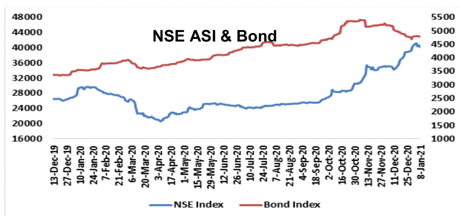
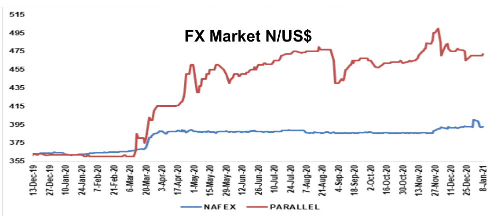
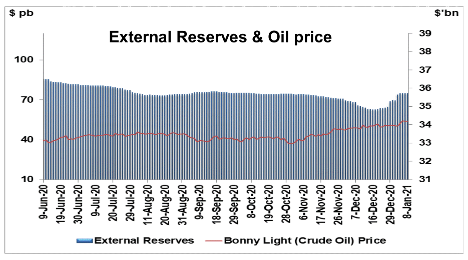
Access Bank Rateswatch

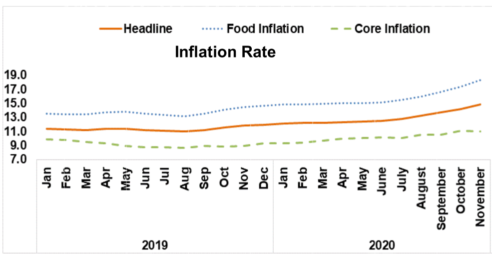
KEY MACROECONOMIC INDICATORS

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)	36.59	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)	14.89	Increased to 14.89% in November 2020 from 14.23% in October 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)	35.72	January 4, 2020 figure — an increase of 1.09% from December start
Oil Price (US$/Barrel)	51.62	January 4, 2020 figure— an increase of 1.22% from the prior week
Oil Production mbpd (OPEC)	1.48	November 2020, figure — a decrease of 0.68% from October 2020 figure









STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	8/1/21	31/12/20	
NSE ASI	40,120.22	40,270.72	(0.37)
Market Cap(N'tr)	20.98	21.06	(0.37)
Volume (bn)	0.33	0.71	(53.10)
Value (N'bn)	3.65	10.08	(63.81)

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	8/1/21	31/12/20	
OBB	8.0000	0.5000	750
O/N	9.3300	0.8300	850
CALL	4.1667	0.4250	374
30 Days	0.5977	0.3771	22
90 Days	0.6931	0.4804	21

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$)	2 Weeks Ago Rate (N/$)	1 Month Ago (N/Rate (N/$)
	8/1/21	31/12/20	8/12/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	392.68	400.33	475.00
BDC (N)	0.00	0.00	0.00
Parallel (N)	472.00	470.00	391.75

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	8/1/21	31/12/20	
5-Year	1.74	1.77	(3)
7-Year	5.46	5.44	2
10-Year	5.65	5.44	22
15-Year	8.00	7.06	94
20-Year	7.68	7.31	38
25-Year	8.09	7.33	76
30-Year	7.77	7.40	37

COMMODITIES MARKET

Indicators	8/1/21	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	51.62	1.22	(19.92)
Natural Gas ($/MMBtu)	2.66	6.83	(12.96)
Agriculture			
Cocoa ($/MT)	2,543.00	(2.31)	31.35
Coffee ($/lb.)	120.55	(4.78)	(7.41)
Cotton ($/lb.)	80.04	2.79	3.28
Sugar ($/lb.)	15.72	3.29	2.54
Wheat ($/bu.)	644.25	0.90	48.62
Metals			
Gold ($/t oz.)	1,860.82	(1.97)	41.23
Silver ($/t oz.)	25.79	(2.64)	50.03
Copper ($/lb.)	369.10	4.80	12.60

