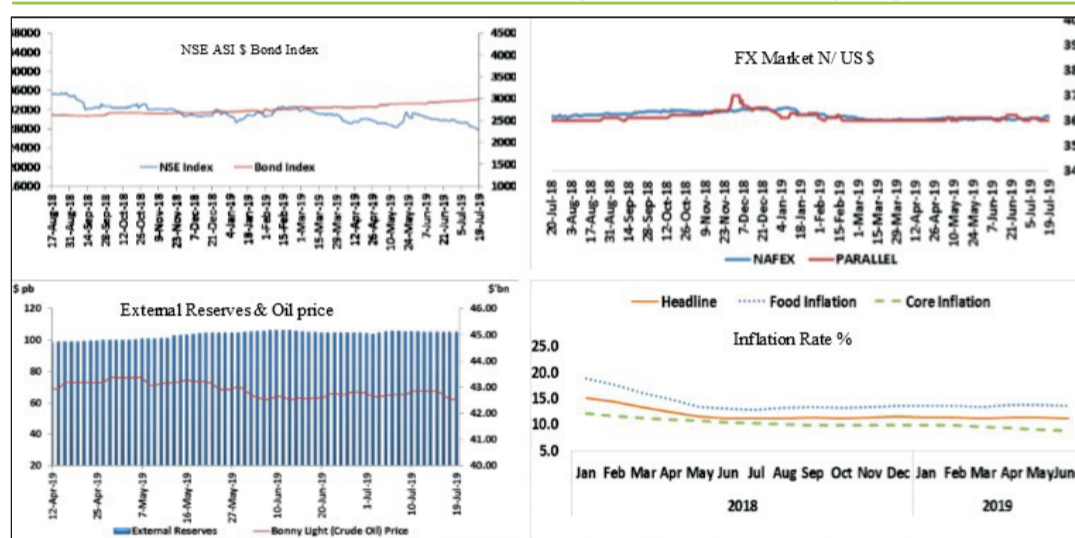


# Access Bank Rateswatch

## 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)	11.22	Decreased to 11.22% in June 2019 from 11.40% in May 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)	45.09	July 17, 2019 figure — an increase of 0.11% from July start
Oil Price (US\$/Barrel)	62.38	July 19, 2019 figure — a decrease of 7.84% from the previous wk
Oil Production mbdpd (OPEC)	1.86	June 2019 figure — an increase of 7.47% from May 2019 figure



## STOCK MARKET

Indicators	Friday		Change(%)
	19/07/19	12/07/19	
NSE ASI	27,919.50	28,566.79	(2.27)
Market Cap(N'tr)	13.61	13.92	(2.25)
Volume (bn)	0.27	0.10	174.21
Value (N'bn)	2.84	1.46	94.80

## MONEY MARKET

Tenor	Friday Rate		Change (Basis Point)
	19/07/19	12/07/19	
NIBOR	(%)	(%)	
OBB	11.9300	2.2100	972
O/N	12.6400	2.9300	971
CALL	12.4500	2.8500	960
30 Days	10.8389	10.8600	(2)
90 Days	11.4492	11.2800	17

## FOREIGN EXCHANGE MARKET

Market	Friday		1 Month Rate (N/\$)
	19/07/19	12/07/19	
Official (N)	306.95	307.00	306.95
Inter-Bank (N)	361.46	360.79	360.53
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	360.00	362.00

## BOND MARKET

Tenor	Friday		Change (Basis Point)
	19/07/19	12/07/19	
3-Year	0.00	0.00	0
5-Year	13.09	13.42	(33)
7-Year	13.55	13.77	(22)
10-Year	13.87	13.94	(7)
20-Year	13.86	13.94	(8)
30-Year	14.10	14.12	(2)

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## Market Analysis and Outlook: July 19 – July 26, 2019

### Global Economy

In the US, the ISM purchasing managers index (PMI) edged down to 51.7 in June after slipping to 52.1 in May, although a reading above 50 still indicates growth in the manufacturing sector. The modest slowdown in manufacturing growth came as the new orders index dropped to 50.0 in June from 52.7 in May. Meanwhile, the production index climbed to 54.1 in June from 51.3 in May, indicating an acceleration in the pace of growth. Elsewhere in Asia, China's economic growth slowed to the weakest pace in at least 27 years as domestic and international demand cooled in the face of a bruising trade war with the United States. The world's second largest economy grew 6.2% in the second quarter from a year earlier, after expanding 6.4% in the first three months of 2019, figures released by China's National Bureau of Statistics showed. A breakdown of the data showed output of the service sector, which accounted for 54.9% of the total GDP, rose 7% in the first half of the year, outpacing a 3% increase in the primary industry and a 5.8% rise in the secondary industry. In a separate development, Eurozone industrial production improved in May for the first time in four months. All five of the Eurozone's largest economies registered expansions in industrial production in May, with the month-on-month (m-o-m) figure for the bloc as a whole at 0.9%. In Germany, industrial production grew by 0.3% in May, following a 2% decline in April. Despite this welcome improvement, levels of industrial production remain lower than in May 2018.

