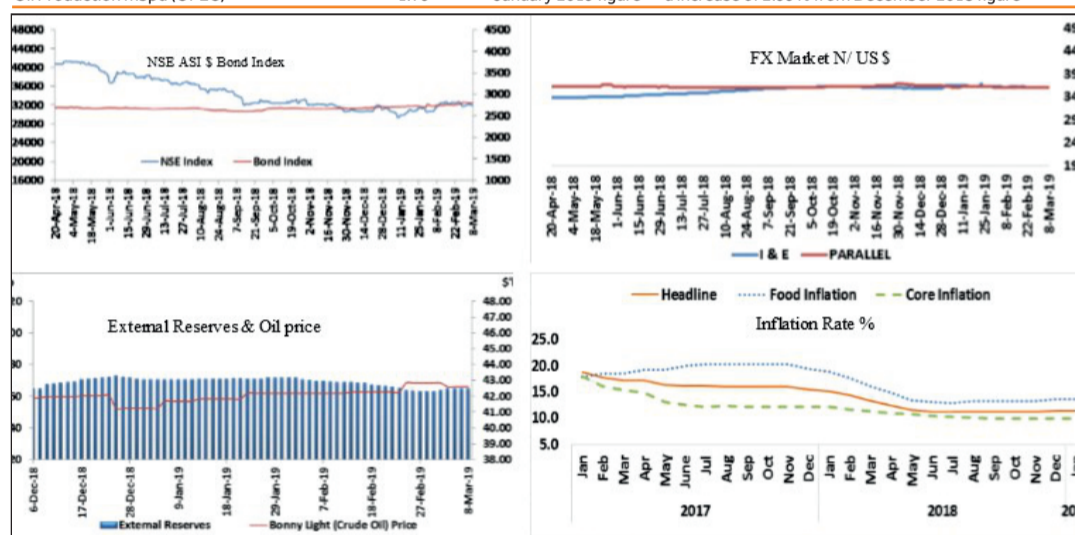


Access Bank Rateswatch

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	March 6, 2019 figure — an increase of 0.34% from March start
Oil Price (US\$/Barrel)	66.03	March 8, 2019 figure — a decrease of 3.49% 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 08/03/19	Friday 01/03/19	Change(%)
NSE ASI	31,924.51	31,827.24	0.31
Market Cap(N'tr)	11.91	11.87	0.31
Volume (bn)	0.23	0.34	(31.78)
Value (N'bn)	2.27	3.75	(39.47)

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	08/03/19	01/03/19	
O/N	10.08	16.33	(625)
CALL	10.25	12.29	(204)
30 Days	11.00	10.66	34
90 Days	13.03	11.20	183

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	08/03/19	01/03/19	08/02/19
Official (N)	306.90	306.85	306.70
Inter-Bank (N)	360.49	361.03	361.73
BDC (N)	0.00	0.00	361.49
Parallel (N)	360.00	360.00	361.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	08/03/19	01/03/19	
3-Year	0.00	0.00	0
5-Year	14.77	14.36	41
7-Year	14.29	13.90	39
10-Year	14.30	14.19	11
20-Year	14.28	13.93	35

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 8th – March 15th, 2019

Global Economy

China recorded the third consecutive month of contraction in the manufacturing sector as the manufacturing purchasing managers' index (PMI) fell to 49.2 in February from 49.5 in January 2019, according to the National Bureau of Statistics (NBS). This marked the weakest PMI reading since February 2016 (49.0). The decline in February was partially the result of the scaling back of production due to the Lunar New Year holiday. According to the NBS, the production sub-index fell to 49.5 in February from 50.9 in January. The sub-index for new orders saw a one percentage point increase to 50.6 in February 2019 from 49.6 in January 2019. Meanwhile, the new export orders sub-index ended at a 10-year low of 45.2, down from 46.9 in the previous month. In a separate development, the Japan economy expanded 1.9% year-on-year in the Q4 2018, after a 2.4% contraction in the previous quarter. According to the Cabinet Office, the economy was boosted by a rebound in household consumption and an upward revision of business spending following a series of natural disasters. Elsewhere in Brazil, government data reported that the trade surplus widened to \$3.67 billion in February 2019 from \$2.99 a year earlier with imports falling more than exports due to sluggish domestic demand. It was the highest surplus for the month of February since the series began in 1989.

