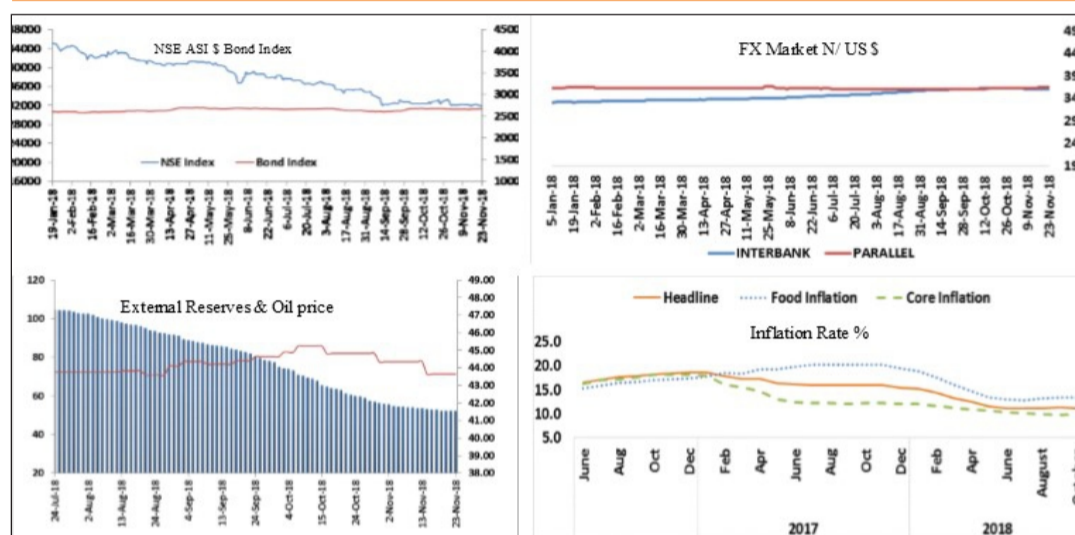


# Access Bank Rateswatch

## 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 1.73% 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 1.54% in Oct' 2018 from N1.93 trillion in Sept' 2018
Inflation rate (%) (y-o-y)	11.26	Decreased to 11.26% in October' 2018 from 11.28% in September' 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)	41.53	November 21, 2018 figure — a decrease of 0.98% from November start
Oil Price (US\$/Barrel)	71.40	November 23, 2018 figure — no change from the prior week
Oil Production mbdpd (OPEC)	1.75	October 2018 figure — a decrease of 0.96% from September 2018 figure



## STOCK MARKET

Indicators	Friday 23/11/18	Friday 16/11/18	Change(%)
NSE ASI	31,678.70	32,058.28	(1.18)
Market Cap(N'tr)	11.57	11.70	(1.18)
Volume (bn)	0.22	0.16	36.27
Value (N'bn)	2.63	2.79	(5.77)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	23/11/18	16/11/18	
O/N	6.58	7.17	(59)
CALL	5.55	7.13	(157.5)
30 Days	11.97	11.94	2
90 Days	13.66	14.15	(49.7)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	23/11/18	16/11/18	23/01/18
Official (N)	306.75	306.70	306.55
Inter-Bank (N)	360.64	360.52	362.55
BDC (N)	359.36	363.50	363.50
Parallel (N)	364.00	364.00	362.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	23/11/18	16/11/18	
3-Year	0.00	0.00	0.0
5-Year	15.16	15.23	(6.3)
7-Year	15.50	15.46	3.5
10-Year	15.48	15.50	(1.9)
20-Year	15.62	15.70	(8.3)

## 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 23 - November 30, 2018

### Global Economy

In the US, consumer sentiments dropped to 97.5 in November 2018 from 98.6 in October. According to the University of Michigan, the body responsible for the survey, it is the lowest value in three months. Consumer spending accounts for about 70% of the United States' gross domestic product. Therefore, consumer sentiment can potentially be a gauge of the health of the economy. Elsewhere, in China, inflation remained unchanged at 2.5% year-on-year in October 2018. A slowdown in prices of food was offset by a faster rise in cost of non-food products as reported by the National Bureau of Statistics of China. The inflation rate remains below the Chinese government target inflation rate of 3% for the year 2018. Annual core inflation, which excludes volatile items such as food and energy, edged up to 1.8% in October from 1.7% in the previous month. In a separate development, Eurozone trade surplus shrank to EUR 13.1 billion in September 2018 from EUR 25.3 billion in the same month of the prior year. The European Statistical Office revealed that export dipped by 1% to EUR 184.8 billion in September from last year's EUR 186.6 billion while imports edged up by 6.4% to EUR 171.7 billion from EUR 161.3 billion in September 2017. Imports were boosted by purchases of energy raw materials, machinery and vehicles, chemicals and other manufactured goods while exports of food and drink fell. Intra-euro area trade increased 2.2% year-on-year to EUR 161.1 billion in September.

