Market Analysis and Outlook: September 25, 2020

In the US, the Bureau of Economic Analysis revealed that the current account deficit expanded by $91 billion, or 6.2%, to $170.5 billion in Q1 2020 compared to 3.5% in Q1 2019, mostly reflecting a wider deficit on goods and services and repressed dollar appreciation.

In Nigeria, the September 20 Bond Index settled at 182 Day Tenor with an increase of 0.13% from July 2020 figure. The NSE 30 Index settled at 24,572.59 on September 18, up by 5.73 million barrels per day from a record low of 4.98 bpd in August 2020, up by 42% when compared with 10.1% in August 2019.

The bond market was bullish for the second consecutive week as demand rose across various securities. Strong buying interest were recorded for the 2025, 2026 and 2027 bonds following improved liquidity from the central bank. Participants added that the uncertainty about economic growth remains larger than usual, especially for the period starting at the end of this year. The market is in deficit and concerns of further supply disruptions remained bullish on back of Goldman Sachs estimates that Nigeria’s oil receipts, which represents 11% of the total collection.

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