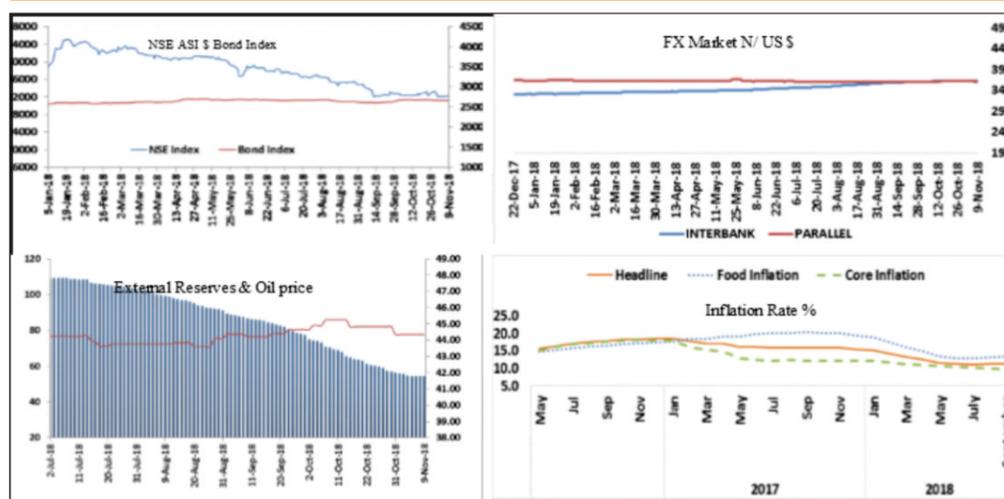


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

GDP Growth (%)	1.50	Q2 2018 — lower by 0.45% compared to 1.95% in Q1 2018
Broad Money Supply (M2) (N' trillion)	25.28	Increased by 1.68% in Sept' 2018 from N22.27 trillion in Aug' 2018
Credit to Private Sector (N' trillion)	22.56	Increased by 0.40% in Sept' 2018 from N22.56 trillion in Aug' 2018
Currency in Circulation (N' trillion)	1.928	Decreased by 0.12% in Sept' 2018 from N1.926 trillion in Aug' 2018
Inflation rate (%) (y-o-y)	11.28	Increased to 11.28% in September' 2018 from 11.23% in August' 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)	41.77	November 7, 2018 figure — a decrease of 0.42% from November start
Oil Price (US\$/Barrel)	77.71	November 9, 2018 figure — no change from the prior week
Oil Production mbpd (OPEC)	1.75	September 2018 figure — an increase of 1.51% from August 2018 figure



STOCK MARKET

Indicators	Friday 9/11/18	Friday 2/11/18	Change(%)
NSE ASI	32,200.21	32,124.94	0.23
Market Cap(N'tr)	11.76	11.73	0.23
Volume (bn)	0.12	0.24	(49.29)
Value (N'bn)	1.58	2.85	(44.53)

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	9/11/18	2/11/18	
O/N	5.00	4.83	17
CALL	4.21	4.60	(39)
30 Days	0.00	12.74	(1274)
90 Days	13.84	13.41	43

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	9/11/18	2/11/18	9/01/18
Official (N)	306.65	306.60	306.45
Inter-Bank (N)	361.73	362.33	362.10
BDC (N)	363.50	363.50	362.99
Parallel (N)	363.00	362.00	361.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	9/11/18	2/11/18	
3-Year	0.00	0.00	0
5-Year	15.09	15.00	9
7-Year	15.49	15.43	7
10-Year	15.48	15.38	10
20-Year	15.67	15.58	9

Disclaimer

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

Market Analysis and Outlook: November 9 - November 16, 2018

Global

In the US, the Federal Reserve decided to maintain the target range for the federal funds rate at 2 to 2.25%, citing realized and expected labour market conditions and inflation. The hike is the 4th this year. The central bank reiterated that it expects further gradual increase in interest rates will be consistent with sustained expansion of economic activity, strong labour market conditions, and inflation near its 2% objective over the medium term. Policymakers, however, noted that business investment had "moderated from its rapid pace earlier in the year," a possible drag on future economic growth. In a separate development, investor morale in the Eurozone fell in November, a survey showed. Sentix research group said its investor sentiment index for the euro zone fell to 8.8 from 11.4 in October. The November reading was the lowest since October 2016 and marked the third consecutive monthly drop. A sub-index on current conditions fell to 29.3 from 33.0, hitting its lowest level since April 2017. A sub-index measuring expectations fell to -9.8 from -8.3 the previous month. Analysts attribute the weak outlook to concerns about U.S. trade policies and the future of Germany's car industry. Elsewhere in the UK, manufacturing sector activity deteriorated in the month of October, the latest data from Markit showed. The manufacturing Purchasing Managers' Index (PMI) in the UK came in at 51.1 points in October, as compared to a previous 53.8 reading. Manufacturing output growth weakened during October while new orders and employment levels declined. Most of the decline in demand came from overseas, both inside and out of the European Union, although growth in domestic demand also slowed during the recent month.

