Access Bank RatesWatch

**Key Macroeconomic Indicators**

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<th>Indicators</th>
<th>Current Figures</th>
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<tr>
<td>GDP Growth (%)</td>
<td>1.87</td>
<td>Q1 2020 — lower by 0.68% compared to 2.55% in Q4 2019</td>
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<tr>
<td>Inflation Rate (%)</td>
<td>12.56</td>
<td>Increased by 12.56% in June 2020 from 12.45% in May 2020</td>
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<tr>
<td>Monetary Policy Rate (%)</td>
<td>12.5</td>
<td>Adjusted to 12.5% in May 2020 from 13.5%</td>
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<tr>
<td>Interest Rate (%)</td>
<td>12.5</td>
<td>Interest rate (ax) 12.5% in May 2020 from 13.5%</td>
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<tr>
<td>External Reserve ($US million)</td>
<td>35.60</td>
<td>June 2020, figures — a decrease of 0.34% from August start</td>
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<tr>
<td>Oil Price ($/barrel)</td>
<td>44.82</td>
<td>June 2020, figures — an increase of 3.6% from the previous week</td>
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**Stock Market Overview**

**NSE ASI**
- 25,041.59, 24,593.73, 141
- Market Cap (N' billion)
- Volume (bn)
- Value (N billion)

**Money Market**
- Tenor Last Week Rate %
- Change Rate (Basis Point)
- Open Buying (OB)
- Close Selling (CB)
- NBB
- InterBank (N)
- BDC (N)

**Foreign Exchange Market**
- Tenor Last Week Rate (%)
- Change Rate (%)
- 1 Month Forward premium %
- Current exchange rate = 490.00
- Wheat ($/T.O)
- Gold ($/Oz)
- Silver ($/Oz)
- Copper ($/T.O)

**IntraBank Yields**
- Tenor Last Week Rate %
- Change Rate (%)
- 1-Month
- 3-Month
- 6-Month
- 12-Month

**Access Bank Nigerian Govt’s Bond Index**
- Tenor Last Week Rate %
- Change Rate (Basis Point)
- 3-Year
- 7-Year
- 10-Year
- 30 Years

**Market Analysis and Outlook: August 7 – August 14, 2020**

**Global Economy**
- In the US, Composite Purchasing Managers Index (PMI) measured by Markit hit a revised higher to 50.3 in July 2020 from 47.3 in June. The latest reading indicated a fractional expansion in private sector business activity, and the first instance of growth since January. The US unemployment rate was a larger 11.5% in May 2020 from 14.7% in April 2020. Inflation rate (%) fell to 1.2% in May 2020 from 1.3% in April 2020. Monetary Policy Rate (%) increased to 12.5% in May 2020 from 13.5%.

**Interest Rate (ax) (%)**
- Lending rate changed to 14.5% & Deposit rate 7.5%

**External Reserve ($US million)**
- 35.60

**Oil Price ($/barrel)**
- 44.82

**Oil Production mtd (OPC)**
- 1,5

**Commodities Market**
- **Energy**
  - Crude Oil (Sm) 44.82
  - Natural Gas ($MMBtu) 22.24
  - Agriculture

**Oil**
- 44.82

**Trade**
- 25,041.59, 24,593.73, 141

**Money Market**
- Cost of borrowing increased last week following the Retail Secondary Market Intervention Sales (SIMS) auction and Cash Reserve Requirement (CRR) deposits that hit the system, thereby causing moderating illiquidity showing signs. Short-term rates such as the Open Buy Back (OBB) and Overnight (ON) spiked up by 6.33% and 7.17% from 1.4% and 2.1%, respectively. Longer tenors rates such as the 30-40 days (NIBOR) also followed the same path ascended to 4.49% from 3.98%. This week, rates are expected to remain around the same levels in the absence of any significant funding activity.

**Foreign Exchange Market**
- The local unit was stable across most major markets, especially against the dollar as official and parallel exchange rates still remained. The official window was unchanged from preceding week figures while the naira appreciated against the US dollar by 3.33% to N376.25 in the parallel market.

**Domestic Economy**
- Data from the Nigerian Stock Exchange revealed that total transaction at the nation’s bourse increased by 9.17% to N31,193.66 billion in June 2020 from N28,331.95 billion in May 2020. In June 2020, the total value of transactions executed by Domestic Investors received an uptick to N26,781.63 billion from N24,119.27 billion in May 2020, while Foreign Investors’ transactions increased by 55.88% to N5,412.03 billion in June 2020 from N3,212.68 billion in May 2020. Although Domestic Investors’ transactions contracted by 13.35% to N27,579.41 billion in June 2020 from N31,193.66 billion in May 2020, the performance of the current month compared to the performance in June 2019 ($27,250.25 billion) revealed that total transactions decreased by 56.64%. In a separate development, the Central Bank of Nigeria in its July 2020 Business Expectations Survey report revealed that the overall confidence index of 39% indicated investors’ pessimism on the overall macro economy in the month of July. The pessimism on the outlook for injection in the current month was driven by the opinion of respondents that 29.5 points to 26.3 points and the construction sector -0.5 points. However, respondents are optimistic in the outlook for August 2020 as the confidence index rose to 33.7. The major drivers of optimism for August 2020 were the agricultural sector (30.2 points), manufacturing (10.0 points), wholesale/retail (5.2 points) and construction (1.3 points).

**Commodities**
- Oil prices bounced back last week as Iran’s commitments for additional cut in its oil production of about 400,000 barrels per day in August could compensate for the fall in output in Venezuela. In May and June brought some relief to the market, supporting prices further. Data were from both the Energy Information Agency (EIA) and American Petroleum Institute (API). Commodity prices ended the week higher than the previous, with Brent prices close to $44.62 per barrel. In the same vein, precious metal prices are on a bull run as their appeal remained supported by low inflation and COVID-19 pandemic. Consequently, gold prices accelerated the $1,820.72 per ounce to $1,945.56 per ounce, breaking the $2000 mark and driven by expectations of more fiscal stimulus in the United States to help the economy ride out the effects of a recent jump in COVID-19 cases. Silver settled at $27.51 per ounce, a 14.24% rise. This week, we anticipate that oil prices may move in a tight range amid concerns over the ability of OPEC+ to boost output and concern over the high levels of inventory.

**Monetary Macro Economic Forecast**
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**Stock Market**
- The Nigerian Stock Exchange sustained its bullish trend for the third consecutive week with more blue chip stocks appreciated in price. Shares in the agriculture, oil & gas, financial services, and industrial sectors were the major gainers responsible for the upturn in the performance index.

Sources:
- * Croatia of Bonny Light is at any given day.