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	8/1/21	31/12/20	
1 Mnth	0.18	0.33	(15)
3 Mnths	0.23	0.35	(12)
6 Mnths	0.40	0.44	(4)
9 Mnths	0.66	0.62	4
12 Mnths	0.80	0.77	4

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
Indicators	8/1/21	31/12/20	
Index	4,783.48	4,772.12	0.24
Mkt Cap Gross (N'tr)	15.28	15.52	(1.56)
Mkt Cap Net (N'tr)	11.01	11.28	(2.36)
YTD return (%)	94.73	94.27	0.46
YTD return (%)(US $)	2.35	1.88	0.47

TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	44,837.72	1.21	30-Dec-2020
182 Day	10,000.00	0.035	30-Dec-2020
364 Day	1,500.00	0.048	30-Dec-2020

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: January 8– January 15, 2021

Global Economy

In the US, trade deficit expanded to $68.1 billion in November 2020 from $63.1 billion in October, according to the Bureau of Economic Analysis (BEA). It is the biggest trade gap since August of 2006 as exports rose 1.2% and imports 2.9%. Total exports reached $184.2 billion, enhanced by sales of industrial supplies and materials, namely natural gas; foods, feeds, and beverages; travel and transport. Total imports went up to $252.3 billion, boosted by purchases of cell phones and other household goods; industrial supplies and materials; capital goods; transport and travel while imports of passenger cars decreased. The deficit with China widened $3.5 billion to $30 billion as exports dropped $0.5 billion to $12.6 billion and imports increased $3.0 billion to $42.6 billion. In a separate development, the UK Composite PMI as measured by IHS Markit/CIPS was revised lower to 50.4 in December 2020, from an earlier estimate of 50.7 and compared with November's five-month low. The latest reading signalled only a slight rise in private sector output, mainly supported by manufacturing production. In contrast, service sector activity declined again due to falling demand and restrictions on trade due to the COVID-19 pandemic. Meanwhile, total new business volumes were little-changed. On the price front, input costs rose at a faster and robust pace. Looking ahead, business optimism about the year ahead remained close to November's 68-month peak, amid hopes of a swift improvement in UK economic conditions as the pandemic is brought under control in 2021. Elsewhere in the Eurozone, the IHS Markit Eurozone Composite PMI was revised lower to 49.1 in December 2020, from a preliminary estimate of 49.8 and compared with November's six-month low of 45.3. Services remained the principal drag on economic output, with activity falling for a fourth successive month due to the effects of social distancing and travel restrictions. Meanwhile, manufacturing output advanced for a sixth successive month and at a faster pace than November. Ireland was the best-performing economy followed by Germany, where growth was again supported by strong export performance. In contrast, all other nations registered a contraction. Also, incoming new orders and employment levels continued to fall. On the price front, input cost inflation was the highest since May 2019, while output charges were cut for a tenth straight month. Looking ahead, business optimism was at its highest level since April 2018 on the back of recent news of vaccine developments.

Domestic Economy

The World Bank in its' most recent January 2021 Global Economic Prospects report titled 'Global economy to expand by 4% in 2021; vaccine deployment and investment key to sustaining the recovery' has said that Nigeria's growth is expected to resume by 1.1% in 2021 from a contraction of 4.1% in 2020. It also said the global economy would expand by 4% in the same period. The report said, "Growth in Nigeria is expected to resume at 1.1% in 2021. "Activity is nevertheless anticipated to be dampened by low oil prices, OPEC quotas, falling public investment due to weak government revenues, constrained private investment due to firm failures, and subdued foreign investor confidence." In a separate development, Nigeria's total debt indebtedness to China now stands at $3.121 billion, representing about 3. 69% of its total loan stock of $84.574 billion. This huge indebtedness comes amid China's rising influence as major financier of a number of large ticket projects in Nigeria, including the $874 million, 187km Abuja-Kaduna rail, the $1.2 billion, 312km Lagos-Ibadan expressway, the $1.1 billion Kano-Kaduna railway lines and the $600 airport terminals in Abuja, Lagos, Port Harcourt and Kano. China's incursion into Nigeria's economy followed a memorandum of understanding (MOU) both countries signed in 2006 on the establishment of a strategic partnership, the first for an African country. This was further anchored on an oil-for-infrastructure arrangement, in which Chinese companies were offered first access to oil processing licenses.

