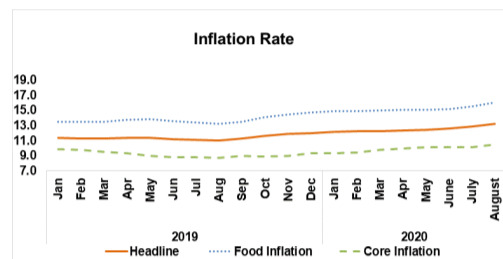
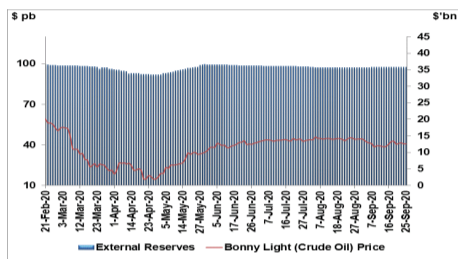
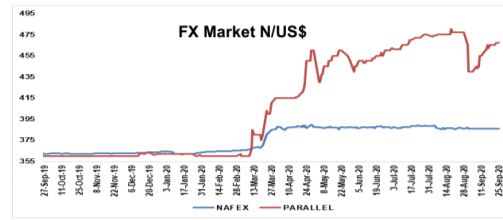
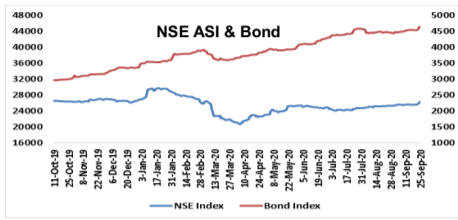


Access Bank Rateswatch

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)	37.19	Increased by 1.63% in August' 2020 from N36.59 trillion in July' 2020
Credit to Private Sector (N' trillion)	30.13	Increased by 0.24% in August' 2020 from N30.06 trillion in July' 2020
Currency in Circulation (N' trillion)	2.37	Decreased by 1.04% in August' 2020 from N2.4 trillion in July' 2020
Inflation rate (%) (y-o-y)	12.82	Increased to 12.82% in July 2020 from 12.56% in June 2020
Monetary Policy Rate (%)	11.5	Adjusted to 11.5% in September 2020 from 12.5%
Interest Rate (Asymmetrical Corridor)	11.5 (+2/-5)	Lending rate changed to 13.5% & Deposit rate 6.5%
External Reserves (US\$ million)	35.76	September 24, 2020 figure — an increase of 0.24% from September start
Oil Price (US\$/Barrel)	40.78	September 24, 2020 figure— a decrease of 4% from the prior week
Oil Production mbpd (OPEC)	1.48	August 2020, figure — an increase of 0.13% from July 2020 figure



STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	25/9/20	18/9/20	
NSE ASI	26,319.34	25,572.57	2.92
Market Cap (N'tr)	13.75	13.36	2.92
Volume (bn)	0.34	0.19	73.52
Value (N'bn)	4.28	1.85	131.76

MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	25/9/20	18/9/20	
OBB	10.33	2.00	833.0
O/N	11.50	3.00	850
CALL	16.70	1.88	1482.5
30 Days	1.62	2.60	(99)
90 Days	1.79	2.83	(103.7)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	25/9/20	18/9/20	25/8/20
Official (N)	379.00	379.00	379.00
Inter-Bank (N)	386.04	385.85	386.86
BDC (N)	0.00	0.00	0.00
Parallel (N)	467.00	465.00	477.00

BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	25/9/20	18/9/20	
5-Year	3.15	3.17	(2.4)
7-Year	4.26	4.81	(54.7)
10-Year	5.92	6.30	(37.6)
15-Year	8.50	9.62	(111.6)
20-Year	8.45	8.97	(51.6)
25-Year	9.15	9.89	(74.4)
30-Year	9.26	9.88	(62)

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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 25 - October 2, 2020

Global Economy

The Bank of England voted unanimously to maintain benchmark rate at a record low of 0.1% and the size of its bond-buying program at £745 billion during its September meeting. Policymakers noted that domestic economic data have been a little stronger than expected in August, while the outlook for the economy remains unusually uncertain due to the Covid-19 pandemic and recent Brexit developments. Thus, leaving the door open to negative interest rates and more Quantitative Easing (QE). Consumer Price Index (CPI) inflation is expected to remain below 1% until early 2021 and unemployment will probably remain elevated for some time. The central bank also said it does not intend to tighten monetary policy until there is clear indication that significant progress is being made in eradicating spare capacity and attaining the 2% inflation target sustainably. In a separate development, the IHS Markit Eurozone Manufacturing Purchasing Managers Index rose to 53.7 in September 2020 from 51.7 in the prior month. The latest reading pointed to the steepest month of expansion in the manufacturing sector since August 2018 as output growth accelerated to the fastest since February 2018, met by the largest rise in new orders seen over this period. At the same time, employment fell at a softer pace, while backlogs of work increased. On the price front, input prices declined, partially due to a stronger euro. Looking ahead, business expectations about the coming 12 months improved in September amid expectations that disruptions from COVID-19 will ease. Elsewhere, Brazil's current account balance advanced \$3.72 billion surplus in August 2020 from a \$3.03 billion deficit in the corresponding month of the previous year according to the Central Bank of Brazil. The goods surplus widened sharply to \$5.96 billion from \$3.55 billion a year earlier and the services gap narrowed to \$1.35 billion from \$2.22 billion. Primary income shortfall dropped to \$1.19 billion from \$4.68 billion in August 2019. On the other hand, the secondary income surplus declined to \$0.29 billion from \$0.32 billion. Considering the first eight months the year, the country's current account deficit went down to \$8.54 billion from \$34.02 billion in the corresponding period of 2019.

