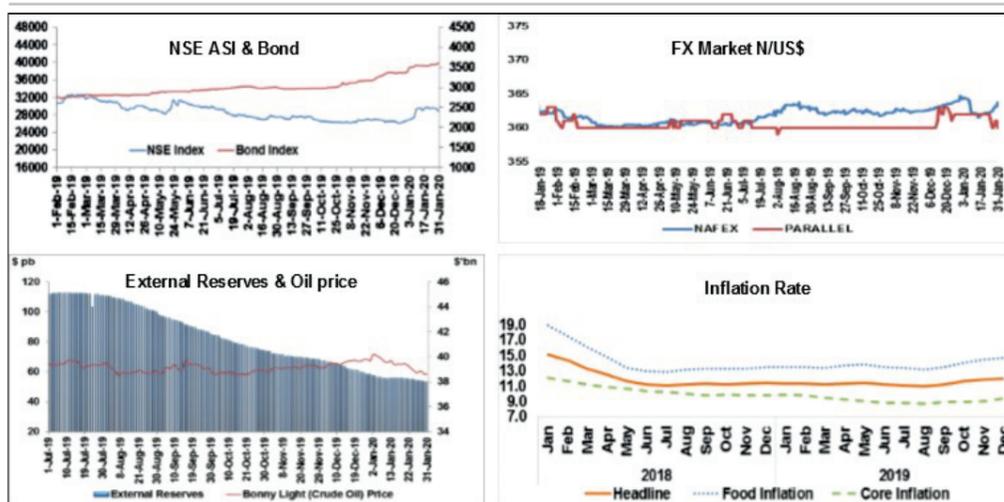


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS		
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)	11.98	Increased to 11.98% in December 2019 from 11.85% in November 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)	38.06	January 30, 2019 figure — a decrease of 1.25% from January start
Oil Price (US\$/Barrel)	58.38	January 30, 2020 figure — a decrease of 5.91% from the previous wk
Oil Production mbpd (OPEC)	1.77	December 2019, figure — a decrease of 1.34% from November 2019 figure



STOCK MARKET

Indicators	Friday	Friday	Change(%)
	31/1/20	24/1/20	
NSE ASI	28,843.53	29,628.84	(2.65)
Market Cap(N'tr)	14.86	15.26	(2.65)
Volume (bn)	0.35	0.18	88.89
Value (N'bn)	4.21	3.51	19.72

MONEY MARKET

Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	
	31/1/20	24/1/20	(Basis Point)
NIBOR	14.0000	4.3300	967
O/N	15.3300	3.6700	1166
CALL	13.0833	3.6090	947
30 Days	9.7226	8.0731	165
90 Days	9.5803	8.0974	148

FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	
	31/1/20	24/1/20	31/12/19
Official (N)	307.00	306.95	307.00
Inter-Bank (N)	363.75	362.25	363.84
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	362.00	362.00

BOND MARKET

Tenor	Friday	Friday	Change
	(%)	(%)	
	31/1/20	24/1/20	(Basis Point)
3-Year	0.00	0.00	0
5-Year	7.99	8.16	(17)
7-Year	10.09	10.13	(4)
10-Year	9.76	10.18	(42)
20-Year	10.99	11.13	(14)
30-Year	12.24	12.49	(25)

Disclaimer

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Sources: CBN, Financial Market Dealers Association of Nigeria, NSE and Access Bank Economic Intelligence Group computation.

Market Analysis and Outlook: January 31 – February 7, 2020

Global Economy

In the US, the gross domestic product (GDP) printed at 2.1% year-on-year in Q4 2019, same as the previous quarter according to the Bureau of Economic Analysis (BEA). Consumer spending slowed sharply while net trade made the biggest contribution to growth since Q2 2009 amid a fall in imports. In contrast, negative contributions came from private inventory investment and nonresidential fixed investment. For the full year, the economy grew 2.3%, below the 2.9% increase from 2018 and the 2.4% gain in 2017, and missing Trump administration's 3 percent target for the second year. Elsewhere, the Chinese economy expanded 6% year-on-year in the last quarter of 2019, the same as in the previous quarter. It is the weakest growth since 1992 amid trade pressure from the US and sluggish demand from home and abroad. The full year 2019 GDP figures were reported at 6.1% according to the National Bureau of Statistics of China, still within the government target of 6%-6.5% but the slowest pace of advancement in 29 years. In a separate development, the Bank of England monetary policy committee voted to hold bank rates at 0.75% during its January meeting. Policymakers expect UK GDP growth to accelerate in early 2020 supported by a pickup in global activity, a further decline in Brexit uncertainties and government's announced spending measures, and inflation is seen lingering below the 2% target until at least 2021. However, officials revised down GDP forecasts for 2020 full year to 0.8% (vs 1.2% previously estimated), before quickening to 1.4% in 2021 (vs 1.8%) and 1.7% in 2022 (vs 2.0%). The central bank also said that interest rates may need to be cut if growth does not improve, or they could be raised "modestly" in future if the economy recovers in line with latest projections and inflation picks up. It was the last meeting presided by Governor Carney before Andrew Bailey takes over in March.

