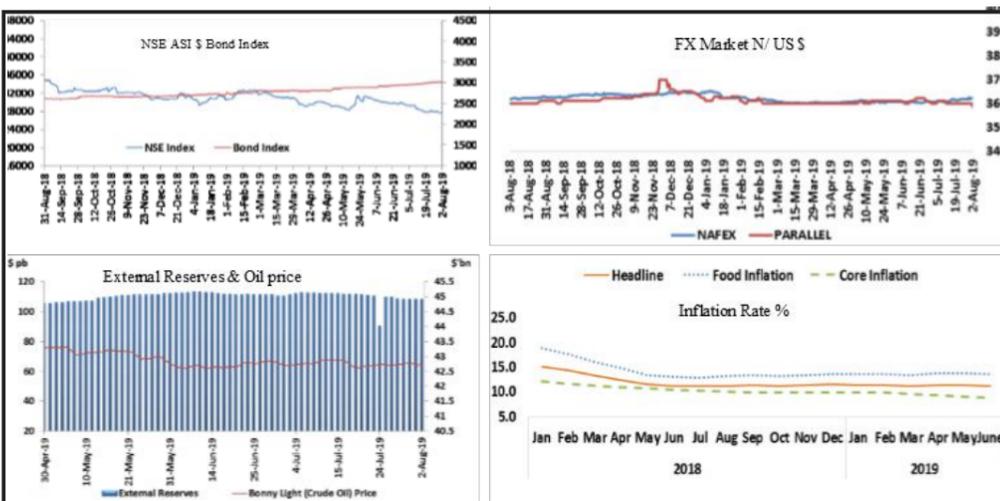


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

| Indicators | Current Figures | Comments |
|--|-----------------|---|
| GDP Growth (%) | 2.01 | Q1 2019 — lower by 0.38% compared to 2.39% in Q4 2018 |
| Broad Money Supply (N' trillion) | 34.89 | Decreased by 0.77% in May' 2019 from N35.17 trillion in Apr' 2019 |
| Credit to Private Sector (N' trillion) | 24.86 | Decreased by 0.13% in May' 2019 from N24.89 trillion in Apr' 2019 |
| Currency in Circulation (N' trillion) | 2.11 | Decreased by 2.22% in May' 2019 from N2.16 trillion in Apr' 2019 |
| Inflation rate (%) (y-o-y) | 11.22 | Decreased to 11.22% in June 2019 from 11.40% in May 2019 |
| Monetary Policy Rate (%) | 13.5 | Adjusted to 13.5% in March 2019 from 14% |
| Interest Rate (Asymmetrical Corridor) | 13.5 (+2/-5) | Lending rate changed to 15.5% & Deposit rate 8.5% |
| External Reserves (US\$ million) | 44.92 | July 30, 2019 figure — a decrease of 0.27% from July start |
| Oil Price (US\$/Barrel)(OPEC) | 63.54 | August 2, 2019 figure— a decrease of 1.56% from the previous wk |
| Oil Production mbpd (OPEC) | 1.86 | June 2019 figure — an increase of 7.47% from May 2019 figure |



STOCK MARKET

| Indicators | Friday 2/08/19 | Friday 26/07/19 | Change(%) |
|------------------|-------------------|--------------------|-----------|
| NSE ASI | 27,630.46 | 27,918.59 | (1.03) |
| Market Cap(N'tr) | 13.46 | 13.61 | (1.04) |
| Volume (bn) | 0.16 | 0.13 | 23.54 |
| Value (N'bn) | 4.80 | 2.64 | 81.79 |

MONEY MARKET

| NIBOR | | | |
|---------|--------------------|--------------------|-------------------------|
| Tenor | Friday Rate (%) | Friday Rate (%) | Change (Basis Point) |
| | 2/08/19 | 26/07/19 | |
| OBB | 5.6400 | 21.8600 | (1622) |
| O/N | 6.4300 | 23.2100 | (1678) |
| CALL | 6.7500 | 21.0500 | (1430) |
| 30 Days | 10.8557 | 10.8114 | 4 |
| 90 Days | 11.2650 | 11.9585 | (69) |

