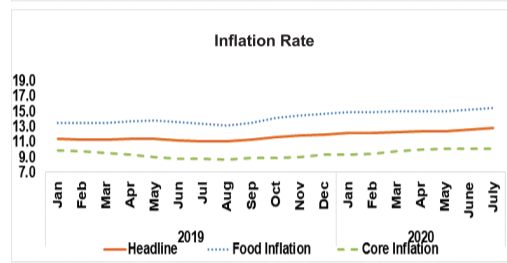
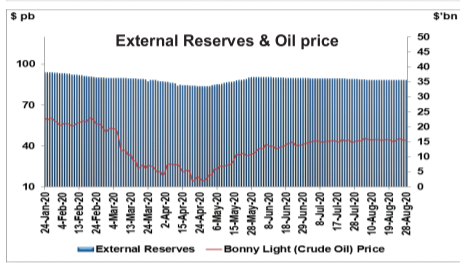
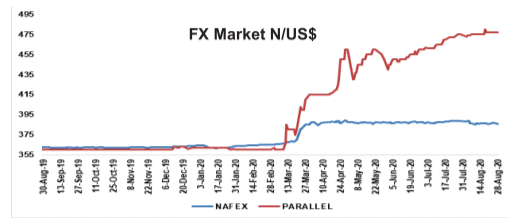
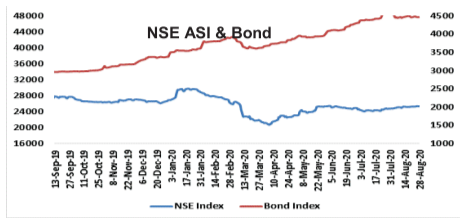


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-6.1	Q2 2020 — lower by -7.97% compared to 1.87% in Q1 2020
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)	35.66	August 27, 2020 figure — a decrease of 0.29% from August start
Oil Price (US\$/Barrel)	44.15	August 27, 2020 figure — an increase of 0.23% 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 (%)
	28/8/20	21/8/20	
NSE ASI	25,309.37	25,221.87	0.35
Market Cap(N'tr)	13.20	13.16	0.35
Volume (bn)	0.14	0.16	(13.60)
Value (N'bn)	0.92	1.75	(47.52)

MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	28/8/20	21/8/20	
NIBOR			
OBB	13.90	2.00	1190.0
O/N	14.90	2.63	1227
CALL	12.58	5.08	750.0
30 Days	2.79	3.55	(76)
90 Days	2.94	3.91	(96.1)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	28/8/20	21/8/20	28/7/20
Official (N)	379.00	381.00	379.00
Inter-Bank (N)	385.68	385.60	388.75
BDC (N)	0.00	0.00	0.00
Parallel (N)	477.00	477.00	475.00

BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	28/8/20	21/8/20	
5-Year	4.14	4.24	(10.4)
7-Year	6.23	6.35	(11.5)
10-Year	6.99	7.05	(5.6)
15-Year	9.41	9.48	(7.8)
20-Year	9.05	9.03	1.9
25-Year	10.06	9.94	11.9
30-Year	10.05	10.01	4

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COMMODITIES MARKET

Indicators	28/8/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil (\$/bbl)	44.15	0.23	(31.51)
Natural Gas (\$/MMBtu)	2.72	15.74	(10.99)
Agriculture			
Cocoa (\$/MT)	2547.00	6.84	31.56
Coffee (\$/lb.)	122.65	(94.86)	(5.80)
Cotton (\$/lb.)	64.90	1.17	(16.26)
Sugar (\$/lb.)	12.75	(2.22)	(16.83)
Wheat (\$/bu.)	549.25	3.34	26.70
Metals			
Gold (\$/t oz.)	1953.21	0.87	48.24
Silver (\$/t oz.)	27.50	1.66	59.98
Copper (\$/lb.)	302.40	2.08	(7.75)

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	28/8/20	21/8/20	
1 Mnth	1.16	1.04	12
3 Mnths	1.18	1.32	(14)
6 Mnths	1.54	1.47	6
9 Mnths	2.24	2.26	(2)
12 Mnths	2.80	2.92	(12)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	28/8/20	21/8/20	
Index	4459.76	4460.23	(0.01)
Mkt Cap Gross (N'tr)	14.35	14.35	(0.01)
Mkt Cap Net (N'tr)	10.07	10.09	(0.17)
YTD return (%)	81.55	81.57	(0.02)
YTD return (%) (US \$)	-10.83	-10.81	(0.02)

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

Market Analysis and Outlook: August 28 – September 4, 2020

Global Economy

In the US, the economy contracted by an annualized 31.7% in the Q2'20, lower than a 32.9% percent plunge in the advance estimate according to the U.S Bureau of Economic Analysis. It is the biggest contraction ever, pushing the economy into a recession as the coronavirus pandemic forced many businesses including restaurants, cafes, stores and factories to close and people to stay at home, hurting consumer and business spending. Private inventory investment and personal consumption expenditures (PCE) decreased less than previously estimated. In contrast, business investment fell more, mainly due to structures and intellectual property products. Fed officials see the US economy shrinking 6.5% in 2020.

In a separate development, the Central Bank of Brazil revealed that Brazil's current account balance shifted to a \$1.63 billion surplus in July 2020 from a \$9.79 billion deficit in the same month of the previous year. The goods surplus expanded sharply to \$7.38 billion from \$1.65 billion a year earlier and the services shortfall narrowed to \$1.82 billion from \$3.44 billion. The primary income gap dipped to \$4.15 billion from \$8.17 billion; and the secondary income surplus went up to \$0.21 billion from \$0.16 billion. Considering the first seven months the year, the country's trade deficit decreased to \$11.79 billion from \$30.99 billion in the same period of 2019.

