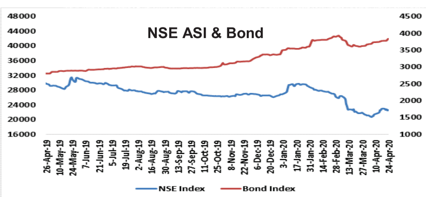
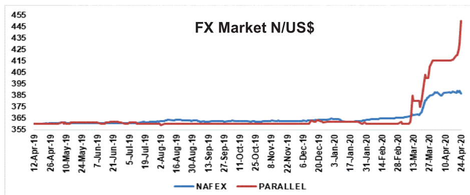
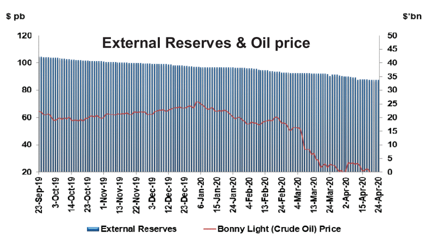
Access Bank Rateswatch

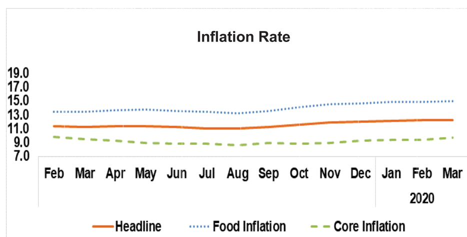
KEY MACROECONOMIC INDICATORS

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)	33.63	April 22, 2020 figure — a decrease of 4.13% from April start
Oil Price (US$/Barrel)	25.89	April 23, 2020 figure— a decrease of 19.37% 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 24/4/20	2 Weeks Ago 17/4/20	Change (%)
NSE ASI	22,599.38	22,921.59	(1.41)
Market Cap(N'tr)	11.78	11.95	(1.41)
Volume (bn)	0.21	0.23	(8.63)
Value (N'bn)	2.23	2.61	(14.41)

MONEY MARKET

NIBOR

Tenor	Last Week Rate (%) 24/4/20	2 Weeks Ago Rate (%) 17/4/20	Change (Basis Point)
OBB	20.33	2.00	1833.0
O/N	21.08	2.25	1883
CALL	33.06	3.20	2986.3
30 Days	7.92	11.14	(322)
90 Days	8.43	11.89	(345.8)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/$) 24/4/20	2 Weeks Ago Rate (N/$) 17/4/20	1 Month Ago Rate (N/$) 24/3/20
Official (N)	360.00	360.00	360.00
Inter-Bank (N)	386.33	388.45	380.85
BDC (N)	0.00	0.00	0.00
Parallel (N)	450.00	416.00	400.00

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%) 24/4/20	2 Weeks Ago Rate (%) 17/4/20	Change (Basis Point)
5-Year	6.96	7.25	(29.0)
7-Year	9.66	10.96	(129.4)
10-Year	9.59	10.39	(80.5)
15-Year	11.93	12.11	(18.0)
20-Year	11.56	11.99	(43.2)
30-Year	12.64	12.59	5

COMMODITIES MARKET

Indicators	24/4/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	17.28	(19.37)	(73.19)
Natural Gas ($/MMBtu)	1.79	1.70	(41.43)
Agriculture			
Cocoa ($/MT)	2313.00	(0.13)	19.47
Coffee ($/lb.)	106.45	(10.88)	(18.24)
Cotton ($/lb.)	55.51	3.58	(28.37)
Sugar ($/lb.)	9.82	(5.21)	(35.94)
Wheat ($/bu.)	541.75	2.46	24.97
Metals			
Gold ($/t oz.)	1724.41	1.40	30.88
Silver ($/t oz.)	15.19	(0.72)	(11.63)
Copper ($/lb.)	232.10	(1.55)	(29.19)

NIGERIA INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Last Week Rate (%) 24/4/20	2 Weeks Ago Rate (%) 17/4/20	Change (Basis Point)
1 Mnth	1.72	2.01	(29)
3 Mnths	1.97	1.96	1
6 Mnths	2.54	2.63	(9)
9 Mnths	3.02	3.36	(34)
12 Mnths	3.47	3.81	(34)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Last Week 24/4/20	2 Weeks Ago 17/4/20	Change (Basis Point)
Index	3832.62	3768.76	1.69
Mkt Cap Gross (N'tr)	11.98	11.79	1.65
Mkt Cap Net (N'tr)	8.09	7.91	2.26
YTD return (%)	56.02	53.42	2.60
YTD return (%)(US $)	-26.72	-29.32	2.60

