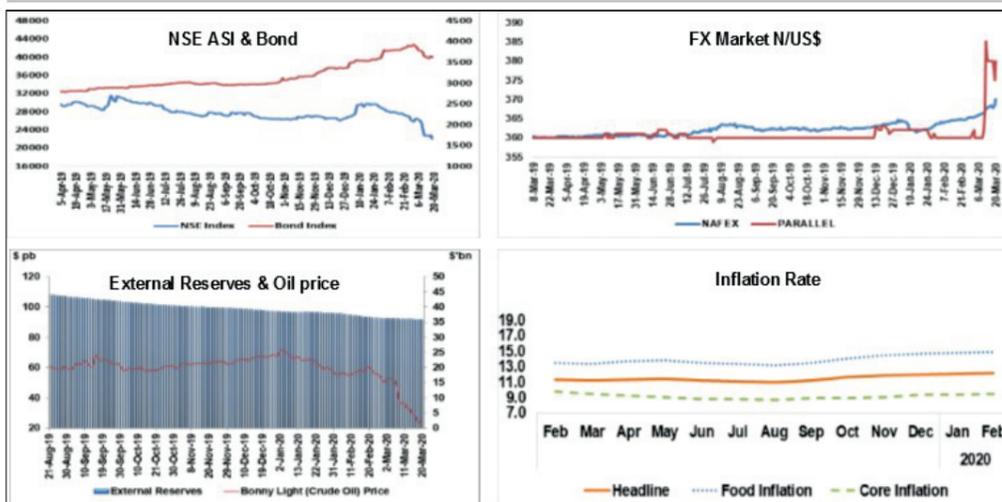


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

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)	26.41	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)	12.20	Increased to 12.20% in February 2020 from 12.13% in January 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)	35.98	March 18, 2020 figure — a decrease of 0.78% from March start
Oil Price (US\$/Barrel)	24.82	March 19, 2020 figure — a decrease of 25.13% from the previous wk
Oil Production mbpd (OPEC)	1.79	February 2020, figure — an increase of 1.64% from January 2020 figure



STOCK MARKET

Indicators	Friday 20/3/20	Friday 13/3/20	Change(%)
NSE ASI	22,198.43	22,733.35	(2.35)
Market Cap(N'tr)	11.57	11.85	(2.35)
Volume (bn)	0.38	0.73	(48.24)
Value (N'bn)	3.42	10.22	(66.49)

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	20/3/20	13/3/20	
OBB	4.8000	3.2900	151
O/N	5.3000	4.0000	130
CALL			
	20/3/20	13/3/20	
30 Days	13.1382	10.9613	218

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	20/3/20	13/3/20	20/2/20
Official (N)	307.00	306.95	307.00
Inter-Bank (N)	370.00	367.74	364.85
BDC (N)	0.00	0.00	0.00
Parallel (N)	380.00	380.00	360.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	20/3/20	13/3/20	
3-Year	0.00	0.00	0
5-Year	8.81	8.39	42
7-Year	11.30	11.34	(4)
10-Year	11.54	11.91	(36)
20-Year	12.85	12.08	78
30-Year	13.04	13.96	(92)

Disclaimer

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

Market Analysis and Outlook: March 20 – March 27, 2020

Global Economy

The Bank of England cut its key interest rate to 0.1% at a special meeting which held last week. This rate cut follows a 50-basis point reduction two weeks ago, bringing borrowing costs to a fresh record low. The central bank said the spread of Covid-19 and the measures being taken to contain the virus will result in an economic shock that could be sharp and large but should be temporary. The central bank also announced it will increase its holdings of UK government and corporate bonds by £200 billion. Elsewhere, the Central Bank of Brazil lowered its benchmark interest rate by 50bps to an all-time low of 3.75% last week, in a bid to mitigate the effects of the coronavirus spread. This is after it cut its rate by 25 bps at its February meeting. The monetary authority noted that the coronavirus pandemic is causing a significant global growth slowdown and that economic conditions necessitate stimulative monetary policy. The Committee said that it would continue to use its entire arsenal of monetary, exchange rate and financial stability policies to fight the crisis. Policymakers added that currently it is appropriate to keep rates at its new level and that new information will be essential to define its next steps. In a separate development, the US current account deficit contracted by \$15.6 billion to \$109.8 billion in Q4 2019 according to the U.S Bureau of Economic Analysis, mainly reflecting a reduced deficit on goods that was partly offset by an expanded deficit on secondary income. The Q4 2019 deficit was equivalent to 2% of GDP, down from 2.3% in Q3 2019. Considering 2019 full year, the current account deficit expanded by \$7.4 billion, or 1.5%, to \$498.4 billion in 2019, equivalent to 2.3% of GDP, down from 2.4% in 2018.

