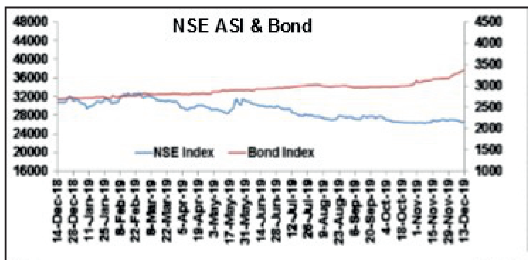
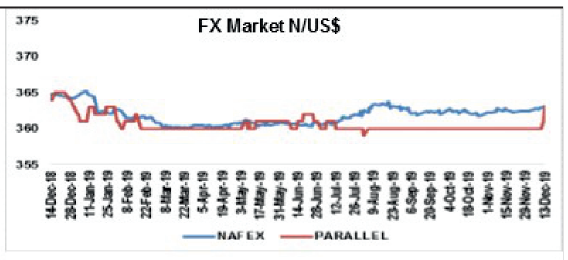
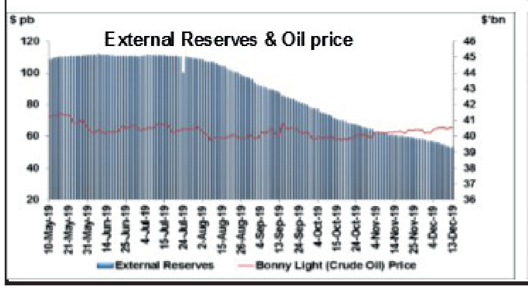
Access Bank Rateswatch

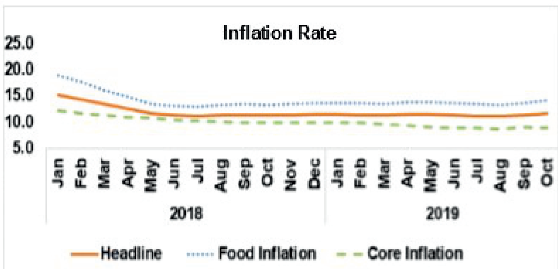
KEY MACROECONOMIC INDICATORS

GDP Growth (%)	2.28	Q3 2019 — higher by 0.17% compared to 2.12% in Q2 2019
Broad Money Supply (N' trillion)	35.26	Increased by 0.66% in Oct' 2019 from N35.03 trillion in Sept' 2019
Credit to Private Sector (N' trillion)	25.80	Increased by 1.30% in Oct' 2019 from N25.47 trillion in Sept' 2019
Currency in Circulation (N' trillion)	2.06	Increased by 2.51% in Oct' 2019 from N2.01 trillion in Sept' 2019
Inflation rate (%) (y-o-y)	11.61	Increased to 11.61% in October 2019 from 11.24% in September 2019
Monetary Policy Rate (%)	13.5	Adjusted to 13.5% in March 2019 from 14%
Interest Rate (Asymmetrical Corridor)	13.5 (+2/-5)	Lending rate changed to 15.5% & Deposit rate 8.5%
External Reserves (US$ million)	39.62	December 12, 2019 figure — a decrease of 0.96% from December start
Oil Price (US$/Barrel)	65.61	December 12, 2019 figure— an increase of 1.14% from the previous wk
Oil Production mbpd (OPEC)	1.80	November 2019, figure — a decrease of 0.33% from October 2019 figure









STOCK MARKET

Indicators	Friday 13/12/19	Friday 6/12/19	Change(%)
NSE ASI	26,536.21	26,855.52	(1.19)
Market Cap(N'tr)	12.81	12.96	(1.19)
Volume (bn)	0.16	0.20	(21.16)
Value (N'bn)	1.43	3.53	(59.46)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 13/12/19	Friday Rate (%) 6/12/19	Change (Basis Point)
OBB	2.21	2.43	(22)
O/N	2.79	3.07	(28)
CALL	2.85	2.85	0
30 Days	12.73	11.07	165
90 Days	13.66	11.01	265

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 13/12/19	Friday (N/$) 6/12/19	1 Month Rate (N/$) 13/11/19
Official (N)	306.90	306.95	306.90
Inter-Bank (N)	363.12	362.74	362.52
BDC (N)	0.00	360.00	0.00
Parallel (N)	363.00	360.00	360.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 13/12/19	Friday (%) 6/12/19	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	9.79	10.78	(99)
7-Year	11.11	11.24	(13)
10-Year	11.02	11.69	(66)
20-Year	11.52	12.34	(82)
30-Year	12.44	13.09	(65)

