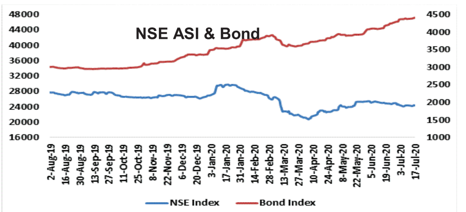
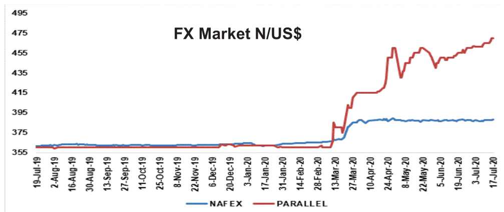
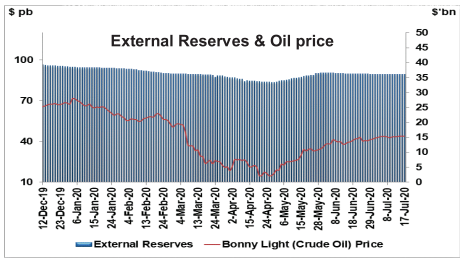
Access Bank Rateswatch

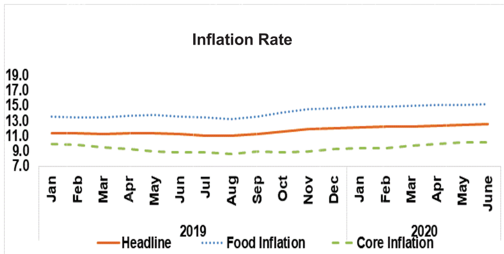
KEY MACROECONOMIC INDICATORS

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)	36.12	July 15, 2020 figure — a decrease of 0.14% from July start
Oil Price (US$/Barrel)	43.86	July 16, 2020 figure— a decrease of 2.76% 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 (%)
	17/7/20	10/7/20	
NSE ASI	24,287.66	24,306.36	(0.08)
Market Cap(N'tr)	12.67	12.68	(0.08)
Volume (bn)	0.16	0.13	21.93
Value (N'bn)	1.47	0.90	63.64

COMMODITIES MARKET

Indicators	17/7/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	43.86	2.76	(31.96)
Natural Gas ($/MMBtu)	1.71	(5.52)	(44.04)
Agriculture			
Cocoa ($/MT)	2185.00	1.16	12.86
Coffee ($/lb.)	100.85	3.54	(22.54)
Cotton ($/lb.)	62.09	(3.45)	(19.88)
Sugar ($/lb.)	11.82	0.51	(22.90)
Wheat ($/bu.)	538.25	0.80	24.16
Metals			
Gold ($/t oz.)	1810.09	0.18	37.38
Silver ($/t oz.)	19.73	5.34	14.78
Copper ($/lb.)	289.95	0.07	(11.55)

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	17/7/20	10/7/20	
OBB	20.3300	13.8000	653
O/N	21.7500	14.1000	765
CALL	23.1875	14.2500	894
30 Days	5.2108	5.3512	(14)
90 Days	5.5098	5.7268	(22)

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	17/7/20	10/7/20	
1 Mnth	1.52	1.58	(7)
3 Mnths	1.42	1.72	(30)
6 Mnths	1.63	2.10	(47)
9 Mnths	2.50	2.70	(19)
12 Mnths	3.02	3.20	(18)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$)	2 Weeks Ago Rate (N/$)	1 Month Ago Rate (N/$)
	17/7/20	10/7/20	17/6/20
Official (N)	381.00	381.00	360.00
Inter-Bank (N)	388.50	387.50	387.28
BDC (N)	0.00	0.00	0.00
Parallel (N)	470.00	465.00	452.00

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
Indicators	17/7/20	10/7/20	
Index	4,419.77	4,381.43	0.88
Mkt Cap Gross (N'tr)	13.99	13.88	0.83
Mkt Cap Net (N'tr)	9.85	9.75	1.05
YTD return (%)	79.93	78.37	1.56
YTD return (%)(US $)	-2.82	-4.38	1.56

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	17/7/20	10/7/20	
5-Year	3.57	3.74	(17)
7-Year	5.67	5.92	(26)
10-Year	6.70	6.68	1
15-Year	9.80	10.11	(31)
20-Year	9.16	9.35	(20)
30-Year	10.57	10.93	(36)

TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	10,000.00	1.789	1-July-2020
182 Day	20,000.00	1.91	1-July-2020
364 Day	58,857.01	3.39	1-July-2020

Sources: CBN, Financial Market Dealers Quotation, NSE, NBS, Energy Information Agency, Bloomberg and Access Bank Economic Intelligence Group computation.
** Crude oil (Bonny Light) is as at the previous day.*

Market Analysis and Outlook: July 17 – July 24, 2020

Global Economy

In China, the economy expanded by 3.2% year-on-year in Q2'20, rebounding from a record 6.8% contraction in the previous three-month period as revealed by the National Bureau of Statistics of China. The country became the first major economy to report growth following the coronavirus pandemic, as factories and stores reopened following months of coronavirus-induced restrictions. However, a continuing fall in retail trade underlined weakness in consumer spending and the need for more support from Beijing to accelerate the economic recovery. In a separate development, the European Central Bank left its monetary policy unchanged during its July meeting, as policymakers took a wait-and-see approach to assess the effectiveness of a series of unprecedented measures taken over the past four months to support the bloc's economy amid the coronavirus crisis. The ECB kept its key benchmark rate steady at 0% while the deposit rate remained at a record low -0.5%. In addition, the central bank pledged to buy up to €1.35 trillion worth of debt through June 2021 under its Pandemic Emergency Purchase Programme. Elsewhere the annual inflation rate in the US edged up to 0.6% in June 2020 from May's four-and-a-half-year low of 0.1% according to the U.S Bureau of Labour Statistics. It is the highest reading in three months as businesses reopened after the coronavirus lockdown. Food inflation expanded to 4.5% (vs 4% in May), the strongest since December of 2011, with food at home prices jumping 5.6% (vs 4.8%). Prices also increased faster for medical care services (6% vs 5.9%). Annual core inflation which excludes food and energy was unchanged at 1.2% and the monthly rate increased to 0.2%.

