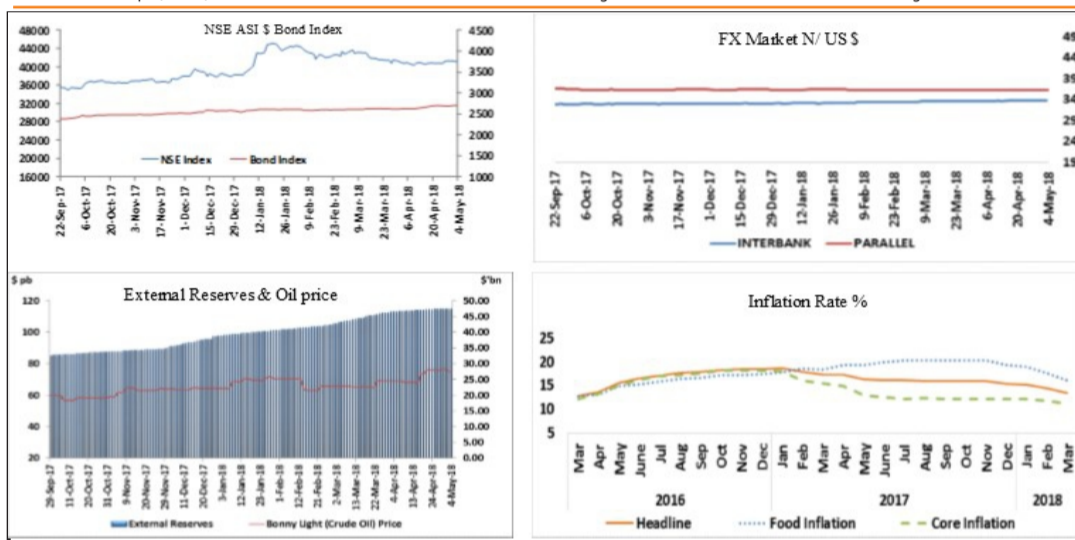


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.92	Q4 2017 — higher by 0.52% compared to 1.40% in Q3 2017
Broad Money Supply (M2) (N' trillion)	24.30	Increased by 1.18% in Mar' 2018 from N24.02 trillion in Feb' 2018
Credit to Private Sector (N' trillion)	22.44	Decreased by 0.78% in Mar' 2018 from N22.62 trillion in Feb' 2018
Currency in Circulation (N' trillion)	1.67	Decreased by 13.88% in Mar' 2018 from N1.94 trillion in Feb' 2018
Inflation rate (%) (y-o-y)	13.34	Declined to 13.34% in Mar' 2018 from 14.33% in Feb' 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)	47.36	April 25, 2018 figure — an increase of 1.83% from April start
Oil Price (US\$/Barrel)	75.14	May 4, 2018 figure — a decrease of 1.07% from the previous week
Oil Production mbpd (OPEC)	1.81	Mar' 2018 figure — an increase of 1.12% from Feb' 2018 figure



## STOCK MARKET

Indicators	Friday	Friday	Change(%)
	4/5/18	27/4/18	
NSE ASI	41,218.72	41,244.89	(0.06)
Market Cap(N'tr)	14.93	14.94	(0.07)
Volume (bn)	0.25	0.32	(22.20)
Value (N'bn)	3.77	2.80	34.76

## MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	4/5/18	27/4/18	
OBB	2.8300	2.8300	0
O/N	3.3300	3.4200	(9)
CALL	3.0000	3.5875	(59)
30 Days	11.2696	12.0457	(78)
90 Days	12.9418	14.0013	(106)

## FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	4/5/18	27/4/18	4/4/18
Official (N)	305.70	305.65	305.60
Inter-Bank (N)	338.71	338.26	336.43
BDC (N)	360.00	359.50	359.25
Parallel (N)	362.00	363.00	362.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	4/5/18	27/4/18	
3-Year	0.00	0.00	0
5-Year	12.68	12.63	6
7-Year	12.52	11.55	97
10-Year	12.98	12.76	21
20-Year	13.07	13.01	6

## 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: May 4 - May 11, 2018

### Global Economy

In the US, the Fed's policy-setting Federal Open Market Committee (FOMC) kept its key interest rate unchanged at 1.5% to 1.75% at the conclusion of its two-day meeting held last week. The Fed reaffirmed that it expected to continue on a path of "further gradual increases" in the benchmark lending rate, which it last hiked in March. The Committee also noted that inflation "is expected to run near the committee's symmetric 2 percent objective over the medium term." In a separate development, the Eurozone economy expanded at a slower pace in the first quarter, preliminary flash estimate from the European Statistics Agency (Eurostat) showed. On a yearly basis, economic growth eased to 2.5 percent, as expected, from 2.8 percent in the fourth quarter. Temporary factors, including unseasonably-cold weather, striking workers, short-term bottlenecks and even an outbreak of the flu weighed on GDP growth in Q1 2018. Elsewhere in the UK, consumer confidence weakened in April. Market research firm, GfK NOP, said its main measure of consumer confidence fell to -9 points in April from -7 points in March. April's downturn reflected consumers' worsened views of their personal financial situation over the previous 12 months and for the year ahead. In addition, consumers grew more pessimistic concerning the general economic situation in the United Kingdom over the last 12 months and for the year ahead. In another development, activity in India's service sector accelerated in April driven by a pick-up in new business that encouraged firms to hire at the fastest pace in seven years, a private survey showed. The Nikkei/IHS Markit Services Purchasing Managers' Index rose to a three-month high at 51.4 in April from March's 50.3, holding above the 50-mark that separates growth from contraction for a second month.

