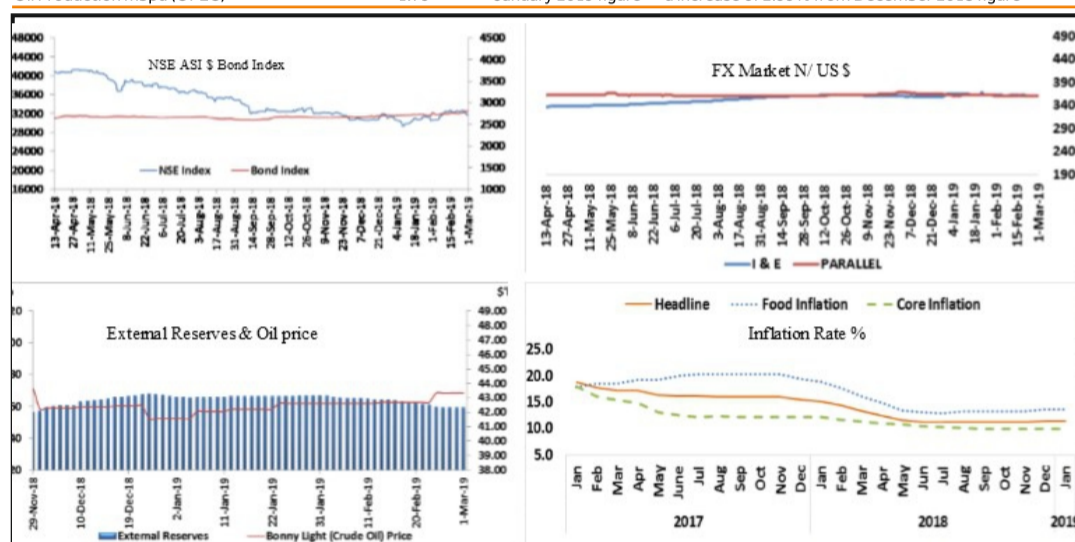


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

GDP Growth (%)	2.38	Q4 2018 — Higher by 0.57% compared to 1.81% in Q3 2018
Broad Money Supply (M2) (N' trillion)	27.07	Decreased by 14.38% in Dec' 2018 from N31.79 trillion in Nov' 2018
Credit to Private Sector (N' trillion)	22.72	Decreased by 1.54% in Dec' 2018 from N23.08 trillion in Nov' 2018
Currency in Circulation (N' trillion)	23.29	Increased by 10.93% in Dec' 2018 from N2.1 trillion in Nov' 2018
Inflation rate (%) (y-o-y)	11.37	Decreased to 11.37% in January 2019 from 11.44% in December 2018
Monetary Policy Rate (%)	14	Raised to 14% in July '2016 from 12%
Interest Rate (Asymmetrical Corridor)	14 (+2/-5)	Lending rate changed to 16% & Deposit rate 9%
External Reserves (US\$ million)	42.63	February 27, 2019 figure — a decrease of 1.99% from February start
Oil Price (US\$/Barrel)	68.42	March 1, 2019 figure — an increase of 9.2% from the prior week

Oil Production mbpd (OPEC) 1.79 January 2019 figure — a increase of 2.99% from December 2018 figure



## STOCK MARKET

Indicators	Friday 01/03/19	Friday 22/02/19	Change(%)
NSE ASI	31,827.24	32,515.52	(2.12)
Market Cap(N'tr)	11.87	12.13	(2.12)
Volume (bn)	0.34	0.22	54.40
Value (N'bn)	3.75	2.24	67.42

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	01/03/19	22/02/19	
O/N	16.3300	20.2500	(392)
CALL	12.2857	14.0417	(176)
30 Days	10.6613	11.6357	(97)
90 Days	11.1975	12.8455	(165)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	01/03/19	22/02/19	01/02/19
Official (N)	306.85	306.80	306.75
Inter-Bank (N)	360.99	361.49	362.71
BDC (N)	0.00	0.0	362.00
Parallel (N)	360.00	360.00	361.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	01/03/19	22/02/19	
3-Year	0.00	0.00	0
5-Year	14.36	16.74	(238)
7-Year	13.90	14.65	(75)
10-Year	14.19	14.70	(50)
20-Year	13.93	14.58	(65)

## 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: March 1st – March 8th, 2019

### Global Economy

In the US, the gross domestic product (GDP) advanced 2.6% year-on-year in Q4'18, lower than 3.4% reported in Q3'18 according to the Bureau of Economic Analysis. The increase in real GDP in the fourth quarter reflected positive contributions from personal consumption expenditures (PCE), nonresidential fixed investment, exports, private inventory investment, and federal government spending. Those were partly offset by negative contributions from residential fixed investment, and state and local government spending. Considering full-year 2018, the economy advanced 2.9%, above 2.2% in 2017 and the highest growth rate since 2015. Elsewhere in India, the economy expanded by 6.6% in the final quarter of 2018 compared to 7% in Q3'18 as reported by the Central Statistics Office (CSO). It is the lowest growth rate in five quarters as weak consumer demand and government spending, manufacturing and agriculture held back expansion. In a separate development, Japan unemployment rate notched up to 2.5% in January 2019 from 2.4% in December 2018 and 2.4% from a year earlier. The number of unemployed increased 80,000 from a month earlier to 1.72 million in January, while employment fell 320,000 to 66.65 million.

