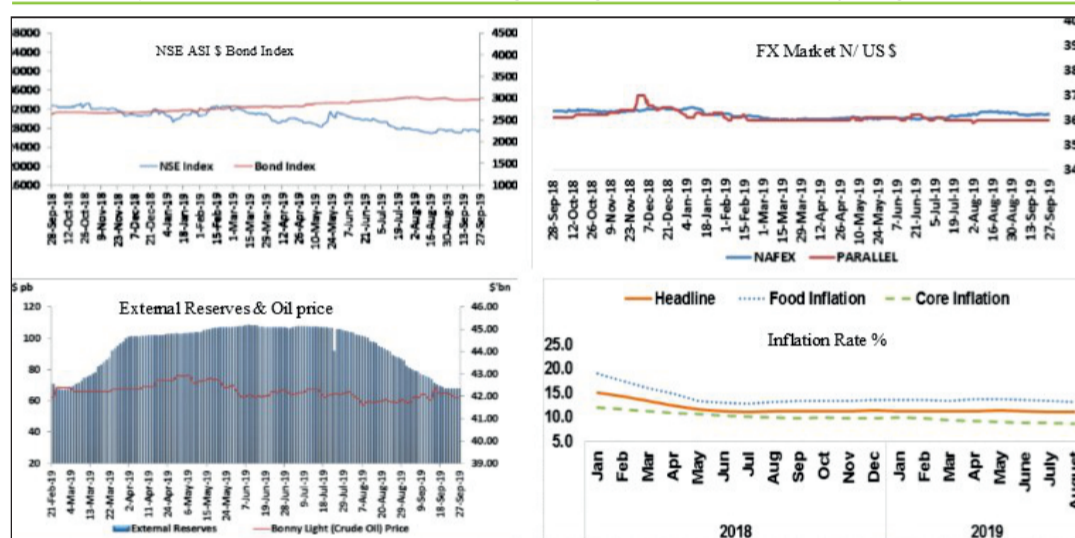


# Access Bank Rateswatch

## 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)	42.36	September 20, 2019 figure — a decrease of 2.31% from September start
Oil Price (US\$/Barrel)	62.16	September 26, 2019 figure — a decrease of 4.25% 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 27/09/19	Friday 20/09/19	Change(%)
NSE ASI	27,675.04	27,698.69	(0.09)
Market Cap(N'tr)	13.47	13.48	(0.09)
Volume (bn)	0.19	0.18	5.48
Value (N'bn)	2.13	5.92	(64.07)

## MONEY MARKET

Tenor	Friday Rate		Change (Basis Point)
	27/09/19	20/09/19	
NIBOR			
O/N	8.43	7.57	86
CALL	9.19	14.20	(501.3)
30 Days	13.16	13.30	(13)
90 Days	13.69	13.44	25.1

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	27/09/19	20/09/19	27/08/19
Official (N)	306.95	306.90	307.00
Inter-Bank (N)	362.02	362.39	362.88
BDC (N)	0.00	0.00	0.00
Parallel (N)	360.00	360.00	360.00

## BOND MARKET

Tenor	Friday		Change (Basis Point)
	27/09/19	20/09/19	
3-Year	0.00	0.00	0.0
5-Year	14.38	14.46	(7.4)
7-Year	14.30	14.34	(4.2)
10-Year	14.29	14.21	8.3
20-Year	14.43	14.45	(2.2)
30-Year	14.57	14.45	12

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## Market Analysis and Outlook: September 27– October 4, 2019

### Global Economy

In the US, consumer confidence fell sharply in September, a likely indication that growing economic uncertainties are taking a toll on American households. The Conference Board, a business research group, said that its consumer confidence index fell to 125.1 in September from a revised August reading of 134.2. Consumers' assessments of both current economic conditions and expectations for the next six months slipped. Consumer spending, which accounts for about 70% of U.S. economic activity, has so far shielded the economy from some of the adverse effects of tariff and trade tensions. In a separate development, the government of India announced a fiscal stimulus package in an effort to spur investment and boost growth in the country's faltering economy. According to the Finance Minister, the corporate tax rate on domestic companies was cut to 22% from 30% in a bid to boost investment. New companies (formed after 1 October 2019) will pay only 15% tax. However, the effect will be limited as the majority of small and medium enterprises in India do not pay tax in any event. Elsewhere, the Bank of England (BoE) kept the main interest unchanged and the extent of the asset purchasing programme as is. With continued Brexit uncertainty, the statement by the BoE was unclear on the future path of monetary policy, highlighting that "In the event of a no-deal Brexit the monetary policy response would not be automatic and could be in either direction".

