**AceBank Rateswatch**

**KEY MACROECONOMIC INDICATORS**

**Indicators** | **Current Figures** | **Comments** | **Q3 2020 — higher by 2.4% compared to -4.1% in Q2 2020**
---|---|---|---
GDP Growth (%) | | | -3.82

**Broad Money Supply (N’bn)** | 36.08 | Increased by 5.32% in October 2020 from N35.97 trillion in September 2020 |

**Currency in Circulation (N’bn)** | 2.45 | Decreased by 2.32% in October 2020 from N24.72 trillion in September 2020 |

**Inflation rate (%) [year-on-year]** | 14.89 | Increased to 14.16% in November 2020 from 13.71% in October 2020 |

**Domestic Policy Rate [%]** | 11.5 | Adjusted to 11.5% in September 2020 from 12.5% |

**Interest Rate (Asymmetrical Corridor)** | 11.5%+5% | Landing rate changed to 12.5% & Deposit rate 4.5% |

**External Reserves (US$ million)** | 34.91 | December 22, 2020 figure — a decrease of 1.19% from December start |

**Net Open Market Operations** | 50.80 | December 21, 2020 figure — a decrease of 1.36% from the prior week |

**Inflationary Expectations (N’bn)** | 0.51 | November 2020, figure — a decrease of 0.88% from October 2020 figure |

**STOCK MARKET INDICATORS**

**Indices** | **Last Week** | **2 Weeks Ago** | **Change (%)** |
---|---|---|---
Nse All-Share Index (N’bn) | 38,800.01 | 38,604.75 | 5.42 |

**Value (N’bn)** | 22.28 | 19.24 | 18.52 |

**Volume (bn)** | 0.97 | 0.43 | 82.58 |

**MOBILE MARKET**

**Tenor** | **Last Week** | **2 Weeks Ago** | **Change (Basis Point)** |
---|---|---|---
BBN | 0.43 | 4.50 | (407.0) |

**FOREX MARKET**

**Market Rate (N/US$)** | 465.00 | 477.00 | 496.00 |

**COPPER (US$/ton)** | 9.81 | 9.74 | 0.76 |

**TREASURY BILLS PRA AUCH**

**Tenor** | **Last Week (%)** | **2 Weeks Ago (%)** | **Change (Basis Point)** |
---|---|---|---
6 Moths | 0.95 | 1.57 | (6) |
12 Moths | 0.75 | 0.75 | 0 |

**BOND MARKETS INDICATORS**

**Average Yield (%)** | | | |
---|---|---|---
5-Year | 1.80 | 1.80 | 0.25 |
10-Year | 4.84 | 4.79 | 0.25 |
15-Year | 4.96 | 4.87 | 0.25 |
30 Years | 7.80 | 7.82 | 0.02 |
40 Years | 8.89 | 8.80 | 0.02 |
50 Years | 7.54 | 7.47 | 0.07 |
60 Years | 7.37 | 7.36 | 0.01 |

**COTTON ($) per lb.** | 14.80 | 14.80 | 0.00 |

**SILVER ($) per t oz.** | 29.60 | 29.60 | 0.00 |

**SUGAR ($) per lb.** | 39.00 | 39.00 | 0.00 |

**COPPER ($) per lb.** | 2.85 | 2.85 | 0.00 |

**GOLD ($) per oz.** | 1,883.51 | 1,883.51 | 0.00 |

**GOLD ($) per oz.** | 379.00 | 379.00 | 0.00 |

**NATURAL GAS ($/MMBtu)** | 1.55 | 1.55 | 0.00 |

**COPPER (%)** | 31.35 | 31.35 | 0.00 |

**SILVER (%)** | 7.18 | 7.18 | 0.00 |

**SUGAR (%)** | 33.57 | 33.57 | 0.00 |

**COTTON (%)** | 2.85 | 2.85 | 0.00 |

**DOMESTIC ECONOMY**

**GDP Growth (%)** | 1.48 | 1.48 | 0.00 |

**UNEMPLOYMENT RATE (%)** | 0.95 | 0.95 | 0.00 |

**YTD Return (%)** | 4.29 | 4.29 | 0.00 |

**Market Analysis and Outlook: December 24 – December 31, 2020**

**Global Economy**

In the UK, gross domestic product narrowed by 0.6% year-on-year in the third quarter of 2020, less than a 6% contraction previously estimated and following a record contraction of 20.3% in the previous three-month period according to the office for National Statistics (ONS). The economy started to recover as restrictions on movement eased across June, July, August and September. Household consumption dropped 10.1% (vs -24.7% in Q2) and fixed investment fell 13.3% (vs -28.8% in Q2). At the same time, public investment declined by 8.8% (vs -18.1% in Q2). However, the net direct demand contributed positively to GDP as exports decreased less than imports. In a separate development, Bank of England’s current account surplus of $12.1 billion in November 2020, compared with a deficit of $0.1 billion in the corresponding month last year, led to a decrease of 0.68% from October 2020 figure. The trade surplus widened to $7.3 billion from $6.5 billion in the same period of 2019. However, the Eurozone current account surplus expanded to €34.1 billion in November 2020 from €26.8 billion in the same month of the prior year according to the European Central Bank. The goods surplus rose to €84.6 billion from €36.6 billion in October 2019, the services surplus widened to €7.8 billion from €6.9 billion and the secondary income deficit shrank to €11.8 billion from €12.2 billion. Meanwhile, the primary income account recorded a deficit of €6.44 billion, a decrease from €4.9 billion a year earlier. The cost of borrowing significantly declined last week due to net Open Market Operations (OMO) maturity credit of N225.73 trillion in December 2020. The funding rate changed to 12.5% & Deposit rate 4.5%.

**Domestic Economy**

The CBN reported that the Central Bank of Nigeria (CBN) Manufacturing PMI in the month of December stood at 68.0%, up 2.85% from 20.28 points and 20.28 trillion, respectively. This week, we expect rates to remain in single digits during the year by any significant funding activity.

**Foreign Exchange Market**

The local unit slid in varying directions against the dollar across most market last week. The Nigerian Autonomous Foreign Exchange Rate (NAFER), depreciated as the parallel market rate appreciated. The official rate remained flat week-on-week. The NAFER settled at N42.51 from N42.50 from $1.14 as of the prior week. Consequently, average yields on the 1- to 6-month, 12- to 24-month, 24- to 36-month, 36- to 48-month and 48- to 60-month ended-2020, 2021 and 2022 bonds were 14.7%, 15.6%, 16.4%, 17.2% and 18.0%, respectively. This week, we expect rates to remain in single digits during the year by any significant funding activity.

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**Commodities**

Copper oil price declined after industry data showed an unexpected 3.7 million barrel build in US crude inventories last week. The oil market was already under pressure amid concerns over weakening demand in the light of a worrying pandemic reports that US President Donald Trump rejected the $900 billion stimulus package that his local Nigerian court ruled against the new fast-spreading variant of the virus found in Britain. Safe haven asset prices are expected to be bullish as news that Britain and the EU were on the verge of striking a narrow trade deal lifts prices. Consequently, gold prices increased by 2.05% or $37.84 to finish at $1,883.51 per ounce, near $900 billion coronavirus aid package. Consequently, gold prices increased by 2.05% or $37.84 to finish at $1,883.51 per ounce, near $900 billion coronavirus aid package. Consequently, gold prices increased by 2.05% or $37.84 to finish at $1,883.51 per ounce, near $900 billion coronavirus aid package.