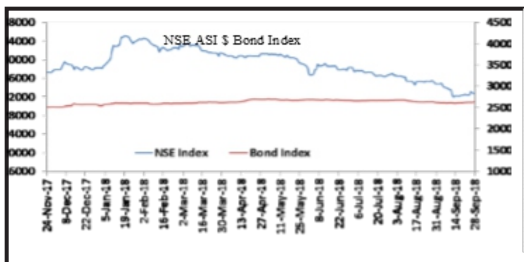
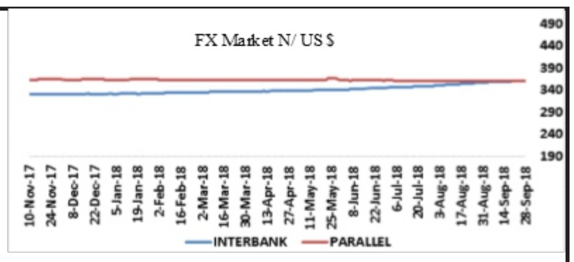
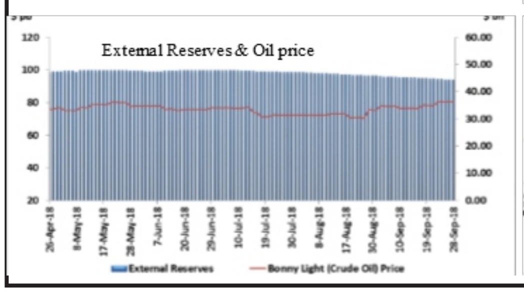
Access Bank Rateswatch

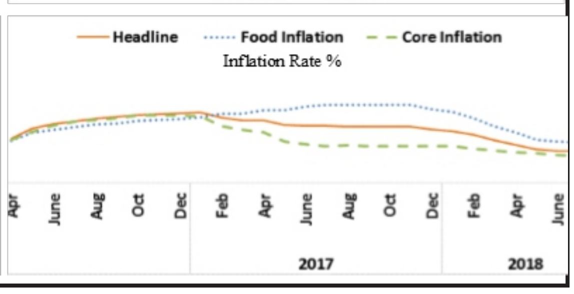
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.50	Q2 2018 — lower by 0.45% compared to 1.95% in Q1 2018
Broad Money Supply (M2) (N' trillion)	24.97	Increased by 0.63% in July 2018 from N24.81 trillion in June' 2018
Credit to Private Sector (N' trillion)	22.26	Decreased by 0.09% in July 2018 from N22.28 trillion in June' 2018
Currency in Circulation (N' trillion)	1.82	Decreased by 3.99% in July 2018 from N1.90 trillion in June' 2018
Inflation rate (%) (y-o-y)	11.23	Increased to 11.23% in August' 2018 from 11.14% in July' 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)	44.46	September 26, 2018 figure — a decrease of 2.56% from September start
Oil Price (US$/Barrel)	80.41	September 28, 2018 figure— an increase of 2.80% from the prior week
Oil Production mbpd (OPEC)	1.73	August 2018 figure — an increase of 4.48% from July 2018 figure









STOCK MARKET

Indicators	Friday 28/09/18	Friday 21/09/18	Change(%)
NSE ASI	32,766.37	32,540.17	0.70
Market Cap(N'tr)	11.96	11.88	0.70
Volume (bn)	0.18	0.52	(64.75)
Value (N'bn)	2.82	10.58	(73.33)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 28/09/18	Friday Rate (%) 21/09/18	Change (Basis Point)
OBB	6.00	4.00	200.0
O/N	7.17	4.75	242
CALL	5.75	5.00	75.0
30 Days	13.04	11.88	116
90 Days	13.50	13.62	(12.1)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 28/09/18	Friday (N/$) 21/09/18	1 Month Rate (N/$) 28/08/18
Official (N)	306.35	306.30	306.15
Inter-Bank (N)	361.05	360.37	355.78
BDC (N)	362.99	362.50	360.00
Parallel (N)	361.00	361.00	361.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 28/09/18	Friday (%) 21/09/18	Change (Basis Point)
3-Year	0.00	0.00	0.0
5-Year	14.62	14.75	(13.3)
7-Year	14.97	15.16	(19.2)
10-Year	15.14	15.00	13.9
20-Year	15.13	15.36	(23.7)

COMMODITIES MARKET

Indicators	28/09/18	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	80.41	2.80	24.74
Natural Gas ($/MMBtu)	3.03	2.71	(0.85)
Agriculture			
Cocoa ($/MT)	2132.00	(3.18)	10.12
Coffee ($/lb.)	99.40	(0.40)	(23.66)
Cotton ($/lb.)	77.44	(1.00)	(0.08)
Sugar ($/lb.)	10.98	(6.23)	(28.38)
Wheat ($/bu.)	511.50	(1.92)	17.99
Metals			
Gold ($/t oz.)	1182.97	(1.87)	(10.22)
Silver ($/t oz.)	14.29	(0.42)	(16.87)
Copper ($/lb.)	277.60	(0.45)	(15.31)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 28/09/18	Friday (%) 21/09/18	Change (Basis Point)
1 Mnth	12.57	11.02	155
3 Mnths	12.69	12.97	(28)
6 Mnths	13.37	13.36	1
9 Mnths	14.52	14.55	(2)
12 Mnths	14.95	14.79	16

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 28/09/18	Friday (%) 21/09/18	Change (Basis Point)
Index	2636.05	2619.89	0.62
Mkt Cap Gross (N'tr)	8.52	8.47	0.61
Mkt Cap Net (N'tr)	5.37	5.33	0.69
YTD return (%)	7.31	6.65	0.66
YTD return (%)(US $)	-48.20	-48.83	0.63