Stock Market

Indicators on the Nigerian stock exchange were slightly bearish as sell-offs were witnessed in some blue-chips stocks. Nevertheless, the index remained above the 40,000 points mark. The downtrend was driven by stocks in sectors such as courier services, publishing, consumer and industrial goods sector. Consequently, the All-Share Index (ASI) and market capitalization slightly declined by 0.37% to 40,120.22 points and N20.98 trillion from 40,270.72 points and N21.06 trillion, respectively the preceding week. This week, we expect institutional investors to reposition their portfolios ahead of the coming earnings season and market indicators to trend in the upward trajectory.

Money Market

The market for short-term debt was illiquid last week following retail Secondary Market Intervention Sales (SMIS) auction and Cash Reserve Requirement (CRR) debits passed into the system. These outflows led to a rise in lender's charge such as the Open Buy Back (OBB) and Over Night (ON) to 8% and 9.33% from 0.5% and 0.83%, respectively. The 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 0.60% and 0.69% from 0.38% and 0.48%, respectively. We expect rates to decline marginally at the start of the week given the absence of any significant funding activity scheduled.

Foreign Exchange Market

The local currency unit went in varying directions against the US dollar across most markets last week. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) appreciated while the parallel market rate depreciated. The official rate remained flat week-on-week. The NAFEX rate settled at N392.68/US$ from N400.33/US$, a appreciation of 1.91%. There was improved liquidity at the Investors' and Exporters' window last week as the Central Bank of Nigeria (CBN) provided funds to meet the FX demand of local corporates. The parallel rate lost N2 to close at N472/US$, while the official rate remained unchanged at N379/US$. This week, we expect the CBN to sustain its intervention in the FX market and keep rates trading at its current level.

Bond Market

Average bond yields inched up last week as some demand filtered into the market with bids been displayed at high yield levels. Consequently, average yields on the 7-, 10-, 15-, 20-, 25- and 30-year papers climbed to 5.46%, 5.65%, 8%, 7.68%, 8.09% and 7.77% from 5.44%, 5.44%, 7.06%, 7.31%, 7.33% and 7.40% accordingly. The Access Bank Nigerian Government Bond Index declined to 4,783.48 points from 4,772.12 points, 11.36 points lower. We expect the secondary market to commence trading cautiously this week as market participants await the auction calendar for the month of January while seeking to determine the new market direction.

Commodities

Oil price remained firmly above $50 per barrel starting 2021 after major oil producers agreed to roll over existing oil output levels into February. Saudi Arabia engaged in voluntary production cuts of 1 million barrels per day in February and March to persuade other members to hold output steady during this period. Bonny light, Nigeria's benchmark crude edged up 1.22% to close at $51.62 per barrel. In contrast, precious metal prices sank as the US Senate runoff elections in Georgia and riots in US Capitol pushed the dollar and treasury yields up. Consequently, gold prices dipped 1.97% or $37.36 to finish at $1,860.82 per ounce from $1,898.18 per ounce. Silver settled at $25.79 per ounce, a 2.64% drop from previous week. This week, oil prices are expected to remain bullish due to Saudi Arabia's surprise announcement on crude oil production cut. Safe haven assets are expected to resume the upward momentum as control by Democrats of both chambers of Congress is paving the way for more fiscal spending to revive the US economy and rise in inflationary pressure.

Monthly Macro Economic Forecast

Variables	Jan'21	Feb'21	Mar'21
Exchange Rate (NAFEX) (N/$)	392	393	393
Inflation Rate (%)	15.01	15.2	15.6
Crude Oil Price (US$/Barrel)	49	50	52

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