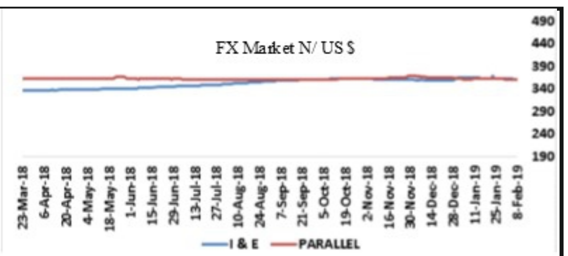
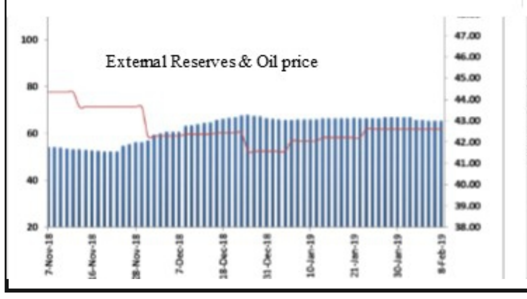
access

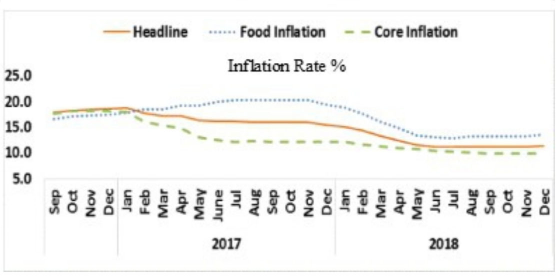
Access Bank Rateswatch

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)	27.07	Decreased by 14.38% in Dec' 2018 from N31.79 trillion in Nov' 2018
Credit to Private Sector (N' trillion)	22.72	Decreased by 1.54% in Dec' 2018 from N23.08 trillion in Nov' 2018
Currency in Circulation (N' trillion)	23.29	Increased by 10.93% in Dec' 2018 from N2.1 trillion in Nov' 2018
nflation rate (%) (y-o-y)	11.44	Increased to 11.44% in December 2018 from 11.28% in November 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)	43.18	February 6, 2019 figure — a decrease of 0.41% from February start
Oil Price (US$/Barrel)	61.94	February 8, 2019 figure— no change from the prior week
Oil Production mbpd (OPEC)	1.75	December 2018 figure — a decrease of 0.63% from November 2018 figure







STOCK MARKET

Indicators	Friday 08/02/19	Friday 01/02/19	Change(%)
NSE ASI	31,529.92	30,636.36	2.92
Market Cap(N'tr)	11.76	11.42	2.92
Volume (bn)	0.72	0.27	167.14
Value (N'bn)	12.21	4.41	176.59

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 08/02/19	Friday Rate (%) 01/02/19	Change (Basis Point)
OBB	18.6700	11.0700	760
O/N	19.4200	11.8600	756
CALL	16.6429	10.8750	577
30 Days	12.1999	13.2457	(105)
90 Days	13.1353	13.4221	(29)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 08/02/19	Friday (N/$) 01/02/19	1 Month Rate (N/$) 08/01/18
Official (N)	306.70	306.75	306.90
Inter-Bank (N)	361.64	362.71	365.09
BDC (N)	361.49	362.00	363.50
Parallel (N)	361.00	361.00	361.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 08/02/19	Friday (%) 01/02/19	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	14.90	15.12	(22)
7-Year	14.72	14.85	(14)
10-Year	14.76	14.89	(13)
20-Year	14.65	15.01	(36)

