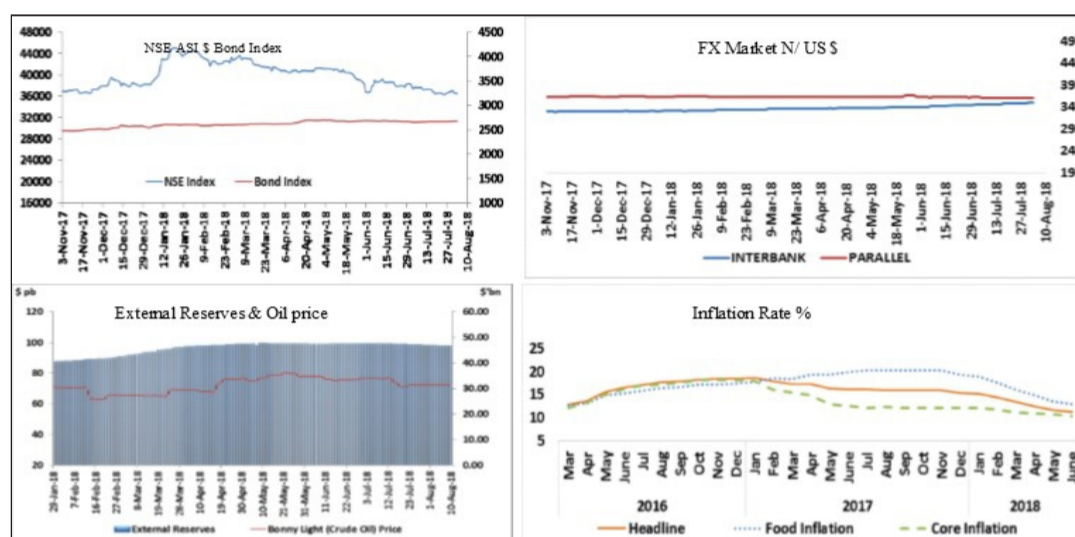


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.95	Q1 2018 — lower by 0.16% compared to 2.11% in Q4 2017
Broad Money Supply (M2) (N' trillion)	25.17	Increased by 2.64% in May 2018 from N24.52 trillion in Apr' 2018
Credit to Private Sector (N' trillion)	22.21	Decreased by 0.21% in May 2018 from N22.25 trillion in Apr' 2018
Currency in Circulation (N' trillion)	1.93	Decreased by 1.36% in May 2018 from N1.96 trillion in Apr' 2018
Inflation rate (%) (y-o-y)	11.23	Declined to 11.23% in June' 2018 from 11.61% in May' 2018
Monetary Policy Rate (%)	14	Raised to 14% in July '2016 from 12%
Interest Rate (Asymmetrical Corridor)	14 (+2/-5)	Lending rate changed to 16% & Deposit rate 9%
External Reserves (US\$ million)	46.76	August 8, 2018 figure — a decrease of 0.66% from August start
Oil Price (US\$/Barrel)	72.35	August 10, 2018 figure — no change from the prior week
Oil Production mbpd (OPEC)	1.66	June 2018 figure — an increase of 1.84% from May 2018 figure



STOCK MARKET

Indicators	Friday 10/08/18	Friday 3/08/18	Change (%)
NSE ASI	35,446.47	36,499.67	(2.89)
Market Cap(N'tr)	12.94	13.32	(2.86)
Volume (bn)	0.19	0.27	(27.56)
Value (N'bn)	2.03	4.26	(52.23)

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	10/08/18	3/08/18	
OBB	8.42	4.33	409
O/N	9.25	5.33	392
CALL	8.40	4.55	385
30 Days	11.11	11.82	(71)
90 Days	12.40	12.43	(3)

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	10/08/18	3/08/18	10/07/18
Official (N)	306.00	305.95	305.75
Inter-Bank (N)	352.28	350.63	346.58
BDC (N)	360.50	360.00	361.00
Parallel (N)	360.00	360.00	361.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	10/08/18	3/08/18	
3-Year	0.00	0.00	0
5-Year	13.96	13.58	38
7-Year	14.10	13.96	14
10-Year	14.01	13.81	20
20-Year	14.33	14.19	14

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: August 10 - August 17, 2018

Global

In the US, job growth slowed in July as employment in the transportation and utilities sectors fell. Nonfarm payrolls increased by 157,000 jobs in July from an upwardly revised 248,000 jobs in June, the Labour Department reported. Key sectors that saw big gains in new hires were professional and business services, manufacturing and health care and social assistance. Despite the weaker-than-expected job growth, the unemployment rate edged down to 3.9% in July from 4% in June. In a separate development, in Japan, a subcommittee of the government's Central Minimum Wage Council Japan has recommended that the national average minimum hourly wage should be lifted to JPY 874 (USD 7.89), a record increase of JPY 26 (0.23) or approximately 3%. Individual regions will adjust their own minimum wages based on the benchmark, with the changes to take effect in October. The increase will be the third straight year that Japan has raised the minimum wage and it comes as the country is in the midst of a severe labour shortage. Japan has also announced to bring in more foreign workers to help tackle its labour shortage. Elsewhere, the Indian Goods and Services Tax (GST) Council gave its approval to slash tax rates on over 100 items that were in the highest 28% tax bracket under the Goods and Services Tax. GST rates on articles including consumer durables like smaller television sets, refrigerators, washing machines, paints and varnishes, lithium ion batteries, and more were brought down to 18% from 28%. The tax council also rationalised rates on several other items.

