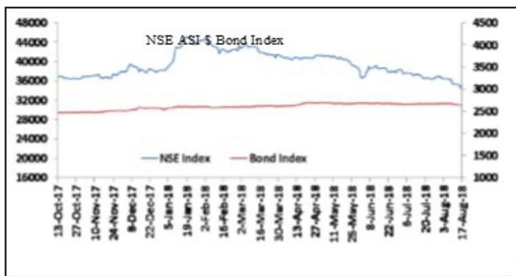
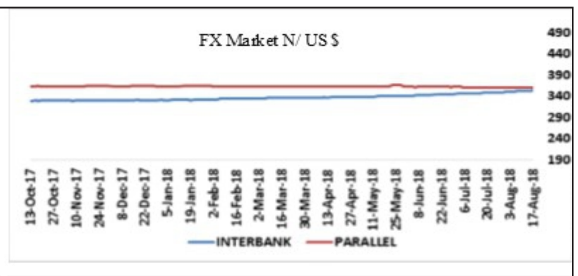
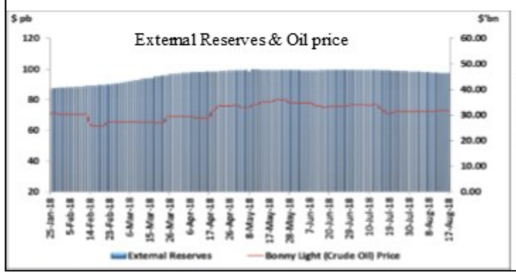
Access Bank Rateswatch

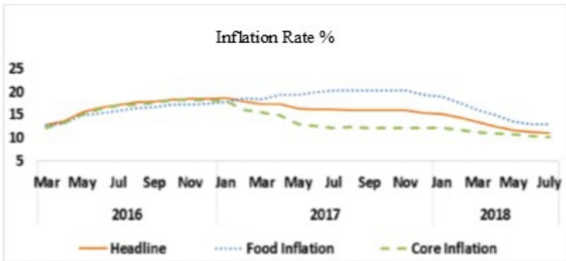
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.95	Q1 2018 — lower by 0.16% compared to 2.11% in Q4 2017
Broad Money Supply (M2) (N' trillion)	24.81	Decreased by 1.41% in June 2018 from N25.17 trillion in May' 2018
Credit to Private Sector (N' trillion)	22.28	Increased by 0.34% in June 2018 from N22.21 trillion in May' 2018
Currency in Circulation (N' trillion)	1.90	Decreased by 1.56% in June 2018 from N1.93 trillion in May' 2018
Inflation rate (%) (y-o-y)	11.14	Decreased to 11.14% in July' 2018 from 11.23% in June' 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)	46.46	August 15, 2018 figure — a decrease of 1.30% from August start
Oil Price (US$/Barrel)	72.98	August 17, 2018 figure— an increase of 0.87% from the prior week
Oil Production mbpd (OPEC)	1.67	July 2018 figure — an increase of 4% from June 2018 figure









STOCK MARKET

Indicators	Friday 17/08/18	Friday 10/08/18	Change(%)
NSE ASI	35,266.29	35,446.47	(0.51)
Market Cap(N'tr)	12.87	12.94	(0.51)
Volume (bn)	0.27	0.19	41.08
Value (N'bn)	2.72	2.03	33.94

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 17/08/18	Friday Rate (%) 10/08/18	Change (Basis Point)
OBB	7.3300	8.4200	(109)
O/N	8.3300	9.2500	(92)
CALL	8.1250	8.4000	(28)
30 Days	12.4103	11.1140	130
90 Days	13.2799	12.4048	88

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 17/08/18	Friday (N/$) 10/08/18	1 Month Rate (N/$) 17/07/18
Official (N)	306.10	306.00	305.80
Inter-Bank (N)	353.77	352.28	347.76
BDC (N)	361.00	360.50	361.00
Parallel (N)	360.00	360.00	360.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 17/08/18	Friday (%) 10/08/18	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	14.41	13.96	45
7-Year	14.74	14.10	64
10-Year	14.52	14.01	51
20-Year	14.79	14.33	46

