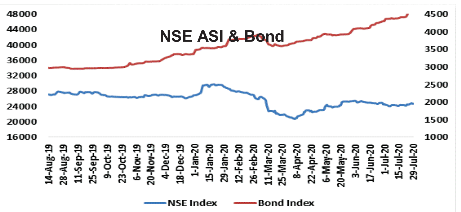
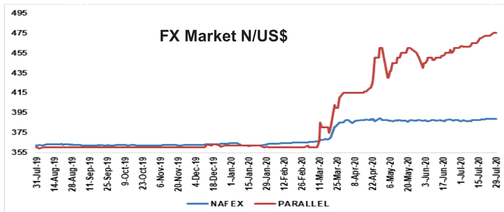
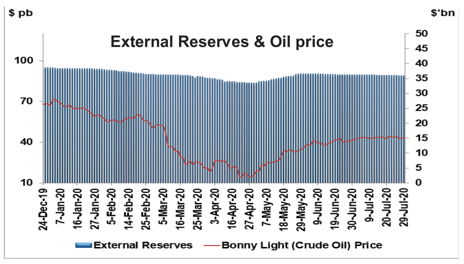
Access Bank Rateswatch

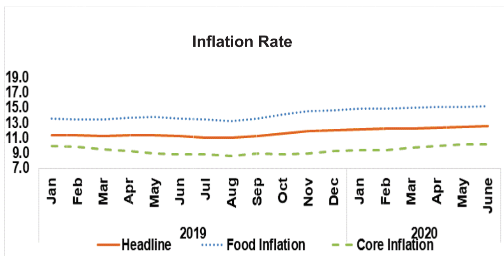
KEY MACROECONOMIC INDICATORS

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)	35.90	July 28, 2020 figure — a decrease of 0.77% from July start
Oil Price (US$/Barrel)	43.23	July 28, 2020 figure— a decrease of 2.02% 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 29/7/20	2 Weeks Ago 24/7/20	Change (%)
NSE ASI	24,693.73	24,427.73	1.09
Market Cap(N'tr)	12.88	12.74	1.09
Volume (bn)	0.10	0.17	(41.68)
Value (N'bn)	0.97	2.38	(59.17)

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%) 29/7/20	2 Weeks Ago Rate (%) 24/7/20	Change (Basis Point)
OBB	1.4000	1.6000	(20)
O/N	2.1000	2.2000	(10)
CALL	1.3000	2.8333	(153)
30 Days	3.9793	2.8333	115
90 Days	4.6478	6.1431	(150)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$) 29/7/20	2 Weeks Ago Rate (N/$) 24/7/20	1 Month Ago Rate (N/$) 29/6/20
Official (N)	381.00	381.00	360.00
Inter-Bank (N)	388.68	388.60	387.48
BDC (N)	0.00	0.00	0.00
Parallel (N)	475.00	472.00	460.00

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%) 29/7/20	2 Weeks Ago Rate (%) 24/7/20	Change (Basis Point)
5-Year	3.48	3.71	(23)
7-Year	4.96	4.97	(2)
10-Year	5.76	6.34	(58)
15-Year	8.87	8.76	11
20-Year	8.21	8.24	(3)
30-Year	9.74	9.71	3

COMMODITIES MARKET

Indicators	29/7/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	43.23	(2.02)	(32.75)
Natural Gas ($/MMBtu)	1.79	1.70	(41.43)
Agriculture			
Cocoa ($/MT)	2326.00	5.68	20.14
Coffee ($/lb.)	110.85	3.26	(14.86)
Cotton ($/lb.)	61.79	0.15	(20.27)
Sugar ($/lb.)	11.92	1.97	(22.24)
Wheat ($/bu.)	530.25	(0.84)	22.32
Metals			
Gold ($/t oz.)	1954.99	3.22	48.38
Silver ($/t oz.)	24.08	6.55	40.08
Copper ($/lb.)	290.50	0.35	(11.38)

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%) 29/7/20	2 Weeks Ago Rate (%) 24/7/20	Change (Basis Point)
1 Mnth	1.19	1.19	(0)
3 Mnths	1.27	1.27	0
6 Mnths	1.73	1.65	8
9 Mnths	2.57	2.58	(0)
12 Mnths	2.57	2.99	(42)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week 29/7/20	2 Weeks Ago 24/7/20	Change (Basis Point)
Index	4,584.80	4,548.00	0.81
Mkt Cap Gross (N'tr)	14.52	14.40	0.81
Mkt Cap Net (N'tr)	10.34	10.24	1.01
YTD return (%)	86.64	85.15	1.49
YTD return (%)(US $)	3.90	2.40	1.50

TREASURY BILLS PMA AUCTION

Tenor	Amount (N'million)	Rate (%)	Date
91 Day	49,839.65	1.2	29-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 29 – August 7, 2020

