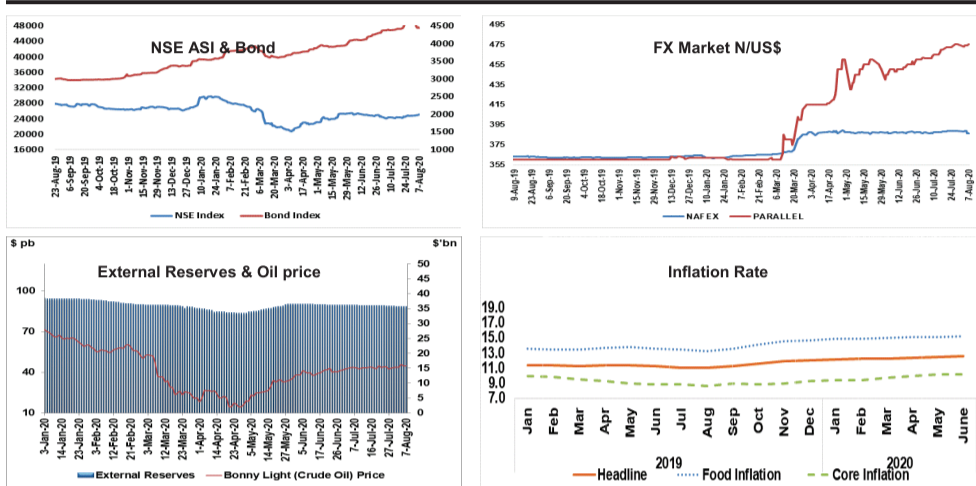


Access Bank Rateswatch

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)	35.68	August 06, 2020 figure — a decrease of 0.24% from August start
Oil Price (US\$/Barrel)	44.82	August 06, 2020 figure— an increase of 3.68% from the previous week
Oil Production mbpd (OPEC)	1.5	June 2020, figure — a decrease of 5.5% from May 2020 figure



STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	7/8/20	29/7/20	
NSE ASI	25,041.89	24,693.73	1.41
Market Cap(N'tr)	13.06	12.88	1.41
Volume (bn)	0.17	0.10	64.53
Value (N'bn)	2.01	0.97	105.99

MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	7/8/20	29/7/20	
NIBOR			
O/N	7.1700	2.1000	507
CALL	8.0000	1.3000	670
30 Days	4.4937	3.9793	51
90 Days	4.4370	4.6478	(21)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	7/8/20	29/7/20	7/7/20
Official (N)	381.00	381.00	360.00
Inter-Bank (N)	386.23	388.68	387.50
BDC (N)	0.00	0.00	0.00
Parallel (N)	475.00	475.00	461.00

BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	7/8/20	29/7/20	
5-Year	3.35	3.48	(13)
7-Year	5.96	4.96	100
10-Year	6.28	5.76	52
15-Year	10.50	8.87	163
20-Year	9.16	8.21	95
30-Year	10.46	9.74	71

Disclaimer
This report is based on information obtained from various sources believed to be reliable and no representation is made that it is accurate or complete. Reasonable care has been taken in preparing this document. Access Bank Plc shall not accept responsibility or liability for errors of fact or any opinion expressed herein. This document is for information purposes and private circulation only and may not be reproduced, distributed or published by any recipient for any

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 7 – August 14, 2020

Global Economy

In the US, Composite Purchasing Manager Index (PMI) as measured by IHS Markit was revised higher to 50.3 in July 2020 from 47.9 in June. The latest reading indicated a fractional expansion in private sector business activities and the first instance of growth since January. The upturn was largely driven by the resumption of business by manufacturers and service providers, but new business continued to fall. The decrease in new orders climbed slightly despite an expansion in manufacturing client demand. Private sector firms increased their workforce numbers, following an uptick in service sector staffing numbers as manufacturers reported a further fall. In contrast to the trend in client demand, firms expect output to rise over the coming year amid hopes of an end to the COVID-19 pandemic and an uptick in new sales. Finally, private sector companies recorded faster increases in output charges and input costs as supplier price hikes were partially passed on to customers. In a separate development, the Central Bank of Brazil unanimously decided to cut its benchmark interest rate by 25 basis points (bps) to a new all-time low of 2% on August 5th, 2020. Policymakers noted that the economy is expected to contract further in Q2 to levels not seen since the Great Depression with the environment for emerging economies remaining challenging. Inflation is expected to pick up in 2021 and 2022 to 3% and 3.5%, respectively, from 1.6% in 2020. The bank does not foresee further reduction in the monetary stimulus, despite a high level of uncertainty from the coronavirus pandemic. Elsewhere, China's trade surplus expanded sharply to \$62.33 billion in July 2020 from \$44.02 billion in the corresponding month of 2019 according to data by the General Administration of Customs. Exports rose by 7.2%, the fastest pace since December last year, while imports unexpectedly fell by 1.4%. The country's trade surplus with the United States widened to \$32.46 billion in July from \$29.41 billion in June. Renewed tensions between the US and China could hit trade figures ahead of the US presidential election in November.

