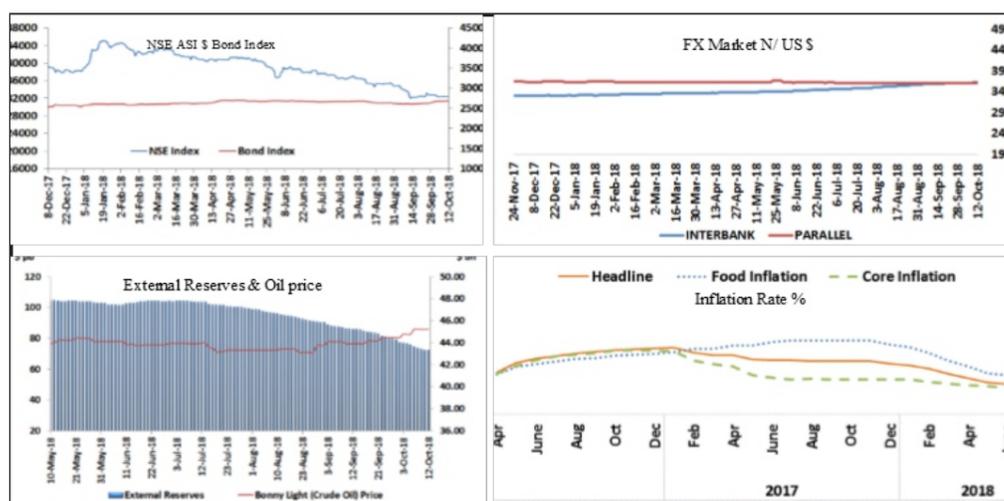


Access Bank Rateswatch

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)	24.86	Decreased by 0.45% in Aug' 2018 from N24.97 trillion in July' 2018
Credit to Private Sector (N' trillion)	22.47	Increased by 0.94% in Aug' 2018 from N22.26 trillion in July' 2018
Currency in Circulation (N' trillion)	1.93	Increased by 5.69% in Aug' 2018 from N1.82 trillion in July' 2018
Inflation rate (%) (y-o-y)	11.23	Increased to 11.23% in August' 2018 from 11.14% in July' 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)	43.35	October 11, 2018 figure — a decrease of 1.53% from October start
Oil Price (US\$/Barrel)	85.83	October 12, 2018 figure — an increase of 3.85% from the prior week
Oil Production mbpd (OPEC)	1.73	August 2018 figure — an increase of 4.48% from July 2018 figure



STOCK MARKET

Indicators	Friday 12/10/18	Friday 5/10/18	Change(%)
NSE ASI	32,456.98	32,383.15	0.23
Market Cap(N'tr)	11.85	11.82	0.23
Volume (bn)	0.16	0.17	(2.54)
Value (N'bn)	2.24	1.49	50.74

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	12/10/18	5/10/18	
O/N	19.75	22.50	(275)
CALL	9.38	10.00	(63)
30 Days	13.78	13.46	32
90 Days	14.08	13.79	30

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	12/10/18	5/10/18	12/09/18
Official (N)	306.35	306.30	306.15
Inter-Bank (N)	361.05	360.37	355.78
BDC (N)	362.99	362.50	360.00
Parallel (N)	361.00	361.00	361.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	12/10/18	5/10/18	
3-Year	0.00	0.00	0
5-Year	14.52	14.48	4
7-Year	14.96	14.92	4
10-Year	14.88	14.79	8
20-Year	15.12	15.02	10

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: October 12 - October 19, 2018

Global

In the US, inflation rate slowed to 2.3% in September 2018 from 2.7% in the previous month. This was spurred by a drop in the prices of gas, fuel, used car and shelter. It is the lowest rate seen since February 2018 according to the Bureau of Labour Statistics. This might signal that price gains may remain close to where Federal Reserve policy makers want them amid an outlook for continued gradual interest-rate hikes. Core inflation (excludes food and energy) was steady at 2.2 percent, the same as in August. In a separate development, UK trade deficit expanded by £0.7 billion to £1.27 billion in August 2018 from a revised £0.57 billion in July. The office of National Statistics reported that it is the biggest trade gap since May 2018 as imports climbed faster than exports. Imports widened by 2.4% to £56.35 billion in August from £55.02 billion the preceding month driven majorly by importation of chemicals, fuels, crude materials, beverages and tobacco. While exports rose 1.1% to £55.07 billion in August mostly due to sales of miscellaneous manufactures, fuels, food and live animals, machinery and transport equipment and beverages and tobacco. Elsewhere in China, the National Bureau of Statistics revealed that China trade surplus advanced to \$31.60 billion in September 2018 from \$27.38 billion in the same period of 2017. It is the largest trade surplus since June, as exports grew at a faster 14.5 percent year-on-year to \$226.5 billion, while imports increased by 14.3 percent to \$189.49 billion. Surprisingly, China recorded a record trade surplus of \$34.13 billion with the U.S. in September amid intense trade tensions between the world's two largest economies. This is probably due to exporters benefiting from increased orders before U.S. tariffs hit, but the figures are likely to show stress in the months ahead. Over the first nine months of the year, the trade surplus fell to \$225.7 billion from \$303.43 billion in the same period 2017.

