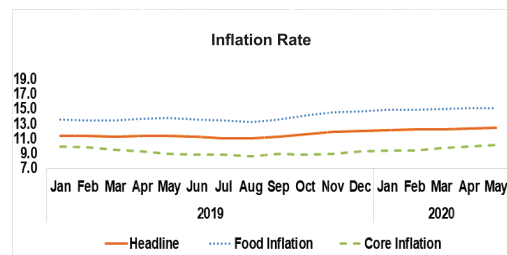
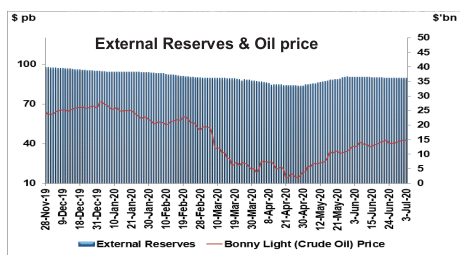
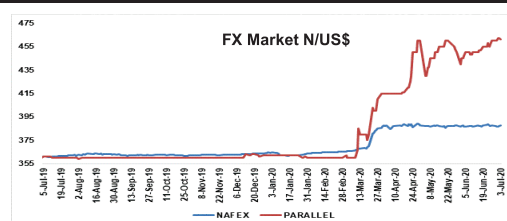
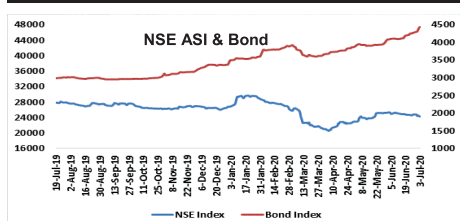


# Access Bank Rateswatch

## 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)	12.40	Increased to 12.40% in May 2020 from 12.34% in April 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)	36.16	July 2, 2020 figure — a decrease of 1.12% from June start
Oil Price (US\$/Barrel)	42.81	July 2, 2020 figure— an increase of 5.18% from the previous week
Oil Production mbpd (OPEC)	1.59	May 2020, figure — a decrease of 10.41% from April 2020 figure



## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	3/7/20	26/6/20	
NSE ASI	24,336.12	24,829.02	(1.99)
Market Cap(N'tr)	12.70	12.95	(1.99)
Volume (bn)	0.14	0.13	13.45
Value (N'bn)	1.52	2.15	(29.31)

## COMMODITIES MARKET

Indicators	3/7/20	1-week Change (%)	YTD Change (%)
<b>Energy</b>			
Crude Oil (\$/bbl)	42.81	5.18	(33.59)
Natural Gas (\$/MMBtu)	1.73	17.69	(43.39)
<b>Agriculture</b>			
Cocoa (\$/MT)	2,179.00	(5.10)	12.55
Coffee (\$/lb.)	103.20	7.00	(20.74)
Cotton (\$/lb.)	62.95	5.60	(18.77)
Sugar (\$/lb.)	12.24	5.97	(20.16)
<b>Metals</b>			
Wheat (\$/bu.)	492.00	3.20	13.49
Gold (\$/t oz.)	1,775.05	0.56	34.72
Silver (\$/t oz.)	17.99	1.18	4.65
Copper (\$/lb.)	272.30	1.42	(16.93)

## MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	3/7/20	26/6/20	
NIBOR			
OBB	21.5000	15.2000	630
O/N	23.5000	16.1000	740
CALL	19.0000	1.8031	1720
30 Days	3.9067	1.9209	199
90 Days	3.9575	2.2150	174

## NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	3/7/20	26/6/20	
1 Mnth	1.62	1.80	(18)
3 Mnths	1.66	1.92	(26)
6 Mnths	1.90	2.22	(32)
9 Mnths	2.73	2.72	0
12 Mnths	3.08	3.25	(18)

