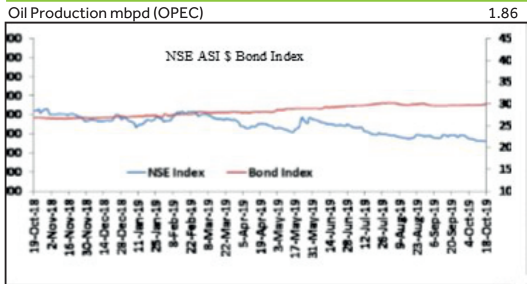
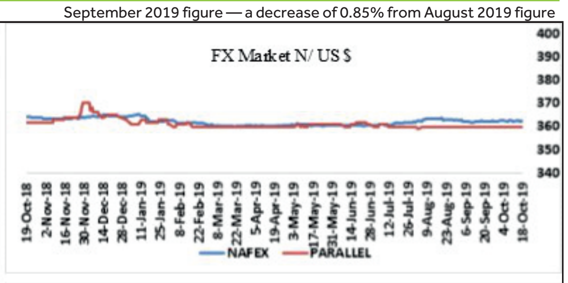
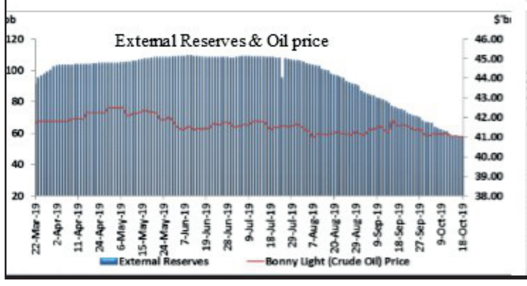
Access Bank Rateswatch

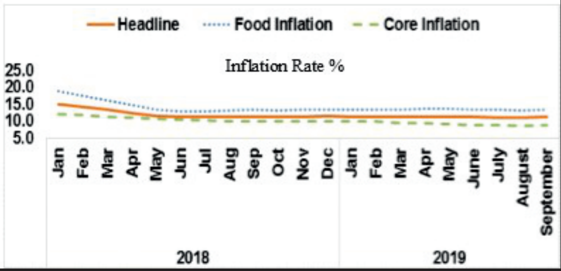
KEY MACROECONOMIC INDICATORS

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)	11.24	Increased to 11.24% in September 2019 from 11.02% in August 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)	41.04	October 16, 2019 figure — a decrease of 3.67% from September start
Oil Price (US$/Barrel)	57.8	October 17, 2019 figure— a decrease of 2.20% from the previous wk
Oil Production mbpd (OPEC)	1.86	September 2019 figure — a decrease of 0.85% from August 2019 figure









STOCK MARKET

Indicators	Friday 18/10/19	Friday 11/10/19	Change(%)
NSE ASI	26,448.62	26,533.78	(0.32)
Market Cap(N'tr)	12.88	12.92	(0.32)
Volume (bn)	0.31	0.12	164.57
Value (N'bn)	5.00	1.50	232.62

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 18/10/19	Friday Rate (%) 11/10/19	Change (Basis Point)
OBB	5.1400	11.4300	(629)
O/N	5.8600	12.4300	(657)
CALL	6.3000	12.5625	(626)
30 Days	12.5278	11.8508	68
90 Days	13.2359	12.8927	34

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 18/10/19	Friday (N/$) 11/10/19	1 Month Rate (N/$) 18/9/19
Official (N)	306.90	306.95	306.90
Inter-Bank (N)	362.21	362.13	362.46
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	360.00	360.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 18/10/19	Friday (%) 11/10/19	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	14.32	14.40	(8)
7-Year	14.13	14.31	(18)
10-Year	14.17	14.34	(17)
20-Year	14.27	14.41	(15)
30-Year	14.56	14.62	(6)

