

Indicators on the local stock exchange witnessed a turnaround as market participants said that the decision of the Monetary Policy Committee to retain all its policy instruments help restore confidence in the market and contributed largely to the recovery of the market. Companies in the telecommunication, pharmaceutical, consumer and industrial sectors were

responsible for the uptrend seen in the market. Consequently, the All Share Index (ASI) and market capitalization closed at 34,885.51 points and ₦17.87 trillion from 34,136.82 points and ₦17.84 trillion, respectively the preceding week. This week, we expect that market participants will remain cautious in light of Q3 financial scorecards by listed companies.

Money Market

Borrowing cost declined last week following Open Market Operation (OMO) repayment of ₦123 billion into the system. These inflows led to a decline in short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) to 1.25% and 1.5% from 3.33% and 4.33% respectively. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 0.25% and 0.36% from 0.33% and 0.79%, respectively. This week, we envisage rates to remain stable as no significant liquidity outflow activity is anticipated.

Foreign Exchange Market

The local unit depreciated across most markets last week as demand pressure intensified with importers stocking up goods ahead of Christmas sales. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) and the parallel market depreciated against the dollar while the official rate remained unchanged week-on-week. The NAFEX settled at ₦388.54/US\$ from ₦385.50/US\$ while at the parallel market, the naira lost N11 to close at ₦495/US\$ from ₦484/US\$ last week. 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

The Bond market traded with bullish sentiments last week following improved demand for the long-dated securities. As a result, a rally was witnessed for the 2049 and 2050 securities while modest selling interests were recorded for mid-tenored securities. Yields on the 5-, 7-, 15-, 20-, 25- and 30- year papers declined to 0.88%, 1.7%, 3.01%, 5.5%, 6.67% from 0.91%, 2.24%, 3.17%, 5.75% and 6.97% in that order. The Access Bank Nigerian Government Bond Index went up to 5,221.23 points from 5,187.26 points, 33.97 points higher. We expect the week to open with selling interest, as participants seek to realize profit in view of the month end.

Commodities

The price of crude oil went up as prospects that a coronavirus vaccine could be used soon raised hopes of a quicker fuel demand recovery. Also, a possible delay in OPEC+'s planned production increase in January and the formal start of Joe Biden's transition to power added to the upbeat mood. Bonny light, Nigeria's benchmark crude spiked 9.85% to close at \$48.17 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 2.98% or \$55.55 to finish at \$1,809.20 per ounce from \$1,864.75 per ounce. Silver settled at \$23.28 per ounce, a 3.72% 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. Safe haven assets prices will remain pressured by news on coronavirus vaccines that have driven investors to equities and away from the perceived haven of bullion.

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

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