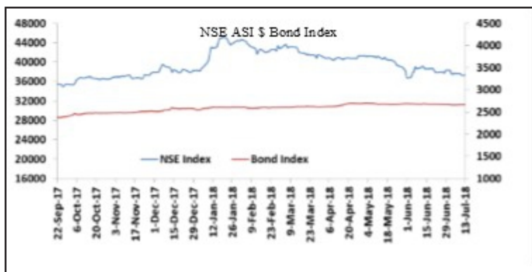
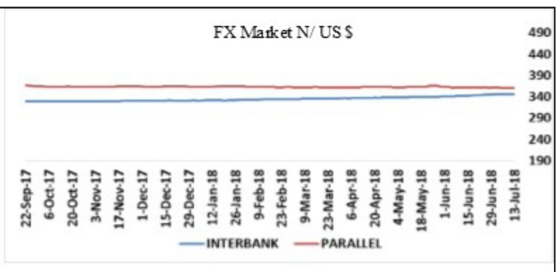
access

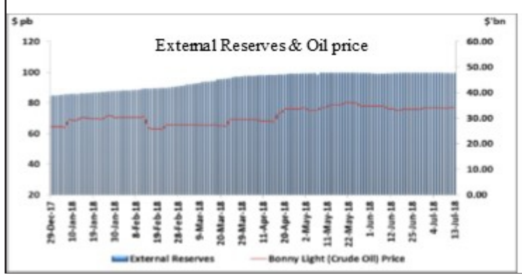
Access Bank Rateswatch

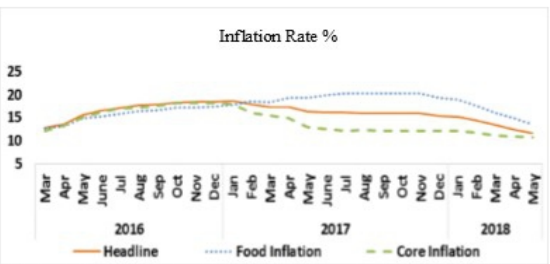
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.95	Q1 2018 — lower by 0.11% 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)	11.61	Declined to 11.61% in May' 2018 from 12.48% in Apr' 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)	47.70	July 11, 2018 figure — a decrease of 0.17% from July start
Oil Price (US$/Barrel)	77.02	July 13, 2018 figure— an increase of 0.39% from the previous week
Oil Production mbpd (OPEC)	1.66	June 2018 figure — an increase of 1.84% from May 2018 figure









STOCK MARKET

Indicators	Friday 13/07/18	Friday 6/07/18	Change(%)
NSE ASI	37,392.77	37,625.59	(0.62)
Market Cap(N'tr)	13.55	13.63	(0.62)
Volume (bn)	0.21	0.32	(33.40)
Value (N'bn)	3.24	3.07	5.30

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 13/07/18	Friday Rate (%) 6/07/18	Change (Basis Point)
OBB	8.92	11.33	(241)
O/N	9.42	12.92	(350)
CALL	9.95	16.06	(611)
30 Days	12.84	13.80	(96)
90 Days	13.39	14.76	(136)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 13/07/18	Friday (N/$) 6/07/18	1 Month Rate (N/$) 13/06/18
Official (N)	305.80	305.70	305.90
Inter-Bank (N)	346.82	346.17	342.71
BDC (N)	361.00	360.50	360.99
Parallel (N)	361.00	361.00	362.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 13/07/18	Friday (%) 6/07/18	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	13.64	13.57	7
7-Year	13.94	13.90	4
10-Year	13.85	13.88	(3)
20-Year	14.10	14.15	(5)

