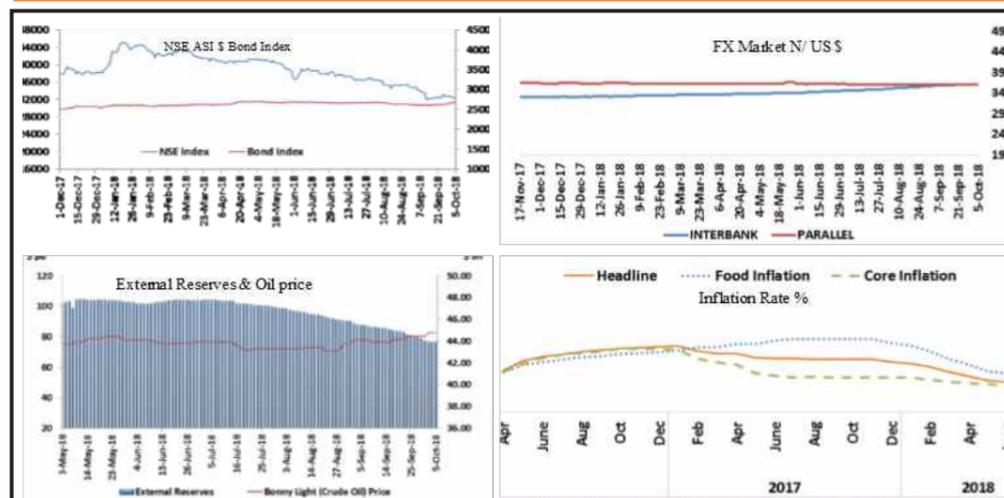


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.50	Q2 2018 — lower by 0.45% compared to 1.95% in Q1 2018
Broad Money Supply (M2) (N' trillion)	24.97	Increased by 0.63% in July 2018 from N24.81 trillion in June' 2018
Credit to Private Sector (N' trillion)	22.26	Decreased by 0.09% in July 2018 from N22.28 trillion in June' 2018
Currency in Circulation (N' trillion)	1.82	Decreased by 3.99% in July 2018 from N1.90 trillion in June' 2018
Inflation rate (%) (y-o-y)	11.23	Increased to 11.23% in August' 2018 from 11.14% in July' 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)	43.92	October 4, 2018 figure — a decrease of 3.74% from September start
Oil Price (US\$/Barrel)	82.65	October 5, 2018 figure — an increase of 2.79% from the prior week
Oil Production mbpd (OPEC)	1.73	August 2018 figure — an increase of 4.48% from July 2018 figure



## STOCK MARKET

Indicators	Friday 05/10/18	Friday 28/09/18	Change(%)
NSE ASI	32,383.15	32,766.37	(1.17)
Market Cap(N'tr)	11.82	11.96	(1.17)
Volume (bn)	0.17	0.18	(9.69)
Value (N'bn)	1.49	2.82	(47.37)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	05/10/18	28/09/18	
OBB	20.8600	6.0000	1486
O/N	22.5000	7.1700	1533
CALL	10.0000	5.7500	425
30 Days	13.4601	13.0402	42
90 Days	13.7856	13.4956	29

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	05/10/18	28/09/18	05/09/18
Official (N)	306.40	306.35	306.20
Inter-Bank (N)	361.68	361.05	358.25
BDC (N)	362.99	362.99	360.00
Parallel (N)	361.00	361.00	361.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	05/10/18	28/09/18	
3-Year	0.00	0.00	0
5-Year	14.48	14.62	(14)
7-Year	14.92	14.97	(5)
10-Year	14.79	15.14	(35)
20-Year	15.02	15.13	(11)

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## Market Analysis and Outlook: October 5 - October 12, 2018

### Global Economy

In the US, growth in factory activities improved as the IHS Markit US Manufacturing Purchasing Managers' index (PMI) - the indicator of economic health for manufacturing and service sectors - climbed to 55.6 in September 2018, higher than 54.7 reported in August. This is the strongest growth in factory activities in the past four months and was majorly spurred by sharper rises in output and new orders, though new business from abroad continued to expand at only a minimal pace. A composite PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. It also revealed that average PMI (55.3) for Q3 2018 was strong albeit the softest expansion seen since Q4 2017. Elsewhere in the Eurozone, unemployment rate eased to 8.1% in August 2018 from 8.2% reported in July and below 9% the same period last year. According to European Statistical Office (EUROSTAT), it is the lowest rate of unemployment since 2008. The number of unemployed in the Euro Area declined by 102,000 to 13.220 million indicating that the bloc's economy continues to create new jobs despite growth slowdown in the bloc. Among European Union Member States, the lowest unemployment rates in August were recorded in the Czech Republic (2.5%), Germany and Poland (both 3.4%). The highest unemployment rates were observed in Greece (19.1% in June 2018) and Spain (15.2%). In a separate development, Brazil trade surplus shrank to \$4.97 billion in September 2018 from \$5.18 billion in September 2017. Imports jumped 4.7% year-on-year to \$14.1 billion, mainly boosted by higher purchases of fuels & lubricants, while exports went up at a slower 3% on the back of a rise in crude oil sales. Among major trading partners, sales advanced 44.4% to China and 17.9% to the US, but fell 0.3% to the European Union. Brazil occupies the 9th spot on Nigeria's top export destination sources with total export amounting to N152 billion as at Q2 2018.

