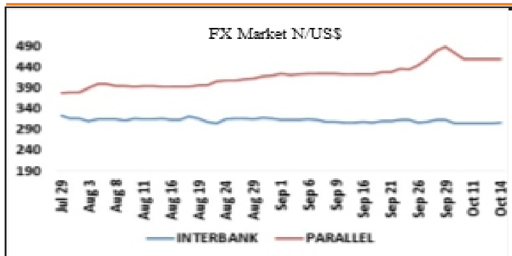
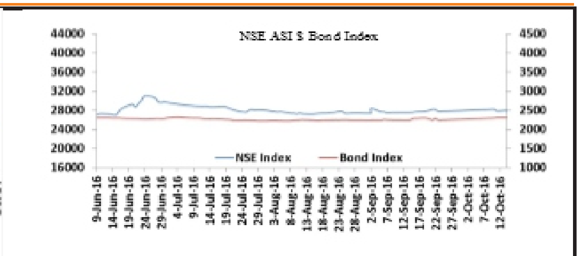
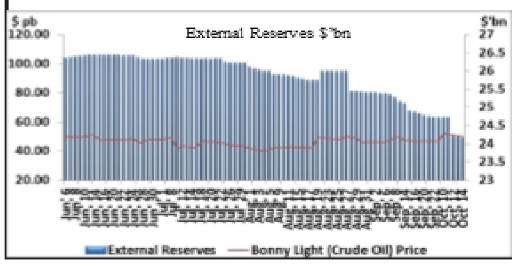
Access Bank Rateswatch

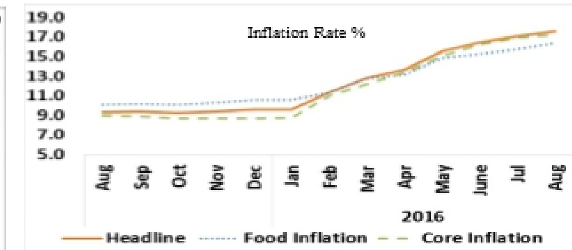
KEY MACROECONOMIC INDICATORS

GDP Growth (%)	-2.06	Q2 2016 — a decline of 1.7% from 0.36 in Q1 2016
Broad Money Supply (M2) (N' trillion)	22.18	Increased by 2.3% in July'2016 from N21.68 trillion in June'2016
Credit to Private Sector (N' trillion)	22.38	Increased by 4.4% in July'2016 from N21.42 trillion in June'2016
Currency in Circulation (N' trillion)	1.66	Declined by 1.2% in July'2016 from N1.68 trillion in June'2016
Inflation rate (%) (y-o-y)	17.1	Edged up to 17.1% in July'2016, from 16.5% in June'2016
Monetary Policy Rate (%)	14	Raised to 14% in July '2016 from 12%
Interest Rate (Corridor)	14 (+2/-5)	Lending rate changed to 16% & Deposit rate 9%
External Reserves (US$ million)	24.19	Oct 13, 2016 figure — a decline of 2.64% from month-start
Oil Price (US$/Barrel)	50.62	Oct 14, 2016 figure — an increase of 2.4% in 1 wk.
Oil Production mbpd (OPEC)	1.51	Jul'2016 figure — a decline of 2.65% from Jun'2016 figure









STOCK MARKET

Indicators	Friday 14/10/16	Friday 07/10/16	Change(%)
NSE ASI	27861.03	27,835.22	0
Market Cap(N'tr)	9.57	9.56	0.09
Volume (bn)	1.16	0.93	24.38
Value (N'bn)	9.25	14.65	(36.86)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 14/10/16	Friday Rate (%) 07/10/16	Change (Basis Point)
Call	14.04	8.95	510
7 Days	0.00	0.00	0
30 Days	17.31	17.19	12
60 Days	0.00	0.00	0
90 Days	18.73	18.14	59

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 14/10/16	Friday (N/$) 07/10/16	1 Month Rate (N/$) 14/09/16
Official (N)	307.8	306.7	313.3
Inter-Bank (N)	307.8	306.8	313.3
BDC (N)	0.0	0.0	0.0
Parallel (N)	460.0	473.0	422.0

