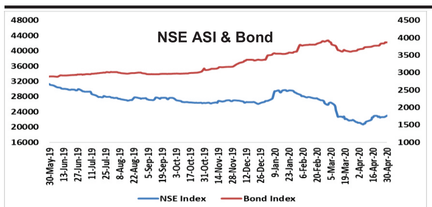
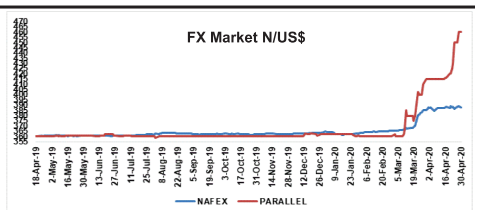
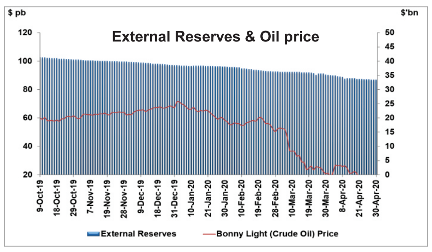
Access Bank Rateswatch

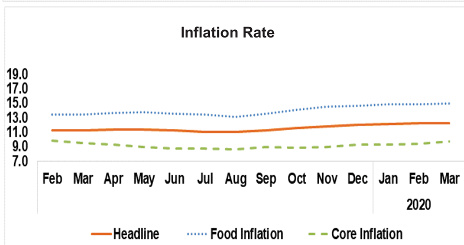
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
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)	26.7	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)	12.23	Increased to 12.23% in March 2020 from 12.2% in February 2020
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)	33.44	April 28, 2020 figure — a decrease of 4.68% from April start
Oil Price (US$/Barrel)	14.36	April 29, 2020 figure— a increase of 0.35% from the previous week
Oil Production mbpd (OPEC)	1.85	March 2020, figure — an increase of 3.64% from February 2020 figure









STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	30-4-20	24-4-20	
NSE ASI	23,021.01	22,599.38	1.87
Market Cap(N'tr)	12.00	11.78	1.87
Volume (bn)	0.36	0.21	69.86
Value (N'bn)	3.26	2.23	45.84

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	30-4-20	24-4-20	
OBB	0.0000	20.3300	(2033)
O/N	0.0000	21.0800	(2108)
CALL	3.2500	33.0625	(2981)
30 Days	9.5229	7.9196	160
90 Days	10.0926	8.4321	166

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$)	2 Weeks Ago Rate (N/$)	1 Month Ago Rate (N/$)
	30-4-20	24-4-20	30-3-20
Official (N)	360.00	360.00	360.00
Inter-Bank (N)	387.67	386.33	385.33
BDC (N)	0.00	0.00	0.00
Parallel (N)	460.00	450.00	415.00

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	30-4-20	24-4-20	
5-Year	6.59	6.96	(37)
7-Year	8.01	9.66	(166)
10-Year	9.50	9.59	(9)
15-Year	11.35	11.93	(58)
20-Year	11.30	11.56	(26)
30-Year	12.45	12.64	(19)

COMMODITIES MARKET

Indicators	30-4-20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	16.51	(4.46)	(73.96)
Natural Gas ($/MMBtu)	1.85	3.35	(39.46)
Agriculture			
Cocoa ($/MT)	2377.00	2.77	22.78
Coffee ($/lb.)	105.30	(1.08)	(19.12)
Cotton ($/lb.)	57.31	3.24	(26.05)
Sugar ($/lb.)	10.28	4.68	(32.94)
Wheat ($/bu.)	512.25	(5.45)	18.17
Metals			
Gold ($/t oz.)	1716.47	(0.46)	30.28
Silver ($/t oz.)	15.31	0.79	(10.94)
Copper ($/lb.)	238.50	2.76	(27.24)

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	30-4-20	24-4-20	
1 Mnth	1.64	1.72	(8)
3 Mnths	1.82	1.97	(15)
6 Mnths	2.32	2.54	(22)
9 Mnths	2.73	3.02	(29)
12 Mnths	3.15	3.47	(32)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week	2 Weeks Ago	Change (Basis Point)
Indicators	30-4-20	24-4-20	
Index			0.93
Mkt Cap Gross (N'tr)	12.08	11.98	0.83
Mkt Cap Net (N'tr)	8.19	8.09	1.24
YTD return (%)	57.48	56.02	1.46
YTD return (%)(US $)	(25.26)	(26.72)	1.46

TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	2,000	2.31	18-Mar-2020
182 Day	8,385.2	3.46	18-Mar-2020
364 Day	37,176.06	4.82	18-Mar-2020

