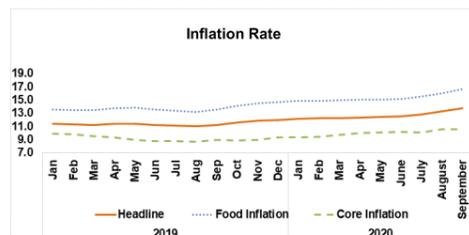
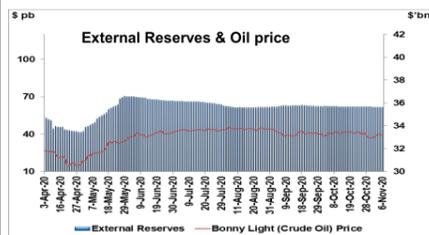
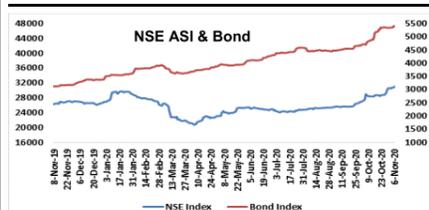


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-6.1	Q2 2020 — lower by -7.97% compared to 1.87% in Q1 2020
Broad Money Supply (N' trillion)	37.18	Decreased by 0.12% in September' 2020 from N37.23 trillion in August' 2020
Credit to Private Sector (N' trillion)	29.71	Decreased by 2.20% in September' 2020 from N30.38 trillion in August' 2020
Currency in Circulation (N' trillion)	2.43	Increased by 2.38% in September' 2020 from N2.37 trillion in August' 2020
Inflation rate (%) (y-o-y)	13.71	Increased to 13.71% in September 2020 from 13.22% in August 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)	35.66	November 4, 2020 figure — a decrease of 0.23% from October start
Oil Price (US\$/Barrel)	39.5	November 5, 2020 figure — an increase of 6.1% from the prior week
Oil Production mbpd (OPEC)	1.46	September 2020, figure — a decrease of 0.4% from August 2020 figure



## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	6/11/20	30/10/20	
NSE ASI	31,016.17	30,530.69	1.59
Market Cap(N'tr)	16.21	15.96	1.56
Volume (bn)	0.64	0.81	(21.08)
Value (N'bn)	5.23	10.50	(50.20)

## MONEY MARKET

NIBOR	Tenor	Last Week	2 Weeks Ago	Change (Basis Point)
		Rate (%)	Rate (%)	
		6/11/20	30/10/20	
OBB		5.7000	1.0000	470
O/N		6.4000	1.2500	515
CALL		9.5000	1.4000	810
30 Days		1.2331	0.9371	30
90 Days		1.6515	0.9473	70

## FOREIGN EXCHANGE MARKET

Market	Last Week	2 Weeks Ago	1 Month Ago
	Rate (N/\$)	Rate (N/\$)	Rate (N/\$)
	6/11/20	30/10/20	6/10/20
Official (N)	379.00	379.00	380.00
Inter-Bank (N)	385.92	385.95	385.55
BDC (N)	0.00	0.00	0.00
Parallel (N)	464.00	464.00	458.00

## BOND MARKET

Tenor	Last Week	2 Weeks Ago	Change (Basis Point)
	Rate (%)	Rate (%)	
	6/11/20	30/10/20	
5-Year	1.59	1.61	(2)
7-Year	2.24	3.08	(83)
10-Year	2.78	3.20	(42)
15-Year	5.00	5.03	(3)
20-Year	4.50	4.42	8
25-Year	5.99	6.47	(48)
30-Year	7.04	7.22	(18)

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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: November 6– November 13, 2020

### Global Economy

In the US, the Federal Reserve left the target range for its federal funds rate stable at 0-0.25% during its November meeting, as committee members took a wait-and-see approach amid US Presidential elections uncertainty. The central bank also said it will increase its holdings of Treasury securities and agency mortgage-backed securities over coming months, to sustain smooth market functioning and help foster accommodative financial conditions, thereby supporting the flow of credit to households and businesses. Policymakers cautioned that the ongoing public health crisis will continue to weigh on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term. Looking ahead, the Fed reiterated its commitment to keep rates at record low levels until labour market conditions reach levels consistent with maximum employment and inflation rises to 2% and is on track to moderately exceed 2% for some time. Elsewhere, the Bank of England left its Bank Rate unchanged at 0.1% and increased the size of its bond-buying program by a larger-than-expected £150 billion to £875 billion, as the country entered a new coronavirus lockdown. Officials noted that there has been a rapid rise in rates of Covid infection and the UK Government has responded by increasing the severity of Covid restrictions. Consumer spending has also softened across a range of high-frequency indicators, while investment intentions have remained weak. The central bank sees the economy shrinking by 11% in Q4 2020, much worse than a 5.4% drop projected in August and to grow by a stronger 11% in Q4 2021. Inflation is expected higher at 0.6% in Q4 2020 (vs 0.3% in August) and the unemployment rate is seen lower at 6.3% (vs 7.5%). The key bank rate is expected to remain steady at 0.1% through the rest of 2020 but is likely to be cut to -0.1% next year. Elsewhere, the Central Bank of Brazil unilaterally decided to keep its benchmark interest rate at an all-time low of 2% in October. The policy makers said that recent indicators suggest an uneven recovery in domestic economic activity as uncertainty about growth remains larger than usual, especially for the period starting at the end of this year, concurrently with the expected unwinding of the emergency transfer programs. Committee members noted that inflation readings were higher than expected and raised projections for the remaining months of 2020. The bank also said that the current economic conditions continue to recommend an unusually strong monetary stimulus but it recognised that due to prudential and financial stability reasons the remaining space for stimulus, if it exists, should be small.