COMMODITIES MARKET

Indicators	02/02/19	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	61.94	0.00	(3.91)
Natural Gas ($/MMBtu)	2.58	(7.86)	(15.58)
Agriculture			
Cocoa ($/MT)	2,263.00	3.81	16.89
Coffee ($/lb.)	104.05	(2.57)	(20.08)
Cotton ($/lb.)	72.89	(1.75)	(5.95)
Sugar ($/lb.)	12.72	(0.24)	(17.03)
Wheat ($/bu.)	515.00	(0.87)	18.80
Metals			
Gold ($/t oz.)	1,311.00	(0.78)	(0.50)
Silver ($/t oz.)	15.77	(1.44)	(8.26)
Copper ($/lb.)	282.30	2.12	(13.88)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 08/02/19	Friday (%) 01/02/19	Change (Basis Point)
1 Mnth	11.58	12.05	(47)
3 Mnths	12.24	12.02	22
6 Mnths	13.97	14.33	(36)
9 Mnths	16.71	16.72	(1)
12 Mnths	17.44	17.48	(4)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 08/02/19	Friday (%) 01/02/19	Change (Basis Point)
Index	2,752.52	2,727.76	0.91
Mkt Cap Gross (N'tr)	8.88	8.80	0.91
Mkt Cap Net (N'tr)	5.55	5.49	1.17
YTD return (%)	12.05	11.05	1.00
YTD return (%)(US $)	-43.63	-44.67	1.04

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	28,018.96	11.3102	30-Jan-2019
182 Day	58,684.52	14.4753	30-Jan-2019
364 Day	167,932.67	17.6385	30-Jan-2019

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

Market Analysis and Outlook: February 8th – February 15th, 2019

Global Economy

In the US, trade deficit contracted to $49.3 billion in November of 2018 from an upwardly revised $55.7 billion in the prior month. It is the lowest deficit in five months according to the Bureau of Economic Analysis as imports plunged the most since March of 2016 from a record high value reached in the previous month. Total exports notched down 0.6% month-over-month to $209.873 billion. Total imports dipped 2.9% to $259.186 billion from a record high of $266.881 reached in October. The goods deficit with China decreased to $37.9 billion from a record high of $43.1 billion in October. Elsewhere in the Eurozone, the economy advanced 0.2% quarter-on-quarter in Q4 2018, same as the previous quarter, lowest since Q2 2014. Among the Eurozone economy, Lithuania's economy grew 1.6% (vs 0.1% in Q3), Latvia's GDP expanded 1.1% (vs 1.8% in Q3) and Spain's economy expanded (0.7% vs 0.6%). GDP growth rates in France, Belgium and Austria were unchanged at 0.3%, 0.3% and 0.4% respectively according to European Statistical Office. Italy's economy shrank by a steeper than expected 0.2% (-0.1% in Q3) in Q4 due to a fall in domestic demand, throwing the economy in a recession. In a separate development, the Reserve Bank of India reduced its benchmark interest rate by 25 basis point to 6.25% from 6.5% during its February meeting. It also shifted its stance to "neutral" in an attempt to boost a slowing economy as inflation rate remains well below its mid-point 4% target.

Domestic Economy

The Federation Account Allocation Committee (FAAC) disbursed a total of N3.19 trillion (trn) to the Federal Government of Nigeria (FGN) in year 2018 while states received a total of N2.57trn within the reference period. The amount disbursed to the FGN comprised of N2.8trn as Net Statutory Allocation, N156.98 billion (bn) as Valued Added Tax (VAT), N10.66bn as Nigerian National Petroleum Corporation (NNPC) refund to FGN and the distribution of N128.41bn from the foreign exchange (FOREX) equalisation fund. Delta and Akwa Ibom states received the highest allocation of N213.63bn and N202.37bn respectively in 2018 while Osun and Cross River states received the least allocation of N22.84bn and N36.95bn respectively. In a separate development, businesses expressed less optimism on Nigeria's macro economy in January 2019 according to the Central Bank of Nigeria (CBN) monthly Business Expectations Survey (BES) report for January 2019 released last week. The report, which was posted on the apex bank's website stated: "at 25.9 index points, respondents' overall confidence index (CI) on the macro economy in the aforementioned period was less optimistic when compared to its level of 30.5 index points recorded in December 2018." The businesses outlook for February 2019 showed more confidence on the macro economy at 62.1 index points. The respondent firms were made up of small, medium and large organisations covering both import- and export-oriented businesses. The positive outlook by businesses in January 2019, according to the report, was driven by the opinion of respondents from the following sectors: services (13.0 points), industrial (10.9 points), wholesale/retail trade (1.5 points) and construction (0.5 points) sectors. The surveyed firms listed insufficient power supply, high interest rate, unfavourable economic climate, unclear economic laws, financial problems, insufficient demand, unfavourable political climate and competition as the major factors constraining business activity in the reference month.

