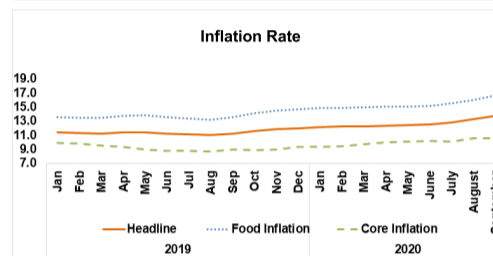
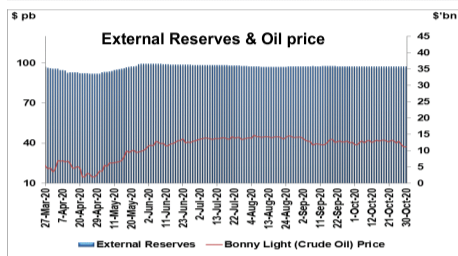
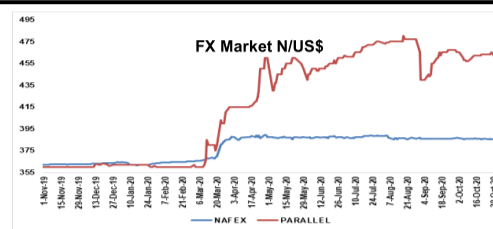
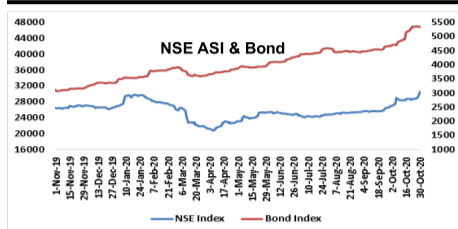


# Access Bank Rateswatch

## 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)	37.19	Increased by 1.63% in August' 2020 from N36.59 trillion in July' 2020
Credit to Private Sector (N' trillion)	30.13	Increased by 0.24% in August' 2020 from N30.06 trillion in July' 2020
Currency in Circulation (N' trillion)	2.37	Decreased by 1.04% in August' 2020 from N2.4 trillion in July' 2020
Inflation rate (%) (y-o-y)	13.71	Increased to 13.71% in September 2020 from 13.22% in August 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)	35.69	October 27, 2020 figure — a decrease of 0.15% from October start
Oil Price (US\$/Barrel)	37.23	October 29, 2020 figure — a decrease of 11.42% from the prior week
Oil Production mbpd (OPEC)	1.46	September 2020, figure — a decrease of 0.4% from August 2020 figure



## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	30/10/20	23/10/20	
NSE ASI	30,530.69	28,697.06	6.39
Market Cap(N'tr)	15.96	15.00	6.39
Volume (bn)	0.81	0.28	185.48
Value (N'bn)	10.50	4.43	137.23

## MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	30/10/20	23/10/20	
NIBOR			
OBB	1.0000	9.0000	(800)
O/N	1.2500	9.7500	(850)
CALL	1.4000	13.0000	(1160)
30 Days	0.9371	1.7001	(76)
90 Days	0.9473	1.9108	(96)

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	30/10/20	23/10/20	30/9/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	385.95	385.71	386.71
BDC (N)	0.00	0.00	0.00
Parallel (N)	462.00	463.00	465.00

## BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	30/10/20	23/10/20	
5-Year	1.61	1.99	(38)
7-Year	3.08	3.26	(18)
10-Year	3.20	3.48	(28)
15-Year	5.03	5.11	(8)
20-Year	4.42	4.48	(6)
25-Year	6.47	6.31	16
30-Year	7.22	6.96	27

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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: October 30 – November 6, 2020

### Global Economy

In the US, economy expanded by an annualized 33.1% in Q3'20 according to the U.S. Bureau of Economic Analysis. It is the biggest expansion ever, following a record 31.4% plunge in Q2, as the economy rebounds from the coronavirus pandemic. Personal spending surged and was the main driver of growth, helped by checks and weekly unemployment benefits from the Federal CARES Act. Growth also reflects increases in private inventory investment, exports, non-residential fixed investment, and residential fixed investment that were partly offset by decreases in federal government spending. However, gross domestic product (GDP) is still 3.5% below its pre-pandemic level and the outlook for Q4 and 2021 remains uncertain as the pandemic is far from controlled and a vaccine is not ready yet. Elsewhere, the Eurozone economy The Bond market traded with mild bullish sentiments with players' attention focused on the mid-tenured securities. This trend stemmed from coupon payments of €110 billion that was credited into the system. Accordingly, market saw demand for the 2026, 2027 and 2028 maturities. Yields on the 5-, 7-, 10-, 15-, and 20-year papers tapered to 1.61%, 3.08%, 3.20%, 5.03% and 4.42% from 1.99%, 3.26%, 3.48%, 5.11% and 4.48% in that order. The Access Bank Nigerian Government Bond Index went up marginally to 5,337.13 points from 5,336.31 points, 0.81 points higher. This week we expect that market players trade cautiously while observing the market direction for the month of November, advanced by 12.7% in the three months to September 2020, recovering from a record slump of 11.8% seen during the second quarter according to data reported by European Statistical Office (EUROSTAT). This was the steepest pace of expansion since comparable data started been collected in 1995, boosted by a rebound in activity and global demand after European countries lifted lockdowns imposed to contain the spread of the coronavirus pandemic. All major economies in the region posted record increases in GDP: France (18.2% vs -13.7% in Q2); Spain (16.7% vs -17.8%); Italy (16.1% vs -13.0%); and Germany (8.2% vs -9.8%). Year-on-year, the GDP narrowed by 4.3%, easing from a record contraction of 14.8% in Q2'20. In a separate development, the Bank of Japan left its key short-term interest rate stable at -0.1% and maintained the target for the 10-year Japanese government bond yield at around 0% during its October meeting, by an 8-1 vote. Meanwhile, in its quarterly report, the central bank revised its GDP projection for the current fiscal year ending in March 2021 to a contraction of 5.5% from an estimate of a 4.7% decline made in July, as the pandemic weighs on service sector output. However, the BOJ revised up its GDP forecast for the 2021 fiscal year to a 3.6% growth, against a 3.3% expansion seen earlier. Regarding inflation, the central bank expects core consumer prices to fall 0.6% in the current fiscal year, slightly more than a 0.5% drop seen in July. The central bank made no changes to a package of steps aimed at easing corporate funding strains.

