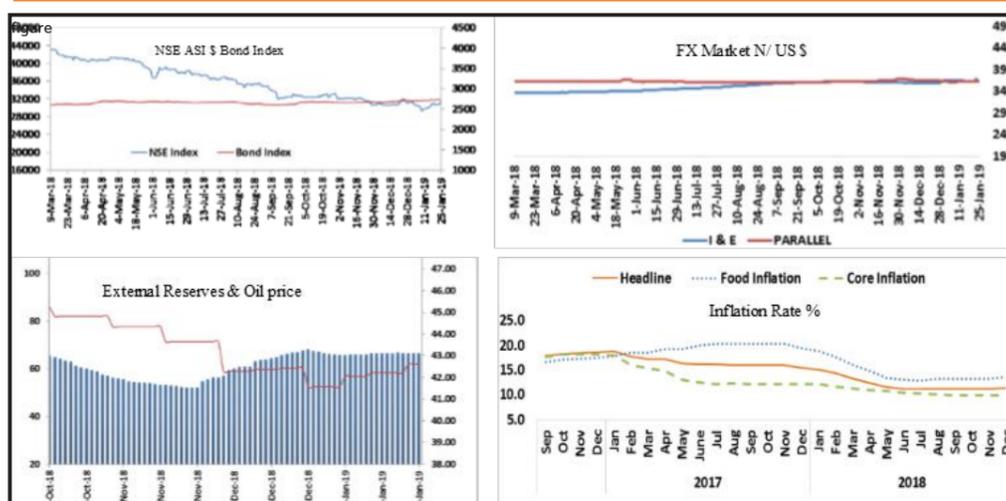


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.81	Q3 2018 — Higher by 0.31% compared to 1.50% in Q2 2018
Broad Money Supply (M2) (N' trillion)	27.07	Decreased by 14.38% in Dec' 2018 from N31.79 trillion in Nov' 2018
Credit to Private Sector (N' trillion)	22.72	Decreased by 1.54% in Dec' 2018 from N23.08 trillion in Nov' 2018
Currency in Circulation (N' trillion)	23.29	Increased by 10.93% in Dec' 2018 from N2.1 trillion in Nov' 2018
Inflation rate (%) (y-o-y)	11.44	Increased to 11.44% in December 2018 from 11.28% in November 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)	43.12	January 23, 2018 figure — a increase of 0.10% from January start
Oil Price (US\$/Barrel)	61.94	January 25, 2019 figure — an increase of 6.23% from the prior week
Oil Production mbpd (OPEC)	1.75	December 2018 figure — a decrease of 0.63% from November 2018



STOCK MARKET

Indicators	Friday	Friday	Change(%)
	25/01/19	18/01/19	
NSE ASI	31,426.63	31,005.17	1.36
Market Cap(N'tr)	11.72	11.56	1.36
Volume (bn)	0.42	0.30	38.69
Value (N'bn)	3.14	3.76	(16.49)

MONEY MARKET

Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	
	25/01/19	18/01/19	(Basis Point)
OBB	12.08	15.33	(325.0)
O/N	13.00	16.17	(317)
CALL	12.79	13.97	(118.6)
30 Days	12.79	15.19	(240)
90 Days	13.28	13.62	(34.8)

FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	
	25/01/19	18/01/19	Rate (N/\$)
Official (N)	306.80	306.85	306.95
Inter-Bank (N)	362.43	362.79	359.03
BDC (N)	362.50	363.50	0.00
Parallel (N)	364.00	362.00	364.00

BOND MARKET

Tenor	Friday	Friday	Change
	(%)	(%)	
	25/01/19	18/01/19	(Basis Point)
3-Year	0.00	0.00	0.0
5-Year	15.47	15.41	5.9
7-Year	15.35	15.36	(0.9)
10-Year	15.22	15.23	(0.8)
20-Year	15.35	15.34	0.9

DISCLAIMER

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Market Analysis and Outlook: January 25th – February 1st, 2019

Global Economy

In China, Gross Domestic Product (GDP) expanded by 6.4% year-on-year in the fourth quarter of 2018, slightly lower than the 6.5% posted the previous period. It was the lowest growth rate since the global financial crisis, amid intense trade dispute with the US, weakening domestic demand and alarming off-balance-sheet borrowings by local governments. In a separate development, the European Central Bank left its benchmark refinancing rate at 0% in its most recent meeting held on the 24th of January 2019. It maintained its expectations of the key interest rates to remain at record low levels for the year 2019. The central bank brought to an end its €2.6 trillion bond purchase scheme in December 2018, but said it will keep reinvesting cash from maturing bonds for an extended period of time. Elsewhere in Japan, the Bank of Japan held its key short-term interest rate unchanged at -0.1% at its January meeting and kept the target for the 10-year government bond yield at around zero percent. The central bank also revised down inflation forecast for fiscal 2019 to average 1.1% from an earlier projection of 1.6%, mainly due to worries over global economic outlook.

