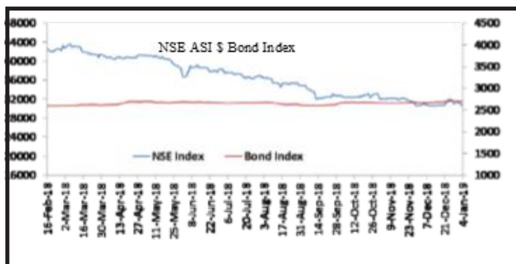
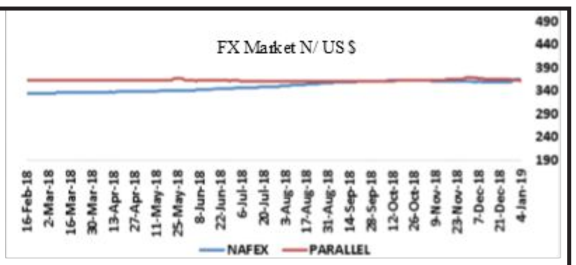
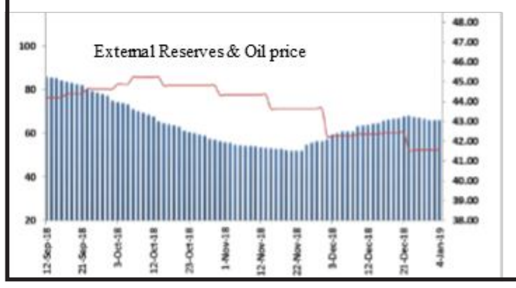
Access Bank Rateswatch

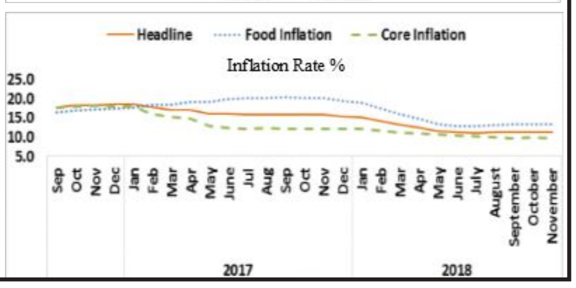
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.81	Q3 2018 — Higher by 0.31% compared to 1.50% in Q2 2018
Broad Money Supply (M2) (N' trillion)	31.79	Decreased by 0.007% in Nov' 2018 from N32.03 trillion in Oct' 2018
Credit to Private Sector (N' trillion)	23.08	Decreased by 0.002% in Nov' 2018 from N23.14 trillion in Oct' 2018
Currency in Circulation (N' trillion)	2.1	Increased by 0.074% in Nov' 2018 from N1.93 trillion in Oct' 2018
Inflation rate (%) (y-o-y)	11.28	Increased to 11.28% in November 2018 from 11.26% in October' 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)	43.08	January 2, 2018 figure — an increase of 1.76% from December start
Oil Price (US$/Barrel)	52.42	January 4, 2019 figure— no change from the prior week
Oil Production mbpd (OPEC)	1.736	November 2018 figure — a decrease of 1.64% from October 2018 figure









STOCK MARKET

Indicators	Friday	Friday	Change(%)
	04/01/19	28/12/18	
NSE ASI	30,638.90	31,037.72	(1.28)
Market Cap(N'tr)	11.43	11.34	0.78
Volume (bn)	0.33	0.20	70.39
Value (N'bn)	1.77	6.54	(72.94)

COMMODITIES MARKET

Indicators	04/01/19	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	52.42	0.00	(18.68)
Natural Gas ($/MMBtu)	3.01	(9.88)	(1.51)
Agriculture			
Cocoa ($/MT)	2,378.00	(0.71)	22.83
Coffee ($/lb.)	102.55	0.98	(21.24)
Cotton ($/lb.)	71.48	(1.01)	(7.77)
Sugar ($/lb.)	11.83	(3.19)	(22.83)
Wheat ($/bu.)	518.00	1.07	19.49
Metals			
Gold ($/t oz.)	1,291.10	1.00	(2.01)
Silver ($/t oz.)	15.71	2.35	(8.61)
Copper ($/lb.)	262.15	(2.18)	(20.03)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	04/01/19	28/12/18	
OBB	20.0000	17.1667	283
O/N	23.7500	18.4167	533
CALL	15.2857	15.0000	29
30 Days	15.8389	12.7500	309
90 Days	13.8439	12.6250	122

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	04/01/19	28/12/18	
1 Mnth	14.94	14.95	(1)
3 Mnths	12.62	14.49	(187)
6 Mnths	13.52	13.46	7
9 Mnths	16.54	16.55	(1)
12 Mnths	17.29	17.31	(3)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$)	Friday (N/$)	1 Month Rate (N/$)
	04/01/18	28/12/18	04/12/18
Official (N)	306.95	307.00	306.85
Inter-Bank (N)	364.50	364.33	359.47
BDC (N)	364.50	364.50	364.50
Parallel (N)	361.00	364.00	370.00

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%)	Friday (%)	Change (Basis Point)
	04/01/19	28/12/18	
Index	2,704.19	2,716.56	(0.46)
Mkt Cap Gross (N'tr)	8.49	8.52	(0.46)
Mkt Cap Net (N'tr)	5.27	5.29	(0.52)
YTD return (%)	10.09	10.59	(0.50)
YTD return (%)(US $)	-45.73	-45.25	(0.48)

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	04/01/18	28/12/18	
3-Year	0.00	0.00	0
5-Year	15.40	15.32	8
7-Year	15.54	15.58	(4)
10-Year	15.39	15.19	21
20-Year	15.49	15.34	15

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	10,000.00	11.1939	2-Jan-2019
182 Day	20,000.00	14.0155	2-Jan-2019
364 Day	44,837.72	16.9512	2-Jan-2019