FOREIGN EXCHANGE MARKET

| Market | Friday (N/\$) | Friday (N/\$) | 1 Month Rate (N/\$) |
|----------------|------------------|------------------|------------------------|
| | 2/08/19 | 26/07/19 | 2/07/19 |
| Official (N) | 306.85 | 306.90 | 306.95 |
| Inter-Bank (N) | 362.23 | 361.91 | 360.52 |
| BDC (N) | 0.00 | 0.00 | 0.00 |
| Parallel (N) | 359.00 | 360.00 | 360.00 |

BOND MARKET

| AVERAGE YIELDS | | | |
|----------------|---------------|---------------|-------------------------|
| Tenor | Friday (%) | Friday (%) | Change (Basis Point) |
| | 2/08/19 | 26/07/19 | |
| 3-Year | 0.00 | 0.00 | 0 |
| 5-Year | 12.91 | 13.00 | (9) |
| 7-Year | 13.65 | 13.69 | (4) |
| 10-Year | 13.53 | 13.41 | 12 |
| 20-Year | 13.76 | 13.79 | (2) |
| 30-Year | 14.06 | 14.12 | (6) |

Disclaimer

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Market Analysis and Outlook: August 2– August 9, 2019

Global Economy

In the US, the Federal Reserve cut interest rates for the first time in more than a decade, effectively putting monetary policy into reverse after raising interest rates four times in 2018. The move, which cuts rates to within a 2%-2.25% range, was largely expected. Eight of 10 Fed officials voted in favour of lowering the short-term benchmark rate to a range between 2% and 2.25%, while two officials dissented from the decision in favour of holding rates steady. The policy statement released after the meeting left open the door for the Fed to cut rates again in the months ahead. In a separate development, Eurozone GDP growth was 1.1% year-on-year in Q2 2019, slowing from 1.2% in the January-March period. Softening global demand and uncertainty about the outlook dampened economic activity. Italy, the third-biggest economy in the Eurozone, was a weak spot, showing zero growth after only 0.1% in the first quarter. European Commission officials forecast 2019 GDP growth of 1.3%, while the European Central Bank (ECB) is looking for just 1.2%. Both numbers are a long way below the 1.8% seen in 2018 and the 2.3% expansion clocked up back in 2017. Elsewhere in India, the inflation rate in June was 3.18%, up from 3.05% the previous month, government data showed. Core consumer inflation, which strips out food and fuel prices, was estimated at 4.09% in June, marginally lower than May's 4.1%. Food prices, which make up nearly half of India's inflation basket, grew 2.1% in June compared to 1.83% in May. Despite the rise, inflation remained within the Reserve Bank of India's target level of 4%.

Local Economy

The Manufacturing Purchasing Managers' Index (PMI) stood at 57.6 index points in July 2019. This indicates an expansion in the manufacturing sector for the twenty-eighth consecutive month. The index grew at a faster pace when compared to the previous month (57.4 points). This was shown in the latest PMI report by the Central Bank of Nigeria. A PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. Thirteen of the sub-sectors surveyed recorded growth during the month, while the textile, apparel, leather & footwear subsectors recorded decline in the period under review. In a separate development, the Central Bank of Nigeria (CBN) in a recent press release clarified the proposed policy on FX restriction to milk importers. It reiterated a planned restriction of access to the Nigerian Foreign Exchange market by importers of milk with the objectives of ensuring forex savings, job creation and investments in the local production of milk. Elsewhere, businesses expressed optimism on Nigeria's macro economy in July 2019 according to the Central Bank of Nigeria (CBN) monthly Business Expectations Survey (BES). The report, which was posted on the apex bank's website stated: "at 28.1 index points, respondents' overall confidence index (CI) on the macro economy in the aforementioned period was more optimistic when compared to its level of 27.3 index points recorded in June 2019." The respondent firms were made up of small, medium and large organisations covering both import- and export-oriented businesses. The positive outlook by businesses in July 2019, according to the report, was driven by the opinion of respondents from the following sectors: services (15.4 points), industrial (10.0 points), wholesale/retail trade (2.0 points) and construction (0.7 points) sectors. The surveyed firms listed insufficient power supply, high interest rate, financial problems, unfavourable economic climate, unclear economic laws, insufficient demand, unfavourable political climate and access credit in that order as the major factors constraining business activity in the reference month. The business outlook for June 2019 showed greater confidence on the macro economy with 64.1 index points.

