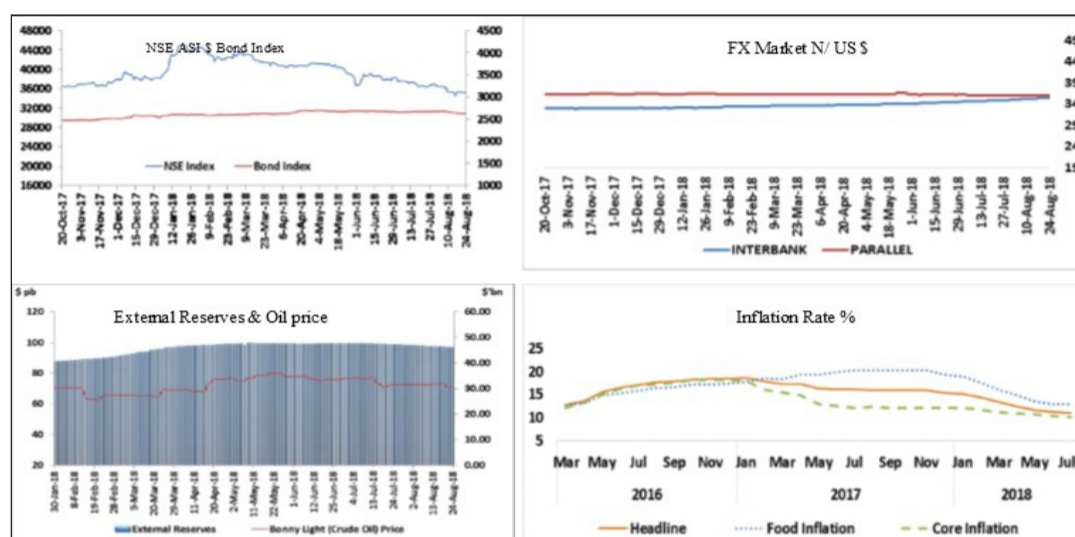


# Access Bank Rateswatch

## 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)  | 24.81           | Decreased by 1.41% in June 2018 from N25.17 trillion in May' 2018 |
| Credit to Private Sector (N' trillion) | 22.28           | Increased by 0.34% in June 2018 from N22.21 trillion in May' 2018 |
| Currency in Circulation (N' trillion)  | 1.90            | Decreased by 1.56% in June 2018 from N1.93 trillion in May' 2018  |
| Inflation rate (%) (y-o-y)             | 11.14           | Decreased to 11.14% in July' 2018 from 11.23% in June' 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)       | 46.26           | August 20, 2018 figure — a decrease of 1.73% from August start    |
| Oil Price (US\$/Barrel)                | 70.86           | August 24, 2018 figure — a decrease of 2.90% from the prior week  |
| Oil Production mbpd (OPEC)             | 1.67            | July 2018 figure — an increase of 4% from June 2018 figure        |



## STOCK MARKET

| Indicators       | Friday<br>24/08/18 | Friday<br>17/08/18 | Change(%) |
|------------------|--------------------|--------------------|-----------|
| NSE ASI          | 35,426.21          | 35,266.29          | 0.45      |
| Market Cap(N'tr) | 12.93              | 12.87              | 0.45      |
| Volume (bn)      | 0.53               | 0.27               | 93.83     |
| Value (N'bn)     | 4.53               | 2.72               | 66.25     |

## MONEY MARKET

| NIBOR   |                    |                    |                         |
|---------|--------------------|--------------------|-------------------------|
| Tenor   | Friday Rate<br>(%) | Friday Rate<br>(%) | Change<br>(Basis Point) |
|         | 24/08/18           | 17/08/18           |                         |
| O/N     | 7.92               | 8.33               | (41)                    |
| CALL    | 8.25               | 8.13               | 12.5                    |
| 30 Days | 12.06              | 12.41              | (35)                    |
| 90 Days | 12.70              | 13.28              | (57.6)                  |

## FOREIGN EXCHANGE MARKET

| Market         | Friday<br>(N/\$) | Friday<br>(N/\$) | 1 Month<br>Rate (N/\$) |
|----------------|------------------|------------------|------------------------|
|                | 24/08/18         | 17/08/18         | 24/07/18               |
| Official (N)   | 306.10           | 306.10           | 305.90                 |
| Inter-Bank (N) | 355.22           | 353.77           | 349.01                 |
| BDC (N)        | 362.00           | 361.00           | 360.00                 |
| Parallel (N)   | 360.00           | 360.00           | 360.00                 |

## BOND MARKET

| AVERAGE YIELDS |               |               |                         |
|----------------|---------------|---------------|-------------------------|
| Tenor          | Friday<br>(%) | Friday<br>(%) | Change<br>(Basis Point) |
|                | 24/08/18      | 17/08/18      |                         |
| 3-Year         | 0.00          | 0.00          | 0.0                     |
| 5-Year         | 14.24         | 14.41         | (17.4)                  |
| 7-Year         | 14.70         | 14.74         | (4.1)                   |
| 10-Year        | 14.49         | 14.52         | (3.7)                   |
| 20-Year        | 14.90         | 14.79         | 10.3                    |