COMMODITIES MARKET

Indicators	13/07/18	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	77.02	0.39	19.48
Natural Gas ($/MMBtu)	2.80	(1.41)	(8.38)
Agriculture			
Cocoa ($/MT)	2479.00	2.61	28.05
Coffee ($/lb.)	110.90	2.69	(14.82)
Cotton ($/lb.)	87.47	6.61	12.86
Sugar ($/lb.)	10.99	(3.17)	(28.31)
Wheat ($/bu.)	490.00	(2.83)	13.03
Metals			
Gold ($/t oz.)	1241.34	(1.08)	(5.78)
Silver ($/t oz.)	15.81	(1.56)	(8.03)
Copper ($/lb.)	276.40	(2.00)	(15.68)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 13/07/18	Friday (%) 6/07/18	Change (Basis Point)
1 Mnth	11.50	12.07	(57)
3 Mnths	11.75	11.39	35
6 Mnths	12.64	12.66	(1)
9 Mnths	12.79	12.99	(20)
12 Mnths	12.95	13.09	(14)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 13/07/18	Friday (%) 6/07/18	Change (Basis Point)
Index	2,666.49	2,658.35	0.31
Mkt Cap Gross (N'tr)	8.49	8.47	0.28
Mkt Cap Net (N'tr)	5.50	5.49	0.16
YTD return (%)	8.55	8.22	0.33
YTD return (%)(US $)	-46.68	-46.96	0.28

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	5,395.70	10	20-June-2018
182 Day	20,000.00	10.3	20-June-2018
364 Day	14,614.11	11.5	28-June-2018

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

Market Analysis and Outlook: July 13 - July 20, 2018

Global Economy

In China, data from the General Administration of Customs showed that exports increased 11.3% year-on-year in June, slower than the 12.6% rise seen in May. At the same time, annual growth in imports slowed to 14.1%, well below the 26% increase in May. Consequently, the overall trade surplus surged to $41.61 billion in June from $24.9 billion in May. The data comes as China and the US are embroiled in a bitter trade dispute. In India, manufacturing sector activity in June grew at the strongest pace this year, supported by rise in domestic and export orders, according to a monthly survey. The Nikkei India Manufacturing Purchasing Managers Index (PMI) rose to 53.1 in June from 51.2 in May, registering the fastest improvement since December 2017. This is the 11th consecutive month that the manufacturing PMI remained above the 50-point mark—a score above 50 means expansion, while below that denotes contraction. In Japan, confidence among the biggest manufacturers slipped for the second straight quarter, a key central bank survey showed. The Bank of Japan's Tankan report - a quarterly survey of about 10,000 companies - showed a reading of 21 among major manufacturers in its June survey against 24 in the March report. The manufacturers surveyed include automakers and electronics companies that are the mainstay of Japan's economy. The poor result was blamed on labour shortages, the rising price of raw materials, and growing concerns about trade protectionism. In Brazil, the consumer price index rose 4.39% in June year-on-year, gaining strength from the previous month, when the index increased 2.86%, according to the country's statistics office (IBGE).This marked the fastest annual inflation rate since March 2017, when the consumer price index rose 4.57%. The strong increase was largely due to a trucker drivers' strike, which led to shortages of food and fuels and consequently to price increases in the beginning of June.

Local Economy

The Central Bank of Nigeria (CBN) revealed in its monthly business expectation survey report that the confidence index on the macro economy for the month of June 2018 stood at 34.7 index points. This is an improvement over the previous month (28.9 index points). The confidence index has steadily risen over the past five months (Feb: 14.5, Mar: 24.5, Apr: 28.9, May: 28.9). The optimism on the macro economy was driven by the opinion of respondents from the services, industrial, construction and the wholesale/retail trade sectors. The surveyed firms identified insufficient power supply, high interest rate, unfavourable economic climate, financial problems, unclear economic laws, insufficient demand and unfavourable political climate as the major factors constraining business activity in the current month. In a separate development, the apex bank has disclosed that the 2020 targets set out in the National Financial Inclusion Strategy (NFIS) of 2012 are unlikely to be met. This was contained in an "Exposure Draft of the National Financial Inclusion Strategy Refresh," that was posted on its website. The original NFIS document outlined two financial inclusion targets for the year 2020, namely: an overall financial inclusion rate of 80% of the adult population and a formal financial inclusion rate of 70% of the adult population. However, according to CBN's 2016 financial inclusion data, only 58.4% of Nigerian adults were financially included with only 48.6% using formal financial services. In addition, Nigeria still lags 15 targets for channels and products as well as 22 key performance indicators (KPIs) related to these targets.