Domestic Economy

According to the newly released foreign trade report by the National Bureau of Statistics (NBS), the total value of Nigeria's merchandise trade in Q4 2018 was N8.61trillion. This represented a decline of 5.1% from the figure recorded in Q3 2018 (N9.07 trillion), but a 42.09% increase over the figure in the corresponding quarter of 2017 (N6.06 trillion). The value of total imports fell 14.99% or N631.6 billion in Q4 2018 compared to Q3 2018, but rose 69.6% over the corresponding quarter of 2017. The value of total exports in Q4 2018 increased by 3.52% or N5.02 trillion against the level recorded in Q3, 2018 and 28.46% higher than its value in Q4, 2017. The increase in export value and decrease in import value (relative to Q3 2018) resulted in a favourable trade balance of N1441.0 billion, or 125.5% over the preceding quarter. Nigeria's major exporting trade partners were India (15.5%), Spain (11.3%), France (9.9%), South Africa (6.8%), and Netherland (6.3%). The nation's major importing trade partners were China (25.1%), United States (10.4%), Netherlands (9.1%), India (6.5%), and Belgium (5.5%). In another development, the Central Bank of Nigeria (CBN) revealed in its monthly business expectation survey report that the overall confidence index on the macro economy for the month of February 2019 stood at 22.1 index points. The optimism on the macro economy was driven by the opinion of respondents from the services, industrial, construction and the wholesale/retail trade sectors. The firms that were surveyed identified insufficient power supply, unfavourable economic climate, high interest rate, unclear economic laws, financial problems, unfavourable political climate and insufficient demand as the major factors constraining business activity in the current month.

Stock Market

Performance gauges on the local bourse experienced a turnaround as bullish sentiments persisted throughout the week. Bargain-hunting pushed prices higher in financial services, oil & gas and consumer goods sector. The All share Index (ASI) increased slightly by 0.31% to 31,924.51 points from 31,827.24 points the preceding week.

Similarly, Market capitalization contracted by 0.31% to N11.90trillion from N11.87 trillion the prior week. This week, we envisage market volatility prompted by profit-taking in the midst of more earnings expectation.

Money Market

On average, rates in the money market headed southwards in the week ended March 8, 2019. Market was liquid as significant inflows flooded the market due to demand for government treasury bills by international investors. Accordingly, short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates eased to 9.17% and 10.08% to 17.42% and 16.33% respectively the previous week. Conversely, longer-tenured interbank rates, such as the 30- and 90-day NIBOR rose to 11% and 13.03% from 10.66% and 11.20% the previous week. Rates will likely head north this new week due to Secondary Market Intervention Sales (SMS) and FX auction.

Foreign Exchange Market

The naira posted mixed performance in the various market segments for the second consecutive week. At the Investors' and Exporters window, it gained 54 kobo to settle at N360.49/\$ from N361.03/\$ 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 apex bank in its fight to keep the currency exchange rate stable. This week, we envisage the naira remaining at prevailing levels.

Bond Market

The previous week saw an uptick in bond yields as counterparties closed their open positions which were in profit. Demand also slowed during the week leading to a rise in yields. Yields on the five-, seven-, ten- and twenty-year debt papers settled higher at 14.77%, 14.29%, 14.30% and 14.28% from 14.36%, 13.90%, 14.19% and 13.93% respectively the previous week. The Access Bank Bond index fell by 16.95 points to close at 2,798.65 points from 2,815.60 points the previous week. We expect a bit of buying this week in view of the release of the revised bond calendar for the upcoming auction.

Commodities

Oil prices retreated as US crude oil stockpiles rose much more than expected last week, with inventories up by 7.1 million barrels to 452.93 million barrels, according to a weekly report by the US Energy Information Administration (EIA). Bonny light, Nigeria's benchmark crude, shed \$2.9 to close at \$66.03 a barrel, 3.5% lower from the prior week. In a similar vein, precious metal prices declined as the European Central Bank slashed its forecast for Eurozone growth and extended a pledge to hold off on interest-rate hikes until at least late this year, pressuring the euro and providing a boost to the U.S. dollar. Consequently, gold prices declined 1.17% to \$1,294.67 per ounce last week. Silver prices also settled lower by 43 cents, or 2.8%, to \$15.13 per ounce. This week, we expect crude oil prices to remain pressured due to high US inventories and the dismal outlook for growth by the OECD. For precious metals, prices are likely to rise, buoyed by weak US economic data.

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

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