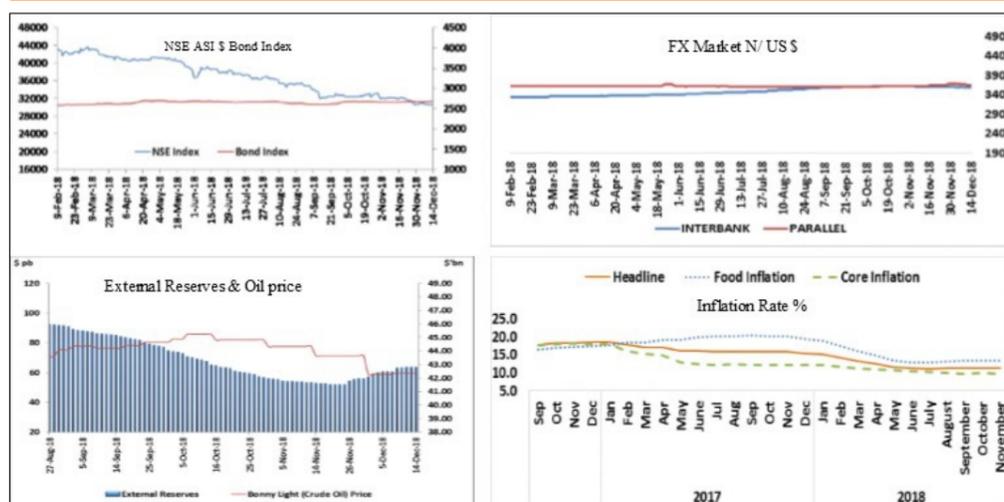


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

GDP Growth (%)	1.81	Q3 2018 — Higher by 0.31% compared to 1.50% in Q2 2018
Broad Money Supply (M2) (N' trillion)	25.71	Increased by 1.73% in Oct' 2018 from N25.28 trillion in Sept' 2018
Credit to Private Sector (N' trillion)	22.72	Increased by 0.72% in Oct' 2018 from N22.56 trillion in Sept' 2018
Currency in Circulation (N' trillion)	1.97	Increased by 2.07% in Oct' 2018 from N1.93 trillion in Sept' 2018
Inflation rate (%) (y-o-y)	11.28	Increased to 11.28% in November 2018 from 11.26% in October' 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)	42.83	December 12, 2018 figure — an increase of 1.56% from December start
Oil Price (US\$/Barrel)	59.71	December 14, 2018 figure — an increase by 1.27% from the prior week
Oil Production mbpd (OPEC)	1.75	October 2018 figure — a decrease of 0.96% from September 2018 figure



STOCK MARKET

Indicators	Friday 14/12/18	Friday 7/12/18	Change(%)
NSE ASI	30,681.50	30,866.82	(0.60)
Market Cap(N'tr)	11.21	11.27	(0.55)
Volume (bn)	0.34	0.18	89.65
Value (N'bn)	2.38	1.56	53.26

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	14/12/18	7/12/18	
O/N	27.21	26.08	113
CALL	17.33	7.43	990
30 Days	15.05	14.75	30
90 Days	15.24	14.97	27

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	14/12/18	7/12/18	14/01/18
Official (N)	306.90	306.85	306.70
Inter-Bank (N)	359.70	359.87	360.99
BDC (N)	0.00	364.50	363.50
Parallel (N)	364.00	366.00	363.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	14/12/18	7/12/18	
3-Year	0.00	0.00	0
5-Year	15.41	15.40	1
7-Year	15.54	15.56	(2)
10-Year	15.51	15.54	(3)
20-Year	15.69	15.77	(7)

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: December 14 - December 21, 2018

Global Economy

In the US, job growth slowed in November, data released by the Bureau of Labour Statistics (BLS) showed. Nonfarm payroll employment rose 155,000 in November, below consensus for growth of around 200,000. Data for September and October were revised to show 12,000 fewer jobs added than previously reported. Unfavourable winter weather reduced November payrolls as reflected in slower job growth in the construction and leisure and hospitality sectors. The unemployment rate remained unchanged at 3.7%. In a separate development, the European Central Bank (ECB) left its interest rates unchanged last week and confirmed that it will end its four-year long EUR 2.6 trillion Asset Purchase Programme in December. The ECB says it can phase out the stimulus at year end because the economy is growing at a steady pace and inflation is near its goal of just under 2%. By exiting the program, the ECB is joining a retreat by the US Federal Reserve and the Bank of England from stimulus efforts deployed in the years following the global financial crisis of 2007-2009 and the Great Recession. Elsewhere, India's factory activity in November expanded at the fastest pace this year, buoyed by a rise in domestic and foreign demand. The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, strengthened to 54.0 in November from 53.1 in October. This is the 16th consecutive month that the manufacturing PMI remained above the 50-point mark. A reading above 50 indicates expansion, while one below that threshold points towards a contraction.

