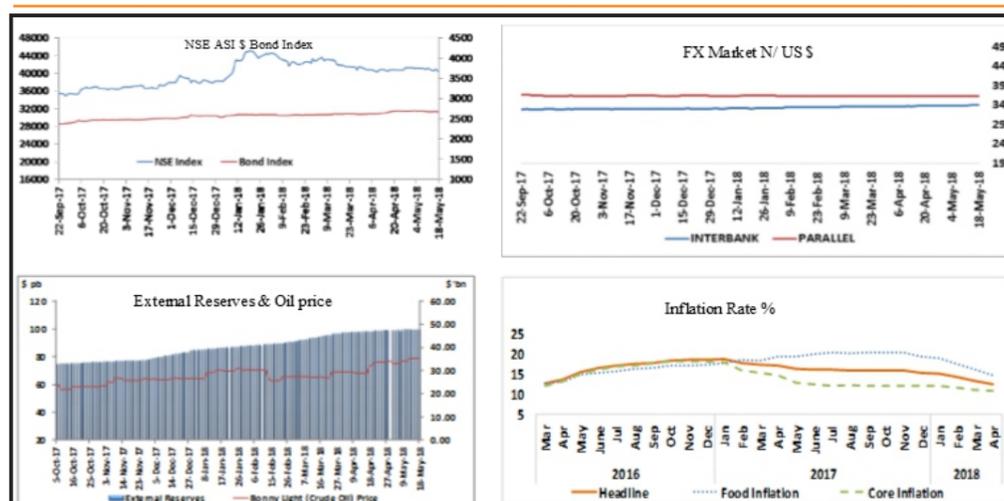


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.92	Q4 2017 — higher by 0.52% compared to 1.40% in Q3 2017
Broad Money Supply (M2) (N' trillion)	24.52	Increased by 0.91% in Apr' 2018 from N24.30 trillion in Mar' 2018
Credit to Private Sector (N' trillion)	22.25	Increased by 0.045% in Apr' 2018 from N22.24 trillion in Mar' 2018
Currency in Circulation (N' trillion)	1.96	Increased by 17.36% in Apr' 2018 from N1.67 trillion in Mar' 2018
Inflation rate (%) (y-o-y)	12.48	Declined to 12.48% in Apr' 2018 from 13.34% in Mar' 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)	47.79	May 17 2018 figure — an increase of 0.59% from May Start
Oil Price (US\$/Barrel)	78.73	May 18, 2018 figure — an increase of 2.43% from the previous week
Oil Production mbpd (OPEC)	1.79	Apr 2018 figure — an decrease of 0.44% from Mar' 2018 figure



STOCK MARKET

Indicators	Friday	Friday	Change(%)
	18/05/18	11/05/18	
NSE ASI	40472.45	41177.68	(1.71)
Market Cap(N'tr)	14.66	14.92	(1.71)
Volume (bn)	0.35	0.13	160.93
Value (N'bn)	5.08	2.61	94.34

MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	18/05/18	11/05/18	
OBB	7.8300	16.6700	(884)
O/N	9.0000	18.8800	(988)
CALL	8.8750	76.0500	(6718)
30 Days	13.6178	14.5038	(89)
90 Days	15.3127	15.4722	(16)

FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	18/05/18	11/05/18	18/04/18
Official (N)	305.85	305.75	305.60
Inter-Bank (N)	339.91	338.91	337.79
BDC (N)	0.00	0.00	360.00
Parallel (N)	363.00	363.00	363.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	18/05/18	11/05/18	
3-Year	0.00	0.00	0
5-Year	13.41	13.38	2
7-Year	12.64	12.60	4
10-Year	13.34	13.30	5
20-Year	13.38	13.26	12

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Market Analysis and Outlook: May 18 — May 25, 2018

Global Economy

In the US, retail sales rose by 0.3% in April after climbing by an upwardly revised 0.8% in March, according to a report released by the Commerce Department. The slowdown in the pace of retail sales growth came as sales by motor vehicle and parts dealers inched up by just 0.1% in April after spiking by 2.1% in March. US retail sales data is closely watched given that consumer spending accounts for more than two-thirds of US economic activity. In a separate development, China's trade surplus rose to \$28.8 billion in April from a deficit in March of \$5 billion, a report from the General Administration of Customs revealed. Data from the report showed exports from up 21.5% year-on-year in April while imports rose 12.9%. Analysts believe the anticipation of US tariffs, and other actions, like the closer inspection of US soybeans and the beginning of efforts to curtail waste imports, may be responsible for the improvement in China's trade balance. Elsewhere in the Eurozone, inflation rate was recorded at 1.2% year-on-year in April 2018, slightly down from 1.3% in the prior month. Annual core inflation which excludes volatile prices of energy, food, alcohol and tobacco was 0.7%, 0.3% below the figure stated in March according to the European Union Statistics Agency. Prices of food, tobacco, energy and alcohol rose at a faster pace while the price of services edged lower. The countries in the EU that recorded the highest inflation include France (1.8%), Germany (1.4%), Spain (1.1%) and Italy (0.6%).

