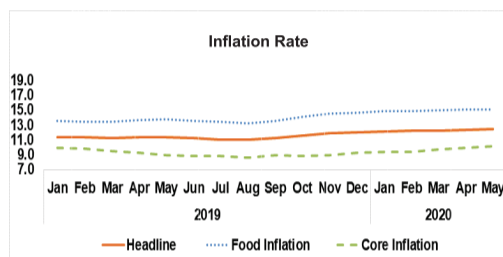
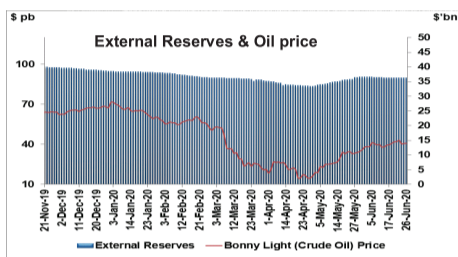
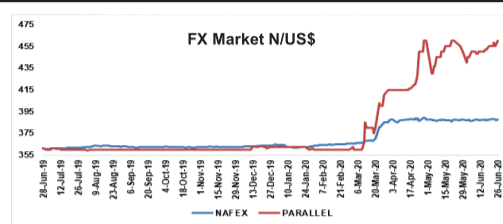
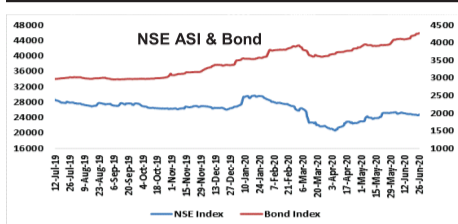


Access Bank Rateswatch

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)	35.68	Increased by 5.06% in Mar' 2020 from N33.96 trillion in Feb' 2020
Credit to Private Sector (N' trillion)	28.31	Increased by 6.18% in Mar' 2020 from N26.6 trillion in Feb' 2020
Currency in Circulation (N' trillion)	2.296	Increased by 5.03% in Mar' 2020 from N2.25 trillion in Feb' 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)	36.22	June 25, 2020 figure — a decrease of 0.96% from June start
Oil Price (US\$/Barrel)	40.70	June 25, 2020 figure — an increase of 0.05% 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 (%)
	26/6/20	19/6/20	
NSE ASI	24,829.02	24,826.75	0.01
Market Cap(N'tr)	12.95	12.95	0.01
Volume (bn)	0.13	0.17	(27.18)
Value (N'bn)	2.15	2.01	7.13

MONEY MARKET

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
	26/6/20	19/6/20	
NIBOR			
Tenor			
OBB	15.20	15.17	3.0
O/N	16.10	16.67	(57)
CALL	1.80	19.58	(1778.0)
30 Days	1.92	3.39	(146)
90 Days	2.22	4.27	(206.0)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	26/6/20	19/6/20	27/5/20
Official (N)	360.00	360.00	360.00
Inter-Bank (N)	387.48	387.80	387.69
BDC (N)	0.00	0.00	0.00
Parallel (N)	460.00	455.00	453.00

BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	26/6/20	19/6/20	
5-Year	5.08	6.04	(95.6)
7-Year	7.14	7.44	(30.2)
10-Year	7.81	8.46	(64.3)
15-Year	10.23	10.79	(56.2)
20-Year	10.02	10.39	(37.5)
30-Year	11.31	12.03	(72)

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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: June 26 – July 3, 2020

Global Economy

The US economy contracted by an annualized 5% in the Q1'20, ending the longest period of expansion in the country's history as final figures showed by the U.S. Economic Bureau of Analysis. It is the biggest drop in GDP since the last quarter of 2008 as the Covid-19 pandemic forced several states to impose lockdown measures in mid-March, throwing millions of people out of work. The third estimate showed an upward revision to non-residential fixed investment which was offset by downward revisions to private inventory investment, personal consumption expenditures (PCE), and exports. In a separate development, the European Central Bank (ECB) launched a new backstop facility last week to provide precautionary euro repo lines to central banks outside the euro area in response to the coronavirus crisis. The Euro system repo facility for central banks (EUREP) will be available until June 2021 and will address possible euro liquidity needs in case of market dysfunction resulting from the COVID-19 shock that might adversely impact the smooth transmission of ECB monetary policy. Earlier in June, the ECB expanded its pandemic emergency purchase programme by €600 billion to a total of €1.35 trillion, more than an expected €500 billion increase, and extended it to at least June 2021. The rate on the ECB's Main Refinancing Operations, which banks can tap to obtain one-week credit from the central bank, was left at 0% while the rate on overnight liquidity was fixed at 0.25%. The bank's Deposit Facility Rate was left at -0.5%. Elsewhere, the People's Bank of China (PBoC) left its benchmark interest rates unchanged for the second consecutive month at its June fixing after the central bank maintained borrowing costs on medium-term loans last week, as policymakers adopted a wait-and-see approach amid tentative signs of economic recovery. The one-year loan prime rate (LPR) was left unchanged at 3.85% from the previous monthly fixing while the five-year remained at 4.65%.

