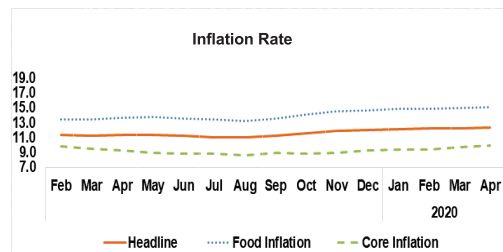
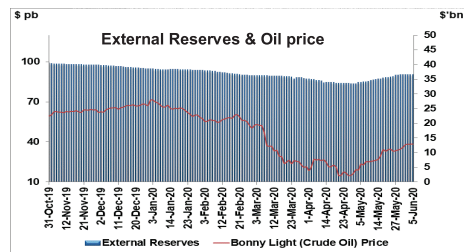
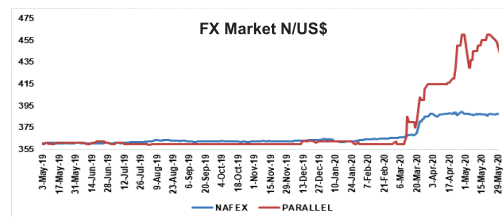
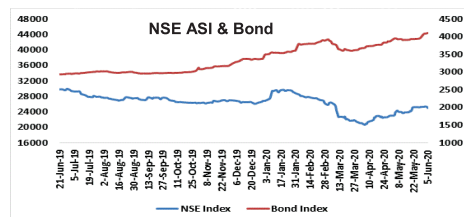


# Access Bank Rateswatch

## 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)	36.48	Increased by 2.9% in Nov' 2019 from N35.45 trillion in Oct' 2019
Credit to Private Sector (N' trillion)	26.7	Increased by 0.38% in Feb' 2020 from N26.6 trillion in Jan' 2020
Currency in Circulation (N' trillion)	2.18	Decreased by 3.11% in Feb' 2020 from N2.25 trillion in Jan' 2020
Inflation rate (%) (y-o-y)	12.34	Increased to 12.34% in April 2020 from 12.26% in March 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)	36.50	June 4, 2020 figure — a decrease of 0.02% from June start
Oil Price (US\$/Barrel)	33.87	June 4, 2020 figure — an increase of 12.99% from the previous week
Oil Production mbpd (OPEC)	1.77	April 2020, figure — a decrease of 3.63% from March 2020 figure



## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	5/6/20	29/5/20	
NSE ASI	25,016.30	25,267.82	(1.00)
Market Cap(N'tr)	13.05	13.17	(0.90)
Volume (bn)	0.21	0.33	(34.12)
Value (N'bn)	2.51	4.48	(43.83)

## MONEY MARKET

NIBOR	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	5/6/20	29/5/20	
OBB	15.6000	2.2000	1340
O/N	16.7000	3.0000	1370
CALL	17.5000	3.5000	1400
30 Days	8.2292	5.8657	236
90 Days	9.0852	6.1229	296

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	5/6/20	29/5/20	5/5/20
Official (N)	360.00	360.00	360.00
Inter-Bank (N)	386.50	387.69	386.95
BDC (N)	0.00	0.00	0.00
Parallel (N)	450.00	453.00	430.00

## BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	5/6/20	29/5/20	
5-Year	6.86	6.69	17
7-Year	8.70	8.51	18
10-Year	9.18	9.48	(29)
15-Year	11.30	11.40	(10)
20-Year	11.00	11.02	(2)
30-Year	12.24	12.37	(13)

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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 05 – June 12, 2020

### Global Economy

In the US, Manufacturing PMI came in at 39.8 in May of 2020 above a record low of 36.1 in April as measured by IHS Markit. The reading pointed to the second-steepest deterioration in manufacturing operating conditions since April of 2009, largely determined by a further weakening of client demand and lower new order inflows from both domestic and foreign customers amid the coronavirus outbreak. The fall in output was ascribed to lower sales, temporary shutdowns and difficulties operating at full capacity amid new safety regulations; new business fell for the third month running due to the cancellation and postponement of orders; and firms cut their workforce numbers at the second-fastest rate in over 11 years; while output charges fell at a record pace. Elsewhere, the bank of England reported that consumer credit in the United Kingdom plunged by £7.4 billion in April 2020, following a £3.8 billion decrease in the March. That was the largest decline in consumer credit since the series began in 1993, amid the impact of the coronavirus pandemic on spending. Credit card lending fell by £5 billion and other loans and advances went down by £2.4 billion. The extremely weak net flows of consumer credit meant that the annual growth rate fell below zero in April, to -0.4 percent, the weakest since August 2012. In a separate development, Moody's Investors Service slashed India's credit rating to 'Baa3' from 'Baa2' and kept a 'negative outlook', saying there will be challenges in implementing policies to mitigate the risks of a sustained period of low growth and deteriorating fiscal position. The agency noted that the slow pace of reform and limited political effectiveness have contributed to a prolonged period of slow growth, which started before the pandemic and which Moody's expects to continue well beyond. The real GDP is expected to contract 4.0% in fiscal 2020 due to the shock from the coronavirus pandemic and related lockdown measures, followed by 8.7% growth in fiscal 2021 and closer to 6.0% thereafter.