### Local Economy

The Central Bank of Nigeria (CBN) revealed the execution of a bilateral currency swap agreement with the Peoples Bank of China (PBoC). The transaction is valued at RMB 16 billion (\$2.5 billion or N720 billion) and is aimed at providing adequate local currency liquidity to both Nigerian and Chinese industrialists as well as other businesses, thus reducing the difficulties encountered in the search for third party currencies. The agreement will also provide Naira liquidity to Chinese businesses and provide the Chinese currency liquidity (RMB) to Nigerian businesses. The swap deal would help improve the speed, convenience and volume of transactions between the two countries. First Bank of Nigeria Limited, Stanbic IBTC, Standard Chartered Bank (SCB) and Zenith Bank Plc have been appointed the settlement banks for the currency swap. In a separate development, the Manufacturing Purchasing Managers' Index (PMI) stood at 56.9 index points in April 2018. This indicates an expansion in the manufacturing sector for the thirteenth consecutive month. The index grew at a slightly faster pace when compared to the previous month (56.7 points). This was shown in the latest PMI report by the Central Bank of Nigeria. A composite PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. Twelve of the fifteen sub-sectors surveyed, recorded growth during the month. The cement sub-sector remained unchanged, while the non-metallic mineral and primary metal sub-sectors declined in the month under review.

### Stock Market

Equities gave up most of the week's opening gains to close marginally lower for the week ended May 4, 2018, as profit taking held sway. The All Share Index (ASI) finished lower by 26.17 points to close at 41,218.72 points from 41,244.89 points the previous week, representing a loss of 0.1%. Similarly, market capitalization lost 0.1% to close at N14.93 trillion

from N14.94 trillion the previous week. Stocks in the oil & gas sectors led to the marginal depreciation witnessed in the market. A temporary rebound in buying momentum may be anticipated this week as investors position for short-term gains.

### Money Market

Rates remained stable at the money market last week due to an inflow of about N198 billion in Open Market Operations (OMO) maturing treasury bills. Short-dated placements such as Open Buy Back (OBB) rate remained unchanged at 2.83% while the Over Night (O/N) rate declined marginally to 3.33% from 3.43% the previous week. Longer dated placements also retreated. The 30-day and 90-day NIBOR closed lower at 11.27% and 12.94% from 12.05% and 14% the previous week. This week, rates may remain at the same level or likely decline due to expected retail Secondary Market Intervention Sales (SMIS) refund.

### Foreign Exchange Market

The naira-dollar exchange rate at the interbank window depreciated marginally by 45 kobo to close at N338.71/\$ from N338.26/\$ the previous week. At the parallel market, the local currency closed at N362/\$, lower than the previous week's rate of N363/\$. The local unit however depreciated at the official market by 5 kobo to settle at N305.70 from N305.65 the previous week. The further depreciation may have resulted from tight dollar liquidity. This week, we expect the naira to remain around prevailing levels at the CBN window, supported by the apex bank's regular intervention.

### Bond Market

Bond yields ticked higher for the second consecutive week due to sell-offs across all curves from counterparties. The sell-offs was propelled by investors drifting towards OMO instruments for higher returns. Yields on the five-, ten- and twenty- year debt papers settled at 12.68%, 12.98% and 13.07% from 12.63%, 12.76% and 13.01% respectively the previous week. The Access Bank Bond index rose marginally by 4.98 points or 0.19% to close at 2,695.01 points from 2,690.04 points the previous week. The direction of bond yields would be determined by the expected bond auction.

### Commodities Market

Oil prices retreated in the week ended May 4, 2018 due to a rise in U.S. crude inventories by 6.2 million barrels to about 436 million barrels as reported by the Energy Information Administration (EIA). The Organization of Petroleum Exporting Countries (OPEC) benchmark crude slipped by 0.48% to \$70.66 per barrel from \$71 the previous week. Bonny light, Nigeria's benchmark crude also dipped by 1.1% to \$75.14 per barrel from \$75.95 the previous week. Precious metals prices inched lower as investors sought better returns elsewhere due to the threat of rising interest rates. Gold lost \$10.45 to settle at \$1309.13 per ounce depicting a decrease of 0.79%. There was also a slight decrease in the price of Silver by 12 cents to \$16.39 from \$16.51, representing a drop of 3.6%. Oil prices may advance in the coming week due to tightening global supplies from falling oil production in Venezuela and rising geopolitical tensions between the U.S. and Iran. The expectation of a further rate hike may continue to pressure the prices of precious metals.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	May'18	Jun'18	Jul'18
Exchange Rate (Official) (N/\$)	338.90	339.90	340.10
Inflation Rate (%)	11.89	11.50	10.80
Crude Oil Price (US\$/Barrel)	72	70	70