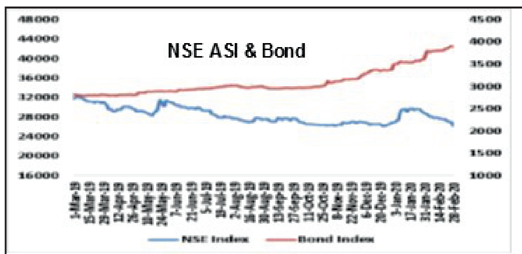
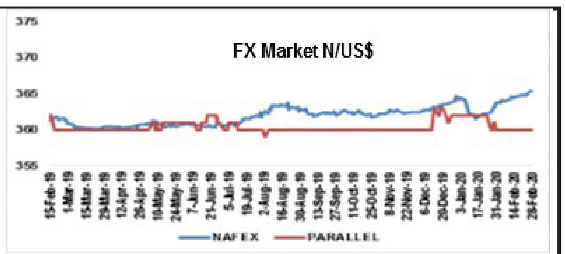
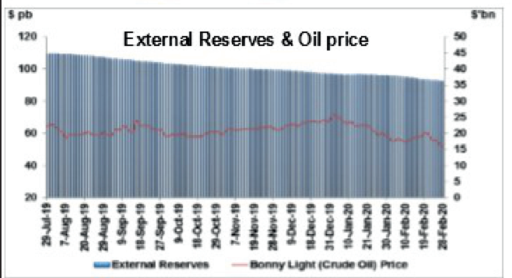
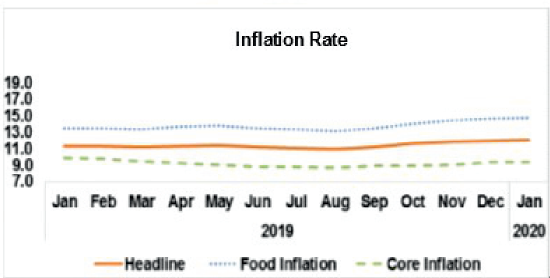
Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS		
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)	26.41	Increased by 2.18% in Nov' 2019 from N25.85 trillion in Oct' 2019
Currency in Circulation (N' trillion)	2.20	Increased by 7.17% in Nov' 2019 from N2.06 trillion in Oct' 2019
Inflation rate (%) (y-o-y)	12.13	Increased to 12.13% in January 2020 from 11.98% in December 2019
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)	36.70	February 27, 2020 figure — a decrease of 4.09% from February start
Oil Price (US$/Barrel)	52.36	February 27, 2020 figure— a decrease of 13.33% from the previous wk
Oil Production mbpd (OPEC)	1.77	January 2020, figure — an increase of 1.42% from December 2019 figure









STOCK MARKET			
Indicators	Friday 28/2/20	Friday 21/2/20	Change(%)
NSE ASI	26,216.46	27,388.62	(4.28)
Market Cap(N'tr)	13.66	14.27	(4.28)
Volume (bn)	0.42	0.42	(1.18)
Value (N'bn)	6.19	5.55	11.52

MONEY MARKET			
NIBOR			
Tenor	Friday Rate (%) 28/2/20	Friday Rate (%) 21/2/20	Change (Basis Point)
OBB	15.50	3.83	1167.0
O/N	16.42	3.00	1342
CALL	16.56	4.00	1256.3
30 Days	6.69	8.87	(218)
90 Days	6.63	8.98	(235.4)

FOREIGN EXCHANGE MARKET			
Market	Friday (N/$) 28/2/20	Friday (N/$) 21/2/20	1 Month Rate (N/$) 28/1/20
Official (N)	306.95	307.00	307.00
Inter-Bank (N)	365.38	364.80	362.83
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	360.00	360.00

BOND MARKET			
AVERAGE YIELDS			
Tenor	Friday (%) 28/2/20	Friday (%) 21/2/20	Change (Basis Point)
3-Year	0.00	0.00	0.0
5-Year	6.70	7.45	(74.4)
7-Year	6.99	8.69	(170.6)
10-Year	8.75	9.55	(80.2)
20-Year	10.26	10.79	(52.9)
30-Year	12.00	12.08	(9)

Sources: CBN, Financial Market Dealers Association of Nigeria, NSE and Access Bank Economic Intelligence Group computation.

