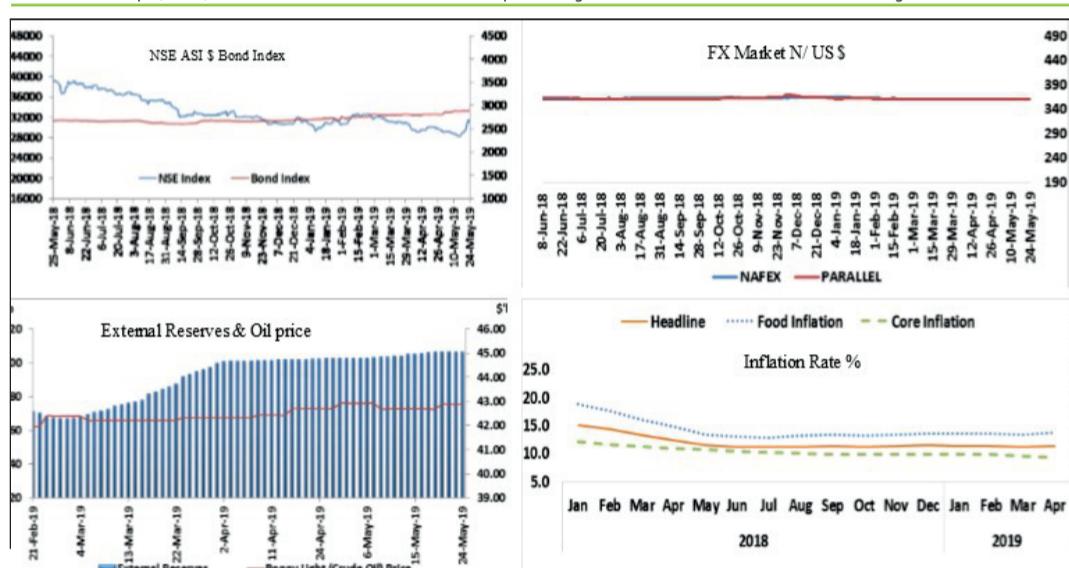


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

GDP Growth (%)	2.01	Q1 2019 — lower by 0.38% compared to 2.39% in Q4 2018
Broad Money Supply (M2) (N' trillion)	35.17	Increased by 3.95% in Apr' 2019 from N33.83 trillion in Mar' 2019
Credit to Private Sector (N' trillion)	24.90	Increased by 3.76% in Apr' 2019 from N23.99 trillion in Mar' 2019
Currency in Circulation (N' trillion)	21.59	Increased by 0.25% in Apr' 2019 from N21.53 trillion in Mar' 2019
Inflation rate (%) (y-o-y)	11.37	Increased to 11.37% in April 2019 from 11.25% in March 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)	45.07	May 22, 2019 figure — an increase of 0.42% from May start
Oil Price (US\$/Barrel)	75.76	May 24, 2019 figure — no change from the prior week
Oil Production mbpd (OPEC)	1.82	April 2019 figure — a increase of 5.27% from March 2019 figure



STOCK MARKET		
Indicators	Friday	Friday
		Change(%)
	24/05/19	17/05/19
NSE ASI	30,881.29	28,871.93
Market Cap(N'tr)	13.60	12.72
Volume (bn)	0.29	0.27
Value (N'bn)	6.63	7.52

MONEY MARKET			
NIBOR	Tenor	Friday Rate	Friday Rate
	(%)	(%)	(Basis Point)
OBB		11.14	4.57
O/N		12.00	5.29
CALL		11.44	5.07
30 Days		10.97	12.13
90 Days		12.58	12.19

FOREIGN EXCHANGE MARKET			
Market	Friday	Friday	1 Month
	(N\$)	(N\$)	Rate (N\$)
Official (N)	306.90	306.95	306.90
Inter-Bank (N)	360.39	360.50	360.23
BDC (N)	0.00	0.00	0.00
Parallel (N)	361.00	361.00	360.00

BOND MARKET			
AVERAGE YIELDS			
Tenor	Friday	Friday	Change
(%)	(%)	(Basis Point)	
17/05/19		10/05/19	
3-Year	0.00	0.00	0.0
5-Year	14.39	14.04	35.6
7-Year	14.05	14.49	(44.1)
10-Year	14.33	14.31	2.0
20-Year	14.30	14.69	(38.9)
30-Year	14.69	14.69	0

