Global
In the US, inflation rate slowed to 2.3% in September 2018 from 2.9% in the previous month. This was spurred by a drop in the prices of gas, fuel, used car and other. It is the lowest rate seen since February 2018 according to the Bureau of Labour Statistics. This might signal that prices gains may slow down when compared to the previous month. According to the U.S. Market Intervention Sales (SMIS) took place on the last trading day of the week and triggered a spike in interbank rates. This week, we expect rates to decline due to inflow from expected foreign interventions.

Foreign Exchange Market
The naira-dollar exchange rate depreciated across most market segments last week. At the official window, it retreated by 5 kobo to settle at N30.65/65 from N30.60/45 the preceding week. Similarly, at the interbank market the local unit weakened by 60 kobo to close at N529.28/29 from N531.68/69. Meanwhile, at the parallel market the currency closed flat at N361. The weakening seen in the official and interbank markets comes amidst sustained intervention from the apex bank.

Bond Market
Bond yields closed on a bearish note for the week in N31.60 billion in September 2018 from $27.18 billion in the same period of 2017. The largest trade surplus emerging from the US, exports grew at a faster 14.5 percent year-on-year to $226.5 billion, while imports increased by 14.3 percent to $180.49 billion. Surprisingly, China recorded a record trade surplus of $35.13 billion with the US. In September, China’s imports in September amid intense trade tensions between the world’s two largest economies. This is probably due to exporters benefiting from increased orders abroad. However, imports fell by 3.7 percent to $149 billion. Despite that, in world markets for the week ended October 12, 2018, the greenback was buoyed by another round of strong US economic data and dovish remarks by Fed Chair Jerome Powell.

Market Analysis and Outlook: October 12 - October 19, 2018

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