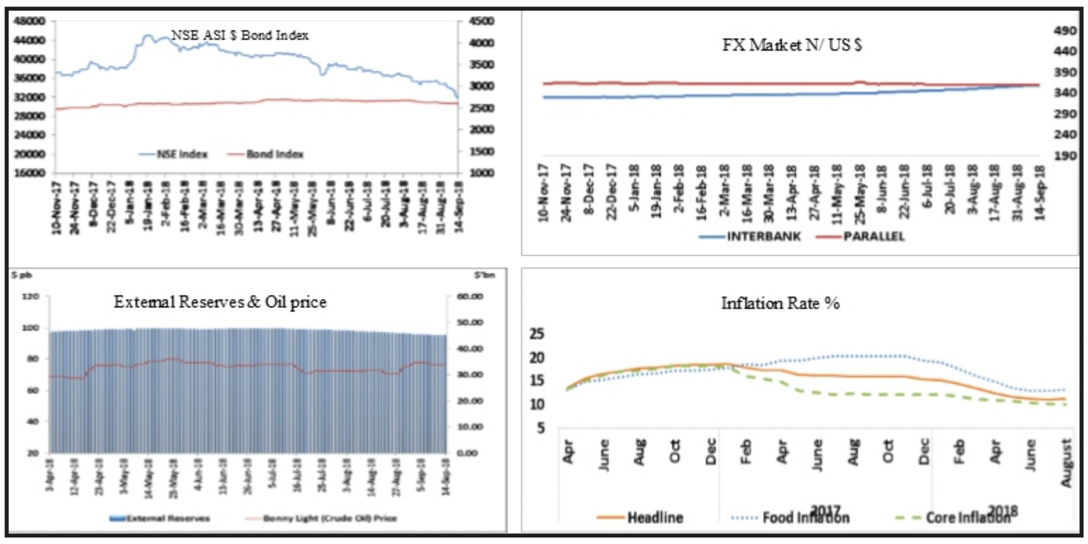
Access Bank Rateswatch

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)	24.81	Decreased by 1.41% in June 2018 from N25.17 trillion in May' 2018
Credit to Private Sector (N' trillion)	22.28	Increased by 0.34% in June 2018 from N22.21 trillion in May' 2018
Currency in Circulation (N' trillion)	1.90	Decreased by 1.56% in June 2018 from N1.93 trillion in May' 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)	45.23	September 13, 2018 figure — a decrease of 0.87% from Sept ember start
Oil Price (US$/Barrel)	76.44	September 14, 2018 figure— an decrease of 1.70% from the prior week
Oil Production mbpd (OPEC)	1.67	July 2018 figure — an increase of 4% from June 2018 figure



STOCK MARKET

Indicators	Friday 14/09/18	Friday 7/09/18	Change(%)
NSE ASI	32,248.78	34,037.91	(5.26)
Market Cap(N'tr)	11.77	12.43	(5.26)
Volume (bn)	0.21	0.16	36.52
Value (N'bn)	3.80	2.10	80.68

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 14/09/18	Friday Rate (%) 7/09/18	Change (Basis Point)
OBB	10.33	3.00	733
O/N	11.08	3.83	725
CALL	11.75	3.44	831
30 Days	15.01	11.76	325
90 Days	15.22	12.58	265

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 14/09/18	Friday (N/$) 7/09/18	1 Month Rate (N/$) 14/08/18
Official (N)	306.25	306.20	306.05
Inter-Bank (N)	359.40	358.40	353.34
BDC (N)	363.00	0.00	361.00
Parallel (N)	361.00	361.00	360.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 14/09/18	Friday (%) 7/09/18	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	15.24	15.07	17
7-Year	15.23	15.18	5
10-Year	15.19	15.01	18
20-Year	15.45	15.29	15

COMMODITIES MARKET

Indicators	14/09/18	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	76.44	(1.70)	18.59
Natural Gas ($/MMBtu)	2.81	1.08	(8.05)
Agriculture			
Cocoa ($/MT)	2307.00	0.35	19.16
Coffee ($/lb.)	100.40	(2.67)	(22.89)
Cotton ($/lb.)	81.54	0.28	5.21
Sugar ($/lb.)	12.14	11.79	(20.81)
Wheat ($/bu.)	501.00	(1.91)	15.57
Metals			
Gold ($/t oz.)	1206.10	0.41	(8.46)
Silver ($/t oz.)	14.22	0.49	(17.28)
Copper ($/lb.)	267.65	2.31	(18.35)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 14/09/18	Friday (%) 7/09/18	Change (Basis Point)
1 Mnth	13.90	10.85	305
3 Mnths	13.86	11.81	204
6 Mnths	14.12	12.81	132
9 Mnths	14.67	13.06	161
12 Mnths	15.19	13.14	205

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 14/09/18	Friday (%) 7/09/18	Change (Basis Point)
Index	2,606.36	2609.81	(0.13)
Mkt Cap Gross (N'tr)	8.42	8.43	(0.13)
Mkt Cap Net (N'tr)	5.30	5.33	(0.49)
YTD return (%)	6.10	6.24	(0.14)
YTD return (%)(US $)	-49.35	-49.19	(0.16)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	6217.066	11	12-Sept-2018
182 Day	4002.523	12.3	12-Sept-2018
364 Day	126085.442	13.5	12-Sept-2018

Sources: CBN, Financial Market Dealers Association of Nigeria, NSE and Access Bank Economic Intelligence Group computation.

