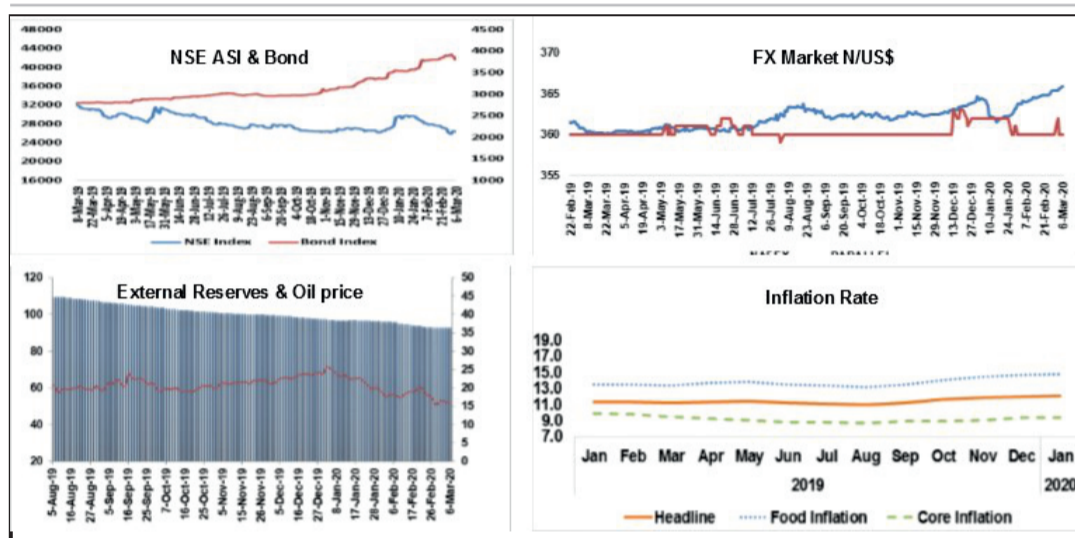


# Access Bank Rateswatch

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)	36.22	March 5, 2020 figure — a decrease of 0.11% from March start
Oil Price (US\$/Barrel)	51.94	March 6, 2020 figure — a decrease of 0.8% from the previous wk
Oil Production mmbpd (OPEC)	1.77	January 2020, figure — an increase of 1.42% from December 2019 figure



## STOCK MARKET

Indicators	Friday	Friday	Change(%)
	6/3/20	28/2/20	
NSE ASI	26,279.61	26,216.46	0.24
Market Cap(N'tr)	13.70	13.66	0.27
Volume (bn)	0.36	0.42	(13.26)
Value (N'bn)	4.28	6.19	(30.96)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	6/3/20	28/2/20	
O/N	11.7143	15.5000	(379)
CALL	12.8571	16.4200	(356)
30 Days	12.1875	16.5625	(438)
90 Days	9.9519	6.6929	326
	10.0792	6.6275	345

## FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	
	6/3/20	28/2/20	6/2/20
Official (N)	307.00	306.95	306.95
Inter-Bank (N)	365.90	365.38	364.00
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	360.00	360.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	6/3/20	28/2/20	
3-Year	0.00	0.00	0
5-Year	7.41	6.70	70
7-Year	10.23	6.99	324
10-Year	9.99	8.75	124
20-Year	10.96	10.26	70
30-Year	12.56	12.00	56

## Disclaimer

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

## Market Analysis and Outlook: March 6 – March 13, 2020

### Global Economy

In the US, the Federal Reserve cut its target range for its federal funds rate by 50bps to 1-1.25% during an emergency move last week, saying the coronavirus poses evolving risks to economic activity. The Fed reiterated that it is closely monitoring developments and their implications for the economic outlook and will use its tools and act as appropriate to support the economy. The interest on excess reserves rate (IOER) was also cut by 50bps to 1.1%, following a 5bps rise in January. It is the first emergency rate cut since the 2008 financial crisis. The move follows a G7 announcement made earlier in the day in which policymakers reaffirmed their commitment to use all appropriate policy tools to achieve strong and sustainable growth. Elsewhere, the People's Bank of China (PBoC) lowered its benchmark 1-year Loan Prime Rate (LPR) by 10bps to 4.05%, in an attempt to inject more liquidity into the financial market and lower financing costs for companies. The 5-year LPR, generally used for new mortgage loans, was cut by 5 bps to 4.75%. The cuts in the LPRs follow a similar 10bps drop in the PBoC's medium-term lending rate to 3.15% percent. The decision was in line with market forecasts and investors expect the PBoC to continue to loosen monetary conditions, aiming to support the economy battling with the coronavirus outbreak. In a separate development, the Eurozone inflation rate was reported at 1.2% year-on-year in February 2020 from a nine-month low of 1.4% in the previous month according to data from European Statistical Office. The drop in inflation reflected a decline in energy prices, which fell 0.3 per cent in February. The price of oil and other commodities have fallen in recent weeks in response to the factory closures and disruption to global supply chains caused by the coronavirus outbreak. Core inflation, excluding the more volatile energy, food and tobacco prices, rose to 1.2% from 1.1%. Prices of services rose 1.6%, while non-energy industrial goods prices were up only 0.5% per cent. Food alcohol and tobacco prices rose 2.2%.

