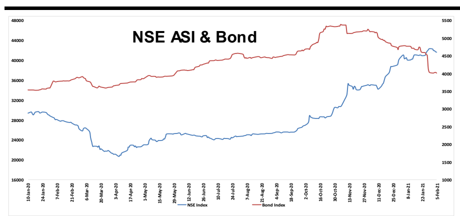
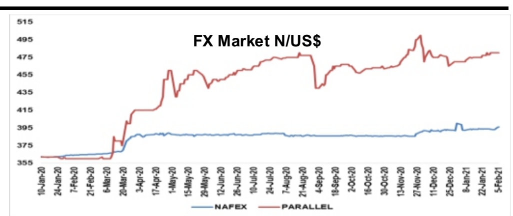
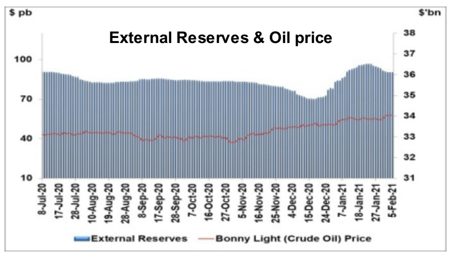
Access Bank Rateswatch

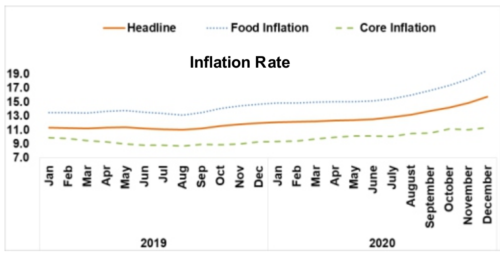
KEY MACROECONOMIC INDICATORS

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)	36.58	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)	36.48	February 2, 2021 figure — an increase of 2.10% from January start
Oil Price (US$/Barrel)	55.75	February 2, 2021 figure— a decrease of 0.04% from the prior week
Oil Production mbpd (OPEC)	1.42	December 2020, figure — a decrease of 1.9% from November 2020 figure









STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	5/2/21	29/1/21	
NSE ASI	41,709.09	42,412.66	(1.66)
Market Cap(N'tr)	21.82	22.19	(1.66)
Volume (bn)	0.48	0.67	(28.02)
Value (N'bn)	5.58	6.59	(15.35)

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	5/2/21	29/1/21	
OBB	17.5000	10.5000	700
O/N	18.0000	11.0000	700
CALL	13.5000	9.3333	417
30 Days	1.2552	1.5779	(32)
90 Days	1.1903	1.5681	(38)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$)	2 Weeks Ago Rate (N/$)	1 Month Rate (N/$)
	5/2/21	29/1/21	5/1/21
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	395.93	393.45	392.47
BDC (N)	0.00	0.00	0.00
Parallel (N)	480.00	480.00	470.00

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	5/2/21	29/1/21	
5-Year	2.96	2.95	1
7-Year	6.34	6.67	(33)
10-Year	6.48	6.54	(5)
15-Year	10.11	10.15	(4)
20-Year	9.20	9.45	(25)
25-Year	10.35	9.90	45
30-Year	10.53	10.55	(2)

COMMODITIES MARKET

Indicators	5/2/21	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	57.66	3.43	(10.55)
Natural Gas ($/MMBtu)	3.03	12.64	(0.85)
Agriculture			
Cocoa ($/MT)	2,450.00	(3.20)	26.55
Coffee ($/lb.)	124.80	0.32	(4.15)
Cotton ($/lb.)	84.71	5.51	9.30
Sugar ($/lb.)	16.25	3.37	6.00
Wheat ($/bu.)	639.25	(2.11)	47.46
Metals			
Gold ($/t oz.)	1,805.89	(3.03)	37.06
Silver ($/t oz.)	26.62	(2.49)	54.86
Copper ($/lb.)	359.80	0.85	9.76

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	5/2/21	29/1/21	
1 Mnth	0.46	0.41	5
3 Mnths	0.46	0.43	3
6 Mnths	0.99	0.93	6
9 Mnths	1.30	1.36	(6)
12 Mnths	1.72	1.27	45

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
Indicators	5/2/21	29/1/21	
Index	4,023.39	4,046.43	(0.57)
Mkt Cap Gross (N'tr)	13.18	12.93	1.96
Mkt Cap Net (N'tr)	9.46	9.25	2.23
YTD return (%)	63.79	64.73	(0.94)
YTD return (%)(US $)	-28.60	-27.66	(0.94)

TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	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

Market Analysis and Outlook: February 5 – February 12, 2021

Global Economy

In the U.K, the Bank of England voted unanimously to keep its benchmark interest rate unchanged at a record low of 0.1% and left its bond-buying programme unchanged during its February meeting. Committee members noted it would be appropriate to start the preparations so that it could set a negative rate in 6 months but stressed it should not be interpreted as a signal. The central bank also said that the coronavirus vaccine rollouts in a number of countries, including the United Kingdom, have improved the economic outlook, but voiced concerns about the recent increase in cases, including from newly identified strains of the virus, and the associated reimposition of restrictions. Elsewhere, the Reserve Bank of India (RBI) left its benchmark repurchase rate at 4% during its February meeting, saying it was maintaining an accommodative stance as long as necessary to support the economy hit by the COVID-19 crisis, while ensuring that inflation remains within the target going forward. The central bank revised its inflation forecast to 5% from 5.2% in H1 2021-22 and 4.3% for Q3 2021-22. At the same time, the reverse repo rate at which RBI borrows from banks was kept unchanged at 3.35% and the marginal standing facility (MSF) rate and the bank rate at 4.25%. The central bank last revised its policy rate in May last year.

