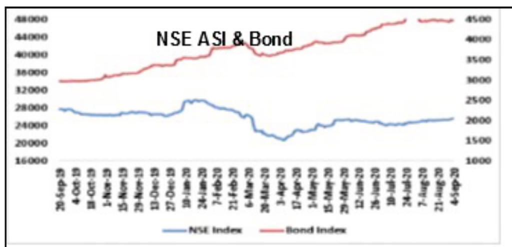
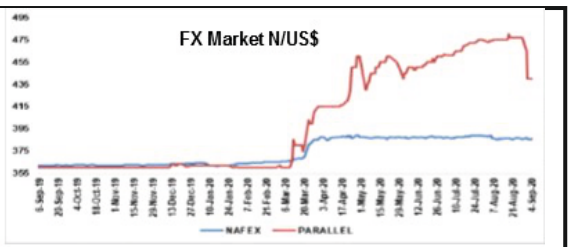
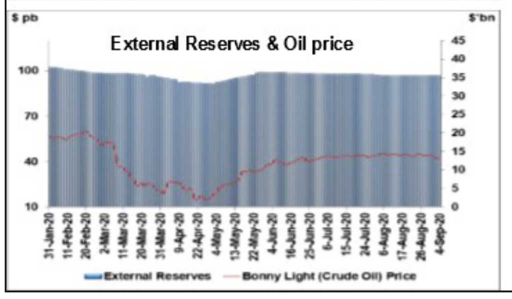
Access Bank Rateswatch

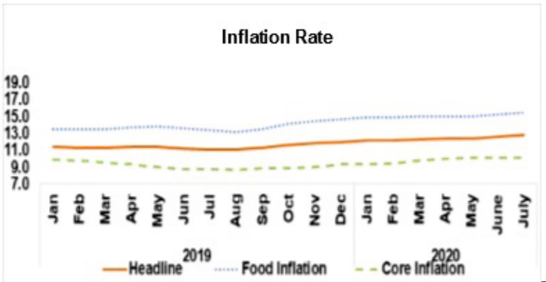
KEY MACROECONOMIC INDICATORS

GDP Growth (%)	-6.1	Q2 2020 — lower by –7.97% compared to 1.87% in Q1 2020
Broad Money Supply (N' trillion)	35.34	Decreased by 1.05% in June' 2020 from N35.72 trillion in May' 2020
Credit to Private Sector (N' trillion)	29.18	Decreased by 0.15% in June' 2020 from N29.23 trillion in May' 2020
Currency in Circulation (N' trillion)	2.3	Decreased by 2.23% in June' 2020 from N2.35 trillion in May' 2020
Inflation rate (%) (y-o-y)	12.82	Increased to 12.82% in July 2020 from 12.56% in June 2020
Monetary Policy Rate (%)	12.5	Adjusted to 12.5% in May 2020 from 13.5%
Interest Rate (Asymmetrical Corridor)	12.5 (+2/-5)	Lending rate changed to 14.5% & Deposit rate 7.5%
External Reserves (US$ million)	35.67	September 2, 2020 figure — a decrease of 0.27% from August start
Oil Price (US$/Barrel)	42	September 3, 2020 figure— a decrease of 4.87% from the prior week
Oil Production mbpd (OPEC)	1.49	July 2020, figure — a decrease of 0.6% from June 2020 figure









STOCK MARKET

Indicators	Friday 4/9/20	Friday 28/8/20	Change(%)
NSE ASI	25,605.64	25,309.37	1.17
Market Cap(N'tr)	13.36	13.20	1.18
Volume (bn)	0.42	0.14	206.20
Value (N'bn)	3.79	0.92	311.46

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 4/9/20	Friday Rate (%) 28/8/200	Change (Basis Point)
OBB	1.6300	13.9000	(1227)
O/N	2.2500	14.9000	(1265)
CALL	2.9375	12.5800	(964)
30 Days	2.6404	2.7896	(15)
90 Days	3.0201	2.9449	8

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 4/9/20	Friday (N/$) 28/8/20	1 Month Rate (N/$) 4/8/20
Official (N)	379.00	379.00	381.00
Inter-Bank (N)	385.64	385.68	388.80
BDC (N)	0.00	0.00	0.00
Parallel (N)	440.00	477.00	474.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 4/9/20	Friday (%) 28/8/20	Change (Basis Point)
5-Year	4.15	4.14	1
7-Year	5.91	6.23	(32)
10-Year	7.04	6.99	5
15-Year	10.00	9.41	59
20-Year	9.23	9.05	18
25-Year			