### Domestic Economy

The total value of capital importation into Nigeria stood at \$5.85 billion in Q1 2020 according to data from the National Bureau of Statistics (NBS). This represents an increase of 53.97% compared to Q4 2019 and -31.19% decrease compared to the Q1 2019. The largest amount of capital importation by type was received through portfolio investment, which accounted for 73.61% (\$4.3 billion) of total capital importation, followed by Other Investment, which accounted for 22.73% (\$1.33 billion) of total capital, and then Foreign Direct Investment FDI, which accounted for 3.66% (\$214.25 million) of total capital imported in Q1 2020. By sector, capital importation by banking dominated Q1 2020 reaching \$2.99 billion of the total capital importation in Q1 2020. The United Kingdom emerged as the top source of capital investment in Nigeria in Q1 2020 with \$2.91 billion. This accounted for 49.68% of the total capital inflow in Q1 2020. Lagos state emerged as the top destination of capital investment in Nigeria in Q1 2019 with \$5.14 billion. This accounted for 87.72% of the total capital inflow in Q1 2020. In a separate development, The Central Bank of Nigeria in a recent circular has directed all banks to resolve all outstanding issues relating to failed Automated Teller Machine, Point of Sale terminal and other electronic banking transactions within two weeks, starting June 8, 2020. It also revised timelines for reversals and resolution of refund complaints on electronic channels. The circular stated that key service providers in the Nigerian payments system have also committed to establish an integrated dispute resolution platform for the industry and enhance their payment system infrastructure and processes to reduce incidences of transaction failure.

### Stock Market

Trading indicators declined last week following intense sell-offs due to profit booking on the

last day of trading week. The market recorded the most sell offs in the industrial and consumer goods sector. Consequently, the All Share Index (ASI) and market capitalization sank to 25,016.30 points and N13.05 trillion from 25,204.75 points and N13.14 trillion respectively the previous week. This week, we expect the market to turnaround and go back to positive territory as smart money positions for stocks with high returns.

### Money Market

Cost of borrowing spiked up as market liquidity declined significantly after a Cash Reserve Ratio (CRR) debit of N460 billion hit the system. Short term rates such as the Open Buy Back (OBB) and Overnight (O/N) climbed to 15.60% and 16.70% from 2.2% and 3% the previous week. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) also increased to 8.23% and 9.09% from 5.87% and 6.12%, respectively. This week, rates are expected to remain at these elevated levels as the market anticipates the weekly FX auction which will further deepen dearth in liquidity.

### Foreign Exchange Market

The local unit appreciated across most market segments last week as the CBN intervened in the foreign exchange market through provision of funds for SME and invisibles transactions. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) grew 1.19 to close at N3836.5/US\$. The parallel market also gained N3 to close at N450/US\$ while at the CBN Official window, the Naira remained stable to close at N360/US\$ same as preceding week. We expect rates remain around prevailing levels supported by the apex bank interventions in the FX market.

### Bond Market

Last week, the fixed income market traded actively with most trades centred around the mid- to long tenured securities. Accordingly, the market witnessed demand for the 2028, 2049 and 2050 securities in spite of the CRR debit. Consequently, average yields for 10-, 15-, 20- and 30 year papers declined to 9.18%, 11.30%, 11% and 12.24% from 9.48%, 11.40%, 11.02% and 12.37%. The Access Bank Nigerian Government Bond Index improved by 3% to 4,103.48 points. We expect the coming week to open with reduced activities given the scheduled Sukukauction debits.

### Commodities

The price of oil jumped as OPEC+ reached a tentative deal with Iraq on compliance with quotas for production cuts and is set to meet to ratify the deal. Members of OPEC and their allies, including Russia and Mexico, already pledged to cut output by 9.7 million barrels a day in May and June, helping to prop up oil prices as demand for crude begins to recover. Bonny light, Nigeria's benchmark crude rose 12.99% to settle at \$38.27 per barrel. In contrast, bullion prices declined on the back of hopes of economic recovery which pushed investors away from safe haven assets. Consequently, gold prices lost 3.11% or \$53.99 to finish at \$1,681.81 per ounce from \$1,735.80 per ounce. Silver dipped 2.8% to settle at \$17.34 per ounce. This week, we anticipate that oil market will react positively on expectations that OPEC and allied countries will extend record production. Precious metals might decline further as optimism about the global economy pushes investors to riskier assets.

## Monthly Macro Economic Forecast

Variables	Jun'20	Jul'20	Aug'20
Exchange Rate (NAFEX) (N/\$)	387	388	388
Inflation Rate (%)	12.40	12.43	12.48
Crude Oil Price (US\$/Barrel)	34	36	37