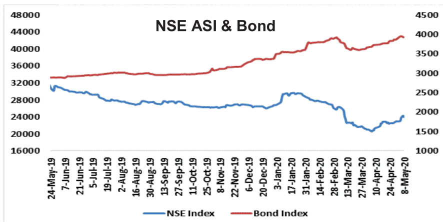
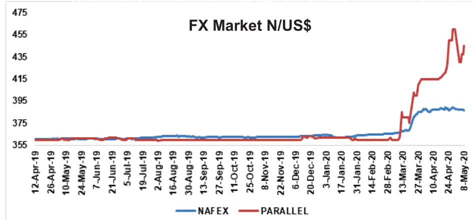
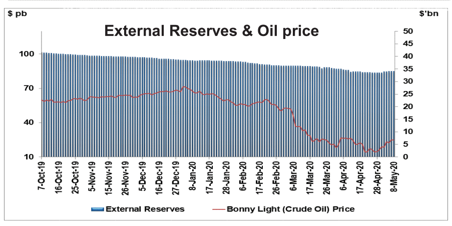
Access Bank Rateswatch

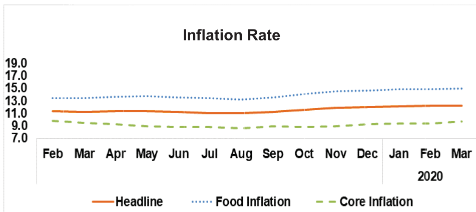
KEY MACROECONOMIC INDICATORS

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)	33.89	May 4th, 2020 figure — a n increase of 1.16% from April end
Oil Price (US$/Barrel)	22.4	May 6, 2020 figure— a increase of 56% 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 8/5/20	2 Weeks Ago 30/4/20	Change (%)
NSE ASI	24,045.40	23,021.01	4.45
Market Cap(N'tr)	12.53	12.00	4.45
Volume (bn)	0.21	0.36	(41.97)
Value (N'bn)	2.19	3.26	(32.69)

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%) 8/5/20	2 Weeks Ago Rate (%) 30/4/20	Change (Basis Point)
OBB	7.4200	2.2500	517
O/N	8.3300	2.7500	558
CALL	8.0833	3.2500	483
30 Days	6.0117	9.5229	(351)
90 Days	6.6966	10.0926	(340)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$) 8/5/20	2 Weeks Ago Rate (N/$) 30/4/20	1 Month Ago Rate (N/$) 8/4/20
Official (N)	360.00	360.00	360.00
Inter-Bank (N)	386.60	387.67	386.58
BDC (N)	0.00	0.00	0.00
Parallel (N)	445.00	460.00	415.00

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%) 8/5/20	2 Weeks Ago Rate (%) 30/4/20	Change (Basis Point)
5-Year	6.41	6.59	(18)
7-Year	9.36	8.01	135
10-Year	9.55	9.50	5
15-Year	11.41	11.35	6
20-Year	11.14	11.30	(16)
30-Year	12.67	12.45	22

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.*

COMMODITIES MARKET

Indicators	8/5/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	24.93	51.00	(61.32)
Natural Gas ($/MMBtu)	1.91	3.24	(37.50)
Agriculture			
Cocoa ($/MT)	2,381.00	0.17	22.99
Coffee ($/lb.)	109.00	3.51	(16.28)
Cotton ($/lb.)	56.06	(2.18)	(27.66)
Sugar ($/lb.)	10.33	0.49	(32.62)
Wheat ($/bu.)	519.75	1.46	19.90
Metals			
Gold ($/t oz.)	1,717.63	0.07	30.36
Silver ($/t oz.)	15.49	1.18	(9.89)
Copper ($/lb.)	240.95	1.03	(26.49)

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%) 8/5/20	2 Weeks Ago Rate (%) 30/4/20	Change (Basis Point)
1 Mnth	1.75	1.64	11
3 Mnths	2.03	1.82	20
6 Mnths	2.39	2.32	7
9 Mnths	2.90	2.73	17
12 Mnths	3.44	3.15	28

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week 8/5/20	2 Weeks Ago 30/4/20	Change (Basis Point)
Index	3,928.79	3,868.33	1.56
Mkt Cap Gross (N'tr)	12.27	12.08	1.57
Mkt Cap Net (N'tr)	8.34	8.19	1.83
YTD return (%)	59.94	57.48	2.46
YTD return (%)(US $)	22.80	25.26	2.46

TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	49,840	1.85	29-Apr-2020
182 Day	10,615	2.5	29-Apr-2020
364 Day	71,074.82	3.84	29-Apr-2020

