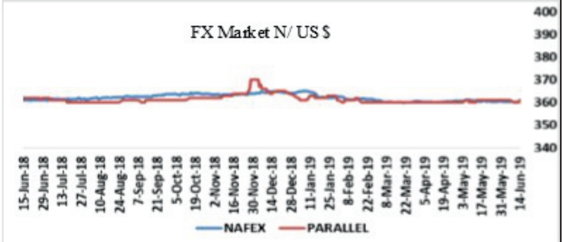
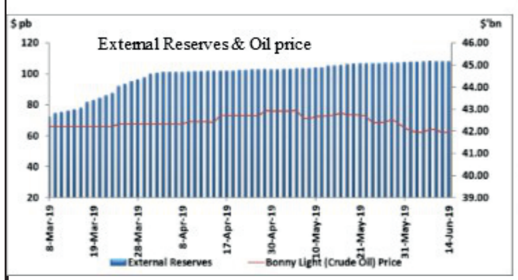
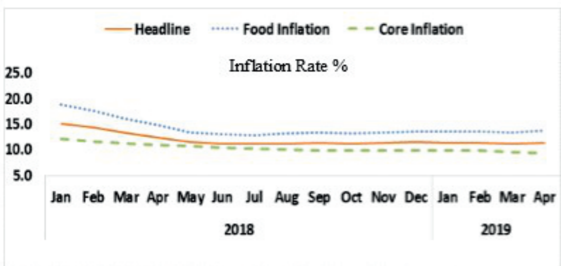
Access Bank Rateswatch

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)	35.17	Increased by 3.95% in Apr' 2019 from N33.83 trillion in Mar' 2019
Credit to Private Sector (N' trillion)	24.90	Increased by 3.76% in Apr' 2019 from N23.99 trillion in Mar' 2019
Currency in Circulation (N' trillion)	21.59	Increased by 0.25% in Apr' 2019 from N21.53 trillion in Mar' 2019
Inflation rate (%) (y-o-y)	11.37	Increased to 11.37% in April 2019 from 11.25% in March 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)	45.16	June 13, 2019 figure — an increase of 0.04% from June start
Oil Price (US$/Barrel)	62.74	June 13, 2019 figure— an increase of 0.61% from the previous wk
Oil Production mbpd (OPEC)	1.82	April 2019 figure — a increase of 5.27% from March 2019 figure







STOCK MARKET

Indicators	Friday 14/06/19	Friday 7/06/19	Change(%)
NSE ASI	30,046.70	30,432.13	(1.27)
Market Cap(N'tr)	13.23	13.40	(1.27)
Volume (bn)	0.15	0.31	(52.46)
Value (N'bn) `	2.83	3.90	(27.48)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 14/06/19	Friday Rate (%) 6/06/19	Change (Basis Point)
OBB	5.29	10.86	(557)
O/N	5.71	11.43	(572)
CALL	5.54	9.38	(384)
30 Days	12.22	12.05	17
90 Days	12.88	13.52	(64)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 14/06/19	Friday (N/$) 7/06/19	1 Month Rate (N/$) 14/05/19
Official (N)	307.00	306.95	306.95
Inter-Bank (N)	360.46	360.44	360.53
BDC (N)	0.00	0.00	0.00
Parallel (N)	361.00	361.00	361.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 14/06/19	Friday (%) 7/06/19	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	14.47	14.59	(12)
7-Year	14.73	14.53	20
10-Year	14.66	14.54	11
20-Year	14.66	14.57	8
30-Year	14.69	14.69	(0)

COMMODITIES MARKET

Indicators	14/06/19	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	62.74	0.61	(2.67)
Natural Gas ($/MMBtu)	2.34	0.43	(23.43)
Agriculture			
Cocoa ($/MT)	2513.00	3.50	29.80
Coffee ($/lb.)	99.75	(0.70)	(23.39)
Cotton ($/lb.)	66.38	(0.18)	(14.35)
Sugar ($/lb.)	12.92	3.86	(15.72)
Wheat ($/bu.)	536.50	6.50	23.76
Metals			
Gold ($/t oz.)	1352.13	1.19	2.62
Silver ($/t oz.)	14.98	0.27	(12.86)
Copper ($/lb.)	263.55	0.44	(19.60)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 13/06/19	Friday (%) 6/06/19	Change (Basis Point)
1 Mnth	11.12	11.21	(8)
3 Mnths	11.63	12.68	(104)
6 Mnths	12.18	12.98	(80)
9 Mnths	13.44	13.47	(3)
12 Mnths	13.78	14.05	(26)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 14/06/19	Friday (%) 7/06/19	Change (Basis Point)
Index	2,880.94	2884.31	(0.12)
Mkt Cap Gross (N'tr)	8.82	8.83	(0.11)
Mkt Cap Net (N'tr)	5.44	5.47	(0.55)
YTD return (%)	17.28	17.42	(0.14)
YTD return (%)(US $)	-38.56	-38.39	(0.17)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate(%)	Date
91 Day	15,000.00	10	13-June-2019
182 Day	30,000.00	11.9499	13-June-2019
364 Day	84,640.72	12.34	13-June-2019

