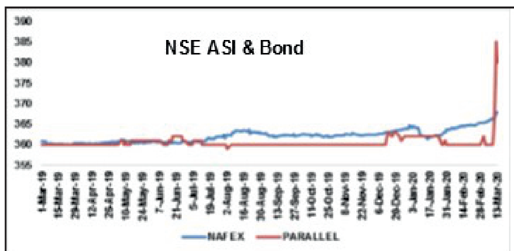
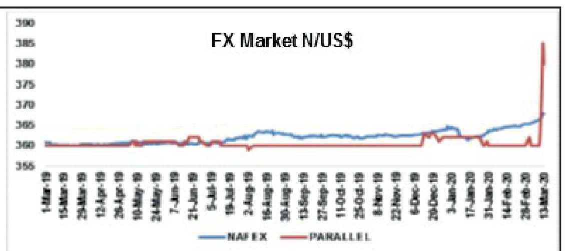
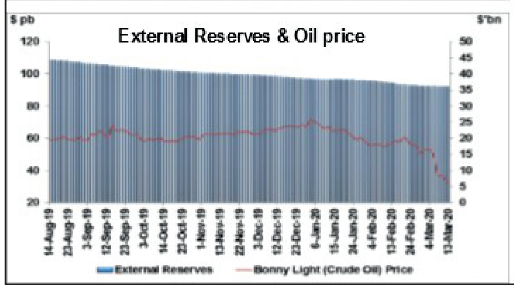
Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

GDP Growth (%)	2.55	Q4 2019 — higher by 0.27% compared to 2.28% in Q3 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)	26.41	Increased by 2.18% in Nov' 2019 from N25.85 trillion in Oct' 2019
Currency in Circulation (N' trillion)	2.20	Increased by 7.17% in Nov' 2019 from N2.06 trillion in Oct' 2019
Inflation rate (%) (y-o-y)	12.13	Increased to 12.13% in January 2020 from 11.98% in December 2019
Monetary Policy Rate (%)	13.5	Adjusted to 13.5% in March 2019 from 14%
Interest Rate (Asymmetrical Corridor)	13.5 (+2/-5)	Lending rate changed to 15.5% & Deposit rate 8.5%
External Reserves (US$ million)	36.16	March 12, 2020 figure — a decrease of 0.28% from March start
Oil Price (US$/Barrel)	33.15	March 12, 2020 figure— a decrease of 36.18% from the previous wk
Oil Production mbpd (OPEC)	1.77	January 2020, figure — an increase of 1.42% from December 2019 figure







STOCK MARKET

Indicators	Friday	Friday	Change(%)
	13/3/20	6/3/20	
NSE ASI	22,733.35	26,279.61	(13.49)
Market Cap(N'tr)	11.85	13.70	(13.49)
Volume (bn)	0.73	0.36	103.05
Value (N'bn)	10.22	4.28	138.94

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	13/3/20	6/3/20	
OBB	3.29	11.71	(842)
O/N	4.00	12.86	(886)
CALL	10.42	12.19	(177)
30 Days	10.96	9.95	101
90 Days	11.44	10.08	136

FOREIGN EXCHANGE MARKET

Market	Friday (N/$)	Friday (N/$)	1 Month Rate (N/$)
	13/3/20	6/3/20	13/2/20
Official (N)	306.95	307.00	306.90
Inter-Bank (N)	367.74	365.90	362.45
BDC (N)	0.00	0.00	0.00
Parallel (N)	380.00	360.00	360.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	13/3/20	6/3/20	
3-Year	0.00	0.00	0
5-Year	8.39	7.41	98
7-Year	11.34	10.23	111
10-Year	11.91	9.99	192
20-Year	12.08	10.96	112
30-Year	13.96	12.56	141