Stock Market

The local bourse was bullish last week as the market was boosted by expected positive earnings reporting season. The All share Index (ASI) expanded by 2.92% to 31529.92 points from 30,636.36 points the preceding week. Similarly, Market Capitalization increased by a similar rate at 2.92% to N11.76 trillion from N11.42 trillion the prior week. This week, short term profit booking is imminent while volatility continues, as investors and traders reposition for 2019 dividend declaration season which is expected to shape market performance after the elections.

Money Market

Money market rates settled in differing directional performances in various segments. The rise in short-dated rates was a function of tight liquidity in the market as the market is estimated to have closed in a negative position due to the OMO auctions conducted during the week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates rose to 18.67% and 19.42% to 11.07% and 11.86% respectively the previous week. Call rates also climbed, to close at 16.64% from 10.88% the prior week. In contrast, Longer-tenured interbank rates, such as the 30-day and 90-day NIBOR edged down to 12.20% and 13.14% respectively from 13.25% and 13.42% the prior week. This week, rates are expected to slightly trend lower on the back of retail refund.

Foreign Exchange Market

The local unit appreciated against the green back across all market segments monitored last week. At the official window the naira gained 0.02% to close at N306.70/$ compared to N306.75/$ the previous week. Similarly, Investors' and Exporters window, it gained 30 kobo to settle at N361.64/$ from N362.71/$ the previous week. At the parallel market the naira remained unchanged at N363/$. The stability of the local currency continues to be supported by the intervention of the apex Bank at the expense of the nation's foreign reserves. This week, we envisage the naira remaining at prevailing levels, as the CBN continues to support the currency.

Bond Market

Average bond yields tapered for the second consecutive time as market participants took strategic positions across select maturities. Emphasis was on the long end of the curve. Yields on the five-, ten- , seven- and twenty-year debt papers closed at 14.90%, 14.72%, 14.76% and 14.65% from 15.12%, 14.85%, 14.89% and 15.01% respectively the previous week. The Access Bank Bond index jumped by 39.24 points or 1.44% to finish at 2,769.94 points from 2,730.70 points the previous week. Market is expected to sustain the buying interest in the near term barring any impactful news.

Commodities

The price of the OPEC basket of crude oil increased by 1% week-on-week to close on Friday at $61.57/barrel. Despite concerns regarding global oil demand, a number of factors contributed to the higher oil price. These are: Opec supply cuts in January, continued sanctions against key producers and a dwindling in the number of oil rigs in the US. The rig count was down by 14 last week. On the other hand, precious metals slumped as Dollar continued to strengthen over stronger US job data. Gold prices dropped 0.78% to $1,311 per ounce last week, while silver prices settled lower by 23 cents, or 1.4%, to $15.77 per ounce. This week, optimism expressed by President of the U.S. over a possible trade deal with China might push oil prices higher. Precious metals prices are expected to rise as threat of another US government shutdown supports the safe haven asset.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Feb'19	Mar'19	Apr'19
Exchange Rate (Interbank) (N/$)	364	364	365
Inflation Rate (%)	11.5	11.61	11.7
Crude Oil Price (US$/Barrel)	60	59	62

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123 **rotimi.peters@accessbankplc.com**