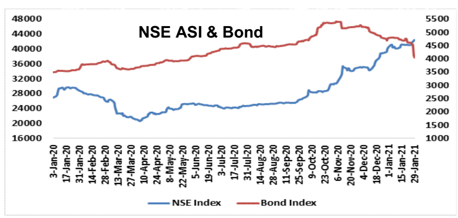
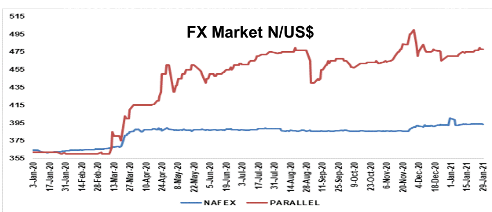
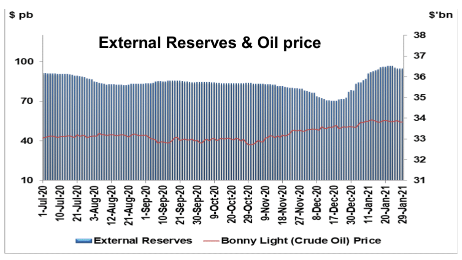
Access Bank Rateswatch

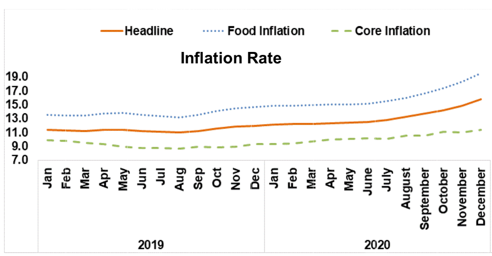
KEY MACROECONOMIC INDICATORS

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)	36.58	Increased by 1.3% in November' 2020 from N36.12 trillion in October' 2020
Credit to Private Sector (N' trillion)	29.34	Increased by 0.85% in November' 2020 from N29.09 trillion in October' 2020
Currency in Circulation (N' trillion)	2.66	Increased by 6.43% in November' 2020 from N2.5 trillion in October' 2020
Inflation rate (%) (y-o-y)	15.75	Increased to 15.75% in December 2020 from 14.89% in November 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)	36.48	January 27, 2020 figure — an increase of 2.10% from January start
Oil Price (US$/Barrel)	55.75	January 27, 2020 figure— a decrease of 0.04% from the prior week
Oil Production mbpd (OPEC)	1.42	December 2020, figure — a decrease of 1.9% from November 2020 figure









STOCK MARKET

Indicators	Last Week 29/1/21	2 Weeks Ago 22/1/21	Change (%)
NSE ASI	42,412.66	41,001.99	3.44
Market Cap(N'tr)	22.19	21.45	3.44
Volume (bn)	0.67	0.59	13.26
Value (N'bn)	6.59	5.07	29.96

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%) 29/1/21	2 Weeks Ago Rate (%) 22/1/21	Change (Basis Point)
OBB	10.50	10.00	50.0
O/N	11.00	10.50	50
CALL	9.33	0.61	872.1
30 Days	1.58	0.46	112
90 Days	1.57	0.55	101.4

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$) 29/1/21	2 Weeks Ago Rate (N/$) 22/1/21	1 Month Ago Rate (N/$) 29/12/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	393.45	393.79	392.42
BDC (N)	0.00	0.00	0.00
Parallel (N)	480.00	477.00	470.00

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%) 29/1/21	2 Weeks Ago Rate (%) 22/1/21	Change (Basis Point)
5-Year	2.95	1.74	120.6
7-Year	6.67	5.35	132.4
10-Year	6.54	6.17	37.2
15-Year	10.15	8.98	116.9
20-Year	9.45	9.02	42.7
25-Year	9.90	9.02	87.5
30-Year	10.55	8.97	157

COMMODITIES MARKET

Indicators	29/1/21	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	55.75	(0.04)	(13.51)
Natural Gas ($/MMBtu)	2.69	11.16	(11.98)
Agriculture			
Cocoa ($/MT)	2531.00	0.80	30.73
Coffee ($/lb.)	124.40	(1.03)	(4.45)
Cotton ($/lb.)	80.29	(2.28)	3.60
Sugar ($/lb.)	15.72	(1.07)	2.54
Wheat ($/bu.)	653.00	(0.04)	50.63
Metals			
Gold ($/t oz.)	1862.39	0.32	41.35
Silver ($/t oz.)	27.30	7.99	58.81
Copper ($/lb.)	356.75	(0.27)	8.83

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%) 29/1/21	2 Weeks Ago Rate (%) 22/1/21	Change (Basis Point)
1 Mnth	0.41	0.23	19
3 Mnths	0.43	0.34	10
6 Mnths	0.93	0.53	41
9 Mnths	1.36	0.75	62
12 Mnths	1.27	0.94	32

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week 29/1/21	2 Weeks Ago 22/1/21	Change (Basis Point)
Index	4046.43	4609.60	(12.22)
Mkt Cap Gross (N'tr)	12.93	14.73	(12.22)
Mkt Cap Net (N'tr)	9.25	10.42	(11.21)
YTD return (%)	64.73	87.65	(22.92)
YTD return (%)(US $)	-27.66	-4.73	(22.93)

TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	15,915.25	0.5	13-Jan-2021
182 Day	25,372.32	1	13-Jan-2021
364 Day	65,931.72	1.5	13-Jan-2021

