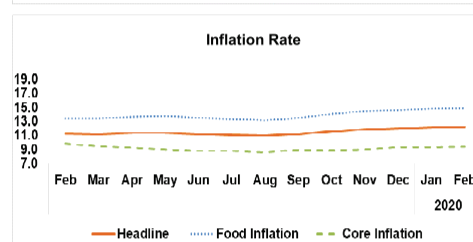
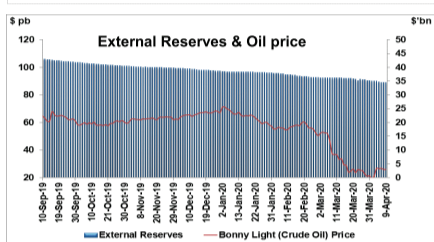
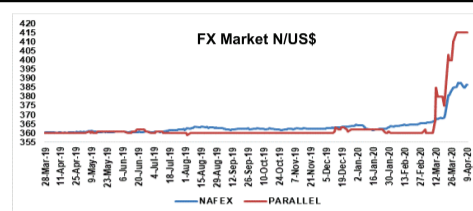
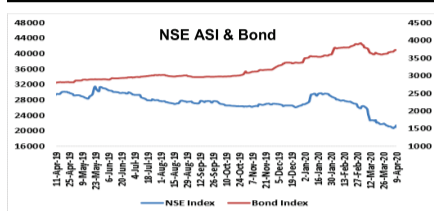


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	2.55	Q4 2019 — higher by 0.27% compared to 2.28% in Q3 2019
Broad Money Supply (N' trillion)	36.48	Increased by 2.9% in Nov' 2019 from N35.45 trillion in Oct' 2019
Credit to Private Sector (N' trillion)	26.7	Increased by 0.38% in Feb' 2020 from N26.6 trillion in Jan' 2020
Currency in Circulation (N' trillion)	2.18	Decreased by 3.11% in Feb' 2020 from N2.25 trillion in Jan' 2020
Inflation rate (%) (y-o-y)	12.2	Increased to 12.2% in February 2020 from 12.13% in January 2020
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)	34.59	April 7, 2020 figure — a decrease of 1.39% from April start
Oil Price (US\$/Barrel)	25.89	April 8, 2020 figure — an increase of 20.92% from the previous week
Oil Production mbpd (OPEC)	1.79	February 2020, figure — an increase of 1.64% from January 2020 figure



## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	9/4/20	3/4/20	
NSE ASI	21,384.03	21,094.62	1.37
Market Cap(N'tr)	11.14	10.99	1.37
Volume (bn)	0.31	0.24	33.83
Value (N'bn)	5.02	2.98	68.52

## MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	9/4/20	3/4/20	
NIBOR			
O/N	2.83	2.20	63
CALL	3.17	2.60	57
30 Days	3.67	3.05	62
90 Days	11.69	11.54	15
	12.19	12.13	6

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	9/4/20	3/4/20	9/3/20
Official (N)	360.00	360.00	307.00
Inter-Bank (N)	386.58	387.63	366.32
BDC (N)	0.00	0.00	0.00
Parallel (N)	415.00	415.00	360.00

## BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	9/4/20	3/4/20	
3-Year	7.60	8.33	(73)
5-Year	10.61	11.75	(114)
7-Year	10.87	11.42	(55)
10-Year	12.44	12.56	(12)
20-Year	12.32	12.96	(64)
30-Year	12.56	12.60	(4)

## Disclaimer

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Sources: CBN, Financial Market Dealers Quotation, NSE, NBS, Energy Information Agency, Bloomberg and Access Bank Economic Intelligence Group computation.  
\* Crude oil (Bonny Light) is as at the previous day

## Market Analysis and Outlook: April 9 – April 17, 2020

### Global Economy

The Federal Reserve announced a new stimulus package last week, providing up to \$2.3 trillion in loans, designed to support households and employers of all sizes and bolster the ability of state and local governments to deliver critical services during the coronavirus pandemic. The move came as part of a Main Street Business Lending Program authorized by the CARES Act, the largest economic relief package ever passed by Congress. In March, the Fed lowered the target range for its federal funds rate by 100bps to 0-0.25% and launched a massive \$700 billion quantitative easing program. Elsewhere in the U.K., the gross domestic product expanded by 0.1% in the three months to February 2020, before the full effects of Coronavirus took hold, after being unchanged in the previous period. According to the Office for National Statistics (ONS), the services sector made the only positive contribution to GDP, widening by 0.2%. Meanwhile, the production sector narrowed by 0.6%, the 10th consecutive period of decline, while construction output slipped by 0.2%. In a separate development, S&P Global Ratings lowered its outlook on Brazil's sovereign debt to "stable", citing huge government spending to soften the economic blow from the coronavirus, but said a credit rating upgrade is still more likely than a downgrade. S&P cited "considerable" uncertainties surrounding Brazil's economic and fiscal road ahead, notably political tensions in Brasilia which could hamper the government's economic and fiscal reform agenda. S&P's outlook change comes just three months after it had raised it to "positive." The ratings agency maintained its BB- non-investment grade, or so-called "junk," rating.