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 14/10/16	Friday (%) 07/10/16	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	15.03	14.95	8
7-Year	14.61	14.55	6
10-Year	13.16	13.08	8
20-Year	15.28	15.17	11

COMMODITIES MARKET

Indicators	14/10/16	1-week Change (%)	YTD (%)
Energy			
Crude Oil $/bbl)	50.62	(0.53)	39.22
Natural Gas ($/MMBtu)	3.28	(98.92)	39.57
Agriculture			
Cocoa ($/MT)	2718.00	(2.09)	(15.69)
Coffee ($/lb.)	155.00	6.06	25.25
Cotton ($/lb.)	70.60	4.50	10.81
Sugar ($/lb.)	23.16	(0.34)	52.27
Wheat ($/bu.)	423.75	6.67	(9.94)
Metals			
Gold ($/t oz.)	1253.17	(0.26)	18.03
Silver ($/t oz.)	17.39	0.17	25.38
Copper ($/lb.)	210.75	(2.14)	(1.26)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 14/10/16	Friday (%) 07/10/16	Change (Basis Point)
1 Mnth	15.04	18.45	(341)
2 Mnths	15.04	18.65	(361)
3 Mnths	15.06	18.79	(373)
6 Mnths	18.06	19.44	(138)
9 Mnths	20.29	20.86	(57)
12 Mnths	22.82	22.27	54

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 14/10/16	Friday (%) 07/10/16	Change (Basis Point)
Index	2310.03	2311.50	(0.06)
Mkt Cap Gross (N'tr)	6.01	6.01	(0.06)
Mkt Cap Net (N'tr)	3.93	3.95	(0.37)
YTD return (%)	-5.88	-5.82	(0.06)
YTD return (%)(US $)	-60.71	-60.65	(0.06)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	28,000.00	13.9	5-Oct-2016
182 Day	33,490.87	17.09	5-Oct-2016
364 Day	68,184.89	18.25	5-Oct-2016

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

Market Analysis and Outlook: Oct 14 – Oct 21, 2016

Global Economy

In the US, unemployment rate rose to a 5-month high of 5% in September, up 10bps from 4.9% in the previous month as the number of unemployed persons stood at 7.9 million while the labor force participation rate edged up by 0.1% to 62.9%. This was contained in the latest unemployment report by the US Bureau of Labour Statistics. In September, the total number of persons employed part time for economic reasons was little changed at 5.9 million. These individuals, who would have preferred full-time employment, were working part-time because their hours had been cut back or because they were unable to find a full-time job. In Asia, inflation rate inched up in China to 1.9% year-on-year in September, compared to a 1.3% rise in August, representing the highest reading since June. This was largely driven by higher food prices as shown by newly released inflation report by the Statistical Office of China. The food inflation climbed up to 3.2% in September with significant pressure exerted by food items such as fresh vegetables, fruits and meat. For the core inflation component, groups such as clothing & footwear, household equipment and healthcare service were the major drivers. For full year 2016, the Chinese government sets inflation target at around 3%, thus the reading of 1.9% recorded in September is still below the government's threshold. In Europe, the trade surplus in the Euro Area increased to €18.4 billion in August from a €11.2 billion surplus a year earlier, latest foreign trade report from Eurostat showed. A further breakdown of the trade report reveals that exports recovered, rising the most in 14 months while imports increased for the first time in six months but at a slower pace.rose 8% year-on-year to €160.3 billion, the biggest gain since June 2015 while Imports increased 3.7% to €141.9 billion.