Stock Market

It was another downward trend on the floor of the Nigerian Stock Exchange (NSE) in the week ended June 13, 2018 as most stock prices depreciated, causing the market volume and value traded to plummet by 33.40% and 5.30% respectively to 212.9 million trades and N3.24 billion in that order when compared to the previous week. The bearish performance was due to negative market sentiments. Market breadth also came out negative as decliners (26) outweighed advancers (17) in the market. Similarly, the All Share Index (ASI) slid by 0.62% or 232.82 points to 37,392.77 from 37,625.59 points the previous week. Likewise, market capitalization declined by 0.62% to N13.55 trillion from N13.63 trillion the preceding week. The week's downturn was subject to losses in the stocks of companies in the consumer goods and industrial goods sectors. This week, market sentiments may improve in anticipation for the expected Q2 2018 financial scorecards.

Money Market

Rates moderated slightly across all tenors in the week ended July 13, 2018 on the back of buoyant market liquidity. Liquidity was boosted in the market from an inflow of about N313 billion in Open Market Operation (OMO) maturity during the week. Open Buy Back (OBB) and the Over Night (O/N) rates slipped to 8.92% and 9.42% from 11.33% and 12.92% respectively the previous week. Longer tenured interbank rates did likewise. The 30-day and 90-day Nigerian Interbank Offer Rates (NIBOR) stood at 12.84% and 13.39% from 13.80% and 14.76% respectively. This week, rates may remain around current levels in the absence of any major inflows or outflows.

Foreign Exchange Market

Foreign exchange rates settled in varying directions in the preceding week. The interbank window depreciated to N346.82/$ from N346.17/$ representing a drop of 65kobo. However, the parallel market rate remained stable at N361/$. The official rate retreated by 10 kobo to N305.8/$ after four consecutive weeks of marginal appreciation. Dollar liquidity remained stable last week with lenders selling export proceeds to customers. This week, the naira is expected to remain around prevailing levels, driven by exporters selling dollars on the interbank currency market and the liquidity provided by the apex bank.

Bond Market

Average bond yields trended northwards on the short to medium end of the curve even as they trended southwards on the long end of the curve. Buying was majorly seen at the long end of the curve. Yields on the five-, seven-, ten- and twenty-year debt papers finished at 13.64%, 13.94%, 13.85% and 14.10% from 13.57%, 13.90%, 13.88% and 14.15% respectively the previous week. The Access Bank Bond index ticked higher by 8.13 points or 0.31% to close at 2,666.49 points from 2,658.35 points the previous week. This week bond yields may decline slightly as current attractive yields spur increased demand on the short to medium end of the curve.

Commodities

Crude oil prices nudged higher driven by ongoing concerns about supply disruptions from OPEC member Venezuela and a strike by two Norwegian oil workers' trade unions that disrupted production at Shell's Knarr field. Bonny light, Nigeria's crude oil benchmark, gained 30 cents a barrel to settle at $77.02. In contrast, precious metal prices slipped as the dollar firmed against the yuan after the United States threatened to impose additional tariffs on Chinese goods, escalating trade tensions between the world's two largest economies. Gold fell 1.08% at $1,241.34 an ounce, while silver was 1.6% lower at $15.81 an ounce. This week, oil prices may likely come under pressure from concerns about global trade tensions and an announcement from Libya that oil production was recovering after weeks of unrest. For precious metals, we anticipate the Federal Reserve's hawkish tightening cycle, a strong economy, and a higher U.S. dollar will weigh on prices even further.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jul'18	Aug'18	Sept'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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