COMMODITIES MARKET			
Indicators	28/2/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	52.36	(13.33)	(18.77)
Natural Gas ($/MMBtu)	1.69	(9.63)	(44.70)
Agriculture			
Cocoa ($/MT)	2706.00	(5.45)	39.77
Coffee ($/lb.)	108.95	2.78	(16.32)
Cotton ($/lb.)	61.69	(10.85)	(20.40)
Sugar ($/lb.)	13.96	(6.62)	(8.94)
Wheat ($/bu.)	522.00	(6.83)	20.42
Metals			
Gold ($/t oz.)	1628.14	(0.44)	23.57
Silver ($/t oz.)	17.23	(6.97)	0.23
Copper ($/lb.)	253.40	(2.26)	(22.70)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS			
Tenor	Friday (%) 28/2/20	Friday (%) 21/2/20	Change (Basis Point)
1 Mnth	3.13	2.85	29
3 Mnths	3.04	3.39	(35)
6 Mnths	3.45	3.69	(24)
9 Mnths	4.51	4.57	(6)
12 Mnths	5.25	5.23	3

ACCESS BANK NIGERIAN GOV'T BOND INDEX			
Indicators	Friday (%) 28/2/20	Friday (%) 21/2/20	Change (Basis Point)
Index	3889.07	3836.95	1.36
Mkt Cap Gross (N'tr)	12.15	11.99	1.36
Mkt Cap Net (N'tr)	8.40	8.18	2.68
YTD return (%)	58.32	56.20	2.12
YTD return (%)(US $)	2.51	-0.36	2.87

TREASURY BILLS (MATURITIES)			
Tenor	Amount (N' million)	Rate(%)	Date
91 Day	4,384.18	3.5	12-Feb-2020
182 Day	10,000.00	4.5	12-Feb-2020
364 Day	140,000.00	6.5	12-Feb-2020

Market Analysis and Outlook: February 28 – March 6, 2020

Global Economy

The India economy witnessed its weakest growth since the first quarter of 2013. It advanced 4.7% year-on-year in Q4 2019, following an upwardly revised 5.1% expansion in Q3 (4.5% earlier reported) according to the Ministry of Statistics and Programme Implementation (MOSPI). On the expenditure side, faster declines were seen for gross fixed capital formation, exports and imports while private consumption growth accelerated. On the production side, gross value added expanded while output for utilities and manufacturing contracted. In a separate development, the US consumer sentiment index according to the University of Michigan was revised slightly higher to 101 in February 2020 from a preliminary estimate of 100.9. It is the highest reading since March 2018. The gauge for current conditions was higher than expected (114.8 from a preliminary figure of 113.8) while expectations rose less (92.1 from 92.6). Inflation for the year ahead was seen at 2.4%, down from a preliminary estimate of 2.5% while those for the five-year outlook fell were unchanged at 2.3%. The coronavirus was mentioned by 8% of all consumers in February although on the last days of the February survey, 20% mentioned the coronavirus due to the steep drop in equity prices as well as the Centre for Disease Control and Prevention (CDC) warnings about the potential domestic threat of the virus. Elsewhere in Brazil, the Brazilian Institute of Geography and Statistics (IBGE) reported that unemployment rate fell to 11.2% in the three months to January 2020 from 11.6% in the August to October period. The number of unemployed declined by 3.7% to 11.91 million while employment rose by 0.1% to 94.15 million. The labour force participation rate declined 0.4% to 61.7% while the employment rate decreased 0.1% to 54.8%.