COMMODITIES MARKET

Indicators	13/3/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	33.15	(36.18)	(48.57)
Natural Gas ($/MMBtu)	1.87	7.47	(38.81)
Agriculture			
Cocoa ($/MT)	2493.00	(3.30)	28.77
Coffee ($/lb.)	108.85	(3.67)	(16.40)
Cotton ($/lb.)	59.13	(5.69)	(23.70)
Sugar ($/lb.)	11.75	(11.45)	(23.35)
Wheat ($/bu.)	502.50	(2.76)	15.92
Metals			
Gold ($/t oz.)	1563.19	(7.14)	18.64
Silver ($/t oz.)	15.64	(10.32)	(9.02)
Copper ($/lb.)	244.75	(4.34)	(25.34)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	13/3/20	6/3/20	
1 Mnth	3.22	3.06	15
3 Mnths	3.09	3.41	(32)
6 Mnths	4.13	3.75	38
9 Mnths	4.58	4.47	11
12 Mnths	5.59	5.22	37

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%)	Friday (%)	Change (Basis Point)
	13/3/20	6/3/20	
Index	3,640.80	3804.12	(4.29)
Mkt Cap Gross (N'tr)	11.38	11.89	(4.26)
Mkt Cap Net (N'tr)	7.62	8.14	(6.39)
YTD return (%)	48.21	54.86	(6.65)
YTD return (%)(US $)	-7.60	-0.97	(6.63)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate(%)	Date
91 Day	1,800	2.49	11-Mar-2020
182 Day	14,002.52	3.78	11-Mar-2020
364 Day	70,501.22	5.3	11-Mar-2020

Sources: CBN, Financial Market Dealers Association of Nigeria, NSE and Access Bank Economic Intelligence Group computation.

Market Analysis and Outlook: March 13 – March 20, 2020

Global Economy

The European Central Bank left the key interest rate on the main refinancing operations unchanged at 0% during its March 2020 meeting. The marginal lending facility was also kept at 0.25% and the deposit facility at -0.50%. However, the central bank announced a stimulus package aimed at injecting money in the economy and support bank lending to small and medium companies. The package includes additional longer-term refinancing operations, more favourable terms for the targeted longer-term refinancing operations (TLTROs) from June 2020 to June 2021, and additional net asset purchases of €120 billion. The ECB is also relaxing the capital rules on banks as the economy faces difficulties. Pressure has been building on Europe and the ECB to come up with a coordinated response to combat the negative impact of the Covid-19 pandemic. In a separate development, the Japanese economy contracted 7.1% on an annualized basis in Q4 2019 according to Cabinet Office Japan, following a downwardly revised 0.1% growth in the previous three-month period. This was the biggest slump in GDP since the Q2 2014 as private consumption dropped 10.6% due to a sales tax hike in October which weighed on spending. Business spending declined by 17.3%, the most since the Q1 2009. Elsewhere, China reported a trade deficit of $7.09 billion in January-February 2020 combined. This was the first trade gap since March 2018, reflecting the severe impact of the rapid spread of COVID-19 outbreak on the country's economy. Year-on-year, exports dropped 17.2% to $292.49 billion, while imports slumped 4% to $299.54 billion. China's trade surplus with the US for the first two months of the year stood at $25.37 billion, much lower than a surplus of $42.16 billion in the corresponding period a year earlier.

Domestic Economy

According to the newly released foreign trade report by the National Bureau of Statistics (NBS), the total value of Nigeria's merchandise trade in Q4 2019 was N10.1trillion. This represented an increase of 10.2% and 25.9% from the figure recorded in Q3 2019 and Q4 2018 respectively. The value of total imports rose 37.2% in Q4 2019 compared to Q3 2019 and 49.34% over the corresponding quarter of 2018. The value of total exports in Q4 2019 decreased by 9.79% against the level recorded in Q32019 but 7.06% higher than its value in Q4 2018. The faster increase in imports resulted in a negative trade balance of N579.06 billion during the quarter under review which marked the first since mid-2016. Nigeria's major exporting trade partners were India (13.17%), Spain (10.35%), France (7.78%), Netherlands (7.74%) and Ghana (7.40%). The nation's major importing trade partners were India (22.57%), China (20.49%), USA (9.05%), Netherlands (8.61%) and Belgium (5.76%). In a separate development, the National Bureau of Statistics (NBS) in its recent quarterly report said the total value of investment inflows into Nigeria in the Q4 2019 was estimated to be $3.80 billion. This represents a decline of 32.42% compared to Q3 2019 and 77.67% increase compared to the Q4 2018. The report titled Nigerian Capital Importation (Q4 2019), revealed that the total value of capital importation into Nigeria in the year 2019 grew by 42.69% to $23.99 billion from $16.81 billion in 2018. The report further revealed that the largest amount of capital importation by type was received through portfolio investment, which accounted for $16.37 billion or 68.22% of total investment inflows, followed by "other investment", which accounted for $6.69 billion or 27.89% of total investments in year 2019. The report also stated foreign direct investment followed as it accounted for $0.93 billion or 3.89% of total capital imported in 2018. In terms of country of destination, the NBS report revealed that the United Kingdom (UK) emerged as the top source of capital investment in Nigeria in 2019 with $11.01 billion, accounting for 49.20% of the total capital inflow in year 2019.

