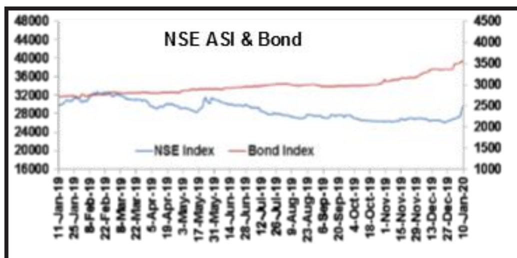
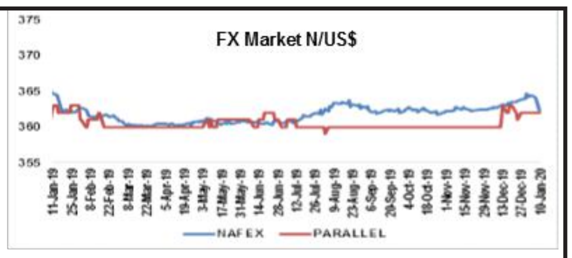
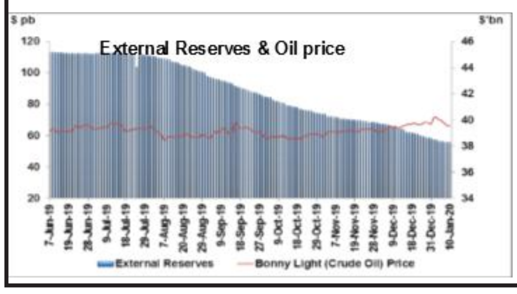
Access Bank Rateswatch

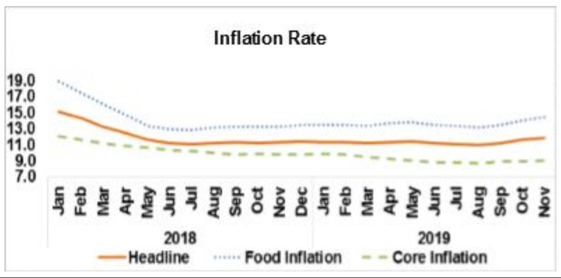
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	2.28	Q3 2019 — higher by 0.17% compared to 2.12% in Q2 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)	11.85	Increased to 11.85% in November 2019 from 11.61% in October 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)	38.32	January 8, 2019 figure — a decrease of 0.56% from January start
Oil Price (US$/Barrel)	66.21	January 9, 2020 figure— a decrease of 7.15% from the previous wk
Oil Production mbpd (OPEC)	1.80	November 2019, figure — a decrease of 0.33% from October 2019 figure









STOCK MARKET

Indicators	Friday	Friday	Change(%)
	10/01/20	03/01/20	
NSE ASI	29,415.39	26,968.79	9.07
Market Cap(N'tr)	15.17	13.02	16.55
Volume (bn)	0.28	0.61	(53.86)
Value (N'bn)	4.82	3.76	28.01

COMMODITIES MARKET

Indicators	10/01/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	66.21	(7.15)	2.71
Natural Gas ($/MMBtu)	2.15	1.42	(29.65)
Agriculture			
Cocoa ($/MT)	2577.00	1.62	33.11
Coffee ($/lb.)	117.20	(7.93)	(9.98)
Cotton ($/lb.)	70.98	3.08	(8.41)
Sugar ($/lb.)	13.70	2.78	(10.63)
Wheat ($/bu.)	563.25	1.26	29.93
Metals			
Gold ($/t oz.)	1549.50	0.22	17.60
Silver ($/t oz.)	17.92	(1.27)	4.25
Copper ($/lb.)	280.80	1.19	(14.34)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	10/01/20	03/01/20	
OBB	9.71	2.36	735
O/N	10.71	3.07	764
CALL	11.31	3.00	831
30 Days	9.61	10.77	(116)
90 Days	9.67	10.67	(100)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	10/01/20	03/01/20	
1 Mnth	3.40	4.01	(61)
3 Mnths	3.54	4.47	(92)
6 Mnths	3.83	4.46	(63)
9 Mnths	4.42	5.10	(68)
12 Mnths	4.68	5.29	(61)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$)	Friday (N/$)	1 Month Rate (N/$)
	10/01/20	03/01/20	10/12/19
Official (N)	306.95	307.00	306.90
Inter-Bank (N)	362.22	364.44	362.95
BDC (N)	0.00	0.00	0.00
Parallel (N)	362.00	362.00	363.00

