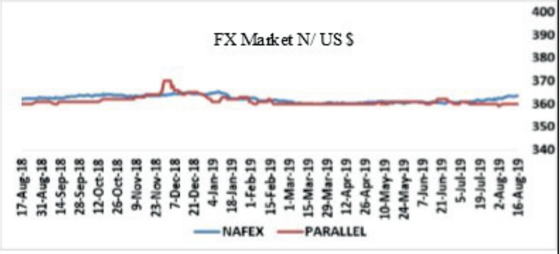
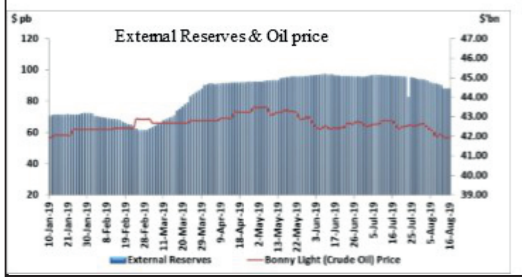
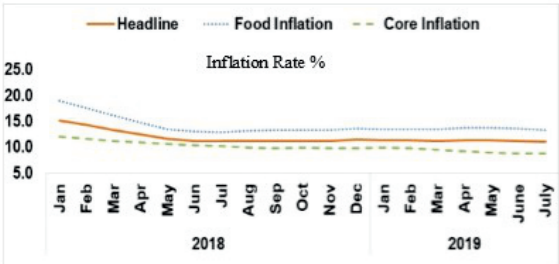
Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

GDP Growth (%)	2.01	Q1 2019 — lower by 0.38% compared to 2.39% in Q4 2018
Broad Money Supply (N' trillion)	34.89	Decreased by 0.77% in May' 2019 from N35.17 trillion in Apr' 2019
Credit to Private Sector (N' trillion)	24.86	Decreased by 0.13% in May' 2019 from N24.89 trillion in Apr' 2019
Currency in Circulation (N' trillion)	2.11	Decreased by 2.22% in May' 2019 from N2.16 trillion in Apr' 2019
Inflation rate (%) (y-o-y)	11.08	Decreased to 11.08% in July 2019 from 11.22% in June 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)	44.45	August 14, 2019 figure — a decrease of 0.94% from August start
Oil Price (US$/Barrel)	56.73	August 16, 2019 figure— a decrease of 3.09% from the previous wk
Oil Production mbpd (OPEC)	1.786	July 2019 figure — a decrease of 1.21% from June 2019 figure







STOCK MARKET

Indicators	Friday 16/08/19	Friday 9/08/19	Change(%)
NSE ASI	26,925.29	27,306.81	(1.40)
Market Cap(N'tr)	13.12	13.31	(1.40)
Volume (bn)	0.26	0.22	16.98
Value (N'bn)	3.53	4.48	(21.14)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 16/08/19	Friday Rate (%) 9/08/19	Change (Basis Point)
OBB	18.0000	12.1400	586
O/N	19.5700	12.8600	671
CALL	17.6875	12.4375	525
30 Days	14.7472	13.1487	160
90 Days	13.8061	12.9501	86

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 16/08/19	Friday (N/$) 9/08/19	1 Month Rate (N/$) 16/07/19
Official (N)	306.90	306.90	306.95
Inter-Bank (N)	363.42	363.31	361.25
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	360.00	360.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 16/08/19	Friday (%) 9/08/19	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	14.25	13.08	117
7-Year	14.04	14.04	0
10-Year	14.31	13.92	39
20-Year	14.30	14.14	16
30-Year	14.55	14.20	35

Disclaimer

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COMMODITIES MARKET

Indicators	16/08/19	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	56.73	(3.09)	(11.99)
Natural Gas ($/MMBtu)	2.19	4.29	(28.34)
Agriculture			
Cocoa ($/MT)	2182.00	(3.07)	12.71
Coffee ($/lb.)	97.75	0.77	(24.92)
Cotton ($/lb.)	60.00	1.45	(22.58)
Sugar ($/lb.)	11.63	1.04	(24.14)
Wheat ($/bu.)	476.50	(5.08)	9.92
Metals			
Gold ($/t oz.)	1513.50	0.75	14.87
Silver ($/t oz.)	17.17	1.00	(0.12)
Copper ($/lb.)	259.55	(0.12)	(20.82)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 16/08/19	Friday (%) 9/08/19	Change (Basis Point)
1 Mnth	13.76	10.95	281
3 Mnths	12.08	11.22	86
6 Mnths	14.27	12.44	183
9 Mnths	14.27	12.70	157
12 Mnths	13.78	13.09	69

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 16/08/19	Friday (%) 9/08/19	Change (Basis Point)
Index	2,974.23	2,990.56	(0.55)
Mkt Cap Gross (N'tr)	9.01	9.06	(0.55)
Mkt Cap Net (N'tr)	5.71	5.78	(1.19)
YTD return (%)	21.08	21.74	(0.66)
YTD return (%)(US $)	-34.71	-34.04	(0.67)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate(%)	Date
91 Day	5,849.03	9.74	17-July-2019
182 Day	26,600.00	10.75	17-July-2019
364 Day	74,598.13	11.139	17-July-2019