### Domestic Economy

The Consumer Price Index (CPI) which measures inflation rose by 11.22% year-on-year in the month of June 2019, which is 0.18% points lower than the 11.40% recorded in May 2019. The food index increased by 13.56% (year-on-year) in the reference month, slightly lower than 13.79% recorded in May, thus indicating declining pressure in the prices of food items. The core sub-index, which excludes prices of farm produce declined by 0.2% to settle at 8.8% in June 2019 from the previous month's figure of 9% year-on-year. During the month, the highest increases were seen in the prices of fish, bread and cereals, vegetables, meat, fruits, potatoes, yam and other tubers, oils and fats. Others are tobacco, major household appliances whether electronic or not, medical and hospital services, cleaning, repair and hire of clothing, actual and inputted rent for housing, repair and hire of footwear services and repair of household appliance. In a separate development, the National Bureau of Statistics, in a recent report titled "Nigerian Domestic and Foreign Debt", revealed that the country's total public debt portfolio stood at N24.95trn as at March 31st 2019. External debt was reported at N7.86trn or 31.51% of the debt while N17.08trn or 68.49% of the debt was domestic. Lagos state accounted for 13.64% of the total domestic debt stock while Yobe State has the least debt stock in this category with a contribution of 0.68% to the total domestic debt stock.

### Stock Market

The Nigeria Stock Exchange witnessed significant sell-offs for the third consecutive week largely in most bellwether counters. The All Share Index (ASI) dipped by 2.27% to settle at 27,919.50 index points from 28,566.79 index points the previous week. Similarly, Market capitalization contracted by 2.25% to close at N13.61 trillion from N13.92 trillion last week. We expect investors to continue tread cautiously this week in the absence of any definitive positive market triggers.

### Money Market

There was a significant increase in money market rates driven by tighter liquidity levels and the Retail Secondary Market Intervention Sales (SMIS) FX auction held on the last day of the trading week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates settled higher at 11.93% and 12.64% from 2.2% and 2.9% respectively last week. Similarly, the 90-day NIBOR rose to 11.45% from 11.28% the previous week. This week, we envisage the Monetary Policy Committee (MPC) meeting will drive the direction of rates.

### Foreign Exchange Market

Last week, the naira was majorly stable across most markets except at the NAFEX window where it saw a slight depreciation. The official window saw a marginal appreciation as it ended N306.95/\$, a 5 kobo gain from the prior week. The parallel market remained unchanged at N360/\$. At the NAFEX window it saw a depreciation of 67 kobo to close at N361.46/\$. The appreciation recorded in the official market segments 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

The bond market traded with bullish sentiments despite the recently released bond calendar. Consequently, the market witnessed some buying on select maturities especially the 2023, 2028 and 2036 securities. Yields on the five-, ten- and twenty-year debt instruments closed lower at 13.09%, 13.87% and 13.86% from 13.42%, 13.94% and 13.94% respectively. The Access Bank Bond index closed higher by 0.74 points at 2,992.21 points from 2,970.29 points the previous week. The outcome of the MPC and Bond auction scheduled to hold this week will largely determine the direction of the secondary market.

### Commodities

The price of oil plunged in the market after Iran offered the U.S. new nuclear deal if it drops its sanctions. The offer was made by Iran's foreign minister on a visit to New York in an effort to smooth heightened tensions between the two nations. Bonny Light, Nigerian benchmark crude settled at \$62.38 per barrel last week, 7.84% lower than the previous week. In contrast, precious metal prices edged up as investors brace for an interest rate cut by the US Federal Reserve. Weaker U.S. dollars also supported the boost in price. Consequently, gold price closed at \$1,438.99 per ounce, up 2.2% from the previous week's close while silver climbed to \$16.33 per ounce compared to \$15.12 per ounce the prior week. This week, expectations of a production rise from the U.S. Gulf of Mexico region, coming back into service after last week's Hurricane Barry disrupted production will weigh on oil prices. For precious metals, we expect prices to nudge higher as an increasingly dovish monetary policy stance by major central banks spurs safe-haven buying.

## 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