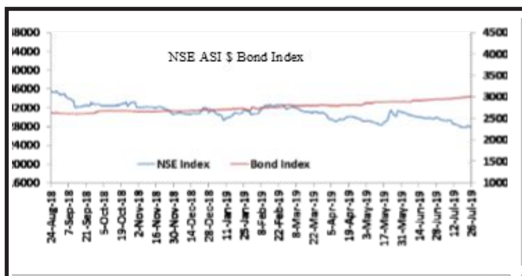
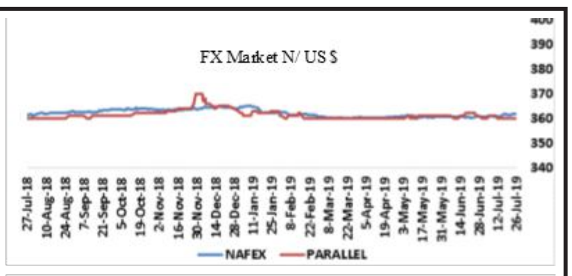
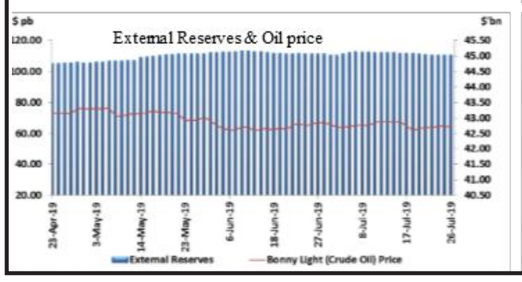
Access Bank Rateswatch

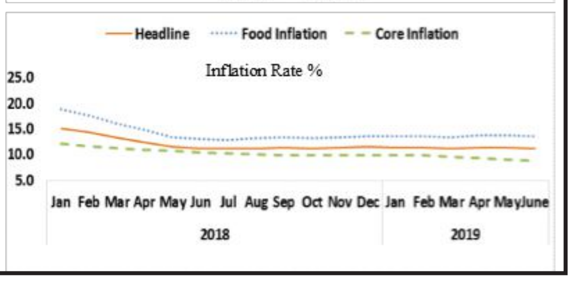
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
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)	45.04	July 23, 2019 figure — a decrease of 0.01% from July start
Oil Price (US$/Barrel)	64.52	July 26, 2019 figure— an increase of 3.43% from the previous wk
Oil Production mbpd (OPEC)	1.86	June 2019 figure — an increase of 7.47% from May 2019 figure









STOCK MARKET

Indicators	Friday 26/07/19	Friday 19/07/19	Change(%)
NSE ASI	27,918.59	27,919.50	(0.00)
Market Cap(N'tr)	13.61	13.61	(0.00)
Volume (bn)	0.13	0.27	(52.28)
Value (N'bn)	2.64	2.84	(7.11)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 26/07/19	Friday Rate (%) 19/07/19	Change (Basis Point)
OBB	21.86	11.93	993.0
O/N	23.21	12.64	1057
CALL	21.05	12.45	860.0
30 Days	10.81	10.84	(3)
90 Days	11.96	11.45	50.9

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 26/07/19	Friday (N/$) 19/07/19	1 Month Rate (N/$) 26/06/19
Official (N)	306.90	306.95	306.90
Inter-Bank (N)	361.91	361.46	360.77
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	360.00	361.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 26/07/19	Friday (%) 19/07/19	Change (Basis Point)
3-Year	0.00	0.00	0.0
5-Year	13.00	13.09	(8.8)
7-Year	13.69	13.55	13.9
10-Year	13.41	13.87	(45.7)
20-Year	13.79	14.10	(31.5)
30-Year	14.12	14.10	2

COMMODITIES MARKET

Indicators	26/07/19	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	64.52	3.43	0.09
Natural Gas ($/MMBtu)	2.23	(2.19)	(27.03)
Agriculture			
Cocoa ($/MT)	2445.00	(0.77)	26.29
Coffee ($/lb.)	100.15	(7.87)	(23.08)
Cotton ($/lb.)	64.10	2.96	(17.29)
Sugar ($/lb.)	12.02	3.35	(21.59)
Wheat ($/bu.)	495.75	(0.30)	14.36
Metals			
Gold ($/t oz.)	1418.81	(1.40)	7.68
Silver ($/t oz.)	16.44	0.67	(4.36)
Copper ($/lb.)	271.25	(1.56)	(17.25)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 26/07/19	Friday (%) 19/07/19	Change (Basis Point)
1 Mnth	8.90	9.34	(44)
3 Mnths	10.61	10.30	31
6 Mnths	11.16	11.25	(9)
9 Mnths	11.59	12.02	(43)
12 Mnths	11.98	12.37	(39)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 26/07/19	Friday (%) 19/07/19	Change (Basis Point)
Index	3018.97	2992.21	0.89
Mkt Cap Gross (N'tr)	9.05	8.97	0.86
Mkt Cap Net (N'tr)	5.81	5.74	1.13
YTD return (%)	22.90	21.81	1.09
YTD return (%)(US $)	-32.89	-34.00	1.11

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: July 26– August 2, 2019

Global Economy

US retail sales climbed in the month of June, pointing to strong consumer spending, according to a report released by the Commerce Department. The Commerce Department said retail sales rose 0.4% in June as households stepped up purchases of motor vehicles and a variety of other goods. Data for May was revised slightly down to show retail sales increasing 0.4%, instead of increasing 0.5% as previously reported. The report showed a continued increase in sales by motor vehicles and parts dealers, which climbed by 0.7% for the second consecutive month. Excluding the continued auto sales growth, retail sales still rose by 0.4% in June after climbing by a downwardly revised 0.4% in May.

