

# CORPORATE NEWSLETTER JANUARY 2021

## Global Economic Outlook 2021

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more than banking

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## *A Year of Renewed Promise*

Dear Esteemed Customer,

Thank you for being part of our journey in 2020 and trusting us through what was, undoubtedly, a very difficult year across the world. We exist only to serve you and we are deeply thankful for your patronage and support.

Whilst last year presented us all with challenges and restrictions, and often our plans had to change, it was also a year of innovation and adaptation. We have seen many of our customers transform their businesses from traditional face-to-face operations to fully digital experiences. We are proud to have been able to enable this transformation through our digital payment platforms, the 30Billion Naira ALL4One Support package to help rebuild disrupted businesses, amongst other initiatives.

2020 was also transformational in global attitudes towards our planet and to sustainability. We were honoured with the Outstanding Business Sustainability Achievement in the Karlsruhe Sustainable Finance Awards and we issued Africa's premier Corporate Green Bond. Building sustainable communities is key to all our futures and we are grateful that our colleagues volunteered more of their time in 2020, with over 400,000 hours, volunteering in local community projects.

Let me also thank you for the awards you have bestowed upon us – **Best Bank in Nigeria** and **Most Innovative Bank in Africa** at the EMEA Finance Awards – which we definitely would not have achieved

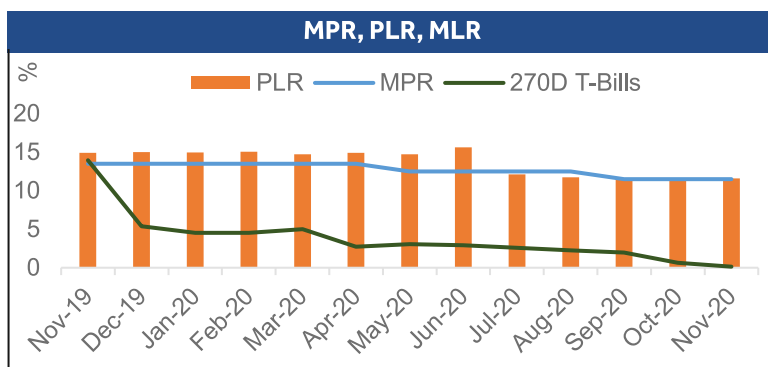
As we start this new year, we are committed to helping you Access More. We want to support you more with finance and advice to help you and your business grow. We will continue to help you leverage our digital platforms to save time and gain access to new online markets including our own 'Central' marketplace. Most importantly, in 2021, we want to serve you better. Our online channels will always be available to you, our branches will be open and ready to serve you, our phones are waiting for your calls and our team is working every day to make banking easier and make you smile more.

Once again, I wish you a very happy new year full of promise and opportunity.

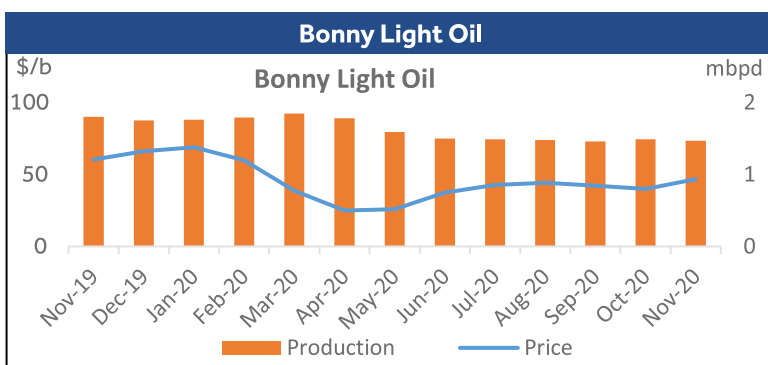
**Herbert Wigwe**  
Group Managing Director,  
Access Bank Plc