COMMODITIES MARKET

Indicators	17/08/18	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	72.98	0.87	13.22
Natural Gas ($/MMBtu)	2.93	(0.68)	(4.12)
Agriculture			
Cocoa ($/MT)	2144.00	0.66	10.74
Coffee ($/lb.)	104.75	(1.97)	(19.55)
Cotton ($/lb.)	81.39	(7.08)	5.02
Sugar ($/lb.)	10.29	(3.65)	(32.88)
Wheat ($/bu.)	569.75	(2.86)	31.43
Metals			
Gold ($/t oz.)	1177.12	(2.79)	(10.66)
Silver ($/t oz.)	14.65	(4.68)	(14.78)
Copper ($/lb.)	261.15	(4.90)	(20.33)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 17/08/18	Friday (%) 10/08/18	Change (Basis Point)
1 Mnth	10.42	9.89	53
3 Mnths	11.67	11.30	37
6 Mnths	13.05	12.79	26
9 Mnths	12.93	12.71	22
12 Mnths	13.24	12.69	55

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 17/08/18	Friday (%) 10/08/18	Change (Basis Point)
Index	2,637.04	2,665.95	(1.08)
Mkt Cap Gross (N'tr)	8.48	8.57	(1.10)
Mkt Cap Net (N'tr)	5.40	5.51	(1.96)
YTD return (%)	7.35	8.53	(1.18)
YTD return (%)(US $)	-48.03	-47.82	(0.21)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	3384.18	10	15-Aug-2018
182 Day	69,565.35	10.4	1-Aug-2018
364 Day	20,000.00	11.22	15-Aug-2018

Sources: CBN, Financial Market Dealers Association of Nigeria, NSE and Access Bank Economic Intelligence Group computation.

Market Analysis and Outlook: August 17 - August 24, 2018

Global

In the US, core consumer inflation accelerated to 2.4% year-on-year (y-o-y) in July, up from 2.3% in June, data released by the Labour Department show. This is the highest in nearly 10 years and suggests that the Federal Reserve will remain on track to increase the policy rate in September. The acceleration in core inflation was mostly driven by steep increases in the rental cost of housing. Meanwhile, headline inflation reached 2.9% y-o-y, similar to June and the highest rate in more than six years. In a separate development, China's overall trade surplus narrowed to $28 billion in July from $42 billion in June. Imports rose by 27.3% y-o-y, while exports increased by 12.2% y-o-y. Steel product exports dropped by 15% y-o-y in the wake of a 25% tariff introduced by the US. In contrast, aluminium products exports, now subject to a 10% tariff by the US, increased by more than 18%. On balance, imports were up on higher commodity shipments to China. One exception was soybean imports which fell by 26% y-o-y following the introduction of a 25% tariff by China on US soybeans. Elsewhere, in the Eurozone, gross domestic product (GDP) growth for the second quarter (Q2) was revised up as Germany and the Netherlands posted stronger-than-expected growth for the period. The Q2 GDP growth was revised upward to 0.4% quarter-on-quarter from the previous estimate of 0.3%, according to data released by Eurostat, the statistics agency of the European Union (EU). Analysts believe the upward revision to GDP growth in the second quarter will make policymakers at the European Central Bank more confident that they are right to be winding down their asset purchases.

Domestic

The Central Bank of Nigeria (CBN) and the Bankers' Committee have agreed to provide single-digit interest rate loans to operators in the manufacturing and agricultural sectors of the economy. These loans are expected to be availed from commercial banks' cash reserve requirement (CRR) with the apex bank. The CBN Governor had, at the last Monetary Policy Committee meeting held in July announced that the apex bank was working on the modalities for the scheme. Speaking at the end of the meeting, the Director of Banking Supervision stated that these loans are long term loans of seven years with two year moratorium on principal. He further stated that although agriculture and manufacturing are the initial sectors that are being considered, a bank can apply if there is a job-creating sector that the bank is operating in. In a separate development, Nigeria's annual inflation rate dropped further to 11.14% year-on-year in July 2018. The National Bureau of Statistics (NBS) disclosed this in its Consumer Price Index (CPI) report titled 'CPI and Inflation Report July 2018', released last week. The decline is 0.09% points less than the rate recorded in June 2018 (11.23%) and represents an eighteenth consecutive disinflation in headline inflation year-on-year. Nigeria's inflation rate has continued to decline since February 2017 after reaching more than 12 year-high. According to the report, food index droppedat 12.85% in July 2018 compared to 12.98% in June 2018, representing the tenth consecutive decline in year on year food inflation since September 2017. Meanwhile, core inflation, which excludes the prices of volatile agricultural produce stood at 10.2% in July 2018, down by 0.2% from the rate recorded in June 2018 (10.4%). This represents the 16th consecutive decline in year on year core inflation since March 2017.

