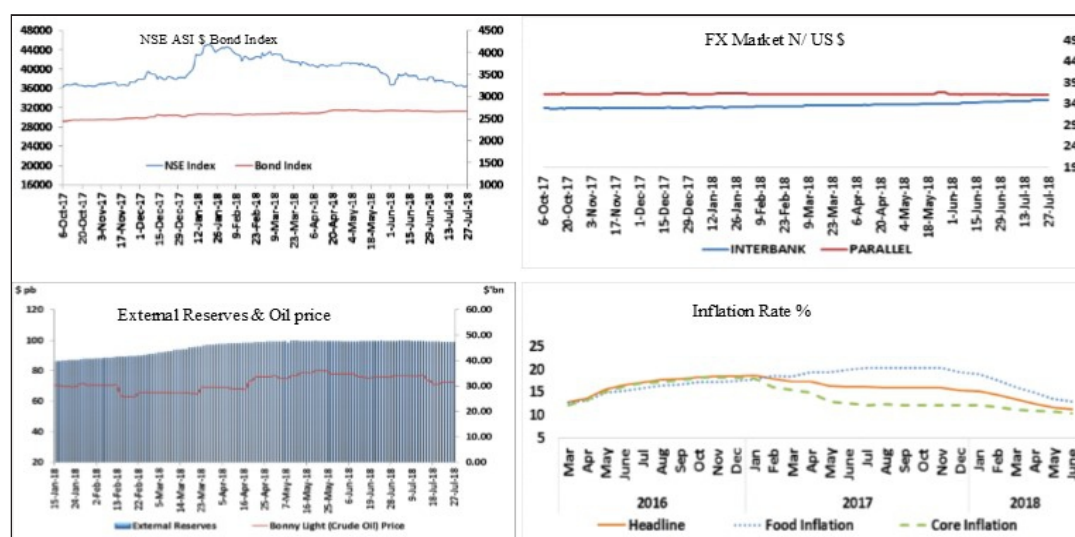


Access Bank Rateswatch

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)	47.28	July 25, 2018 figure — a decrease of 1.05% from July start
Oil Price (US\$/Barrel)	72.35	July 27, 2018 figure — an increase of 1.54% 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 27/07/18	Friday 20/07/18	Change(%)
NSE ASI	36,636.97	36,603.44	0.09
Market Cap(N'tr)	13.27	13.26	0.09
Volume (bn)	0.31	0.68	(54.21)
Value (N'bn)	3.49	3.90	(10.63)

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	27/07/18	20/07/18	
OBB	6.83	15.00	(817)
O/N	7.25	15.67	(842)
CALL	7.73	8.15	(42.0)
30 Days	12.84	12.70	14
90 Days	13.52	13.33	18.4

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	27/07/18	20/07/18	27/06/18
Official (N)	305.90	305.85	305.75
Inter-Bank (N)	349.41	348.12	344.91
BDC (N)	361.55	361.00	360.00
Parallel (N)	360.00	360.00	362.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	27/07/18	20/07/18	
3-Year	0.00	0.00	0.0
5-Year	13.70	13.68	1.8
7-Year	13.95	13.99	(3.9)
10-Year	13.82	13.78	3.4
20-Year	14.21	14.14	6.9

Disclaimer

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Market Analysis and Outlook: July 27 - August 3, 2018

Global

In the Eurozone, the European Central Bank retained its key policy rate at 0% at the end of its policy meeting on the 26th of July 2018. It also left its deposit facility rate and the marginal lending facility rate unchanged at -0.4% and 0.25% respectively. The bank said it expects the rates to remain at their present levels through 2019 and as long as necessary to ensure the continued sustained convergence of inflation levels to 2% and below. The ECB stated that it will continue to make net purchases under the asset purchase programme (APP) at the current monthly pace of €30 billion until the end of September 2018, after which it will reduce the monthly pace to €15 billion till the end of December. Elsewhere in the US, IHS Markit reported that the US manufacturing Purchasing Managing Index (PMI) notched up to 55.5 in July from 55.4 in June. This reflected slightly stronger growth of the manufacturing sector amid a robust rise in new orders and a solid upturn in both production volumes and employment. The degree of positive sentiment also picked up in June and has remained above the average seen in 2017. In a separate development, India consumer price for the month of June was recorded at 5% from 4.87% in the prior month. It is the highest rate of inflation since January and the eight straight month that inflation rate is above the central bank target inflation rate of 4% according to the ministry of commerce and industry. This came on the back of higher prices of housing, fuels and light, clothing and footwear, and tobacco.

