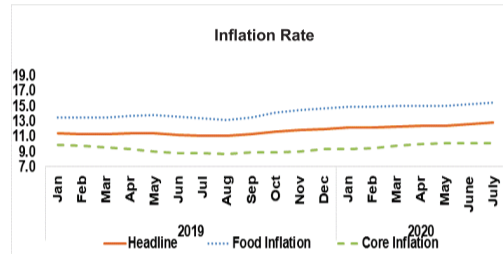
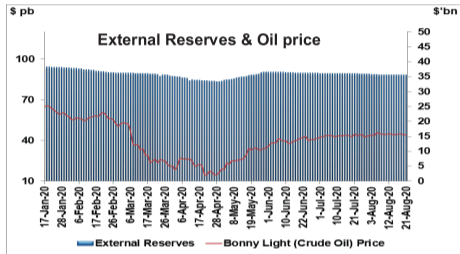
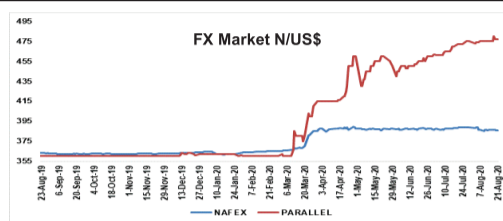
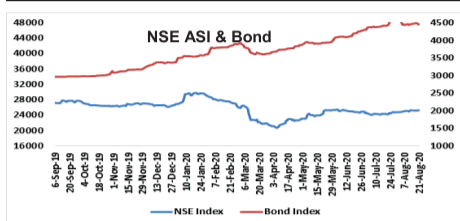


Access Bank Rateswatch

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)	35.34	Decreased by 1.05% in June' 2020 from N35.72 trillion in May' 2020
Credit to Private Sector (N' trillion)	29.18	Decreased by 0.15% in June' 2020 from N29.23 trillion in May' 2020
Currency in Circulation (N' trillion)	2.3	Decreased by 2.23% in June' 2020 from N2.35 trillion in May' 2020
Inflation rate (%) (y-o-y)	12.82	Increased to 12.82% in July 2020 from 12.56% in June 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)	35.60	August 20, 2020 figure — a decrease of 0.47% from August start
Oil Price (US\$/Barrel)	44.05	August 20, 2020 figure— a decrease of 1.3% 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	2 Weeks Ago	Change (%)
	21/8/20	14/8/20	
NSE ASI	25,221.87	25,199.84	0.09
Market Cap(N'tr)	13.16	13.15	0.09
Volume (bn)	0.16	0.48	(67.13)
Value (N'bn)	1.75	4.52	(61.23)

MONEY MARKET

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	21/8/20	14/8/20	
NIBOR			
Tenor	Rate (%)	Rate (%)	
OBB	2.0000	17.6000	(1560)
O/N	2.6300	19.8000	(1717)
CALL	5.0800	19.3333	(1425)
30 Days	3.5532	4.9110	(136)
90 Days	3.9062	4.2889	(38)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	21/8/20	14/8/20	21/7/20
Official (N)	381.00	381.00	381.00
Inter-Bank (N)	385.60	386.50	388.60
BDC (N)	0.00	0.00	0.00
Parallel (N)	477.00	475.00	472.00

BOND MARKET

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	21/8/20	14/8/20	
5-Year	4.24	4.38	(13)
7-Year	6.35	6.44	(10)
10-Year	7.05	6.95	10
15-Year	9.48	9.33	15
20-Year	9.03	8.76	27
25-Year	9.94	9.74	19
30-Year	10.01	9.90	10

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Market Analysis and Outlook: August 21 – August 28, 2020

Global Economy

In the UK, the Office of National Statistics reported a £25.9 billion budget deficit in July 2020 compared to a £2.3 billion surplus a year earlier. Excluding public sector-owned banks, borrowing was £26.7 billion, £28.3 billion more than in July 2019 and the fourth highest borrowing in any month on record. Borrowing in the first four months of this financial year (April to July 2020) is estimated to have been £150.5 billion, £128.4 billion more than in the corresponding period last year and the highest borrowing in any April to July period on record, with each of the months from April to July being records. Meanwhile, public sector net debt excluding public sector banks was £2.004 trillion, £227.6 billion more than at the same point last year and exceeding £2 trillion for the first time. In a separate development, Japan's consumer price inflation climbed to 0.3% in July from an over 3-year low of 0.1% percent y-o-y in June 2020, as the pandemic continued to hamper consumption excluding food. Prices fell at a softer 10.3% pace for education (vs 10.5% in June) and 0.1% for transport & communication (vs -0.5%). In contrast, fuel, light & water charges prices dropped further (-2.2% vs -2%). Meanwhile, inflation for housing remained unchanged at 0.7 percent. Food inflation jumped to 1.9% from 1.5% in the previous month. According to the Ministry of Internal Affairs and Communication, core consumer prices, which exclude fresh food, remained unchanged for the second month. Elsewhere, the People's Bank of China (PBoC) held its benchmark interest rates steady for the fourth straight month at its August fixing, amid signs that the economy is recovering from the shock caused by the COVID-19 crisis. The one-year loan prime rate (LPR) was left unchanged at 3.85% from the previous monthly fixing while the five-year remained at 4.65%.

