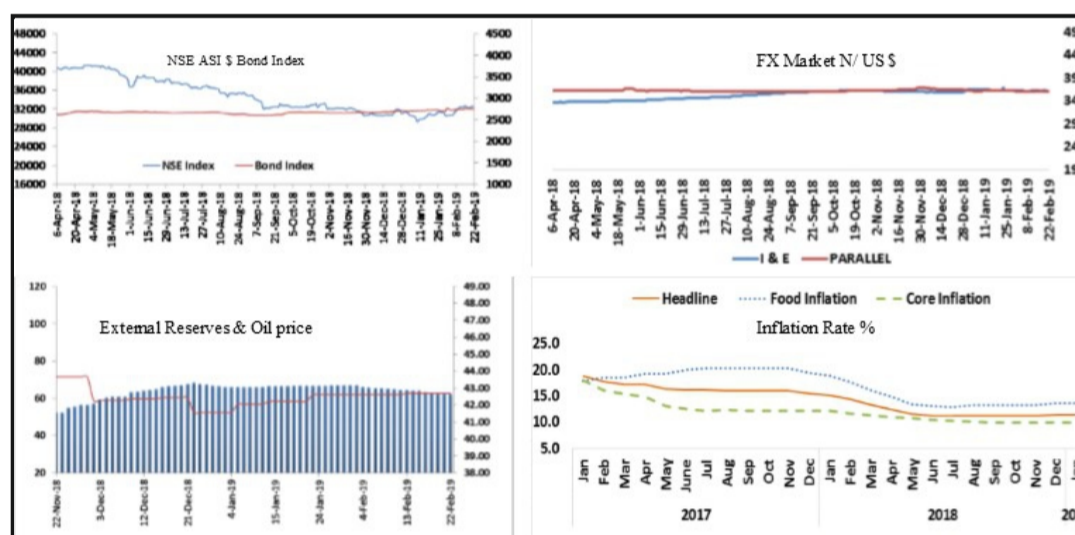


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

GDP Growth (%)	2.38	Q4 2018 — Higher by 0.57% compared to 1.81% in Q3 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
Inflation rate (%) (y-o-y)	11.37	Decreased to 11.37% in January 2019 from 11.44% in December 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)	42.63	February 20, 2019 figure — a decrease of 1.26% from February start
Oil Price (US\$/Barrel)	62.68	February 22, 2019 figure— no change from the prior week



## STOCK MARKET

Indicators	Friday 22/02/19	Friday 15/02/19	Change(%)
NSE ASI	32,515.52	32,715.20	(0.61)
Market Cap(N'tr)	12.13	12.20	(0.61)
Volume (bn)	0.22	0.81	(72.61)
Value (N'bn)	2.24	6.49	(65.45)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	22/02/19	15/02/19	
O/N	20.2500	17.5000	275
CALL	14.0417	16.0417	(200)
30 Days	11.6357	2.4822	(85)
90 Days	12.8455	12.9866	(14)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	22/02/19	15/02/19	22/01/19
Official (N)	306.80	306.75	306.80
Inter-Bank (N)	361.48	361.65	362.46
BDC (N)	0.00	0.00	362.50
Parallel (N)	360.00	362.00	363.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	22/02/19	15/02/19	
3-Year	0.00	0.00	0
5-Year	16.74	15.43	131
7-Year	14.65	14.68	(3)
10-Year	14.70	14.64	6
20-Year	14.58	14.54	5

## 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: February 22nd – March 1st, 2019

### Global Economy

In Japan, the economy grew 1.4% year-on-year in Q4 2018, after a 2.6% contraction in the September quarter. According to data reported by the Cabinet Office, private consumption, which accounts for more than half of the nation's economy, rose 0.6% as households spent more on eating out and traveling. Capital expenditure was up 2.4% as firms took advantage of record-high corporate earnings to boost capacity and productivity. In a separate development, China inflation rate eased to 1.7% in January 2019 from 1.9% in the prior month on the back of lower food prices. It is the lowest inflation rate in the past 1 year as reported by the National Bureau of Statistics, China. Elsewhere in India, consumer price slowed to 2.05% in January 2019 from 2.11% in December 2018. According to the Office of the Economic Adviser, it is the lowest inflation rate since June 2017 as food prices continue to decline. The Reserve Bank of India recently lowered its inflation forecasts to 2.8% for January-March 2019, mentioning a deflation in food items and a sharp fall in fuel inflation.