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## Market Analysis and Outlook: August 24 - August 31, 2018

### Global

In the Eurozone, annual inflation rate was confirmed at 2.1% in July 2018, higher than 2% recorded in June and highest seen since December 2017, latest data from the European Statistics Agency (Eurostat) show. The main drivers of the rise in consumer prices were from energy and services, while food rose at a slower pace. Annual core inflation which excludes volatile prices of energy food, alcohol and tobacco was also confirmed at 1.1% in July, slightly above the previous month's rate of 0.9%. Elsewhere in Japan, the Cabinet Office revealed that the Japanese economy expanded by 0.5% in the second quarter, higher than 0.2% recorded in the first quarter of the year. It is the highest rate of expansion since quarter three 2017 and came on the back of strong rebound in household consumption and a faster rise in business spending. Year-on-year, the economy expanded by 1.9%, higher than the upwardly revised contraction of 0.9% in the previous quarter. In a separate development, the United Kingdom consumer prices edged higher to 2.5% in July from 2.4% in June. According to the Office for National Statistics, the rise in the prices of transport, recreation & culture, housing utilities and food & non-alcoholic beverages were largely responsible for the higher inflation print. Core inflation which excludes prices of energy, food, alcohol and tobacco, stood at 1.9% in July, the lowest since March 2017, while month-on-month inflation rate remained the same as the previous month.

### Domestic

A recently published report by the National Bureau of Statistics revealed that the total value of capital imported in Q2'18 was estimated at \$5.51 billion from \$6.30 billion in Q1'18. This was a decrease of 12.53% compared to Q1'18 but a 207.62% increase compared to Q1'17. The slump in capital importation was a result of a decline in Portfolio and other investment, which decreased by 9.76% and 24.07% respectively. Portfolio investment which remained the largest component of capital imported, recorded \$4.12 billion in Q2'18, contributing 74.7% to total capital imported. Foreign Direct Investment (FDI) recorded \$1.13 billion in Q2'18, accounting for 20.5% of total capital and Other Investment recorded \$261 million. In a separate development, the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N821.86 billion among Federal, States and Local Governments in July 2018 from the revenue generated in June 2018. The amount distributed was from the statutory account, value added tax (VAT) and excess bank charges comprising of N687.35 billion, N85.34 billion and N 7.32 billion respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N315.01 billion, states received N194.51 billion and the local governments received N147.05 billion. The oil producing states received N42.85 billion as the 13% derivation fund. Revenue generating agencies such as Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N4.82 billion, N12.21 billion and N5.42 billion respectively as cost of revenue collections.

### Stock Market

The hunt for a bargain in value counters halted the erstwhile unrelenting negative

performance of the benchmark index as the NSE All Share index (ASI) rose 0.45% to close at 35,426.21 points. Similarly, market capitalization advanced 0.45% to settle at N12.93 trillion. week, the direction of the market is likely to be guided by the anticipated release of the country's Q2 GDP figures.

### Money Market

Money market rates declined for the second consecutive week as inflows from maturing Open Market Operations (OMO) exceeded outflows by N264 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates decreased to 6.75% and 7.92% from 7.33% and 8.33% respectively the previous week. Similarly, the 30-day and 90-day NIBOR closed lower at 12.06% and 12.70% from 12.41% and 13.28% the prior week. This week, rates may remain around prevailing levels due to reduced OMO activity.

### Foreign Exchange Market

The naira-dollar exchange rate at the interbank window depreciated marginally by N1.45 to close at N355.22/\$ from N353.77/\$ the previous week. At the parallel market, the local currency closed at N360/\$, unchanged from the previous week's rate. Similarly, the local unit was stable at the official market at N306.1, same as the previous 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 hover around current levels, as the CBN continues to support the currency.

### Bond Market

Bond yields trended downwards due to increased demand by both local and foreign counter parties as they sought to cover their positions after the sell-off witnessed last week. Yields on the five-, seven- and ten-year debt papers settled at 14.24%, 14.70% and 14.49% from 14.41%, 14.74% and 14.52% respectively the previous week. The Access Bank Bond index declined by 4.67 points or 0.81% to close at 2,632.36 points from 2,637.04 points the previous week. This week, we expect little movement in the market as investors appear comfortable trading at the current yield level.

### Commodities

Oil prices moved higher last week on expectations Iran oil sanctions will tighten global supplies. The US government has introduced financial sanctions against Iran which, from November, will also target the petroleum sector of OPEC's third largest producer. OPEC crude oil price, rose \$3.54 to settle at \$73.01 per barrel, a 5% gain. In a similar vein, precious metals prices edged up after the US President criticized the Federal Reserve for tightening the monetary policy., gold settled up 1.22% at \$1191.47 an ounce, while silver climbed 0.1% to finish at \$14.67 an ounce. This week, oil prices are likely to remain buoyed by a tight supply outlook. For precious metals, the failure of trade talks between the US and China to produce any visible sign of progress, may weigh on prices.

## 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  |