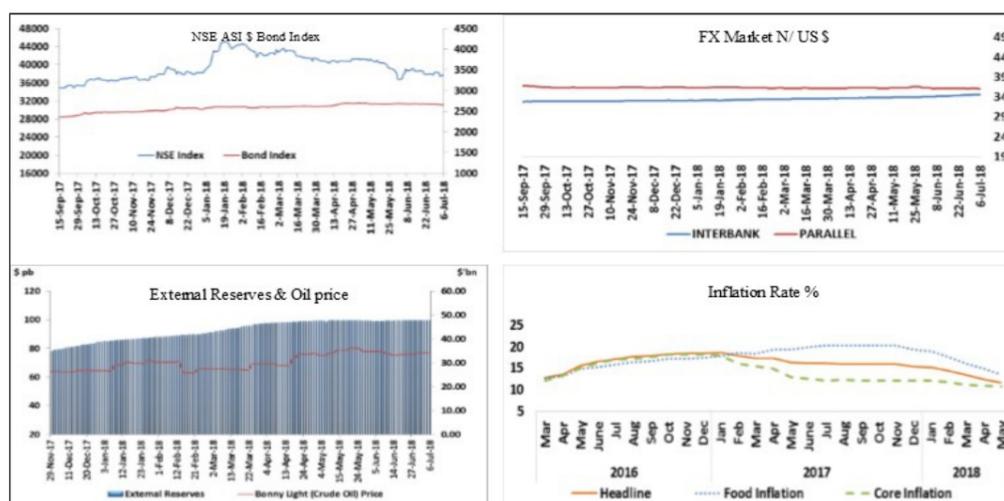


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.95	Q1 2018 — lower by 0.11% compared to 2.11% in Q4 2017
Broad Money Supply (M2) (N' trillion)	25.17	Increased by 2.64% in May 2018 from N24.52 trillion in Apr' 2018
Credit to Private Sector (N' trillion)	22.21	Decreased by 0.21% in May 2018 from N22.25 trillion in Apr' 2018
Currency in Circulation (N' trillion)	1.93	Decreased by 1.36% in May 2018 from N1.96 trillion in Apr' 2018
Inflation rate (%) (y-o-y)	11.61	Declined to 11.61% in May' 2018 from 12.48% in Apr' 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)	47.80	July 4, 2018 figure — an increase of 0.03% from July start
Oil Price (US\$/Barrel)	76.72	July 6, 2018 figure — no change in 1 week
Oil Production mbpd (OPEC)	1.71	May 2018 figure — a decrease of 3% from Apr' 2018 figure



## STOCK MARKET

Indicators	Friday	Friday	Change(%)
	6/07/18	29/06/18	
NSE ASI	37,625.59	38,278.55	(1.71)
Market Cap(N'tr)	13.63	13.87	(1.71)
Volume (bn)	0.32	0.47	(31.90)
Value (N'bn)	3.07	5.82	(47.17)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	6/07/18	29/06/18	
OBB	11.3300	13.1700	(184)
O/N	12.9200	14.0800	(116)
CALL	16.0625	14.7000	136
30 Days	13.7969	14.4552	(66)
90 Days	14.7586	15.0040	(25)

## FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	6/07/18	29/06/18	6/06/18
Official (N)	305.70	305.80	305.95
Inter-Bank (N)	346.17	344.94	341.44
BDC (N)	360.50	360.00	360.00
Parallel (N)	361.00	362.00	361.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	6/07/18	29/06/18	
3-Year	0.00	0.00	0
5-Year	13.57	13.05	52
7-Year	13.90	13.43	47
10-Year	13.88	13.60	28
20-Year	14.15	14.06	9

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## Market Analysis and Outlook: July 06 - July 13, 2018

### Global Economy

In the U.S., the Federal Reserve officials reiterated their commitment to raising interest rates gradually during their meeting on June 12-13, 2018, recently released minutes show. However, they noted that uncertainty and risks that are associated with the country's trade policy have intensified. They opined that these risks could eventually have negative effects on business sentiments and investment spending. Industry contacts also expressed concerns about the possible adverse effects of tariffs and other proposed trade restrictions, both locally and internationally on future investment activities. Contacts in some industries indicated that plans for capital spending had been scaled back or postponed as a result of uncertainty over the trade policy. Elsewhere in the Eurozone, the unemployment rate remained at 8.4% in the month of May 2018. The rate remains at its lowest since December 2008, even as the number of unemployed continues to fall, figures from Eurostat revealed. The number of unemployed in the Euro Area dropped by 125,000 to 13.66 million. Meanwhile, in the European Union, the unemployment rate stood at 7% in May same as the previous month but down from 7.7% a year ago. Among EU member states, the lowest unemployment rates recorded in May were in Czech Republic (2.3%) and Germany (3.4%). The highest were recorded in Greece (20.1%) and Spain (15.8%). In a separate development, Brazil's trade surplus narrowed by 18% to \$5.88 billion in June 2018 from \$7.2 billion in June 2017. According to the Ministry of Development, Industry and Foreign Trade (MDIC), exports rebounded in the reference month growing by 2.1% year-on-year to \$20.20 billion, driven by higher sales of manufactured goods. Imports also climbed but at a higher rate of 13.7% year-on-year to \$14.32 billion, supported by higher purchases of intermediate goods, consumption goods and capital goods. Exports rose to China and the U.S. and imports rose from China, Argentina and Mexico.