COMMODITIES MARKET

Indicators	4/9/20	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	42.00	(4.87)	(34.84)
Natural Gas ($/MMBtu)	2.53	(6.99)	(17.21)
Agriculture			
Cocoa ($/MT)	2,620.00	2.87	35.33
Coffee ($/lb.)	133.65	8.97	2.65
Cotton ($/lb.)	64.50	(0.62)	(16.77)
Sugar ($/lb.)	12.11	(5.02)	(21.00)
Wheat ($/bu.)	555.75	1.18	28.20
Metals			
Gold ($/t oz.)	1,939.36	(0.71)	47.19
Silver ($/t oz.)	26.90	(2.18)	56.49
Copper ($/lb.)	301.40	(0.33)	(8.05)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 4/9/20	Friday (%) 28/8/20	Change (Basis Point)
1 Mnth	1.15	1.16	(1)
3 Mnths	0.00	0.00	
6 Mnths	1.15	1.18	(3)
9 Mnths	2.25	1.54	71
12 Mnths	2.85	2.24	61

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 4/9/20	Friday (%) 28/8/20	Change (Basis Point)
Index	4,472.14	4,459.76	0.28
Mkt Cap Gross (N'tr)	14.46	14.35	0.75
Mkt Cap Net (N'tr)	10.14	10.07	0.70
YTD return (%)	82.06	81.55	0.51 2

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate(%)	Date
91 Day	19,783.59	1.2	12-Aug-2020
182 Day	54,592.59	1.5	29-July-2020
364 Day	27,000.00	3.1999	12-Aug-2020

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

Market Analysis and Outlook: September 4 – September 11, 2020

Global Economy

In the US, trade deficit surged to $63.6 billion in July 2020, from a downwardly revised $53.5 billion gap in June, the highest trade gap since July 2008. This trade deficit reflected an increase in the goods deficit of $9.3 billion to $80.9 billion and a decrease in the services surplus of $0.8 billion to $17.4 billion, the lowest since 2012 according to the Bureau of Economic Analysis (BEA). Exports and imports increased in July but remained below pre-pandemic levels, reflecting the ongoing impact of COVID-19, as many businesses continued to operate at limited capacity or ceased operations completely, and the movement of travellers across borders remained restricted. Exports went up 8.1% to $168.1 billion, boosted by sales of cars, crude oil, semi-conductors and diamonds. Imports surged 10.9% to $231.7 billion, mainly due to cars, auto parts, civilian aircrafts, cell phones and finished metal shapes.
In a separate development, the Ministry of Statistics and Programme Implementation (MOSPI) revealed that the Indian economy contracted 23.9% year-on-year in Q2'20, much worse than market forecasts of an 18.3% drop. It is the biggest contraction on record, as India imposed a coronavirus lockdown in late March and extended it several times, halting most economic activities. Construction (-50.3%), hotels and transportation (-47%) and manufacturing (-39.3%) recorded the biggest falls. Mining and quarrying (-23.3%); finance, real estate and business services (-5.3%); and utilities (-7%) also declined while the farm sector grew 3.4%. On the expenditure side, gross fixed capital formation recorded the biggest decrease (-47.1%). Private spending narrowed 26.7%, inventories fell 20.8%, exports tapered 19.8% and imports sank 40.4%. In contrast, government consumption jumped 16.4% as the government implemented relief measures to help curb the impact of the pandemic. Elsewhere, the Brazilian economy shrank 11.4% year-on-year in the Q2'20, following a 0.3% contraction in the previous period, officially entering a recession amid the coronavirus pandemic. The Brazilian Institute of Geography and Statistics reported that the services sector plunged 11.2% percent, after dropping 0.5% in the prior quarter, mainly transportation & storage (-20.8% vs -1.6%), trade (-14.1% vs 0.4%), public administration, health, defense & social security (-8.6% vs -0.4%) and other activities (-23.6% vs -3.4%). In addition, industrial output slumped 12.7%, following a 0.1% fall Q1'20, in particular manufacturing (-20% vs -0.8%), construction (-11.1% vs -1%) and utilities (-5.8% vs -1.8%). Output growth slowed in the primary sector (1.2% vs 1.9%).

