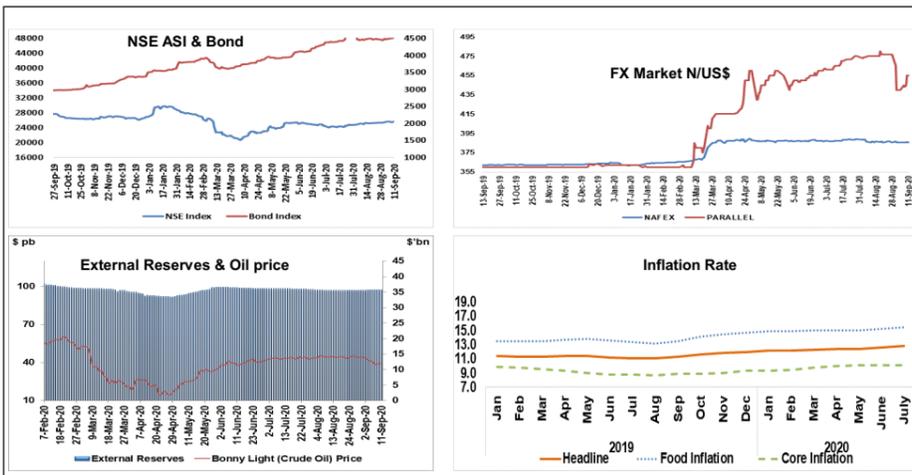


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-6.1	Q2 2020 — lower by -7.97% compared to 1.87% in Q1 2020
Broad Money Supply (N' trillion)	36.82	Increased by 3.36% in July' 2020 from N35.63 trillion in June' 2020
Credit to Private Sector (N' trillion)	30.19	Increased by 2.57% in July' 2020 from N29.43 trillion in June' 2020
Currency in Circulation (N' trillion)	2.4	Increased by 4.13% in July' 2020 from N2.3 trillion in June' 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)	35.78	September 9, 2020 figure — an increase of 0.31% from September start
Oil Price (US\$/Barrel)	39.26	September 10, 2020 figure— a decrease of 6.52% 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	Last Week	2 Weeks Ago	Change (%)
	11/9/20	4/9/20	
NSE ASI	25,591.95	25,605.64	(0.05)
Market Cap(N'tr)	13.35	13.36	(0.06)
Volume (bn)	0.21	0.42	(49.31)
Value (N'bn)	2.28	3.79	(39.85)

## MONEY MARKET

Tenor	NIBOR		Change (Basis Point)
	Last Week Rate (%)	2 Weeks Ago Rate (%)	
	11/9/20	4/9/20	
OBB	14.50	1.63	1287
O/N	16.50	2.25	1425
CALL	15.95	2.94	1301
30 Days	2.48	2.64	(16)
90 Days	2.67	3.02	(35)

## FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	11/9/20	4/9/20	11/8/20
Official (N)	379.00	379.00	381.00
Inter-Bank (N)	385.72	385.64	386.40
BDC (N)	0.00	0.00	0.00
Parallel (N)	455.00	440.00	475.00

## BOND MARKET

Tenor	AVERAGE YIELDS		Change (Basis Point)
	Last Week Rate (%)	2 Weeks Ago Rate (%)	
	11/9/20	4/9/20	
5-Year	3.10	4.15	(105)
7-Year	5.16	5.91	(75)
10-Year	6.42	7.04	(62)
15-Year	9.64	10.00	(36)
20-Year	9.11	9.23	(12)
25-Year	10.00	10.06	(6)
30-Year	10.05	10.07	(2)

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Sources: CBN, Financial Market Dealers Quotation, NSE, NBS, Energy Information Agency, Oilprice, Bloomberg and Access Bank Economic Intelligence Group computation.  
\* Crude oil (Bonny Light) is as at the previous day.

## Market Analysis and Outlook: September 11 – September 18, 2020

### Global Economy

In the UK, economy contracted 7.6% in the three months to July, following a record 20.4% plunge in the three months to June according to the Office for National Statistics. Coronavirus restrictions on movement continued to dramatically reduce economic activity, with declines seen in all sectors. Considering July only, the economy advanced 6.6%. Education grew strongly as some children returned to school, while pubs, campsites and hairdressers all saw notable improvements. Car sales exceeded pre-crisis levels for the first time with showrooms having a particularly busy time. All areas of manufacturing saw improvements, while housebuilding also continued to recover. However, both production and construction remain well below previous levels. Despite the increase in July, economic output remains 11.7% below the levels seen in February 2020, before the full impact of the coronavirus pandemic. In a separate development, the European Central Bank (ECB) kept its main refinancing rate stable at 0% and pledged to buy up to €1.35 trillion worth of debt through June 2021 under its Pandemic Emergency Purchase Programme in its September meeting. The interest rates on the marginal lending facility and the deposit facility will also remain steady at 0.25% and -0.50% respectively. The ECB President said during the regular press conference the ECB discussed the recent appreciation of the Euro but the bank does not target the exchange rate. Regarding the pandemic programme, committee members consider it has been efficient and effective but did not announce any changes. Under the new economic projections, the Euro Area economy is projected to shrink 8% in 2020, a slight improvement from its June forecast of an 8.7% dip. The outlook for both 2021 (+5%) and 2022 (+3.2%) was unchanged. Inflation forecasts for 2020 were left at 0.3% but the outlook for 2021 was raised slightly up to 1%. In 2022, inflation is seen at 1.3%, also unchanged from June. Elsewhere, Brazil's annual inflation rate rose to 2.44% in August 2020 from 2.31% in the preceding month according to the Brazilian Institute of Geography and Statistics. Prices increased further for food & beverages (8.83% vs 7.61% in July); health (3.25% vs 2.70%); and communication (2.98% vs 2.39%). On the other hand, prices eased for housing (0.41% vs 1.24%); personal expenses (2.5% vs 2.84%); and education (1.14% vs 4.95%). On a monthly basis, consumer prices went up 0.24% percent, slowing from a 0.36% percent gain in the previous month.