Local Economy

The federal government has assured the citizens that the government is determined on revamping the Nigerian economy through its policies designed to diversify the economy, this was disclosed by the Vice President at the Nigerian Economic Summit held last week. According to the VP, there is a need for government to inject more money into circulation to cushion the effects of the recession, and one of the ways through which government could achieve it is to inject the expected N350 billion that was looted by past governments into the Nigerian economy to fund the budget. Furthermore, he noted that not all the money had been recovered, he explained that the amount already in the government coffers would be used to fund the budget. In a related development, the federal government stated that it has injected over N2.419trillion into the economy out of the total of N6.06trn budgeted for 2016, according to its 2017-2019 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP). The figure covered recurrent and capital expenditures incurred as of the end of June this year. The recurrent expenditure alone, covering salaries, overheads, pensions, among others, gulped N1.479trillion between January and June. The revenue challenges affected capital payments, capital releases (including capital share of statutory transfers) amounting to N331.58bn. Lastly, the government indicated that these budgetary disbursements, in combination with other policy measures, are expected to revive economic activities.

Stock Market

The Nigerian equities market rebounded last week and closed on a positive note as the main market gauges trended upward. The All Share Index (ASI) rose by 25.81 points to close at 27,861.03 points from 27,835.22 points the previous week, also, market capitalization also gained by 0.09% to end at N9.57 trillion from N9.56 trillion the prior week. The rally witnessed in the market was driven by bargain hunting activities on stocks in the oil & gas, and banking sector. This week, we expect the positive momentum to be sustained as investors start to take position in the market ahead of the Q3'2016 earnings release season.

Money Market

Cost of borrowing at the money market rose across all placement tenors as liquidity was drained out of the system. Lower systemic liquidity levels were largely driven by combined outflows of N631 billion for OMO sales, primary market sales and foreign exchange purchases which exceeded inflows of N505 billion from T-bills maturing and Standing Lending Facility (SLF). The Open Buy Back (OBB) rate edged up to 103.33% from 7.79% the prior week while overnight placement climbed up to 111.75% from 8.33%. 30-day NIBOR ascended, closing at 17.31% from 17.19% the previous week. This week, interbank lending rates may likely remain elevated as the Central Bank continues to mop up systemic liquidity in a bid to support the currency.

Foreign Exchange Market

The legal tender depreciated slightly by 0.33% at the interbank FX market to a new rate of N307.77/1$ compared to N306.75/1$ the previous week. In contrast, at the parallel market segment, the currency gained 2.75% to trade at N460/$1 for the week ended October 14 from a rate of N473/$1 quoted the prior week. The arrangement with Travelex to sell FX to registered Bureau De Change operators in the country has improved the supply of FX to the retail end of the market. This week, we see the currency depreciating significantly at the parallel market following the announcement by some commercial banks to ban the usage of their Naira debit card oversea. This new development is expected to intensify the demand pressure at the unofficial market.

Bond Market

Bond yields on the average rose as prices moderated downwards across most maturities last week. The decline witnessed in bond prices was triggered by low activity in the market, however there were trickles of demand especially at the short end of the curve.

Yields on the five-, seven- and twenty-year debt papers respectively closed at 15.03%, 14.61% and 13.16% from 14.95%, 14.55% and 13.08% for the corresponding maturities the previous week. The Access Bank Bond index fell by 1.47 points to close at 2.310.03 points from 2,311.50 points the prior week. This week, we see yields trending upwards on account of the anticipated taut liquidity levels in the Banking system.

Commodities Market

The uptrend in oil prices continued last week, boosted by growing pressure on OPEC to deliver on the pledge to cut production. Nigeria's benchmark crude, Bonny light, gained 27 cents, or 0.5%, to $50.6 per barrel. Precious metals prices edged lower following release of SeptemberFederal Open Market Committee (FOMC)which showed that the Fed is getting closer to a rate hike as December approaches.metals don't pay income and tend to suffer when interest rates are rising. Gold fell $3, or 0.3% to $1,253.17 an ounce while silver slipped 0.2% to $17.39 an ounce. This week we see oil prices oscillating around prevailing levels as rising US crude stockpiles counter news that Russia would honour the OPEC production cut. For precious metals, prices are likely to tick lower in anticipation of a rate hike by the Federal Reserve before year-end.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'16	Nov'16	Dec'16
Exchange Rate (Official) (N/$)	330	335	345
Inflation Rate (%)	18.4	18.2	18.1
Crude Oil Price (US$/Barrel)	48	48	50

* Revised

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