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: May 1 – May 8, 2020

Global

In the United States of America, the economy growth shrank by 4.8% in Q1 2020, ending the longest period of expansion in the country's history. The U.S. Bureau of economic analysis documented this as the steepest pace of contraction in GDP since Q4 2008 owing to the imposed lockdown measures of several states as a result of the evolving Covid-19 pandemic. Consequently, the Federal Reserve left the federal funds rate unchanged at 0-0.25% at the last meeting. According to the Federal Reserve, policymakers took into consideration the weight of the ongoing public health crisis on economic activity, employment and inflation as well as the economic outlook in the medium term whilst making this decision to cushion the impact. Elsewhere in Japan, the unemployment rate edged up to 2.5% in March 2020 from 2.4% in February 2020. The unemployed persons increased to 1.72 million, a 3.6% increase from the previous period. This however marked the highest unemployment rate in a year arising from the persisting COVID-19 pandemic escalation as reported by the Ministry of Internal Affairs & Communications. In a separate development, the European Commission recorded a plunge in the Euro area economic sentiments to 67 points in April 2020 from 94.2 points in the prior month, a 27.2 points dip and significantly the lowest level in 11 years attributed to the coronavirus saga. Morale deteriorated sharply among service providers (-35 vs -2.3 in March), retailers (-28.3 vs -8.6) and manufacturers (-30.4 vs -11.2) amongst others. In another continent, lending spiked in Brazil in March 2020 with loan growth rising by 2.9% to BRL 3,587 million. According to the Central Bank of Brazil, this peaked the loan growth since September 2008 as lending to companies soared by 6.4% and lending to households rose by 0.3%.

Domestic

The Central Bank of Nigeria, in a press release on 29th April 2020 stated the resumption of dollar sales for school fees payments and SMEs wishing to make essential imports needed to revamp economic activities across the country. In view of the gradual easing of the COVID-19 lockdown, the CBN will provide $100 million per week to meet the necessary legitimate needs. In another development, Nigeria cut oil exports for May and June to meet the Organisation of Petroleum Exporting Countries (OPEC) deal. The downward revision was as a result of the agreement between OPEC and its allies to cut their combined output by 23% monthly or 9.7million barrels per day, courtesy of the oil price dwindling from demand scarcity.

Stock Market

Last week, the Nigerian stock exchange market was bullish as equity prices saw an upturn in the trading activities on the back of demand for high cap stocks. Top trades were seen in the banking and telecoms sectors. The all share index climbed 1.86% to settle at 23,021.01 points from 22,599.38 points the preceding week. Similarly, market capitalization was up 1.86% to ₦11.99 trillion from ₦11.77 trillion the prior week. This week, the market may take a retreat as investors observe the market play out on the first week of lockdown easing.

Money Market

The money market witnessed liquidity in the various buckets. Short term rates such as the Open Buy Back (OBB) and Overnight (O/N) fell to 2.25% and 2.75% from 20.33% and 21.08% the previous week. On the other hand, rates on longer term buckets such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) closed higher at 9.52% and 10.09% from 7.92% and 8.43%, respectively. We anticipate relatively stable rates this week riding on easing and normalization of the economy.

Foreign Exchange Market

Across the windows of the local unit, the Naira majorly retained a flat note as the Apex Bank resumed sales of foreign exchange for the SME segments last week in a bid to ease up the economic lockdown. The official rate remained unchanged at ₦360/$. The local currency bourse at the Nigerian Autonomous Foreign Exchange (NAFEX) window lost ₦1.34 to close at ₦387.67/US$ from ₦386.33/US$ the prior week as there was increased demand for dollar from future contracts amidst the system illiquidity. In the same vein, the parallel market depreciated by ₦10/$ to ₦460/$ from ₦450/$ in the preceding week. We expect slight appreciation of the currency in spite of the lockdown easing which commences this week.

Bond Market

At the bond market, although a few consummated trades were recorded, market remained generally flat from demand for select maturities fuelled mainly by local investors .Subsequently, average yields dipped as yields on the seven-, ten- and thirty-year debt papers finished at 8.43%, 9.51% and 12.45% from 9.66%, 9.59% and 12.64%, respectively. The Access Bank Government Bond index gained 31.29 points to settle at 3,863.91 points last week. We anticipate mixed sentiments this week as market participants take position in line with their market views.

Commodities

The oil market continued in its downward trend last week as the coronavirus pandemic wreaked havoc on the global economy at large thereby causing a stall in demand for oil, accumulating storage costs and instilling pressure on the market. Bonny light, Nigeria's benchmark crude lurched 4.45% or $0.77 per barrel to settle at $16.51 per barrel this week from $17.28 per barrel. In another light, precious metal prices teetered due to expected dollar depreciation as lockdown measures are relaxed. Gold prices slid 0.46% to settle at $1,716.47 per ounce from $1,724.41 per ounce while silver rose 0.78% to settle at $15.31 per ounce. We anticipate lower energy prices amidst the COVID-19 negative impact. Commodity prices may take an upward turn this week as investors take advantage of its safe haven appeal.

Monthly Macro Economic Forecast

Variables	Apr'20	May'20	Jun'20
Exchange Rate (NAFEX) (N/$)	387	388	388
Inflation Rate (%)	12.38	12.40	12.27
Crude Oil Price (US$/Barrel)	20	21	23

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