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

Market Analysis and Outlook: August 16– August 23, 2019

Global Economy

In China, the Caixin Composite PMI (which includes both the manufacturing and services sectors) increased marginally to 50.9 in July from 50.6 in June. This implies that business activity continued to expand at the beginning of the third quarter. The uptick was driven by a stabilisation in manufacturing output after a decline in June. In contrast, the services PMI declined to 51.6 from 52 previously. This marks the lowest reading in five months and may indicate that the impact of the trade war is now also spilling over to the services sector. In a separate development, UK GDP contracted for the first time in almost 7 years in Q2 2019. According to the Office for National Statistics (ONS), the economy shrank by 0.2% quarter-on-quarter (q-o-q) following an expansion of 0.5% in Q1. The contraction was largely driven by a sharp drop in manufacturing output. This can partly be attributed to sharply lower car production as vehicle manufacturers were unable to reverse closures planned to coincide with Britain's expected departure from the EU at the end of March. Many vehicle manufacturers had planned temporary shutdowns in April, anticipating trade disruptions around the original Brexit date. Elsewhere, the Bank of Japan (BoJ) left its main interest rate unchanged and reiterated its commitment to keep rates "extremely low" until at least early 2020. The bank also added a line in its policy statement saying that "it will not hesitate to take additional easing measures if there is a greater possibility that the momentum toward achieving the price stability target will be lost".

Domestic Economy

The inflation rate for July 2019 declined to 11.08% year-on-year from 11.22% in June 2019. This represents a 0.14% drop in the rate compared to the prior month. Core inflation dropped to 8.80% from 8.84% in the previous month and food inflation fell to 13.39% from 13.56% in June 2019. Food items that saw the highest increases were bread & cereals, fish, meat, tubers and fats & oils. Food inflation on a year-on-year basis was highest in Kebbi state (17.75%) and lowest in Kogi state (10.36%). In a separate development, the President of the Federal Republic of Nigeria directed the Central Bank of Nigeria (CBN) to stop providing FX for food importation. This he said would improve agricultural production and help the country in attaining food security. He also mentioned that the foreign reserve should be used strictly for the diversification of the economy.

Stock Market

Activities at the local bourse remained bearish as first half earnings scorecards failed to excite traders and investors. Minor selloffs were observed among high cap stocks at the close of the week. Accordingly, the All Share Index (ASI) dipped marginally by 1.40% to 26,925.29 points from 27,306.81 points the preceding week. Market capitalization also contracted by the same percentage to N13.12 trillion from N13.31 trillion the prior week. This week, we envisage the mixed performance will remain as selloffs persists in the absence of positive news and economic stimulus.

Money Market

Money market rates closed higher in the week ended August 16, 2019 due to the bi-weekly Retail Secondary Market Intervention Sales (SMIS) FX auction. Consequently, short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates rose to 18% and 19.57% from 12.14% and 12.86% respectively last week. The 90-day NIBOR also advanced to close the week at 13.81% from 12.95% the previous week. In this new week, rates are expected to ease slightly due to expected Open Market Operation (OMO) maturity scheduled to be paid on Thursday.

Foreign Exchange Market

The local currency remained largely stable at the FX market in the week ended August 16, 2019. At the official window and the parallel market, the naira remained unchanged at N306.90/$ and N360/$ respectively from the previous week. However, the naira at the Investors' and Exporters (I&E) window depreciated albeit marginally by 11 kobo to settle at N363.42/$ from N363.31/$ the previous week. This week, we foresee the local currency trading at prevailing levels.

Bond Market

The bearish sentiment witnessed in the bond market a fortnight ago prevailed in the market last week. Thus, sell-offs were recorded across most maturities. Yields on the five-, seven-, ten-, twenty- and thirty- year debt papers trended upwards to settle at 14.25%, 14.31%, 14.30% and 14.55% from 13.08%, 13.92%, 14.14% and 14.20% respectively. The Access Bank Bond index declined by 16.33 points to 2974.23 points from 2990.56 points the previous week. This week, we expect the current trend to persist given the continuous drive to sell securities by market participants.

Commodities

The price of Nigeria's crude oil benchmark, bonny light, moved lower last week, recording a 1.81% decline to $56.73 per barrel compared to $58.54 the previous week. Prices were weighed down as US crude inventories unexpectedly rose, fears of recession mounted and economic data out of China and Europe disappointed. In contrast, precious metals prices climbed, buoyed by safe-haven. The increase in safe-haven demand comes as both actual GDP prints for Q2 2019 continue to disappoint and concerns over future growth on the back of deteriorating trade dynamics take centre stage. Gold breached the $1,500 per ounce last week, settling at $1,513.50 per ounce, while silver ended up 1% at $17.17 per ounce. This week, we anticipate oil prices will remain pressured by fears of recession and ongoing US-China trade dispute. For precious metals, a combination of dovish monetary policy and trade tensions will support safe-haven buying, exerting an upside on prices.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Sept'19	Oct'19	Nov'19
Exchange Rate (Interbank) (N/$)	361	361	361
Inflation Rate (%)	11.15	11.2	11.2
Crude Oil Price (US$/Barrel)	65	67	67

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