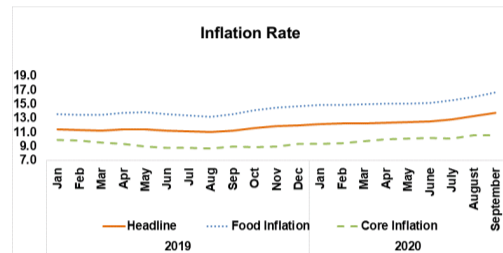
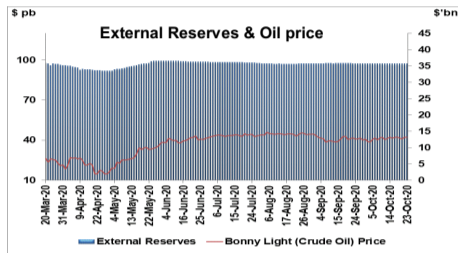
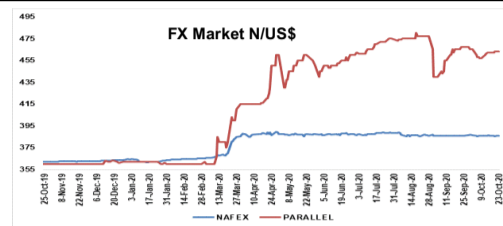
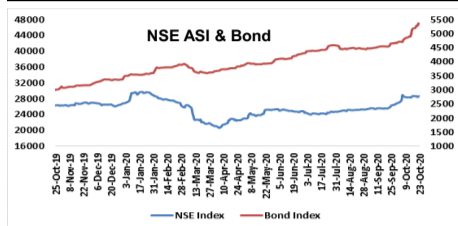


# Access Bank Rateswatch

## 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)	35.67	October 21, 2020 figure — a decrease of 0.19% from October start
Oil Price (US\$/Barrel)	42.03	October 22, 2020 figure— an increase of 1.3% 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 (%)
	23/10/20	16/10/20	
NSE ASI	28,697.06	28,659.45	0.13
Market Cap(N'tr)	15.00	14.98	0.13
Volume (bn)	0.28	0.49	(42.15)
Value (N'bn)	4.43	4.72	(6.22)

## MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	23/10/20	16/10/20	
NIBOR			
OBB	9.00	1.17	783.0
O/N	9.75	2.00	775
CALL	13.00	1.25	1175.0
30 Days	1.70	2.26	(56)
90 Days	1.91	2.70	(79.0)

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	23/10/20	16/10/20	23/9/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	385.71	385.96	386.04
BDC (N)	0.00	0.00	0.00
Parallel (N)	463.00	462.00	467.00

## BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	23/10/20	16/10/20	
5-Year	1.99	2.26	(27.3)
7-Year	3.26	3.81	(54.5)
10-Year	3.48	4.13	(64.8)
15-Year	5.11	6.08	(96.6)
20-Year	4.48	5.57	(108.8)
25-Year	6.31	7.04	(72.6)
30-Year	6.96	7.40	(45)

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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 23 – October 30, 2020

### Global Economy

In China, the economy advanced 4.9% year-on-year in Q3 2020, faster than a 3.2% expansion in Q2 2020 according to the National Bureau of Statistics China. There are signs the expansion is finally extending to consumption after a state-backed industrial recovery considering the growth seen in this quarter. Retail sales rose 3.3% year-on-year in September, the highest reading so far this year. Industrial production went up 6.9%, also higher than expected and the biggest gain in 2020. For the first nine months of the year, the economy expanded 0.7%, recovering all the ground it lost in the first half, with the primary industry increasing 2.3%, the secondary 0.9% and the services sector 0.4%. Rising global demand for medical equipment and work-from-home technology has been boosting exports while government support including more fiscal spending, tax relief and cuts in lending rates and banks' reserve requirements has also helped to boost the recovery. In a separate development, the Central Bank of Brazil reported that Brazil's current account balance widened to a \$2.32 billion surplus in September 2020 from a \$2.73 billion deficit in the corresponding month of the prior month. The goods surplus widened sharply to \$5.36 billion from \$3.23 billion a year earlier and the services shortfall narrowed to \$1.62 billion from \$2.51 billion. In addition, the primary income gap declined to \$1.63 billion from \$3.73 billion in September 2019. Meanwhile, the country's current account deficit dipped to \$6.48 billion from \$36.75 billion in the same period of 2019. Elsewhere, the Ministry of Internal Affairs and Communications revealed that Japan's consumer prices remained unchanged September year-on-year after increasing 0.2% in the preceding month, as the pandemic continued to hamper consumption. Food inflation declined to 1.9% from 2.9%. Prices for education continued to drop at a sharp 10.3% pace. In contrast, prices for transport & communication rose by 0.4% after increasing 0.2% in August. Meanwhile, deflation for fuel, light & water charges accelerated (-2.2% vs -1.9%). Core consumer prices, which exclude fresh food, dropped 0.3% after falling 0.4% in the previous month.