COMMODITIES MARKET

Indicators	13/12/19	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	65.61	1.14	1.78
Natural Gas ($/MMBtu)	2.27	(6.20)	(25.72)
Agriculture			
Cocoa ($/MT)	2539.00	(3.39)	31.15
Coffee ($/lb.)	139.40	10.77	7.07
Cotton ($/lb.)	67.58	3.60	(12.80)
Sugar ($/lb.)	13.61	3.34	(11.22)
Wheat ($/bu.)	532.75	1.48	22.90
Metals			
Gold ($/t oz.)	1472.74	(0.24)	11.78
Silver ($/t oz.)	16.98	0.12	(1.22)
Copper ($/lb.)	281.20	5.28	(14.22)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 13/12/19	Friday (%) 6/12/19	Change (Basis Point)
1 Mnth	10.57	11.11	(55)
3 Mnths	10.21	9.84	38
6 Mnths	9.21	9.55	(34)
9 Mnths	12.67	11.58	108
12 Mnths	13.25	12.50	75

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 13/12/19	Friday (%) 6/12/19	Change (Basis Point)
Index	3,369.73	3287.10	2.51
Mkt Cap Gross (N'tr)	10.53	10.27	2.51
Mkt Cap Net (N'tr)	7.03	6.79	3.49
YTD return (%)	37.18	33.82	3.36
YTD return (%)(US $)	-18.61	-22.00	3.39

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate(%)	Date
91 Day	20,372.79	6.495	27-Nov-2019
182 Day	19,157.66	7.23	27-Nov-2019
364 Day	111,071.72	8.37	27-Nov-2019

Sources: CBN, Financial Market Dealers Association of Nigeria, NSE and Access Bank Economic Intelligence Group computation.

Market Analysis and Outlook: December 13 – December 20, 2019

Global Economy

In Europe, the European Central Bank (ECB) left its key interest rates and stimulus package unrevised during Christine Lagarde's first policy meeting in charge on December 12th, with the main refinancing rate remaining at 0% and the deposit rate at -0.5%. Policymakers said they expect interest rates to remain at their present or lower levels until the inflation outlook converges to their aim. The bank also cut its growth forecast for 2020, due to weak trade growth, while inflation is seen below the 2% target through at least 2022. Elsewhere in Brazil, Central Bank of Brazil voted in one accord to trim its key interest rate by 50 bps to 4.50% during its December meeting. It was the fourth consecutive rate cut bringing borrowing costs to its lowest on record, amid the global economic slowdown and a recovery in the domestic economy. Policymakers said that the current stage of the business cycle needs caution in the conduct of monetary policy and added that next decisions will be data dependent. In a separate development, China's witnessed smallest trade surplus since August, as exports unexpectedly declined, while imports surprised forecasts by rising for the first time in seven months. Trade surplus contracted to $38.73 billion in November 2019 from $41.86 billion in November 2018. Exports dropped by 1.1% year-on-year to $221.74 billion in November, following a 0.8% drop in the preceding month. This was the fourth straight month of yearly decline in overseas sales, amid weakening global demand and ongoing trade tensions with the US. On the other hand, imports shockingly rose 0.3% to $183.01 billion, compared to a 6.2% decline in October. This marked the first year-on-year import growth since April, as unwrought copper purchases were the highest since September 2018

Domestic Economy

The Nigeria's total trade value stood at N9.19 trillion in Q3 2019 representing 6.77% increase over the value recorded in Q2 2019 and 1.33% increase relative to Q3 2018. The value of the export component (N5.29 trillion) increased by 15.02% against Q2 2019 and 8.97% when compared with the corresponding quarter in 2018. On the other hand, the import component (valued at N3.90 trillion) decreased by 2.70% in Q3 against Q2 2019 and 7.47% against Q3 2018. The increase in exports coupled with the decrease in imports led to a positive trade balance of N1.39 trillion during the period under review. In Q3 2019, crude oil remained the dominant export, accounting for 70.87% (N3.74 trillion) of the value of total export, while non-crude oil exports amounted to 29.13% (N1.54 trillion). However, in Q3 2019, the value of crude oil exports was 4.7% lower than in Q2 2019 and 9.6% lower than the corresponding quarter of 2018. Major export partners are Ghana (17.18%), India (14.67%), Netherlands (9.82%), Spain (8.60%), and U.S.A (6.28%). Major import partners are China (31.34%), U.S.A. (11.35%), India (7.49%), Netherlands (6.8%) and Belgium (3.98%). In a separate development, the Federal Government has opened subscription offer for its December bond by reopening the APR-2023, APR-2029 and APR-2049 bonds, offering investors N50bn each across each tenor. The Debt Management Office (DMO) said in a notice last week that it was authorized to receive applications for subscription on behalf of the Federal Government. It said the N150bn bonds consisted of a re-opening of N50bn five-year bond at a rate of 12.75%, N50bn 10-year bond at the rate of 14.55% and N50bn 30-year bond at the rate of 14.80%. For re-opening of previously issued bonds (where the coupon is already set), successful bidders usually pay a price corresponding to the yield-to-maturity bid that clears the volume being auctioned, plus any accrued interest on the instrument. The circular said the bonds would be auctioned on December 18, 2019 and would be settled on December 20, 2019.

