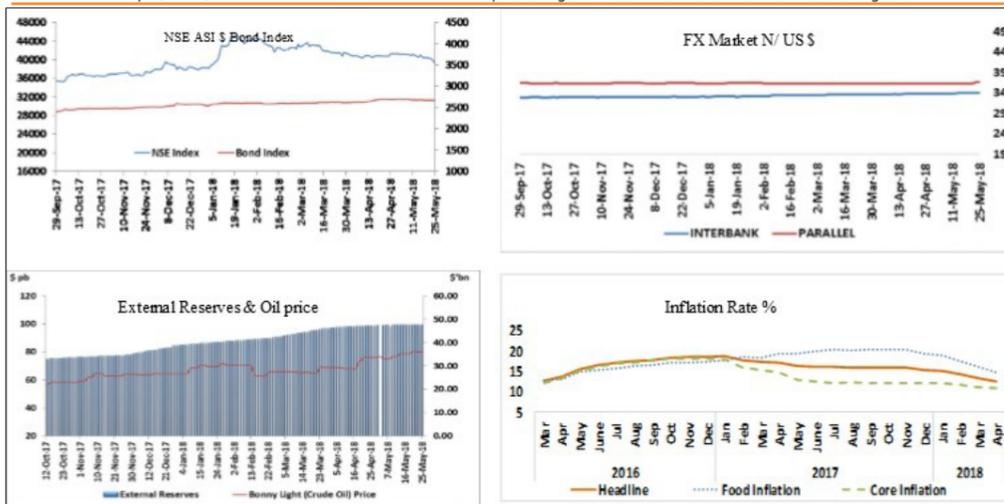


# Access Bank Rateswatch

## 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 0.91% in Apr' 2018 from N24.30 trillion in Mar' 2018
Credit to Private Sector (N' trillion)q	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)	47.75	May 22, 2018 figure — an increase of 0.51% from May Start
Oil Price (US\$/Barrel)	79.88	May 25, 2018 figure— an increase of 1.46% from the previous week
Oil Production mbpd (OPEC)	1.79	Apr 2018 figure — a decrease of 0.44% from Mar' 2018 figure



## STOCK MARKET

Indicators	Friday	Friday	Change(%)
	25/5/18	18/5/18	
NSE ASI	39,324	40,472.45	(2.84)
Market Cap(N'tr)	14.24	14.66	(2.84)
Volume (bn)	0.30	0.35	(15.56)
Value (N'bn)	2.95	5.08	(41.92)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	25/5/18	18/5/18	
OBB	17.1700	7.8300	934
O/N	19.6700	9.0000	1067
CALL	31.8750	8.8750	2300
30 Days	13.4800	13.6178	(14)
90 Days	14.5900	15.3127	(72)

## FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	25/5/18	18/5/18	25/4/18
Official (N)	305.90	305.85	305.65
Inter-Bank (N)	340.28	339.91	338.45
BDC (N)	362.00	362.00	363
Parallel (N)	366.00	363.00	363

## BOND MARKET

### AVERAGE YIELDS

Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	25/5/18	18/5/18	
3-Year	0.00	0.00	0
5-Year	13.30	13.41	(11)
7-Year	13.17	12.64	52
10-Year	13.40	13.34	5
20-Year	13.43	13.38	5

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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 25 - June 1, 2018

### Global Economy

In the US, the Federal Reserve retained its target range of fund at 1.5% -1.75% during its May 2018 meeting. The Fed officials cited the strength of the economy and solid hiring trends, as well as the fact inflation had inched higher as supporting evidences for keeping rates unchanged. The Fed, however, insisted that it will continue to move at a gradual pace even if inflation rises above the 2% target especially where the increase is only temporary. Elsewhere, China Gross Domestic Product (GDP) expanded by 1.4% quarter-on-quarter in the first quarter of 2018, the figure posted is 0.2% lower than the rate recorded in the previous quarter. According to the China's Statistics Bureau, it is the lowest pace of expansion since the first quarter of 2016. Year-on-year the economy advanced 6.8%, the same rate in the previous two quarters. In a separate development, annual inflation in the United Kingdom, decreased to 2.4% in April 2018 from 2.5% seen in March. It is the lowest rate since March 2017 according to the Office of National Statistics and was as result of lower prices in cost of transport especially in air fare cost.

