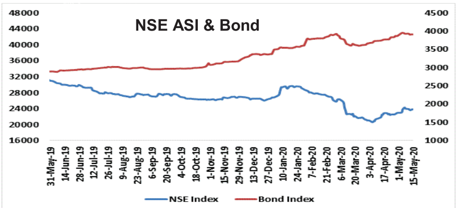
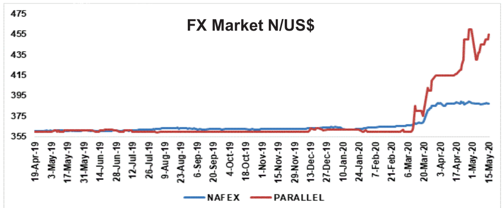
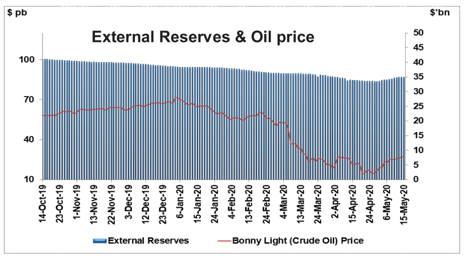
Access Bank Rateswatch

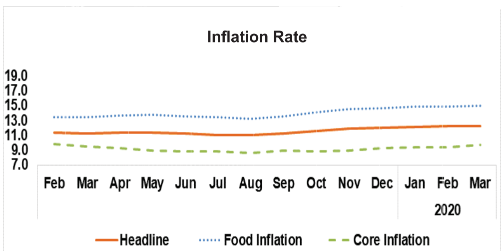
KEY MACROECONOMIC INDICATORS

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)	12.26	Increased to 12.26% 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)	35.03	May 14, 2020 figure — an increase of 3.37% from May start
Oil Price (US$/Barrel)	26.96	May 14, 2020 figure— an increase of 8.14% 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 15/5/20	2 Weeks Ago 8/5/20	Change (%)
NSE ASI	23,871.33	24,045.40	(0.72)
Market Cap(N'tr)	12.44	12.53	(0.72)
Volume (bn)	0.22	0.21	6.16
Value (N'bn)	2.45	2.19	11.63

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%) 15/5/20	2 Weeks Ago Rate (%) 8/5/20	Change (Basis Point)
OBB	2.75	7.42	(467)
O/N	3.42	8.33	(491)
CALL	3.56	8.08	(452)
30 Days	6.94	6.01	93
90 Days	7.02	6.70	32

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$) 15/5/20	2 Weeks Ago Rate (N/$) 8/5/20	1 Month Ago Rate (N/$) 15/4/20
Official (N)	360.00	360.00	360.00
Inter-Bank (N)	387.03	386.60	387.35
BDC (N)	0.00	0.00	0.00
Parallel (N)	455.00	445.00	415.00

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%) 15/5/20	2 Weeks Ago Rate (%) 8/5/20	Change (Basis Point)
5-Year	7.19	6.41	78
7-Year	10.13	9.36	77
10-Year	9.95	9.55	40
15-Year	11.61	11.41	20
20-Year	11.35	11.14	21
30-Year	12.58	12.67	(9)

COMMODITIES MARKET

Indicators	15/5/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	26.96	8.14	(58.18)
Natural Gas ($/MMBtu)	1.69	(11.52)	(44.70)
Agriculture			
Cocoa ($/MT)	2395.00	0.59	23.71
Coffee ($/lb.)	107.60	(1.28)	(17.36)
Cotton ($/lb.)	57.81	3.12	(25.41)
Sugar ($/lb.)	10.53	1.94	(31.31)
Wheat ($/bu.)	498.00	(4.18)	14.88
Metals			
Gold ($/t oz.)	1742.52	1.45	32.25
Silver ($/t oz.)	16.54	6.78	(3.78)
Copper ($/lb.)	233.60	(3.05)	(28.74)

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%) 15/5/20	2 Weeks Ago Rate (%) 8/5/20	Change (Basis Point)
1 Mnth	1.94	1.75	19
3 Mnths	2.14	2.03	11
6 Mnths	2.55	2.39	15
9 Mnths	3.09	2.90	20
12 Mnths	3.53	3.44	9

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week 15/5/20	2 Weeks Ago 8/5/20	Change (Basis Point)
Index	3,908.47	3928.79	(0.52)
Mkt Cap Gross (N'tr)	12.21	12.27	(0.49)
Mkt Cap Net (N'tr)	8.26	8.34	(0.96)
YTD return (%)	59.11	59.94	(0.83)
YTD return (%)(US $)	23.63	-22.80	(0.83)

TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	49,839.65	1.85	29-Apr-2020
182 Day	10,615.40	2.499	29-Apr-2020
364 Day	71,074.82	3.84	29-Apr-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 15– May 22, 2020