Local Economy

The Central Bank of Nigeria (CBN) concluded its 2-day Monetary Policy Committee (MPC) meeting on January 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. The MPC observed recent high foreign capital inflow into the Nigerian economy despite the perception of election risk which is evidence of the confidence of the international community and therefore awaits clarity on macroeconomic performance after the general elections in February and March 2019. In a separate development, the International Monetary Fund (IMF) has dropped Nigeria's Gross Domestic Product (GDP) projection for this year to 2%, down from the 2.3% it had predicted for the country previously. The fund stated this in its World Economic Outlook (WEO) update titled, "A Weakening Global Expansion," released yesterday. The multilateral institution attributed its decision to lower the country's growth projection by 0.3 percentage point to softening crude oil prices. The benchmark Brent crude price fell yesterday to \$62.35 a barrel, while US crude futures were down 23 cents at \$53.57 a barrel. The IMF downgraded its estimates for global growth for 2019 and 2020 to 3.5% and 3.6% respectively from 3.7% each as previously predicted, warning that the expansion seen in recent years was losing momentum.

Stock Market

The local bourse was bullish last week as the market was supported by high buying pressure despite the relative low traded volume. The All share Index (ASI) expanded by 1.36% to 31,426.63 points from 31,005.17 points the preceding week. Similarly, Market Capitalization increased by a similar rate at 1.36% to N11.72 trillion from N11.56 trillion the prior week. The upward trend was boosted by performance in the industrial goods, banking and oil & gas sectors. This week, we expect market to tick up slightly as investors continue to reposition for 2019 dividend declaration season that will shape market performance after the elections.

Money Market

Cost of borrowing at the money trended downwards for the week ended January 25th 2019 as both short-dated placements and longer dated tenors declined. Market was awash with liquidity

as coupons from federal government bond were paid. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 12.08% and 13% from 15.33% and 16.17% respectively the previous week. In the same light, Longer-tenured interbank rates, such as the 30-day and 90-day NIBOR decreased to 12.79% and 13.28% respectively from 15.19% and 13.62% the prior week. This week, the rates are expected to trend lower as Federation Account Allocation Committee (FAAC) hits the system.

Foreign Exchange Market

The local unit settled in differing directional performances in various segments. At the Investors' and Exporters window, it lost 36 kobo to settle at N362.43/\$ from N362.79/\$ the previous week. Similarly, at the parallel market the local unit weakened N2 to close at N364/\$. Meanwhile, at the official window, the currency appreciated by 5 kobo to settle at N305.80/\$ from N305.85/\$. The weakening seen in the interbank markets comes amidst sustained intervention in the FX market by the monetary regulator. This week, we expect the naira to continue trading within current rates in all markets as the CBN continues to supply FX.

Bond Market

Last week, bond yields recorded mix performance as average yields on the 5 and 20 year bond closed higher, while 7 and 10 year bond settled lower due to lower demand whilst investors' interest focused on the 2028 bond. Yields on the 5- and 20-year debt papers closed higher at 15.47% and 15.35% from 15.4% and 15.34% while 7- and 10-year debt papers dipped to 15.35% and 15.22% from 15.36% and 15.23% respectively the previous week. The Access Bank Bond index increased marginally by 5.31 points or 0.19% to close at 2,730.70 points from 2,753.39 points the previous week. This week, we expect the buying sentiment to persist as we anticipate additional coupon payment next week.

Commodities Market

Oil prices climbed higher last week as turmoil in Venezuela triggered concerns that its oil exports could soon be disrupted. The Trump administration was considering sanctions against Venezuelan oil. The sanctions aim to punish President Nicolas Maduro's government for rescinding diplomatic ties with Washington amid a leadership crisis in the South American country. Bonny light, Nigerian benchmark crude gained \$3.63 to settle at \$61.94 a barrel, 6.2% up from the prior week. In contrast, precious metals prices declined for the second week in a row. The strong US labour market data has likely contributed to the dip in gold prices, as unemployment rate hit a 49 year low. Gold prices dipped 0.15% to \$1,283.43 per ounce last week, while silver prices settled lower by 10 cents, or 0.6%, to \$15.37 per ounce. This week, talks of an inventory build-up by U.S. Energy Information Administration might sink price of oil. Precious metals prices are expected to trend higher as concerns that a prolonged US government shutdown could exacerbate an already slowing global growth and therefore renew interest in bullions.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Feb'19	Mar'19	Apr'19
Exchange Rate (NAFEX) (N/\$)	364	364	365
Inflation Rate (%)	11.5	11.61	11.7
Crude Oil Price (US\$/Barrel)	57	58.00	62.00