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	5395.7	11	19-Sept-2018
182 Day	8385.2	12.2	19-Sept-2018
364 Day	168361.35	13.475	19-Sept-2018

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

Market Analysis and Outlook: September 28 - October 5, 2018

Global

In the US, the Federal Open Market Committee of the Federal Reserve hiked interest rate at its last 2-day meeting concluded on 26th September 2018. The target range for the federal funds rate was raised by 25 basis point (bps) to 2% - 2.25%. The decision came on the back of stronger macroeconomic indicators, notably; strengthened labour market, growth in household spending and business fixed investment and inflation remaining near the targeted 2% benchmark. The policy makers hinted at another hike this year, 3 increases in 2019 and 1 increase in 2020 in line with previous expectation. Elsewhere in the United Kingdom, the gross domestic product (GDP) growth rate has been revised to 1.2% from its initial estimate of 1.3%. The Office for National Statistics (ONS) reported that growth was driven by household consumption and net external demand while business investment shrank. In a separate development, Japan's unemployment rate declined to 2.4% in August from 2.5% the prior month. Jobs-to-applicants ratio remained unchanged at 1.63%, same as last month. There were 1.67 million unemployed persons in August, fifty thousand less than in July, employment also increased by 260 thousand to 66.62 million. The labour force rose by 220 thousand to 68.29 million while those detached from the labour force went down 240 thousand to 42.59 million as reported by the official statistic of Japan.

Domestic

The Central Bank of Nigeria (CBN) concluded its 2-day Monetary Policy Committee (MPC) meeting on September 25. The apex bank decided to maintain the Monetary Policy Rate (MPR) at 14%, while the MPC also retained the cash reserve requirement (CRR) ratio at 22.5%, the liquidity ratio at 30% and the asymmetric corridor around the MPR at +200 bps/-500 bps. The MPC highlighted that, as identified at the July meeting, a certain level of macroeconomic stability has been achieved. Nonetheless, the MPC called on the government to fast track the implementation of the 2018 budget to help jumpstart the process of sustainable economic recovery. In another development, Standard and Poor's (S&P) Global Ratings has affirmed has affirmed its 'B/B' long- and short-term sovereign credit ratings on Nigeria with a stable outlook. According to the agency, the country's credit rating remains supported by relatively low government debt levels. It noted that the liberalisation of the exchange rate framework, improved FX liquidity conditions and "moderate exchange rate flexibility" have also served to ease credit rating pressures over the past year. The rating body also sees external pressures easing off further with higher oil prices projected to contribute to a wider current account surplus in 2018. On the other hand, the credit rating remains constrained by low economic wealth, weak institutional capacity and slow GDP growth relative to peers.

Stock Market

The local bourse remained bullish for the second consecutive week as bargain hunters took advantage of attractive valuations to purchase bellwether stocks. At the close of trading last week, the All share Index, ASI, appreciated by 0.7% to 32766.37 points from 32540.17 points a week prior. Similarly, Market Capitalization rose by 0.9% to N11.96 trillion from N11.88 trillion the previous week. This week we expect that market might be volatile as investors take position ahead of Q3 earnings scorecards releases.

Money Market

Cost of borrowing rose at the money market across most tenor bucket last week. This was caused by CBN instruction to banks to reverse the Paris fund that they got last week, therefore causing tight liquidity. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates rose to 6% and 7.17% from 4% and 4.75% respectively the previous week. Longer dated placements did likewise as the Call and 30-day NIBOR closed higher at 5.75% and 13.04% from 5% and 11.88% the previous week. This week, we expect rates to trend lower due to OMO maturity and Federation Account Allocation Committee (FAAC).

Foreign Exchange Market

The local currency weakened across most market segments monitored last week. At the interbank window the naira lost 0.19% to close at N361.05/$ compared to N360.37/$ the previous week. The official rate also trended higher, settling at N306.35/$ last week relative to N306.30/$ the week before. This is despite the apex bank's foreign currency liquidity injection during the week. At the parallel market, the Naira remained unchanged week on week. This week, we envisage the naira will oscillate around current levels.

Bond Market

Bond yields on the average declined across most maturities last week. This was largely due increased demands caused by the oversubscription during the bond auction. Some of the unfilled demand at the auction filtered into the bond market, resulting in decline in yields. Yields on the five-, seven-, and twenty-year debt papers dropped to 14.62%, 14.97% and 15.136% from 14.75%, 15.16% and 15.36% respectively for the corresponding maturities the previous week. The Access Bank Bond index increased by 16.16 points to close at 2636.05 points from 2619.89 points the prior week. This week, we expect yields to move upwards as the markets settles on the aftermath of the oversubscription from the bond auction.

Commodities

Oil prices rose as supply outages in Iran combined with the decision by OPEC not to take further action to offset the declines pushed prices to multi-year highs last week. Accordingly, Nigeria's benchmark crude, Bonny light, rose $2.19 or 2.8% to $80.41 per barrel. In contrast, Precious metals declined further as the dollar firmed after upbeat US economic data supported the Federal Reserve's resolve for steady interest rate hikes. Gold dropped 1.87% to $1182.97 an ounce, Silver also closed lower 0.4% to settle at $14.29 an ounce. This week, oil prices are likely continue their upward trend due to ongoing supply concerns. For precious metals, prices are likely to remain bearish as investors turn towards higher yielding securities in the US brought on by the hike in interest rate.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'18	Nov'18	Dec'18
Exchange Rate (Official) (N/$)	362	363	363
Inflation Rate (%)	11.30	11.32	11.45
Crude Oil Price (US$/Barrel)	79	77.00	78.00

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