Global Economy

In the Eurozone, the trade surplus with the rest of the world widened in February as imports saw a faster decline than exports. According to the European Union's statistics agency (Eurostat), exports of goods from the single currency area fell by 2.9% from January, the second straight month of decline. However, imports of goods fell more rapidly - by 3.1% - leaving the Eurozone with a surplus of 21.0 billion euros ($25.0 billion), up from 20.2 billion euros in January. In a separate development, Japan's business sentiment worsened for the first time in two years in the first quarter, according to the Bank of Japan's Tankan report published on April 3. Confidence fell among manufacturers, machinery-equipment makers and auto exporters, likely due to the yen's recent appreciation. In another development, India's consumer inflation accelerated to the lowest level in seven months in March as food and fuel prices cooled, government data showed. Consumer price index rose 2.8% from a year earlier, slowing from February's 4.4% increase. Food prices climbed 2.81% from a year earlier, decelerating from a 3.26% rise in February while fuel prices rose 5.73%, slower than February's 6.8% increase. Despite the decline, the current level of inflation remains higher than the Reserve Bank of India's (RBI) 4% medium-term target. Nonetheless, the RBI's rate-setting monetary policy committee maintained its neutral bias in March while lowering its projection for price pressures in the country as well as the expectation that the winner of this year's election in October will approve fiscal reforms to cut government spending.

Local Economy

The Consumer Price Index (CPI) which measures inflation increased by 13.56% in March 2018, which is 0.99% points less than the 14.54% recorded in February 2018. This represents the fourteenth consecutive month of decline in the rate of inflation since January 2017. The food index rose by 16.08% (year-on-year) in March, slightly lower than 17.59% recorded in February, thus indicating declining pressure in the prices of food items. The core sub-index, which excludes prices of farm produce increased by 11.2%, 0.5% points lower than 11.71% in February. During the month, the highest increases were recorded in prices of clothing materials, garments and other articles of clothing and clothing accessories, vehicle spare parts, fuel and lubricants for personal transport equipment, actual and imputed rentals for housing, passenger transport by road, hairdressing salons and personal grooming establishments, shoe and other footwear, maintenance and repair of personal transport equipment and paramedical services.

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MARKET ANALYSIS AND OUTLOOK: APRIL 13 – APRIL 20, 2018

1. Global Economy

a. In the Eurozone, the trade surplus with the rest of the world widened in February as imports saw a faster decline than exports. According to the European Union's statistics agency (Eurostat), exports of goods from the single currency area fell by 2.9% from January, the second straight month of decline. However, imports of goods fell more rapidly - by 3.1% - leaving the Eurozone with a surplus of 21.0 billion euros ($25.0 billion), up from 20.2 billion euros in January. In a separate development, Japan's business sentiment worsened for the first time in two years in the first quarter, according to the Bank of Japan's Tankan report published on April 3. Confidence fell among manufacturers, machinery-equipment makers and auto exporters, likely due to the yen's recent appreciation. In another development, India's consumer inflation accelerated to the lowest level in seven months in March as food and fuel prices cooled, government data showed. Consumer price index rose 2.8% from a year earlier, slowing from February's 4.4% increase. Food prices climbed 2.81% from a year earlier, decelerating from a 3.26% rise in February while fuel prices rose 5.73%, slower than February's 6.8% increase. Despite the decline, the current level of inflation remains higher than the Reserve Bank of India's (RBI) 4% medium-term target. Nonetheless, the RBI's rate-setting monetary policy committee maintained its neutral bias in March while lowering its projection for price pressures in the country as well as the expectation that the winner of this year's election in October will approve fiscal reforms to cut government spending.

b. In India, the Ministry of Statistics and Programme Implementation published the March inflation data on April 13. The country's consumer inflation decelerated to 13.34% from 14.33% in February. This is the fourteenth consecutive month of decline in the rate of inflation since January 2017. The food index rose by 16.08% (year-on-year) in March, slightly lower than 17.59% recorded in February, thus indicating declining pressure in the prices of food items. The core sub-index, which excludes prices of farm produce increased by 11.2%, 0.5% points lower than 11.71% in February. During the month, the highest increases were recorded in prices of clothing materials, garments and other articles of clothing and clothing accessories, vehicle spare parts, fuel and lubricants for personal transport equipment, actual and imputed rentals for housing, passenger transport by road, hairdressing salons and personal grooming establishments, shoe and other footwear, maintenance and repair of personal transport equipment and paramedical services.