Domestic Economy

According to the Nigeria's Bureau of Statistics, annual inflation rate surged for an eleventh straight month to 12.82% in July 2020 from 12.56% in the prior month. It was the highest rate since March of 2018 as food prices jumped 15.48%, the most in over two years, on the back of continued border closures and the lingering effects of coronavirus-induced supply disruptions. The rise in the food index was caused by increases in prices of oil & fats, fish, potatoes, yam & other tubers, meats, fruits, bread and cereals. Core inflation, which excludes the prices of volatile agricultural produce stood at 10.10% in July 2020, down by 0.03% when compared with 10.13% recorded in June 2020. On a monthly basis, consumer prices were up 1.24%, following a 1.21% increase in the previous month. In a separate development, the Nigerian government is proposing a N12.658 trillion budget for the 2021 fiscal year, details of its budget call to Ministries, Departments and Agencies (MDAs) have shown. According to a recent circular posted on the website of the Budget Office of the Federation, the aggregate revenue available for budget for 2021 is projected at N7.498 trillion while the aggregate expenditure level is projected to be N12.658 trillion. These projections, the government said, are in accordance with its 2021-2023 Medium-Term Expenditure Framework and Fiscal Strategy Paper. The circular, signed by the minister for finance, noted that the key parameters for the 2021-23 fiscal framework were set in line with the global and domestic economic outlook.

Stock Market

The local bourse continued its bullish run for the week ended August 21, 2020. The uptrend was impacted by gains recorded in large and medium capitalised stocks in sectors such as financial services and consumer good. Consequently, the All Share Index (ASI) and market capitalization closed at 25,221.87 points and N13.16 trillion from 25,199.84 points and N13.14 trillion, respectively the preceding week. This week, the stock market might close higher with the help of interim dividend-paying stocks as investors position ahead of their half-year audited earnings reports.

Money Market

Cost of borrowing declined last week as liquidity was injected into the system at the end of the week. Payment of August Federal Account Allocation Committee (FAAC) disbursement into the system led to a decline in rates as short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) tapered to 2% and 2.63% from 17.6% and 19.8%, respectively. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) also dropped to 3.55% and 3.91% from 4.91% and 4.29%. This week, rates are expected to remain single digits given the current volume of liquidity in the market.

Foreign Exchange Market

The naira went in varying directions last week. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) appreciated while the parallel market rate depreciated. The official rate was unchanged from prior week figure. The NAFEX rate closed at N385.60/US\$ from N386.50/US\$. The parallel market rate lost N2 to settle at N477/US\$ as demand pressures heightened the scarcity of the greenback. The official was stable at N381/US\$. We expect FX rates to meander around current levels this week given the Central Bank's continued intervention in the forex market.

Bond Market

The Bond market traded with mixed sentiment last week as attention was directed towards the bond auction. The outcome of the auction held saw the DMO selling a total of N126.15bn of the 2026, 2035, 2045 and 2050 at 6.70%, 9.35%, 9.75% and 9.90% respectively. Yields on the 10-, 15-, 20-, 25- and 30-year papers edged up to 7.05%, 9.48%, 9.03%, 9.94% and 10.01% from 6.95%, 9.33%, 8.76%, 9.74% and 9.9%, in that order. Consequently, the Access Bank Nigerian Government Bond Index decreased by 9.84 points to 4,460.23 points. We expect improvement in the market trades this week following coupon payment of about N48bn scheduled to hit the system.

Commodities

The price of crude oil was bearish last week amid increasing doubts over a recovery in fuel demand as global coronavirus cases continue to rise. An OPEC+ report showed the group expects oil demand to drop by 9.1 million bpd in 2020, 100,000 bpd more than in its previous estimate, and it flagged that if a prolonged second wave of infections hits China, India, Europe and the US in the second half of the year, demand could decline by 11.2 million bpd. Bonny light, Nigeria's benchmark crude dipped 1.30% to close at \$44.05 per barrel. In the same vein, precious metal prices, went southwards following weaker-than-expected US jobless claims data and warnings from Fed officials about a slower recovery stoked fears of a prolonged economic recession in the world's largest economy. Consequently, gold prices shrank 0.43% or \$8.44 to finish at \$1,936.44 per ounce from \$1,944.88 per ounce. Silver settled at \$27.05 per ounce, a 1.05% rise from previous week price. This week, we anticipate that oil prices would recover following an internal report by the Organization of the Petroleum Exporting Countries (OPEC) which showed that OPEC+ was focused on ensuring that members who had overproduced against their commitments would cut their output. We expect that the bullion will remain bearish after Washington rejected plans to meet with China over the Phase 1 trade deal after officials in Beijing said bilateral talks could be held in the coming days.

Monthly Macro Economic Forecast

Variables	Aug'20	Sep'20	Oct'20
Exchange Rate (NAFEX) (N/\$)	388	389	388
Inflation Rate (%)	12.90	12.96	12.98
Crude Oil Price (US\$/Barrel)	44	46	46