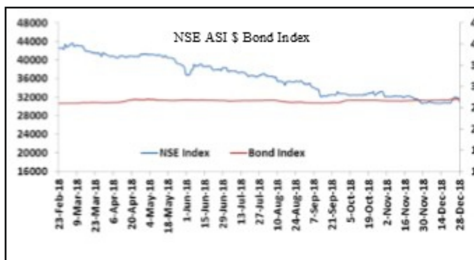
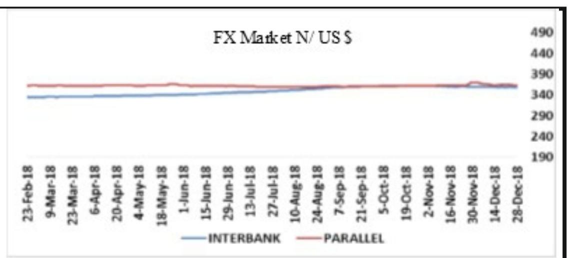
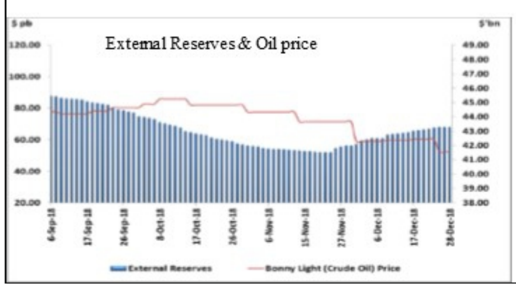
Access Bank Rateswatch

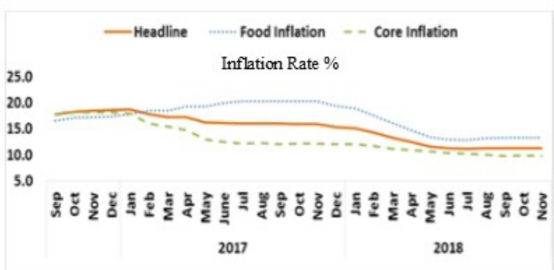
KEY MACROECONOMIC INDICATORS

GDP Growth (%)	1.81	Q3 2018 — Higher by 0.31% compared to 1.50% in Q2 2018
Broad Money Supply (M2) (N' trillion)	25.71	Increased by 1.74% in Oct' 2018 from N25.28 trillion in Sept' 2018
Credit to Private Sector (N' trillion)	22.72	Increased by 0.72% in Oct' 2018 from N22.56 trillion in Sept' 2018
Currency in Circulation (N' trillion)	1.96	Increased by 1.55% in Oct' 2018 from N1.93 trillion in Sept' 2018
Inflation rate (%) (y-o-y)	11.28	Increased to 11.28% in November 2018 from 11.26% in October' 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)	43.29	December 27, 2018 figure — an increase of 2.88% from December start
Oil Price (US$/Barrel)	52.42	December 28, 2018 figure— a decrease by 13.08% from the prior week
Oil Production mbpd (OPEC)	1.75	October 2018 figure — a decrease of 0.96% from September 2018 figure









STOCK MARKET

Indicators	Friday 28/12/18	Friday 21/12/18	Change(%)
NSE ASI	31,037.72	30,773.64	0.86
Market Cap(N'tr)	11.34	11.24	0.86
Volume (bn)	0.20	0.19	1.38
Value (N'bn)	6.54	3.67	78.52

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 28/12/18	Friday Rate (%) 21/12/18	Change (Basis Point)
OBB	17.17	21.67	(450.3)
O/N	18.42	25.08	(666)
CALL	15.00	14.83	16.7
30 Days	12.75	15.78	(303)
90 Days	12.63	14.11	(148.9)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 28/12/18	Friday (N/$) 21/12/18	1 Month Rate (N/$) 28/01/18
Official (N)	307.00	306.95	306.80
Inter-Bank (N)	0.00	358.58	360.15
BDC (N)	0.00	0.00	364.00
Parallel (N)	364.00	365.00	370.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 28/12/18	Friday (%) 21/12/18	Change (Basis Point)
3-Year	0.00	0.00	0.0
5-Year	15.32	15.43	(11.2)
7-Year	15.58	15.58	(0.2)
10-Year	15.19	15.43	(23.9)
20-Year	15.34	15.61	(26.8)

COMMODITIES MARKET

Indicators	28/12/18	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	52.42	(13.08)	(18.68)
Natural Gas ($/MMBtu)	3.34	(7.99)	9.29
Agriculture			
Cocoa ($/MT)	2395.00	4.86	23.71
Coffee ($/lb.)	101.55	(0.98)	(22.00)
Cotton ($/lb.)	72.21	(3.99)	(6.83)
Sugar ($/lb.)	12.22	(1.85)	(20.29)
Wheat ($/bu.)	512.50	(2.01)	18.22
Metals			
Gold ($/t oz.)	1278.30	1.32	(2.98)
Silver ($/t oz.)	15.35	4.85	(10.70)
Copper ($/lb.)	268.00	(0.22)	(18.24)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 28/12/18	Friday (%) 21/12/18	Change (Basis Point)
1 Mnth	14.95	15.44	(49)
2 Mnths			0
3 Mnths	14.49	13.42	108
6 Mnths	13.46	13.93	(47)
9 Mnths	16.55	16.74	(18)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 28/12/18	Friday (%) 21/12/18	Change (Basis Point)
Index	2716.56	2694.97	0.80
Mkt Cap Gross (N'tr)	8.52	8.46	0.81
Mkt Cap Net (N'tr)	5.29	5.24	1.00
YTD return (%)	10.59	9.71	0.88
YTD return (%)(US $)	-45.25	-46.10	0.85