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	3/7/20	26/6/20	3/6/20
Official (N)	360.00	360.00	360.00
Inter-Bank (N)	387.50	387.48	387.50
BDC (N)	0.00	0.00	0.00
Parallel (N)	461.00	460.00	445.00

## BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	3/7/20	26/6/20	
5-Year	6.04	5.08	96
7-Year	7.44	7.14	30
10-Year	8.46	7.81	64
15-Year	10.79	10.23	56
20-Year	10.39	10.02	37
30-Year	12.03	11.31	72

## ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	3/7/20	26/6/20	
Index	4,433.83	4,271.38	3.80
Mkt Cap Gross (N'tr)	13.85	13.34	3.80
Mkt Cap Net (N'tr)	9.74	9.29	4.83
YTD return (%)	80.50	73.89	6.61
YTD return (%) (US \$)	-2.24	-8.86	6.62

## 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

## Market Analysis and Outlook: July 3 – July 10, 2020

### Global Economy

In the US, trade deficit expanded to \$54.6 billion in May 2020 from an upwardly revised \$49.8 billion in the prior month, according to data by the Bureau of Economic Analysis. It is the biggest trade gap since December 2018 as both exports and imports fell in part due to the impact of COVID-19, as many businesses were operating at limited capacity or ceased operations completely, and the movement of travellers across borders was restricted. Exports declined 4.4% to \$144.5 billion, the lowest level since November 2009 and imports contracted 0.9% to \$199.1 billion, the lowest since July 2010. The deficit with China extended \$1.9 billion to \$27.9 billion as exports went up to \$10 billion and imports rose \$2.7 billion to \$37.9 billion. Elsewhere, Brazil's trade surplus widened to \$7.5 billion in June 2020 from \$5.4 billion in the corresponding period of 2019 as revealed by the Ministry of Development, Industry and Foreign Trade. It is the second biggest monthly trade surplus in Brazil's history, when adjusted for the working day average, exports declined 12% from a year earlier to \$17.9 billion, while imports fell 27.4% to \$10.5 billion. Among major trading partners, exports dropped to the EU (-21.3%) and the US (-43.5%) while shipments to Asia jumped 10.8%. Imports from Asia plunged to -21.7%, the EU (-26.3%) and the US (-28.1%). In a separate development, Eurozone seasonally-adjusted unemployment rate nudged up to 7.4% in May 2020, remaining close to March's record low of 7.1% as the governments' measures to protect jobs during the coronavirus crises along with an increase in the number of inactive people due to the coronavirus crisis have been supporting the labour market. The number of unemployed persons increased by 159,000 to 12.146 million, with most countries across the bloc remaining under COVID-19 containment measures. Among the bloc's largest economies, the highest jobless rates were recorded in Spain (14.5%), France (8.1%) and Italy (7.8%), while the lowest was observed in Germany (3.9%). The youth unemployment rate, measuring job seekers aged 15 to 24, went up to 16% from 15.7% in April.

### Domestic Economy

Moody's Investors Service in its July 2020 report titled 'Renewed foreign-currency shortages highlight vulnerability for banks' said that Nigerian banks' foreign currency funding gap will rise to \$5 billion over the current low oil prices, volatile foreign inflows and lower remittances amid coronavirus pandemic. The report revealed that the challenges were threatening to renew the foreign currency liquidity pressures that wrecked Nigerian banks during a previous oil crisis in 2016-2017. A banking analyst at Moody's, said, "Lower dollar inflows at a time when foreign currency borrowing will likely be more expensive for Nigerian banks and will strain their foreign currency funding, despite substantial improvements compared to 2016. In a separate development, the Nigerian Stock Exchange in its domestic and foreign portfolio report, recorded that total transactions at the nation's bourse decreased by 7.4% to N119.15 billion in May 2020 from N128.67 billion in April 2020. In May 2020, the total value of transactions executed by domestic investors outperformed transactions executed by foreign investors by around 40%. A further analysis of the total transactions revealed that total domestic transactions increased by 11.15% to N83.91 billion in May 2020 from N75.49 billion in April while total foreign transactions decreased by 33.73% to N35.24 billion from N53.18 billion between April and May 2020. Retail investors marginally outperformed institutional investors by 0.56%. Retail transactions increased by 4.38% to N42.19 billion in May from N40.42 billion in April 2020. Similarly, the institutional composition of the domestic market increased by 18.96% to N41.72 billion in May 2020 from N35.07 billion in April 2020. The performance of the current month when compared to the performance in May 2019 (N221.13 billion) revealed that total transactions decreased by 46.12%.

