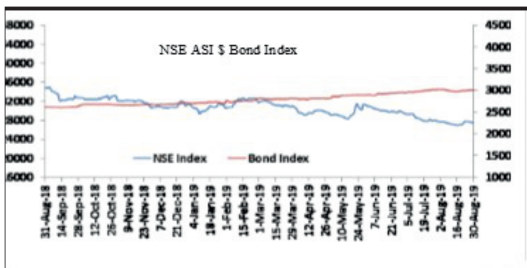
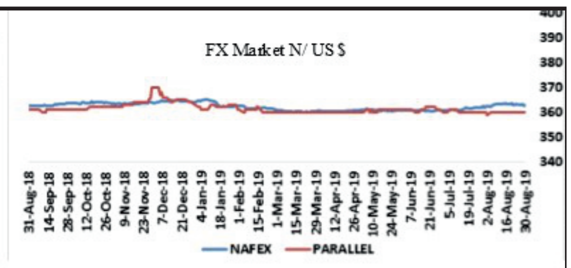
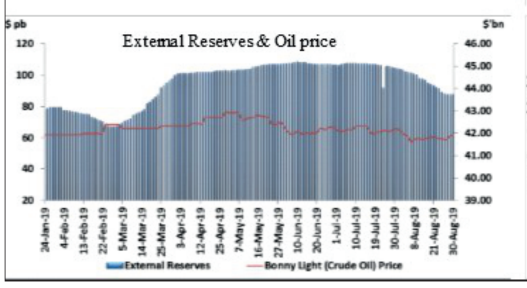
Access Bank Rateswatch

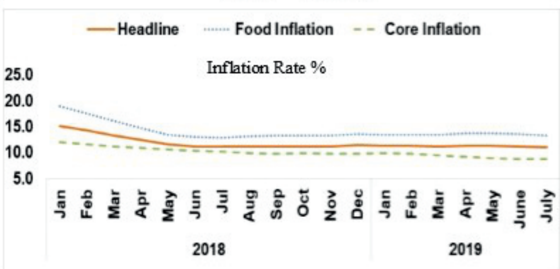
KEY MACROECONOMIC INDICATORS

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)	43.73	August 28, 2019 figure — a decrease of 2.55% from August start
Oil Price (US$/Barrel)	60.33	August 30, 2019 figure— an increase of 1.46% 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 30/08/19	Friday 23/08/19	Change(%)
NSE ASI	27,525.81	27,818.50	(1.05)
Market Cap(N'tr)	13.39	13.53	(1.05)
Volume (bn)	0.12	1.14	(89.07)
Value (N'bn)	1.82	2.26	(19.66)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 30/08/19	Friday Rate (%) 23/08/19	Change (Basis Point)
OBB	9.2900	17.7100	(842)
O/N	10.5000	18.7900	(829)
CALL	9.2500	19.1667	(992)
30 Days	13.9985	15.3656	(137)
90 Days	12.9832	14.8772	(189)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 30/08/19	Friday (N/$) 23/08/19	1 Month Rate (N/$) 30/07/19
Official (N)	307.00	306.95	306.90
Inter-Bank (N)	362.93	363.14	361.91
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	360.00	360.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 30/08/19	Friday (%) 23/08/19	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	14.37	14.49	(12)
7-Year	13.85	14.05	(20)
10-Year	14.16	14.29	(13)
20-Year	14.23	14.33	(10)
30-Year	14.56	14.50	6

COMMODITIES MARKET

Indicators	30/08/19	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	61.21	1.46	(5.01)
Natural Gas ($/MMBtu)	2.27	5.58	(25.72)
Agriculture			
Cocoa ($/MT)	2199.00	(1.39)	13.58
Coffee ($/lb.)	95.60	(1.44)	(26.57)
Cotton ($/lb.)	58.95	(0.56)	(23.94)
Sugar ($/lb.)	11.19	(3.28)	(27.01)
Wheat ($/bu.)	466.50	(1.06)	7.61
Metals			
Gold ($/t oz.)	1525.32	2.02	15.77
Silver ($/t oz.)	18.37	7.62	6.86
Copper ($/lb.)	257.45	0.27	(21.46)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 30/08/19	Friday (%) 23/08/19	Change (Basis Point)
1 Mnth	13.03	14.89	(185)
3 Mnths	11.42	15.06	(363)
6 Mnths	13.95	15.72	(176)
9 Mnths	14.74	15.38	(64)
12 Mnths	14.98	15.35	(38)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 30/08/19	Friday (%) 23/08/19	Change (Basis Point)
Index	2,989.74	2,992.54	(0.09)
Mkt Cap Gross (N'tr)	9.05	9.07	(0.18)
Mkt Cap Net (N'tr)	5.73	5.71	0.37
YTD return (%)	21.71	21.82	(0.11)
YTD return (%)(US $)	(34.13)	(33.99)	(0.14)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate(%)	Date
91 Day	24,372.79	11.1	28-Aug-2019
182 Day	38,751.85	11.58	28-Aug-2019
364 Day	145,475.02	12.89	28-Aug-2019

