In the US, economic growth in the first quarter was unexpectedly revised downward by slightly less than initially estimated, according to revised data released by the Commerce Department. The Commerce Department said real gross domestic product surged up by 3.1% in the first quarter, reflecting a sharp increase in consumer spending and exports was revised higher, while business spending and inventory investment were revised lower. Consumer spending rose at a 1.1% annual rate in the first three months of the year, an upward revision from an earlier 1.2% estimate. The pace of exports was revised higher, to a 4.8% annual rate. Imports, a drag on growth, declined more than previously estimated, In activity, China, activity in the manufacturing sector slowed in May, falling victim to the ongoing trade war with the United States. The official Purchasing Managers’ Index (PMI) for May dropped to 49.4. April’s reading was 50.1. A PMI above 50 indicates expansion. A reading below 50 signals a contraction in manufacturing. Factory output expanded at a slower pace as new orders fell for the first time in four months. Export orders extended their decline for the twelfth straight month with the sub-index pulling back significantly to 46.5 from April’s 49.2, suggesting a further weakening in global demand. In South America, the Brazilian economy advanced by 0.5% year-on-year in Q1 from 1.1% in the previous quarter. It is the weakest growth witnessed since the first quarter of 2016 and this was due to a slowdown in household consumption and fixed investment. Household expenditure grew by 1.3% 1.5% in Q2 2018. The monthly inflationary pressures were revised higher, to 15.6% fixed investment (down by 1% in Q4’18). Government spending also went up by 0.9% compared to 1% in Q4’18. Exports grew by 1% lower than witnessed in the previous quarter and imports fell by 2.5% (down 4% in Q4’18).

**Access Bank Rateswatch**

**Oil Price (US$/Barrel)**
May 31, 2019 figure— no change from the prior week

**Interest Rate (Asymmetrical Corridor)**
Lending rate changed to 15.5% & Deposit rate 8.5%

**Inflation rate (%) (y-o-y)**
Increased to 11.37% in April 2019 from 11.25% in March 2019

**Currency in Circulation (N’ trillion)**
Increased by 0.25% in Apr’ 2019 from N21.53 trillion in Mar’ 2019

**Commodities Market**

**Domestic Economic**

Nigerian Stock Exchange (NSE) published its monthly Domestic & Foreign Portfolio report for April 2019. The report indicated that the total transactions at the nation’s bourse increased by 5.24% to N144.91 billion from N130.11 billion recorded in March 2019. Consequently, total foreign transactions increased by 37.13% to N76.92 billion from N56.09 billion the prior month. Total domestic transactions which is split into retail and institutional investors revealed that retail investors were outperformed by institutional investors by 18%. Total retail transactions increased marginally by 6.6% to N26.21 billion in the reference month from N24.41 billion in March. Likewise, the institutional composition of the domestic market climbed by 60.75% to N42.73 billion in April 2019 from N26.58 billion in March 2019. Total foreign outflows also edged up by 38.54% to N41.78 billion from N30.20 billion and foreign inflows also jumped by 5.76% to N35.15 billion from N32.89 billion between March and April 2019. In a separate development, businesses expressed optimism on Nigeria’s economy in May 2019 according to the Central Bank of Nigeria (CBN) monthly Business Activity Survey(IES), which was posted on the apex bank’s website stated “at 29 index points; respondents’ overall confidence index (OCI) on the economy was 5.76 index points in the aforementioned period was less optimistic when compared to its level of 29.2 index points in April 2019.” The respondent firms were made up of service and industrial organizations covering both import- and export-oriented businesses. The positive outlook by businesses in May 2019, according to the report, was driven by the opinion of respondents from the following sectors: service (13.7 points), industrial (9.7 points), wholesale/retail trade (2.8 points). Bank credit construction (2.4 points). In April 2019, the surveyed firms listed insufficient power supply, high interest rate, unfavorable economic climate, unclear economic laws, financial problems were classified as unfavorable while positive economic climate and access credit as the major factors constraining business activity in the reference month. The business outlook for June 2019 showed greater confidence on the macroeconomic with 62.7 index points.

**Money Market**

Averaging the money market trended southwards, week closed by week. Open Market Operations (OMO) maturity of N153 billion on 22 May was bought up by N61.63 billion. Buy Back (BBB) and Open Not (ON) rates settled lower at 4.14% and 4.93% from 11.14% and 12% respectively the previous week. Likewise, the 30- and 90-day NIBOR closed at 10.81% and 11.98% from 10.52% and 12.68% respectively the previous week. This week, we expect tight liquidity due to retarded Market Intervention Sales (MSM) and OMO transactions.

**Foreign Exchange Market**
The naira recorded mixed performances against the dollar across various market segments in the week ending May 31, 2019. At the official window the local currency witnessed a marginal appreciation of 21 kobo to close at N565.18. However, the official window ended at N565.95; a 5 kobo depreciation from the previous week. Meanwhile, the parallel market remained unchanged at N565.18. This week, we envision that rates would remain prevailing levels.

**Bond Market**

Average bond yields moderated on the short end of the curve in the week ended May 31, 2019 with minimal volume traded across some segments. Focus is on the foremost auction instrument closed lower at 14.12% from 14.23% in the preceding week. Consequently, the Access Bank Bond index rose marginally by 5.29 points to close at 2,895.70 points from 2,882.40 points the previous week. This week, client inflows should dictate the market development.

**Commodities**

Crude oil prices further retreated last week as comments from Donald Trump ramped up trade conflicts, weighing on demand output. Prices were also depressed by an increase in U.S. oil production. Conversely, the OPEC benchmark crude, shed $1.46, or 2% to $67.10 per barrel. Precious metals prices went in varying directions as gold prices picked up while silver prices declined. Gold prices shot up by 1.03% to $1,295.02 an ounce due to increased demand on the safe-haven demand after U.S. Donald Trump vowed to levy tariffs on all Mexican imports to levy tariffs on all Mexican imports, ratcheting up concerns of a global trade war. Conversely, silver fell by 6 cents or 0.4% to $14.51 an ounce. This week, prices may remain pressured due to the current trade tensions between U.S. and China. For gold and silver, prices, may remain supported by the ongoing trade tensions.

**Access Bank Nigerian Gov’t Bond Index**

**Market Analysis and Outlook: May 31st – June 07, 2019**

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**For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123**