Market Analysis and Outlook: January 29 – February 5, 2021

Global Economy

The U.S. Bureau of Economic Analysis revealed that the economy expanded an annualized 4% in Q4 2020, slowing from a record 33.4% expansion in Q3 as the continued rise in COVID-19 cases and restrictions on activity moderated consumer spending. Both business and housing investment remained robust and exports grew at a double-digit pace while personal consumption tapered and public expenditure slowed down. For full year 2020, the GDP contracted 3.5%, following a 2.2% growth in 2019. This was the worst performance since 1946 but slightly less than forecasts of a 3.6% drop. The outlook for 2021 is brighter than it was some months ago as vaccination rollout began although at a slower than expected pace and as the new Biden administration unveiled a $1.9 trillion stimulus plan. In a separate development, Japan's unemployment rate remained unchanged at 2.9% in December 2020, the lowest since July according to the Ministry of Internal Affairs and Communication. The number of unemployed notched up 6,000 from the previous month to 2.04 million in December. The non-seasonally adjusted labour force participation rate edged down to 62% from 62.3% in November 2020. Meanwhile, the jobs-to-application ratio remained anchored at 1.06, the highest in five months

Domestic Economy

The National Bureau of Statistics in a recently released report titled 'Sectoral value-added tax' revealed that revenue from the Value Added Tax (VAT) grew by 29.3% to N1.53 trillion revenue in 2020 compared to N1.18 trillion recorded in 2019 as professional services sector topped with N162.3 billion. Despite the economic downturn experienced by the country due to the lockdown measures put in place by the government in response to the Covid-19 pandemic, VAT revenue increased significantly in the year. In a separate development, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN), in its first meeting of 2021, voted unanimously to retain the Monetary Policy Rate (MPR) at 11.5%. Other parameters such as Cash Reserve Ratio (CRR) at 27.5%, liquidity ratio at 30%, and the asymmetric corridor (+100/-700 basis points around the MPR) remain unchanged.

Stock Market

Activities at the local bourse picked up last week as the benchmark interest rate was retained at 11.5% keeping investors option majorly skewed towards stock due to lower yield from other investment classes. The uptrend was impacted by gains recorded in large and medium capitalised stocks in sectors such as financial services, oil & gas, telecommunications and consumer good. Consequently, the All-Share Index (ASI) and market capitalization jumped by 3.44% to 42,412.66 points and 22.19 trillion from 41,001.99 points and 21.45 trillion, respectively the preceding week. This week, the market mood might remain upbeat due to continued absence of other viable investment outlets.

Money Market

Rates at the money market rose last week as the CBN conducted Open Market Operations (OMO) auctions which kept rate at an elevated level. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates remained largely unchanged at 10.5% and 11% from 10% and 10.5% previous week. The slightly longer dated instruments such as 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) climbed to 1.58% and 1.57% from 0.46% and 0.55% the prior week. This week, rates at the short end of the interest rate curve are expected to remain at double digit levels due to retail Secondary Market Intervention Sales (SMIS) holding this week.

Foreign Exchange Market

The local unit went in varying directions against the dollar last week. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) appreciated while the parallel market rate depreciated. The official rate was unchanged from prior week figure. Naira at the Nigerian Autonomous Foreign Exchange (NAFEX) window gained 34 kobo to close at 393.45/US$, while the parallel market lost 3 to settle at 480/US$. However, the official rate remained flat week-on-week at 379/US$. We expect FX rates to meander around current levels this week given the Central Bank's continued intervention in the forex market.

Bond Market

The Federal Government of Nigeria Bond market continued its bearish run last week. Activities were skewed towards the medium to long tenure bonds with trades executed near the 10% levels. Yields on the five-, seven-, ten-, fifteen-, twenty-, twenty-five- and thirty-year debt papers finished at 2.95%, 6.67%, 6.54%, 10.15%, 9.45%, 9.90% and 10.55% from 1.74%, 5.35%, 6.17%, 8.96%, 8.52%, 9.02% and 8.97%. The Access Bank Government Bond Index lost 563.17 points to settle at 4,046.43 points last week. We expect a similar trend this week with a bit of demand on select maturities at these elevated levels.

Commodities

Crude oil prices tapered last week amid fears over prolonged weakness in global fuel demand due to the ongoing COVID-19 pandemic. The US has detected its first two cases in South Carolina of the virus variant originating in South Africa, while the Pentagon is evaluating a request from the US Federal Emergency Management Agency to provide help in administering virus vaccines. Bonny light, Nigeria's benchmark crude declined slightly 0.04% to close at $55.75 per barrel. In contrast, precious metal prices ascended due to persistent concerns about surging virus cases and potential disruption to vaccine rollouts, consequently, gold prices climbed 0.32% or $5.88 to finish at $1,862.39 per ounce from $1,856.51 per ounce. Silver settled at $27.3 per ounce, a 7.99% drop from previous week. This week, oil prices might decline as worries over fuel demand due to travel restrictions in many places re-emerge. Chinese authorities have ordered citizens to avoid travel during the Lunar New Year holidays which starts in mid-February whilst the UK clamped down on travels. Safe-haven assets are expected to remain attractive given investors skittishness of over the pace of recovery in economic conditions across economies.

Monthly Macro Economic Forecast

Variables	Feb'21	Mar'21	Apr'21
Exchange Rate (NAFEX) (N/$)	392	393	393
Inflation Rate (%)	16.15	16.89	16.95
Crude Oil Price (US$/Barrel)	55	56	57

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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