### Domestic Economy

In a recent Nigerian States and Federal Debt Stock data by the Nigeria Bureau of Statistics (NBS) as at 31<sup>st</sup> December 2019 showed that the country's total public debt portfolio stood at N27.4trillion. Further analysis of Nigeria's total public debt showed that N9.02trillion or 31.55% of the debt was external while N18.37trillion or 67.07% of the debt was domestic. Likewise, total domestic debt was N4.11 trillion with Lagos state accounting for 10.82% of the total domestic debt stock while Yobe State has the least debt stock in this category with a contribution of 0.71% to the total domestic debt stock. In a separate development, Nigeria's long-term foreign-currency issuer was downgraded from B+ to B by the Fitch Ratings. The decision reflects ongoing pressure on external reserves due to a slump in oil prices and the COVID-19 pandemic. Weak foreign reserves, rising consumer prices, low oil prices and rising debt obligations are some of the challenges facing Africa's largest economy. Fitch argued that the pandemic shock would raise government debt and interest payment to revenue ratio this year and pressure the nation into an economic recession.

### Stock Market

Activities at the local bourse picked up during the previous week despite the lockdown. Low price attraction and dividend news have attracted investors back to the market in the midst of the ongoing coronavirus pandemic. Consequently, the All Share Index (ASI) and Market capitalization climbed to 21,384.03 points and N11.14 trillion from 21,094.62 points and N10.99 trillion respectively the previous week. Fast moving consumer goods (FMCG) sector majorly contributed to the rise in the market on the last day of the trading week. There is

no doubt that the Nigerian equity market is still suffering from the unfavourable effects of COVID-19, as investors continue to play safe, despite the very attractive equities prices and yields on offer at this time. We expect market players to remain skittish despite expected release of Q1 2020 earnings reports from corporates.

### Money Market

Rates accelerated in the week ended April 9<sup>th</sup>, 2020 due to outflow from bi-weekly retail SMIS auction held during the week. Short term rates such as the Open Buy Back (OBB) and Overnight (O/N) slightly rose to 2.83% and 3.17% from 2.20% and 2.60% the previous week. Longer term rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) also went up. This week we expect rates to decline marginally given current market realities.

### Foreign Exchange Market

At the CBN Official window, the Naira remained stable to close at N360/US\$ last week, while the NAFEX rate appreciated by N1.05 to close at N386.58/US\$. The parallel market also remained stable, ending the week at N415/US\$, same as the preceding week. The lockdown in major cities continue to blight activities at the Investors and Exporters window. However, interests of participants continue to be skewed towards the bid side amidst low supply of funds. We expect rates to remain around these levels in this new week due to slow economic activities.

### Bond Market

Average bond yields continued to decline in the week ended April 9<sup>th</sup>, 2020 following demand by various local counterparties for securities across the curve with little or no supply to fill the demand. Consequently, average yields for five-, seven-, ten-, fifteen-, twenty- and thirty years dropped to 7.6%, 10.61%, 10.87%, 12.44%, 12.32% and 12.56%. On the other hand, bond index rose by 2% to 3,703.31 points. Our view is that general market sentiments will likely be tilted towards more sell-side activities due to weak macroeconomic fundamentals.

### Commodities

The price of oil spiked last week on expectations that the world's largest oil producers would agree to cut production at its proposed meeting as the industry grapples with a coronavirus-driven collapse in global oil demand. Bonny light, Nigeria's benchmark crude jumped 16.77% or \$3.59 per barrel to settle at \$25 per barrel. In the same vein, precious metals prices climbed after coronavirus fears deepened with cases worldwide surpassing 1.5 million and after fresh data showed US jobless claims rose more than 16 million in the last three weeks amid the outbreak. Consequently, gold prices rose 4.18% to finish at \$1,683.06 per ounce from \$1,615.54 per ounce. Similarly, silver gained 6.37% to settle at \$15.36 per ounce. This week, oil prices will be influenced by the outcome of the OPEC++ meeting, an agreement to cut back production will help boost oil price. Bullions might see a dip in prices as we expect profit booking by investors.

## Monthly Macro Economic Forecast

Variables	Apr'20	May'20	Jun'20
Exchange Rate (NAFEX) (N/\$)	387	388	388
Inflation Rate (%)	12.38	12.40	12.27
Crude Oil Price (US\$/Barrel)	20	21	23