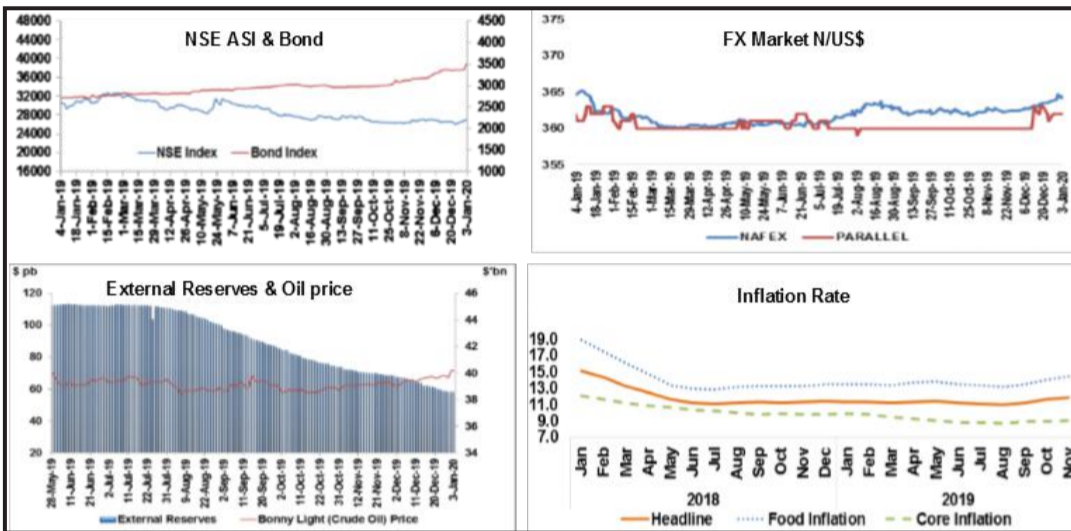


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	2.28	Q3 2019 — higher by 0.17% compared to 2.12% in Q2 2019
Broad Money Supply (N' trillion)	36.48	Increased by 2.9% in Nov' 2019 from N35.45 trillion in Oct' 2019
Credit to Private Sector (N' trillion)	26.41	Increased by 2.18% in Nov' 2019 from N25.85 trillion in Oct' 2019
Currency in Circulation (N' trillion)	2.20	Increased by 7.17% in Nov' 2019 from N2.06 trillion in Oct' 2019
Inflation rate (%) (y-o-y)	11.85	Increased to 11.85% in November 2019 from 11.61% in October 2019
Monetary Policy Rate (%)	13.5	Adjusted to 13.5% in March 2019 from 14%
Interest Rate (Asymmetrical Corridor)	13.5 (+2/-5)	Lending rate changed to 15.5% & Deposit rate 8.5%
External Reserves (US\$ million)	38.60	December 31, 2019 figure — a decrease of 2.79% from December start
Oil Price (US\$/Barrel)	71.31	January 3, 2020 figure— an increase of 5.43% from the previous wk
Oil Production mbpd (OPEC)	1.80	November 2019, figure — a decrease of 0.33% from October 2019 figure



STOCK MARKET

Indicators	Friday 03/01/20	Friday 27/12/19	Change(%)
NSE ASI	26,968.79	26,416.48	2.09
Market Cap(N'tr)	13.02	12.75	2.09
Volume (bn)	0.61	0.22	173.63
Value (N'bn)	3.76	3.04	23.73

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	03/01/20	27/12/19	
OBB	2.3600	4.5700	(221)
O/N	3.0700	3.9300	(86)
CALL	3.0000	4.0625	(106)
30 Days	10.7738	10.6835	9
90 Days	10.6710	11.3390	(67)

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	03/01/20	27/12/19	03/12/19
Official (N)	307.00	307.00	306.95
NAFEX (N)	364.44	363.84	362.56
BDC (N)	0.00	0.00	360.00
Parallel (N)	362.00	362.00	360.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	03/01/20	27/12/19	
3-Year	0.00	0.00	0
5-Year	9.31	9.08	23
7-Year	10.30	10.91	(62)
10-Year	10.76	11.13	(37)
20-Year	11.72	11.74	(3)
30-Year	12.77	12.88	(11)

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Market Analysis and Outlook: January 3 – January 10, 2020

Global Economy

In China, the central bank reduced the amount of cash that lenders must hold in reserve, and signaled continued action in 2020 to reduce borrowing costs for companies. The required reserve ratio for commercial lenders will be trimmed by 50 basis points from Jan. 6, releasing about 800 billion yuan (\$115 billion) of liquidity into the financial system, according to the People's Bank of China. The cut aims to help banks reduce their lending rate to businesses. Currently, the required reserve ratio is 13% for big banks and 11% for smaller ones. In a separate development, the US IHS Markit PMI revised slightly lower to 52.4 from 52.5 in December 2019. It compares with 52.6 in the previous month. Output and new business expanded modestly while employment growth was the second-fastest since May, with firms stating the increase largely stemmed from greater production requirements. Companies commonly attributed the rise to the partial pass-through of higher costs on to clients. Finally, business confidence picked up, with optimism reportedly stemming from new product development, new client wins and investment in new facilities. Elsewhere in Brazil, trade surplus decreased \$5.6 billion in December 2019 from \$6.428 billion in the same month of the previous year as reported by Ministry of Development, Industry and Foreign Trade. Exports slumped 6.2% from a year earlier to \$18.16 billion, dragged down by lower shipments of manufactured goods, mostly fuels (-14.6%); aluminum oxides/hydroxides (-20.6%); motor engines & parts (-6.9%) and auto parts (-22.7%). Imports went down 2.8% to \$12.56 billion, as purchases fell for capital goods (-11.8%); consumption goods (-3.3%) and fuels & lubricants (-6.2%).