Global Economy

In the US, trade deficit on goods shrank to $70.64 billion in June 2020 from a revised $75.26 billion in the previous month, as global demand recovers from the coronavirus crisis shock. Exports jumped 13.9%, boosted by sales of automotive vehicles, capital goods, consumer products and industrial supplies. Imports were up 4.8% due to purchases of automotive vehicles, consumer products, capital goods and foods, feeds, & beverages. Elsewhere, Japan's long-term foreign currency debt rating outlook was changed to negative from stable by Fitch's credit rating. The rating agency affirmed the A debt grade, citing the sharp coronavirus-induced domestic economic contraction, as the main trigger behind the revision. Standard & Poor's credit rating for Japan stands at A+ with stable outlook. Moody's credit rating for Japan was last set at A1 with stable outlook. Elsewhere, data from the Central Bank of Brazil revealed that Brazil's current account balance shifted to a $2.24 billion surplus in June 2020 from a $2.66 billion deficit in the corresponding period of the 2019. The goods surplus expanded to $6.90 billion from $4.71 billion a year ago and the services gap contracted to $1.37 billion from $3.55 billion. Additionally, the primary income shortfall declined to $3.45 billion from $3.88 billion; and the secondary income surplus climbed to $0.16 billion from $0.05 billion.

Domestic Economy

According to the National Bureau of Statistics, Nigeria generated a total sum of N651.77 billion revenue from Value Added Tax (VAT) in H1 2020, up by 8.45% year-on-year when compared to ₦600.98 billion in H1 2019. Professional services produced the highest amount of VAT with ₦95.92 billion generated and closely followed by other manufacturing creating ₦67.63 billion, commercial and trading at ₦31.10 billion while mining generated the least and closely followed by textile and garment Industry and pharmaceutical, soaps and toiletries with ₦127.58 million, ₦499.19 million and ₦648.78 million produced respectively. Out of the total amounted produced in H1 2020, N335.82 billion was generated as Non-Import VAT locally while ₦161.74 billion was generated as Non-Import VAT for foreign. The balance of ₦154.21 billion was created as Nigeria Custom Service (NCS)-Import VAT. In a separate development, the Manufacturing Purchasing Managers Index (PMI) in the month of July stood at 44.9 index points, indicating contraction in the manufacturing sector for the third consecutive month as reported by the Central Bank of Nigeria. A PMI above 50 represents an expansion when compared with the previous month. A PMI reading under 50 represents a contraction, and a reading at 50 indicates no change. Of the 14 surveyed subsectors, transportation equipment subsector reported growth (above 50% threshold) in the review month while non-metallic mineral products sector reported no change. However, the remaining 12 subsectors reported contraction.

Stock Market

Indicators at the local bourse were resilient for the second consecutive week as increased optimism on the overall macroeconomic outlook and corporate earnings roused investors interest in the stock market. Shares in the pharmaceutical, oil & gas, industrial and consumer goods were majorly responsible for the uptick in the performance indicator. Consequently, the All Share Index (ASI) and market capitalization closed at 24,693.73 points and ₦12.88 trillion from 24,427.73 points and ₦12.74 trillion, respectively the preceding week. The stock market will remain volatile as investors reposition their portfolio ahead of half year financial scorecards.

Money Market

The money market sustained its high level of liquidity from preceding week closing the week at N769 billion. This translated to lower rates as short-term rates such as the Open Buy Back (OBB) and Overnight (O/N) tapered to 1.4% and 2.1% from 1.6% and 2.2%, respectively. Longer tenored rates such as the 90-day Nigerian Interbank Offered Rate (NIBOR) trailed the same path declining to 4.65% from 6.14%. This week, rates are expected to remain stable at these low 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 paucity of funds witnessed two weeks ago at the Investors' and Exporters' Window persisted. The NAFEX rate closed at ₦388.68/US$ from ₦388.6/US$ and the parallel market lost ₦3 to settle at ₦475/US$. The official rate remained unchanged at ₦381/US$. Rates are expected to remain at elevated levels this week due to the impact of $1.37 billion NGUS JULY 29 2020 Non Deliverable Forward (NDF) maturity which would spur more demand this week.

Bond Market

The bond market remained bullish last week given the level of liquidity and coupon payment that hit the system. There were occasional mixed sentiments as offers for the long-tenured securities were observed in the market while demand for the 2026 and 2027 was also recorded. Yields on the 5-, 7-, 10- and 20-year papers dropped to 3.48%, 4.96%, 5.76% and 8.21% from 3.71%, 4.97%, 6.34% and 8.24%, respectively. Consequently, the Access Bank Nigerian Government Bond Index improved by 36.8 points to 4,584.80 points. We expect the bullish sentiment witnessed to continue this week given robust system liquidity.

Commodities

The price of crude oil plunged as coronavirus infections continue to accelerate in Africa and Asia and second wave threats emerge in Europe, dampening the demand outlook for oil. Bonny light, Nigeria's benchmark crude dipped 2.02% to close at $43.23 per barrel. In contrast, precious metal prices continued their bullish run supported by growing US-China spat and dimming hopes of an economic recovery as the virus showed no signs of slowing. Consequently, gold prices accelerated 3.22% or $61.04 to finish at $1,954.99 per ounce from $1,893.95 per ounce. Silver settled at $24.08 per ounce, a 6.55% rise. This week, we anticipate that oil prices will recover as a surprise decline in US crude inventories offset fuel demand concerns. Latest American Petroleum Institute (API) data showed US crude inventories unexpectedly drop by 6.8 million barrels last week. We expect that the bullion will continue to enjoy more demand from investors as they weigh rising coronavirus cases and prospects of more stimulus from the government.

Monthly Macro Economic Forecast

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

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