In China, the economy expanded by 3.2% year-on-year in Q2 2020, with the province posting a record 6.8% contraction in the previous three-month period as revealed by the National Bureau of Statistics. The country became the first major economy to report growth following the coronavirus pandemic, as factories and stores reopened following months of coronavirus-restriction-induced lockdowns. However, a continuing fall in trade underlined weak consumer spending and the need for more support from Beijing to accelerate the economic recovery. In a separate development, the European Central Bank left its monetary policy unchanged during its July meeting, as policymakers took a wait-and-see approach to assess the effectiveness of a series of unprecedented measures taken over the past four months to support the barmarket amid the coronavirus crisis. The ECB kept its key benchmark rate steady at 0% while the deposit rate remained at a record low -0.5%. In addition, the central bank pledged to buy up to €1.35 trillion worth of debt through June 2021 under its Pandemic Emergency Purchase Programme. Elsewhere the annual inflation rate in the US edged up to 0.1% in June 2020 from May’s four-and-a-half-year low of 0.1% according to the U.S Bureau of Labour Statistics. It is the highest reading in three months as businesses reopened after the coronavirus lockdown. Inflation expansion to 4.5% (vs 4% in May), the strongest since December 2011, with food at home prices jumping 5.6% (vs 4.8%). Prices also increased faster for medical care services (6% vs 5.9%). Annual core inflation which excludes food and energy was unchanged at 1.2% and the monthly rate increased to 0.2%.

**Access Bank Rateswatch**

In July 2020, the Federal Executive Council (FEC) recently approved the 2021-2023 Medium Term Expenditure Framework and Fiscal Strategy Programme. Elsewhere the annual inflation rate in the US edged up to 0.1% in June 2020 from May’s four-and-a-half-year low of 0.1% according to the U.S Bureau of Labour Statistics. It is the highest reading in three months as businesses reopened after the coronavirus lockdown. Inflation expansion to 4.5% (vs 4% in May), the strongest since December 2011, with food at home prices jumping 5.6% (vs 4.8%). Prices also increased faster for medical care services (6% vs 5.9%). Annual core inflation which excludes food and energy was unchanged at 1.2% and the monthly rate increased to 0.2%.

**Global Economy**

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**Domestic Economy**

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**Foreign Exchange Market**

The naira depreciated against the greenback across major markets last week. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) and parallel rates fell compared to previous week figures while the official rate remained steady. The illiquidity of fundholdings, restricted funds from the Investors’ and Exporters’ (I&E) window with counterparts showing interest in clearing their matured obligations. The NAFEX rate settled at N448.50/US$ from N487.50/US$ and the parallel market lost N5 to settle at N4470.50/US$. The official rate remained unchanged at #4081.50/US$. We expect the naira to continue to trend around current levels especially at the I&E window given CBN constant interventions in the forex market.

**Commodities**

Crude oil prices rebounded last week after Gilead sciences, the drug maker behind the antiviral drug remdesivir, said its drug improved clinical recovery and reduced the risk of death in patients infected with COVID-19. In addition, the International Energy Agency raised its 2020 oil demand forecast. Bonny light, Nigeria’s benchmark crude closed 2.9% to close at $43.82 per barrel. In a similar vein, precious metal price rose due to weaker dollar close at $43.86 per ounce. Following months of coronavirus-induced lockdowns, as factories and stores reopened after the coronavirus lockdown. Inflation expansion to 4.5% (vs 4% in May), the strongest since December 2011, with food at home prices jumping 5.6% (vs 4.8%). Prices also increased faster for medical care services (6% vs 5.9%). Annual core inflation which excludes food and energy was unchanged at 1.2% and the monthly rate increased to 0.2%.

**Bonds**

The Bond market witnessed bullish sentiments last week following the coupon payment on the 8.5% 2027 obligs. Consequently, there was demand for most maturities across the curve particularly for the 2024, 2049 and 2059 securities. Average yields for 5-, 7-, 10-, 15- and 20-year papers decreased to 3.57%, 3.56%, 3.98%, 3.16% and 3.37% from 3.67%, 3.71%, 3.92%, 3.10% and 3.93%, respectively. Consequently, the Access Bank Nigerian Government Bond Index approved by 38.34 points to 4,419.77 points. The bond calendar was released last week and it proposed a borrowing range of #116bn - #45bn for the month of July, August and September respectively by DMO. As a result, we expect another upsurge in bond market participation this week as they interpret the possible impact of the proposed borrowing market on the yields.

**Foreign Exchange Market**

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