### Domestic Economy

The National Bureau of Statistics (NBS) in its recent quarterly report said the total value of investment inflows into Nigeria in the fourth quarter of 2018 was estimated to be \$2.14 billion as against \$2.85 billion, \$5.51 billion, \$6.30 billion and \$5.38 billion in Q3 2018, Q2 2018, Q1 2018 and Q4 2017 respectively. The report titled Nigerian Capital Importation (Q4 2018), revealed that the total value of capital importation into Nigeria in the year 2018 grew by 37.49% to \$16.81 billion from \$12.23 billion in 2017. The report further revealed that the largest amount of capital importation by type was received through portfolio investment, which accounted for \$11.80 billion or 70.2% of total investment inflows, followed by "other investment", which accounted for \$3.82 billion or 22.69% of total investments in year 2018. The report also stated foreign direct investment followed as it accounted for \$1.19 billion or 7.11% of total capital imported in 2018. The NBS report revealed that the United Kingdom (UK) emerged as the top source of capital investment in Nigeria in 2018 with \$6.01 billion, accounting for 35.74% of the total capital inflow in year 2018. In a separate development, the National Bureau of Statistics (NBS), revealed that the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N649.19 billion among Federal, States and Local Governments in January 2019 from the revenue generated in December, 2018. The amount distributed was from the statutory account, value added tax (VAT) and exchange gain differences comprising of N547.46 billion, N100.76 billion, and N97.63 million respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N270.17 billion, states received N178.04 billion and the local governments received N133.83 billion. The oil producing states received N45.36 billion as the 13% derivation fund. Revenue generating agencies such as Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N4.69 billion, N4.04 billion and N8.04 billion respectively as cost of revenue collections.

### Stock Market

Indicators at the local stock exchange turned bearish as sentiments around the political environment affected the market. The All share Index (ASI) declined by 0.61% to 32,515.52 points from 32,715.20 points the preceding week. Similarly, Market capitalization contracted by 0.61% to N12.13 trillion from N12.2 trillion the prior week. This week, political considerations, notably the outcome of the all-important Presidential and National Assembly

elections would dominate proceedings on the bourse.

### Money Market

The money market settled in varying directions as short tenured rates rose while longer tenured rates declined. Market liquidity was relatively tight, largely due to Net Open Market Operations (OMO) in the region of N100 billion and February bond auction by the government which drained N150 billion from the system. Accordingly, short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates notched up to 18.83% and 20.25% to 15.83% and 17.50% respectively the previous week. In contrast, longer-tenured interbank rates, such as the 30- and 90-day NIBOR eased to 11.64% and 12.85% from 12.48% and 12.99% the previous week. This week, the market is expected to remain relatively flat amidst expected inflow of bond coupon payment of N39 billion.

### Foreign Exchange Market

The local unit appreciated against the dollar across most market segments. At the Investors' and Exporters window, it gained 17 kobo to settle at N361.48/\$ from N361.64/\$ the previous week. Similarly, at the parallel market the naira settled higher by N2 at N360/\$ from N362/\$ the prior week. In contrast, at the official window, it dipped by 5 kobo to settle at N306.8/\$ compared to N306.75/\$ the prior week. The appreciation recorded in the parallel and Investors' and Exporters market segments may be attributed to the apex bank's regular interventions. This week, we envisage the stability in the market would continue due to consistent FX liquidity injections by the CBN.

### Bond Market

The Fixed Income market closed the week ended 22<sup>nd</sup> of February 2019 on a bearish note with selloffs seen across select maturities particularly the FEB 2028 which was offered at the recent bond auction. Yields on the five-, ten- and twenty-year debt papers closed at 16.74%, 14.70% and 14.58% from 15.43%, 14.64% and 14.54% respectively the previous week. The Access Bank Bond index declined by 3.42 points or 0.12% to finish at 2,758.94 points from 2,762.37 points the previous week. This week, result of the bond auction held last week will influence market direction in the near term as the unmet demand filters into the Bond market.

### Commodities

Last week, oil prices rose as signs of tighter global crude supplies outweighed pressure from a continued rise in U.S. production and the global economic slowdown. OPEC basket of prices gained \$1.69 to close at \$65.97 a barrel, 3% up from the previous week. In a similar vein, gold prices rallied as concerns over a global economic slowdown spurred safe-haven demand. Consequently, gold prices increased 0.40% to \$1,316.24 per ounce last week. Meanwhile silver prices settled lower by 12 cents, or 0.8%, to \$15.77 per ounce on the back of weak demand. This week, we expect crude oil prices will continue to find support from tighter supply on the back of OPEC-led output cuts and US sanctions on Venezuela. For precious metals, prices are likely to inch higher buoyed by optimism over US-China trade talks.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Feb'19	Mar'19	Apr'19
Exchange Rate (Interbank) (N/\$)	364	364	365
Inflation Rate (%)	11.5	11.55	11.6
Crude Oil Price (US\$/Barrel)	60	59	62

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