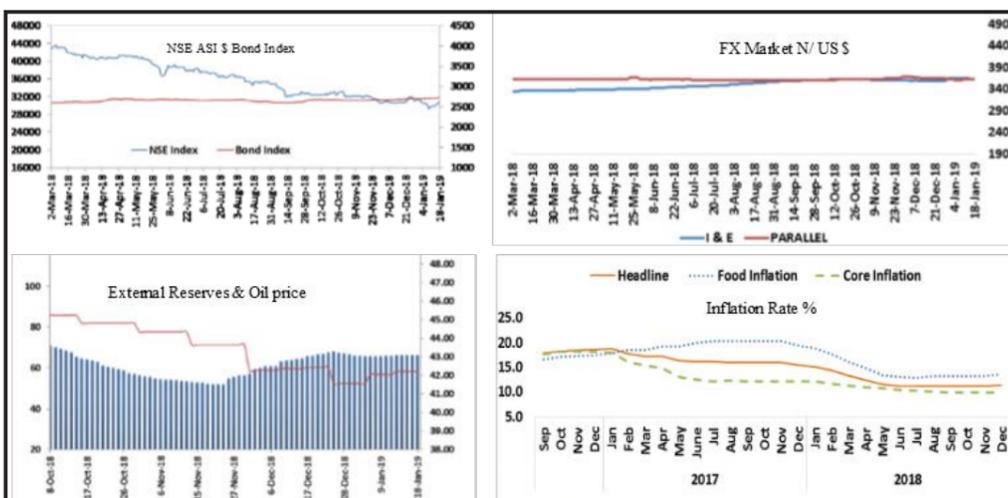


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.81	Q3 2018 — Higher by 0.31% compared to 1.50% in Q2 2018
Broad Money Supply (M2) (N' trillion)	31.79	Decreased by 0.007% in Nov' 2018 from N32.03 trillion in Oct' 2018
Credit to Private Sector (N' trillion)	23.08	Decreased by 0.002% in Nov' 2018 from N23.14 trillion in Oct' 2018
Currency in Circulation (N' trillion)	2.1	Increased by 0.074% in Nov' 2018 from N1.93 trillion in Oct' 2018
Inflation rate (%) (y-o-y)	11.44	Increased to 11.44% in December 2018 from 11.28% in November 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)	43.05	January 16, 2018 figure — an increase of 0.07% from January start
Oil Price (US\$/Barrel)	58.31	January 18, 2019 figure — an increase of 2.62% from the prior week
Oil Production mbpd (OPEC)	1.736	November 2018 figure — a decrease of 1.64% from October 2018 figure



## STOCK MARKET

Indicators	Friday 18/01/19	Friday 11/01/19	Change(%)
NSE ASI	31,005.17	29,830.70	3.94
Market Cap(N'tr)	11.56	11.12	3.94
Volume (bn)	0.30	0.20	52.88
Value (N'bn)	3.76	2.39	57.45

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	18/01/19	11/01/19	
OBB	15.3300	20.0000	(467)
O/N	16.1700	22.5000	(633)
CALL	13.9717	21.0000	(703)
30 Days	15.1889	15.9485	(76)
90 Days	13.6232	14.9702	(135)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	18/01/19	11/01/19	18/12/18
Official (N)	306.85	306.90	306.95
Inter-Bank (N)	362.79	364.84	359.38
BDC (N)	363.50	0.00	0.00
Parallel (N)	362.00	363.00	365.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	18/01/19	11/01/19	
3-Year	0.00	0.00	0
5-Year	15.41	15.35	6
7-Year	15.36	15.41	(5)
10-Year	15.23	15.29	(6)
20-Year	15.34	15.48	(14)

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## Market Analysis and Outlook: January 18th – January 25th, 2019

### Global Economy

In the US, inflation rate dipped to 1.9% in December 2018 from 2.2% reported in November. According to the Bureau of Labour Statistics, it is the lowest rate of inflation seen since August 2017 and came on the back of lower gasoline price. On a monthly basis, consumer prices eased down 0.1%, after a flat reading in the prior month. In a separate development, the Office for National Statistics, reported that the UK trade deficit contracted by £13 million to £2.9 billion in November 2018 from £3.04 billion in the previous month. Exports of goods and services from the UK climbed to 0.4% from a month earlier an all-time high of £53.95 billion in the prior month, supported by an increase of 1.2% sales of services while goods exports fell 0.3%. Imports of goods and services to the UK edged up 0.1% to £56.86 billion in November. The slight increase was driven by a 0.5% advance in purchases of services, while goods imports were unchanged. Elsewhere in China, the trade surplus expanded to \$57.06 billion in December 2018 from \$53.85 in December 2017. It is the largest, trade surplus in the past 3 years according to the General Administration of Customs. Exports fell the most in two years and imports posted the largest dip since July 2016 amid growing disruptions from an escalating trade war with the US and slowing global growth.