Market Analysis and Outlook: September 14 - September 21, 2018

Global

In the US, the annual inflation rate dropped to 2.7% in August 2018, compared to 2.9% reported the previous month. According to the Bureau of Labour Statistics, it is the lowest inflation rate in 4 months and was driven by lower prices in the cost of fuel, gasoline and shelter. Month-on month consumer prices went up by 0.2%, same as last month figure. In a separate development, the Bank of England left interest rates on hold at 0.75% at the September meeting of its Monetary Policy Committee (MPC). The central bank raised its base rate of interest from 0.5% to 0.75% last month. The committee also voted to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion and the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The decision came on the premise that the economy will grow in line with stated projections and therefore the current stance of the monetary rate is appropriate and any future increase will come at a gradual and limited pace. Elsewhere in Japan, the cabinet office reported that the economy expanded by 0.7% quarter-on-quarter in June 2018. This is a leap from the contraction of 0.2% the economy faced in the previous quarter. It is the highest growth rate since the first quarter of 2017, majorly on the back of upward revision of business spending and a strong rebound in private consumption. Year-on-year, the economy advanced by 3% after a 0.9% contraction in the first quarter of 2018.

Domestic

Recently released data by the National Bureau of Statistics, showed Nigeria's Inflation rate increased for the first time in eighteen months. The Consumer Price Index which measures inflation increased by 11.23% year-on-year (y-o-y) in August 2018, reflecting a 0.09% increase on the 11.14% rate recorded in July 2018. Food inflation notched higher by 0.31% to 13.16% y-o-y compared to 12.85% y-o-y in July. This rise in the food index was caused by increases in prices of Bread and cereals, Potatoes, yam and other tubers, Meat, Vegetables, Fish, Fruits and Oils and Fat. In contrast, core inflation declined to 10% year-on-year in August 2018, from the rate recorded in July at 10.2%. In a separate development, the Central Bank of Nigeria's (CBN) Business Expectations Survey report for the month of August showed an increase in the respondents' overall confidence index (CI) on the macroeconomy. According to the report the CI climbed to 21.5 index points relative to 13.6 points in July, buoyed by improvements in volume of total order, business activity, and financial conditions. The businesses outlook for September 2018 also showed greater confidence in the macro economy at 61.6 index points compared to 58.7 points previously.

Stock Market

The equities market slumped to a 15-month low last week as negative sentiment persisted. The All Share Index (ASI) - the main index that tracks share prices at the Nigerian Stock Exchange (NSE) dropped by 1789.31 points, representing a loss of 5.26% to close at 34,037.91 points. Aggregate market capitalisation of quoted equities also declined by N650 billion to close at N11.77 trillion. Performance gauges in the market were largely weighted down by significant selloffs by foreign investors in search of higher risk-adjusted returns and weak macro environment evidenced by slower GDP growth in Q2 and rising inflation. This week, the bourse is likely to remain pressured in the absence of positive market triggers.

Money Market

Money market rates trended upwards for the first time in four weeks due to consistent mop up by the CBN through Open Market Operations (OMO) auction and Primary Market Auction. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates climbed to 10.67% and 12% from 3% and 3.83% respectively the previous week. In the same vein, longer dated placements also increased. The Call, 30-day and 90-day NIBOR closed higher at 11.75%, 15.01% and 15.22% from 3.44%, 11.76% and 12.58% the prior week. This week, rates may trend lower due to expected OMO maturities of N407 billion.

Foreign Exchange Market

The naira depreciated against the dollar at the interbank and official market by N1 and 5kobo respectively in the week ended September 14, 2018 to settle at N359.40/$ and N306.25/$ from N358.40/$ and N306.20, in that order, in the previous week. 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. This week, we envisage the naira remaining at prevailing levels on consistent CBN interventions.

Bond Market

Average bond yields trended northwards for the third consecutive week. The trend witnessed was due to deliberate increase of treasury bill rates by the CBN which was mirrored by bond yields. Yields on the five-, seven-, ten- and twenty-year debt papers settled at 15.24%, 15.23%, 15.19% and 15.45%% from 15.07%, 15.18%, 15.01 and 15.29% respectively the previous week. The Access Bank Bond index declined marginally by 3.44 points to close at 2,606.36 points from 2,609.81 points the previous week. This week, actions by the CBN on treasury bill rates will determine the direction of bond yield.

Commodities

Oil prices fell last week as an industry report showed global supplies at a record and Hurricane Florence weakened ahead of its expected landfall on the US East Coast. Accordingly, Bonny light, Nigeria's crude oil benchmark, slipped $1.32, or 1.7%, to $76.44 per barrel. In contrast, precious metals prices climbed following reports of a potential new round of trade talks between the U.S. and China which put pressure on the US dollar. Gold gained 0.41% to close at $1206.10 per ounce, while silver settled up 7 cents, or 0.5%, at $14.22 per ounce. This week, oil prices are likely to be bolstered by signs that Iranian crude exports are declining at a faster rate than expected, in the run up to November when US sanctions on the country's oil industry take effect. For precious metals, prices may inch higher as hopes of a swift Brexit deal boosts the sterling and the euro against the dollar

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Sept'18	Oct'18	Nov'18
Exchange Rate (Official) (N/$)	360	361	361
Inflation Rate (%)	11.30	11.32	11.45
Crude Oil Price (US$/Barrel)	76.75	77.00	78.00

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