COMMODITIES MARKET

Indicators	18/10/19	1-week Change (%)	YTD Change (%)
Crude Oil $/bbl)	57.80	(2.20)	(10.33)
Natural Gas ($/MMBtu)	2.33	4.95	(23.76)
Agriculture			
Cocoa ($/MT)	2504.00	(1.03)	29.34
Coffee ($/lb.)	92.85	0.11	(28.69)
Cotton ($/lb.)	65.23	4.87	(15.83)
Sugar ($/lb.)	12.25	(0.73)	(20.09)
Wheat ($/bu.)	521.75	4.98	20.36
Metals			
Gold ($/t oz.)	1489.55	0.27	13.05
Silver ($/t oz.)	17.52	0.06	1.92
Copper ($/lb.)	261.10	0.13	(20.35)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 18/10/19	Friday (%) 11/10/19	Change (Basis Point)
1 Mnth	10.92	10.86	6
3 Mnths	11.73	11.87	(14)
6 Mnths	12.23	12.44	(21)
9 Mnths	13.01	13.63	(62)
12 Mnths	14.27	14.60	(33)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 18/10/19	Friday (%) 11/10/19	Change (Basis Point)
Index	2,994.28	2,977.28	0.57
Mkt Cap Gross (N'tr)	9.20	9.15	0.57
Mkt Cap Net (N'tr)	5.84	5.81	0.64
YTD return (%)	21.90	21.20	0.70
YTD return (%)(US $)	-33.89	-34.63	0.74

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate(%)	Date
91 Day	10,000.00	11.0845	02-Oct-2019
182 Day	17,600.58	11.75	02-Oct-2019
364 Day	106,370.50	13.3	02-Oct-2019

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

Market Analysis and Outlook: October 18 – October 25, 2019

Global Economy

In China, the economy expanded 6% year-on-year in September 2019, a slower pace from the 6.2% in the prior quarter. It was the weakest growth rate since the first quarter of 1992, amid persistent trade tensions with the US, weakening global demand and alarming off-balance-sheet borrowings by local governments. Industrial production grew 5.6%, retail sales rose 8.2% year-on-year in the first nine months of the year and China's fixed-asset investment increased 5.4% to CNY46.12 trillion in January to September, slowing from a 5.5% rise in the first eight months of the year. In a separate development, the Eurozone current account surplus contracted to EUR 25.7 billion in August 2019 from EUR 29.6 billion in the corresponding month of the previous year according to data from the European Central Bank. The services surplus dipped to EUR 8.7 billion from EUR 10.7 billion and the primary income surplus decreased to EUR 8.7 billion from 10.3 billion. The secondary income gap climbed to EUR 11.9 billion from EUR 10.4 billion a year earlier. On the other hand, the goods surplus expanded to EUR 20.2 billion from EUR 19.1 billion in August 2018. Elsewhere, India's Ministry of Statistics and Programme Implementation (MOSPI) reported that inflation increased to 3.99% year-on-year in September 2019 from an upwardly revised 3.28% in the previous month. It is the highest inflation rate since July last year, almost touching the central bank's medium-term target of 4%, as food prices rose to an over 3-year high.

