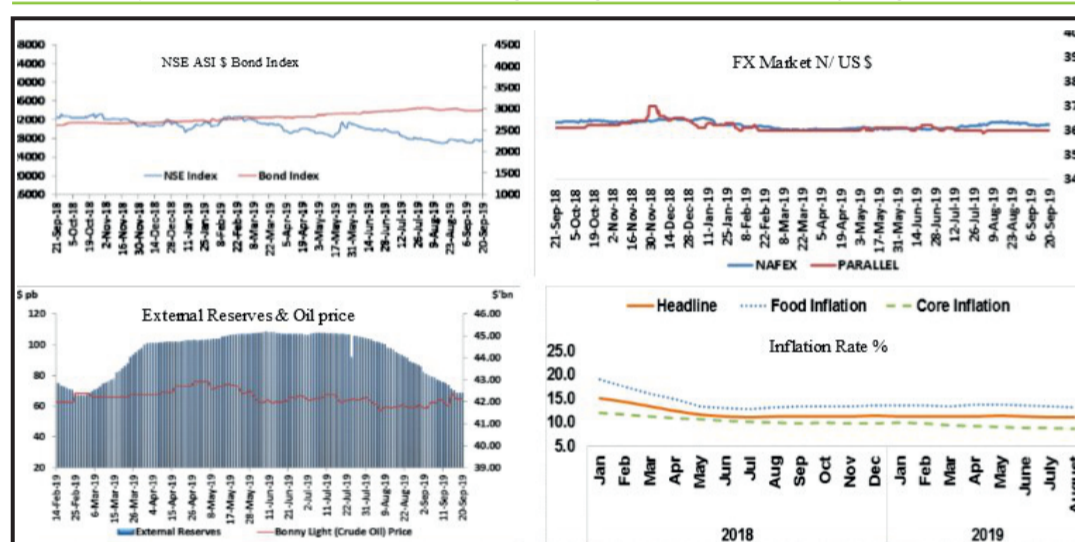


# Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS		
GDP Growth (%)	1.94	Q2 2019 — lower by 0.16% compared to 2.10% in Q1 2019
Broad Money Supply (N' trillion)	35.68	Increased by 1.88% in July' 2019 from N35.02 trillion in Jun' 2019
Credit to Private Sector (N' trillion)	24.27	Decreased by 1.93% in July' 2019 from N24.75 trillion in Jun' 2019
Currency in Circulation (N' trillion)	2.00	Decreased by 0.55% in July' 2019 from N2.01 trillion in Jun' 2019
Inflation rate (%) (y-o-y)	11.02	Decreased to 11.02% in August 2019 from 11.08% in July 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)	42.91	September 18, 2019 figure — a decrease of 2.17% from September start
Oil Price (US\$/Barrel)	64.92	September 19, 2019 figure — an increase of 6.43% from the previous wk
Oil Production mbdpd (OPEC)	1.87	August 2019 figure — a decrease of 4.8% from July 2019 figure



STOCK MARKET			
Indicators	Friday	Friday	Change(%)
	20/09/19	13/09/19	
NSE ASI	27,698.69	27,779.00	(0.29)
Market Cap(N'tr)	13.48	13.52	(0.29)
Volume (bn)	0.18	0.17	7.40
Value (N'bn)	5.92	2.62	126.04

MONEY MARKET			
NIBOR	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	20/09/19	13/09/19	
O/N	6.4300	22.4300	(1600)
O/N	7.5700	24.7100	(1714)
CALL	14.2000	22.3333	(813)
30 Days	13.2969	13.1220	17
90 Days	13.4426	13.6345	(19)

FOREIGN EXCHANGE MARKET			
Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	20/09/19	13/09/19	20/08/19
Official (N)	306.90	306.85	306.95
Inter-Bank (N)	362.39	362.04	363.68
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	360.00	360.00

BOND MARKET			
AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	20/09/19	13/09/19	
3-Year	0.00	0.00	0
5-Year	14.46	14.38	8
7-Year	14.34	14.34	0
10-Year	14.21	14.34	(13)
20-Year	14.35	14.45	(10)
30-Year	14.45	14.63	(18)

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## Market Analysis and Outlook: September 20 - September 27, 2019

### Global Economy

In the US, the Federal Reserve cut the target range for the federal funds rate to 1.75-2% during its September meeting, the second rate cut since 2008, as inflation remains subdued amid heightened concerns about the economic outlook and ongoing trade tensions with China. GDP forecasts were raised to 2.2% in 2019 (vs 2.1% previously estimated) and 1.9% in 2021 (vs 1.8%), while that for 2020 was unchanged at 2.0%. Inflation expectations were seen at 1.5% in 2019, 1.9% in 2020 and 2.0% in 2021, matching June's projections. Seven of the policy makers agreed to the decision while 3 were of a different opinion. Elsewhere, The People's Bank of China (PBOC) in its most recent meeting set its one-year loan prime rate (LPR) at 4.2%, down from 4.25% the prior month. The reduction came after the central bank lowered banks' reserve requirements by 50 basis points to support the economy and after the Federal Reserve slashed US interest rates for the second straight month this year. The five-year LPR was unchanged at 4.85%. In a separate development, Japan inflation rate dipped to 0.3% in August from 0.5% in the prior month. Annual core consumer inflation, which excludes fresh food, was at 0.5% according to the Statistics Bureau of Japan. It was the lowest inflation rate in six months, raising the chances of further stimulus after the Bank of Japan decided to leave policy unchanged in its September meeting but left the window wide open for easing.

