### Market Analysis and Outlook: December 13 – December 20, 2019

**Global Economy**

In Europe, the European Central Bank (ECB) left its key interest-rate stimulus and stimulus measures intact. This came after Christine Lagarde’s first policy meeting in charge on December 12th, with the main refinancing rate remaining at 0% and the deposit rate at -0.5%. Policymakers slashed the 2-year yield of the 2029 bond at the rate of 14.80%. For re-opening of N150bn bonds consisted of a re-opening of N50bn on behalf of the Federal Government. It said the authorized to receive applications for subscription by reopening the APR-2023, APR-2029 and APR-2035, with maturities of 3, 5, 10, 15, 20, and 30 years, respectively.

In Asia, the Bank of Japan maintained its ultra-loose monetary policy, with the key interest rate remaining at 0.1%. The Bank of Japan’s policy board voted unanimously to keep the key rate at 0.1%.

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### Foreign Exchange Market

The Naira were in offering directions last week as it appreciated at the official window and depreciated at both the Nigerian Autonomous Foreign Exchange (NAFEX) segment and parallel market. The official market closed at N365.12/N$US at the N365.95/N$US the previous week, while at the NAFEX segment the local currency depreciated by N10.95 at N365.12/N$US to close at N365.72/N$US by the previous week. The parallel market closed higher at the previous week.

### Bond Market

The bullish sentiment at the bond market persisted attributable to the MDI maturity that came in last week. Consequently, market recorded demand for most maturities across the curve. Yields on the five-, seven-, ten-, twenty- and thirty-year debt papers finished at 7.97%, 8.50%, 11.01%, 11.24% and 11.69% from 7.94%, 8.45%, 11.01%, 11.24% and 11.69% the prior week. The Access Bank Bond Index rose significantly by 75 basis points to 2.53% from 2.28% the prior week. This week, we expect the naira to hover around the prevailing levels, as economic fundamentals remain largely unchanged.

### Commodity Market

Commodities prices were mixed last week. The price of gold declined by 2.7% to $1,272 per ounce due to increased demand. This marked the first decrease in gold prices since April, as gold is often seen as a safe haven asset. On the other hand, the price of oil increased by 1.14% to $65.61 per barrel. This increase was driven by increased demand as the US-China trade deal progresses. We expect this trend to continue in the coming week as the US-China trade deal will likely lead to increased demand for both gold and oil.