### Domestic Economy

The Manufacturing Purchasing Managers' Index stood at 57.1 index points in February 2019, the latest PMI report of the Central Bank of Nigeria (CBN) showed. This indicates an expansion in the manufacturing sector for the twenty-first consecutive month. The index grew at a slightly slower pace when compared to the previous month (58.5 points). All the fourteen sub-sectors recorded growth in the period under review. In a separate development, a recent report by the National Bureau of Statistics (NBS), showed that banking sector recorded a total amount of N8.17 trillion (trn) as non-performing loans in 2018. This was N1.38trn lower when compared to the N9.54trn recorded in the 2017 fiscal period. An analysis of the N8.17trn NPLs for 2018 showed that the sector recorded N2.18trn in the first quarter. In the second quarter of 2018, the figure dropped by N250 billion (bn) to N1.93trn. During the third quarter of last year, the NPL portfolio rose by N306bn to N2.25trn, before dropping to N1.79trn in the fourth quarter. Further analysis showed that out of the N15.83trn credit granted by banks to the economy in the first quarter of last year, about N2.18trn became non-performing.

### Stock Market

The local bourse closed in the red for the second consecutive week as the bears failed to relinquish dominance. This was as a result of sell pressure on most heavyweight counters in the consumer goods and financial services sector. The All share Index (ASI) declined by 2.12% to 31,827.24 points from 32,515.52 points the preceding week. Similarly, Market capitalization contracted by 2.21% to N11.87 trillion from N12.13 trillion the prior week. This week, market volatility is expected to continue as investors take positions based on the outcome of the presidential elections recently concluded.

### Money Market

Money market rates trended downwards for the week ended March 1, 2019 due to inflows from foreign portfolio investment, FAAC, and retail refund estimated at 100 million. Accordingly, short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates eased to 17.42% and 16.33% to 18.83% and 20.25% respectively the previous week. In similar vein, longer-tenured interbank rates, such as the 30- and 90-day NIBOR declined to 10.66% and 11.20% from 11.64% and 12.85% the previous week. This week, the market is expected to dip further as OMO maturity of 129.5 billion hits the system.

### Foreign Exchange Market

The naira posted mixed performance in the various market segments. At the Investors' and Exporters window, it gained 50 kobo to settle at N360.99/\$ from N361.49/\$ the previous week. The parallel market remained unchanged at N360/\$ from the prior week. In contrast, at the official window, it dipped by 5 kobo to settle at N306.85/\$ compared to N306.8/\$ the prior week. The relative stability of the local currency continues to be supported by the intervention of the apex Bank. This week, we envisage the naira remaining at prevailing levels, as the CBN continues to support the currency.

### Bond Market

Last week, the bond market was bullish with demand seen across select trading instruments predominantly the FEB 2028, MAR 2036 and APR 2037 maturities. Consequently, yields on the five-, seven-, ten- and twenty-year debt papers closed at 14.36%, 13.90%, 14.19% and 13.93% respectively from 16.74%, 14.65%, 14.70% and 14.58% in that order the previous week. The Access Bank Bond index jumped by 56.66 points or 2.05% to finish at 2,815.60 points from 2,758.94 points the previous week. This week, bullish sentiment is expected to linger barring any impactful news.

### Commodities

Oil prices inched higher as reports from the Energy Information Administration showed that US crude oil inventories had fallen by 8.6 million barrels. Prices were also supported by high level of compliance by OPEC members with the production cut agreement. Bonny light, Nigeria's benchmark crude, gained \$5.74 to close at \$68.42 a barrel, 9.2% up from the prior week. In contrast, gold prices declined as the dollar recouped losses on upbeat the US economic data. Consequently, gold prices declined 0.95% to \$1,309.99 per ounce last week. Silver prices also settled lower by 29 cents, or 1.8%, to \$15.56 per ounce. This week, we expect crude oil prices will trend further upward as US sanctions against Venezuela contribute to the lower supply. For precious metals, prices are likely to be influenced positively by hopes for a US-China trade deal.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Mar'19	Apr'19	May'19
Exchange Rate (Interbank) (N/\$)	364	364	365
Inflation Rate (%)	11.5	11.55	11.6
Crude Oil Price (US\$/Barrel)	60	59	62

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123 rotimi.peters@accessbankplc.com