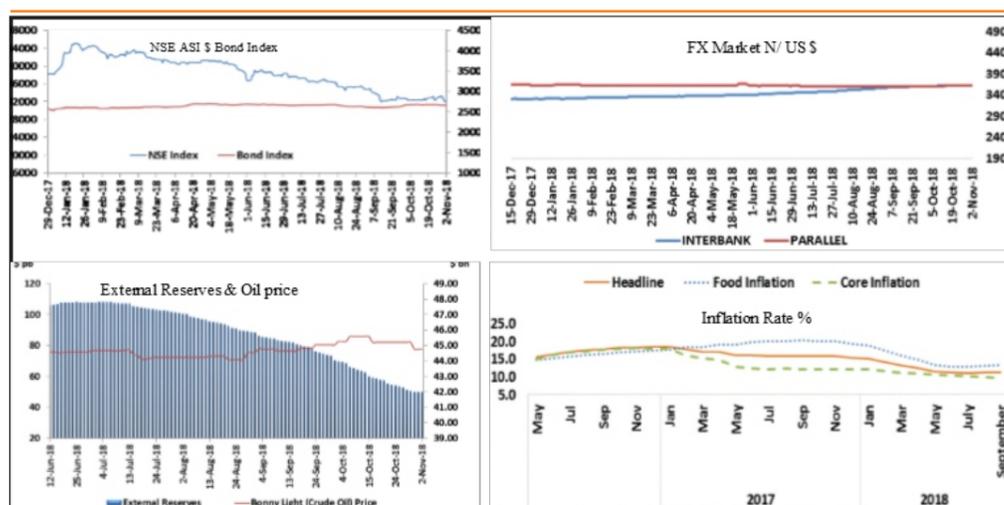


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

GDP Growth (%)	1.50	Q2 2018 — lower by 0.45% compared to 1.95% in Q1 2018
Broad Money Supply (M2) (N' trillion)	25.28	Increased by 1.68% in Sept' 2018 from N22.27 trillion in Aug' 2018
Credit to Private Sector (N' trillion)	22.56	Increased by 0.40% in Sept' 2018 from N22.56 trillion in Aug' 2018
Currency in Circulation (N' trillion)	1.928	Decreased by 0.12% in Sept' 2018 from N1.926 trillion in Aug' 2018
Inflation rate (%) (y-o-y)	11.28	Increased to 11.28% in September' 2018 from 11.23% in August' 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)	42.00	October 31, 2018 figure — a decrease of 4.61 from October start
Oil Price (US\$/Barrel)	77.71	November 2, 2018 figure — a decrease of 5.27% from the prior week
Oil Production mbpd (OPEC)	1.75	September 2018 figure — an increase of 1.51% from August 2018 figure



STOCK MARKET

Indicators	Friday 2/11/18	Friday 26/10/18	Change(%)
NSE ASI	32,124.94	32,907.33	(2.38)
Market Cap(N'tr)	11.73	12.01	(2.38)
Volume (bn)	0.24	0.28	(14.70)
Value (N'bn)	2.85	1.96	45.26

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	2/11/18	26/10/18	
O/N	4.8300	11.4200	(659)
CALL	4.6000	15.2917	(1069)
30 Days	12.7404	14.0885	(135)
90 Days	13.4052	14.1570	(75)

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	2/11/18	26/10/18	2/01/18
Official (N)	306.60	306.55	306.40
Inter-Bank (N)	362.33	362.55	361.00
BDC (N)	363.50	363.50	362.99
Parallel (N)	362.00	362.00	361.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	2/11/18	26/10/18	
3-Year	0.00	0.00	0
5-Year	15.00	14.91	9
7-Year	15.43	15.15	27
10-Year	15.38	15.20	18
20-Year	15.58	15.23	35

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: November 2 - November 9, 2018

Global Economy

The Eurozone economy advanced 0.2% quarter-on-quarter in Q3 2018, after a 0.4% expansion in the prior period. It is the weakest growth rate seen since Q2 2014 as Italy's economy stalled for the first time in almost four years according to the European Statistical Office (EUROSTAT). France's GDP growth rate was the strongest in almost a year (0.4% vs 0.2%) and Belgium's economy grew at a faster pace (0.4% vs 0.3%). Lithuania's GDP contracted for the first time in eight years (-0.4% vs 0.9%). In a separate development, the Bank of England voted unanimously to leave the Key policy rate steady at 0.75% on November 1st 2018. The Bank Policy makers hinted that further tightening might take place if the economy continues to grow in line with forecasts. The central bank lowered growth forecasts for both 2018 (1.3% from 1.4%) and 2019 (1.7% compared to 1.8%). Inflation is seen higher at 2.5% (2.3% in the August forecast) in the end of 2018 but lower at 2.1% (2.2% in Q4 2019). Elsewhere in Japan, the Bank of Japan kept its policy settings unchanged at its October meeting. The central bank maintained its benchmark for the 10-year government yield at around zero percent and kept a short-term interest rate of -0.1% for some funds deposited at the bank by financial institutions. The central bank also revised down inflation forecasts again, saying that the momentum toward achieving the price stability target of 2% is not sufficiently firm despite years of massive monetary easing.