### Domestic Economy

The Debt Management Office in a recent report revealed that Nigeria's debt stock increased by N2.381 trillion. Nigeria's total public debt stock stood at N31.009 trillion as of June 30, 2020. The data shows that the total public debt stock which comprises the debt Stock of the Federal Government, the 36 State Governments, and the Federal Capital Territory, increased by N2.381 trillion within 3 months when compared with the N28.628 trillion recorded on March 31, 2020. The N2.381 trillion increase was accounted for by the \$3.36 billion Budget Support Loan from the International Monetary Fund (IMF), New Domestic Borrowing to finance the Revised 2020 Appropriation Act including the issuance of the N162.557 billion Sukuk bond, and Promissory Notes issued to settle Claims of Exporters. In a separate development, the Central Bank of Nigeria in a recent circular titled 'Resumption of Sale of BTA/PTA to travellers' directed authorised dealer banks to resume the sales of forex for BTA/PTA in all their designated branches across the country given the limited resumption of international flights. This is part of the CBN efforts to enhance foreign exchange liquidity in the market. Authorised dealer banks are required to sell forex to BTA/PTA to both their customers and members of the general public subject to provision of a duly completed Form A, valid international passport, bank verification number and return air ticket.

### Stock Market

Indicators at the Nigeria stock exchange were bearish last week cutting short over one month of bullish run. Stocks in the oil & gas, Industrial and consumer goods were majorly

responsible for the negative turnaround on the stock market. Consequently, the All Share Index (ASI) and market capitalization closed at 25,591.95 points and ₦13.35 trillion from 25,604.64 points and ₦13.36 trillion, respectively the preceding week. This week, market participants are expected to remain wary while they reposition their market portfolio in light of current macroeconomy trend.

### Money Market

Cost of borrowing surged at the end of last week compared to two weeks ago following a retail Secondary Market Intervention Sales (SMIS) and Cash Reserve Ratio (CRR) debit. This led to an increase in short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) to 14.5% and 16.5% from 1.63% and 2.25%, respectively. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) declined to 2.48% and 2.67% from 2.64% and 3.02%. This week, rates are expected to decline as Open Market Operation (OMO) maturity of ₦350 billion hit the market.

### Foreign Exchange Market

The local unit depreciated against the dollar in most market segments. The Nigerian Autonomous Foreign Exchange Rate (NAFEX) weakened as well as the parallel market. The paucity of funds continued at the Investors and Exporters' Window as well as the parallel market as demand outweighed supply. The official market rate was unchanged from prior week figure. The parallel market rate dipped ₦15 to settle at ₦455/US\$ from ₦440/US\$. The NAFEX rate closed at ₦385.72/US\$ from ₦385.64/US\$. The official market rate remained unchanged at ₦379/US\$. This week, we expect the Central Bank to intervene in the Foreign Exchange market through provision of funds for SME and invisible segments.

Bond Market Average yields in the bond market declined as bullish sentiment prevailed last week. Accordingly, we witnessed demand for all securities across the curve, particularly for the short tenured bonds. Yields on the 5-, 7-, 10-, 15-, 20-, 25- and 30-year papers tapered to 3.1%, 5.16%, 6.42%, 9.64%, 9.11%, 10%, and 10.05% from 4.15%, 5.91%, 7.04%, 10%, 9.23%, 10.06% and 10.07%, in that order. The Access Bank Nigerian Government Bond Index climbed to 4,518.06 points from 4,472.14 points, 45.92 points higher. We expect that the bond market might remain bullish in the absence of attractive alternative investments.

### Commodities

Crude oil prices remained bearish for the week ended September 11, 2020. Oil prices were pressured by a surprise rise in US crude inventories and mounting concerns over fuel demand recovery as the number of coronavirus continue to rise worldwide. Data from the EIA showed US crude stockpiles rose by 2.032 million barrels in the latest week, in line with the API data which showed a build of 3 million barrels. Bonny light, Nigeria's benchmark crude tapered 6.52% to close at \$39.26 per barrel. Precious metal prices went in various direction as gold prices were bullish while silver prices dropped. Gold prices inched up as the dollar retreated on weaker-than-expected US jobs data and as the European Central Bank (ECB) kept its policy unchanged, while silver prices dipped on profit-taking. Consequently, gold prices edged up 0.30% or \$5.76 to finish at \$1,945.12 per ounce from \$1,939.36 per ounce. Silver settled at \$26.79 per ounce, a 0.41% drop from prior week price. This week, we anticipate that oil prices might remain pressured by current supply glut in the market, Covid-19 expansion, the lower oil pricing in the Middle East and the overall concern about the recovery of oil demand. Persistent concerns over the global pandemic as well as the rejection in the US Senate of a Republican bill that would provide \$300 billion in a new relief package would keep the bullion in positive territory.

## Monthly Macro Economic Forecast

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