### Stock Market

Trading indicators at the local bourse was bearish for the week ended July 3, 2020 as investors approached the market with caution

amid analysts' views that odds still favour the bears in this early part of this second-half of 2020. Consequently, the All Share Index (ASI) and market capitalization closed at 24,336.12 points and N12.70 trillion from 24,829.02 points and N12.95 trillion respectively the preceding week. Domestic equities market will remain pressured this week as the fear of the second wave of the Covid-19 takes a toll on investors' confidence.

### Money Market

Cost of borrowing surged in both the short and long term market following CRR debit and bi-weekly Retail Secondary Market Intervention Sales (SMIS) auction that hit the system on the last trading day of the week. Short term rates such as the Open Buy Back (OBB) and Overnight (O/N) jumped to 21.5% and 23.5% from 15.2% and 16.1% the prior week. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) also rose to 3.91% and 3.96% from 1.92% and 2.22%, respectively. Next week, rates will remain at these elevated levels given the current dearth in liquidity.

### Foreign Exchange Market

The naira majorly depreciated against the greenback for the week ended July 3, 2020. The Nigerian Autonomous Foreign Exchange (NAFEX) and parallel market depreciated while at the official window naira was steady. The NAFEX rate lost N0.02 to close at N387.50/US\$. The parallel market also dipped by N1 to close at N461/US\$. At the CBN official window, the Naira remained unchanged at N360/US\$. At the Investors' and Exporters' Window, the paucity of funds experienced in the market persisted for the second consecutive week. We expect the local unit to trend around prevailing levels sustained by strategic interventions from the industry's financial watchdog.

### Bond Market

The bond market recorded bullish sentiments last week as investor's appetite for bond securities increased. The buying interest was a reaction to the decline in the Nigerian Treasury Bill (NTB) rates. Consequently, the Access Bank Nigerian Government Bond Index increased by 102.45 points to 4,373.63 points. Average yields for 5-, 7-, 10-, 15-, 20- and 30 year papers increased to 6.04%, 7.44%, 8.46%, 10.79%, 10.39% and 12.03% from 5.08%, 7.14%, 7.81%, 10.23%, 10.02% and 11.31%, respectively. We expect the market to continue to trade calmly in the coming week as investors anticipate the bond auction calendar for the quarter.

### Commodities

Oil prices climbed last week after the Energy Information Administration reported the largest weekly decline in US crude inventories in six months. Sentiment was also supported by positive results from a coronavirus vaccine candidate. Bonny light, Nigeria's benchmark crude edged up 5.18% to settle at \$42.81 per barrel. In the same vein, precious metal price surged as mounting fears of a resurgence of new coronavirus cases drove safe-haven demand. Consequently, gold prices notched up 0.56% or \$9.84 to finish at \$1,775.05 per ounce from \$1,765.21 per ounce. Silver went to settle at \$17.99 per ounce, a 1.18% drop. This week, we anticipate oil prices to decline amid mounting concerns about fuel demand recovery and rising coronavirus cases. We expect that bullions might decline as a better than expected US jobs data and relatively lower contraction in factory activity back home improves risk appetite.

## 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

**Disclaimer**  
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Sources: CBN, Financial Market Dealers Quotation, NSE, NBS, Energy Intelligence Agency, Bloomberg and Access Bank Economic Intelligence Group computation.

\* Crude oil (Bonny Light) is as at the previous day.

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