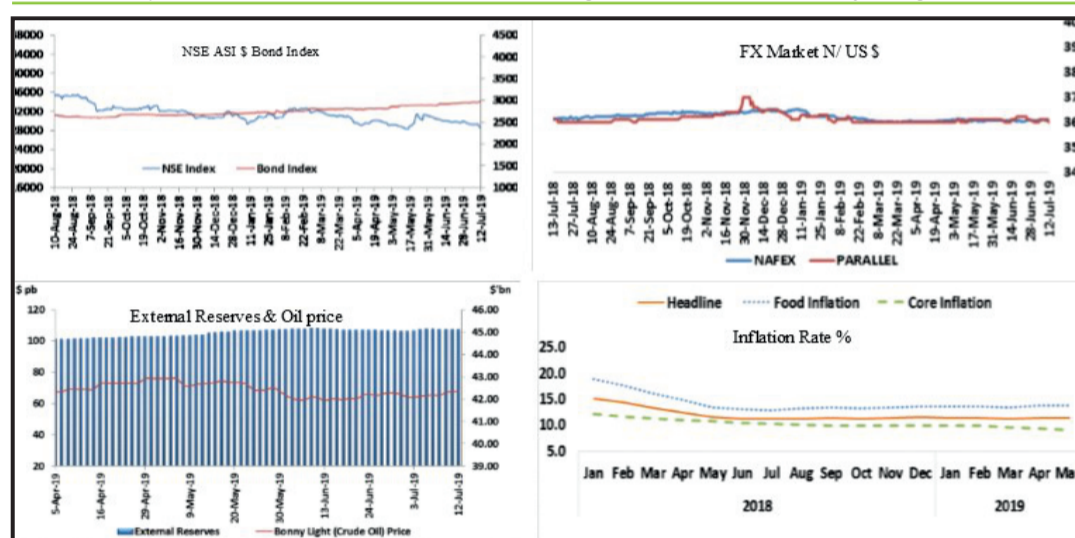


Access Bank Rateswatch

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)	45.13	July 10, 2019 figure — an increase of 0.18% from July start
Oil Price (US\$/Barrel)	67.69	July 12, 2019 figure — an increase of 4.03% from the previous wk
Oil Production mbpd (OPEC)	1.86	June 2019 figure — a increase of 7.47% from May 2019 figure



STOCK MARKET			
Indicators	Friday 12/07/19	Friday 5/07/19	Change(%)
NSE ASI	28,566.79	29,270.95	(2.41)
Market Cap(N'tr)	13.92	12.90	7.91
Volume (bn)	0.10	0.30	(66.36)
Value (N'bn)	1.46	1.83	(20.23)

MONEY MARKET			
NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	12/07/19	5/07/19	
O/N	2.93	4.57	(164)
CALL	2.85	6.69	(384)
30 Days	10.86	11.64	(78)
90 Days	11.28	12.58	(131)

FOREIGN EXCHANGE MARKET			
Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	12/07/19	5/07/19	12/06/19
Official (N)	307.00	306.95	307.00
Inter-Bank (N)	360.79	360.82	360.50
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	361.00	361.00

BOND MARKET			
AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	12/07/19	5/07/19	
3-Year	0.00	0.00	0
5-Year	13.42	13.52	(10)
7-Year	13.77	13.98	(20)
10-Year	13.94	14.04	(9)
20-Year	14.12	14.21	(9)
30-Year	14.31	14.31	0

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

Market Analysis and Outlook: July 12 – July 19, 2019

Global Economy

In the US, the federal government's June budget deficit narrowed to \$8 billion, the Treasury Department reported, down nearly 90% from the same month a year ago. The much-lower monthly figure was affected by shifts in the timing of certain federal payments, as well as receipts. The deficit for the current fiscal year was \$747 billion, higher than a \$607 billion gap in the comparable fiscal year. Inflation rate also dropped to 1.6% in June 2019 from 1.8% in May as food prices rose at a softer pace while energy cost continued to decline according to the bureau of labour statistics. The core inflation rate, which excludes volatile items such as food and energy, edged up to 2.1%, beating forecast of 2%. Elsewhere in the United Kingdom, the trade deficit contracted to GBP 2.32 billion in May 2019 from a revised GBP 3.72 billion in the previous month. The Office for National Statistics reported it as the smallest trade deficit since last September, as exports rebounded firmly boosted by machinery & transport equipment and fuels while imports declined for the second month in a row on the back of food, material manufactures, crude materials and unspecified goods. In a separate development, India retail price inflation rate increased to 3.18% year-on-year in June 2019, the highest since last October, from 3.05% in the previous month according to Ministry of Statistics and Programme Implementation. Food prices were the biggest contributor to the price increase. Still, inflation remained below the Reserve Bank of India's medium-term target of 4% for the eleventh consecutive month.