Domestic Economy

The Manufacturing Purchasing Managers' Index Survey conducted by the Central Bank of Nigeria (CBN) eased to 56.8 in October, from 56.2 index points in September. Although the performance still marked the eighteenth consecutive month of expansion in the manufacturing sector. Of the 14 subsectors surveyed, 13 reported growth in the review month in the following order: electrical equipment; petroleum & coal products; printing & related support activities; cement; chemical & pharmaceutical products; textile, apparel, leather & footwear; furniture & related products; transportation equipment; plastics & rubber products; food, beverage & tobacco products; fabricated metal products; non-metallic mineral products; and paper products. The primary metal subsector declined in the review month. In a separate development, the Central Bank of Nigeria's (CBN) Business Expectations Survey report for the month of October showed a less optimistic view on the macro economy as respondents' overall confidence index (CI) on the macro economy dipped. According to the report CI eased to 23.2 index points relative to 24.8 points in September. Firms identified insufficient power supply, high interest rate, unfavourable economic climate, financial problems, unclear economic laws, unfavourable political climate, insufficient demand and access to credit as the major factors constraining business activity in the current month. The businesses outlook for October 2018 however showed greater confidence in the macro economy at 64.4 index points compared to 61.6 index points previously buoyed by improvements in volume of total order, business activity, and financial conditions.

Stock Market

The bears reigned supreme as indicators on the local bourse closed on a negative note last week. The market was driven by losses in the industrial & consumer goods sector, healthcare, conglomerates and oil & gas sector as earnings reports from the sectors came below market forecast. The All share Index (ASI) tapered by 2.38% to 32,124.94 points from 32,907.33 points the previous week. Similarly, Market Capitalization declined by a similar rate at 2.38% to N11.73 trillion from N12.01 trillion the prior week. This week, the pullback is likely to continue as investors digest the numbers and reposition their portfolios ahead of December rally.

Money Market

The overnight lending rate dipped last week as inflow from Federation Accounts Allocation

Committee (FAAC) estimated at N358 billion hit the system. Consequently, short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 4.08% and 4.83% from 10.33% and 11.42% respectively the previous week. In the same vein, longer dated placements trended downwards. The 30-day and 90-day NIBOR closed lower at 12.74% and 13.41% from 14.09% and 14.16% respectively the previous week. This week, cost of funds in the interbank money market is expected to tick up in response to expected Retail Secondary Market Intervention Sales (SMIS) auction by the CBN.

Foreign Exchange Market

The local unit settled in varying directions in the prior week against the dollar. At the interbank window the naira appreciated to N362.33/\$ from N362.55/\$, while it remained stable at N362/\$ in the parallel market week on week. The official rate settled lower at N306.60/\$ compared to N306.55/\$ the week before. The relative stability of the local currency continues to be supported by the intervention of the apex bank. This week, we envisage the naira will oscillate around current levels, as the CBN continues to support the naira.

Bond Market

Average bond yields trended northwards for the fourth consecutive week. The trend witnessed was due to sell-off by off-shore investors. Concerns about supply outweighing demand as take up of the Feb 2028 bond to be auctioned this month remains low is also a reason for the upward trend seen in yields. Yields on the five-, seven-, ten- and twenty-year debt papers settled at 15.00%, 15.43%, 15.38% and 15.58% from 14.91%, 15.15%, 15.20 and 15.23% respectively the previous week. The Access Bank Bond index declined marginally by 14.32 points to close at 2,664.43 points from 2,678.76 points the previous week. This week, we expect investors to remain cautious about trading as they monitor the market in a bid to sell off or retain their current position.

Commodities

Oil prices retreated last week after data showed that OPEC and the U.S. are together adding enormous volumes of new supply, which together have softened the oil market. The 15 countries in OPEC produced an average 33.31 million barrels per day in October, the highest since December 2016. The Energy Information Administration (EIA) also reported U.S. production levels for August, estimates that the U.S. produced a whopping 11,346 mb/d in August, an increase of 416,000 bpd from a month earlier. Investors are also growing increasingly pessimistic about the direction that the oil market is heading in, and their negative outlook is helping to drag down crude oil prices. Accordingly, Bonny light, Nigeria's crude oil benchmark, slipped \$4.32 or 5.3% to \$77.71 per barrel. Safe haven assets settled in differing directional performances as gold prices declined and silver prices notched higher. A stronger dollar hurt the price of gold while higher demand by coin makers led to the rise in price of silver. Gold declined 0.01% to \$1235.97 an ounce, silver closed higher by 0.7% to settle at \$14.79 an ounce. This week, oil prices might pick up as reports about a possible trade deal between the US and China should lift any concerns over a drop in crude oil demand and a global economic slowdown. Precious metals is expected to remain bullish as uncertainty around Brexit negotiations and US policy following U.S. Midterm elections continue to support demand for bullions.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Nov'18	Dec'18	Jan'18
Exchange Rate (Official) (N/\$)	363	364	365
Inflation Rate (%)	11.30	11.32	11.45
Crude Oil Price (US\$/Barrel)	79	77.00	78.00

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