Domestic Economy

The Federal Executive Council (FEC) recently approved the 2021-2023 Medium Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP) with ₦12.66 trillion budget projection for each of the three fiscal years. Briefing State House correspondents at the end of the FEC meeting presided by the President of Nigeria, the Minister of State for Finance, Budget and National Planning, listed other projections in the budget. These included $40 per barrel oil benchmark, oil production volume of 1.6 million barrel per day, inflation rate of 11.9%, projected gross domestic growth rate of 3% and revenue target of ₦7.5 trillion. In a separate development, Data from the Nigeria Bureau of Statistics revealed that annual inflation rate rose for a tenth straight month to 12.56% in June 2020 from 12.4% in the previous month. It was the highest rate since March 2018 as food prices spiked 15.18%, the most in over two years, amid disruptions in the supply of products as farming activities are yet to recover from the impact of the nationwide lockdown and movements restrictions, which blocked food producers from access to the farms. Additional upward pressure came from health (11.09% vs 10.66%); transport (10.41% vs 10.09%); miscellaneous goods & services (10.20% vs 10.03%) and housing & utilities (7.86% vs 7.77%). The "All items less farm produce" or Core inflation, which excludes the prices of volatile agricultural produce stood at 10.13% percent in June 2020, up by 0.01% percent when compared with 10.12% recorded in May 2020.

Stock Market

Indicators at the domestic stock market remained bearish for the third consecutive week as investors' sentiments remained negative due to increasing number of coronavirus. Shares in the financial services and consumer goods were majorly affected. Consequently, the All Share Index (ASI) and market capitalization closed at 24,287.66 points and ₦12.67 trillion from 24,306.36 points and ₦12.68 trillion respectively the preceding week. We expect that the market will remain troubled by investor apathy and lack of positive economic indicators in the country.

Money Market

Borrowing cost surged at the end of last week following the CRR debit that was passed into the system and the bi-weekly retail Secondary Market Intervention Sales (SMIS) auction. Short term rates such as the Open Buy Back (OBB) and Overnight (O/N) jumped to 20.33% and 21.75% from 13.8% and 14.1%, respectively from the prior week. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 5.21% and 5.51% from 5.35% and 5.73%, respectively. This week rates are expected to remain at double digit levels in the absence of any significant funding activity.

Foreign Exchange Market

The naira depreciated against the greenback across major markets last week. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) and parallel rates fell compared to previous week figures while the official rate remained steady. The illiquidity of funds persisted at the Investors' and Exporters' (I&E) window with counterparties showing interest in clearing their matured obligations. The NAFEX rate closed at ₦388.50/US$ from ₦387.50/US$ and the parallel market lost ₦5 to settle at ₦470/US$. The official rate remained unchanged at ₦381/US$. We expect the naira to continue to trend around current levels especially at the I&E window given CBN constant interventions in the forex market.

Bond Market

The Bond market witnessed bullish sentiments last week following the coupon payment that hit the system. Accordingly, there was demand for most maturities across the curve particularly for the 2034, 2049 and 2050 securities. Average yields for 5-, 7-, 10-, 15- and 20-year papers decreased to 3.57%, 5.67%, 9.8%, 9.16% and 10.57% from 3.74%, 5.92%, 10.11%, 9.35% and 10.93%, respectively. Consequently, the Access Bank Nigerian Government Bond Index improved by 38.34 points to 4,419.77 points. The bond calendar was released last week and it proposed a borrowing range of ₦110bn - ₦150bn for the month of July, August and September respectively by the DMO. As a result, we expect cautious trading from market counterparties this week while they interpret the possible impact of the proposed borrowing on the market yields.

Commodities

Crude oil prices rebounded last week after Gilead sciences, the drug maker behind Remdesivir, said its drug improved clinical recovery and reduced the risk of death in patients infected with COVID-19. In addition, the International Energy Agency raised its 2020 oil demand forecast. Bonny light, Nigeria's benchmark crude climbed 2.76% to close at $43.86 per barrel. In a similar vein, precious metal price rose due to weaker dollar and concerns over mounting coronavirus cases worldwide and rising tensions between the US and China. Covid-19 cases continued to spike in some hot spots around the globe, especially in the US. Consequently, gold prices edged up 1.8% or $31.87 to finish at $1,810.09 per ounce from $1,806.92 per ounce, its fourth straight week of gains. Silver settled at $19.73 per ounce, a 5.34% rise. This week, we anticipate that oil prices will fall after OPEC and other producers including Russia agreed to ease record supply curbs from August. OPEC also said in its July report that global oil demand would fall by 8.95 million barrels per day in 2020, less than in last month's report. We expect that bullion demand will remain strong as geopolitical tensions and a continuous rise in coronavirus cases in India and the United States underpin safe haven assets.

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Monthly Macro Economic Forecast

Variables	Jul'20	Aug'20	Sep'20
Exchange Rate (NAFEX) (N/$)	388	389	388
Inflation Rate (%)	12.43	12.45	12.48
Crude Oil Price (US$/Barrel)	40	42	42

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