Stock Market

The All Share Index (ASI) declined last week as crash in crude oil prices triggered panic sell-offs. Consequently, the ASI tanked, shedding 13.49% to close at 22,733.35 points from 26,279.61 points the prior week. Similarly, market capitalization pared 13.49% to N11.85 trillion from N13. 69 trillion the prior week. This week, we expect investors to remain skittish as there appears to be no end in sight to the stand-off between Russia and Saudi Arabia for the oil price trajectory.

Money Market

Lenders charge whittled last week as systemic liquidity significantly improved following Open Market Operation (OMO) maturity of N223 billion and Retail Secondary Market Intervention Sales (SMIS) refund of N200 billion. Short-dated placements such as Call, Open Buy Back (OBB) and Over Night (O/N) rates closed lower at 10.42%, 3.29% and 4% from 12.19%, 11.71% and 12.86% previous week. The slightly longer dated instruments such as 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) settled at 10.96% and 11.44% from 9.95% and 10.08% the prior week. This week, rates are expected to oscillate around current levels.

Foreign Exchange Market

The Naira weakened against the dollar across most market segments. Lower foreign reserves as well as speculations from investors that the naira would devalue led to faux scarcity of the greenback. Naira at the Nigerian Autonomous Foreign Exchange (NAFEX) window depreciated by N1.84 kobo to close at N367.74/US$, while the parallel market lost a whopping N20 to settle at $380/US$. The official window saw a marginal gain, it ended N306.95/$, a 5 kobo appreciation from the prior week. Rates are expected to trade within a tight band this week as the CBN sustains its intervention program.

Bond Market

The bearish behaviour witnessed in the bond market persisted for the second consecutive week as the market recorded sell-offs in 2027, 2028 and 2049 securities. Yields on the five-, seven-, ten- twenty- and thirty-year debt papers finished at 8.39%, 11.34%, 11.91%, 12.08% and 13.96% from 7.41%, 10.23%, 9.99%, 10.96% and 12.56% The Access Bank Bond index shed 163.32 points to settle at 3,640.80 points last week. We expect the sell-off to continue as market participants maintain a risk-off stance on long term Nigerian securities.

Commodities

The price of oil plunged further last week as the Organization of Petroleum Exporting Countries (OPEC) and non- OPEC members, including Russia, failed to agree on export curbs to shore up prices in light of the coronavirus outbreak which affected global demand for crude oil. An all-out price war was declared by Saudi Arabia after Russia refused to partake in the proposed oil production cut which was aimed at boosting prices. Bonny light, Nigeria's benchmark crude fell 36.18% or $18.79 to close the week at $33.15 per barrel. Likewise, precious metal prices were hammered after global equities saw a meltdown worse than the one during the 2008 financial crisis. The virus that is spreading rapidly outside China, the country from where the outbreak began, triggered panic in international markets. It seems margin calling pressure also affected precious metals. Consequently, gold lost 7.14% to settle at $1,563.19 per ounce while silver dipped 10.32% to $15.64 per ounce. This week oil prices will remain pressured by the oil price war and a seemingly over supplied market as Saudi Arabia and United Arab Emirate promised to flood the market with an additional 3.6 million bpd at a time of depressed oil demand. Precious metal might decline further as profit booking continues and markets try to cover margin globally following heavy weakness in equity market.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Mar'20	Apr '20	May '20
Exchange Rate (NAFEX) (N/$)	367	366	365
Inflation Rate (%)	12.20	12.25	12.27
Crude Oil Price (US$/Barrel)	33	35	40

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