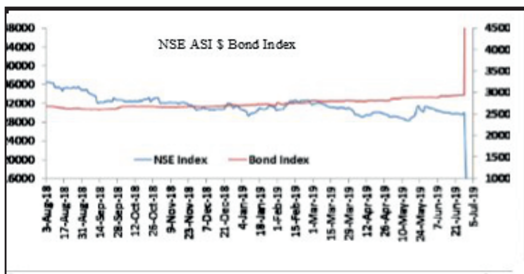
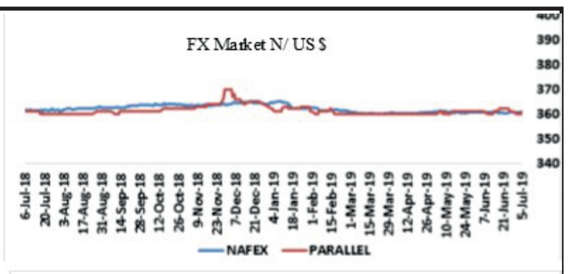
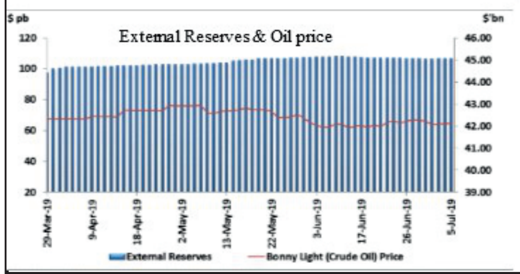
# Access Bank Rateswatch

## 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) | 11.4 | Increased to 11.40% in May 2019 from 11.37% in April 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) | 45.08 | July 03, 2019 figure — a decrease of 0.14% from June start |
| Oil Price (US$/Barrel) | 64.53 | July 05, 2019 figure— a decrease of 3.24% from the previous wk |
| Oil Production mbpd (OPEC) | 1.73 | May 2019 figure — a decrease of 5.49% from April 2019 figure |





## STOCK MARKET

| Indicators | Friday | Friday | Change(%) |
|---|---|---|---|
| | 5/07/19 | 28/06/19 | |
| NSE ASI | 29,966.87 | 29,851.29 | 0.39 |
| Market Cap(N'tr) | 13.21 | 13.15 | 0.39 |
| Volume (bn) | 0.25 | 0.19 | 30.75 |
| Value (N'bn) | 5.40 | 4.16 | 29.84 |

## MONEY MARKET

NIBOR

| Tenor | Friday Rate (%) | Friday Rate (%) | Change (Basis Point) |
|---|---|---|---|
| | 5/07/19 | 28/06/19 | |
| OBB | 3.8600 | 4.0000 | (14) |
| O/N | 4.5700 | 4.6400 | (7) |
| CALL | 6.6875 | 5.1250 | 156 |
| 30 Days | 11.6390 | 11.6195 | 2 |
| 90 Days | 12.5814 | 12.6451 | (6) |

## FOREIGN EXCHANGE MARKET

| Market | Friday (N/$) | Friday (N/$) | 1 Month Rate (N/$) |
|---|---|---|---|
| | 5/07/19 | 28/06/19 | 5/06/19 |
| Official (N) | 306.95 | 306.90 | 306.95 |
| Inter-Bank (N) | 360.82 | 360.74 | 360.44 |
| BDC (N) | 0.00 | 0.00 | 0.00 |
| Parallel (N) | 361.00 | 361.00 | 361.00 |

## BOND MARKET

AVERAGE YIELDS

| Tenor | Friday (%) | Friday (%) | Change (Basis Point) |
|---|---|---|---|
| | 5/07/19 | 28/06/19 | |
| 3-Year | 0.00 | 0.00 | 0 |
| 5-Year | 13.52 | 14.02 | (51) |
| 7-Year | 13.98 | 13.97 | 0 |
| 10-Year | 14.04 | 14.14 | (10) |
| 20-Year | 14.21 | 14.38 | (17) |
| 30-Year | 14.33 | 14.57 | (23) |