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%)	Friday (%)	Change (Basis Point)
	10/01/20	03/01/20	
Index	3,545.02	3498.17	1.34
Mkt Cap Gross (N'tr)	11.08	10.93	1.35
Mkt Cap Net (N'tr)	7.45	7.32	1.79
YTD return (%)	44.32	42.41	1.91
YTD return (%)(US $)	-11.50	-13.43	1.93

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	10/01/20	03/01/20	
3-Year	0.00	0.00	0
5-Year	9.19	9.31	(12)
7-Year	10.02	10.30	(27)
10-Year	10.49	10.76	(27)
20-Year	11.32	11.72	(40)
30-Year	12.36	12.77	(41)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	10,000.00	3.5	2-Jan-2020
182 Day	20,000.00	4.9	2-Jan-2020
364 Day	3,000.00	5.495	18-Dec-2019

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

Market Analysis and Outlook: January 10 – January 17, 2020

Global Economy

In the US, unemployment rate remained unchanged at 3.5% in December 2019, the lowest level since 1969. Data from the Bureau of Labor Statistics revealed that the number of unemployed people decreased by 58,000 to 5.75 million while employment rose by 267,000 to 158.80 million. Nonfarm payrolls increased by 145,000 jobs last month, with manufacturing shedding jobs after being boosted in November by the return to work of about 46,000 production workers at General Motors after a strike, the government's survey of establishments showed. The labor force participation rate was unchanged at 63.2%. In a separate development, Brazil inflation rose to 4.31% year-on-year in December 2019 from 3.27% in November, the highest rate since May 2019. It was driven by higher prices in food and beverages, transport, health, personal expenses, and communication according to Brazilian Institute of Geography and Statistics. Considering 2019 full year, the average inflation picked up to 4.31% from 3.75% in 2018. Elsewhere in China, inflation rate was steady at 4.5% in December 2019, same as prior month. It remains the highest rate since January 2012 as pork prices surged 97% on the back of a prolonged African swine fever epidemic according to the National Bureau of Statistics of China. The government previously said it will use its reserves to provide enough pork supply to meet higher demand ahead of the Lunar New Year holidays later in January. Food inflation eased to 17.1% from 19.1% while nonfood cost rose at a faster 1.3% (1%). For full 2019, consumer inflation was at 2.9%, in line with the government target of 3%.

Local Economy

The Nigerian Stock Exchange (NSE) published its monthly Domestic & Foreign Portfolio investment report for November 2019. The report revealed that the total transactions at the nation's bourse increased by 5.74% to N172.52 billion from N163.16 billion recorded in October 2019. The total value of transactions executed by foreign investors outperformed transactions executed by domestic investors by 2%. Total domestic transactions increased by 44.30% to N85.76 billion in November from N59.43 billion in October 2019. However, total foreign transactions decreased by 16.36% to N86.76 billion from N103.73 billion during the same period. Total domestic transactions, which is split into retail and institutional investors, revealed that institutional investors outperformed retail investors by 24% during the period. Total retail transactions jumped by 76.69% to N32.21 billion in the reference month from N18.23 billion in October. Likewise, the institutional composition of the domestic market increased by 29.98% to N53.55 billion in November 2019 from N41.20 billion in the preceding month. The performance of the current month when compared to the performance in the same period (November 2018) of the prior year revealed that total transactions increased by 15.23%. In a separate development, the federal government said that small business with a turnover of less than N25m will be exempted from Companies income tax while those that earned between N25m and N100m yearly would pay 20% as Companies Income Tax when the Finance bill of 2019 is signed. Currently, all companies are expected to pay to the Federal Government 30% of their profits as Companies Income Tax. The Minister of Finance, Budget and National Planning said those earning over N100m would continue to pay the 30% of their profits as CIT. The minister said, "Not only will small businesses be able to do more because they are not paying taxes, we are also working together with the trade authorities to also encourage people in the informal sector to become formalised because they will see other businesses like them that are registered doing well".