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

## Market Analysis and Outlook: May 24th– May 31st, 2019

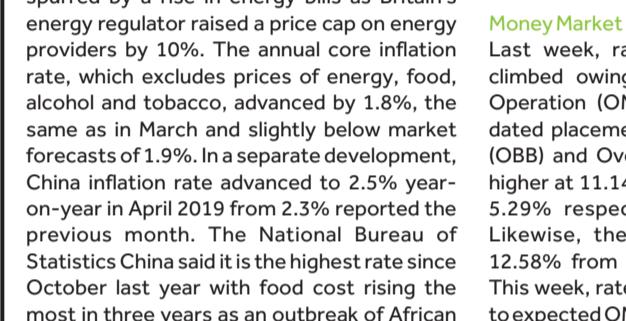
### Global Economy

In the US, manufacturing Purchasing Managers' Index (PMI) declined to 50.6 in May 2019 from 52.6 in April according to IHS Markit. The latest reading pointed to the weakest pace of expansion in the manufacturing sector since September 2009. This came on the back of broad-based slowdown in the rates of expansion for output, employment and pre-production inventories, while new orders declined for the first time since August 2009. Elsewhere in the UK, consumer prices rose to 2.1% year-on-year in April from 1.9% in March according to the Office for National Statistics. It is the highest inflation rate in four months, spurred by a rise in energy bills as Britain's energy regulator raised a price cap on energy providers by 10%. The annual core inflation rate, which excludes prices of energy, food, alcohol and tobacco, advanced by 1.8%, the same as in March and slightly below market forecasts of 1.9%. In a separate development, China inflation rate advanced to 2.5% year-on-year in April 2019 from 2.3% reported the previous month. The National Bureau of Statistics China said it is the highest rate since October last year with food cost rising the most in three years as an outbreak of African swine fever sent pork prices soaring further. Annual core inflation, which strips out volatile food and energy prices, notched down to 1.7% in April, the lowest in seven months, from 1.8% in March. China's producer price index also increased by 0.9% from a year earlier in April, from a 0.4% rise in the previous month.

### Domestic Economy

The Nigerian economy expanded to 2.01% year-on-year (y-o-y) in Q1 2019, higher than 1.89% recorded in the corresponding quarter of 2018, but lower than 2.39% recorded in the Q4 2018. The non-oil sector was largely responsible for the growth seen in the economy as it advanced 2.47% in the quarter, 1.72% higher when compared to the rate reported in Q1 2018. It was majorly driven by Information and communication technology (9.48%), Agriculture (3.17%), Transportation and Storage (19.50%) Trade (0.85%) and Construction (3.18%). The economy growth was impacted by the decline in the oil sector as it contracted further to -2.4% in Q1 2019 from 14.02% recorded in the corresponding quarter of 2018, and -1.62% in Q4 2018. In a separate development, the Central Bank of Nigeria (CBN) concluded its third meeting for the year last week. The committee members voted to retain the Monetary Policy Rate (MPR) at 13.5%, Asymmetric corridor around the MPR at +200/-500 basis points, Cash Reserves Ratio (CRR) at 22.5%, and Liquidity Ratio (LR) at 30%. The MPC called on the CBN to institute modalities and policies that will restrict Nigerian banks' access to government securities and refocus banks to private sector lending. It also directed the CBN to ensure that Nigerian banks prioritise consumer, mortgage, agriculture, and manufacturing lending to drive economic growth. In a separate development, the Manufacturing Purchasing Managers' Index (PMI) stood at 57.8 index points in May 2019. This indicates an expansion in the manufacturing sector for the twenty-sixth consecutive month. The index grew at a slightly faster pace when compared to the previous month (57.7 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 primary metal subsectors recorded decline in the period under review.

**Stock Market**  
Indicators at the local bourse continued a bullish run driven by cross deals. The All Share Index (ASI) gained 6.96% to close at 30,881.29 points from 28,871.93 points the preceding week. Similarly, market capitalization increased by 6.96% to settle at N13.60 trillion from N12.72 trillion the prior week. This week, we expect the Nigerian stock exchange to investors take advantage of the low valuation to rebalance their portfolio ahead of Q2 numbers, given plans by the CBN to reduce banks' participation in government securities, while boosting private sector lending to drive economic activities and investment.



### Money Market

Last week, rates at the money market climbed owing to the net Open Market Operation (OMO) sale of 253bn. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates soared higher at 11.14% and 12% from 4.57% and 5.29% respectively the previous week. Likewise, the 90-day NIBOR closed at 12.58% from 12.19% the previous week. This week, rates may likely trend lower due to expected OMO maturity of N133 billion.

### Foreign Exchange Market

The local unit appreciated against the dollar across all market segments. At the official window it ended at N306.9/\$, a 5 kobo appreciation from the previous week. Similarly, at the NAFEX window the local currency witnessed slight appreciation of 11 kobo to close at N360.39/\$. The parallel market remained unchanged at N361/\$. The market continues to be supported by the Central Bank intervention and rising foreign reserves. This week, we expect rates to continue to trade within a tight band as the CBN sustains its intervention program.

### Bond Market

Bond yields further declined on the medium end of the curve in the week ended May 24, 2019 as the market traded with bullish sentiment. Yields on the seven-year debt instrument settled at 14.05% from 14.49% respectively. Consequently, the Access Bank Bond index rose marginally by 1.94 points to close at 2,892.40.46 points from 2,890.46 points the previous week. This week, market is expected to remain positive owing to the renewed interest in the Bond market.

### Commodities

Oil prices retreated last week as the escalating U.S.-China trade war came into the spotlight again, dampening the outlook for economic and oil demand growth just after the EIA reported further increases in US stockpiles of crude. OPEC benchmark crude, shed \$4.05, or 6% to \$8.56 per barrel. Precious metals prices went in varying directions as Gold prices slipped while silver prices rose. Gold prices declined as strong gains in equities eroded the appeal of the yellow metal as a safe haven asset. Gold dipped by \$3.54, or 0.28%, to \$1,281.88 an ounce. On the other hand silver rose by 10 cents or 0.7% to \$14.57 an ounce. This week, we expect prices to remain pressured as the world awaits the outcome of the US-China trade talks. For precious metals, prices slip further in the face of dovish bias by major central banks.

### MONTHLY MACRO ECONOMIC FORECASTS

Variables	May'19	Jun'19	Jul'19
Exchange Rate (Interbank) (N/\$)	361	362	362
Inflation Rate (%)	11.30	11.23	11.21
Crude Oil Price (US\$/Barrel)	70	72	72

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