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: April 24 – May 1, 2020

Global Economy

In the U.S. the number of Americans filling for unemployment benefits was 4.427 million last week, bringing the total reported over the past five weeks to over 26 million, equivalent to 16% of the labor force according to the U.S. Department of Labor. This means that the 22 million jobs created during the employment boom which started in September 2010 were wiped out in about a month as the coronavirus pandemic swept across the US. On a non-seasonally adjusted basis, the biggest increases in jobless claims were reported in California, Florida, Texas, Georgia and New York. President Trump has recently signed an executive order suspending immigration into the country, aiming to protect American workers as the economy reopens. In a separate development, U.K. inflation rate eased to 1.5% in March 2020 from 1.7% in the prior month with the prices of motor fuels and clothing making the biggest downward contribution according to the Office of the National Statistics. Petrol prices went down by 5.1 pence per litre between February and March, the largest monthly drop since December of 2018; and the cost of clothing and footwear declined 1.2% due to sales. On the other hand, rises in air fares produced the largest upward contribution to the CPI and the prices of food rose slightly faster (1.3% vs 1.2%). Elsewhere, Brazil's current account balance narrowed to $0.87 billion in March 2020 from $2.66 billion deficit in the corresponding month of the previous year according to the Central Bank of Brazil. It was the largest current account surplus since May 2017, as the goods surplus widened to $4.19 billion from $3.83 billion a year earlier and the services shortfall narrowed sharply to $1.78 billion from $2.35 billion.

Domestic Economy

The annual inflation rate in Nigeria rose for the seventh straight month to 12.26% in March of 2020 from 12.20% in the previous month as reported by the Nigerian Bureau of Statistics. It was the highest inflation rate since April of 2018, largely driven by the effects of the border closure and the new VAT tax rate. Main upward pressure came from food prices (14.98% vs 14.90% in February). Inflation also remained elevated for clothing & footwear (10.21% vs 10.14%). The statistical office noted that the current lockdown in Abuja, Lagos and Ogun states to contain the COVID-19 pandemic started in April 2020 and, accordingly, does not reflect major impact on March figures. In a separate development, the disbursement of the first tranche of the Central Bank of Nigeria N50 billion targeted credit facility began last week. The fund, which is being managed by the NIRSAL Microfinance Bank, has received over 80,000 applications. The CBN had introduced the N50 billion Targeted Credit Facility as a stimulus package to support households and Micro, Small and Medium Enterprises affected by the COVID-19 pandemic. The N50 billion intervention is being financed from the Micro, Small and Medium Enterprises Development Fund.

Stock Market

Equity prices on the Nigerian Stock Exchange (NSE) last week reversed gains of the previous two weeks as profit-taking among high cap stocks re-emerged on mixed sentiment pulling the benchmark All-Share index lower. Consequently, the All Share Index (ASI) and Market capitalization tapered to 22,599.38 points and ₦11.77 trillion from 22,921.59 points and ₦11.95 trillion respectively the previous week. This week, we expect investors to be cautious as they await positive economic news to guide their investment decisions.

Money Market

The debt market experienced liquidity squeeze last week as the Central bank debited deposit money banks for discretionary CRR to the sum of ₦1.4 trillion following which rates at the market spiked up. Short term rates such as the Open Buy Back (OBB) and Overnight (O/N) jumped to 20.33% and 21.08% from 2% and 2.25% the prior week. Longer term rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) also settled at 7.92% and 8.43% from 11.14% and 11.89%, respectively. This week, rates should ease slightly as we expect a combined Open Market Operation (OMO) and Primary Market Auction (PMA) maturity of N101 billion.

Foreign Exchange Market

The naira went in varying directions for the week ended April 24, 2020. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) appreciated as it gained ₦2.12 to close at ₦386.33/US$. At the CBN Official window, the Naira remained stable to close at ₦360/US$ same as two weeks ago. The parallel market lost by ₦34 to close at ₦450/US$. The plunge in crude price further worsened the faux scarcity of the dollar as black market participants hoard the green back while speculating the fall of naira. We expect rates to trade around current levels this week as the Central Bank continues to support the FX market.

Bond Market

The Bond market traded with bullish sentiments as we witnessed demand for various maturities across the curve given the excess system liquidity early in the week. Consequently, average yields for five-, seven, ten-, fifteen-, and twenty years dropped to 6.96%, 9.66%, 9.59%, 11.93% and 11.56% from 7.25%, 10.96%, 10.39%, 12.11% and 11.99%. The Access Bank Nigerian Government Bond Index rose by 1% to 3,768.76 points. We expect buying pressure to decline due to lower liquidity following the CBN debit at the end of the prior week.

Commodities

The oil market remained bearish last week as demand destruction caused by coronavirus continues to ravage the market. Storage concerns also contributed to the pressure on oil prices as storage capacity are said to be at 70% already and demand for oil is still at an all-time low. Bonny light, Nigeria's benchmark crude lurched 19.37% or $4.15 per barrel to settle at $17.28 per barrel. In contrast, precious metal prices ascended as fast rising coronavirus cases in the world, increased worries of investors, triggered a flight to safe haven. Consequently, gold prices bumped up 1.40% to finish at $1,724.41 per ounce from $1,700.58 per ounce. Silver dipped 0.72% to settle at $15.19 per ounce due to profit booking by investors. This week, we expect to see a reversal in oil prices as Kuwait said it already begun cutting oil supply to the international market, prompting expectations for more cuts from other producers in addition to what OPEC+ decided earlier this month. Bullions will retain its bullish trend supported by a liquid market due to unprecedented monetary stimulus from major banks around the globe.

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)	20	21	35

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