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

Market Analysis and Outlook: January 4th – January 11th, 2019

Global Economy

In the US, the Purchasing Managers Index (PMI) came in 53.8 in December 2018, a decline from 55.3 reported the previous month. IHS Markit which measures this index reported that it is the weakest pace of expansion in the manufacturing sector since September 2017. This came on the back of weaker overall rise in new orders which led to a drop in business confidence among manufacturing firms in December. The level of optimism was strong, but well below the long-run series average. Positive sentiment was diminished by concerns surrounding the longevity of new business growth. In a separate development, the Ministry of Development, Industry and Foreign trade revealed that Brazil trade surplus expanded to $6.64 billion in December 2018 from $5 billion in December 2017. It is the largest trade surplus since June 2017. Exports jumped to 11.1% from a year ago to $19.56 billion in December, while imports advanced at a softer pace of 2.5% to $12.92 billion. Among major trading partners, exports rose to China (46.5%), ASEAN countries (43.3%), the EU (18.2%) and the US (6.2%), but fell to Argentina (-55.2 %). Imports increased from the US (27%) and Argentina (29.3%), but fell from China (-3.6%), ASEAN countries (-17.1%) and the EU (-16%).

Local Economy

In a recent circular published, the Central Bank of Nigeria announced the development of the Consumer Complaints Management System (CCMS). The apex bank stated that this is an automated system aimed at easing complaints management and thus bolster public confidence in the financial system. Banks and other financial institutions have been instructed to assign tracking numbers for every complaints received from customers, issue an acknowledgement which shall contain the assigned tracking number to the customer and commence upload of complaints to the CCMS on a daily basis. This will take effect from 2nd of January 2019. Failure to comply, it said, will attract sanctions on the erring institution. In a separate development, the Manufacturing Purchasing Managers' Index stood at 61.1 index points in December 2018, the latest PMI report of the Central Bank of Nigeria (CBN) showed. This indicates an expansion in the manufacturing sector for the twenty-first consecutive month. The index grew at a slightly slower pace when compared to the previous month (57.9 points). Thirteen of the fourteen sub-sectors surveyed reported growth during the month. However, the Primary metal subsectors declined in the month under review. Elsewhere, recently published data by the National Bureau of Statistics (NBS), revealed that the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N788.14 billion among Federal, States and Local Governments in November 2018 from the revenue generated in October 2018. The amount distributed was from the statutory account, value added tax (VAT) and exchange gain allocation, comprising of N682.16billion, N105.17 billion and N806.39 billion, respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N299.19 billion, states received N194.92 billion and the local governments received N146.69 billion. The oil producing states received N58.19 billion as the 13% derivation fund and N70 billion was transferred to Excess Crude Account (ECA). Revenue generating agencies such as Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N4.99 billion, N7.59 billion and N5.82 billion respectively as cost of revenue collections.

Stock Market

Indicators at the stock market sustained the bullish momentum seen at the close of last year in the fist week of the New Year. Market capitalization increased by N90 billion to end the week at N11.43 trillion as investors took position in bellwether counters. This week, we expect market volatility to continue as investors and fund managers rebalance their portfolios, while watching the political space and ahead of full year company earnings position and post-election market dynamics.

Money Market

Money market rates ticked up across all placement tenors following retail Secondary Market Intervention Sales (SMIS) auction by the Central Bank of Nigeria CBN. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates rose to 20% and 23.75% from 17.17% and 18.42% respectively the previous week. The 30-day and 90-day NIBOR edged up to 15.84% and 13.84% the prior week from 12.75% and 12.63% respectively. This week, we expect rates to taper on the back of Open Market Operation (OMO) maturity of N375 billion hitting the system.

Foreign Exchange Market

Last week, the local unit strengthened slightly against the green back in most segments supported by intervention of the Central Bank of Nigeria (CBN). At the Official market, the naira appreciated by 0.02% to close at N306.95/$. Also, the naira strengthened at the parallel market segment by 0.82% to close N361 to a dollar last week from N364 the week earlier. This week, we expect the naira to continue trading within current rates in all markets as the CBN continues to supply FX.

Bond Market

Bond yields inched higher across most maturities owing to sell-off on the MAR 2024 and FEB 2028 maturities. Specifically, yields on the 5-, 10- and 20-year bonds finished at 15.40%, 15.39%, and 15.49% respectively from 15.32%, 15.19% and 15.34% in that order the previous week. The Access Bank bond index fell by 12.37points to close at 2,704.19 points from 2,716.56 in the prior week. This week, the bond space may see similar sentiments should weak demand persist at the long end of the curve.

Commodities Market

Oil prices dipped last week on concerns that an economic slowdown in 2019 will cut into fuel demand just as crude supplies are surging. U.S. crude production stood at a record 11.7 million barrels per day (bpd) in late 2018, making America the world's biggest oil producer. The Organization of Petroleum Exporting Countries (OPEC) basket price, lost 97 cents to close at $52.95 a barrel, a 2% loss from the previous week. In contrast, precious metals continued its upward trajectory as prices increased for the third consecutive week. Worries about a global economic slowdown and volatility in equities boosted safe-haven buying. Gold prices notched up 1% to $1,291.10 per ounce last week, while silver prices closed 36 cents, or 2.3%, higher at $15.71 per ounce. This week, oil prices might likely go upwards boosted by optimism over trade talks between the U.S.A and China expected to hold during the week. We expect precious metals prices to remain supported by safe-haven demand as the US government shutdown persists.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jan'19	Feb'19	Mar'19
Exchange Rate (NAFEX) (N/$)	364	364	365
Inflation Rate (%)	11.30	11.61	11.45
Crude Oil Price (US$/Barrel)	57	58.00	62.00

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