## Macroeconomic Update

- COVID-19 has continued to spread throughout the Sub-Saharan Africa region; however, the pace has been less rapid than initially feared. In countries where health care infrastructure is weaker, the true intensity of outbreaks could be understated amid reduced testing capacity. These outbreaks have led to a near-complete halt of international tourist arrivals. Exchange rates have depreciated relative to pre-pandemic levels, contributing to higher and above-target inflation in several economies. The pace of monetary policy easing slowed in the second half of last year.
- The economy of Nigeria is estimated to have shrunk 4.1 percent in 2020—0.9 percentage point more than previously projected—as the effects of the COVID-19 pandemic and associated measures were worse than expected and affected activity in all sectors. Agriculture growth slowed amid difficulties in transporting inputs and products to markets, while falling oil sector activity reflected the effects of weaker international prices and OPEC quotas.
- However, Nigeria's economy is forecast to resume growth at 1.1 percent in 2021—markedly weaker than previous projections—and edge up to 1.8 percent in 2022, as the economy faces severe challenges. Activity is expected to be dampened by low oil prices, falling public investment due to weak government revenues, constrained private investment due to firm failures, and subdued foreign investor confidence. Moreover, private consumption prospects will be weighed down by lost incomes and higher precautionary saving among nonpoor households, as well as lower remittances and the depletion of savings among poor and unemployed households amid inadequate social safety nets (World Bank 2020n).

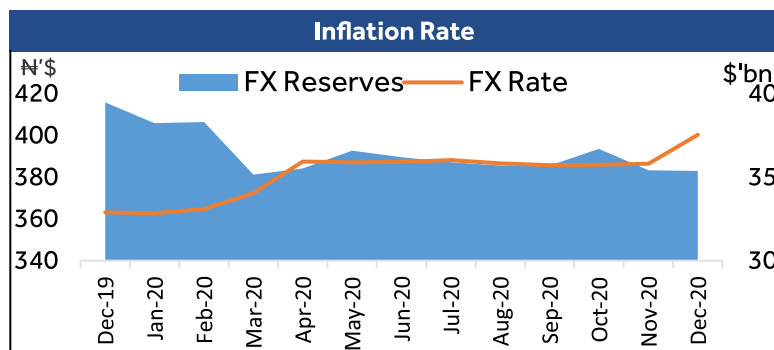


- The Monetary Policy Rate (MPR) stayed unchanged at 11.5% after the Monetary Policy Committee (MPC) meeting in November.
- The Prime Lending Rate (PLR) rose to 11.6% in December 2020 moving by 0.29% from the previous month.
- The 270-Day Treasury Bills (T-Bills) rate posted a 0.48% increase reaching 0.62% at the end of 2020 from the previous month.
- Lower MPR ensures cheaper funds for borrowing but lower rate of returns for investment.



- Bonny light oil price made gains of \$4.27 in December 2020 rising to \$50.94 from \$46.67 posted in the previous month.
- Oil production dropped to 1.47 million barrel per day (mbpd) in November 2020 from 1.49 mbpd posted in the previous month.
- Dependence on the oil sector will leave the treasury's accounts vulnerable to swings in commodity prices, and progress in developing alternative sources of revenue is likely to prove slow.
- Lower government spending impacts negatively on business operations.

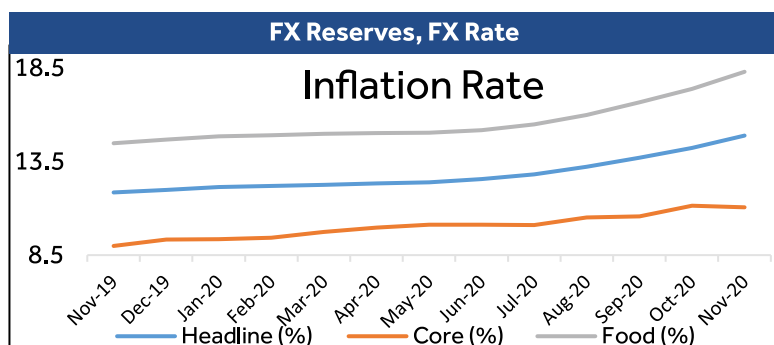
## Macroeconomic Update



■ Inflation rate maintained its upward trajectory rising to 14.89% in November 2020 from 14.23% posted in the previous month.

■ This came on the back of border closure, impact of Naira depreciation and the lingering effects of coronavirus-induced supply disruptions

■ Year-on-Year prices rose mostly for food items reaching 18.3% relatively to 17.38% in October 2020. However, core inflation fell to 11.05% from 11.14% posted in October 2020.



■ External reserves closed at c.\$35.37bn at the end of 2020. This was \$3.2bn lower than the start of the year as demand for the forex, capital flight, lower oil prices continued to pressure the reserves.