Domestic

In a recent presentation by the International Monetary Fund (IMF) on the economic outlook for sub-Saharan Africa, a senior resident representative warned that more than 50% of the Nigeria's revenue was being used to service the country debt. He stated that although Nigeria's debt to Gross Domestic Product (GDP) remained low at between 20 and 25%, the country spent a high proportion of its revenue on debt servicing as a result of low revenue generation. For Nigeria, he added, the debt servicing to revenue ratio was more than 50% while for sub-Saharan Africa, the rate was about 10%; a figure he said was too high and reminiscent of what the region went through in the period following debt relief at the beginning of the 21st century. He advised that increase in revenue is very important to bridge the gap to ensure that revenue to GDP is sufficient to pay up and service debt profitably. The International Monetary Fund (IMF), also predicted that the Nigerian economy is expected to grow by 1.9% in 2018, up from 0.8 per cent in 2017, due largely to fewer disruptions in oil production.

Stock Market

The bulls dominated the bears in the stock market last week, occasioned by price gains on highly capitalised stocks. At the close of trading the All Share Index (ASI) gained 75.27 points, representing a growth of 0.23% to close at 32,200.21 points. Similarly, market capitalisation rose by N3 billion to close at N11.76 trillion. This week, we anticipate sustained bargain hunting in bellwethers as investors take advantage of cheap entry prices, thereby driving performance indices higher.

Money Market

Cost of borrowing edged up slightly last week as Retail Secondary Market Intervention Sales (SMIS) auction conducted by the CBN mopped liquidity in the system. Consequently, short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates climbed to 4.25% and 5% from 4.08% and 4.83% respectively the previous week. In the same vein, longer dated placements notched upwards. The 30-day and 90-day NIBOR closed higher at 13.09% and 13.84% from 12.74% and 13.41% respectively the previous week. This week, inflow of maturing OMO bills will offer support to system liquidity. However, OMO issuances, bond auction debits and forex sales by the CBN are likely to squeeze liquidity and apply upward pressure to overnight lending rate.

Foreign Exchange Market

The naira depreciated marginally against the green-back across all market segments monitored last week. At the interbank window, the naira lost 0.17% to close at N361.73/\$ compared to N362.33/\$ the previous week. The official and parallel rate also trended lower, settling at N306.65/\$ and N363/\$ respectively last week relative to N306.60/\$ and N362/\$ in that order 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 trend around current levels.

Bond Market

Bond yields continued their rise for the fifth consecutive week as bearish sentiment dominated the market. Trades were majorly flat and the increase in yield was as a result of participants adjusting their quote because of the high supply seen in the market. Yields on the five-, seven-, ten- and twenty-year debt papers settled at 15.09%, 15.49%, 15.48% and 15.67% from 15.00%, 15.43%, 15.38% and 15.58% respectively the previous week. The Access Bank Bond index declined slightly by 1.19 points to close at 2,663.24 points from 2,664.43 points the previous week. This week, we expect the market to remain bearish as investors monitor economic macroeconomic fundamentals.

Commodities

Oil prices came under pressure last week, weighed down by rising supply. The US Energy Information Administration reported that oil inventories rose to 432 million barrels last week — the seventh week of increases. Consequently, the price of OPEC basket of 15 crudes fell \$1.96, or 3%, to settle at \$70.68 a barrel. In a similar vein, precious metals prices inched lower last week following the US Federal Reserve's decision to keep interest rates steady. Gold was down 1.37% at \$1219.09 per ounce, while silver fell 3% to \$14.34 per ounce. This week, oil prices are likely to nudge higher amid reports that OPEC is exploring the possibility of a production cut for 2019. For precious metals, we expect prices to trade sideways in the absence of any significant market triggers.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Nov'18	Dec'18	Jan'18
Exchange Rate (Official) (N/\$)	363	364	365
Inflation Rate (%)	11.30	11.32	11.45
Crude Oil Price (US\$/Barrel)	79	77.00	78.00

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