### Local Economy

The Consumer Price Index (CPI) which measures inflation rose by 11.44% year-on-year in the month of December 2018, which is 0.16% points higher than the 11.28% recorded in November 2018. The food index increased by 13.56% (year-on-year) in December, slightly higher than 13.30% recorded in November, thus indicating increasing pressure in the prices of food items. The core sub-index, which excludes prices of farm produce remained unchanged at 9.8%, same as November 2018 figures. During the month, the highest increases were seen in the prices of potatoes, yam and other tubers, bread and cereals, milk, cheese and egg, vegetables, coffee, tea, & cocoa, oil and fats, fish, meat. Others are tobacco, narcotics, garments, dental services, cleaning, repair & hire of clothing, medical services and major household appliance whether electronic or not. In a separate development, the Central Bank of Nigeria (CBN) has expressed its commitment to improve credit allocation in the economy. The apex bank stated that this was part of its long-term strategy for strengthening the Nigerian economy. According to the CBN, it has established initiatives to resolve the underlying challenges to long-term Gross Domestic Product (GDP), economic productivity, unemployment and poverty that have pervaded the economy over the past decades. Among others, these initiatives include the Credit Bureau and the National Collateral Registry aimed at instilling a stronger credit culture and unlocking access to finance for deserving Nigerians, including those who may not have fixed assets to provide to banks as collateral.

### Stock Market

Bullish sentiments prevailed on the local bourse last week. The renewed buying interest in the market was due to low price attraction ahead of the full-year earnings reporting season. The All Share Index (ASI) gained 3.94% or 1174.47 points to close at 31,005.17 points from 29,830.70 points the previous week. Similarly, market capitalization rose by 3.94% to close at N11.56 trillion from N11.12 trillion the previous

week. This week, market volatility is likely to continue amidst repositioning for 2018 full year earnings season.

### Money Market

Market rates moderated last week boosted by retail refund of N300 billion and net OMO and PMA maturity credit into the system totalling N107bn. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 15.33% and 16.17% from 20% and 22.50% respectively the previous week. Longer dated placements did likewise as the 30-day and 90-day NIBOR closed lower at 15.19% and 13.62% from 15.95% and 14.97% the prior week. This week, we expect rates to trend slightly higher as a result of wholesale Secondary Market Intervention Sales (SMIS) to be carried during the week.

### Foreign Exchange Market

The naira appreciated across all market segments last week as offshore investors continue to inflow funds for portfolio investments. At the Investors' and Exporters' window the naira gained 0.56% to close at N362.79/\$ compared to N364.84/\$ the prior week. Similarly, the official window and parallel market appreciated by 5 kobo and N1 to close at N306.90/\$ and N362/\$ from N306.95/\$ and N363/\$ respectively. This week, the naira is expected to remain around current levels due to the apex bank's continuous market intervention.

### Bond Market

Average bond yields trended lower in the week ended January 18, 2018. The bonds market traded with buying interest although with wide bid/offer spreads which stifled market activity. Yields on the seven-, ten- and twenty-year debt papers settled lower at 15.36%, 15.23%, and 15.34% from 15.41%, 15.29% and 15.48% respectively the previous week. The Access Bank Bond index rose by 13 points to close at 2,725.39 points from 2,712.39 points the prior week. We expect this sentiment to continue in the near term as we expect more coupon payments into the system this month.

### Commodities Market

Oil prices closed higher last week as reports that the U.S. could be ready to ease tariffs on China inspired investors to pick up perceived riskier assets. Bonny light, Nigerian benchmark crude gained \$1.49 to settle at \$58.31 a barrel, 2.6% up from the prior week. In contrast, precious metals prices slipped after a month of increasing prices. This came on the back of a bounce in Chinese stocks which stoked interest in riskier assets. Gold prices eased 0.74% to \$1,285.34 per ounce last week, while silver prices settled lower by 26 cents, or 1.7%, to \$15.47 per ounce. This week, oil markets may continue its upward trend as long as the trade deal talk remains positive. Precious metals prices are expected to trend lower, as hopes for a U.S.-China trade deal generate more demand for higher risk assets, dampening interest in safe-haven assets.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jan'19	Feb'19	Mar'19
Exchange Rate (NAFEX) (N/\$)	364	364	365
Inflation Rate (%)	11.5	11.61	11.7
Crude Oil Price (US\$/Barrel)	57	58.00	62.00