Local Economy

The National Assembly has passed the country's 2018 appropriation bill. The final bill sets federal spending at N9.12 billion. This is N508 billion higher than the N8.612 trillion proposed by the President to the joint session of the Assembly last year. Of the new proposed budget sum of N9.12 trillion, N3.5 trillion is earmarked for recurrent expenditure (initially captured as N3.494 trillion), N2.8 trillion for capital spending (compared to N2.652 trillion proposed by the President in November) and N2.2 trillion naira for debt servicing (from N2.014 trillion in the initial proposal). The crude oil benchmark price of the budget was also increased to \$51 per barrel from \$45 per barrel. However, the naira/dollar exchange rate was retained at N305 to \$1. The daily crude oil production was also retained at 2.2 million barrels. A breakdown indicates that the Federal Ministry of Power, Works and Housing gets the highest allocation of N682.31 billion, followed by Transportation to the tune of N251.42 billion; N157.72 billion for Defence; N149.20 billion for Agriculture and Rural Development; N147.2 billion for Water Resources and N102.91 billion for Education while N150 billion was allotted for capital Special Intervention programme. In a separate development, Nigeria's Inflation rate declined for the 15th consecutive month in April, according to figures released by the National Bureau of Statistics. The Consumer Price Index which measures inflation stood at 12.48% year-on-year (y-o-y) in April 2018, indicating a 0.86 percentage points drop in the 13.34% rate recorded in March 2018. Food inflation edged lower by 128 bps to record 14.80% y-o-y compared to 16.08% y-o-y in March. On a month-on-month basis, the Food sub-index increased by 0.91% in April 2018, up by 0.01 per cent points from 0.90% recorded in March. The rise in the food index was caused by increases in prices of potatoes, yam and other tubers, fish, bread and cereals, oil and fats, vegetables, coffee, tea and cocoa, meat, milk, cheese and eggs. Core inflation also decelerated to 10.9% year-on-year in April 2018, from the rate recorded in March at 11.2%. On a month-on-month basis, the core sub-index increased by 0.87% in April 2018, this was up by 0.03% when compared with 0.84% recorded in March.

Stock Market

The Nigerian stock market closed on a negative note last week as the major market indicators trended downwards. The bearish market pushed the All Share Index (ASI) down by 705.23 points to 40,472.45 points from 41,177.68 points the

previous week representing a 1.7% decline. Similarly, market capitalization lost 1.7% to close at N14.66 trillion from N14.92 trillion the previous week. The negative performance may have been driven by profit-taking activities by some investors. This week, market direction will hinge on the outcome of the CBN Monetary Policy Committee meeting holding between 21st and 22nd of May.

Money Market

Cost of borrowing at the money market trended downwards last week following inflows from matured Open Market Operations worth N262 billion which outweighed combined outflows of N104 billion in T-bills auction and OMO mop up. Open Buy Back (OBB) and Over Night (O/N) rates eased to 7.83% and 9% from 16.67% and 18.88% the previous week. Slightly longer tenured rates such as the 30-day NIBOR also declined, settling at 14.04% from 14.50% the previous week. This week, we expect to see money market rates to move lower on the back of expected inflows from federation allocation to the three tiers of government.

Foreign Exchange Market

The local currency weakened across most market segments monitored last week. At the interbank window the naira lost 0.3% to close at N339.91/\$ compared to N338.91/\$ the previous week. The official rate also trended lower, settling at N305.85/\$ last week relative to N305.75/\$ the week before. The movement witnessed in these markets may be attributed to a deliberate strategy by the monetary authorities to push rates to those prevailing at the investor and exporters window. At the parallel market, the Naira remained unchanged week on week. This week, we envisage the naira will oscillate around current levels.

Bond Market

Bond yields on the average rose across most maturities last week. This was largely due to sell-offs by foreign investors as the spread between US securities and Nigerian securities tightened, causing foreign portfolio reversals in the market. Yields on the five-, seven-, and ten-year debt papers climbed to 13.41%, 12.64% and 13.34% from 13.38%, 12.60% and 13.30% respectively for the corresponding maturities the previous week. The Access Bank Bond index decreased by 4.11 points to close at 2675.38 points from 2679.49 points the prior week, while market capitalization lost N10 billion to settle at N9.07 trillion. This week, we expect yields direction to be determined by the proposed bond auction.

Commodities Market

Oil prices rose last week, supported by strong demand, looming sanctions on Iran and disruptions in Venezuelan production. Nigeria's oil benchmark, Bonny light, edged up by \$1.87 to settle at \$78.73 per barrel. In contrast, precious metals prices slid last week, weighed down by rising US bond yields. Higher yields increase the opportunity cost of holding non-yielding assets such as precious metals, slipped from \$1324.41 or 2.87% to \$1287.09 an ounce, while silver decreased 2.3% to \$16.40 an ounce. This week oil prices are likely to remain supported by combined impact of falling output in Venezuela and renewed U.S. sanctions on Iranian crude exports. For precious metals, expectations that the US Federal Reserve will increase interest rates and tighten monetary policy may put further pressure on prices.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	May'18	Jun'18	Jul'18
Exchange Rate (Official) (N/\$)	338.50	338.90	339.10
Inflation Rate (%)	11.89	11.50	10.80
Crude Oil Price (US\$/Barrel)	79	77	78