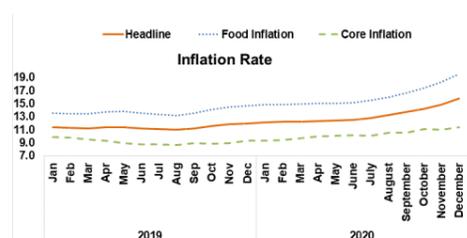
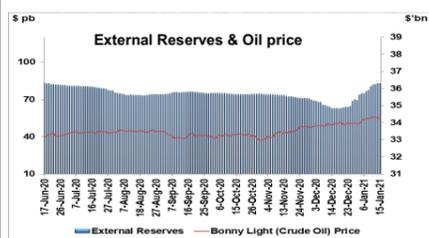
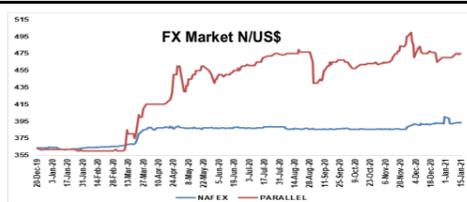
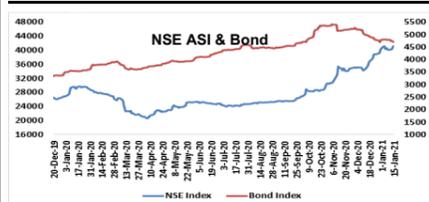


# Access Bank Rateswatch

## 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)	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)	36.30	January 14, 2020 figure — an increase of 1.84% from January start
Oil Price (US\$/Barrel)	55.48	January 11, 2020 figure— an increase of 7.48% from the prior week
Oil Production mbpd (OPEC)	1.42	December 2020, figure — a decrease of 1.9% from November 2020 figure



## Market Analysis and Outlook: January 15– January 22, 2021

### Global Economy

In the UK, GDP grew by 4.1% in the three months to November 2020, the least since the economic recovery began in the June-August period according to data by the Office for National Statistics. In November alone, the GDP fell by 2.6%, following six consecutive monthly increases as restrictions on activity were reintroduced in some parts of the UK in response to the coronavirus pandemic. The services sector acted as the main drag on growth (-3.4% vs 0.5% in October) led by trade of motor vehicles and retail trade, as well as food and beverage activities. Also, industrial output fell marginally (-0.1% vs 1.1%), due to contractions in mining & quarrying, utilities and water supply; while construction activity expanded for a seventh straight month (1.9% vs 1.5%), suggesting this sub-sector was largely unaffected by the new restrictive measures. Elsewhere, China's trade surplus jumped to a fresh record high of \$78.17 billion in December 2020 from \$47.25 billion in the same month in 2019 as revealed by the General Administration of Customs. Exports ascended 18% year-on-year, the seventh straight month of increase; while imports grew at a softer 6.5%, the fourth consecutive month of growth, amid improving global demand. The country's trade surplus with the US tightened to \$29.92 billion in December from \$37.42 billion in November. For 2020 full year, the trade surplus was \$535.03 billion, the largest since 2015, as exports rose 3.6%, while imports fell 1.1%. Exports to the US increased 7.9% to \$451.8 billion, while imports from the US were up 9.8% to \$134.9 billion, bringing a trade surplus of \$316.9 billion.

40,120.22 points and N20.98 trillion, respectively the preceding week. This week, market is expected to remain bullish as the low yield environment continues to trigger significant buying interest in equity counters.

### Money Market

Cost of interbank borrowing declined last week on the more active segments of the market following net inflows from Open Market Operations maturing T-bills, which significantly improved market liquidity. The inflow led to a decline in lender's charge such as the Open Buy Back (OBB) and Over Night (ON) to 0.5% and 1% from 8% and 9.33%, respectively. However, there was a marginal uptick in rates for the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) to 0.75% and 0.81% from 0.60% and 0.69%, respectively. We expect interbank lending rates, particularly the short end of the interest rate curve to remain at single digit levels given the absence of any significant funding activity.

### Foreign Exchange Market

The naira depreciated against the greenback across most markets last week. The Nigerian Autonomous Foreign Exchange (NAFEX) and the parallel market rates depreciated. However, the official rate remained flat week-on-week at N379/US\$. The NAFEX rate settled at N393.52/US\$ from N392.68/US\$, a loss of 1.91% while the parallel rate lost N3 to close at N475/US\$. This week, we anticipate that FX rates would not deviate from similar levels recorded last week as the CBN continues its core mandate of ensuring relative FX price stability.

### Bond Market

The FGN bond market closed last week on a bearish note, with trades on the long end of the curve printing above the 9% handle. We witnessed a handful of trades at the belly of the curve (2034 - 2036 papers) at 8.85% - 8.95% levels, forcing yields up. Consequently, average yields on the 5-, 7-, 10-, 15-, 20-, 25- and 30- year papers jumped to 1.77%, 5.54%, 6.04%, 8.32%, 7.98%, 8.63% and 8.01% from 1.74%, 5.46%, 5.65%, 8%, 7.68%, 8.09% and 7.77% accordingly. The Access Bank Nigerian Government Bond Index declined to 4,697.89 points from 4,783.48 points, 85.59 points lower. We expect the market to open on a similar note this week, with pockets of demand across the curve at these elevated levels.