2. Local Economy

a. According to the National Bureau of Statistics (NBS), Nigeria's consumer inflation rate declined to 13.34% year-on-year in March 2018 from 14.33% in February. This is the fourteenth consecutive month of decline in the rate of inflation since January 2017. The food index rose by 16.08% (year-on-year) in March, slightly lower than 17.59% recorded in February, thus indicating declining pressure in the prices of food items. The core sub-index, which excludes prices of farm produce increased by 11.2%, 0.5% points lower than 11.71% in February. During the month, the highest increases were recorded in prices of clothing materials, garments and other articles of clothing and clothing accessories, vehicle spare parts, fuel and lubricants for personal transport equipment, actual and imputed rentals for housing, passenger transport by road, hairdressing salons and personal grooming establishments, shoe and other footwear, maintenance and repair of personal transport equipment and paramedical services.

b. For its part, the government expects the naira to appreciate in the current and next few months, borrowing rates to rise while inflation is expected to slow down.

Stock Market

Trading activities at the local bourse improved significantly in the week ended April 13, 2018. The All Share Index (ASI) gained marginally by 0.2% to close at 40,928.70 points from 40,841.14 points in the previous week. Similarly, market capitalization rose by 0.2% to close at N4.78 trillion from N4.75 trillion in the previous week. The positive performance in the market was aided by stocks in the industrial goods, banking and oil & gas sectors.

Money Market

Money market rates moderated for the third consecutive week due to inflows from Federal Government of Nigeria (FGN) Savings Bonds (SMBs) refund of about N100 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (ON) rates further declined to 2.51% and 0.2% respectively in the previous week. This made the yield on expected Open Market Operation (OMO) auction.

Foreign Exchange Market

The naira-dollar exchange rate at the interbank window depreciated marginally by 79k to close at N375.27 to N383.48 in the previous week. At the parallel market, the local currency also depreciated marginally by 25k to close at N364.02 to N364.27 in the previous week.

Bond Market

Bond yields trended downwards for the second consecutive week due to increase in demand and supply of government securities. This week, yields on five-, seven-, ten- and twenty-year debt papers declined by 13.53%, 13.51%, 13.41% and 13.36% from 13.56%, 13.72%, 13.62% and 13.65% recorded in the previous week.

Commodities Market

Oil prices climbed last week as rising tensions in the Middle East continued to stoke concerns over potential supply disruptions in the region. The price of the Organization of the Petroleum Exporting Countries (OPEC) basket of crude added $3.55, or 4.5%, to $86.73 a barrel, settling at its highest since January 25, 2018. In a similar vein, precious commodities prices surged as geopolitical concerns raised investors seeking safe-haven assets. Gold rose by $5 to $1,357.39 an ounce, while silver price grew by 15 cents to $15.53. This week we anticipate oil prices will remain close to prevailing levels amidst geopolitical concerns around the prospect of a US-China trade war.

MONTHLY MACRO ECONOMIC FORECASTS

<table>
<thead>
<tr>
<th>Variables</th>
<th>April 13</th>
<th>May 13</th>
<th>June 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth (%)</td>
<td>3.5%</td>
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<tr>
<td>Inflation Rate (%)</td>
<td>12.67</td>
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<tr>
<td>Crude Oil Price (US$/Barrel)</td>
<td>65</td>
<td>67</td>
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Sources: CBN, Financial Market Dealers Association of Nigeria, NSE and Access Bank Economic Intelligence Group computation.