Stock Market

The Nigerian equities market continued its bearish

streak last week on the back of price depreciation in bellwether counters. Specifically, investors lost N14 billion of their investment value as the NSE market capitalisation decreased to N13.46 trillion from N13.60 trillion it closed the previous week. The benchmark All Share Index also declined by 1.03% week-on-week to close at 27,630.46 points. This week, we envisage the bearish run of the market will ease as corporate scorecards are being released and the low prices spur bargain hunting activities on attractively priced counters.

Money Market

Cost of borrowing at the money market crashed as funds from the Federal Account Allocation Committee (FAAC) of N366 billion hit the system. Consequently, short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates dipped to 5.64% and 6.43% from 21.86% and 23.21% respectively last week. The 90-day NIBOR also closed lower to 11.27% from 11.96% the previous week. This week, we expect rates to further trend lower due to expected OMO maturity of N110 billion.

Foreign Exchange Market

The naira remained majorly stable across most markets except at the NAFEX window where it witnessed a slight depreciation of 32 kobo to close at N362.23/\$. The official window saw a slight appreciation as it ended N306.85/\$, a 5 kobo gain from the prior week. The parallel market also strengthened against the dollar by N1 to settle at N359/\$. The appreciation and stability recorded in the parallel and official market segments may be attributed to the apex bank's regular efforts to boost FX liquidity and alleviate dollar shortages. This week, we envisage the stability in the market would continue due to consistent FX liquidity by the CBN.

Bond Market

Bond yields declined slightly last week as a result of occasional buy interest on some specific maturities such as the 2023, 2027 and 2036 bond. Yields on the five-, seven-, twenty- and thirty- year debt papers settled lower at 12.91%, 13.65%, 13.76% and 14.06 respectively. The Access Bank Bond index declined marginally by 0.47 points to 3018.50 points from 3,018.97 points the previous week. This week we expect buy sentiment given the high liquidity seen in the market.

Commodities Market

Oil prices crashed as fresh deterioration in US-China trade relations clouded the outlook for global economic growth and oil demand. The US President announced the US would hit \$300bn of Chinese goods with a 10 per cent tariff starting on September 1, significantly expanding the amount of imports subject to levies. OPEC basket price settled at \$63.54 per barrel last week, 1.56% lower than the previous week. Precious metal prices went in varying directions for the second consecutive week as gold prices edged up while silver prices declined. Interest rate cut by US Fed and other major central banks lifted gold prices. Consequently, gold price closed at \$1,437.52 per ounce, up 1.32% from the previous week's close. Some profit-taking was seen in silver prices which led to it declining to \$16.21 per ounce compared to \$16.44 per ounce. This week, oil prices might climb higher as the threat of softer demand looms as production remains robust in the US, hampering the ability of the Opec cartel to manage world supplies. For precious metals, heightened tradewar might lend support to push prices higher.

MONTHLY MACRO ECONOMIC FORECASTS

| Variables | Aug'19 | Sep'19 | Oct'19 |
|-------------------------------|--------|--------|--------|
| Exchange Rate (NAFEX) (N/\$) | 362 | 361 | 362 |
| Inflation Rate (%) | 11.4 | 11.5 | 11.5 |
| Crude Oil Price (US\$/Barrel) | 65 | 67 | 67 |