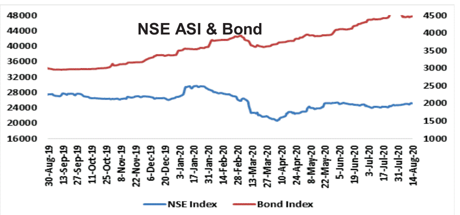
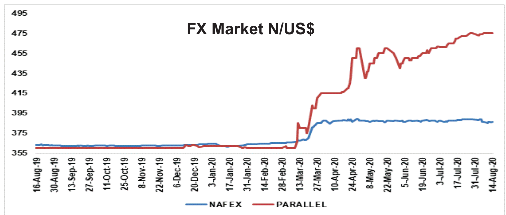
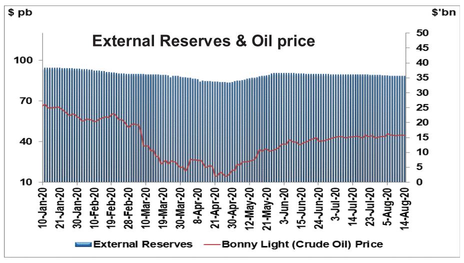
Access Bank Rateswatch

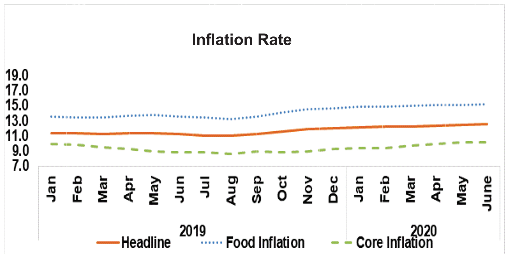
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.87	Q1 2020 — lower by 0.68% compared to 2.55% in Q4 2019
Broad Money Supply (N' trillion)	35.72	Decreased by 0.15% in May' 2020 from N35.78trillion in Apr' 2020
Credit to Private Sector (N' trillion)	29.23	Increased by 1.15% in May' 2020 from N28.78 trillion in Apr' 2020
Currency in Circulation (N' trillion)	2.35	Increased by 1.99% in May' 2020 from N2.31 trillion in Apr' 2020
Inflation rate (%) (y-o-y)	12.56	Increased to 12.56% in June 2020 from 12.40% in May 2020
Monetary Policy Rate (%)	12.5	Adjusted to 12.5% in May 2020 from 13.5%
Interest Rate (Asymmetrical Corridor)	12.5 (+2/-5)	Lending rate changed to 14.5% & Deposit rate 7.5%
External Reserves (US$ million)	35.62	August 13, 2020 figure — a decrease of 0.39% from August start
Oil Price (US$/Barrel)	44.63	August 13, 2020 figure— a decrease of 0.42% from the previous week
Oil Production mbpd (OPEC)	1.49	July 2020, figure — a decrease of 0.6% from June 2020 figure









STOCK MARKET

Indicators	Last Week 14/8/20	2 Weeks Ago 7/8/20	Change (%)
NSE ASI	25,199.84	25,041.89	0.63
Market Cap(N'tr)	13.15	13.06	0.63
Volume (bn)	0.48	0.17	188.69
Value (N'bn)	4.52	2.01	125.59

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%) 14/8/20	2 Weeks Ago Rate (%) 7/8/20	Change (Basis Point)
OBB	17.60	6.33	1127
O/N	19.80	7.17	1263
CALL	19.33	8.00	1133
30 Days	4.91	4.49	42
90 Days	4.29	4.44	(15)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$) 14/8/20	2 Weeks Ago Rate (N/$) 7/8/20	1 Month Ago Rate (N/$) 14/7/20
Official (N)	381.00	381.00	381.00
Inter-Bank (N)	386.50	386.23	388.50
BDC (N)	0.00	0.00	0.00
Parallel (N)	475.00	475.00	470.00