Domestic Economy

The Nigerian Bureau of Statistics reported that the value of Nigeria's merchandise trade stood at N6.2 trillion in Q2'20. This indicates a sharp fall of 27.30% in Q2'20 compared to Q1'20 and 27.46% compared to Q2'19. The value of total trade year to date amounted to N14.83 trillion, indicating a drop of 11.96% compared to half year 2019. The import component was valued at N4.02 trillion representing a drop of 10.69% in Q2'2020 against the level recorded in Q1'2020 but an increase of 0.39% year-on-year. The export component accounted for N2.22 trillion of the total trade, indicating a drop of 45.64% against the value recorded in Q1'2020 and 51.73% compared to Q2'19. Consequently, the trade balance recorded a deficit of N1.80 trillion, marking the third consecutive quarter of negative trade balance. This compares with trade in goods deficit of N421.3 billion recorded in Q1'20 and N579.06billion recorded in Q4'19 In a separate development, the Central Bank of Nigeria (CBN) has instructed deposit money banks in Nigeria not to pay less than 1.25% in interest on savings deposit accounts. This was contained in a circular dated August 31, 2020. Excerpts of the circular read as follows; "In line with recent market developments, the 'Bank has reviewed the minimum interest payable on savings deposits as provided in its Guide to Charges by Banks' consequently reviewing rates to 10% of Monetary Policy Rate. "Consequently, all deposit money banks are hereby informed that effective September 1, 2020 interest on local currency savings deposits shall be negotiable subject to a minimum of 10% per annum of Monetary Policy Rate."

Stock Market

The bulls reigned supreme at the Nigerian stock exchange last week as we saw key indicators trudge on stronger than the preceding week. The uptrend was impacted by gains recorded in large and medium capitalised stocks in sectors such as financial services, oil & gas, consumer and industrial good. Consequently, the All Share Index (ASI) and market capitalization closed at 25,604.64 points and 13.36 trillion from 25,309.37 points, respectively the preceding week. This week, market is expected to remain in bullish territory as investors position ahead of their half-year audited earnings reports and dividend payments.

Money Market

The debt market was flush with liquidity following a net Open Market Operations (OMO) maturity of N262 billion. This inflow led to a decline in short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) to 1.63% and 2.25% from 13.9% and 14.9%, respectively. Longer tenored rates such as the 30- day Nigerian Interbank Offered Rate (NIBOR) also dipped to 2.64% from 2.94% from 2.79%. This week, rates are expected to remain in single digit levels given the current liquidity glut in the market.

Foreign Exchange Market

The naira appreciated against the greenback across most FX market segments following the influx of the dollars last week. Panic selling reigned throughout last week as participants (majorly in the parallel market) were dumping the dollar in anticipation of the Central Bank resumption of forex sales to Bureau De Change (BDC). The anticipated sales is expected to push down the price of the dollar at the parallel market. Consequently, the Nigerian Autonomous Foreign Exchange Rate (NAFEX) as well as the parallel market rate appreciated. The parallel market rate gained 37 to settle at 440/US$. The NAFEX rate closed at 385.64/US$ from 385.68/US$. However, the official market rate was unchanged from prior week figure staying at 379/US$. This week, the forex rate will be determined by the impact of the CBN sales to BDC which is expected to commence this week.

Bond Market

The Bond market was majorly quiet for the week ended September 4th, 2020. Nonetheless, the market recorded some attractive offers in the market for the 2023 and 2037 securities but with very few consummated trades. Yields on the 5-, 10- , 15-, 20- and 15-year papers rose to 4.15%, 7.04%, 10%, 9.23% and 10.07% from 4.14%, 6.99%, 9.41%, 9.05% and 10.05%, in that order. The Access Bank Nigerian Government Bond Index dipped slightly to 4,472.14 points from 4,459.76 points, 12.38 points higher. We expect that the bond market may be become bullish in the absence of attractive alternative investments

Commodities

The price of crude oil fell amid concerns over falling US fuel demand and worries over a global economic recovery. Recent data from the EIA showed US gasoline demand fell to 8.78 million barrels per day last week from 9.16 million bpd a week earlier. US data also showed private employers hired fewer workers than expected for the second successive month in August, raising fears that economic recovery was lagging. Bonny light, Nigeria's benchmark crude dipped 4.87% to close at $42 per barrel. In the same vein, precious metal prices were bearish amidst a stronger dollar, hopes of additional US stimulus, robust economic data and positive news about a potential COVID-19 vaccine. Consequently, gold prices tapered 0.71% or $13.85 to finish at $1,939.36 per ounce from $1,953.21 per ounce. Silver settled at $26.90 per ounce, a 2.18% drop from prior week price. This week, we anticipate that oil prices might trend higher as US refiners earmarked a long list of maintenance closures over the coming months, which would impact supply. Recent retreat in the value of the U.S. dollar and high sell-offs recorded in global equities is expected to lift the demand for the safe-haven metals this week.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Sep'20	Oct '20	Nov '20
Exchange Rate (NAFEX) (N/$)	388	389	388
Inflation Rate (%)	12.90	12.96	12.98
Crude Oil Price (US$/Barrel)	44	46	46

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