Domestic Economy

Data from the Nigerian Stock Exchange revealed that total transaction at the nation's bourse increased by 8.17% to ₦128.88 billion in June 2020 from ₦119.15 billion in May 2020. In June 2020, the total value of transactions executed by Domestic Investors outperformed transactions executed by Foreign Investors by 12%. Nevertheless, total domestic transactions decreased by 13.55% to ₦72.54 billion in June 2020 from ₦83.91 billion in May whilst total foreign transactions increased by 59.88% to ₦56.34 billion from ₦35.24 billion between May and June 2020. Institutional Investors outperformed Retail Investors by 10%. A comparison of domestic transactions in the current and prior month (May 2020) revealed that retail transactions decreased by 23.35% to ₦32.34 billion in June 2020 from ₦42.19 billion in May 2020. Whilst the institutional composition of the domestic market also decreased by 3.64% to ₦40.20 billion in June 2020 from ₦41.72 billion in May 2020. The performance of the current month when compared to the performance in June 2019 (₦297.25 billion) revealed that total transactions decreased by 56.64%. In a separate development, the Central Bank of Nigeria in its July 2020 Business Expectation Survey report reported the overall confidence index (CI) at -7.9 indicating respondents' pessimism on the overall macro economy in the month of July. The pessimism on the macro economy in the current month was driven by the opinion of respondents from agric/services (-4.8 points), manufacturing (-2.9 points) and the construction sector (-0.5 point). However, respondents are optimistic in their outlook for August with a confidence index of 33.7. The major drivers of optimism for next month were agric/services (20.1 points), manufacturing (10.0 points), wholesale/Retail (2.4 points) and construction (1.2 point). Firms identified insufficient power supply, competition, unfavourable economic climate, financial problems, high interest rate, unclear economic laws, unfavourable political climate, insufficient demand, access to credit and lack of equipment as major factors constraining business activity.

Stock Market

The Nigerian Stock Exchange sustained its bullish trend for the third consecutive week as

more blue chip stocks appreciated in price. Shares in the agriculture, oil & gas, financial services and consumer goods were majorly responsible for the uptick in the performance indicator. Consequently, the All Share Index (ASI) and market capitalization closed at 25,041.89 points and ₦13 trillion from 24,693.73 points and ₦12.88 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

Cost of borrowing increased last week following the Retail Secondary Market Intervention Sales (SMIS) auction and Cash Reserve Requirement (CRR) debits that hit the system, thereby causing moderate illiquidity in the system. Short-term rates such as the Open Buy Back (OBB) and Overnight (O/N) spiked up to 6.33% and 7.17% from 1.4% and 2.1%, respectively. Longer tenored rates such as the 30-day Nigerian Interbank Offered Rate (NIBOR) followed the same path ascended to 4.49% from 3.98%. This week, rates are expected to remain around prevailing levels in the absence of any significant funding activity.

Foreign Exchange Market

The local unit was stable across most major market as both the parallel market and official window were unchanged from preceding week figures while the naira appreciated against the dollars on the Nigerian Autonomous Foreign Exchange Rate (NAFEX). The NAFEX rate closed at ₦386.23/US\$ from ₦388.6/US\$ due to improved liquidity seen at the investors and exporter windows. The official and parallel market rate were unchanged at ₦381/US\$ and ₦475/US\$, respectively. Rates are expected to remain at sub ₦/₦389 levels at the NAFEX window giving CBN sustained intervention in the forex market.

Bond Market

Average bond yields increased week-on-week as bearish sentiments were witnessed at the bonds market. Selling interest were recorded for most securities across the curve, notably the 2037, 2049 and the 2050 maturities. Yields on the 5-, 7-, 10-, 20- and 30-year papers edged up to 5.96%, 6.28%, 10.50%, 9.16% and 10.46% from 4.96%, 5.76%, 8.87%, 8.21% and 9.74%, in that order. Consequently, the Access Bank Nigerian Government Bond Index declined by 143.51 points to 4,441.29 points. We expect buying interest this week as market players take advantage of the relative high yields in the market to build positions.

Commodities

Oil prices bounced back last week as Iraq's commitments for an additional cut in its oil production of about 400,000 barrels per day in August to compensate for its overproduction in June and May brought some relief to the market. Supporting prices further were data from both the Energy Information Agency (EIA) and American Petroleum Institute (API) showing US crude inventories dropped much more than expected last week. Bonny light, Nigeria's benchmark crude inched up 3.68% to close at \$44.82 per barrel. In the same vein, precious metal prices are on a bullish surge as their appeal remained supported by rising COVID-19 pandemic. Consequently, gold prices accelerated 3.74% or \$73.18 to finish at \$2028.17 per ounce from \$1,954.99 per ounce, breaking the \$2000 mark and driven by expectations of more fiscal stimulus in the United States to help the economy ride out the effects of a record jump in COVID-19 cases. Silver settled at \$27.51 per ounce, a 14.24% rise. This week, we anticipate that oil prices might be volatile as fears that a rise in global coronavirus infections could stall recovery in fuel demand. We expect that the bullion will continue its bullish streak as US lawmakers are expected to deliver a new coronavirus relief package by the end of the week and the Federal Reserve is seen pushing for more stimulus measures this year.

Monthly Macro Economic Forecast

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