Domestic Economy

The Nigerian economy advanced 2.55% year-on-year in Q4'19 compared to an upwardly revised 2.28% rise in Q3. It was the strongest expansion since the Q3 2015, mainly driven by the oil sector (6.36% vs 6.49% in Q3), amid higher crude oil production (2.00 million barrels per day, up from 1.91 mbpd in the same period a year earlier) and more favourable prices. Growth in the non-oil sector of the economy advanced further in Q4'19, coming in at 2.26% annually (Q3: +1.84% year-on-year) propelled by information and communication (telecommunications), agriculture (crop production), financial and insurance services (financial institutions), and manufacturing. According to the Nigeria Bureau of Statistics (NBS), the overall GDP in 2019 indicated a real growth of 2.27%, compared to 1.91% in 2018. In a separate development, the Manufacturing Purchasing Managers' Index (PMI) stood at 58.3 index points in January 2020. This indicates an expansion in the manufacturing sector for the thirty-fifth consecutive month. The index grew at a slower pace when compared to the previous month (59.2 points). This performance was shown in the latest PMI report by the Central Bank of Nigeria. A PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. Twelve of the sub-sectors surveyed recorded growth during the month, while the primary metal and printing & related support activities subsector recorded decline in the period under review.

Stock Market

The Nigerian Stock Exchange (NSE) extended its losing streak and negative sentiment last week amidst the continued selling pressure among large-cap stocks. The market is also reflecting sentiments from the global market as the coronavirus continues to spread dampening economy growth. Consequently, the All Share Index (ASI) declined 4.28% to close at 26,216.46 points from 27,388.62 points the prior week. Similarly, market capitalization dipped by 4.28% to N13.66 trillion from N14.27 trillion the prior week. This week, market might remain depressed due to the spread of the coronavirus and the report of a known coronavirus patient in Nigeria.

Money Market

Cost of borrowing spiked up due to Cash Reserve Ratio (CRR) debit of N500 billion and Fx auction held at the close of the prior week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates settled higher at 15.5% and 16.42% from 3.83% and 3% previous week. The slightly longer dated instruments such as 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) closed at 6.69% and 6.63% from 8.87% and 8.98% the prior week. This week, rates are expected to decline slightly as liquidity is restored by OMO maturity of N500 billion.

Foreign Exchange Market

Last week, the naira gained across most market except at the Nigerian Autonomous Foreign Exchange (NAFEX) where it depreciated. The official window saw a marginal appreciation as it ended N306.95/$, a 5 kobo gain from the prior week, while the parallel market remained unchanged at N360/$. At the Nigerian Autonomous Foreign Exchange (NAFEX) segment the local currency depreciated by 58 kobo to close at N365.38/US$ from N364.80/US$ the previous week. The relative stability of the local currency continues to be supported by the intervention of the apex Bank across various market segments. This week, the naira is expected to remain around prevailing levels due to the apex bank's sustained supply of liquidity.

Bond Market

The bond market sustained its buying sentiment as market rallied for most maturities across the yield curve. Activities in the fixed income space stemmed from robust systemic liquidity and the absence of relatively better investment outlets. Yields on the five-, seven-, ten- twenty- and thirty-year debt papers finished at 6.7%, 6.99%, 8.75%, 10.26% and 12% from 7.45%, 8.69%, 9.55%, 10.79% and 12.08%. The Access Bank Bond index increased by 52.11 points to settle at 3,836.95 points from 3,836.95 points the prior week. We expect reduced activity this week given the liquidity squeeze that will be caused by the CRR debit by CBN.

Commodities

The price of oil plummeted as the spread of the coronavirus outside China raised fears of slowing global demand. Bonny light, Nigeria's benchmark crude dipped 13.3% or $8.05 cents to close the week at $52.36 per barrel. In a similar light, precious metal prices fell mostly due to profit-booking and muted demand by jewellers in the spot markets. Consequently, gold lost 0.44% to $1,628.14 per ounce while silver tapered 6.97% to $17.23 per ounce. This week oil prices will remain pressured as fears of additional demand destruction amid the coronavirus outbreak continue to weigh on market sentiment. Precious metal prices might trend higher as investors buy safe-haven assets, avoiding riskier equities amid rising fears of coronavirus becoming a pandemic.

MONTHLY MACRO ECONOMIC FORECASTS			
Variables	Feb'20	Mar'20	Apr '20
Exchange Rate (NAFEX) (N/$)	363	362	362
Inflation Rate (%)	12.20	12.25	12.27
Crude Oil Price (US$/Barrel)	59	60	60

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