Domestic Economy

The National Bureau of Statistics, NBS, last week said the total value of investment inflows into Nigeria in the third quarter of 2018 was estimated to be \$2.85 billion. According to a new report tagged Nigerian Capital Importation (Q3 2018), when compared to the \$5.51 billion that the economy attracted in the second quarter of 2018, the figure represents a decline of \$2.66 billion, or 48.21%. The report further revealed that the largest amount of capital importation by type was received through portfolio investment, which accounted for \$1.73 billion or 60.5% of total investment inflows, followed by "other investment", which accounted for \$601.53 million or 21.07% of total investments. The report also stated foreign direct investment followed as it accounted for \$530.63 million or 18.58% of total capital imported in the third quarter. In terms of country of destination, the NBS report revealed that the United States emerged as the top source of capital investment in Nigeria in the third quarter of 2018 with \$911.33 million, accounting for 31.91% of the total capital inflow in the third quarter of 2018. In a separate development, the Consumer Price Index (CPI) which measures inflation rose by 11.28% year-on-year in the month of November 2018, which is 0.02% points higher than the 11.26% recorded in October 2018. The food index increased by 14.80% (year-on-year) in November, slightly lower than 15.36% recorded in October, thus indicating declining pressure in the prices of food items. The core sub-index, which excludes prices of farm produce slid by 0.1% to settle at 9.8% in November 2018 from last month's figure of 9.9% year-on-year. During the month, the highest increases were seen in the prices of potatoes, yam and other tubers, bread and cereals, milk, cheese and egg, vegetables, fruits, oil and fats, fish, meat. Others are hospital services, domestic and household services, fuels and lubricant for personal transport, dental services, vehicle spare parts, medical services and footwear.

StockMarket

Bearish sentiments resurfaced on the trading floor of the Nigerian Stock Exchange (NSE) last week. Accordingly, the All Share Index (ASI)

shed 185.32 points or 0.55% to close at 30,681.50 points. Also, the market capitalisation of listed equities declined by N60 billion to close at N11.27 trillion from N11.21 trillion recorded at the previous week's close. This week we anticipate market performance will remain largely bearish as sentiments remain soft.

MoneyMarket

Cost of borrowing at the money market rose last week, cost of funds rose sharply following aggressive liquidity mop up by the Central Bank of Nigeria (CBN) to the tune of about N503 billion. Data from the FMDQ showed that interest rate on Open Buy Back, OBB lending rose by 24 basis points (bps) to 24.57% at the end of last week from 24.33% the previous week. Similarly, interest rate on Overnight lending rose by 113 bps to 27.21% last week from 26.08% the previous week. Longer tenured rates such as the 30-day NIBOR and 90-day NIBOR also closed higher at 15.05% and 15.24% respectively from 14.75% and 14.97% in that order the prior week. This week, we expect moderation in cost of funds as inflows from maturing T-Bills hit the system.

Foreign Exchange Market

The local currency recorded mixed movement across the various market segments last week. In the Parallel window, the naira gained N2 to the indicative exchange rate settled at N364/\$ at the end of trading last week from N366/\$ the previous week. Also in the Interbank market, the naira recorded a weekly appreciation of 0.05% to close at N359.70/\$ from N359.87/\$ the previous week. In contrast however, at the official market, the local unit suffered a depreciation of N0.05k to N306.90/\$ from N306.85/\$ the previous week. This week, we expect rates to continue to trade within a tight band as the CBN sustains its intervention program.

BondMarket

Bond yields trended lower across all maturities as a result of buying interest from local institutional investors. Yields on the five-, seven- and twenty-year debt papers settled at 15.41%, 15.54% and 15.69% from 15.40%, 15.56% and 15.77% respectively the previous week. The Access Bank Bond index increased marginally by 8.98 points to close at 2,684.73 points from 2,675.75 points the previous week. This week, we expect yields to inch slightly higher as participants maintain a cautious outlook on bond yield ahead of the last bills and Bond Auction for the year.

Commodities

Crude oil price (Bonny Light) registered a weekly gain of 1.30% to close at \$59.71 per barrel last week. Oil prices drew strength from the decision of OPEC and allies to cut production by 1.2 million barrels per day with effect from January 2019. In contrast, precious metals prices came under selling pressure last week following the uncertainty surrounding the ECB decision to end its 4-year bond-buying program. Gold slipped \$2.11 or 0.17% to \$1,238.82 per ounce, while silver gained 13 cents or 0.9% to end at \$14.63 per ounce. This week, oil prices are likely to rise further buoyed by export cuts from Libya following a declaration of force majeure on exports from its largest oilfield. For precious metals, prices are likely to take a cue from the outcome of the US Fed Federal Open Market Committee meeting holding this week.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Dec'18	Jan'19	Feb'19
Exchange Rate (Interbank) (N/\$)	363	364	365
Inflation Rate (%)	11.31	11.33	11.37
Crude Oil Price (US\$/Barrel)	60.04	62.81	63.12

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