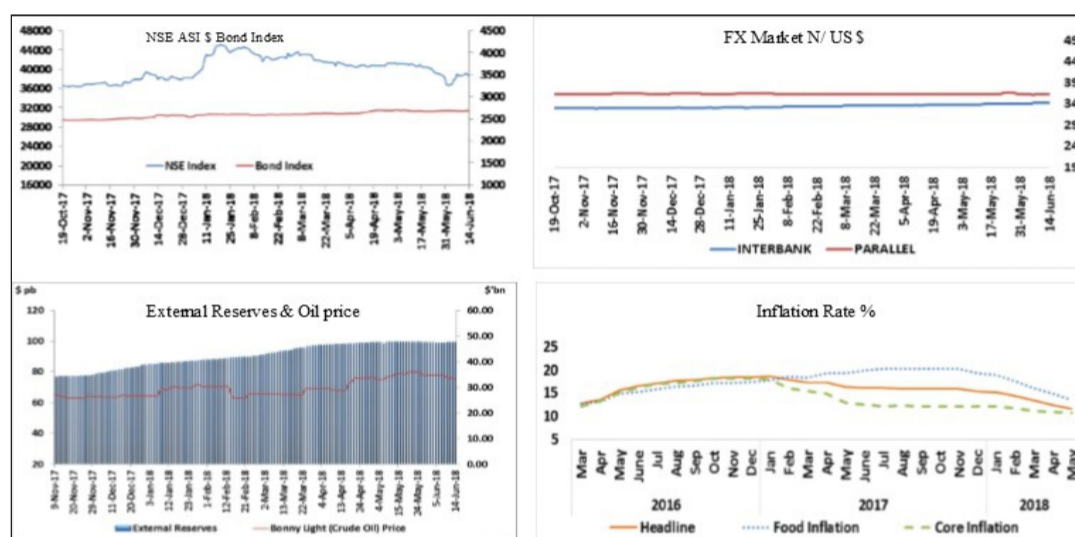


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.95	Q1 2018 — lower by 0.11% compared to 2.11% in Q4 2017
Broad Money Supply (M2) (N' trillion)	24.52	Increased by 0.90% in Apr' 2018 from N24.30 trillion in Mar' 2018
Credit to Private Sector (N' trillion)	22.25	Decreased by 0.85% in Apr' 2018 from N22.44 trillion in Mar' 2018
Currency in Circulation (N' trillion)	1.96	Increased by 17.31% in Apr' 2018 from N1.67 trillion in Mar' 2018
Inflation rate (%) (y-o-y)	11.61	Declined to 11.61% in May' 2018 from 12.48% in Apr' 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)	47.63	June 13, 2018 figure — an increase of 0.02% from June start
Oil Price (US\$/Barrel)	75.24	June 14, 2018 figure — a decrease of 3.40% in 1 week
Oil Production mbpd (OPEC)	1.71	May 2018 figure — a decrease of 3% from Apr' 2018 figure



## STOCK MARKET

Indicators	Friday 14/06/18	Friday 08/06/18	Change(%)
NSE ASI	38,928.02	38,669.23	0.67
Market Cap(N'tr)	14.10	14.01	0.67
Volume (bn)	0.34	0.21	60.27
Value (N'bn)	5.25	3.89	34.91

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	14/06/18	08/06/18	
OBB	3.6700	4.8300	(116)
O/N	4.2500	5.3300	(108)
CALL	16.8800	5.7143	1117
30 Days	15.1100	13.5397	157
90 Days	15.3500	13.9530	140

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	14/06/18	08/06/18	14/05/18
Official (N)	305.90	305.95	305.80
Inter-Bank (N)	342.71	341.88	339.65
BDC (N)	360.99	359.90	361.00
Parallel (N)	362.00	362.00	363.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	14/06/18	08/06/18	
3-Year	0.00	0.00	0
5-Year	13.24	13.33	(9)
7-Year	12.67	12.80	(13)
10-Year	13.23	13.33	(10)
20-Year	13.59	13.56	3

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## Market Analysis and Outlook: June 14 - June 22, 2018

### Global Economy

In the U.S. the Federal Reserve (Fed) raised interest rates to 1.75% - 2% range in the meeting held on June 12 and 13, 2018. This increase is due to continued strength in labour market, stronger economic activity, increased job creation and declining unemployment rate. There has also been an uptick in household spending and fixed investment. The inflation rate is also seen to be improving. In a bid to foster maximum employment and price stability, the Fed projected two additional rate hikes by the end of this year. Gross Domestic Product (GDP) forecast for 2018 was revised higher to 2.8% from 2.7% at the previous meeting. Elsewhere in the U.K., consumer prices remained stable in May 2018 at 2.4%. Core inflation which excludes the prices of energy, food, alcohol and tobacco also remained flat at 2.1%. Month-on-month, consumer prices climbed by 0.4% according to the Office for National Statistics (ONS). In another development, China's inflation rate stood at 1.8% in May 2018, unchanged from the previous month's rate as reported by China's statistics agency. The year-on-year rate being the lowest since January 2018 was driven by slower growth in food prices which stood at 0.1% from 0.7% in the previous period. Non-food index rose to 2.2% in May from 2.1% in April.

