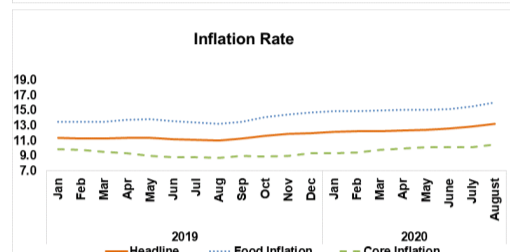
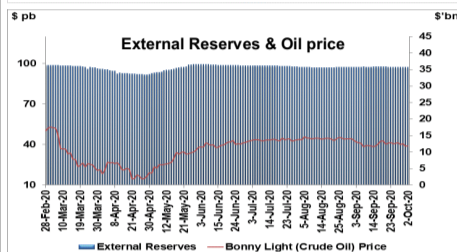
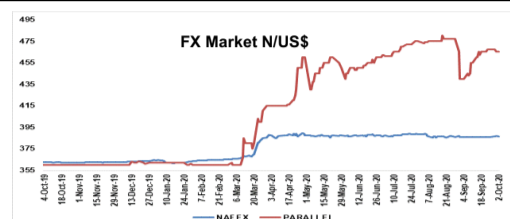
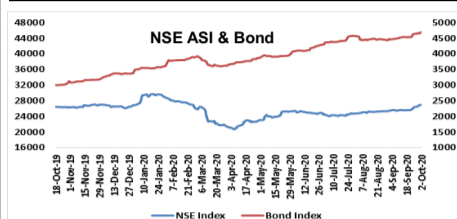


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-6.1	Q2 2020 — lower by -7.97% compared to 1.87% in Q1 2020
Broad Money Supply (N' trillion)	37.19	Increased by 1.63% in August' 2020 from N36.59 trillion in July' 2020
Credit to Private Sector (N' trillion)	30.13	Increased by 0.24% in August' 2020 from N30.06 trillion in July' 2020
Currency in Circulation (N' trillion)	2.37	Decreased by 1.04% in August' 2020 from N2.4 trillion in July' 2020
Inflation rate (%) (y-o-y)	12.82	Increased to 12.82% in July 2020 from 12.56% in June 2020
Monetary Policy Rate (%)	11.5	Adjusted to 11.5% in September 2020 from 12.5%
Interest Rate (Asymmetrical Corridor)	11.5 (+2/-5)	Lending rate changed to 13.5% & Deposit rate 6.5%
External Reserves (US\$ million)	35.72	September 29, 2020 figure — an increase of 0.15% from September start
Oil Price (US\$/Barrel)	38.94	October 1, 2020 figure— a decrease of 4.51% from the prior week
Oil Production mbpd (OPEC)	1.48	August 2020, figure — an increase of 0.13% from July 2020 figure



## STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	2/10/20	25/9/20	
NSE ASI	26,985.77	26,319.34	2.53
Market Cap(N'tr)	14.11	13.75	2.55
Volume (bn)	0.46	0.34	36.94
Value (N'bn)	4.30	4.28	0.63

## MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	2/10/20	25/9/20	
NIBOR			
OBB	1.0000	10.3300	(933)
O/N	1.5800	11.5000	(992)
CALL	2.6250	16.7000	(1408)
30 Days	2.3158	1.6178	70
90 Days	2.4535	1.7922	66

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	2/10/20	25/9/20	2/9/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	386.49	386.04	385.70
BDC (N)	0.00	0.00	0.00
Parallel (N)	465.00	467.00	440.00

## BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	2/10/20	25/9/20	
5-Year	2.61	3.15	(54)
7-Year	4.23	4.26	(3)
10-Year	5.62	5.92	(30)
15-Year	8.80	8.50	30
20-Year	8.13	8.45	(32)
25-Year	9.16	9.15	1
30-Year	9.34	9.26	8

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Sources: CBN, Financial Market Dealers Quotation, NSE, NBS, Energy Information Agency, Oilprice, Bloomberg and Access Bank Economic Intelligence Group computation.  
\* Crude oil (Bonny Light) is as at the previous day.

## Market Analysis and Outlook: October 2 – October 9, 2020

### Global Economy

In the US, the IHS Markit Manufacturing PMI was revised lower to 53.2 in September 2020 from a preliminary reading of 53.5. It remains the biggest increase in factory activity since January 2019, on the back of faster expansion in production and a solid rise in new orders. As a result, firms continued to enlarge their workforce numbers, as hiring increased following further upward pressure on capacity. Meanwhile, cost burdens notched up sharply once again, with selling prices increasing at the fastest rate since January 2019. Nonetheless, output expectations moderated in September amid increased uncertainty regarding the coronavirus pandemic and the upcoming presidential election. In a separate development, the Euro Area seasonally adjusted unemployment rate increased to 8.1% in August 2020 from an upwardly revised 8% in July according to European Statistical Office (EUROSTAT). It is the highest jobless rate since July 2018, as the coronavirus pandemic hit the labour market. The number of unemployed persons rose by 251,000 to 13.18 million, despite temporary government job-support programs and the relaxation of some containment measures. Among the bloc's largest economies, the highest jobless rates were recorded in Spain (16.2%), Italy (9.7%), and France (7.5%) while the lowest was observed in Germany (4.4% percent). Elsewhere, Brazil's trade surplus expanded to \$6.2 billion in September 2020 from \$3.8 billion in the same period of 2019 according to the Ministry of Development, Industry and Foreign Trade. When adjusted for the working day average, exports declined 9.1% from a year earlier to \$18.5 billion, while imports fell 25.5% to \$12.3 billion. Among major trading partners, exports dipped to the EU (-43.6%) and the US (-23.9%) while shipments to Asia climbed 9.1%. Imports dropped to Asia (-0.5%), the EU (-18.7%) and the US (-26.6%).