Domestic Economy

The Central Bank of Nigeria in a recent circular has placed a ban on all regulated financial institutions from providing services to crypto exchanges in the country. According to the central bank's notice, the ruling is an extension of earlier warnings from the bank about the risks associated with digital currencies. As part of the ban, the CBN has directed all commercial banks to close accounts belonging to crypto exchanges and other businesses transacting in crypto currencies in the country. The CBN also warned of stiff penalties to any bank or financial institution that fails to comply with the directive. In a separate development, Nigeria plans to use unclaimed dividends held by companies and dormant bank accounts to finance its growing deficit and revive an economy hobbled by low oil prices. The government will transfer company dividends which have been unclaimed for more than six-years, totalling more than 180 billion ($472 million), into a fund managed by Nigeria's debt office and may then borrow from it, presidential adviser on fiscal matters said last week. Dormant bank accounts will also be included in the plan by the government of Nigeria, which relies on oil for much of revenues and foreign exchange. The government has been searching for ways to support falling revenue after an oil price crash tipped the economy into its second recession in five years.

Stock Market

Indicators at the Nigeria stock exchange witnessed a turn around and closed on negative territory as profit taking was seen across the board. The downtrend was majorly in sectors such as financial services, oil & gas, telecommunication and consumer good. Consequently, the All-Share Index (ASI) and market capitalization jumped by 1.66% to 41,709.09 points and 21.82 trillion from 42,412.66 points and 22.19 trillion, respectively the preceding week. This week, we expect that investors will position ahead of dividend news amidst profit taking.

Money Market

The debt market liquidity worsened as a result of the bi-weekly FX retail Secondary Market Intervention Sales (SMIS) Auction, Special Open Market Operations (OMO) as well as the industry-wide Cash Reserve Ratio (CRR) debit hit the system. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates ascended to at 17.5% and 18% from 10.5% and 11%previous week. The slightly longer dated instruments such as 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 1.26% and 1.19% from 1.58% and 1.57% the prior week. This week, rates are expected to decline following OMO maturity into the system.

Foreign Exchange Market

The naira was majorly stable against the greenback across most market except at the Nigerian Autonomous Foreign Exchange Rate (NAFEX) where it depreciated. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) lost 2.48 to close at 395.93/US$. The parallel market and official window remained unchanged from preceding week figures at 480/US$ and 379/US$ respectively. We expect rates to trend around current levels as CBN continues to intervene in the FX market.

Bond Market

Bond market was relatively quiet as investors focused their attentions on the OMO auction. We saw limited offers on few select short maturities while we also witnessed some buying interest on the medium tenured securities - mostly the 2035, 2036 and 2037 bonds. Yields on the seven-, ten-, fifteen-, twenty-, and thirty-year debt papers finished at 6.34%, 6.48%, 10.11%, 9.20%, and 10.53% from 6.67%, 6.54%, 10.15%, 9.45%, and 10.55%. The Access Bank Bond index shed 23.04 points to settle at 4,023.39 points last week. We expect a bearish start into next week given the new level of the 1YR OMO bill which closed at 10% last week.

Commodities

Oil prices jumped last week on hopes for a recovery in global crude demand as the COVID-19 pandemic is starting to ease globally. Further supporting prices were reports about the progress in US stimulus talks and prospects that countries will ramp up vaccination efforts. Bonny light, Nigeria's benchmark crude climbed 3.43% to close at $57.66 per barrel. In contrast, precious metal prices tapered as the dollar strengthened and US Treasury yields remained elevated. Positive US economic data, along with a gradual rollout of vaccines and more government spending boosted hopes for a robust economic recovery. Consequently, gold prices dipped 3.03% or $56.5 to finish at $1,805.89 per ounce from $1,862.39 per ounce. Silver settled at $26.62 per ounce, a 2.49% drop from previous week. This week, oil prices might continue to gain traction on economic revival hopes and supply curbs by producer group OPEC and its allies. Bullions are likely to gain support from the passage of U.S president $1.9 trillion COVID-19 stimulus package.

Monthly Macro Economic Forecast

Variables	Feb'21	Mar'21	Apr'21
Exchange Rate (NAFEX) (N/$)	392	393	393
Inflation Rate (%)	16.15	16.89	16.95
Crude Oil Price (US$/Barrel)	55	56	57

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.

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