Global Economy

In the U.S. the number of Americans filling for unemployment benefits came in at 2.981 million in the week ended May 9th according to the United States Department of Labour, the lowest level since the coronavirus crisis began two months ago. The 4-week moving average, which removes week-to-week volatility, eased for a third straight week to 3.617 million, while continuing jobless claims hit a new record of 22.833 million in the week ended May 2nd. In a separate development, the Eurozone quarterly economic contraction was confirmed at 3.8% percent in the first quarter of 2020 according to EUROSTAT, the sharpest since comparable records began in 1995 as COVID-19 containment measures began to be widely introduced by Member States in mid-March. Germany, France, Spain and Italy economies contracted the most on record, with Germany and France entering a recession. Elsewhere the People's Bank of China left the interest rate on its medium-term funding for financial institutions steady on May 15th, even as policymakers have increased monetary easing to mitigate the worst economic slowdown in decades. The one-year medium-term lending facility (MLF) loans to financial institutions was kept at 2.95%, unchanged from the previous operations, the central bank said in a statement on its website.

Domestic Economy

The Central Bank of Nigeria (CBN) in a recent statement issued by the bank assured foreign investors that repatriating their funds from the country is secured despite forex related revenue shortages due to the drop from the sale of crude oil globally. The CBN Governor explained that the apex bank had put in place policies to ensure an orderly exit for those that might be interested in doing so and also urged investors to be patient as such repatriations are processed, owing to the Bank's policy of orderly exit of investments. In a separate development, the latest figures from the Central Bank of Nigeria (CBN) show that the country's external reserves have further risen to $35.03 billion despite the foreign exchange crisis caused by low crude oil prices and the global coronavirus lockdown,. The data from CBN shows that the external reserves increased sharply by $1.5 billion in just 14 days, rising from $33.52 billion as of April 30, 2020, to about $35.03 billion on May 14, 2020. It should be noted that the reserve lost over $11 billion within a space of 10 months. The dramatic increase in the external reserves is coming against the backdrop of the recent disbursement of $3.4 billion emergency facility by the International Monetary Fund (IMF) to the CBN, about a week ago to help mitigate the impact of the coronavirus pandemic.

Stock Market

The Nigerian stock market index slid last week on the back of profit-booking by investors after it closed in the green, two weeks ago. Increasing number of coronavirus cases in Nigeria has also made investors wary and contributed to the bearish market seen last week. Consequently, the All Share Index (ASI) and Market capitalization tapered to 23,871.33 points and ₦12.44 trillion from 24,045.40 points and ₦12.53 trillion respectively the previous week. This week, we expect the market to attract buying interest from local investors as a result of high dividend yield amidst release of more financial scorecard.

Money Market

Borrowing cost recorded bi-directional movements last week as inflows from treasury bill maturities hit the system. Short term rates such as the Open Buy Back (OBB) and Overnight (O/N) dipped to 2.75% and 3.42% from 7.42% and 8.33% the prior week. However, longer term rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 6.94% and 7.02% from 6.01% and 6.70%, respectively. This week, rates are expected to trend around current levels barring any significant funding activity.

Foreign Exchange Market

The naira depreciated across most market segments last week. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) declined by ₦0.43 to close at ₦387.03/US$. The parallel market lost ₦10 to close at ₦455/US$ while at the CBN official window, the Naira remained stable to close at ₦360/US$ same as two weeks ago. At the Investors' and Exporters' window, the illiquidity persisted as the demand for funds continue to outweigh supply in the market. We expect rates to trade around current levels this week as the apex bank continues to provide discretional dollar support for the FX market.

Bond Market

The Bond market traded with bearish sentiments as it recorded selling interests for most maturities across the curve particularly for the 2034, 2036 and 2049 securities. Consequently, average yields for five-, seven, ten-, fifteen-, and twenty years increased to 7.19%, 10.13%, 9.95%, 11.61% and 11.35% from 6.41%, 9.36%, 9.55%, 11.41% and 11.14%. The Access Bank Nigerian Government Bond Index pared 1% to 3,908.47 points. We expect the market performance to be mixed this week given current system liquidity and the anticipated May bond auction.

Commodities

Oil price jumped last week after the International Energy Agency forecast lower global stockpiles in the second half of 2020, even as worries remain over a second surge in coronavirus infections in coming months. Bonny light, Nigeria's benchmark crude surged 8.14% or $2.03 per barrel to settle at $26.96 per barrel. In contrast, precious metal prices soared higher amid expectations of more stimulus from governments and central banks. US-China tensions also boosted safe-haven appeal. Consequently, gold prices bumped up 1.45% to finish at $1,742.52 per ounce from $1,717.63 per ounce. Silver climbed 6.78% to settle at $16.54 per ounce. This week, we expect that oil prices might turnaround as the US Federal Reserve chairman warned that economic recovery from the coronavirus pandemic would take many months. Bullions will retain their bullish trend supported by concerns over the next wave of virus outbreak.

Monthly Macro Economic Forecast

Variables	May'20	Jun'20	Jul'20
Exchange Rate (NAFEX) (N/$)	387	388	388
Inflation Rate (%)	12.38	12.40	12.27
Crude Oil Price (US$/Barrel)	25	28	35

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