### Stock Market

Data from the Nigerian Stock Exchange revealed that total transaction at the nation's bourse increased by 42.9% to 134.97 billion in September 2020 from 94.45 billion in August 2020. In September 2020, the total value of transactions executed by domestic investors outperformed transactions executed by foreign investors by about 40%. Total domestic transactions increased by 71.12% to N94.92 billion in September 2020 from 55.47 billion in August. Also, total foreign transactions increased by 2.74% to 40.05 billion from 38.98 billion between August and September 2020. Institutional investors outperformed retail investors by 24%. A comparison of domestic transactions in the current and prior month (August 2020) revealed that retail transactions increased by 34.12% to N35.69 billion in September 2020 from 26.61 billion in August 2020. Whilst the institutional composition of the domestic market also increased by 105.23% to 59.23 billion in September 2020 from 28.86 billion in August 2020. The performance of the current month when compared to the performance in September 2019 (141.45 billion) revealed that total transactions decreased by 4.58%. In a separate development, the Federal Government will start paying grants to Micro, Small and Medium Enterprises that are successful to partake in the 75 billion COVID-19 support schemes. On September 10, 2020, the Federal Government inaugurated two schemes to financially support about 1.7 million MSMEs across the country. The schemes are the National MSME Survival Fund and the Guaranteed Off-take Stimulus Schemes under the Nigeria Economic Sustainability Plan. The Special Assistant to the President on MSMEs, Office of the Vice President, who doubles as Project Coordinator,

Survival Funds Scheme, told journalists in Abuja last week that payments to some beneficiaries of schemes would start that week. He said they were doing it in batches of 12 states to be able to monitor the scheme.

### Money Market

The debt market was illiquid last week following Cash Reserve Ratio (CRR) debit estimated at N887.5 billion, bond auction debit of 45 billion and Biweekly Retail SMIS Auction. These outflows led to a surge in short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) to 9% and 9.75% from 1.1% and 2% respectively. Despite the decline in rates in the short end of the Nigerian Interbank Offered Rate (NIBOR) interest rate curve, longer tenored rates such as the 30- and 90-day NIBOR settled at 1.7% and 1.91% from 2.26% and 2.7%. This week, rates are expected to decline in the absence of any significant funding activity in the market.

### Foreign Exchange Market

The Naira went in varying directions last week. At the Nigerian Autonomous Foreign Exchange Rate (NAFEX) window, the local currency appreciated while the parallel market space, it depreciated. Naira at the official window stayed unchanged week-on-week. The NAFEX settled at 385.71/US\$ from 385.96/US\$ while at the parallel rate lost N1 to close at 463/US\$ from 462/US\$ last week. The official market rate stood at 379/US\$. This week, rates are expected to remain at these levels barring any significant FX intervention/inflow.

### 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

Oil prices edged up last week supported by comments of the Russian President, coronavirus vaccine news and prospects of further stimulus in the US. Russian President said that he was prepared to extend record supply as cases of COVID-19 surge in the US and Europe. Bonny light, Nigeria's benchmark crude climbed 1.3% to close at \$42.03 per barrel. In a similar vein, precious metal prices notched up as investors continued to observe developments pertaining to the latest Presidential debate. The aspirants had the last debate before the Presidential election and the Democrat continues to lead the polls. Meanwhile, US lawmakers continued to work toward a stimulus package to bolster the economy. Consequently, gold prices increased marginally by 0.05% or \$0.88 to finish at \$1,909.48 per ounce from \$1,908.60 per ounce. Silver settled at \$24.73 per ounce, a 1.52% rise from prior week price. This week, oil prices might decline amid mounting concerns over fuel demand recovery as the number of global coronavirus infections continue to rise with several countries including the UK, Spain, Italy and the US state of Utah imposing fresh restrictions. Bullions might go sideways as investors keep their sights set on the US government talks on relief stimulus package.

## Monthly Macro Economic Forecast

Variables	Oct'20	Nov'20	Dec'20
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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