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

## COMMODITIES MARKET

| Indicators | 5/07/19 | 1-week Change (%) | YTD Change (%) |
|---|---|---|---|
| Energy | | | |
| Crude Oil $/bbl) | 64.53 | (3.24) | 0.11 |
| Natural Gas ($/MMBtu) | 2.30 | 0.00 | (24.74) |
| Agriculture | | | |
| Cocoa ($/MT) | 2,460.00 | 351.38 | 27.07 |
| Coffee ($/lb.) | 115.15 | 5.02 | (11.56) |
| Cotton ($/lb.) | 67.16 | 1.47 | (13.34) |
| Sugar ($/lb.) | 12.59 | (1.64) | (17.87) |
| Wheat ($/bu.) | 514.00 | (5.69) | 18.57 |
| Metals | | | |
| Gold ($/t oz.) | 1,414.24 | 0.03 | 7.34 |
| Silver ($/t oz.) | 15.22 | (0.13) | (11.46) |
| Copper ($/lb.) | 265.45 | (2.14) | (19.02) |

## NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

| Tenor | Friday (%) | Friday (%) | Change (Basis Point) |
|---|---|---|---|
| | 5/07/19 | 28/06/19 | |
| 1 Mnth | 10.55 | 10.93 | (38) |
| 3 Mnths | 10.78 | 11.61 | (84) |
| 6 Mnths | 12.40 | 12.52 | (12) |
| 9 Mnths | 12.97 | 12.99 | (1) |
| 12 Mnths | 13.16 | 13.27 | (11) |

## ACCESS BANK NIGERIAN GOV'T BOND INDEX

| Indicators | Friday (%) | Friday (%) | Change (Basis Point) |
|---|---|---|---|
| | 5/07/19 | 28/06/19 | |
| Index | 2,959.00 | 2,949.34 | 0.33 |
| Mkt Cap Gross (N'tr) | 8.87 | 8.73 | 1.55 |
| Mkt Cap Net (N'tr) | 5.67 | 5.53 | 2.51 |
| YTD return (%) | 20.46 | 20.07 | 0.39 |
| YTD return (%)(US $) | -35.35 | -35.72 | 0.37 |

## TREASURY BILLS (MATURITIES)

| Tenor | Amount (N' million) | Rate(%) | Date |
|---|---|---|---|
| 91 Day | 3,000.00 | 9.6 | 19-June-2019 |
| 182 Day | 4,000.00 | 11.89 | 19-June-2019 |
| 364 Day | 10,614.11 | 12.02 | 19-June-2019 |

# Market Analysis and Outlook: July 5 - July 12, 2019

## Global Economy

In the US, the Labor Department released a report showing U.S. employment jumped by much more than expected in the month of June. The report said employment surged up by 224,000 jobs in June after edging up by a downwardly revised 72,000 jobs in May. The Labor Department said the stronger than expected job growth reflected significant job gains in professional and business services, healthcare, and transportation and warehousing. Elsewhere, the Eurozone seasonally-adjusted unemployment rate dropped to 7.5% in May 2019 from 7.6% in the preceding month. According to the European Statistical Office, It was the lowest jobless rate since July 2008 as the number of unemployed by 103,000 to 12.348 million in May compared to April. Compared with the previous year, it dropped by 1.133 million. Among EU Member States, the lowest unemployment rates in May were recorded in Czechia (2.2%), Germany (3.1%) and the Netherlands (3.3%). The highest unemployment rates were observed in Greece (18.1% in March 2019), Spain (13.6%) and Italy (9.9%). Compared with a year ago, the largest decreases were registered in Greece (18.1% from 20.2% between March 2019 and March 2018), Spain (13.6% from 15.4 %) and Cyprus (6.5 % from 8.3%). In a separate development, Brazil's trade surplus contracted to $5.02 billion in June 2019 from $5.88 billion in the corresponding period of the prior year. The Ministry of Development, Industry and Foreign Trade revealed that exports fell 10.3% from a year earlier to $18.05 billion in June 2019 mainly due to lower sales of manufactured goods and imports dropped 9.1% to $13.03 billion, mostly due to lower purchases of consumption, intermediate and capital goods.

