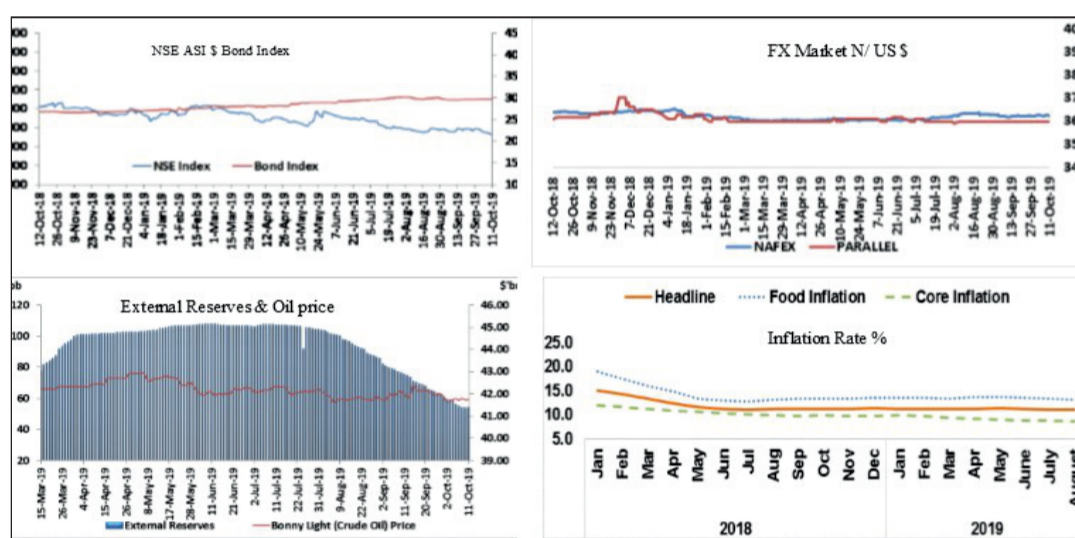


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

GDP Growth (%)	1.94	Q2 2019 — lower by 0.16% compared to 2.10% in Q1 2019
Broad Money Supply (N' trillion)	35.25	Decreased by 1.23% in Aug' 2019 from N35.68 trillion in July' 2019
Credit to Private Sector (N' trillion)	24.83	Increased by 2.24% in Aug' 2019 from N24.29 trillion in July' 2019
Currency in Circulation (N' trillion)	2.01	Increased by 0.79% in Aug' 2019 from N2.0 trillion in July' 2019
Inflation rate (%) (y-o-y)	11.02	Decreased to 11.02% in August 2019 from 11.08% in July 2019
Monetary Policy Rate (%)	13.5	Adjusted to 13.5% in March 2019 from 14%
Interest Rate (Asymmetrical Corridor)	13.5 (+2/-5)	Lending rate changed to 15.5% & Deposit rate 8.5%
External Reserves (US\$ million)	41.39	October 9, 2019 figure — a decrease of 3.67% from September start
Oil Price (US\$/Barrel)	59.10	October 10, 2019 figure — a decrease of 4.25% from the previous wk
Oil Production mbpd (OPEC)	1.87	August 2019 figure — a decrease of 4.8% from July 2019 figure



## STOCK MARKET

Indicators	Friday 11/10/19	Friday 4/10/19	Change(%)
NSE ASI	26,533.78	26,987.45	(1.68)
Market Cap(N'tr)	12.92	13.14	(1.68)
Volume (bn)	0.12	0.14	(15.48)
Value (N'bn)	1.50	1.03	45.43

## MONEY MARKET

NIBOR	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	11/10/19	4/10/19	
O/N	12.43	3.43	900
CALL	12.56	4.10	846
30 Days	11.85	13.77	(192)
90 Days	12.89	14.04	(115)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	11/10/19	4/10/19	11/9/19
Official (N)	306.95	307.00	306.85
Inter-Bank (N)	362.13	362.77	361.99
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	360.00	360.00

## BOND MARKET

AVERAGE YIELDS	Friday (%)	Friday (%)	Change (Basis Point)
	11/10/19	4/10/19	
3-Year	0.00	0.00	0
5-Year	14.40	14.38	2
7-Year	14.31	14.24	7
10-Year	14.34	14.22	12
20-Year	14.41	14.38	3
30-Year	14.62	14.64	(3)

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## Market Analysis and Outlook: October 11 – October 18, 2019

### Global Economy

In the US, inflation rate remained unchanged at 1.7% in September 2019, as a pick up in food inflation was offset by a further decline in energy prices. Food inflation edged up to 1.8% in September from 1.7% in August, as costs of food at home rose at a faster pace (0.6% vs 0.5%). Energy prices tumbled 4.8% in September, following a 4.4% drop in the prior month. The core inflation rate, which excludes volatile items such as food and energy, was also flat at one-year high of 2.4%. In a separate development, the UK Services sector activity slowed further its pace of expansion in August, the latest survey report from Markit Economics showed. The headline seasonally adjusted IHS Markit/CIPS UK Services PMI Index fell to 50.6 in August vs. 51.4 booked in the previous month while missing expectations of 51.0. Business activity in the service sector almost stalled in August as Brexit-related worries escalated, curbing spending by both businesses and consumers. So far this year the services economy has reported its worst performance since 2008, with worrying weakness seen across sectors such as transport, financial services, hotels and restaurants, and business-to-business services. Elsewhere, Moody's Investors Service slashed its 2019-20 GDP growth forecast for India to 5.8% from 6.2% earlier. It said that the Indian economic slowdown was experiencing a pronounced slowdown which is partly related to long-lasting factors. It added, "Although we expect a moderate pick-up in real GDP growth and inflation in the next two years, we have revised down our projections for both. Compared with two years ago, the probability of sustained real GDP growth at or above 8 per cent has significantly diminished."