Domestic Economy

According to data from Central Bank of Nigeria, the manufacturing Purchasing Managers Index (PMI) in the month of June 2020 stood at 41.1, indicating contraction in the manufacturing sector for the second time. 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. Only 5 of the subsectors out of the 14 surveyed subsectors, reported growth (above 50% threshold) in the review month in the following order: electrical equipment; cement; petroleum & coal products; transportation equipment and paper products. The remaining 9 subsectors reported declines in the period under review. In a separate development, the National bureau of statistics revealed that the value of Nigeria's total trade stood at N8.3 trillion in Q1'20. This was 17.94% lower than the value recorded in Q4'19 but 0.80% higher than the value recorded in Q1'19. The import component of this trade was valued at N4.22 trillion or 50.8% while the export component totalled N4.082 trillion indicating 49.2% of the total trade. A trade deficit of N138.98 billion was recorded during the quarter, marking two consecutive quarters of negative balance of trade, as the value of imports surpassed exports. It is worth noting that the consecutive quarters of negative trade balances (and lower imports and exports) occurred against the backdrop of a global slowdown in economic activity as a result of the COVID-19 pandemic. The global health crisis resulted in several countries implementing varying degrees of restrictions with respect to international trade, travel and tourism.

Stock Market

The Nigerian stock market was volatile last week, however it closed around the same level it did two weeks ago. Weak sentiments by investors continued to pervade the local bourse. Consequently, the All Share Index (ASI)

and market capitalization closed at 24,829.02 points and N12.95 trillion from 24,826.75 points and N12.95 trillion respectively the previous week. This week, we expect that bearish sentiment will prevail given weak macroeconomic fundamentals.

Money Market

The dearth in market liquidity was sustained last week as cost of borrowing remained at elevated levels. Short term rates such as the Open Buy Back (OBB) and Overnight (O/N) settled at 15.2% and 16.1% from 15.17% and 16.67% the previous week. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) declined to 1.92% and 2.22% from 3.39% and 4.27%, respectively. This week, lenders charge at the short end of the curve might remain at double digits as liquidity injection of N157 billion from the Open Market Operation (OMO) is absorbed when the central bank debits banks' naira position for retail dollar sales.

Foreign Exchange Market

The local unit went in varying directions last week. The Nigerian Autonomous Foreign Exchange (NAFEX) appreciated, naira at the official window stayed unchanged whilst the parallel market rate depreciated. The NAFEX rate gained N0.32 to close at N387.48/US\$. The parallel market dipped by N5 to close at N460/US\$. At the CBN official window, the naira remained stable to close at N360/US\$. Despite the firming of the currency at the NAFEX window, that FX market segment continues to face the problem of weak FX inflows from funding sources like international money transfer organisations, diaspora remittances and oil companies' dollar sales due to the protracted impact of COVID-19. This week, the naira is expected to remain stable around current levels at CBN carries out strategic interventions in the market.

Bond Market

Average bond yields in the fixed income market tapered last week as strong demand pushed bond prices upward. Consequently, average yields for 5-, 7-, 10-, 15-, 20- and 30 year papers dropped to 5.08%, 7.14%, 7.81%, 10.23%, 10.02% and 11.31% from 6.04%, 7.44%, 8.46%, 10.79%, 10.39% and 12.03%, respectively. The Access Bank Nigerian Government Bond Index ascended by 76.97 points to 4,271.38 points. We expect the bullish sentiment to persist this coming week given absence of viable investment outlets for investors.

Commodities

The price of oil traded higher, extending gains from last week, as investors focused on the global economic recovery despite a spike in coronavirus infections in several US states and from worldwide like in Australia, China and Latin America. Bonny light, Nigeria's benchmark crude gained 0.05% to close at \$40.70 per barrel. In the same vein, investors turned to precious metals as a safe-haven asset amid a spike the coronavirus cases. Gold prices notched up 1.43% or \$24.81 to finish at \$1,765.21 per ounce from \$1,740.40 per ounce. However, silver settled at \$17.78 per ounce, a 0.34% drop. This week, we anticipate that market sentiments might reverse with oil prices trending lower following concerns over the continued spike in the world's biggest economies. The bullion will likely continue to enjoy patronage given its safe-haven properties and hedge against weak economies.

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)	39	41	42