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%) 14/8/20	2 Weeks Ago Rate (%) 7/8/20	Change (Basis Point)
5-Year	4.38	3.35	103
7-Year	6.44	5.96	48
10-Year	6.95	6.28	66
15-Year	9.33	10.50	(117)
20-Year	8.76	9.16	(40)
30-Year	9.90	10.46	(55)

COMMODITIES MARKET

Indicators	14/8/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	44.63	(0.42)	(30.76)
Natural Gas ($/MMBtu)	2.32	4.50	(24.08)
Agriculture			
Cocoa ($/MT)	2495.00	(0.40)	28.87
Coffee ($/lb.)	117.95	(0.38)	(9.41)
Cotton ($/lb.)	63.22	(1.16)	(18.43)
Sugar ($/lb.)	13.24	3.76	(13.63)
Wheat ($/bu.)	513.50	3.95	18.45
Metals			
Gold ($/t oz.)	1944.88	(4.11)	47.61
Silver ($/t oz.)	26.77	(2.69)	55.73
Copper ($/lb.)	287.80	1.07	(12.20)

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%) 14/8/20	2 Weeks Ago Rate (%) 7/8/20	Change (Basis Point)
1 Mnth	1.02	1.05	(3)
3 Mnths	1.19	1.30	(11)
6 Mnths	1.45	1.55	(10)
9 Mnths	2.49	2.47	2
12 Mnths	3.01	3.10	(9)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week 14/8/20	2 Weeks Ago 7/8/20	Change (Basis Point)
Index	4,470.07	4441.29	0.65
Mkt Cap Gross (N'tr)	14.38	14.29	0.65
Mkt Cap Net (N'tr)	10.19	10.06	1.21
YTD return (%)	81.97	80.80	1.17
YTD return (%)(US $)	-10.41	-11.58	1.17

TREASURY BILLS PMA AUCTION

Tenor	Amount (N'million)	Rate (%)	Date
91 Day	19,783.59	1.2	12-Aug-2020
182 Day	54,592.59	1.5	29-July-2020
364 Day	27,000.00	3.1999	12-Aug-2020

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: August 14 – August 21, 2020

Global Economy

In the UK, gross domestic product contracted by 20.4% in Q2 2020, the most since comparable records began in 1955 according to the Office for National Statistics (ONS). This is the second consecutive quarterly decline in GDP, officially entering a recession, due to the COVID-19 pandemic and the government measures taken to reduce transmission of the virus. Private consumption accounted for more than 70% of the decline in the GDP, down by 23.1%; there were also notable falls in gross fixed capital formation (-25.5%) and government consumption (-14.0%). Net external demand contributed positively as imports fell more than exports. In a separate development, the Eurozone's trade surplus widened to €21.2 billion in June 2020 from €19.36 billion in the corresponding month of the prior year. According to the European Statistical Office (EUROSTAT), imports plunge 12.2% to €149.1 billion, as purchases fell for mineral fuels, lubricants & related materials; Exports dropped 10% to €170.3 billion, as sales went down for machinery & transport equipment; manufactured goods and raw materials. Elsewhere, India's Ministry of Commerce and industry revealed that India's trade deficit contracted to $4.83 billion in July 2020 from $1,343 trillion in the same month last year. Exports dropped 10.21% led by sales of petroleum products, gems & jewellery, leather & leather products. At the same time, imports tapered 28.40% as purchases were down for coal, coke & briquettes, machinery, electrical & non-electrical and electronic goods. Considering April to July, the trade gap contracted to $13.95 billion from $59.39 billion in the same period of the previous fiscal year.