Domestic Economy

The Central Bank of Nigeria unexpectedly slashed its monetary policy rate by 100 bps to 11.5% during its September 2020 meeting, bringing borrowing costs to the lowest since 2016. This was the second rate cut this year and came even as inflation has been above target since 2015, to continue supporting the economy that plunged 6.1% in the Q2 hit by the global pandemic. The Committee said that the economy may continue to contend with the effects of the pandemic throughout the rest of the year, projecting growth in Q4 2020, or at least by Q1 2021. The central bank stressed the urgent need for a combination of broad-based monetary and fiscal policy measures to curb the rise in inflation and contraction in output growth. In a separate development, according to data from Central Bank of Nigeria, the manufacturing Purchasing Managers Index (PMI) in the month of September 2020 stood at 46.9, indicating contraction in the manufacturing sector for the fifth consecutive time. A PMI above 50 represents an expansion when compared with the previous month. A PMI reading under 50 represents a contraction, and a reading at 50 indicates no change. Of the 14 subsectors surveyed, 4 subsectors reported expansion (above 50% threshold) in the review month reported expansion (above 50% threshold) in the review month in the following order: electrical equipment; transportation equipment; cement and non-metallic mineral products. The remaining subsectors reported contractions while paper product subsector was stable.

Stock Market

Indicators at the local stock exchange had a positive turnaround for the week ended September 25, 2020 as market indices were bullish. Stocks in the financial services, agriculture, consumer and industrial goods

were majorly responsible for the turnaround witnessed in the stock market. Consequently, the All Share Index (ASI) and market capitalization closed at 26,319.34 points and 13.75 trillion from 25,572.57 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 macroeconomic realities

Money Market

Borrowing cost surged last week following Retail Secondary Market Intervention Sales (SMIS), bond auction debit (c. 104bn) and CRR debit that hit the system. These outflows led to an increase in short-term lender's charge such as the Open Buy Back (OBB) and Overnight (O/N) to 10.33% and 11.5% from 2% and 3%, respectively. Longer tenored rates such as the 30- and 90-day Nigerian Interbank Offered Rate (NIBOR) settled at 1.62% and 1.79% from 2.6% and 2.83% This week, rates are expected to remain at this level given the projected liquidity balance.

The Naira depreciated against the dollar in most market segments, but it remained unchanged at the official rate. At the Nigerian Autonomous Foreign Exchange Rate (NAFEX) window, the local currency weakened, settling at 386.04/US\$ from 385.85/US\$ the preceding week. Similarly, at the parallel market, the naira pared 2 to settle at 467/US\$ from 465/US\$. Low supply of the greenback and pent-up demand pressure were largely responsible for the weakness in the currency. The official market rate stood at 379/US\$. This week, we expect the naira to trade around current levels following expected CBN intervention in the forex market.

Bond Market

Average bond yield declined last week as it had done throughout the month of September. Bond prices adjusted to reflect the outcome of the auction. Accordingly, modest demand was witnessed for some select maturity at the early hours of trading but recorded a reversal towards the close of the day as market began to offer bonds at relatively attractive levels. Yields on the 5-, 7-, 10-, 15-, 20-, 25- and 30-year papers tapered to 3.15%, 4.26%, 5.92%, 8.5%, 8.45%, 9.15%, and 9.26% from 3.17%, 4.81%, 6.3%, 9.62%, 8.97%, 9.89%, and 9.88% in that order. The Access Bank Nigerian Government Bond Index climbed to 4,645.61 points from 4,541.11 points, 104.5 points higher. Market performance this week is expected to continue to trade with similar market sentiments.

Commodities

Crude oil prices dipped last week as a spike in coronavirus infections worldwide raised fears about fuel demand recovery. At the same time, concerns over the resumption of exports from Libya as an oil tanker was loading a cargo from one of the terminals weighed on sentiment. Bonny light, Nigeria's benchmark crude tapered 4% to close at \$40.78 per barrel. In the same vein, precious metal prices sank weighed down by a robust dollar and a lack of more stimulus from major central banks. Consequently, gold prices declined 4.76% or \$92.87 to finish at \$1,859.90 per ounce from \$1,952.77 per ounce. Silver settled at \$22.83 per ounce, a 15.66% drop from prior week price. This week we expect that oil prices might remain pressured by over supply concerns and weak demand for crude oil as the spike in global coronavirus infections led to some countries to reimpose restrictions, including the UK and France. Safe haven metal are likely to remain a key attraction unless there is a substantial correction in the US dollar.

Monthly Macro Economic Forecast

Variables	Oct '20	Nov'20	Dec '20
Exchange Rate (NAFEX) (N/\$)	388	389	388
Inflation Rate (%)	13.6	13.85	13.9
Crude Oil Price (US\$/Barrel)	44	46	46