Domestic Economy

According to the Nigeria Bureau of Statistics, the economy of Nigeria shrank 6.1% y-o-y in the Q2 2020 compared to a 1.87% growth in the prior period. It was the first contraction since the Q1 2017, ending the 3-year trend of low but positive real growth rates recorded since the 2016/17 recession and the steepest since the Q1 2004. This contraction was on the back of subdued oil prices and lower levels of global economic activity resulting from nationwide shutdown efforts aimed at containing the COVID-19 pandemic. The oil sector declined 6.6%, after rising 5.1% in the first quarter, amid lower crude oil production (1.81 million barrels per day, down from 2.07 mbpd in Q1 and 2.02 mbpd a year ago). Also, the non-oil sector posted the first decline since the third quarter of 2017 (-6.1% vs 1.6%), as the pandemic hit critical activities such as transportation & storage (-49% vs 2.8% in Q1); accommodation & food services (-40.2% vs -3%); construction (-31.8% vs 1.7%) and internal trade (-16.6% vs -2.8%). In a separate development, the Central Bank of Nigeria (CBN) has barred operators of Payment Service Banks (PSBs) from accepting foreign exchange deposits and to accept any closed scheme electronic value (airtime) as a form of deposit or payment. This was disclosed by the apex bank in the reviewed guidelines for licensing and regulations of PSBs released on its website. In the new guideline, the apex bank emphasized that PSBs are not allowed to grant any form of loans, advances and guarantees (directly or indirectly). The document, which was signed by the director, Financial Policy and Regulation Department, CBN, added that the name of PSBs must not include any word that links it to the parent company. In a separate development, according to data from Central Bank of Nigeria, the manufacturing Purchasing Managers Index (PMI) in the month of August 2020 stood at 48.5, indicating contraction in the manufacturing sector for the fourth consecutive time. A PMI above 50 represents an expansion when compared with the previous month. A PMI reading under 50 indicates a contraction, and a reading at 50 indicates no change. Only 6 of the subsectors out of the 14 surveyed subsectors, reported growth (above 50% threshold) in the review month in the following order: non-metallic mineral products; cement; plastics & rubber products; transportation equipment; chemical & pharmaceutical products and textile, apparel, leather & footwear. The remaining 8 subsectors reported decline in the period under review.

capitalised stocks in sectors such as financial services and industrial good. Consequently, the All Share Index (ASI) and market capitalization closed at 25,309.37 points and N13.20 trillion from 25,221.87 points and N13.16 trillion, respectively the preceding week. This week, the bulls might sustain the tempo as investors position ahead of their half-year audited earnings reports and dividend payments.

Money Market

Cost of debt spiked up at the end of prior week following retail Secondary Market Intervention Sales (SMIS) auction and Cash Reserve Ratio (CRR) debit. In line with the tight liquidity at the money market, short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) ascended to 13.9% and 14.9% from 2% and 2.63%, respectively. Longer tenored rates such as the 30- and 90- day Nigerian Interbank Offered Rate (NIBOR) went in opposite direction as rates declined slightly to 2.79% and 2.94% from 3.55% and 3.91%. This week, rates are expected to remain at these high levels due to the expected decline in liquidity stemming from the anticipated FX retail auction.

Foreign Exchange Market

The local unit went in varying directions last week. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) depreciated while the official market rate appreciated. The parallel rate was unchanged from prior week figure. The official market rate gained N2 to settle at N379/US\$. The NAFEX rate closed at N385.68/US\$ from N385.60/US\$. The parallel market rate remained unchanged at N477/US\$. We expect FX rates at the various to strengthen given the CBN sustained intervention in the market and recent policy to resume selling forex to Bureau De Change (BDC).

Bond Market

The bond market was majorly quiet with very little demand filtering in. Consequently, we noted buying interest for the 2023, 2049 and 2050 securities. Yields on the 5-, 7-, 10- and 15-year papers tapered to 4.14%, 6.23%, 6.99% and 9.41% from 4.24%, 6.35%, 7.05%, and 9.48%, in that order. Consequently, the Access Bank Nigerian Government Bond Index remained almost stable at 4,459.76 points from 4460.23 points, 0.46 points higher. We expect that the yields might trend higher as selling interest permeates in the near term as market players realize profit in view of the month end.

Commodities

Oil prices recovered from their bearish stance prior week amid a threat from Hurricane Laura in the Gulf of Mexico that forced oil rigs and refineries to shut. Supporting prices further were data from the EIA showing crude inventories dropped last week for the fifth time in a row. Bonny light, Nigeria's benchmark crude increased slightly by 0.23% to close at \$44.15 per barrel. In the same vein, precious metal prices, climbed amid concerns over global economic recovery from the prolonged COVID-19 crisis after data showed that the US economy shrank at an alarming annual rate of 31.7% in Q2, while over 1 million Americans applied for unemployment benefits last week. Consequently, gold prices edged up 0.87% or \$16.77 to finish at \$1,953.21 per ounce from \$1,936.44 per ounce. Silver settled at \$27.50 per ounce, a 1.66% rise from previous week price. This week, we anticipate that oil prices might be pressured by the continued rise in the number of coronavirus cases in Asia and Europe. We expect that the bullions will gain support as the geo-political tensions between Washington and Beijing over the South China sea deepens, with China expelling a US warship that transgressed into China's territorial waters in the Xisha Islands around the contested sea.

Monthly Macro Economic Forecast

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

Stock Market

Indicators at the local stock exchange sustained their bullish trend despite the nations' gloomy economic scorecard. The uptrend was impacted by gains recorded in large and medium