### Bond Market

Nigeria's total public debt stock will hit N38.68 trillion by December 31, 2021. This comprises the external and domestic debts of the federal and state governments as well as the Federal Capital Territory (FCT). Minister of Finance, Budget and National Planning, gave this projection last week at the 2021 budget defence of the ministry and its agencies before the Senate Committee on Local and Foreign Debts. According to the Minister, the total external debt is expected to rise to N14.21 trillion while total domestic debt is put at N24.47 trillion putting the ratio of total public debt on gross domestic product at 27.11%. The Central Bank of Nigeria in its October Business Expectation Survey report reported the overall confidence index (CI) at -1.5 index point in October 2020. Respondent firms identified insufficient power supply, financial problems, high interest rate, competition, unfavourable economic climate, unclear economic laws, unfavourable political climate, insufficient demand, access to credit and lack of equipment as major factors constraining business activity in October 2020. Respondents were however optimistic in their outlook for November with a confidence index of 37.9. They also expressed optimism in the overall business outlook for December 2020 and April 2021 as shown in a greater confidence of the economy at 46.1 and 59.7 index points. The pessimism on the macro economy in the current month was driven by the opinion of respondents from agric./services (-3.1 points), construction (-0.7 points) and wholesale/retail trade sectors (-0.5 points). The major drivers of optimism for next month were agric./services (20.0 points) and manufacturing sectors (13.4 points).

### Stock Market

The bulls dominated the Nigeria stock market at the close of the first week in November. Companies in the financial, agricultural, consumer and industrial sectors were responsible for the uptrend seen in the market. Consequently, the All Share Index (ASI) and market capitalization closed at 31,016.17 points and 15.96 trillion from 30,530.69 points and 15.96 trillion, respectively the preceding week. Market is expected to remain bullish as the low yield environment continues to trigger significant buying interest in equity counters.

### Money Market

The debt market was illiquid last week following Industry-wide Cash Reserve Requirement (CRR) debit and the biweekly Retail Secondary Market Intervention Sales (SMIS) auction which mopped up market liquidity at the end of the week. These outflows led to a surge in short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) to 5.7% and 6.4% from 1% and 1.25% respectively. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 1.23% and 1.65% from 0.94% and 0.95%. This week, rates are expected to slightly decline due to Open Market Operations maturity.

### Foreign Exchange Market

The local unit went in varying directions last week responding to different levels of pressure from the demand and supply sides of the FX markets. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) appreciated while the parallel market depreciated against the green back. The official rate remained unchanged week-on-week. The NAFEX settled at 385.92/US\$ from 385.95/US\$ while at the parallel market, the naira lost N2 to close at 464/US\$ from 462/US\$ last week. The official market rate remained flat at 379/US\$. Rates are expected to remain at these levels next week barring any significant market activity.

### Bond Market

Average bond yield declined as the bond market continued to trade with bullish sentiments despite the low market yields. Market performance may be attributed to the robust system liquidity. Yields on the 5-, 7-, 10-, 15-, and 20-year papers tapered to 1.59%, 2.24%, 2.78%, 5.00% and 7.04% from 1.61%, 3.08%, 3.20%, 5.03%, 6.47% and 7.22% in that order. The Access Bank Nigerian Government Bond Index went up marginally to 5,386.37 points from 5,337.13 points, 49.24 points higher. This week we expect the market to open with buying interest as the improved yields from last week provides an entry point for position holders.

### Commodities

Crude oil price recovered last week amid a big drop in US crude inventories. Energy Information Administration's (EIA) data showed US crude stocks fell by 7.998 million barrels in the latest week, the biggest decline in 2 months. Signals that OPEC is considering a possible extension of oil output restrictions into the first quarter of 2021 in the light of surging coronavirus cases worldwide supported prices. Bonny light, Nigeria's benchmark crude climbed 6.1% to close at \$42.27 per barrel. In a similar vein, precious metal prices rose as the dollar continued to weaken while investors await the outcome of the US Presidential election although concerns mount that it will take several days or weeks to get the final result. Consequently, gold prices climbed by 4.57% or \$85.52 to finish at \$1,958.66 per ounce from \$1,873.14 per ounce. Silver settled at \$25.73 per ounce, a 9.96% jump from previous week price. This week, oil prices might decline amid mounting fears that COVID-19 lockdowns in the US and across Europe will weaken global fuel demand. The prices of bullions will be majorly determined by the US election result this week.

## Monthly Macro Economic Forecast

Variables	Nov'20	Dec'20	Jan'21
Exchange Rate (NAFEX) (N/\$)	387	388	388
Inflation Rate (%)	13.9	14.25	14.5
Crude Oil Price (US\$/Barrel)	44	46	46

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123 [rotimi.peters@accessbankplc.com](mailto:rotimi.peters@accessbankplc.com)