Local Economy

Data by the National Bureau of Statistics (NBS), revealed that the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N702.02 billion among Federal, States and Local Governments in November 2019 from the revenue generated in October 2019. The amount distributed was from the statutory account, value added tax (VAT), solid mineral revenue and exchange gain differences comprising of N587.20 billion, N104.91 billion, N8.7 billion and N1.11 billion respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N295.74 billion, states received N192.70 billion and the local governments received N144.99 billion. The oil producing states received N49.16 billion as the 13% derivation fund. In a separate development, the Manufacturing Purchasing Managers' Index (PMI) stood at 60.8 index points in December 2019. This indicates an expansion in the manufacturing sector for the thirty-third consecutive month. The index grew at a faster pace when compared to the previous month (59.3 points). This was shown in the latest PMI report by the Central Bank of Nigeria. A PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. Thirteen of the sub-sectors surveyed recorded growth during the month, while the paper products subsector recorded decline in the period under review. Elsewhere, businesses expressed optimism on Nigeria's macro economy in December 2019 according to the Central Bank of Nigeria (CBN) monthly Business Expectations Survey (BES). The report, which was posted on the apex bank's website stated: "at 30.3 index points, respondents' overall confidence index (CI) on the macro economy in the aforementioned period was more optimistic when compared to its level of 29.0 index points recorded in November 2019." The respondent firms were made up of small, medium and large organisations covering both import- and export-oriented businesses. The positive outlook by businesses in December 2019, according to the report, was driven by the opinion of respondents from the following sectors: services (16.3 points), industrial (9.8 points), wholesale/retail trade (3.2 points) and construction (1.0 points) sectors. The surveyed firms listed insufficient power supply, high interest rate, financial problems, unfavourable economic climate, unclear economic laws and unfavourable political climate in that order as the major factors constraining business activity in the reference month. The business outlook for January 2020 showed greater confidence on the macro economy with 58.6 index points.

Stock Market

The Nigeria Stock Exchange started the year on a bullish momentum. This is based on market players' expectation that economic recovery would be propelled by ongoing regulatory initiatives and the government's economic reform policies, particularly the new Finance Bill and oscillating crude oil prices. Consequently, the All Share Index (ASI) jumped by 2.09% to end at 26,968.79 points from 26,416.48 points the previous week. Similarly, market capitalization rose by 2.09% to N13.02 trillion from N12.75 trillion the prior week. We expect investors take advantage of low prices, ahead of economic data and portfolio managers repositioning for the New Year.

Money Market

Cost of borrowing declined last week as Open Market Operations maturity of N592 billion hit the system, thereby boosting liquidity. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates closed lower at 2.36% and 3.07% from 4.57% and 3.93%. The slightly longer dated instruments such as 90-day Nigeria Interbank Offered Rate (NIBOR) settled at 10.67% from 11.34% the prior week. This week, short tenored rates are expected to remain around current level supported by OMO maturity of N448 billion.

Foreign Exchange Market

The local unit was majorly stable across most market except at the Nigerian Autonomous Foreign Exchange (NAFEX) where it witnessed a slight depreciation. The official rate and parallel market rate remained unchanged week-on-week at N307/US\$ and N362/US\$ respectively. The NAFEX segment declined by 60 kobo to close at N364.44/US\$ from N363.84/US\$ the prior week. The relative stability of the local currency continues to be supported by the intervention of the apex Bank. This week, we expect the naira to remain around prevailing levels, boosted by the Central Bank's sustained supply of liquidity to the market.

Bond Market

Bullish sentiments on the medium and long end of the curve resulted in average yields dropping in the week ended January 3rd, 2020. Most of the demand was from Pension Fund Administrators for the 2027, 2029 and 2036 maturities. Yields on the seven-, ten-, twenty- and thirty-year debt papers finished at 10.30%, 10.76%, 11.72% and 12.77% from 10.91%, 11.13%, 11.74% and 12.88% respectively, the previous week. The Access Bank Bond index jumped by 137.05 points to close at 3,498.17 points from 3,361.13 points the prior week. We anticipate a continuation in the buying sentiment owing to relatively liquid market.

Commodities Market

The price of oil spiked last week after US airstrikes in Iraq killed a top Iranian commander, heightening geopolitical tensions. China's decision to cut cash reserve requirement as a means of boosting credit to shore up the slowing Chinese economy also helped push oil price up. Bonny light, Nigeria's benchmark crude climbed 5.43% or \$3.67 cents to close the week at \$71.31 per barrel. Precious metal prices inched higher last week amid a weak dollar and trade optimism. Traders also flocked to safe-haven counters following US airstrikes in Iraq flaming new tensions in the Middle-East. Consequently, gold gained 2.38% to \$1,546.11 per ounce and silver rose by 1.74% to \$18.15 per ounce. This week, oil prices are likely to jump over increasing tensions in the oil-rich Middle East countries. Bullion counters may witness strong upside momentum on safe-haven demand amid Middle East tensions.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jan'20	Feb'20	Mar'20
Exchange Rate (NAFEX) (N/\$)	363	362	362
Inflation Rate (%)	11.90	11.96	12.1
Crude Oil Price (US\$/Barrel)	65	66	67