### Domestic Economy

The Central Bank of Nigeria concluded the rescheduled fifth Monetary Policy Committee meeting of 2019 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 Committee was also of the opinion that retaining the current position of policy would encourage credit delivery to the real sector, especially in the light of the subsisting implementation of the Loan-to-Deposit Ratio policy. In a separate development, the Consumer Price Index (CPI) which measures inflation rose by 11.02% year-on-year in the month of August 2019, which is 0.06% points lower than the 11.08% recorded in July 2019. The food index increased by 13.17% (year-on-year) in August, lower than 13.39% recorded in July, thus indicating reducing pressure in the prices of food items. The core sub-index, which excludes prices of farm produce decreased to 8.68% from 8.8% recorded the prior month. During the month, the highest increases were seen in the prices of Oils and fats, Meat, Bread and cereals, Potatoes, yam and other tubers and Fish. Others are Cleaning, Repair and hire of clothing, Repair of household appliances, Hospital services, Glassware, tableware and household utensils, Passenger transport by air and repair and hire of footwear. In a separate development, the Central Bank in a recent circular called "Re: Implementation of the Cashless Policy" informed all deposit money banks that it has approved charges on deposits, and it will apply to FCT, Lagos, Ogun, Kano, Abia, Anambra and Rivers states. This is in addition to already existing charges on withdrawals. According to the circular, the charges, which take effect from September 18, will attract 3% processing fees for withdrawals and 2% processing fees for lodgments of amounts above N500,000 for individual accounts. For corporate accounts, the apex bank in the circular said that DMBs would charge 5% processing fees for withdrawals and 3% processing fee for lodgments of amounts above N3,000,000. The nationwide implementation of the cashless policy will begin by March 2020.

### Stock Market

The nation's bourse closed marginally in negative territory last week compared to the preceding week. This was on the back of profit-taking particularly in the banking and consumer goods sectors. Accordingly, the All Share Index (ASI)

decreased by 0.29% to 27,698.69 points from 27,779 points the preceding week. Market capitalization also dipped by N40 billion to N13.48 trillion from N13.52 trillion the prior week. The lacklustre performance of the market could be attributed to investors waiting to see the outcome of the rescheduled Central Bank of Nigeria (CBN) Monetary Policy Committee (MPC) meeting. This week, we anticipate bargain hunters will take advantage of low stock prices, thereby boosting gauges of market performance.

### Money Market

Rates at the money market dwindled last week as system liquidity improved following coupon payment which hit the system. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates climbed to 6.43% and 7.57% from 22.43% and 24.71% respectively the previous week. Call rates also decreased to 14.20% from 22.33% the prior week. This week, rates are expected to remain around current levels depending on government decision to carry out Open Market Operations (OMO) auctions

### Foreign Exchange Market

Last week, the naira depreciated against the greenback across most market segments. At the NAFEX window the local currency witnessed a depreciation of 35 kobo to close at N362.39/\$. Similarly, at the official market, naira depreciated to N306.90/\$, a 5 kobo depreciation 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 across various market segments. This week, we foresee the local currency trading at prevailing levels due to the apex bank's sustained supply of liquidity.

### Bond Market

The Bond market witnessed bullish sentiments for the week ended September 20<sup>th</sup>, 2019. This was largely due to a renewed interest in FGN bonds by both foreign and local investors. Consequently, we observed demand for various maturities particularly the 2036, 2037 and 2049 bonds. Yields on the ten-, twenty- and thirty-year debt papers closed lower at 14.21%, 14.35% and 14.45% from 14.34%, 14.45% and 14.63% respectively the previous week. The Access Bank Bond index increased by 10.98 points to finish at 2,969.50 points from 2,958.51 points the previous week. This week, we anticipate bullish sentiments will be sustained as market participants position for higher yields

### Commodities

The price of oil jumped last week supported by supply risks brought about by last weekend's drone attacks on Saudi oil infrastructure and a cut in U.S. interest rates. The attacks knocked down more than half of Saudi Arabia's crude production and severely limited the country's spare capacity, a cushion for oil markets in any unplanned outage Bonny light, Nigeria's benchmark oil crude edged up \$3.92, or 6.43%, to \$64.92 a barrel. In contrast, precious metals prices slipped following the announcement of a second consecutive 0.25% cut to short term interest rates by the Federal Reserve. Gold dropped to \$1,503.96 an ounce, down 0.20% from the previous week's price, while the silver settled lower at \$17.89 per ounce, compared to the preceding week's close of \$18.18 per ounce. This week, oil prices may retreat following a Reuters report that Saudi Arabia's oil output may return to normal more quickly than earlier reports had suggested. For precious metals, the dovish bias by central banks in advanced economies will continue to support prices.

### MONTHLY MACRO ECONOMIC FORECASTS

Variables	Sept'19	Oct'19	Nov'19
Exchange Rate (Interbank) (N/\$)	363	362	363
Inflation Rate (%)	11.2	11.2	11.5
Crude Oil Price (US\$/Barrel)	67	68	68