Domestic Economy

Data from the National Bureau of Statistics revealed that inflation rate for September 2019 increased to 11.24% year-on-year from 11.02% in August 2019. This represents a 0.22% rise in the rate compared to the prior month and majorly due to increases in the price of food. Core inflation increased to 8.94% when compared to 8.68% in the previous month and food inflation jumped to 13.51% from 13.17% in August 2019. Food items that saw the highest increases were bread & cereals, fish, meat, potatoes, yams & other tubers and fats & oils. Food inflation on a year-on-year basis was highest in Niger state (16.65%) and lowest in Bayelsa state (9.95%). In a separate development, the National Bureau of Statistics (NBS), revealed that the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N693.529 billion among Federal, States and Local Governments in September 2019 from the revenue generated in August 2019. The amount distributed was from the statutory account, value added tax (VAT) and exchange gain differences comprising of N599.70 billion, N92.87billion and N954 million respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N293.80 billion, states received N186.82 billion and the local governments received N140.86 billion. The oil producing states received N51.53 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 a collective sum of N20.52 billion as cost of revenue collection. In a separate development, the International Monetary Fund (IMF) has warned Nigeria and other African countries against their rising level of indebtedness to China, stressing that the non-Paris Club creditors, "create some instability or some vulnerabilities." It also said the present global financial conditions due to the trade dispute between the United States and China, the shift towards a more dovish monetary policy stance in most developed countries, among others, present opportunities for Nigeria and other low-income countries. The Financial Counsellor and Director, Monetary and Capital Market Department, IMF, said in response to a question during a media briefing on the Global Financial Stability Report (GFSR) at the ongoing IMF/World Bank Annual Meetings in Washington DC. According to him, investment flow to Nigeria and other countries in sub-Saharan Africa has been strong and is expected to reach record high this year. He, however, called on the federal government to ensure effective use of its borrowed funds.

Stock Market

Indicators at the local stock exchange plunged further this week, maintaining the bearish path that had dominated the trend in recent times, despite the 2019 Q3 scorecard released to the market. Consequently, the All Share Index (ASI) dropped 0.32% to 26,448.62 points from 26,533.78 points the preceding week. Similarly, market capitalization lost 0.32% to N12.88 trillion from N12.92 trillion the prior week. This week, we anticipate the market to turnaround on the influx of Q3 financials into the market, especially as the NSE's new lows offer traders and investor's opportunities to position for short and medium-to-long-term views

Money Market

Money market rates trended downwards as a result of excess liquidity in the market. Liquidity was boosted by Federation Account Allocation Committee (FAAC) payment of N693.52 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates dwindled to 5.14% and 5.86% from 11.43% and 12.43% respectively the preceding week. The call rate also declined to 6.3% from 12.56% the prior week. This week, we envisage that rates will climb higher due to expected Retail Secondary Market Intervention Sales (SMIS) FX auction.

Foreign Exchange Market

The foreign exchange market went in varying directions for the week ended October 18th 2019. The NAFEX window, saw a slight appreciation of 8 kobo to close at N362.21/$. While, the official window saw an appreciation as it went up by 5 kobo to settle at N306.9/$. The parallel market remained unchanged at N360/$. The appreciation and stability recorded in the parallel and official market segments may be attributed to the apex bank's regular efforts to boost FX liquidity and alleviate dollar shortages. This week, we envisage the stability in the market would continue due to consistent FX liquidity injections by the CBN.

Bond Market

The previous week saw a dive in bond yields due to an active market. There was significant buying interest across most segments due to liquidity and bond maturity. Yields on the five-, seven-, ten- twenty-year, and thirty-year debt papers closed lower at 14.32%, 14.13%, 14.17%, 14.27% and 14.56% from 14.40%, 14.31%, 14.34, 14.41% and 14.62% respectively the previous week The Access Bank Bond index increased by 17 points to finish at 2,994.28 points from 2,977.28 points the previous week. This week, we expect the buying interest to continue given the robust system liquidity amidst the declining yield trend.

Commodities

The price of oil plunged last week after the Energy Information Administration (EIA) reported a 9.3-million increase in crude oil inventories, the third consecutive build up. Bonny light, Nigeria's benchmark oil crude, dipped $1.3, or 2.2%, to $57.80 a barrel. In contrast, precious metals prices edged up as depreciating U.S. dollar on the foreign exchange market and a batch of weak U.S. economic data propped up prices. Gold climbed to $1,489.55 an ounce, up 0.27% from the prior week's price, while the silver closed slightly higher at $17.52 per ounce, compared to the preceding week's close of $17.51 per ounce. This week, oil prices might decline further due to a cease fire in Syria and tentative Brexit deal. For precious metals, we expect it to remain volatile due to the flow of news from global economies.

MONTHLY MACRO ECONOMIC FORECASTS

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

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