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	24,372.79	11.2045	28-Nov-2018
182 Day	23,157.66	14.0155	28-Nov-2018
364 Day	103,071.72	16.8829	28-Nov-2018

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

Market Analysis and Outlook: December 28, 2018 - January 4, 2019

Global Economy

In the US, the trade deficit rose to a 10-year high of $55.5 billion in October, data released by the US Commerce Department showed. Imports rose by 0.2% month-on-month (m-o-m) to a record $266.5bn in October as US companies stocked up on Chinese goods ahead of the holidays before the next hike in US tariffs that were expected to kick in on 1 January 2019 (this was postponed following recent talks between the US and China at the G20 meeting). Meanwhile, exports slipped by 0.1% m-o-m to $211 billion, largely because of a big drop in soybean shipments. Retaliatory tariffs by China have curbed US exports of soybeans in particular. In a separate development, in China, the National Bureau of Statistics (NBS) reported that the country's fixed asset investment (FAI) growth picked up to 5.9% y-o-y for the first 11 months of 2018, compared to 5.7% y-o-y for the previous ten months, implying growth of 7.7% y-o-y for the month of November. The private sector continued to outperform the headline figure, posting cumulative growth of 8.7% y-o-y for 2018 until November, slightly down from October's cumulative rate of 8.8% y-o-y. In terms of sectors, manufacturing FAI remained the bright spot, picking up to 9.5% y-o-y from 9.1% over the same period. Elsewhere, the Bank of England (BoE) held the policy rate unchanged at 0.75% in its December meeting. Against a backdrop of a cautious outlook on the economy in light of Brexit-related risks, the BoE's forward guidance suggests a gentle pace of rate hikes in the coming years.

Domestic Economy

Provisional estimates for Nigeria's Balance of Payments (BOP) in the third quarter (Q3) 2018, showed the overall BOP deteriorated to a deficit of $4.5 billion in the third quarter of the year (Q3'18) from $503 million surplus in the second quarter of the year (Q2'18). A breakdown of the BOP data into its various components indicated that the current account balance (CAB) plunged to a deficit of $3.1 billion (relative to a surplus of $4.5bn in Q2-18), dragged down by a 70.5% increase in the payments for import of goods to US$14,1bn (especially non-oil products) which more than offset the 2.8% increase in export earnings. Similarly, the financial account also underperformed as net financial liabilities skyrocketed from $2.6bn in Q2-18 to $10.7bn on a 9.6% depletion in external reserves and decline in foreign portfolio inflow from US$4.2bn in Q2-18 to $1.8bn in Q3-18. In a separate development, the World Bank reiterated its expectation for 1.9% GDP growth for Nigeria in 2018. Earlier in October, the bank reduced its growth projection to 1.9% from an earlier forecast of 2.1%. The downward revision was hinged on the sluggish growth in economic activities recorded in H1-18, due to growth lags in both the oil and non-oil sectors of the economy.

Stock Market

Last week, investor perception improved in the equities market and the NSE ASI returned a weekly gain of 0.86% to close at 31,037.72 points. Similarly, market capitalization increased by N100 billion to end the week at N11.34 trillion. This week, we anticipate that continued hunt for bargains will lift performance gauges further.

Money Market

Cost of borrowing moderated last week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates fell to 17.17% and 18.42% from 21.67% and 25.08% respectively the previous week. The 30-day NIBOR eased to 12.75% from 15.78% the prior week, while 90-day NIBOR closed at 12.63% from 14.11% the week before. The moderation in short dated rates resulted from Open Market Operation (OMO) maturity of about N218 billion during the week. In the coming year, rates will be influenced by the Central Bank of Nigeria's (CBN) liquidity management efforts.

Foreign Exchange Market

The naira appreciated slightly against the United States dollar across various segments of the foreign exchange market last week on sustained supply of the greenback by the Central Bank of Nigeria (CBN). Specifically, on the Interbank segment, the local unit strengthened by 0.08% to close at N358.31/$. Also, the naira appreciated at the parallel market segment by 0.27% to close N364 to a dollar last week from N365 the week earlier. Next week, we envisage the naira would remain close to prevailing levels due to the Central Bank of Nigeria's liquidity injections.

Bond Market

Bonds yields moderated across most maturities for the week ended December 28, 2018. Yields declined due to liquidity in the system resulting in demand for debt papers. Yields on the five-, seven- and twenty-year debt papers settled at 15.32%, 15.58% and 15.34% from 15.43%, 15.58% and 15.61% for the corresponding maturities the previous week. The Access Bank Bond index rose by 21.59 points to close at 2,716.56 points from 2,694.97 points the previous week. This week, status quo may persist due to liquidity in the system.

Commodities

Crude oil prices settled lower last week, pressured by concerns over a faltering global economy and worries about a glut in crude supply. US crude inventories rose by 6.9 million barrels to 448.2 million barrels on increased refinery output, according to data released by the American Petroleum Institute. Bonny light, Nigeria's benchmark crude oil, shed $7.89 to close at $52.42 a barrel, a 13.08% loss from the previous week. In contrast, precious metals climbed last week, as concerns about slowing global economic growth and a partial government shutdown in the United States stoked safe-haven demand. Gold prices edged up 1.32% to $1,278.30 per ounce last week, while silver prices finished the week 71 cents, or 4.85%, higher at $15.35 per ounce. This week, a number of bearish factors, notably resumption of production at Britain's largest oilfield and weak economic data from China will likely exert downside pressure on oil prices. We expect precious metals prices to sustain the upward momentum as ongoing geo-political uncertainties buoy safe haven demand.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jan'19	Feb'19	Mar'19
Exchange Rate (Interbank) (N/$)	363	364	365
Inflation Rate (%)	11.31	11.61	11.45
Crude Oil Price (US$/Barrel)	55:00	58.00	60.00

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