### Domestic Economy

The Central Bank of Nigeria (CBN) concluded its 2-day Monetary Policy Committee (MPC) meeting on November 22. The apex bank decided to maintain the Monetary Policy Rate (MPR) at 14%, while the MPC also retained the cash reserve requirement (CRR) ratio at 22.5%, the liquidity ratio at 30% and the asymmetric corridor around the MPR at +200 bps/-500 bps. With respect to growth, the MPC acknowledged the recent tepid performance but expects the Economic Recovery and Growth Plan (ERGP), the 2018 budget, increased stability in security, as well as improved FX conditions to redirect the economy to sustainable growth. On inflation, the Committee welcomed October's moderation on the back of lower food prices. It however noted that growing pressures that will see inflation tick up again at the end of the year. Recently released data by the National Bureau of Statistics, showed Nigeria's Inflation rate declined in October, after two consecutive months of increases in August and September. The Consumer Price Index which measures inflation increased by 11.26% year-on-year (y-o-y) in October 2018, reflecting a 0.02% decrease from the 11.28% rate recorded in September 2018. Food inflation eased to 13.28% y-o-y compared to 13.31% y-o-y in July. The highest increases in food price were seen in prices of Potatoes, Yam and other tubers, Bread and cereals, Fish, Fruits, Meat and Vegetables. In contrast, core inflation notched up to 9.9% year-on-year in October 2018, from the rate recorded in September at 9.8%.

### Stock Market

The equities market remained in negative territory last week, with the All Share Index (ASI) posting a week-on-week decline of 1.18% to 31,678.70 points, amidst dampened investor sentiments. Market

capitalization contracted N14 billion to close at N11.57 trillion. This week we anticipate the equities market will sustain a negative outflow as investors continue to tread cautiously.

### Money Market

Rates declined at the money market last week due to a net inflow of about N210 billion in Open Market Operations (OMO) maturing treasury bills. Retail refund estimated at N300 billion also hit the system thereby boosting liquidity. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates eased to 5.83% and 6.58% from 6.33% and 7.17% respectively the previous week. Longer dated placements also retreated. The Call and 90-day NIBOR closed lower at 5.55% and 13.66% from 7.13% and 14.15% the previous week. This week, rates may remain at the same level or likely decline due to expected Primary Market Auction (PMA) of N153 billion.

### Foreign Exchange Market

The local currency depreciated marginally at the interbank window by 12 kobo to close at N360.64/\$ from N360.52/\$ the previous week. At the official window, it lost 5 kobo to settle at N306.75/\$ from N306.70/\$ the prior week. At the parallel market, the local currency remained unchanged from the previous week at N364/\$. The relative stability of the local currency continues to be supported by the intervention of the apex Bank. This week, we expect the naira to remain stable, boosted by the Central Bank's sustained supply of liquidity to the market.

### Bond Market

Bond yields dipped for the first time in six weeks consequent on investors' reaction to the monetary policy rate retention and a moderation in headline inflation. Yields on the five-, ten- and twenty-year debt papers settled at 15.16%, 15.48% and 15.62% from 15.23%, 15.50% and 15.70% respectively the previous week. The Access Bank Bond index rose marginally by 8.71 points or 0.33% to close at 2,673.80 points from 2,665.09 points the previous week. This week, we don't expect to see much activities in the market as investors remain wary of the yields levels.

### Commodities

Oil prices retreated last week on concerns of rising supplies and a cooling global economy. The OPEC Reference Basket (ORB), an important benchmark for crude oil prices, fell by 5% to reach \$62.08 per barrel. Meanwhile, precious metals prices climbed as investors moved to risk-averse assets amid geopolitical tensions like Brexit and the US-China trade war. Gold settled at \$1,222.30 an ounce, up \$6.08, or 0.5%. Silver prices remained unchanged at \$14.30 an ounce. This week, oil prices are likely to remain pressured by ongoing supply glut worries. For precious metals, Brexit turmoil and trade war concerns will continue to support prices.

## 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)	75	77.00	78.00

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