### Local Economy

The Nigerian Stock Exchange (NSE) in its monthly Domestic & Foreign Portfolio Investment report for the month of May 2018 revealed that transactions at the nation's bourse accelerated by a whopping 49.96% to N318.27 billion from N212.23 billion recorded in April 2018. Total foreign transactions also increased by a significant 57.47% to N192.95 billion from N122.53 billion the prior month. Total domestic transactions towed the same path, rising by a rate of 39.71% to N125.32 billion from N89.70 billion in April. A breakdown of foreign transactions showed that there was a decline in foreign inflows in the reference month by 3.45% to N62.06 billion from N64.28 billion in the preceding month. However, foreign outflows grew by 124.70% to N130.89 billion in May from N58.25 billion in the previous month. The cumulative transactions from January 2018 to May 2018 ascended by 97.13% to N1.41 trillion compared to the same period in 2017 (N714.99 billion). In a separate development, the Manufacturing Purchasing Managers' Index (PMI) stood at 57 index points in June 2018, the latest PMI report of the Central Bank of Nigeria (CBN) showed. This indicates an expansion in the manufacturing sector for the fifteenth consecutive month. The index grew at a slightly faster pace when compared to the previous month (56.5 points). A composite PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. Ten of the fourteen sub-sectors surveyed reported growth during the month. However, the transportation equipment; fabricated metal products; primary metal; and cement subsectors declined in the review month.

### Stock Market

The bears continued to upstage the bulls at the local bourse as most stocks depreciated in price, causing the market volume and value traded to plunge by 31.90% and 47.17% respectively to 319.63 million trades and N3.07 billion in that order when compared to the previous week. The bearish

performance was due to profit taking by investors.

Market breadth also came out negative as decliners (24) outnumbered advancers (21) in the market. This was evidenced by the All Share Index (ASI) dropping steeply by 1.71% or 652.96 points to 37,625.59 from 38,278.55 points the previous week. Likewise, market capitalization declined by 1.71% to N13.63 trillion from N13.87 trillion the preceding week. The decline reflected losses in the stocks of companies in the industrial goods and oil & gas sectors. This week, low price attractions may encourage investors to reposition in anticipation for the expected Q2 2018 financial scorecards.

### Money Market

Rates moderated across most tenors in the week ended July 6, 2018. The market was awash with inflows from Open Market Operation (OMO) maturity of about N307 billion with no corresponding OMO auction to mop up liquidity during the week. Open Buy Back (OBB) and the Over Night (O/N) rates dipped to 11.33% and 12.92% from 13.17% and 14.08% respectively the previous week. Longer tenured interbank rates did same. The 30-day and 90-day Nigerian Interbank Offer Rates (NIBOR) stood at 13.80% and 14.76% from 14.46% and 15% respectively. This week, rates may trend northwards due to expected Retail Secondary Market Intervention Sales (SMIS) as well as likely OMO auction.

### Foreign Exchange Market

Foreign exchange rates ended on mixed notes in the preceding week. The interbank window depreciated to N346.17/\$ from N344.94/\$ representing a drop of N1.23kobo. However, the parallel market rate appreciated by N1 to settle at N361/\$ from N362/\$ the previous week. The official rate appreciated for the fourth consecutive week by 10 kobo to settle at N305.70/\$ from N305.80/\$ the previous week. The appreciation witnessed at the official and parallel segments of the market is attributed to the FX liquidity provided by the apex bank. This week, rates would likely remain around prevailing levels.

### Bond Market

Average bond yields picked up last week due to sell-offs by local and international counterparties in the market. Yields on the five-, seven-, ten- and twenty-year debt papers finished at 13.57%, 13.90%, 13.88% and 14.15% from 13.05%, 13.43%, 13.60% and 14.06% respectively the previous week. The Access Bank Bond index plummeted by 12.25 points or 0.46% to close at 2,658.35 points from 2,670.60 points the previous week. This week bond yields may decline slightly on maturing bonds.

### Commodities

Oil prices slipped after U.S. government data showed an unexpected build in crude oil stockpiles. According to the U.S. Energy Information Administration (EIA), oil inventory rose by 1.3 million barrels during the week. The Organization of the Petroleum Exporting Countries (OPEC) reference crude fell marginally by 48 cents to \$75.21 per barrel. However, Bonny light, Nigeria's benchmark crude, remained unchanged at \$76.72 per barrel from the previous week. The prices of precious metals traded in a narrow range last week, recording gains and losses due to increased concerns of a full blown trade war between U.S. and China. China has initiated additional tariffs on some import products from the U.S. immediately after U.S. tariffs on \$34 billion in Chinese imports took effect. Gold gained 0.34% or \$4.19 to settle at \$1,254.90 per ounce. Silver also added 0.1%, to settle at \$16.06 an ounce. This week, escalating tensions between the U.S. and China may weigh on oil prices. For precious metals, further gains may be recorded in the week ahead due to a weakening dollar amidst escalating trade tensions.

### MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jul'18	Aug'18	Sept'18
Exchange Rate (Official) (N/\$)	346	347.02	348
Inflation Rate (%)	9.34	9.00	9.00
Crude Oil Price (US\$/Barrel)	76.75	76.00	77.00