Domestic Economy

Unemployment in Nigeria jumped to the highest in at least a decade in the second quarter as the coronavirus pandemic made it tougher for output growth in Africa's largest economy to keep up with its growing population. According to the National Bureau of Statistics report, the jobless rate rose to 27.1% in Q2 2020. That compares with 23.1% in the Q3 2018, which was the last period the agency released labour force statistics. The unemployment rate more than doubled over the last four years as the country struggled to recover from a contraction in 2016. The underemployment rate increased to 28.6% in Q2 2020 from 20.1% in Q3 2018. In a separate development, the World Bank Board of Directors has approved a $114.28 million funding to help Nigeria prevent, detect, and respond to the threat posed by the COVID-19 pandemic, with a specific focus on state-level responses. The facilities include a $100 million credit from the International Development Association (IDA), and another $14.28 million grant from the Pandemic Emergency Financing Facility (PEFF). Through the COVID-19 Preparedness and Response Project (CoPREP), the Federal Government would provide grants to the 36 states, and the Federal Capital Territory (FCT), as immediate support to break the chain of COVID-19 local transmission and limit the spread through containment and mitigation strategies.

Stock Market

Indicators at the local stock exchange were positive week on week as the bulls reigned supreme. Blue chip stocks in the healthcare, financial and service sector were majorly responsible for the uptrend in performance indicators. Consequently, the All Share Index (ASI) and market capitalization closed at 25,199.84 points and ₦13.14 trillion from 25,041.89 points and ₦13 trillion, respectively the preceding week. The stock market might maintain the upward momentum as investors reposition their portfolio ahead of release of half year financial scorecards.

Money Market

The debt market experienced tight liquidity following the Cash Reserve Ratio (CRR) debit and retail Secondary Market Intervention Sales (SMIS) Auction. The debit led to a spike in rates as short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) climbed to 17.6% and 19.8% from 6.33% and 7.17%, respectively. Longer tenored rates such as the 30-day Nigerian Interbank Offered Rate (NIBOR) also notched up to 4.91% from 4.49%. This week, rates are expected to oscillate around current level due to the sharp reduction in system liquidity.

Foreign Exchange Market

The naira was stable across most major market as both the parallel market and official window were unchanged from previous week figures while the naira depreciated against the dollars on the Nigerian Autonomous Foreign Exchange Rate (NAFEX). The NAFEX rate closed at ₦386.50/US$ from ₦386.23/US$ as demand continue to outweigh supply of funds in the market. The official and parallel market rates were unchanged at ₦381/US$ and ₦475/US$, respectively. We do not foresee any significant movement in FX rates this week barring any major injection by the CBN into the forex market.

Bond Market

The Bond market traded with mixed sentiments last week, but we witnessed demand for some select maturities, particularly the 2049 and the 2050 securities as market expectations suggests a further drop in yields. Yields on the 15-, 20- and 30-year papers declined to 9.33%, 8.76% and 9.9% from 10.50%, 9.16% and 10.46%, in that order. Consequently, the Access Bank Nigerian Government Bond Index increased by 28.77 points to 4,470.7 points. We expect the mild buying interest to be sustained in the market for the near term.

Commodities

Oil prices pulled back last week after the International Energy Agency (IEA) slashed its 2020 oil demand forecast amid reduced air travel as coronavirus cases continue to rise, its first downgrade in several months. OPEC's monthly report also showed that world oil demand will likely drop by 9.06 million barrels per day this year, more than the 8.95 million bpd decline previously expected. Bonny light, Nigeria's benchmark crude dipped 0.42% to close at $44.63 per barrel. In the same vein, precious metal prices were bearish as expectations of further US coronavirus-related fiscal stimulus and positive economic data boosted risk appetite. Consequently, gold prices shrank 4.11% or $83.29 to finish at $1,944.888 per ounce from $2,028.17 per ounce. Silver settled at $26.77 per ounce, a 2.69% drop from previous week price. This week, we anticipate that oil prices would recover supported by industry data that US crude stocks dropped more than expected, raising hopes that fuel demand in the country could improve. The American Petroleum Institute said that crude stocks in the US fell 4 million barrels last week. We expect that the bullion might come under further pressure following the Russia's President speech that the country had become the first to grant regulatory approval to a virus vaccine after less than two months of human testing.

Monthly Macro Economic Forecast

Variables	Aug'20	Sep'20	Oct'20
Exchange Rate (NAFEX) (N/$)	388	389	388
Inflation Rate (%)	12.60	12.64	12.69
Crude Oil Price (US$/Barrel)	42	44	44

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