In a separate development, the European Central Bank (ECB) left its interest rates unchanged and altered its forward guidance to signal that they will be reduced in future, and that policymakers are planning a comprehensive stimulus package. The ECB President stressed the need for significant stimulus for the euro area economy as policymakers assessed that the outlook was getting worse, especially in manufacturing, which is a crucial sector for the big economies in the bloc. Citing recent data, the ECB chief said that growth is set to slow in the second and third quarters, mainly due to global trade tensions, and hence, a rebound in the second half of the year is less likely.

Elsewhere, Japanese manufacturing contracted for a third straight month in July, albeit at a slower pace, as domestic and export demand remained depressed, a preliminary business survey has shown. The Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index (PMI) edged up to a seasonally adjusted 49.6 from a final 49.3 in the previous month, but stayed below the 50.0 threshold that separates contraction from expansion for a third month. Factory output, total new orders and new export orders again contracted, though at a slightly more modest pace compared with June.

Local Economy

The Central Bank of Nigeria (CBN) concluded its July meeting last week. The committee members voted to retain the Monetary Policy Rate (MPR) at 13.5%, Asymmetric corridor around the MPR at +200/-500 basis points, Cash Reserves Ratio (CRR) at 22.5%, and Liquidity Ratio (LR) at 30%. The MPC decided to hold all rates in order to evaluate the impact of the recent regulatory directives enacted by the CBN. Largely targeted at stimulating credit growth to the real sector, these directives include, among others, the prescription of a minimum loans-to-deposit ratio for deposit money banks to Deposit Money Banks (DMBs). In other news, the Nigerian Stock Exchange (NSE) published its monthly Domestic & Foreign Portfolio investment report for June 2019. The report revealed that the total transactions at the nation's bourse increased by 34.42% to N297.25 billion from N221.13 billion recorded in May 2019. In June 2019, the total value of transactions executed by domestic investors significantly outperformed transactions executed by foreign investors by 34%. Total domestic transactions increased by 39.36% to N200.51 billion from N143.87 billion in May 2019. Likewise, total foreign transactions increased by 25.22% from N96.74 billion to N77.25 billion between May and June 2019. Total domestic transactions which is split into retail and institutional investors revealed that retail investors outperformed institutional investors by 54%. Total retail transactions soared by 228.43% to N155.12 billion in the reference month from N47.23 billion in May. In contrast, the institutional composition of the domestic market dipped by 53.04% to N96.64 billion in June 2019 from N45.38billion in May2019.

Stock Market

Nigeria's equities market closed largely flat, albeit with bearish tilt as the benchmark index dipped by 0.91 week-on-week to 27919.5. Similarly, Market capitalization closed at N13.61 trillion, barely changed from last week. We expect cautious trading to persist in the absence of a positive catalyst. However, the market may get a boost as investors take position ahead of the release of H1 corporate scorecards.

Money Market

Money market rates remained elevated in the week ended July 26th, 2019 as a result of thinning system liquidity. Consequently, short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates climbed to 21.86% and 23.21% from 11.93% and 12.64% respectively last week. The 90-day NIBOR also rose albeit marginally to 11.96% from 11.45% the previous week. This week, we expect rates to remain elevated as system liquidity remains pressured by wholesale Secondary Market Intervention Sales FOREX auction which holds this week.

Foreign Exchange Market

The local unit remained majorly stable across most markets except at the NAFEX window where it witnessed a slight depreciation of 67 kobo to close at N361.91/$. The official window saw a slight appreciation as it ended N306.90/$, a 5 kobo gain from the prior week. The parallel market remained unchanged at N360/$. The relative stability of the local currency continues to be supported by the intervention of the apex Bank. This week, we expect the naira to remain around prevailing levels, boosted by the Central Bank's sustained supply of liquidity to the market.

Bond Market

Bullish sentiments on the medium and long end of the curve resulted in average yields dropping in the week ended July 26th, 2019. Yields on the five-, ten- and twenty-year debt instruments ended lower at 13.00%, 13.41% and 13.79% from 13.09%, 13.87% and 14.10% respectively. The Access Bank Bond index closed higher by 0.89 points at 3,018.97 points from 2,992.21 points the previous week. This week we envisage bond market to remain bullish as investors potentially reinvest coupon payments expected later in the week.

Commodities Market

Oil prices rallied following a large crude inventory draw of over 10 million barrels, continuing a string of weekly declines, according to the Energy Information Administration. Bonny Light, Nigerian benchmark crude settled at $64.52 per barrel last week, 3.43% higher than the previous week. Precious metal prices went in varying directions as gold prices dipped while silver prices climbed up. Gold prices dropped due to profit taking from the shorter-term futures traders and following some upbeat U.S. economic data. Consequently, gold price closed at $1,418.81 per ounce, down 1.4% from the previous week's close. Silver prices edged up to $16.44 per ounce compared to $15.33 per ounce the prior week due to increase demand. This week, oil prices might climb higher as further declines in crude inventory are expected. For precious metals, we expect prices might trend lower following bullish comments from the ECB and a softer than expected German IFO Business Climate Index figure

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Aug'19	Sep'19	Oct'19
Exchange Rate (NAFEX) (N/$)	362	361	362
Inflation Rate (%)	11.4	11.5	11.5
Crude Oil Price (US$/Barrel)	65	67	67

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