Domestic Economy

Data by the National Bureau of Statistics (NBS), revealed that the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N616.20 billion among Federal, States and Local Governments in May 2019 from the revenue generated in April 2019. The amount distributed was from the statutory account, value added tax (VAT) and exchange gain differences comprising of N518.92 billion, N96.49 billion and N797.11 million respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N253.92 billion, states received N168.06 billion and the local governments received N126.28 billion. The oil producing states received N46.35 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 N5.38 billion, N6.78 billion and N3.12 billion respectively as cost of revenue collections. In a separate development, the Central Bank of Nigeria (CBN) introduced fresh rules for accessing its Standing Deposit Facility (SDF). Following the review, the Central Bank stated that "The remunerable daily placement by banks at the SDF shall not exceed N2 billion". The SDF deposit of N2 billion shall be remunerated and the interest rate prescribed by the Monetary Policy Committee from time to time. "Any deposit by a bank in excess of N2 billion shall not be remunerated. The provisions of the circular take effect from Thursday, July 11, 2019."

Stock Market

Volatility on the Nigerian Stock Exchange continued last week as the market witnessed more sell-offs especially in the shares of newly listed Airtel Africa Plc. The index decreased by 2.41% to settle at 28,566.79 index points from 29,270.95 index points the previous week. In contrast, market capitalization rose 7.91% to close at N13.92 trillion from N12.90 trillion last week, majorly as a result of new listing by Airtel Africa. We expect investors to continue to tread cautiously this week in the absence of any definitive positive market triggers.

Money Market

Money market rates declined during the past week reflecting the increased liquidity following the treasury bills maturity of N185 billion and the effect of the CBN's circular released yesterday that pegged remunerable bank deposit placement through its Standing Deposit Facility (SDF) at N2 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates settled at 2.2% and 2.9% from 3.8% and 4.5% respectively the preceding week. Similarly, the 90-day NIBOR declined to 11.28% from 12.58% the previous week. This week, we expect market liquidity to persist as the stance of the CBN is currently expansionary, rates would therefore remain at prevailing levels.

Foreign Exchange Market

The local unit appreciated against the dollar across most major market segments last week. The NAFEX window, saw a slight appreciation of 3 kobo to close at N360.79/\$. Likewise the parallel market saw an appreciation as it went up by N1 to settle at N360/\$. In contrast, the official window saw a slight depreciation as it ended N306.7/\$, a 5 kobo loss from the prior week. 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.

Bond Market

Bullish sentiments were noted at the bonds secondary market during the week's trading due to a kneejerk reaction to the expected impact of the recent CBN circular that reduced the remunerable daily placements by banks at the Standing Deposit Facility (SDF). Consequently, buying interest was recorded across most of the long tenured maturities. Yields on the five-, ten- and twenty-year debt instruments closed at 13.42%, 13.94% and 14.12% from 13.52%, 14.04% and 14.21% respectively. The Access Bank Bond index moved higher by 0.38 points to close at 2,970.29 points from 2,959 points the previous week. This new week, buying interest is expected to continue with caution from market participants.

Commodities

Oil prices soared last week benefiting from the return of risk appetite driven by dovish Fed prospects. Crude is also climbing owing to supply shock fears surrounding adverse weather in the Gulf of Mexico and lingering tension with Iran. Bonny Light, Nigerian benchmark crude settled at \$67.69 per barrel last week, 4.03% lower than the previous week. On the other hand, precious metal prices declined as the US dollar climbed higher on expectations of a less dovish US Federal Reserve. Consequently, gold price closed at \$1408.03 per ounce, down 0.44% from the previous week's close while silver declined slightly to \$15.22 per ounce compared to \$15.22 per ounce the prior week. Profit taking also gave the gold market bulls a brief pause. This week, oil prices are expected to decline as the market reacts to OPEC's latest forecasts which showed that it will produce more oil than needed next year despite extending an agreement with Russia to cut back production. For precious metals, we expect prices to nudge slightly higher as rising US inflation tilts markets expectations in favour of a US Fed rate hike.

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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