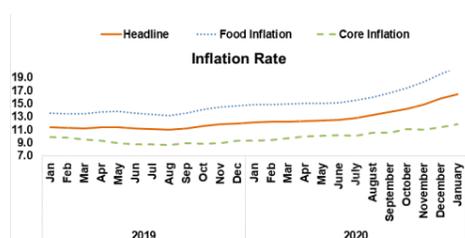
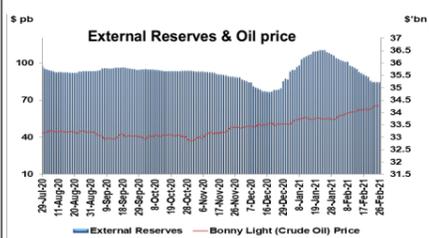
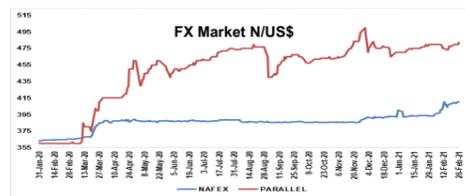
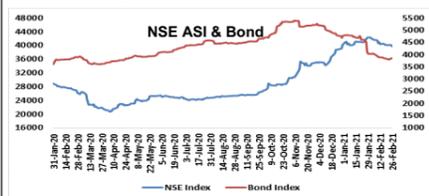


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	0.11	Q4 2020 — higher by 3.73% compared to -3.62% in Q3 2020
Broad Money Supply (N' trillion)	39.34	Decreased by 0.6% in January' 2021 from N39.57 trillion in December' 2020
Credit to Private Sector (N' trillion)	30.55	Increased by 1.4% in January' 2021 from N30.15 trillion in December' 2020
Currency in Circulation (N' trillion)	2.83	Decreased by 2.7% in January' 2021 from N2.91 trillion in December' 2020
Inflation rate (%) (y-o-y)	16.47	Increased to 16.47% in January 2021 from 15.75% in December 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)	35.58	February 23, 2021 figure — a decrease of 2.69% from February start
Oil Price (US\$/Barrel)	66.26	February 26, 2021 figure— an increase of 2.59% from the prior week
Oil Production mbpd (OPEC)	1.34	January 2021, figure — a decrease of 2.26% from December 2020 figure



## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	26/2/21	19/2/21	
NSE ASI	39,799.89	40,186.70	(0.96)
Market Cap(N'tr)	20.82	21.03	(0.96)
Volume (bn)	0.51	0.31	64.81
Value (N'bn)	2.44	2.91	(15.93)

## MONEY MARKET

NIBOR			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	26/2/21	19/2/21	
OBB	5.67	20.00	(1433.0)
O/N	6.33	20.50	(1417)
CALL	8.50	14.33	(582.5)
30 Days	2.41	1.69	72
90 Days	5.12	3.05	207.1

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	26/2/21	19/2/21	26/1/21
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	410.48	408.25	393.65
BDC (N)	0.00	0.00	0.00
Parallel (N)	482.00	478.00	480.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	26/2/21	19/2/21	
5-Year	3.43	3.71	(27.3)
7-Year	6.74	8.55	(181.5)
10-Year	7.67	8.10	(42.2)
15-Year	11.10	10.95	15.2
20-Year	10.86	10.71	14.6
25-Year	11.55	11.71	(16.4)
30-Year	11.28	11.19	9

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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: February 26 – March 5, 2021

### Global Economy

The US economy advanced an annualized 4.1% in Q4 2020, slightly higher than the advance estimate of a 4% growth, the second estimate showed according to the U.S. Bureau of Economic Analysis. Upward revisions to residential fixed investment, private inventory investment, and state and local government spending were partly offset by a downward revision to personal consumption expenditures. However, the economy slowed from a record 33.4% expansion in Q3 as the continued rise in COVID-19 cases and restrictions on activity moderated consumer spending. For full year 2020, the American GDP contracted 3.5%, the worst performance since 1946. Elsewhere, the Indian economy expanded 0.4% year-on-year in the final quarter of 2020 as revealed by the Ministry of Statistics and Programme Implementation (MOSPI). It is the first expansion in three quarters as the government opened economic activities in phases from June after a coronavirus lockdown in late-March. The contraction for financial year 2020/2021 was estimated slightly higher at 8% from 7.7% which would be the biggest drop ever.

### Money Market

Cost of borrowing declined last week boosted by the Open Market Operations (OMO) repayment of ₦476 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 5.67% and 6.33% from 20% and 20.5% the previous week. The slightly longer dated instruments such as 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 2.41% and 5.12% from 1.69% and 3.05% the prior week. This week, rates are expected to climb to double digits territory due to anticipated retail Secondary Market Intervention Sales (rSMIS).

### Foreign Exchange Market

The naira depreciated across most market segments last week. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) declined by ₦2.23 to close at ₦410.48/US\$. The parallel market lost ₦4 setting at ₦482/US\$ while at the CBN official window, the naira remained stable winding up at ₦379/US\$, same as preceding week. At the Investors' and Exporters' window, the illiquidity persisted as the demand for funds continue to outweigh supply. We expect rates to trade around current levels this week as the apex bank selectively meets FX demand amidst pent-up demand pressure.

### Bond Market

The Federal Government of Nigeria (FGN) bond market witnessed strong demand as market participants continued to cover short positions amidst the heightened system liquidity stemming from Federal Accounts Allocation Committee (FAAC) inflows, as well as the coupon payment on the 2028 bond yesterday. Yields on the five-, seven-, ten-, and twenty-five-year debt papers finished at 3.43%, 6.74%, 7.67% and 11.55% from 3.71%, 8.55%, 8.10% and 11.71%. The Access Bank Bond index increased 10.90 points to settle at 3,844.22 points last week. This week, we expect yields to inch up slightly owing to the reduced liquidity in the system.

### Commodities

Oil prices remained bullish supported by the expected slow return of US crude output following a violent winter blast in Texas that forced the shutdown of wells and processing plants. Bonny light, Nigeria's benchmark crude jumped 2.59% to close at \$66.26 per barrel. Precious metal prices went south as soaring long-term yields spooked investors away from the metal as it became less attractive because it does not offer interest. Consequently, gold prices dipped 1.77% or \$31.61 to finish at \$1,752.74 per ounce from \$1,784.35 per ounce. Silver settled at \$26.70 per ounce, a 2.84% drop from preceding week. This week, oil prices might tick further upwards as risk-off sentiments in stock markets add upside potential to the oil market. Expectations of a robust economic recovery fuelled by the vaccines' rollout and more government spending might drive yield higher and spell doom for billions this week.

### Stock Market

Indicators at the Nigeria Stock Exchange closed the week on a bearish note amidst profit-taking by investors as stocks went up within the week. The downtrend was majorly in sectors such as financial services and consumer goods sector. The All-Share Index (ASI) and market capitalization dipped by 0.96% to 39,799.89 points and ₦20.82 trillion from 40,186.70 points and ₦21.03 trillion, respectively the preceding week. This week, we expect that trading activities will remain pressured by profit taking from investors.

## Monthly Macro Economic Forecast

Variables	Mar'21	Apr'21	May'21
Exchange Rate (NAFEX) (N/\$)	408	408	410
Inflation Rate (%)	16.7	16.89	16.95
Crude Oil Price (US\$/Barrel)	62	65	65

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