### Commodities

Crude oil price sustained its bullish run supported by upbeat Chinese import data, prospects of more economic stimulus in the US and Saudi Arabia's pledges to limit supply. Bonny light, Nigeria's benchmark crude notched 7.48% to close at \$55.48 per barrel. In contrast, precious metal prices sank further as Federal Reserve Chairman Jerome Powell said on Thursday there was no reason to alter the central bank's highly accommodative stance any time soon. Consequently, gold prices tapered 1.69% or \$31.49 to finish at \$1,829.33 per ounce from \$1,860.82 per ounce. Silver settled at \$24.81 per ounce, a 3.80% drop from previous week. This week, oil prices are expected to be pressured as the imposition of fresh lockdowns in Europe and China clouded the outlook on fuel demand recovery. Bullions might gain support from rising virus cases, disappointing US economic data and hopes of higher US stimulus.

## Monthly Macro Economic Forecast

Variables	Jan'21	Feb'21	Mar'21
Exchange Rate (NAFEX) (N/\$)	392	393	393
Inflation Rate (%)	16.01	16.5	16.89
Crude Oil Price (US\$/Barrel)	52	53	53

## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	15/1/21	8/1/21	
NSE ASI	41,176.14	40,120.22	2.63
Market Cap(N'tr)	21.53	20.98	2.63
Volume (bn)	0.67	0.33	100.00
Value (N'bn)	6.40	3.65	75.32

## MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	15/1/21	8/1/21	
NIBOR			
30 Days	0.75	0.60	16
90 Days	0.81	0.69	12
OBB	0.50	8.00	(750)
O/N	1.00	9.33	(833)
CALL	1.73	4.17	(244)

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	15/1/21	8/1/21	15/12/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	393.52	392.68	391.65
BDC (N)	0.00	0.00	0.00
Parallel (N)	475.00	472.00	475.00

## BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	15/01/2021	08/01/2021	
5-Year	1.77	1.74	3
7-Year	5.54	5.46	-44
10-Year	6.04	5.65	13
15-Year	8.32	8.00	-6
20-Year	7.98	7.68	52
25-Year	8.63	8.09	-15
30-Year	8.01	7.77	12

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## COMMODITIES MARKET

Indicators	15/1/21	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil (\$/bbl)	55.48	7.48	(13.93)
Natural Gas (\$/MMBtu)	2.72	2.26	(10.99)
Agriculture			
Cocoa (\$/MT)	2525.00	(0.71)	30.42
Coffee (\$/lb.)	129.35	7.30	(0.65)
Cotton (\$/lb.)	81.12	1.35	4.67
Sugar (\$/lb.)	16.45	4.64	7.31
Metals			
Wheat (\$/bu.)	667.25	3.57	53.92
Gold (\$/t oz.)	1829.33	(1.69)	38.84
Silver (\$/t oz.)	24.81	(3.80)	44.33
Copper (\$/lb.)	360.50	(2.33)	9.98

## NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	15/1/21	8/1/21	
1 Mnth	0.13	0.18	(6)
3 Mnths	0.26	0.23	2
6 Mnths	0.48	0.40	8
9 Mnths	0.77	0.66	11
12 Mnths	0.90	0.80	10

## ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	15/1/21	8/1/21	
Index	4,697.89	4783.48	(1.79)
Mkt Cap Gross (N'tr)	15.01	15.28	(1.79)
Mkt Cap Net (N'tr)	10.72	11.01	(2.63)
YTD return (%)	91.25	94.73	(3.48)
YTD return (%) (US \$)	.14	2.35	(3.49)

## TREASURY BILLS PMA AUCTION

Tenor	Amount million	(N' 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

### Domestic Economy

Nigeria's annual inflation rate soared for a 16<sup>th</sup> straight month to 15.75% in December 2020 according to the Nigerian Bureau of Statistics. It was the highest inflation rate since November 2017, on spiralling food prices (19.56% vs 18.3%), despite the President recent order to reopen the country's borders to trade. The acceleration in inflation continued to be attributed to dollar shortages and surging banditry attacks in farming areas as well as lingering disruptions from the COVID-19 pandemic. The "All items less farm produce" or core inflation, which excludes the prices of volatile agricultural produce also rose 11.3% in December 2020, up by 0.32% when compared with 11.05% recorded in November 2020. In a separate development, the Central Bank of Nigeria recently issued a framework that would guide Quick Response (QR) Code Payments in Nigeria. This is a proactive move by the apex bank towards ensuring the safety and stability of the Nigerian Financial System, as well as promoting the use and adoption of electronic payments and foster innovation in the payments system. Quick Response (QR) codes are matrix barcodes representing information presented as square grids, made up of black squares against a contrasting background that can be scanned by an imaging device, processed and transmitted by appropriate technology. The codes are used to present, capture and transmit payments information across payments infrastructure and further enable the mobile channel to facilitate payments and present another avenue for promoting electronic payments for micro and small enterprises.

### Stock Market

The Nigeria stock exchange swung to bullish levels last week on enhanced buying interest. Lack of viable alternative investment opportunities have driven the interests in stock upwards. The uptrend was driven by stocks in sectors such as telecommunication, agriculture, and consumer goods sector. Consequently, the All-Share Index (ASI) and market capitalization rose by 0.37% to 41,176.14 points and N21.53 trillion from

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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.