### Domestic Economy

The President of Nigeria presented a record 10.33 trillion naira budget for 2020 to lawmakers last week, the first spending plan since his re-election in February. The plan for Africa's top oil exporter assumes crude production of 2.18 million barrels a day and an oil price of \$57 per barrel. The President told lawmakers at a joint session of the upper and lower chambers of parliament that the "economic environment remains challenging" but he said the budget was expected to increase the pace of growth. The spending plan, which includes a value-added tax increase from 5% to 7.5%, is up from the 8.83 trillion-naira budget for 2019 and tops the previous record budget spending plan set by the 9.12 trillion-naira budget for 2018. In a separate development, the Central Bank of Nigeria defended the naira with \$8.28 billion through its direct intervention within the first six months of this year, according to its half-year report. The amount was given to different segments of the inter-bank foreign exchange (forex) market, the report said. The forex sales were meant to manage the demand pressure and ensure exchange rate stability, which are within the core mandates of the apex bank. As a result of the intervention, the naira has remained stable at both the official and parallel markets exchanging around N306/\$ and N364/\$ respectively in the first-half of the year. The report, signed by CBN Director, Financial Markets Department, showed that \$2.1 billion was auctioned at the Inter-bank spot, \$550.70 million went to Invisibles, \$810 million for Small and Medium Enterprises (SMEs), \$212.11 million at the Investors and Exporters (I&E) Forex window and \$4.57 billion as Forwards sales.

### StockMarket

Market bears struck again last week as the index closed in the negative for another consecutive week. Bearish-minded institutional and fund managers sold down

their positions due to the nation's weakening economic fundamentals. This consequently led to the market closing in the negative for the fourth consecutive week. The All Share Index (ASI) slipped 1.68% to 26,533.78 points from 26,987.45 points the preceding week. Similarly, market capitalization lost 1.68% to N12.92 trillion from N13.14 trillion the prior week. This week, we anticipate the market to swing to bullish territory as bargain hunters take advantage of the pullback to position ahead of quarterly financials.

### MoneyMarket

There was a significant increase in money market rates driven by tighter liquidity levels and the Retail Secondary Market Intervention Sales (SMIS) FX auction held on the last day of the trading week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates surged to 11.43% and 12.43% from 2.71% and 3.43% respectively the previous week. The Call rate also rose to 12.56% from 4.10% the prior week. This week, we envisage that rates will trend lower due to expected Open Market Operations (OMO) maturities of N463.98 billion.

### Foreign Exchange Market

The naira appreciated against the green-back across most major market segments last week. The NAFEX window, saw an appreciation of 64 kobo to close at N362.13/\$. Likewise, the official window saw an appreciation as it went up by 5 kobo to settle at N306.95/\$. The parallel market remained unchanged at N360/\$. This week, we expect the naira to hover around prevailing levels at the various windows, boosted by the Central Bank's sustained supply of liquidity to the market.

### BondMarket

The bond market was bearish as there was mild selling interest at the request of local clients for some select maturities especially the 2049, 2034, and 2036. Yields on the five-, seven-, ten- and twenty-year debt papers closed higher at 14.40%, 14.31%, 14.34% and 14.38% respectively the previous week. The Access Bank Bond index increased by 0.91 points to finish at 2,976.37 points from 2,977.28 points the previous week. This week, we expect the quiet trend to persist due to low-level of interest on long dated FGN instruments.

### Commodities

Oil price rose last week amid worries over supply from crucial oil-producing regions after Iranian news agencies said a state-owned oil tanker was struck by two missiles in the Red Sea near Saudi Arabia. Bonny light, Nigeria's benchmark oil crude, jumped \$0.94, or 1.62%, to \$59.10 a barrel. In contrast, precious metals prices edged lower today as optimism over US-China trade talks lifted the risk appetite. Equity markets were mostly higher across the globe. Gold dipped to \$1,485.59 an ounce, up 1.59% from the prior week's price, while the silver settled lower at \$17.51 per ounce, compared to the preceding week's close of \$17.60 per ounce. This week, oil prices might continue to trend higher supported by rising tension in the middle east. For precious metals, increasing demand for risky assets and higher Treasury yields are likely to keep pressure on gold prices.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'19	Nov'19	Dec'19
Exchange Rate (Interbank) (N/\$)	363	362	363
Inflation Rate (%)	11.2	11.2	11.5
Crude Oil Price (US\$/Barrel)	65	65	67