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: June 14– June 21, 2019

Global Economy

In the US, consumer prices moderated in May as an uptick in food prices was offset by cheaper gasoline prices. Data from the Labour Department showed that the consumer price index (CPI) ticked up 0.1% m-o-m in May. This follows a 0.3% gain in April. On an annual basis, CPI increased 1.8%, down from 1.9% in April. Core CPI, which controls for volatile food and energy components, edged up 0.1% m-o-m for the fourth consecutive month. The annual core inflation rate came in at 2%, after increasing 2.1% in April. In addition, US import prices fell 0.3% m-o-m in May amid a broad-based decline in the cost of goods. Muted inflation combined with a slowing economy strengthens the case for the Federal Reserve (Fed) to cut rates in 2019. In a separate development, in China, the inflation rate rose to a 15-month high of 2.7% year-on-year in the month of May 2019 from 2.5% in the preceding month. According to Statistics China, this marked the highest inflation rate since February 2019 as the cost of food items increased by 7.7% (6.1% in April). Non-food inflation came in at 1.6% in the reference month (1.7% in April). Elsewhere, the European Central Bank (ECB) kept key policy interest rates unchanged and extended its earlier pledge to hold rates at current levels until at least the end of this year. The bank now expects rates to remain unchanged 'at least through the first half of 2020'. There were slight upward revisions to the growth and inflation forecast for 2019, while the forecasts for the next two years were revised down marginally. ECB President Mario Draghi reiterated that the bank would react to any deterioration in the economy, placing the resumption of the quantitative easing programme or interest rate cuts back on the table as policy options. The ECB also announced the pricing of the new series of Targeted Long-Term Refinancing Operations (TLTRO III), which was initially announced at the March policy meeting. The long-term loans to banks will start in September and initially be priced at the main refinancing rate, which currently stands at 0%, plus 10 basis points (bps).

Domestic Economy

Nigeria, Africa's top oil producer, earned a total of $236.15bn from petroleum exports over the last five years, as revealed in a new report by the Organization of Petroleum Exporting Countries (OPEC). OPEC, in its 2019 Annual Statistical Bulletin, put the value of Nigeria's petroleum exports at $75.196bn in 2014; $41.168bn in 2015; $27.295bn in 2016; $37.983bn in 2017, and $54.513bn in 2018. In 2018, the value of the country's petroleum exports was the sixth largest in the 14-member group, behind Saudi Arabia's $194.358bn, UAE's $74.94bn, Iraq's $68.192bn, Iran's $60.198bn and Kuwait's $58.393bn. In other news, Fitch Ratings affirmed Nigeria's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'B+' with a Stable Outlook. According to rating agency, the credit profile was underpinned by relatively low general government (GG) debt-to-GDP and smooth general elections, high inflation, low fiscal revenues resulting from oil price fluctuations and low non-oil revenues, The Rating agency forecasts a widening of the GG deficit to 3.8% in 2019, and an increase in risks to debt sustainability due to rise in interest costs. Fitch expects a sluggish recovery of the Nigerian economy averaging 2.2%, driven by large infrastructure deficit, weak business climate restricting investment as well as high unemployment and inflation.

Stock Market

The All Share Index (ASI) moderated in the week ended June 14th, 2019 as investors took profit from the rally of the previous weeks. The index dropped by 1.27% to settle at 30,046.70 index points from 30,432.13 index points the previous week. Similarly, market capitalization lost 1.27% to close at N13.23 trillion from N13.40 trillion last week. The consumer goods, industrial goods and financial services sectors were the main contributors to the decline in the ASI. This week, we expect the bearish posture to persist in the absence of any major catalyst to spur activity in the market.

Money Market

Rates at the money market inched lower last week as liquidity was bolstered by the Open Market Operation (OMO) maturity credit of N216 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates trended lower at 5.29% and 5.71% from 10.86% and 11.43% respectively the previous week. Likewise, the 90-day NIBOR closed at 12.88% from 13.52% the previous week. This week, rates may trend higher due to expected retail Secondary Market Intervention Sales (SMIS) auction.

Foreign Exchange Market

The local currency recorded relative stability against the dollar across all market segments in the week ended June 14th, 2019. At the NAFEX window the local currency witnessed a marginal depreciation of 2 kobo to close at N360.46/$. Similarly, the official rate weakened slightly to N307/$, from N306.95/$ the previous week. Meanwhile, at the parallel market, the local unit closed flat at N361/$. This week, we expect foreign exchange rates stability to continue.

Bond Market

Average bond yields further ticked upwards across most segments in the week ended June 14th, 2019 as bargain hunting was observed on some select instruments. Yields on the seven-, ten- and twenty-year debt instruments closed higher at 14.73%, 14.66% and 14.66% from 14.53%, 14.54% and 14.57% respectively. The Access Bank Bond index dipped by 3.37 points to close at 2,880.94 points from 2,884.31 points the previous week. We expect a cautious trading session and mixed sentiment to prevail this week barring any impactful news.

Commodities

The price of crude oil rose following an attack on two oil tankers in the Gulf of Oman. This is the second attack on tankers in the supply zone in a month and stoked concerns about rising tensions between the US and Iran. Bonny Light crude settled at $62.74 per barrel last week, 0.61% higher than the previous week. In a similar vein, precious metals prices trended higher last week supported by expectations for an interest rate cut by the U.S. Federal Reserve following weak inflation data. Consequently, gold price closed at $1,352.13 per ounce, up 1.19% from the previous week's close. Silver also nudged higher, settling at $14.98 per ounce compared to $14.94 per ounce the preceding week. This week, oil prices will receive support from the confirmation by OPEC that its supply cuts would be sustained throughout 2019, citing softer global oil demand due to trade tensions. For precious metals, prices will likely remain elevated against a backdrop of expectations that the Fed could cut rates in the near-term.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jun'19	Jul'19	Aug'19
Exchange Rate (Interbank) (N/$)	361	362	362
Inflation Rate (%)	11.30	11.23	11.21
Crude Oil Price (US$/Barrel)	65	67	67

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