### Local Economy

Nigeria's gross domestic product (GDP) grew by 1.95% year-on-year in Q4 2018, the fourth consecutive growth since the country emerged from recession in Q2 2017. According to the National Bureau of Statistics (NBS), this is 2.87% higher than the rate recorded in the corresponding quarter of 2017 (-0.91%) but lower by 0.16% from rate recorded in the previous quarter (revised upwardly to 2.11% from 1.92%). In the first quarter of 2018, aggregate GDP stood at N28.46 trillion in nominal terms, compared to N26.03 trillion in Q1 2017. This resulted in a nominal GDP growth of 9.36%. The oil industry grew by 14.35% year-on-year in Q1 2018, measured against Q1 2017. The oil sector contributed 9.61% of total GDP in Q1 2018. Average oil production stood at 2 million barrels per day Q1 2018, 0.5 million barrels higher than the daily average production recorded in Q4 of 2017 (1.95 million barrels per day). Non-oil GDP grew by 0.76%, 0.04% higher than the rate witnessed in Q1 2017. The non-oil sector contributed 90.39% of total GDP in Q1 2018. In a separate development, the Federation Accounts Allocation Committee (FAAC) disbursed the sum of N638.09 billion among Federal, States and Local Governments in April 2018 from the revenue generated in March 2018. The amount was 1.44% or N9.3 billion lower than the figure disbursed in March (N647.39 billion). The amount distributed was from the statutory account, FOREX equalization, NNPC and value added tax (VAT) comprising of N480.59 billion, N62.53 billion, N11.27 and N83.70 billion respectively. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N268.27 billion, states received N170.13 billion and the local governments received N128.32 billion. The oil producing states received N55.98 billion as the 13% derivation fund. Revenue generating agencies such as Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N4.14 billion, N5.49 billion and N3.67 billion respectively as cost of revenue collections. In another development, the Monetary Policy Committee of the Central Bank of Nigeria at its meeting on May 21<sup>st</sup> and 22<sup>nd</sup>, 2018 retained the monetary policy rate (MPR) at 14%. The decision to retain the rate was based on factors such as a forecast of high liquidity injection in the second half of the year, driven largely by substantial expansionary fiscal policy which will lead to upward prices so a tightening will ensure mop-up of liquidity in the system. The committee also retained other monetary policy parameters such as the Cash Reserves Ratio at 22.5%, the Liquidity Ratio at 30% and the Asymmetric Corridor at +200 basis points and -500 basis points around the MPR.

### ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	25/5/18	18/5/18	
Index	2,676	2,675	0.04
Mkt Cap Gross (N'tr)	9.07	9.07	0.04
Mkt Cap Net (N'tr)	5.90	5.90	(0.10)
YTD return (%)	8.96	8.91	0.05
YTD return (US \$)	-46.32	-46.34	0.02

### TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	3,384.18	10.2557	16-May-2018
182 Day	16,920.90	11.0801	16-May-2018
364 Day	13,536.72	11.9782	16-May-2018

### Stock Market

Market indicators at the Nigerian stock market continued their losing streak for the second

consecutive week. The All Share Index declined by 1,148.83 points to 39,323.62 points from 40,472.45 points. Similarly, market capitalization lost 2.8% to close at N14.24 trillion from N14.66 trillion the previous week. Market remained bearish as a result of persisting sell-offs by investors as profit taking held sway. Next week, performance parameters may remain weak as investors shy away from active stock purchases in view of portfolio reversals from the equity space.

### Money Market

Cost of borrowing at the money market rose last week as a result of Retail Secondary Market Intervention Sales (SMIS). Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates climbed to 17.17% and 19.67% from 7.83% and 9% respectively the previous week. Longer dated placements however, trended downwards. The 30-day and 90-day NIBOR closed lower at 13.48% and 14.59% from 13.62% and 15.31% the prior week. This week, rates may trend lower due to inflows from Federal Accounts Allocation Committee (FAAC) fund, primary market auction and Open Market Operation (OMO) Treasury bill maturities.

### Foreign Exchange Market

Last week, the naira depreciated across all FX market segments. The interbank FX rate pared 37 kobo to close at N340.28/\$ from N339.91/\$. Similarly, the official and parallel rates declined by 5 kobo and N3 respectively to close at N305.90/\$ and N366 from N305.85 respectively. The depreciation of the naira across all markets stemmed from increased dollar demand as well as rising concerns over foreign portfolio outflows investments. FX rates may likely be stable this week as the monetary authorities intervene to stem the tide of currency depreciation.

### Bond Market

Average bond yields in the fixed income market recorded mixed performance for the week ended May 25<sup>th</sup> 2018 even though the Access Bank bond index posted a modest increase. The index increased slightly by 1.11 points to close at 2,676.49 points from 2,675.38 points. The improvement witnessed was due to uptake of bonds by local counterparties amidst the continuous sell-off by foreign investors. Yields varied across maturities as the five year yield declined from 13.41% to 13.30% while the seven-, ten and twenty-year debt papers increased to 13.17%, 13.40% and 13.43% at the close of trades last week, from 12.64%, 13.34% and 13.38% for the corresponding maturities the prior week. This week we expect that yields may increase as the sell-off of bond by foreign investors persists.

### Commodities Market

Crude oil price eased up in the week ended 25th May 2018 due to the speculations of Russia's decision to increase oil production in order to balance the market. OPEC crude oil price declined to \$76.62 from \$76.75 in the preceding week. However, Bonny Light, Nigeria's reference crude witnessed slight volatility as it price increased up to \$80.08 within the week but slightly edged down to \$79.88 at the close of the week. In contrast, precious metals prices nudged higher last week as a result of geopolitical uncertainty surrounding US-North Korea talks and US reinstatement of sanctions on Iran. Gold went up 1.47% to close at \$1306.05 an ounce, while silver rose 1.8% to settle at \$16.70 an ounce. This week, expectations of easing oil production limits by two dozen producer nations will likely force oil prices lower. Precious metal might trend downwards as concerns of a rate hike by the Fed would cause investors to move to interest yielding asset.

### MONTHLY MACRO ECONOMIC FORECASTS

Variables	May'18	Jun'18	Jul'18
Exchange Rate (Official) (N/\$)	338.50	339.90	340.10
Inflation Rate (%)	11.89	11.50	10.80
Crude Oil Price (US\$/Barrel)	80	78	79