### Local Economy

Recently published data by the National Bureau of Statistics (NBS), revealed that the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N714.81 billion among Federal, States and Local Governments in August 2018 from the revenue generated in July 2018. The amount distributed was from the statutory account, value added tax (VAT), additional distribution funds from NNPC and FOREX distribution comprising of N597.97 billion, N79.81 billion, N12 billion and N 25.03 billion respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N298.29 billion, states received N183.77 billion and the local governments received N138.96 billion. The oil producing states received N49.78 billion as the 13% derivation fund. Revenue generating agencies such as Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N4.42 billion, N9.32 billion and N5.27 billion respectively as cost of revenue collections. In a separate development, the Manufacturing Purchasing Managers' Index (PMI) stood at 56.2 index points in September 2018, the latest PMI report of the Central Bank of Nigeria (CBN) showed. This indicates an expansion in the manufacturing sector for the eighteenth consecutive month. The index grew at a slightly slower pace when compared to the previous month (57.1 points). Ten of the fourteen sub-sectors surveyed reported growth during the month. However, the Petroleum & coal products; Cement; Paper products; and Primary metal subsectors declined in the month under review.

### Stock Market

Last week, the bears reigned supreme at the Nigerian bourse as the equities market closed in the negative territory. This was majorly due to profit taking by investors from gains recorded in preceding weeks. Accordingly, the All share Index (ASI) declined by 1.17% to 32,383.15 points from 32,766.37 points a week prior. Similarly, Market

Capitalization contracted by 1.17% to N11.82 trillion from N11.96 trillion the previous week. The market was dragged down mostly by the banking and consumer goods sector. This week we expect that market might be volatile as investors rebalance their portfolios ahead Q3 earnings report season.

### Money Market

Money market rates trended upwards at the close of the market last week as outflows for Open Market Operations (OMO) auction of N553 billion, outweighed inflows from OMO maturities of N268 billion. Consequently, Open Buy Back (OBB) and Over Night (O/N) rates surged to 20.86% and 22.5% from 6% and 7.17% the previous week. Longer dated placements did likewise as the Call, 30-day and 90-day NIBOR closed higher at 10%, 13.46% and 13.79% from 5.75%, 13.04% and 13.50% the prior week. This week, cost of funds in the interbank money market is expected to trend upward as a result of expected Retail Sales Market Intervention Sales (SMIS).

### Foreign Exchange Market

The naira depreciated against the greenback at the interbank and official market by 63kobo and 5kobo respectively in the week ended October 5th, 2018 to settle at N361.68/\$ and N306.40/\$ from N361.05/\$ and N306.35, in that order. However, the local currency remained unchanged at the parallel market segment at N361/\$. The relative stability of the local currency continues to be supported by the apex bank's foreign currency liquidity intervention. The financial watchdog sold \$210 million to the market during the week under review. This week, we envisage the naira remaining at prevailing levels on consistent CBN interventions.

### Bond Market

Bond yields ticked lower for the third consecutive week driven by increased demand from investors. Yields on the five-, seven-, ten- and twenty-year debt papers finished at 14.48%, 14.92%, 14.79%, and 15.02% from 14.62%, 14.97%, 15.14%, and 15.13% respectively last week. The Access Bank Bond index rose by 43.74 points or 1.66% to berth at 2,679.79 points from 2,636.05 points the previous week. The direction of bond yields would likely be determined by the expected release of the Q4 2018 bond calendar from the Debt Management Office (DMO).

### Commodities Market

Oil prices notched upward on the back of looming U.S. sanctions against Iran's crude exports that are set to start next month. This is despite rising oil production in Saudi Arabia, Russia and US. Accordingly, Nigeria's benchmark crude, Bonny light, rose \$2.24 or 2.8% to \$82.65 per barrel. In a similar vein, precious metals prices rose as global stock market weakened suggesting a bit of risk aversion in the market place. The pressure on stock market was driven by rising US bond yields and continued strong-greenback pressure on the secondary currency markets. Gold rose 1.60% to \$1201.88 an ounce, silver also closed higher by 2.4% to settle at \$14.63 an ounce. This week, oil prices are likely to remain in the \$80's range as global supply concerns remain paramount. For bullions, prices are going to be determined by expected US labour reports, as a bullish report will put pressure on the prices of precious metal and vice versa.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'18	Nov'18	Dec'18
Exchange Rate (Official) (N/\$)	362	363	363
Inflation Rate (%)	11.30	11.32	11.45
Crude Oil Price (US\$/Barrel)	79	77.00	78.00