### Local Economy

The Consumer Price Index (CPI) which measures inflation in Nigeria rose by 11.61% year-on-year in the month of May 2018, which is 0.87% points less than the 12.48% recorded in April 2018. This represents the sixteenth consecutive month of decline in the rate of inflation since January 2017. The food index rose by 13.45% (year-on-year), slightly lower than 14.80% recorded in the previous month, thus indicating a sustained decline in the pressure of food prices. The highest increases in the food index was seen in the prices of potatoes, yam and other tubers, vegetables, fish, bread and cereals, fruits and meat. The core sub-index, which excludes the prices of volatile agricultural produce stood at 10.7%, 0.2% points lower than 10.9% in April. During the month, the highest increases were recorded in prices of hairdressing saloons and personal grooming establishment, vehicle spare parts, fuels and lubricants for transport equipment, books and stationaries, domestic services and household services, pharmaceutical products, paramedical services, medical services and passenger transport by road. In another development, the Central Bank of Nigeria (CBN) revealed in its monthly business expectation survey report that the confidence index on the macro economy for the month of May 2018 stood at 28.9 index points, same as the previous month. The optimism on the macro economy was driven by the opinion of respondents from the services, industrial, construction and the wholesale/retail trade sectors. The firms that were surveyed identified insufficient power supply, unfavourable economic climate, high interest rate, unclear economic laws, financial problems, unfavourable political climate and insufficient demand as the major factors constraining business activity in the current month.

### Stock Market

Trading at the local bourse advanced in the week ended June 14, 2018. The bullish performance was due to demand for medium and highly capitalized stocks. The All Share Index (ASI) inched up by 0.7% or 258.79 points to 38,928.02 from 38,669.23 points the previous week. Similarly, market capitalization ascended by 0.7% to N14.10 trillion from N14 trillion the preceding week. Last week's performance was influenced by gains in the

stocks of companies in the banking, consumer goods and oil & gas sectors. This week, we expect the market to remain on the upside as investors continue to take advantage of lower stock prices of previous weeks.

### Money Market

Cost of borrowing at the money market recorded mixed movements last week. On one hand Open Buy Back (OBB) and the Over Night (O/N) rates fell to 3.67% and 4.25% from 4.83% and 5.33% respectively the previous week due to Open Market Operation (OMO) maturity of about N244 billion. However, longer tenured interbank rates increased across other rate buckets. The 30-day and 90-day Nigerian Interbank Offer Rates (NIBOR) climbed to settle at 15.11% and 15.35% from 13.54% and 13.95% respectively. This week, we expect rates to further trend lower due to expected Retail Secondary Market Intervention Sales (SMIS) refund and OMO maturity.

### Foreign Exchange Market

The local currency posted differing directional performances in various segments of the foreign exchange market last week. The interbank window slightly depreciated to N342.71/\$ from N341.88/\$ representing a drop of 83 Kobo. The parallel market rate remained stable at N362/\$. Meanwhile, the unofficial rate appreciated marginally by 5 kobo to settle at N305.90/\$ from N305.95/\$ the previous week. The appreciation and stability recorded in the parallel and official market segments may be attributed to the apex bank's regular interventions. 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 following client demand on short to medium term placements. Yields on the five-, seven- and ten-year debt papers finished at 13.24%, 12.67% and 13.23% from 13.33%, 12.80% and 13.33% respectively the previous week. The Access Bank Bond index rose marginally by 4.63 points or 0.17% to 2,685.72 points from 2,681.09 points the previous week. This week we expect bond yields to appreciate due to the expected bond auction.

### Commodities

Oil prices fell last week, pulled down by rising supplies in the United States. American Petroleum Institute (API) revealed that crude oil inventories in the U.S. rose by 830,000 barrels to 433.7 million last week. Bonny light, Nigeria's benchmark crude, ended at \$75.24 per barrel, down \$2.65, or 3.4%, from the previous week. In a similar vein, precious metals prices turned lower after the U.S. Federal Reserve announced it was raising interest rates. Interest rate hikes push up bond yields, making non-yielding precious metals less attractive. Silver lost 0.02% to settle at \$1,298.70 per ounce. However, silver climbed by 16 cents, or 1%, to settle at \$16.95 an ounce due to higher demand. This week, oil prices are likely to drop further weighed down by the prospect of easing supply curbs from OPEC-led producers at their meeting on June 22<sup>nd</sup>. Precious metals prices are likely to remain under pressure due to expectations of additional rate hikes by the US Fed.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jun'18	Jul'18	Aug'18
Exchange Rate (Official) (N/\$)	340.80	341	341.02
Inflation Rate (%)	11.00	10.50	10.20
Crude Oil Price (US\$/Barrel)	75.2	75.9	76