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

Market Analysis and Outlook: August 30 - September 6, 2019

Global Economy

In the US, Federal Reserve Chairman Jerome Powell delivered his highly anticipated speech at the Jackson Hole Economic Policy Symposium, reiterating the Fed will "act as appropriate" to sustain the U.S. economic expansion. The Fed Chief cited President Donald Trump's announcement of new tariffs on Chinese imports as well as further signs of a global economic slowdown, notably in Germany and China. Powell also pointed to several geopolitical events, including the growing possibility of a hard Brexit, rising tensions in Hong Kong, and the dissolution of the Italian government. As a result of the subsequent uncertainty, Powell said the Fed is "carefully watching developments as we assess their implications for the U.S. outlook and the path of monetary policy." In a separate development, Eurozone economic confidence improved in August driven by industry and services, survey data from the European Commission showed. The economic sentiment index rose to 103.1 in August from a 40-month low of 102.7 in July. The slight improvement resulted from markedly higher confidence in industry and retail trade, while morale deteriorated significantly in services and construction. The industrial sentiment index climbed to -5.9 from -7.3 in July. The strong increase in the retail trade confidence was fueled by more optimistic views on the present business situation and the adequacy of the volume of stocks. The index advanced to +0.5 from -0.7 in July. Elsewhere in Japan, the total value of retail sales was down a seasonally adjusted 2.3% month-on-month in July, the Ministry of Economy, Trade and Industry reported. On a yearly basis, retail sales sank 2% following the 0.5% increase in the previous month. Large retailer sales tumbled 4.8% year-on-year, following the 0.5% decline a month earlier.

Domestic Economy

Data by the National Bureau of Statistics (NBS), revealed that the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N763.6 billion among Federal, States and Local Governments in July 2019 from the revenue generated in June 2019. The amount distributed was from the statutory account, value added tax (VAT) and exchange gain differences comprising of N652.95 billion, N108.63 billion and N1.02 billion respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N309.43 billion, states received N201.16 billion and the local governments received N151.38 billion. The oil producing states received N38.70billion as the 13% derivation fund. In a separate development, the Manufacturing Purchasing Managers' Index (PMI) stood at 57.9 index points in August 2019. This indicates an expansion in the manufacturing sector for the twenty-ninth consecutive month. The index grew at a faster pace when compared to the previous month (57.6 points). This was shown in the latest PMI report by the Central Bank of Nigeria. A PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. Thirteen of the sub-sectors surveyed recorded growth during the month, while the paper products subsector recorded decline in the period under review. Elsewhere, businesses expressed optimism on Nigeria's macroeconomy in August 2019 according to the Central Bank of Nigeria (CBN) monthly Business Expectations Survey (BES). The report, which was posted on the apex bank's website stated: "at 28.6 index points, respondents' overall confidence index (CI) on the macro economy in the aforementioned period was more optimistic when compared to its level of 28.1 index points recorded in July 2019." The respondent firms were made up of small, medium and large organisations covering both import- and export-oriented businesses. The positive outlook by businesses in August 2019, according to the report, was driven by the opinion of respondents from the following sectors: services (15.4 points), industrial (10.1 points), wholesale/retail trade (2.4 points) and construction (0.7 points) sectors. The surveyed firms listed insufficient power supply, high interest rate, financial problems, unfavourable economic climate, unclear economic laws and unfavourable political climate in that order as the major factors constraining business activity in the reference month. The business outlook for September 2019 showed greater confidence on the macro economy with 64.7 index points.

Stock Market

The bears dominated the nation's stock market last week, with sell pressures witnessed in the banking, industrial and consumer goods sectors. Accordingly, the All Share Index (ASI) declined 1.05% to 27,525.81 points from 27,818.50 points the preceding week. Market capitalization also fell by N140 billion to N13.39 trillion from N13.53 trillion the prior week. This week, we envisage that the market will remain bearish amidst profit-taking and investors reshuffling their portfolios in anticipation of interim earnings reports of dividend-paying companies.

Money Market

Rates at the money market saw a decline as liquidity was boosted by Federation Account Allocation Committee (FAAC) payment of N763 billion into the system. Consequently, short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates settled at 9.29% and 10.50% from 17.71% and 18.79% respectively last week. The 30 and 90-day NIBOR also dipped to 14% and 12.98% from 15.37% and 14.88% the previous week. This week, we anticipate that rates would rise due to expected Open Market Operation (OMO) auctions.

Foreign Exchange Market

The naira recorded mixed performance against the green-back across the major market segments for the week ended August 30th, 2019. The NAFEX window, witnessed a slight appreciation of 21 kobo to close at N362.93/$. While at the parallel market, naira remained unchanged at N360/$ from the previous week. The official market saw a slight depreciation as it ended N307/$, a 5 kobo loss from the prior week. The stability recorded in the NAFEX and parallel market segment 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

Average bond yields dipped across most segments last week. The decline was on the back of client demand which was boosted by the comparable lower yield seen in the market. Yields on the five-, seven-, ten- and twenty-year debt instruments ended lower at 14.37%, 13.85%, 14.16% and 14.23% from 14.49%, 14.05%, 14.29% and 14.33% respectively. The Access Bank Bond index decreased by 2.8 points to 2989.74 points from 2992.54 points the previous week. This week, prices of bond might decline due to profit taking as investors take advantage of the higher OMO rates.

Commodities

The price of oil rose following a huge crude oil draw. The Energy Information Administration (EIA) reported a 10-million-barrel draw in crude oil inventories. Nigeria's crude oil benchmark, bonny light, edged up, recording a 6.35% increase to $61.21 per barrel compared to $60.33 the prior week. Likewise, precious metal prices soared, supported by buying from central banks looking to diversify their portfolio as global growth slows and trade and geopolitical tensions rise. Gold edged up by 2.02%, settling at $1,525.32 per ounce, while silver ended up 7.62% higher at $18.37 per ounce. This week, we expect crude oil price to be pressured by softening global demand as an economic slowdown looms and uncertainty prevails on the U.S.-China trade front. In contrast safe haven assets will benefit from the trade wars as Central-bank accumulation of gold has further room to run.

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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