Domestic Economy

The National Bureau of Statistics (NBS), revealed that the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N716.3 billion among Federal, States and Local Governments in January 2020 from the revenue generated in December 2019. The amount distributed was from the statutory account, value added tax (VAT) and exchange gain allocation comprising of N600.31 billion, N114.81 billion and N1.18 billion respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N287.93 billion, states received N191.3 billion and the local governments received N143.7 billion. The oil producing states received N50.28 billion as the 13% derivation fund. Revenue generating agencies such as Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received a N5.24 billion, N9.64 billion, N4.47 billion, respectively as cost of revenue collection. In a separate development, inflation rate for February 2020 printed at 12.2% year-on-year from 12.13% in January 2020. Prices rose for both food and core inflation. Food inflation climbed to 14.9% in February from 14.85% in the prior month. Highest increases were recorded in prices of fish, meat, oil and fats, bread and cereals and vegetables. Food inflation on a year-on-year basis was highest in Sokoto state (17.12%) and lowest in Bayelsa state (11.89%). Core inflation rose 9.43% in February, up by 0.08% compared to 9.35% reported in the prior month. Highest increases were recorded in prices of pharmaceutical products, non-durable household goods, catering services, passenger transport by air, repair of furniture, maintenance and repair of personal transport equipment, water supply, carpet and other floor coverings, major household appliances, dental services, hospital services and vehicle spare parts.

Stock Market

Trading activities on the Nigerian Stock Exchange remained volatile amidst global fears as the coronavirus scourge fuelled the bear market, resulting in the seeming sell-offs across high cap stocks. Consequently, the all share index dipped 2.35% to close at 22,198.43 points from 22,733.35 points the prior week. Similarly, market capitalization trimmed 2.35% to N11.57 trillion

from N11.85 trillion the prior week. This week, the market will likely remain skittish on concerns over the impact of coronavirus on consumer spending and business investment.

Money Market

Liquidity in the money market tightened slightly, an aftermath of the Retail Secondary Market Intervention Sales (SMIS) held the preceding week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates settled higher at 4.8% and 5.3% from 3.29% and 4% previous week. The slightly longer dated instruments such as 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) closed at 13.14% and 13.26% from 10.96% and 11.44% the prior week. Rates are expected to dither around current levels as Federation Account Allocation Committee (FAAC) payments flow into the system.

Foreign Exchange Market

The local unit depreciated against the greenback across most market segments. The official rate marginally declined ending at N307/\$, a 5 kobo drop from the previous week. The local currency at the Nigerian Autonomous Foreign Exchange (NAFEX) window lost N2.26 to close at N370/US\$ from N367.74/US\$ the prior week. The loss in value stemmed from demand for funds outweighing supply at the Investors and Exporters (I&E) window as the dollar scarcity experienced the preceding week persisted. The parallel market remained unchanged week-on-week at N380/US\$. Given recent comments from the government about possible convergence of the nation's exchange rates and data showing that the CBN sold FX to foreign portfolio investors at N380.2/US\$ last week from N366.7/US\$ previously, we anticipate some major news on a new FX policy direction by the monetary authority.

Bond Market

The bond market witnessed frenzied activities following the coupon payments that hit the system as participants reinvested the fixed income proceeds. Subsequently, average yields dropped as yields on the seven-, ten- and thirty-year debt papers finished at 11.30%, 11.91% and 13.04% from 11.34%, 11.91% and 13.96%, respectively. The Access Bank Government Bond index lost 15.62 points to settle at 3,625.18 points last week. We anticipate that the buying sentiments might persist given expected inflow of N12 billion in coupon payments.

Commodities

Crude oil price remained pressured last week as Saudi Arabia announced plans to boost its oil exports to 10 million barrels per day from May, which is 3 million bpd more than it exported in February. Bonny light, Nigeria's benchmark crude fell 25.13% or \$8.33 to close the week at \$24.82 per barrel due to an over supplied market and coronavirus continuing to cause disruptions to supply chains around the world. Similarly, precious metal prices slipped further. Investors preference to save capital is weighing on bullion counters. Consequently, gold tapered 3.79% to close at \$1,504 per ounce while silver dropped 17.9% to \$12.84 per ounce. This week oil prices might gain respite on word that the Trump Administration could take actions intended to force Russia and Saudi Arabia to back down from their plans to flood global oil markets. Precious metals may get some support from a pick-up in investment demand given its safe-haven appeal. The lowered interest rates also offers excellent opportunity for investors to buy bullion assets.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Mar'20	Apr'20	May'20
Exchange Rate (NAFEX) (N/\$)	367	366	365
Inflation Rate (%)	12.20	12.25	12.27
Crude Oil Price (US\$/Barrel)	33	35	40