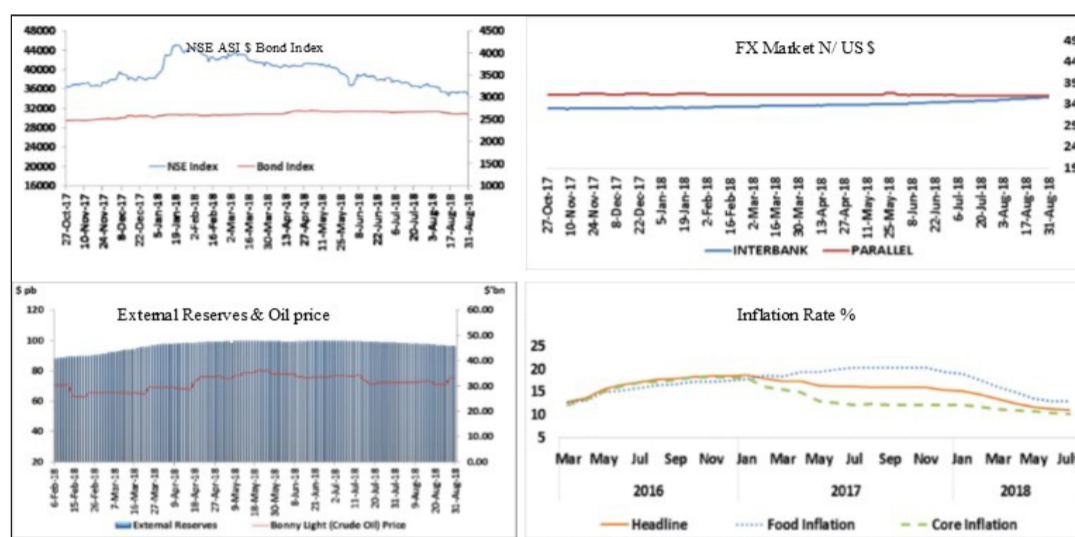


# Access Bank Rateswatch

## 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)	11.14	Decreased to 11.14% in July' 2018 from 11.23% in June' 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)	45.91	August 29, 2018 figure — a decrease of 2.47% from August start
Oil Price (US\$/Barrel)	75.41	August 31, 2018 figure — an increase of 6.42% 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	Friday	Change(%)
	31/08/18	24/08/18	
NSE ASI	34,848.45	35,426.21	(1.63)
Market Cap(N'tr)	12.72	12.93	(1.63)
Volume (bn)	0.38	0.53	(27.07)
Value (N'bn)	9.79	4.53	116.28

## MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	31/08/18	24/08/18	
O/N	6.8300	7.9200	(1.09)
CALL	12.9167	8.2500	467
30 Days	12.7192	12.0585	66
90 Days	13.1472	12.7039	44

## FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	31/08/18	24/08/18	31/07/18
Official (N)	306.15	306.10	305.90
Inter-Bank (N)	357.45	355.22	350.24
BDC (N)	0.00	362.00	361.55
Parallel (N)	361.00	360.00	360.00

## BOND MARKET

### AVERAGE YIELDS

Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	31/08/18	24/08/18	
3-Year	2,620.69	2,632.36	(0.44)
5-Year	8.42	8.46	(0.44)
7-Year	5.34	5.39	(0.96)
10-Year	6.69	7.16	(0.47)
20-Year	(48.72)	(48.22)	(0.50)

## COMMODITIES MARKET

Indicators	31/08/18	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil (\$/bbl)	75.41	6.42	16.89
Natural Gas (\$/MMBtu)	2.93	(1.01)	(4.12)
Agriculture			
Cocoa (\$/MT)	2310.00	(1.62)	19.32
Coffee (\$/lb.)	102.70	0.29	(21.12)
Cotton (\$/lb.)	82.55	0.54	6.52
Sugar (\$/lb.)	10.66	3.39	(30.46)
Wheat (\$/bu.)	545.25	1.44	25.78
Metals			
Gold (\$/t oz.)	1204.18	1.07	(8.61)
Silver (\$/t oz.)	14.59	(0.55)	(15.13)
Copper (\$/lb.)	269.90	0.04	(17.66)

## ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	31/08/18	24/08/18	
Index	0.00	0.00	0
Mkt Cap Gross (N'tr)	14.45	14.24	21
Mkt Cap Net (N'tr)	15.08	14.70	38
YTD return (%)	14.83	14.49	34
YTD return (%) (US \$)	15.14	14.90	24

## TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	24,960.59	11	29-Aug-2018
182 Day	44,993.79	12.3	29-Aug-2018
364 Day	137,000	13.0456	29-Aug-2018

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

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123 rotimi.peters@accessbankplc.com

## Market Analysis and Outlook: August 31 - September 7, 2018

### Global

In the US, the Commerce Department revised its growth estimate for the second quarter to 4.2% from an initial estimate of a 4.1% annual rate. The second quarter marked a sharp improvement from a 2.2% gain in the January-March period. The revised GDP report showed that consumer spending, which accounts for about 70% of economic activity, expanded at a strong annual rate of 3.8% in the second quarter, down slightly from an initial estimate of 4% growth in consumer spending. However, that downward revision was outweighed by other factors including stronger business investment, which grew at a 6.2% rate, driven by spending on such items as computer software. Other sources of strength were less growth in imports, which subtract from GDP, and faster growth in government spending at the federal, state and local levels. In a separate development, Japan's unemployment rate notched up to 2.5% in July 2018, slightly higher than the 2.4% recorded the prior month and the highest rate recorded in the last three months. The number of unemployed people were reported at 1.72 million in July, 60 thousand higher than reported in the previous month. Labour force decreased by 80 thousand to 68.07 while those detached from the labour force went down 170 thousand to 42.8 million. Elsewhere, Brazil's unemployment rate declined to 12.3% in the three months to July 2018, from the 12.9% recorded in February - April 2018. The number of unemployed people decreased by 545,000 to 12.28 million, while the number of people in the labour force rose by 383,000 to 104.53 million.

