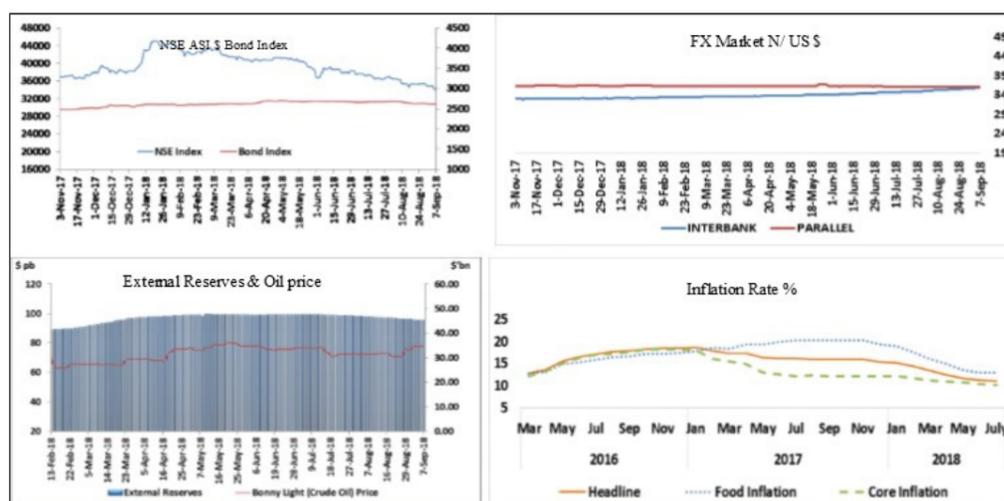


# Access Bank Rateswatch

## 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)	11.28	Increased to 11.26% 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)	42.78	October 1, 2018 figure — a decrease of 2.83% from October start
Oil Price (US\$/Barrel)	82.03	October 19, 2018 figure — an decrease of 4.43% 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 19/10/18	Friday 12/10/18	Change (%)
NSE ASI	32,841.69	32,456.98	1.19
Market Cap(N'tr)	11.99	11.85	1.19
Volume (bn)	0.21	0.16	30.93
Value (N'bn)	1.46	2.24	(34.94)

### MONEY MARKET

NIBOR	Friday Rate 19/10/18 (%)	Friday Rate 12/10/18 (%)	Change (Basis Point)
O/N	13.3300	19.7500	(642)
CALL	13.5000	9.3750	413
30 Days	13.5127	13.7773	(26)
90 Days	13.6640	14.0813	(42)

### FOREIGN EXCHANGE MARKET

Market	Friday 19/10/18 (N/\$)	Friday 12/10/18 (N/\$)	1 Month Rate (N/\$)
Official (N)	306.50	306.45	306.30
Inter-Bank (N)	362.54	362.29	359.92
BDC (N)	362.99	362.99	362.50
Parallel (N)	362.00	361.00	361.00

### BOND MARKET

#### AVERAGE YIELDS

Tenor	Friday 19/10/18 (%)	Friday 12/10/18 (%)	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	14.77	14.52	25
7-Year	15.03	14.96	8
10-Year	15.04	14.88	17
20-Year	15.20	15.12	7

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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 19 - October 26, 2018

### Global Economy

In China, the economy advanced at a slower pace to 6.5% from 6.7% growth seen in the last 3 quarters according to China National Bureau of Statistics. It is the lowest growth rate seen since the aftermath of the global financial crisis in the first quarter of 2009, amid intense tariff dispute with the US and alarming off-balance-sheet borrowings by local governments. Elsewhere in Eurozone, consumer prices rose to 2.1% in September 2018, above the 2% reported in August. According to European Statistical Office, the increase in price was driven by a surge in the price of energy and processed food. Annual core inflation, which excludes volatile prices of energy, food, alcohol and tobacco remained steady at 0.9%. Among Eurozone's largest economies, the highest annual rate was registered in France (2.5%), followed by Spain (2.3%), Germany (2.2%) and Italy (1.5%). In a separate development, Brazil trade surplus shrank to \$4.97 billion in September 2018 from \$5.18 billion in September 2017 according to Ministry of Industry, Foreign Trade and Services. Imports increased 4.7% mostly due to fuels & lubricants, while exports went up at a slower 3% on the back of a surge in crude oil sales. Among major trading partners, sales expanded 44.4% to China and 17.9% to the US, but dipped 0.3% to the European Union.