### Domestic Economy

International credit rating agency, Standard & Poor's (S&P), lowered Nigeria's credit rating to "negative" from "stable" due to its declining foreign exchange reserves. Foreign-exchange reserve levels have fallen from \$45 billion at mid-year 2019 to \$38 billion at end-2019 and \$36.5 billion in February 2020. This came amid low oil prices and severe shortage of foreign exchange. In a separate development, the Nigerian Stock Exchange (NSE) published its monthly Domestic & Foreign Portfolio investment report for January 2020. The report revealed that the total transactions at the nation's bourse increased by 84.03% to N235.46 billion from N127.94 billion recorded in December 2019. The total value of transactions executed by domestic investors outperformed transactions executed by foreign investors by approximately 40%. Total domestic transactions jumped by 154.86% to N165.14 billion in January from N64.80 billion in December 2019. Similarly, total foreign transactions increased by 11.35% to N70.32 billion from N63.14 billion during the same period. Total domestic transactions, which is split into retail and institutional investors, revealed that institutional investors outperformed retail investors by 2% during the period. Total retail transactions climbed by 233.75% to N81.67 billion in the reference month from N24.47 billion in December. Likewise, the institutional composition of the domestic market notched up by 107.02% to N83.47 billion in January 2020 from N40.32 billion in the prior month. The performance of the current month when compared to the performance in the same period (January 2019) of the prior year revealed that total transactions increased by 92.87%.

### Stock Market

Trading indicators on the stock exchange took a positive turn on sustained buying interest as market players took advantage of low prices to position for dividend and capital gains ahead of

markdown dates for some companies that had declared cash dividends earlier. Consequently, the All Share Index (ASI) went up slightly 0.24% to close at 26,279.61 points from 26,216.46 points the prior week. Similarly, market capitalization increased by 0.24% to N13.69 trillion from N13.66 trillion the prior week. This week, we expect the trend to be sustained as funds may flow the way of stocks, dividend news and resist further decline as more audited earnings hit the market this March.

### Money Market

Average rates tapered in the week ended March 6, 2019 as the market had a net inflow of N121 billion. Short-dated placements such as Call, Open Buy Back (OBB) and Over Night (O/N) rates settled lower at 12.19%, 11.71% and 12.86% from 16.56%, 15.5% and 16.42% previous week. The slightly longer dated instruments such as 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) closed at 9.95% and 10.08% from 6.69% and 6.63% the prior week. This week, rates are expected to remain at double digit numbers as foreign investors repatriate FX to Central Bank of Nigeria.

### Foreign Exchange Market

The local unit depreciated against the dollar across most markets. The official window saw a marginal loss as it ended N307/\$, a 5 kobo dip from the prior week and at the Nigerian Autonomous Foreign Exchange (NAFEX) segment the local currency declined by 52 kobo to close at N365.90/US\$ from N365.38/US\$ the previous week. The parallel market was steady week-on-week at N360/\$. This week, we expect the naira to hover around prevailing levels at the various windows, boosted by the Central Bank's sustained supply of liquidity to the market

### Bond Market

The bond market was bearish due to selling pressure from market participants. As a result, there was a sell-off for most securities on display particularly for the 2024, 2027 and 2028 security. Yields on the five-, seven-, ten-, twenty- and thirty-year debt papers finished at 7.41%, 10.23%, 9.99%, 10.96% and 12.56% from 6.7%, 6.99%, 8.75%, 10.26% and 12%. The Access Bank Bond index decreased by 84.94 points to settle at 3,804.12 points from 3,836.95 points the prior week. We expect the sell-off to continue as market participants maintain a risk-off stance on long term Nigerian securities.

### Commodities

Oil prices slid last week as worries for demand being sapped by the global coronavirus outbreak were heightened by concern over non-OPEC crude producers failure to cut output further to support prices. Bonny light, Nigeria's benchmark crude dipped 0.8% or 42 cents to close the week at \$51.94 per barrel. On the other hand, precious metal prices rose due to increased risk aversion amid the coronavirus outbreak. Consequently, gold gained 3.39% to \$1,683.35 per ounce while silver edged up 1.22% to \$17.44 per ounce. This week oil prices will likely remain pressured amid supply glut and Russia disagreement to any additional production cuts. Precious metal prices are likely to gain more support from a weaker US dollar against other major currencies and hopes of additional monetary easing measures by central banks.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Mar'20	Apr'20	May'20
Exchange Rate (NAFEX) (N/\$)	363	362	362
Inflation Rate (%)	12.20	12.25	12.27
Crude Oil Price (US\$/Barrel)	57	58	58