### Domestic Economy

Fitch Ratings recently revised the outlook on Nigeria's Long term Foreign-Currency Issuer Default Rating (IDR) to Stable from Negative and affirmed the IDR at 'B'. It stated that the reason of the upgrade was a decrease in the level of uncertainty surrounding the impact of the global pandemic on the Nigerian economy. Increasing relative stability in oil prices, easing of global funding conditions, and domestic restrictions on movement all had an impact in the revised outlook. The report also projected Brent oil prices to average \$41/barrel in 2020, \$45/barrel in 2021 and \$50/barrel in 2022. In a separate development, the Central Bank of Nigeria (CBN) is planning to move financial inclusion gender gap from 8.5% (based on 2018 data) to no gender gap in 2024. The Bank disclosed this in the Framework for Advancing Women's Financial Inclusion in Nigeria. According to the framework, this is to be achieved in a two-step process. The first milestone on this path is the reduction of the gender gap by one half by end 2021; this is the target set by members of the Alliance for Financial Inclusion (including Nigeria) under the Denarau Action Plan 5. The second milestone is to eliminate the gender gap by end 2024. The 2018 EFinA access to finance survey in Nigeria shows that the national financial inclusion rate was 58.9% of women compared with 67.4% of men, or a gender gap of 8.5%.

### Stock Market

The bulls regained market dominance at the Nigerian stock exchange as performance indicators index rose week on week. Stocks in the financial services, construction, telecommunication, consumer and industrial goods were majorly responsible for the turnaround witnessed in the stock market. Consequently, the All Share Index (ASI) and market capitalization closed at 26,985.77 points and N14.1 trillion from 26,319.34 points and N13.75 trillion, respectively the preceding week. This week, market participants are expected to remain wary while they reposition their market portfolio considering current macroeconomic realities.

### Money Market

The debt market was flush with liquidity last week as Open Market Maturity (OMO) of N120 billion hit the system. These inflows led to a significant decline in short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) to 1% and 1.58% from 10.33% and 11.5% respectively. The more downward sticky longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 2.32% and 2.45% from 1.62% and 1.79%. This week, rates are expected to remain at single digit levels as another OMO maturity of N569 billion is set to hit the system.

### Foreign Exchange Market

The local unit went in varying directions last week. At the Nigerian Autonomous Foreign Exchange Rate (NAFEX) window the naira weakened, settled at N386.49/US\$ from N386.04/US\$ the preceding week due to low liquidity as bids continued to outweigh offers at the investors and exporters window. In contrast, at the parallel market, the naira gained N2 to settle at N465/US\$ from N467/US\$. The official market rate remained flat at N379/US\$. This week, we expect the Naira to trade at same levels and we anticipate that the Central Bank will continue its foreign exchange sales to foreign portfolio investors.

### Bond Market

The bond market was bullish as we witnessed demand for some select maturities due to robust system liquidity. Accordingly, buying interests were recorded for the 2023, 2034 and 2050 securities amongst others. Yields on the 5-, 7-, 10- and 20-year papers tapered to 2.61%, 4.23%, 5.62% and 8.13% from 3.15%, 4.26%, 5.92% and 8.45%, in that order. The Access Bank Nigerian Government Bond Index edged up to 4,700.65 points from 4,645.61 points, 55.04 points higher. Market performance this week is expected to remain bullish following unmet demand from prior week session.

### Commodities

The price of oil tumbled further and broke \$40/barrel this week after US President Donald Trump tested positive for COVID-19 raising worries about the impact on the outcome of the presidential elections. Prices were already under pressure amid mounting concerns over fuel demand recovery as the number of coronavirus infections continue to rise worldwide including major economies like the US, the UK, Germany and France. Bonny light, Nigeria's benchmark crude sank 4.51% to close at \$38.94 per barrel. Precious metal prices went in opposite direction as we saw prices climb for both gold and silver metals. Investors sought safe-haven assets after US President Donald Trump tested positive for COVID-19 just few weeks ahead of the US presidential election. Consequently, gold prices rose 2.74% or \$45.85 to finish at \$1,905.75 per ounce from \$1,859.90 per ounce. Silver settled at \$23.85 per ounce, a 4.47% jump from prior week price. This week oil prices will remain pressured by an impending supply glut. The culprits for this production increase is mostly Iran and Libya, both of whom are exempt from the OPEC+ production quotas. Bullions are likely to trend higher amid low interest rates, a resurgence in Covid cases in some parts of the world, and the heightened uncertainty heading into the US elections.

## Monthly Macro Economic Forecast

Variables	Oct'20	Nov'20	Dec'20
Exchange Rate (NAFEX) (N/\$)	388	389	388
Inflation Rate (%)	13.6	13.85	13.89
Crude Oil Price (US\$/Barrel)	44	46	46

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