## Domestic Economy

The Nigeria Bureau of Statistics in a recent publication reported that total value for capital importation stood at $8.485 billion in the Q1'2019 from $2.140 billion in Q4'18 representing an increase of 216.03% and 34.61% increase compared to the same quarter of 2018. Portfolio investment which remained the largest component of capital imported, recorded $7.14 billion in Q1'19, contributing 84.21% to total capital imported, followed by followed by Other Investment, which accounted for 12.91% ($1.096bn) of total capital, and then Foreign Direct Investment FDI, which accounted for 2.86% ($243.36m) of total capital imported in 2019. Banking sector remained the highest beneficiary of capital importation, followed by shares, and financing. United Kingdom, U.S.A and South Africa emerged as the top source of capital investment in Nigeria with $4.531 bn, $1.532 bn, and $763.505 million respectively. This accounted for 80.54% of the total capital inflow in Q1 2019. The CBN in a recent circular titled "regulatory measures to improve lending to the real sector of the Nigerian economy" has instructed Deposit Money Banks to maintain a minimum Loan to Deposit Ratio (LDR) of 60% by September 30, 2019. The ratio shall be subject to a quarterly review. SMES, Retail, Mortgage and consumer lending have been assigned a weight of 150% in computing the LDR in order to encourage lending to those sectors. Failure to meet the above minimum LDR by the specified date shall result in a levy of additional Cash Reserve Requirement equal to 50% of the lending shortfall of the target LDR for Banks.

## Stock Market

Trading activities on the floor of the Nigerian Stock Exchange (NSE) closed on a negative note in the week ended July 5, 2019. This was due to sell offs in medium and highly capitalised stocks spurred by investors' bearish sentiments regarding the sluggish economy. The index decreased by 2.32% to settle at 29,270.95 index points from 29,966.87 index points the previous week. Similarly, market capitalization lost 2.30% to close at N12.90 trillion from N13.21 trillion last week. We expect investors to continue tread cautiously this week in the absence of any definitive positive market triggers.

## Money Market

Rates at the money market witnessed a marginal decline as the market was bolstered by liquidity of N850 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates closed at 3.8% and 4.5% from 4.0% and 4.64% respectively the preceding week. Similarly, the 90-day NIBOR ended the week at 12.58% from 12.64% the previous week. This week, we expect a slight rate hike as the market adjusts itself

## Foreign Exchange Market

Last week, the Naira depreciated against the green back across most major market segments. The official window saw a slight depreciation as it ended N306.95/$, a 5 kobo loss from the prior week. Likewise at the NAFEX window, the local unit saw a slight depreciation of 8 kobo to close at N360.82/$. The parallel market remained unchanged at N361/$. The relative stability of the local currency continues to be supported by the apex bank's foreign currency liquidity intervention. This week, we envisage the naira remaining at prevailing levels.

## Bond Market

Average bond yields further waned across all segments in the week ended July 5th, 2019. This was fuelled by the absence of an Open Market Operation (OMO) auction amidst a system awash with liquidity. Consequently, yields on the five-, ten- and twenty-year debt instruments closed at 13.52%, 14.04% and 14.21% from 14.02%, 14.14% and 14.38% respectively. The Access Bank Bond index moved higher by 0.33 points to close at 2,959 points from 2,949.34 points the previous week. This new week, we foresee a continuation of the buy interest at the secondary market if the liquidity levels remain at elevated levels.

## Commodities

The price of oil dipped last week weighed down by data showing a smaller-than-expected draw on US crude stockpiles along with fears over future demand amid trade disputes threatening global economic growth. Bonny Light, Nigerian benchmark crude settled at $64.53 per barrel last week, 3.24% lower than the previous week. Precious metal prices went in varying direction as the price of gold edged up while the price of silver dipped. The slight rise in gold prices was reflected US dollar weakness which fuelled safe-haven demand. Consequently, gold price closed at $1,414.24 per ounce, up 0.03% from the previous week's close. In contrast, silver declined slightly to $15.22 per ounce compared to $15.24 per ounce the prior week due to low demand. This week, oil prices may likely nudge higher buoyed by a commitment at the G20 summit between the US and China to restart trade talks. For precious metals, we envisage safe-haven induced demand to persist.

## MONTHLY MACRO ECONOMIC FORECASTS

| Variables | Jul'19 | Aug'19 | Sept'19 |
|---|---|---|---|
| Exchange Rate (Interbank) (N/$) | 361 | 362 | 362 |
| Inflation Rate (%) | 11.44 | 11.5 | 11.5 |
| Crude Oil Price (US$/Barrel) | 65 | 67 | 67 |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