Market Analysis and Outlook: May 8 – May 15, 2020

Global

In the United States of America, consumer credit fell to 3.4% year-on-year in March 2020 from 5.7% in February 2020. Loans declined by 39.5% to $12.1 billion in March 2020 from $20 billion in the previous month. The plunge in revolving credit card borrowing ($28.2 billion in March 2020 from $3.3 billion the previous month) was a major factor for the decline. Non-revolving credit including loans for education and automobiles fell to $16.1 billion from a revised gain of $16.6 billion in the preceding month. Elsewhere in United Kingdom, the Bank of England policymakers maintained bank rates at a record low of 0.1% in the meeting held on May 7th 2020. This action was in anticipation of a contraction in 2020 GDP and rising unemployment due to the COVID-19 pandemic. In a separate development, Russia's annual inflation rose to 3.1% in April 2020 from 2.5% in the last period – a 5-months high. According to the Federal State Statistics Service, upward pressures were exerted from the food (3.5% from 2.2%) and non-food products (2.8% from 2.5%) while services slowed (2.9% from 3%). Finally, in the Euro Area, Construction Purchasing Managers Index (PMI) dipped to 15.1 index points in April 2020 from 33.5 index points in the prior month, below the 50 index points that differentiates expansion from contraction. The statistics bureau reported that the commercial construction projects and civil engineering activities contracted the most amidst hurdles like customs restrictions, supply shortages, cost burden inflation, pessimistic business sentiments considering the challenging economic impact of the coronavirus on construction activities. The top 3 contracting economies under this umbrella were Italy, France and Germany.

Domestic

As part of the measures put in place to address the impact of the COVID-19 pandemic on the Nigerian economy, President Muhammadu Buhari has approved the waiver of import duty and Value Added Tax (VAT) for critical medical equipment and supplies. The Presidency revealed this in a series of tweets last week Thursday. The waiver was for a period of six months in the first instance. According to the Presidency, the waivers are the latest of fiscal measures also aimed at boosting health infrastructure in the country. In a separate development, the Nigerian government extended the ban imposed on local and international flights by 4 weeks. This extension was in response to an avoidance of spread of the coronavirus as advised by experts.

Stock Market

The Nigerian stock exchange market witnessed an extended bullish sentiment last week courtesy of trading on high cap stocks. The all share index ascended 4.44% to settle at 24,045.40 points from 23,021.01 points the preceding week. Similarly, market capitalization was up 4.5% to N12.53 trillion from N11.99 trillion the prior week. This week, the equities market is expected to slowdown from excess demand and profit taking activities by market participants.

Money Market

Last week, the money market experienced slight illiquidity due to the Retail SMIS auction and CRR debit from the system. Short term rates such as the Open Buy Back (OBB) and Overnight (O/N) fell to 7.42% and 28.33% from 2.25% and 2.75% 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 lower at 6.01% and 6.69% from 9.52% and 10.09%, respectively. We anticipate relatively stable rates this week, on the back of easing and normalization of the economy.

Foreign Exchange Market

The foreign exchange market mostly recorded appreciation in the Naira at the different market segments. Economic re-opening to cushion the coronavirus effect was responsible for the appreciation. The official rate remained unchanged at ₦360/$. The local currency bourse at the Nigerian Autonomous Foreign Exchange (NAFEX) window gained N1.07 to close at N386.60/US$ from ₦387.67/US$ the previous week as the dearth of funds witnessed persisted with a few trades consummated. In the same light, the parallel market appreciated by ₦15/$ to ₦445/$ from ₦460/$ in the preceding week. The Naira is expected to trade flat this week as demand pressures are plugged by modest dollar supply.

Bond Market

Activities at the bond market slowed across most yield buckets as prices for select maturities declined fuelled mainly by local investors. Subsequently, average yields on the seven-, ten- and thirty-year debt papers rose finishing at 9.36%, 9.55% and 12.67% from 8.01%, 9.50% and 12.45%, respectively. The Access Bank Government Bond index gained 1.56 points to settle at 3,928.79 points last week. We anticipate bearish sentiments this week as demand dwindles and market participants take position in line with the low prices which may give way for saturated demand.

Commodities

In the week ended May 8, 2020, oil price rebounded after consecutive weeks of down trending. This upswing was attributable to the mild boost from rise in China's crude imports as well as the lockdown easing as some economies re-opened to cushion the economic slump effect. Bonny light, Nigeria's benchmark crude shot up 50% or $8.42 per barrel to settle at $24.93 per barrel this week from $16.51 per barrel. Precious metal prices jumped as U.S. jobless claims added to slowdown fears. Gold prices rose 0.06% to settle at $1,717.63 per ounce, in the same vein, silver climbed 1.17% to settle at $15.49 per ounce last week owing to pre-emptive trading in anticipation of weak U.S. jobs data. We expect oil prices to slightly increase as the lockdown easing shelters the demand worries. Commodity prices may retreat this week as a result of slower demand for precious metals as a safe haven in the COVID-19 pandemic.

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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