### Domestic Economy

Recently released data by the National Bureau of Statistics, showed Nigeria's Inflation rate increased for the second time in eighteen months. The Consumer Price Index which measures inflation increased by 11.28% year-on-year (y-o-y) in September 2018, reflecting a 0.05% increase on the 11.23% rate recorded in August 2018. Food inflation edged up to 13.3% y-o-y compared to 13.16% y-o-y in July. This rise in the food index was caused by increases in prices of Potatoes, Yam and other tubers, Fruits, Milk, Meat, Vegetables, Fish, Fruits and Bread and cereals. In contrast, core inflation dipped to 0.98% year-on-year in September 2018, from the rate recorded in August at 10%. Data from the Central bank of Nigeria (CBN) shows foreign exchange reserves dipped below \$43 billion, losing \$1.18 billion since the beginning of October. The country's reserves which stood at \$44.31 billion as of September 28th, fell to \$42.78 billion - the lowest level in six months - on October the 18<sup>th</sup>. The depletion in the nation's external purse may not be unconnected to the weekly intervention of the CBN into the foreign exchange market to ensure the stability of the Naira and capital flow reversals arising from rising interest rates in the United States. The International Monetary Fund warned Nigeria to be careful about the use of its foreign exchange reserves, saying oil prices could decline at any time. However the reserves are sufficient to cover the nation import for more than the 3 months recommended figure.

### Stock Market

The local bourse was bullish last week as the market was boosted by increased positioning by bargain hunters in under-valued blue-chip and highly capitalised stocks in the midst of weak macro-economic indicators. The All share Index (ASI) expanded by 1.19% to 32841.69 points from 32,456.98 points the preceding week. Similarly, Market Capitalization increased by a similar rate at 1.19% to N11.99 trillion from N11.85 trillion the prior week. This week, we expect market to tick up slightly as expected Q3 earnings reports assist investors and fund managers rebalance their portfolios, while watching the political space and analysing the actual

numbers that will give insights into expectations for Q3 GDP.

### Money Market

The direction of money market rates trended downwards for the week ended October 19<sup>th</sup> 2018 due to inflow from Net Open Market Operation (OMO) of about N394 billion. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 12.67% and 13.33% from 19.17% and 19.75% respectively the previous week. Longer-tenured interbank rates, such as the 30-day and 90-day NIBOR further declined to 13.51% and 13.66% respectively from 13.78% and 14.08% the previous week. This week, the liquidity might tighten due to Retail Secondary Market Intervention Sales (SMIS) expected to be carried out at the end of the week.

### Foreign Exchange Market

The local currency took a beating on all market frontiers last week. At the interbank window the naira lost 0.07% to close at N362.54/\$ compared to N362.29/\$ the previous week. The official and parallel rate also trended lower, settling at N306.50/\$ and N362/\$ respectively last week relative to N306.45/\$ and N361/\$ the week before. The relative stability of the local currency continues to be supported by the intervention of the apex Bank. This week, we envisage the naira remaining at prevailing levels, as the CBN continues to support the currency.

### Bond Market

Last week, bond yields inched higher across all maturities as a result of sell-off by investors. The February 2028 bond witnessed the most activity as investors sold it off in anticipation of the bond auction to be carried out within the week. Yields on the five-, seven-, ten- and twenty- year debt papers closed higher at 14.77%, 15.03%, 15.04% and 15.20% from 14.52%, 14.96%, 14.88% and 15.12% respectively the previous week. The Access Bank Bond index declined marginally by 1.36 points or 0.05% to close at 2,677.94 points from 2,679.30 points the previous week. This week, bond yield will be determined by expected bond auction to be carried out by the Debt Management Office.

### Commodities

Crude oil prices tapered as U.S. crude inventories rose by 6.49 million barrels last week according to the Energy Information Administration (EIA). Consequently, Nigeria's benchmark crude oil, Bonny light, declined by \$3.80, or 4.4%, at \$82.03 a barrel. Conversely, precious metals prices traded upward for the third consecutive week as global stocks were under pressure, with European shares hitting 22 - month lows on the back of a raft of factors including a U.S. - China trade dispute, rising tensions between Saudi Arabia and western powers, stalled Brexit negotiations and concerns over an economic slowdown in China. This week, oil prices are likely to become bullish if Saudi Arabia carry out their promised retaliation if the U.S. sanctions it over investigations being carried out on the death of a prominent Saudi Arabia Journalist. Precious metals might decline as yields on US bonds rise due to hints of a likely hike in rates as revealed in the minutes of the Federal Reserve held recently.

### MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'18	Nov'18	Dec'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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