■ The Naira depreciated in December 2020 as N/\$ settled at ₦400.33/\$ from ₦386.4/\$ in the previous month at the NAFEX window, reflecting a ₦13.9 increase.

■ The external reserves while lower than figures seen in 2019 can cover more than 3 months import cover.

Sources: CBN, NBS, World Bank 2021: Global Economic Prospects, January 2021

## beware of cybercriminals

Cybercriminals are taking advantage of the new **SIM card registration** rules to trick unsuspecting customers into clicking malicious links.

**DO NOT CLICK** on any **SUSPICIOUS LINK** or respond to any unsolicited message asking you to link your phone numbers or provide personal information to get NIN registration updates. This can compromise your device or bank account.

For information on NIN enrollment, kindly visit legitimate sites such as:

- [www.nimc.gov.ng](http://www.nimc.gov.ng)
- [www.gloworld.com/ng/](http://www.gloworld.com/ng/)
- <https://mtnonline.com/nin/>
- <https://www3.nimc.gov.ng/diaspora/>
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Call us immediately on **01-2712005-7**, or send an email to **contactcenter@accessbankplc.com** to report any suspicious activity on your account.

**Stay safe. Stay vigilant**





# Global Economic Outlook (2021)

Although global economic output is recovering from the collapse triggered by COVID-19, it will remain below pre-pandemic trends for a prolonged period. The pandemic has exacerbated the risks associated with a decade-long wave of global debt accumulation. It is also likely to steepen the long-expected slowdown in potential growth over the next decade. In his Foreword, World Bank Group President David Malpass notes that: **“Making the right investments now is vital both to support the recovery when it is urgently needed and foster resilience. Our response to the pandemic crisis today will shape our common future for years to come. We should seize the opportunity to lay the foundations for a durable, equitable, and sustainable global economy.”**



## Global activity:

*Slower-than-expected recovery amid sharp resurgence of virus.*

- Global activity is forecast to expand by 4% in 2021 and expected to firm over the forecast horizon as confidence, consumption and trade gradually improve, supported by the development of vaccines.
- Global recovery, however, has been dampened in the near term by a resurgence of new COVID-19 cases. The materialisation of several downside risks – including a worsening of the virus, delays in vaccine procurement and distribution, financial stress amid high debt levels could derail the projected recovery.
- Global output is expected to remain 4.4% below pre-pandemic projections by 2022.



## Emerging Market and Developing Economies (EMDE) growth:

*Uneven near-term recovery, subdued outlook.*

- Although aggregate EMDE growth is envisioned to firm to 5% in 2021 and to moderate to 4.2% in 2022, the improvement reflects China's expected rebound. Absent China, the recovery across EMDEs is anticipated to be far more muted, averaging 3.5% in 2021-22, as the pandemic's lingering effects continue to weigh on consumption and investment.
- The pandemic has also caused per capita incomes to fall in more than 90 percent of EMDEs, tipping millions back into poverty.



## Risks to the outlook:

*Tilted to the downside.*

- Prolonged economic weakness could trigger a wave of bankruptcies, banking balance sheets being further impaired, governments being unable to continue providing support, and in some circumstances, temporary bouts of unemployment and business shutdowns.
- In the medium term, the crisis may lower global potential output because of lasting damage to health, education, and balance sheets. In contrast to these downside risks, effective COVID-19 management, aided by the rapid deployment of highly effective vaccines, could allow for markedly faster easing of the pandemic, triggering a sharp rise in consumer confidence, and unleashing pent-up demand.



## Macroeconomic policy response:

*Unprecedented support, to be followed by gradual unwinding.*

- EMDE monetary policy is likely to remain accommodative in the near term amid moderate inflationary pressures and expectations of prolonged expansionary monetary policy stances in advanced economies.
- Despite entering the crisis with high debt levels, many EMDEs have implemented unprecedented fiscal support, though in most advanced economies and EMDEs, much of the fiscal support provided last year is expected to be withdrawn, weighing on growth.
- Deficits are expected to shrink over the forecast, they will nonetheless contribute to rising debt, potentially planting the seeds for future problems—particularly if borrowing is not used efficiently.