Stock Market

The Nigeria Stock Exchange extended its losing streak last week pulling the NSE's benchmark All-Share index further southward. Market participants are reluctant to invest following recent downgrade of some Nigerian banks and Dangote Cement by Moody's; despite maintaining its rating at B2 for the country, there was a change in outlook from stable to negative. Consequently, the All Share Index (ASI) dipped 1.19% to end at 26,536.21 points from 26,855.52 points the preceding week. Similarly, market capitalization fell by 1.19% to N12.81 trillion from N12.96 trillion the prior week. We expect that investors to take advantage of the correctional profit-taking and low supply to position ahead of the year-end rally as capital flow and repositioning in value stocks continue.

Money Market

Borrowing cost recorded mixed movements in the week ended December 13, 2019 even though the system was awash with liquidity from Open Market Operation (OMO) maturity of N650 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 2.21% and 2.79 % from 2.43% and 3.07% respectively the previous week. The longer dated instruments such as the 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) settled at 12.73% and 13.66% from 11.07% and 11.01% the prior week. This week, short tenored rates are expected to hover around current levels due to OMO maturity of N506 billion.

Foreign Exchange Market

The Naira went in differing directions last week as it appreciated at the official window and depreciated at both the Nigerian Autonomous Foreign Exchange (NAFEX) segment and parallel market. The official market closed at N306.90/US$ from N306.95/US$ the prior week, while at the NAFEX segment the local currency depreciated by 38kobo to close at N363.12/US$ from N362.74//US$ the previous week. The parallel market closed higher at N363/US$ compared to N360/US$ the preceding week. This week, we expect the naira to hover around prevailing levels at the various windows, boosted by the Central Bank's sustained supply of liquidity to the market.

Bond Market

The bullish sentiment at the bond market persisted attributable to the OMO maturity that came in last week. Consequently, market recorded demand for most maturities across the curve. Yields on the five-, seven-, ten- twenty- and thirty-year debt papers finished at 9.79%, 11.11%, 11.02%, 11.52% and 12.44% from 10.78%, 11.24%, 11.69%, 12.34% and 13.09% respectively, the previous week. The Access Bank Bond index rose significantly by 82.62 points or 2.51% to close at 3,369.73 points from 3,287.10 points the prior week. We expect the coming week to resume with improved activity as market participants prepare for the last bond auction for the year.

Commodities

The price of oil maintained their bullish run as U.S. President said that the United States was very close to some sort of a deal with China and as the U.S. has reportedly offered China to roll back some existing tariffs and cancel a new round of tariffs set to take effect on December 15. Bonny light, Nigeria's benchmark crude added 1.14% or 74 cents to close the week at $65.61 per barrel. Precious metals prices went in varying directions last week. Gold prices waned as market sentiments improved with easing global tension – US agreement "in-principle" deal with China while Conservatives landslide victory in the UK polls. Consequently, gold lost 0.24% to $1,472.74 per ounce and silver rose by 0.12% to $16.98 per ounce due to increased demand. This week, oil prices will be determined by the US-China impending trade deal as the US waits on China to agree to its terms and condition such as buying big volumes of U.S. agricultural products. The fate of precious metals also hinges on the outcome of the trade deal as a positive deal will send prices

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Dec'19	Jan'20	Feb'20
Exchange Rate (NAFEX) (N/$)	363	362	363
Inflation Rate (%)	11.80	11.90	11.95
Crude Oil Price (US$/Barrel)	65	66	67

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