Stock Market

Indicators at the local stock exchange continued their bullish trend for the second consecutive week. Bargain hunting during the period was driven by the thirst for undervalued equities and the changing trading pattern supported by the inflow of funds as institutional investors repositioned their portfolios ahead of the coming earnings season. Consequently, the All Share Index (ASI) jumped by 9.07% to end at 29,415.39 points from 26,968.79 points the previous week. Similarly, market capitalization rose by 16.55% to N15.18 trillion from N13.02 trillion the prior week. We expect investors to take advantage of low prices and positive macroeconomic indices to support the market.

Money Market

Short term rates climbed higher in the week ended January 10th, 2020 due to outflow about N100 billion from banks position for FX auctions. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates closed lower at 9.71% and 10.71% from 2.36% and 3.07%. The slightly longer dated instruments such as 90-day Nigeria Interbank Offered Rate (NIBOR) settled at 9.67% from 10.67% the prior week. This week, we expect rates to drop in anticipation of Primary Market Auction (PMA) maturity of N152 billion and Open Market Operation (OMO) maturity of N434 billion.

Foreign Exchange Market

The local currency firmed up across most market segments last week. The official rate marginally strengthened ending at N306.95/$, a 5 kobo gain from the prior week whilst the Nigerian Autonomous Foreign Exchange (NAFEX) gained N2.22 to close at N362.22/US$ from N364.44/US$ the previous week. The parallel market remained unchanged week-on-week at N362/US$. The appreciation recorded in the official and NAFEX market segments may be attributed to the apex bank's regular interventions. This week, we envisage the stability in the market would continue due to consistent FX liquidity injections by the CBN.

Bond Market

Average bond yields declined in the week ended January 10th, 2020 due to strong demand on the 2023, 2026 and 2027 maturities. Overall yields on the seven-, ten- twenty- and thirty-year debt papers finished at 10.02%, 10.49%, 11.32% and 12.36% from 10.30%, 10.76%, 11.72% and 12.77% respectively, the previous week. Consequently, the Access Bank Bond index increased by 134 points to close at 3,545.02 points from 3,498.17 points the prior week. We anticipate a quiet week as yields have lightly peaked out and reached a possible resistant level.

Commodities Market

Oil price plummeted last week after the US president said that Iran is standing down in the Middle East and that Washington will impose new sanctions on the nation instead of retaliating with military force. Bonny light, Nigeria's benchmark crude lost 7.15% or $5.1 cents to close the week at $66.21 per barrel. Precious metal prices went in varying directions as gold prices rose while silver prices fell. Gold price came on the back of a rise in demand amid weak equities and bullish global trends. Consequently, gold gained 2.38% to $1,549.50 per ounce while silver fell by 1.27% to $17.92 per ounce. This week oil prices are likely to remain stable while the world waits to see if there will be any further reprisal attacks by the Iran government. Precious metal might decline this week due to profit booking as investors take advantage of the high price.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jan'20	Feb'20	Mar'20
Exchange Rate (NAFEX) (N/$)	363	362	362
Inflation Rate (%)	11.90	11.96	12.1
Crude Oil Price (US$/Barrel)	65	66	67

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123 rotimi.peters@accessbankplc.com