Stock Market

The bearish trend in the local bourse was unrelenting last week as the equities market closed in the red owing to negative sentiment towards large cap stocks across sectors. Accordingly, the All Share Index (ASI) fell 0.51% week-on-week to settle at 35,266.29 points. Market capitalization also contracted N7 billion to close at N12.87 trillion. Investor sentiment remained shaky against the backdrop of a sell-off in emerging markets assets. This week, we expect the bearish performance to be sustained as investors continue to take profit following some less-than-stellar corporate scorecard releases.

Money Market

Money market rates trended downwards for the week ended July 17[th] 2018 due to net inflow from Open Market Operations (OMO) of about N300 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 7.33% and 8.33% from 8.42% and 9.25% respectively the previous week. Longer dated placements witnessed mixed direction. Call rate declined to 8.13% from 8.45, while the 30-day and 90-day NIBOR closed higher at 12.41% and 13.28% from 11.11% and 12.40% the prior week. This week, the liquidity seen in the market is expected to prevail as OMO maturity of N364 billion hits the market next week.

Foreign Exchange Market

The local currency remained unchanged at the parallel market at N3620/$, same as the previous week. In contrast, at the interbank window and official market, the naira depreciated marginally by 0.42% and 0.03% to close at N353.77/$ and N306.10/$ from previous week. The relative stability of the local currency continues to be supported by the apex bank's resolve to keep the currency exchange rate stable. This week, we envisage the naira remaining at prevailing levels.

Bond Market

Last week, average bond yields trended higher largely on account of selloffs from foreign investors, a fallout of the current risk-off sentiment towards emerging markets, owing to the crisis in Turkey . Yields on the five-, seven-, ten- and twenty-year debt papers settled higher at 14.41%, 14.74%, 14.52% and 14.79% from 13.96%, 14.10%, 14.01% and 14.33% respectively the previous week. The Access Bank Bond index fell by 28.92 points to close at 2,637.04 points from 2,665.95 points the previous week. This week we expect that the bearish sentiment in the market will persist as macro fundamentals have not changed.

Commodities

Oil prices retreated last week after government data showed a jump in stockpiles of US crude. US commercial crude inventories rose by 6.8 million barrels according to an Energy Information Administration report. Oil prices were also weighed down by the ongoing trade dispute between the United States and China which continues to feed concerns that global economic growth will slow and ultimately shrink demand for oil. The OPEC basket of crudes price$2.56, or 4%, to $69.47. In a similar vein, precious metals prices edged lower amid a widespread downdraft in the metals sector, fueled partly by a strengthening US dollar. Gold fell $33.76 or 2.79%, to $1,177.12 an ounce,silver decreased 72 cents to $14.65 per ounce. This week, oil prices are likely to rise buoyed by reports that the US and China are to resume trade talks at the end of the month. For precious metals, prices may nudge higher following the announcement by Turkey's Central Bank of a series of measures to offer liquidity and cut reserve requirement for banks, in a bid to save lira from its crisis driven by the US sanctions and doubled tariffs on silver and aluminum for 50% and 20% respectively.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Aug'18	Sept'18	Oct'18
Exchange Rate (Official) (N/$)	346.90	347.02	348
Inflation Rate (%)	9.34	9.00	9.00
Crude Oil Price (US$/Barrel)	76.75	76.00	77.00

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