### COMMODITIES MARKET

Indicators	30/10/20	1-week Change (%)	YTD Change (%)
<b>Energy</b>			
Crude Oil (\$/bbl)	37.23	(11.42)	(42.00)
Natural Gas (\$/MMBtu)	3.31	12.59	8.31
<b>Agriculture</b>			
Cocoa (\$/MT)	2338.00	(5.31)	20.76
Coffee (\$/lb.)	104.60	(1.09)	(19.66)
Cotton (\$/lb.)	69.65	(2.36)	(10.13)
Sugar (\$/lb.)	14.13	(4.20)	(7.83)
Wheat (\$/bu.)	604.00	(3.86)	39.33
<b>Metals</b>			
Gold (\$/t oz.)	1873.14	(1.90)	42.17
Silver (\$/t oz.)	23.40	(5.38)	36.13
Copper (\$/lb.)	305.75	(3.11)	(6.73)

### NIGERIA YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	30/10/20	23/10/20	
1 Mnth	0.22	0.40	(17)
3 Mnths	0.25	0.49	(24)
6 Mnths	0.29	0.58	(29)
9 Mnths	0.65	0.85	(20)
12 Mnths	0.62	1.11	(49)

### ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	30/10/20	23/10/20	
Index	5,337.13	5,336.31	0.02
Mkt Cap Gross (N'tr)	17.32	17.32	0.01
Mkt Cap Net (N'tr)	13.04	13.04	(0.03)
YTD return (%)	117.27	117.24	0.03
YTD return (%) (US \$)	24.89	24.85	0.04

### TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	10,000.00	1.08	30-Sep-2020
182 Day	17,600.58	1.49	30-Sep-2020
364 Day	106,370.50	2.8	30-Sep-2020

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### Money Market

Borrowing cost narrowed last week as market was awash with liquidity following coupon payment from Debt Market Organization and Open Market Operation (OMO) of N110 billion and N336 billion. These inflows led to a plunge in short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) to 1% and 1.25% from 9% and 9.75% respectively. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 0.94% and 0.95% from 1.7% and 1.91%. This week, rates are expected to increase due to Retail Secondary Market Intervention Sales (SMIS) to be held at the close of the week.

### Foreign Exchange Market

The Naira went in varying directions last week. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) depreciated while the parallel market appreciated. The official rate remained stable week-on-week. The NAFEX settled at ₦385.95/US\$ from ₦385.71/US\$ while at the parallel market, the naira gained N1 to close at ₦463/US\$ from ₦462/US\$ last week. The official market rate remained flat at ₦379/US\$. This week, rates are expected to remain at these levels as Central Bank of Nigeria sustains its intervention in the FX market.

### Bond Market

Average bond yield trended lower last week as market players' attention was directed towards the October Bond Auction where a total of ₦30 billion of the 2035 and 2045 were re-opened. Consequently, buying interest was recorded for some long tenored maturities. Yields on the 5-, 7-, 10-, 15-, 20-, 25- and 30- year papers tapered to 1.99%, 3.26%, 3.48%, 5.11%, 4.48%, 6.31% and 6.96% from 2.26%, 3.81%, 4.13%, 6.08%, 5.57%, 7.04% and 7.40% in that order. The Access Bank Nigerian Government Bond Index notched up to 5336.31 points from 5153.54 points, 322.49 points higher. We expect the market to open with mixed sentiment this week owing to the combined impact of the scheduled coupon payment and the outstanding offers from last week trading session.

### Commodities

The price of crude oil tanked last week as investors were doubtful of a recovery in global fuel demand following a resurgent of COVID-19 cases in the US and across Europe. Sentiment was also dragged down by news that British energy giant BP will shut its Australia's 65-year old refinery in Perth. Bonny light, Nigeria's benchmark crude declined 11.42% to close at \$37.23 per barrel. In a similar vein, precious metal prices dipped pressured by a stronger dollar and amid surging global COVID-19 cases and uncertainty about US elections. Consequently, gold prices decreased by 1.9% or \$36.34 to finish at \$1,873.14 per ounce from \$1,909.48 per ounce. Silver settled at \$24.30 per ounce, a 1.52% decline from previous week price. This week, oil prices might decline again due to the resumption of Libya's oil exports, which will add more than 1 million barrels per day to an already oversupplied market and data from both American Petroleum Institute (API) and Energy Information Administration's (EIA) showed a bigger-than-expected build in US oil stock. Safe haven assets might decline as a strengthening dollar continue to undercut appetite for bullion.

## 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