Domestic

The Nigerian Stock Exchange (NSE) in its monthly Domestic & Foreign Portfolio Investment report for the month of August 2018 revealed that transactions at the nation's bourse shrank by 8.37% to N133.84 billion from N146.07 billion recorded in July 2018. Total foreign transactions increased by a significant 96.21% to N70.97 billion from N36.71 billion the prior month. However, total domestic transactions moved in the opposite direction, dwindling by 42.79% to N62.87 billion from N109.9 billion in July. A breakdown of foreign transactions showed that there was an increase in foreign inflows in the reference month by 84.87% to N36.66 billion from N19.83 billion in the prior month. Similarly, foreign outflows grew by 109.97% to N34.31 billion in August from N16.34 billion in the preceding month. The cumulative transactions from January 2018 to August 2018 increased by 22.99% to N1.877 trillion compared to the same period in 2017 (N1.526 trillion).

In a separate development, the Central Bank of Nigeria's (CBN) Business Expectations Survey report for the month of September showed an increase in the respondents' overall confidence index (CI) on the macro economy. According to the report the CI climbed to 24.8 index points relative to 21.5 points in August, driven by increase in the volume of total order, business activity, and financial conditions. The businesses outlook for September 2018 also showed greater confidence in the macro economy at 64.5 index points compared to 61.6 points previously.

Stock Market

Trading on the Nigeria Stock Exchange closed on a bullish note as hunt for bargain in bellwether counters halted the bearish performance seen last week. Accordingly, the All share Index (ASI) increased slightly by 0.23% to 32,456.98 points from 32,383.15 points the preceding week. Similarly, Market Capitalization increased by a similar rate at 0.23% to N11.85 trillion from N11.82 trillion the previous week. We expect

increased bargain hunting in the midst of volatility and profit taking ahead of the Q3 earnings scorecards.

Money Market

Cost of borrowing at the money market posted differing directional performances in various segments. Longer tenured interbank rates, such as the 30-day and 90-day NIBOR finished higher at 13.78% and 14.08% from 13.46% and 13.79% respectively while the call rates slid to 9.38% from 10%. In contrast, short-dated placements such as Open Buy Back (OBB) and the Over Night (O/N) rate declined to 19.17% and 19.75% from 20.86% and 22.5% respectively the previous week. This was as a result of the Retail Secondary Market Intervention Sales (SMIS) that took place on the last trading day of the week and triggered a spike in interbank rates. This week, we expect rates to decline due to inflow from expected treasury bill maturity of N494 billion.

Foreign Exchange Market

The naira-dollar exchange rate depreciated across most market segments last week. At the official window, it retreated by 5 kobo to settle at N306.45/\$ from N306.40/\$ the preceding week. Similarly, at the Interbank market the local unit weakened by 60 kobo to close at N362.29/\$ from N361.68/\$. Meanwhile, at the parallel market the currency closed flat at N361. The weakening seen in the official and interbank markets comes amidst sustained intervention in the FX market by the monetary regulator. This week, the naira is expected to be stable on the back of sustained interventions by the apex bank.

Bond Market

Bond yields closed on a bearish note for the week ended October 12th 2018 driven by sell-offs on the February 2028 bond. The February 2028 bond is the only trading bond that will be reopened at the October auction, so investors are selling off in order to buy at a higher yield at the auction. Yields on the five-, seven-, ten- and twenty- year debt papers closed higher at 14.52%, 14.96%, 14.88% and 15.12% from 14.48%, 14.92%, 14.79% and 15.02% respectively the previous week. The Access Bank Bond index declined marginally by 0.49 points or 0.02% to close at 2,679.30 points from 2,679.79 points the previous week. This week, weak sentiments is expected to persist as we continue to see improved offers from investors towards the long dated maturities.

Commodities

Oil prices edged downwards as stock market sell-off had investors offloading risk assets, knocking oil prices back from nearly four-year highs struck last week. In addition, the U.S. Energy Information Administration (EIA) reported a build in commercial crude oil inventories of 6 million barrels which drove prices downwards. Accordingly, OPEC basket price, dropped \$3.95 or 5% to \$80.14 per barrel. In contrast, the traditional haven asset is beginning to regain some of its old glimmer as prices rose for the second consecutive week as the U.S. and international stock market continue to plummet. A lower U.S dollar index and tame U.S. inflation figure also worked in favour of the precious metals. Gold rose 1.60% to \$1221.12 an ounce, silver remained unchanged at \$14.63 an ounce. This week, oil prices are likely to decline further as the international energy agency and OPEC slashed their forecast for global oil demand. For bullions, they might continue to benefit from the global stock market decline as investors move into safer territories.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'18	Nov'18	Dec'18
Exchange Rate (Official) (N/\$)	362	365	365
Inflation Rate (%)	11.30	11.32	11.45
Crude Oil Price (US\$/Barrel)	79	77.00	78.00

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