Domestic Economy

Nigerian States and Federal Debt Stock data as at 30th September 2019 reflected that the country's total public debt portfolio stood at N26.14trn according to the National Bureau of Statistics (NBS). A breakdown of the Nigeria's total public debt showed that N8.27trn or 31.55% of the debt was external while N17.94trn or 68.45% of the debt was domestic. Total domestic debt for the 36 states and Federal Capital Territory was N4.04 trillion with Lagos state accounting for 10.9% of the total domestic debt stock while Yobe State has the least debt stock in this category with a contribution of 0.7% to the total domestic debt stock. The Nigerian Stock Exchange (NSE) published its monthly Domestic & Foreign Portfolio investment report for December 2019. The report revealed that the total transactions at the nation's bourse declined by 25.84% to N127.94 billion from N172.52 billion recorded in November 2019. The total value of transactions executed by domestic investors outperformed transactions executed by foreign investors by 2%. Total domestic transactions decreased by 24.44% to N64.80 billion in December from N85.76 billion in November 2019. Similarly, total foreign transactions decreased by 27.22% to N63.14 billion from N86.76 billion during the same period. Total domestic transactions, which is split into retail and institutional investors, revealed that institutional investors outperformed retail investors by 24% during the period. Total retail transactions dipped by 24.03% to N24.47 billion in the reference month from N32.21 billion in November. Likewise, the institutional composition of the domestic market decreased by 24.71% to N40.32 billion in December 2019 from N53.55 billion in the preceding month. The performance of the current month when compared to the performance in the same period (November 2018) of the prior year revealed that total transactions increased by 1.65%.

Stock Market

The Nigerian stock market ended its bullish run last week as the all market index recorded its first decline in 2020. This decline is despite the

increasing number of companies reporting their Q4 and full-year unaudited earnings reports. Consequently, the All Share Index (ASI) declined 2.65% to end at 28,843.53 points from 29,628.84 points the prior week. Similarly, market capitalization dipped by 2.65% to N14.86 trillion from N15.26 trillion the prior week. This week, we might see further declines due to profit booking by investors as more financial scorecards for 2019 are reported.

Money Market

Money market rates hiked as a result of market anticipation of additional CRR debit due to 500 basis points increase in the cash reserve ratio to 27.5%. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates closed higher at 14% and 15.33% from 4.33% and 3.67%. The slightly longer dated instruments such as 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) settled at 9.72% and 9.58% from 8.07% and 8.10% the prior week. This week, we expect rates to trend lower due to open market operation (OMO) maturity of N311.54 billion.

Foreign Exchange Market

The local unit went in varying directions last week. The official rate and Nigerian Autonomous Foreign Exchange (NAFEX) depreciated against the dollar while parallel market appreciated. The official rate marginally declined ending at N307/\$, a 5 kobo drop from the previous week whilst NAFEX lost N1.50 to close at N363.75/US\$ from N362.25/US\$ the prior week. The parallel market gained N2 to settle at N360/US\$. The depreciation witnessed in the market is despite the Central Bank continuous intervention in the market. This week, rates are expected to remain around current levels with the apex bank's continuous interventions.

Bond Market

The bond market was bullish last week as counterparties bought maturities that appeared to have attract yields. Overall yields on the five-, seven-, ten-, twenty- and thirty-year debt papers finished at 7.99%, 10.09%, 9.76%, 10.99% and 12.24% from 8.16%, 10.13%, 10.18%, 11.13% and 12.49% respectively, the previous week. Consequently, the Access Bank Bond index increased by 29.60 points to close at 3,604.80 points from 3,575.21 points the prior week. We expect the buying sentiment to persist due to unmet demands at the bond market.

Commodities

Oil prices deteriorated last week as worsening coronavirus outbreak continued to take its toll on economies. The outbreak of the disease, which began in Wuhan in China's Hubei province but has now spread to 16 countries and claimed 170 lives, has delivered a sharp hit to Asian markets. Bonny light, Nigeria's benchmark crude dropped 5.91% or \$3.67 cents to close the week at \$58.38 per barrel. In contrast precious metal prices jumped after the US Federal Reserve said the new coronavirus outbreak could hurt China's economy in the short term. Consequently, gold gained 1.21% to \$1,579.25 per ounce while silver rose 0.34% to \$17.86 per ounce. This week oil prices are likely to remain pressured by a bigger-than-expected build in US crude stocks, which last week increased by almost seven times the expected amount. Precious metal might taper this week if expected economic data from China turns out positive.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Feb'20	Mar'20	Apr'20
Exchange Rate (NAFEX) (N/\$)	363	362	362
Inflation Rate (%)	12.01	12.06	12.1
Crude Oil Price (US\$/Barrel)	60	62	65