### Domestic

Real GDP growth slowed to 1.50% year-on-year (y-o-y) in Q2 18, relative to the growth of 1.95% y-o-y in the preceding quarter (Q1 18). The economy's performance was constrained by crude oil and gas sector, which contracted by -3.95% y-o-y in Q2 18, compared to growth of 14.77% in Q1 18. Average daily oil production was recorded at 1.84 million barrels per day (mbpd), lower than the production volume of 2.0 mbpd seen in the first quarter of 2018. The non-oil sector increased by 2.05% — its strongest growth since Q1 15. The momentum was driven by transportation (21.76%), construction (7.66%) and electricity (7.59%). Stronger growth in the non-oil sector was constrained by agriculture, which ticked up by only 1.30% compared to 3.00% in Q1 18. In a separate development, data from the Central bank of Nigeria (CBN) shows foreign exchange reserves have slid below \$46 billion, losing \$1.25 billion in the thirty days to August 30<sup>th</sup>. The country's reserves which stood at \$47.12 billion as of July the 31, fell to \$45.87 billion - the lowest level in nearly five months - on August 30<sup>th</sup>. The depletion in the nation's external purse may not be unconnected to the weekly intervention of the CBN into the foreign exchange market to ensure the stability of the Naira, and the recent drop in crude price in the global market from over \$80 per barrel in May to around \$72.03 per barrel as of August 10, 2018. Reserves have also come under pressure from increased demand for the greenback by Foreign Portfolio Investments (FPIs) exiting naira assets.

### Stock Market

The Nigerian stock exchange market returned to negative territory last week as the major market indicators trended downwards. The All Share Index (ASI) declined by 577.876 points to close at 34,848.45 points from 35,426.21 points the previous week, representing a 1.63% decrease. Similarly, market capitalization shed 1.63% to close at N12.72 trillion from N12.93 trillion the previous week. Banking, oil and gas, consumer goods and healthcare sectors led the downturn in the market. Market sentiment was

impacted by huge fines imposed on four deposit money banks by the apex bank over alleged illegal fund repatriation on behalf of MTN Nigeria as well as profit taking activities by investors as more financial scorecards were released. This week, we expect that the market might remain in negative territory as profit taking by investors continues.

### Money Market

Last week, money market rates moderated for the third consecutive week due to inflows from Open Market Operation (OMO) maturities of about N314 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 6.00% and 6.83% from 6.75% and 7.92% respectively the previous week. In contrast, longer dated placements trended upwards. The call, 30-day and 90-day NIBOR closed lower at 12.92%, 12.72% and 13.15% from 8.25%, 12.06% and 12.70% the prior week. This week, expected release of the Federation Accounts Allocation Committee (FAAC) funds will likely drive rates further downwards.

### Foreign Exchange Market

The local currency depreciated marginally across all market segments monitored last week. At the interbank window the naira lost 0.63% to close at N357.45/\$ compared to N355.22/\$ the previous week. The official and parallel rate also trended lower, settling at N306.15/\$ and N361/\$ respectively last week relative to N306.10/\$ and N360/\$ the week before. The weakening seen across all markets comes amidst continued intervention by the monetary regulator to provide liquidity to the FX market. This week, we envisage the naira will oscillate around current levels.

### Bond Market

Bond yields closed on a bullish note for the week driven by positive sentiment resulting from the higher yield seen in the primary market auction conducted last week. Investors sold off bonds in order to invest in treasury bills. Yields on the five-, seven-, and ten- and twenty- year debt papers closed at 14.45%, 15.08%, 14.83% and 15.14% from 14.24%, 14.70%, 14.49% and 14.90% respectively the previous week. The Access Bank Bond index declined by 11.67 points or 0.44% to close at 2,620.69 points from 2,632.36 points the previous week. This week we expect the yields to trend upward as the investors' sentiment persists.

### Commodities

Oil prices rose last week on growing evidence of disruptions to crude supply from Iran and Venezuela and after a fall in US crude inventories. Nigeria's benchmark crude oil, Bonny light, inched higher by \$4.55% to close at \$75.41. Price of precious metal moved in divergent directions in response to mixed cues from economic data releases and on-going trade tensions. Gold \$12.71, or 1.07%, to settle at \$1,204.18 an ounce, while silver closed 0.5% lower at \$14.59 an ounce. This week, the upside in oil prices may likely be sustained by a combination of falling supply in countries such as Iran and Venezuela, and strong demand especially in Asia. For precious metals, we see remaining pressured by expectations the US Fed will nudge benchmark interest rate higher in September.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Aug'18	Sept'18	Oct'18
Exchange Rate (Official) (N/\$)	358.28	360	360
Inflation Rate (%)	9.34	9.00	9.00
Crude Oil Price (US\$/Barrel)	76.75	76.00	77.00