Domestic

Data from the Central bank of Nigeria (CBN) shows foreign exchange reserves have slid below \$47 billion, losing \$360 million in the first eight days of the month. The country's reserves which stood at \$47.12 billion as of July 31st, fell to \$46.7 billion - the lowest level in nearly four months - on August 8th. The depletion in the nation's external purse may not be disconnected to the weekly intervention of the CBN into the foreign exchange market to ensure the stability of the Naira, and the recent drop in crude price in the global market from over \$80 per barrel in May to around \$72.03 per barrel as of August 10, 2018. Reserves have also come under pressure from increased demand for the greenback by Foreign Portfolio Investments (FPIs) exiting naira assets. In a separate development, the Vice President, has announced a new initiative by the federal government to provide five percent credit facility ranging from N2 million to N10 million to Micro, Small and Medium Enterprises (MSMEs) in the country without collateral. In addition, he stated that the government is also exploring an initiative to allow a special window of 90 days for MSMEs, who have not registered their businesses to do so at a highly subsidized price under the aegis of the Corporate Affairs Commission (CAC). The vice president also disclosed the federal government's plan to launch Shared Facilities for MSMEs Initiative, in partnership with the Bank of Industry (BoI), Federal Inland Revenue Service (FIRS), Nigerian Export-Import Bank (NEXIM), Nigeria Export Promotion Council (NEPC) and the private sector. The initiative will provide MSMEs with access to fully equipped cluster-style facilities, for which they can pay an affordable fee to operate out of. These facilities would have been pre-certified by the relevant agencies like National Agency for Food and Drug Administration and Control (NAFDAC), Standards Organisation of Nigeria (SON), Industrial Training Fund (ITF), NEPC, thereby removing layers of bureaucracy that in the past held back many aspiring entrepreneurs.

Stock Market

The bearish sentiment in the Nigerian bourse continued as the All Share Index dipped 2.89% to

35,446.47 points. Similarly, market capitalization shed N380 billion to close at N12.9412 trillion. The sustained losing streak in the bourse was against the backdrop of continued selling pressure in bellwether equities as well as depreciation in share prices of blue-chip counters across the banking, consumer and industrial goods sectors. This week, we expect sentiments in the Nigerian equities market to turn bullish buoyed by an influx of impressive earnings releases especially in the banking sector.

Money Market

Cost of borrowing at the money market ticked up slightly across most placement tenors amid tightened market liquidity conditions following OMO auction by the CBN and retail SMIS auction. The Open Buy Back (OBB) rate rose to 8.42% from 4.33% the prior week. Similarly, overnight rate rose to 9.25% from 5.33% the week before. Longer-tenured interbank rates, such as the 30-day, 90-day and 180-day NIBOR further edged up to 8.40%, 11.11% and 12.40% respectively from 4.55%, 11.83 and 12.43% the previous week. This week, rates are expected to tick higher as additional liquidity leaves the system on account of an expected wholesale FX auction.

Foreign Exchange Market

The naira traded within a tight band in all markets last week. At the interbank window, it appreciated by N1.65 to close at N352.28/\$ from N350.63/\$ last week. The local unit traded flat against the dollar at N360/\$ at the parallel market, while it weakened by 0.02% in the official market to N306/\$ from N305.95/\$ the previous week. The relative stability seen across all market segments came on the back of periodic Wholesale and Retail Secondary Market Intervention Sales (SMIS) interventions by the apex bank. This week, we expect the naira to continue trading within current rates in all markets as the CBN continues to supply FX.

Bond Market

Bond yields inched higher across most maturities owing to weak demand for longer-dated instruments from both local and foreign investors. Specifically, yields on the 5-, 10- and 20-year bonds finished at 13.96%, 14.01% and 14.33% respectively from 13.58%, 13.81% and 14.19% in that order the previous week. The Access Bank bond index fell by 11.25 points to close at 2,665.95 points from 2,677.20 in the prior week. This week, the bond space may see similar sentiments should weak demand persist at the long end of the curve.

Commodities

Oil prices edged higher last week as on worries that renewed U.S. sanctions against Iran will tighten supplies. Consequently, the Organization of the Petroleum Exporting Countries (OPEC) crude basket price increased by 0.42% to \$72.03 a barrel. Conversely, precious metals prices traded lower as a Federal Reserve policymaker reiterated the need for rate hikes and a stronger dollar weakened demand. Gold slipped 0.80 cents, or 0.07%, to \$1,210.88 an ounce, while silver fell 0.3% to \$15.37 an ounce. This week, we see oil prices rising in the face of geopolitical tensions and recent sanctions imposed on Russia by the US. Precious metals are likely to draw support from global political tensions and turbulence in currency markets.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Aug'18	Sept'18	Oct'18
Exchange Rate (Official) (N/\$)	346.90	347.02	348
Inflation Rate (%)	9.34	9.00	9.00
Crude Oil Price (US\$/Barrel)	76.75	76.00	77.00

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