Global Economy

In the US, goods trade deficit expanded to $84.62 billion from $80.42 billion in the prior month according to data released by the US Census Bureau. The income represents the largest trade gap since a comparable series began in 1915. Imports rose 2.6% to $212 billion, led by purchases of consumer goods (6.7%), industrial supplies (2.6%) and capital goods (5%). Meanwhile, exports increased at a softer 0.7%, or 2.8% as higher sales of fuels, food, beverages (6.3%) and industrial supplies (1.5%) were partially offset by declines in exports of capital goods (-0.7%) and vehicles (-1.1%). In a separate development, India’s fiscal deficit advanced to an all-time high of Rs1.037 trillion in October-November 2020 from Rs0.866 trillion in the same period of the previous fiscal year according to Controller General Of Accounts, India. The drop is equivalent to 131.5% of the government’s budget estimate for 2020, much higher than 114.8% year-earlier. Receipts tapered 17.9% to Rs0.31 trillion, while total expenditure rose 4.7% to Rs1.06 trillion. The deficit is expected to exceed 8% of GDP in the 2020/21 fiscal year that ends in March 2021, compared to initial government estimates of 3.5%, mainly due to the coronavirus crisis.

Domestic Economy

Data from the Nigerian Stock Exchange revealed that total transaction at the nation’s bourse increased by 29.7% to N151.81 billion in November 2020 from N119.59 billion in October 2020. In November 2020, the total value of transactions executed by domestic investors outperformed transactions executed by foreign investors by 58%. Total domestic transactions increased by 53.51% to N50.50 billion in November 2020 from N32.23 billion in October. However, total foreign transactions decreased by 17.65% to N115.31 billion from N137.12 billion between October and November 2020. Institutional investors outperformed transactions executed by corporates. The parallel rate lost N5 to close at N470/US$, while the official rate remained unchanged at N380/US$. This week, we expect a quiet trading day on the market.

Commodities

Oil price rose slightly last week. The market witnessed modest demand on some select maturities (2024 and 2030 bonds), as the rates around these maturities seemed attractive in the secondary market. Consequently, average yields on the 5-, 10-, 15- and 50-year papers dipped by 1.77%, 0.66%, 7.40% and 7.43% from 1.8%, 7.8%, 7.54% and 7.97% accordingly. The Access Bank Nigerian Government Bond Index declined by 4,772.12 points from 4,795.97 points, 23.85 points lower. This week, we expect a quiet opening as the market commences trading in the new year.

Market Analysis and Outlook: December 31 – January 8, 2021

In the US, gold prices declined by 2.83% to $26.49 per ounce, a 2.83% climb from previous week. This week, oil prices might decline as mutating strains of the coronavirus pandemic. Consequently, gold prices supported by widespread stimulus measures from governments and central banks in the wake of the coronavirus pandemic. Consequently, gold prices increased by 3.52% to $1,854.01 per ounce across the different market segments to counter the financial strain on the economy.

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