## Global Economic Outlook (2021) - Cont'd



### Structural policy priorities:

*Countering the pandemic's lasting scars to support inclusive, sustainable growth.*

- Decisive policy action will be essential to address the far-reaching damage from COVID-19 and mitigate its compounding effects on the ongoing structural decline in long-term growth.
- Bolstering investment in green infrastructure projects and fostering the widespread adoption of environmentally sustainable technologies can support higher growth levels while contributing to climate change mitigation. Other measures include those that safeguard health and education, prioritize investment in digital technologies, improve governance, and enhance debt transparency.
- Increased debt transparency will be key to mitigate the risk of sovereign debt and financial crises, one of the most pressing threats to growth prospects.
- Global cooperation will be essential for supporting vulnerable populations and achieving a sustainable and inclusive global recovery.
- More broadly, deeper global collaboration will be needed to develop equitable and sustainable solutions to the world's most pressing long-term challenges.

Source: World Bank. 2021. *Global Economic Prospects, January 2021*. Washington, DC: World Bank. doi: 10.1596/978-1-4648-1612-3. License: Creative Commons Attribution CC BY 3.0 IGO

## The Biden Administration: Implications For Nigeria

January 20, 2021 saw the inauguration of Joe Biden as the 46th President of the United States of America, and Kamala Harris, as the Vice President. Harris has made history as the first female, first Black and first South Asian Vice President, marking the commencement of the four-year term of America's new administration.

In his first action as President, Biden got right to work after the inaugural parade by signing seventeen executive orders and undoing some of his predecessor's policies – including the reversal of the travel ban placed on countries from predominantly Muslim and African countries.

As the world keenly watches, the unveiling of this new administration, we look at some likely implications for Nigeria and Africa. For many African leaders, the Biden presidency may bring stronger bilateral relations considering the outgoing President Trump had ignored the continent for the most part of his tenure.

### On Foreign Policies and Diplomacy:

Biden vowed to renew the United States' mutually respectful engagement towards Africa with a bold strategy that reaffirms commitment to supporting democratic institutions on the continent; advancing lasting peace and security; promoting economic growth, trade, and investment; and supporting sustainable development. He plans to organize and host a global Summit for Democracy to renew the spirit and shared purpose of the nations of the free world.

### On Security:

As Vice-President during the Obama administration, Joe Biden was also in support of the fight against Nigeria's Islamic terrorist group – Boko Haram. It is expected that as President, Joe Biden will carry on the same energy in supporting Nigeria's fight against Boko Haram.

### On Trade & Investment:

Currently, the United States and Nigeria have a signed bilateral trade and investment framework agreement. Nigeria is the 2nd largest US export destination in Sub-Saharan Africa and as of 2019, exports crude oil, cocoa, cashew nuts, animal feed, rubber, antiques, and food waste. 88% of US imports from Nigeria as of 2019 was crude oil. The significant percentage makes the political implication on oil demand from the US, the most pertinent component of the US-Nigeria trade. We can expect this to be upheld, as well as support for other multilateral agreements and African initiatives.

### On Climate Change:

The US President, Joe Biden said there was "no time to waste" as he has vowed to make his ambitious plan to combat climate change a top priority. With the US, which is considered a major player, back to the climate change table, the demand for crude oil over the years is expected to decline. Nigeria being an oil-dependent economy will face enormous challenges in pushing the economy in the desired growth path. Fiscal revenues and external reserves will be impacted negatively as they depend heavily on oil proceeds.

## Protect yourself and others from COVID-19

COVID-19 is still spreading in the world, please stay safe by continuing the practice of simple precautions, such as:



Maintain at least a 1-metre distance between yourself and others to reduce your risk of infection when they cough, sneeze or speak.



Make wearing a mask a normal part of being around other people. The appropriate use, storage and cleaning or disposal are essential to make masks as effective as possible.



Avoid spaces that are closed, crowded or involve close contact. Outdoor gatherings are safer than indoor ones.



Regularly and thoroughly clean your hands with an alcohol-based sanitizer or wash them with soap and water.



Avoid touching your eyes, nose and mouth. Cover your mouth and nose with your bent elbow or tissue when you cough or sneeze.



Clean and disinfect surfaces frequently especially those which are regularly touched, such as door handles, faucets and phone screens.

Source: World Health Organisation (WHO)

**Mask On  
Naija**

**Dear Superhero,  
leave that mask on**

**CA  
COVID**

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supportcacovid@actrustfoundation.org

**Staying Alive Together.**



# more opportunities

May the new year bring you renewed hope  
and fill your path with opportunities to help you soar.

*Happy New Year*

#Rise4more