### Domestic Economy

Data by the National Bureau of Statistics (NBS), revealed that the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N769.53 billion among Federal, States and Local Governments in August 2019 from the revenue generated in July 2019. The amount distributed was from the statutory account, value added tax (VAT) and exchange gain differences comprising of N607.37 billion, N94.16 billion and N999.99 million respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N299.80 billion, states received N190.38 billion and the local governments received N143.57 billion. The oil producing states received N51.63 billion as the 13% derivation fund. Revenue generating agencies such as Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N5.70bn, N11.14bn and N5.02bn respectively as cost of revenue collections. In a separate development, the Manufacturing Purchasing Managers' Index (PMI) stood at 57.7 index points in September 2019. This indicates an expansion in the manufacturing sector for the twenty-ninth consecutive month. The index grew at a slightly lower pace when compared to the previous month (57.9 points). This was shown in the latest PMI report by the Central Bank of Nigeria. A PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. Thirteen of the sub-sectors surveyed recorded growth during the month, while the paper products subsector recorded decline in the period under review. Elsewhere, businesses expressed optimism on Nigeria's macro economy in September 2019 according to the Central Bank of Nigeria (CBN) monthly Business Expectations Survey (BES). The macro-economy index came in at 26.7 points for the month of September. The businesses outlook for September 2019 showed more confidence on the macro economy at 59.0 index points. The respondent firms were made up of small, medium and large organisations covering both import- and export-oriented businesses. The positive outlook by businesses in September 2019, according to the report, was driven by the opinion of respondents from the following sectors: services (14.2 points), industrial (9.7 points), wholesale/retail trade (2.1 points) and construction (0.6 points) sectors. The surveyed firms listed insufficient power supply, high interest rate, unfavourable economic climate, unclear economic laws, financial problems, insufficient demand and unfavourable political

climate as the major factors constraining business activity in the reference month.

### Stock Market

Bearish Sentiments prevailed again on the bourse last week as the all share index declined compared to the prior week. The All Share Index (ASI) shed 0.09% to 27,675.04 points from 27,698.69 points the preceding week. Similarly, market capitalization lost 0.09% to N13.47 trillion from N11.48 trillion the prior week. The negative performance seen in the gauges of market performance reflected intense sell pressure on bellwether counters. This week, we anticipate the equities market will sustain a negative outing as investors continue to tread cautiously.

### Money Market

Cost of borrowing went up slightly due to Retail Secondary Market Intervention Sales (SMIS) auction and Bond Auction debit. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates climbed to 9.29% and 8.43% from 6.43% and 7.57% respectively the previous week. 90-day Nigeria Three Month Interbank Rate (Nibor) climbed to 13.69% from 13.44% the prior week. This week, rates are expected to trend lower due to Open Market Operation (OMO) and Primary Market Auction (PMA) maturity of N730 million.

### Foreign Exchange Market

The naira recorded mixed performance against the greenback at the different market segments last week. At the NAFEX window the local currency witnessed an appreciation of 37 kobo to close at N362.02/\$. while, at the official market, naira depreciated to N306.95/\$, 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 envisage the stability in the market would continue due to consistent FX liquidity injections by the CBN.

### Bond Market

Yields in the bond market notched higher due to the bond auction that held last week. Yields on the ten-, twenty- and thirty-year debt papers closed higher at 14.29%, 14.43% and 14.57% from 14.21%, 14.35% and 14.45% respectively the previous week. The Access Bank Bond index declined by 1.38 points to finish at 2,968.12 points from 2,969.50 points the previous week. This week, we anticipate a pick-up in demand as improved yields might force buying interest.

### Commodities

Oil prices dropped last week after U.S. crude inventories unexpectedly rose and on worries that demand could fall after U.S. President Donald Trump's comments about trade talks with China. U.S. crude inventories unexpectedly rose 2.4 million barrels last week according to the Energy Information Administration. Bonny light, Nigeria's benchmark oil crude dipped \$2.76, or 4.25%, to \$64.92 a barrel. In contrast, precious metals prices edged up on global slowdown fears and tensions in the Middle East. Gold climbed to \$1,506.70 an ounce, up 0.18% from the previous week's price, while the silver settled lower at \$17.83 per ounce, compared to the preceding week's close of \$17.89 per ounce. This week, oil prices might fall further as Saudi Arabia has agreed to a partial ceasefire in Yemen so the drone attack would be halted. For precious metals, safe-haven demand, underpinned by monetary policy easing in Advanced Economies' central banks, will sustain 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