Domestic

At the conclusion of the third Monetary Policy Committee (MPC) meeting of the year last week, committee members voted 7-3 to retain all monetary policy tools at prevailing levels. Specifically the Committee retained the Monetary Policy Rate (MPR) at 14%, Asymmetric corridor around the MPR at +200/-500 basis points, Cash Reserves Ratio (CRR) at 22.5%, and Liquidity Ratio (LR) at 30%. The decision was against the backdrop of potential inflationary pressures especially from food prices, a liquidity injection in H2 2018 from the implementation of the 2018 budget and pre-election spending, and concerns over portfolio outflows in a policy-normalising global environment. boost lending to the real sector, the Committee hinted at plans to introduce non orthodox policies such as buying of corporate commercial papers and a differentiated dynamic Cash Reserve Requirement (CRR) regime to compensate banks for lending to the private sector. It disclosed that details of the framework were being worked out by its Banking Supervision, Monetary Policy and Research departments. In a separate development, newly released data by the National Bureau of Statistics show that headline inflation declined by 38 basis points (bps) to 11.23% year-on-year (y-o-y), to register a 17-month consecutive decline on a year-on-year basis since January 2017. The slowdown in inflation was broad-based. The biggest contributions to the reduction in inflation in June came from easing food price pressures. Food inflation edged lower by 47bps to record 12.98% y-o-y compared to May's 13.45% y-o-y. Similarly, core inflation trended lower by 32bps to 10.39% y-o-y.

Stock Market

Trading indicators at the local bourse ticked up last week. The bullish performance was a result of bargain hunters taking advantage of low share prices, especially of interim dividend paying companies. The All Share Index (ASI) notched up by 33.53 points to close at 36,636.97 points from 36,603.44 points the previous week, representing a gain of 0.09%. Similarly, market capitalization gained 0.09% to

close at N13.27 trillion from N13.26 trillion the previous week. Stocks in the industrial goods, consumer goods and the oil & gas sectors aided the rise in the market. This week, market direction will be swayed by expected Q2 earnings.

Money Market

Money market rates trended downwards at the close of the market last week following inflows of about N725 billion from Open Market Operations (OMO) maturities and the Federation Account Allocation Committee (FAAC) payments which boosted liquidity. The combined inflows outweighed outflows of N585 billion from OMO auctions. Open Buy Back (OBB) and Over Night (O/N) rates eased to 6.83% and 7.25% from 15% and 15.67% the previous week. Call rates also declined, to close at 7.73% from 8.15% the prior week. This week, cost of funds in the interbank money market is expected to tick up as a result of expected Retail Sales Market Intervention Sales (SMIS).

Foreign Exchange Market

The naira-dollar exchange rate depreciated at most market segments last week. At the official window, it lost 5 kobo to settle at N305.9 from N305.85 the previous week. Similarly, at the Interbank market the local unit weakened by N1.29 to close at N349.41/\$ from N348.12/\$. Meanwhile, at the parallel market the currency closed flat at N360. The weakening seen in the official and interbank markets comes amidst sustained intervention in the FX market by the monetary regulator. This week, the naira is expected to be stable on the back of sustained injections by the apex bank.

Bond Market

Bond yields on the average rose across most maturities last week even though the Access Bank bond index posted a modest increase. The index increased slightly by 1.10 points to close at 2,671.41 points from 2,670.31 points. The upswing witnessed was due to uptake of bonds by both local and international parties during the bond auction as they sought to cover their short positions. Yields varied across maturities as the seven year yield declined from 13.99% to 13.95% while the five-, ten and twenty-year debt papers increased to 13.70%, 13.82% and 14.21% at the close of market last week, from 13.68%, 13.78% and 14.14% for the corresponding maturities the prior week. This week we expect that yields will decline as liquidity in the market will spur demand.

Commodities

Oil prices rose last week after Saudi Arabia suspended crude shipments through a strategic Red Sea shipping lane and as data showed US inventories fell to a 3½-year low. Bonny light, Nigeria's benchmark crude, gained \$1.5, or 2.8%, higher at \$72.35 per barrel. In contrast, precious metals prices edged lower as trade jitters eased after the United States agreed to refrain from imposing tariffs on cars from the European Union following US - EU trade talks. Gold prices fell 0.46% to close at \$1219.32 per ounce, while silver slipped 0.1% to settle at \$15.37 per ounce. This week, oil prices will likely remain supported by easing trade tensions. For precious metals, we see prices pressured by strength of the US dollar and hawkish stance by the US Fed.

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