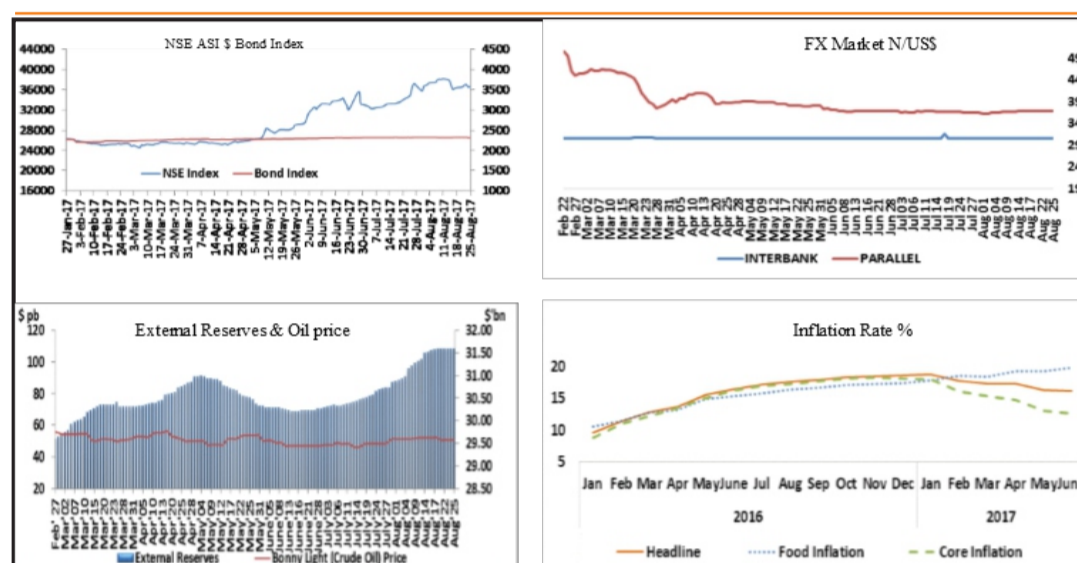


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-0.52	Q1 2017 — higher by 1.21% compared to -1.73 in Q4 2016
Broad Money Supply (M2) (N' trillion)	21.67	Decreased by 1.37% in June 2017 from N21.98 trillion in May 2017
Credit to Private Sector (N' trillion)	21.98	Increased by 0.22% in June 2017 from N21.93 trillion in May 2017
Currency in Circulation (N' trillion)	1.87	Decreased by 1.28% in June 2017 from N1.89 trillion in May 2017
Inflation rate (%) (y-o-y)	16.10	Declined to 16.10% in June 2017 from 16.25% in May 2017
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)	31.59	August 18, 2017 figure — an increase of 2.33% from August-start
Oil Price (US\$/Barrel)	50.79	August 25, 2017 figure — a decline of 2.61%.
Oil Production mbpd (OPEC)	1.75	July 2017 figure — an increase of 1.98% from June 2017 figure



## STOCK MARKET

Indicators	Friday 25/08/17	Friday 18/08/17	Change(%)
NSE ASI	36,864.71	36,646.46	0.60
Market Cap(N'tr)	12.71	12.63	0.59
Volume (bn)	0.53	0.42	24.42
Value (N'bn)	8.14	3.25	150.47

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	25/08/17	18/08/17	
OBB	12.00	12.00	0
O/N	12.58	12.88	(30)
CALL	10.71	24.54	(1382.7)
30 Days	18.93	20.21	(128)
90 Days	21.31	21.85	(53.9)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	25/08/17	18/08/17	25/07/17
Official (N)	305.80	305.70	305.75
Inter-Bank (N)	328.12	327.90	305.75
BDC (N)	362.00	362.00	362.00
Parallel (N)	370.00	370.00	365.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	25/08/17	18/08/17	
3-Year	0.00	0.00	0.0
5-Year	16.66	16.48	18.1
7-Year	16.89	16.80	9.3
10-Year	16.66	16.49	17.3
20-Year	16.64	16.47	16.8

## 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: August 25 - September 01, 2017

### Global Economy

In the US, retail sales advanced 0.6% in July, up from June's revised 0.3% gain, according to official data released by the Commerce Department. The improvement in July was fuelled by gains in auto sales, furniture stores, hardware stores and restaurants. Consumer spending is an important part of the economy as it accounts for more than two-thirds of U.S. economic activity. Elsewhere, India's exports stood at \$22.54 billion in the month of July 2017 compared to \$21.68 billion in July 2016, data from the Ministry of Commerce and Industry revealed. Meanwhile, imports rose by 15.42% to settle at \$33.99 billion in July 2017 compared to \$29.45 billion in July 2016. As a result, India's trade deficit widened to \$11.44 billion in July 2017 relative to \$7.76 billion in July 2016. In a separate development, Standard and Poors (S&P) announced that it had removed Brazil from its CreditWatch list. In its statement, S&P acknowledged that Brazil's economic prospects were slowly improving while its political situation appeared to be more stable now than in previous months. The international ratings agency noted that Brazil still faces difficult fiscal and political problems, including persistent deficits and general and presidential elections in 2018. Brazil's long-term sovereign debt is currently rated "BB", which is non-investment grade or "junk"

### Local Economy

Capital importation into Nigeria rose to \$1.79 billion in the second quarter of 2017, from \$908 million in the first quarter and \$1.04 billion in the corresponding period of 2016, according to the National Bureau of Statistics (NBS). The NBS explained that Portfolio investment which increased by 145.7% is the biggest driver to the quarterly growth. This is followed by other investments, which grew by 95.02%, and then Foreign Direct Investment (FDI), which climbed by 29.8% over the previous quarter. The report showed that the bulk of the capital imported into Nigeria in the second quarter came from the UK, the US and Belgium, with shares, telecommunications, servicing and oil sectors the main beneficiaries. In a separate development, the Central Bank of Nigeria (CBN) reviewed its guidelines for the Commercial Agriculture Credit Scheme (CACS). The amendment was disclosed in a circular issued by the Director, Financial Policy and Regulatory Department, CBN. In the revised guidelines, the Nigerian Agricultural Insurance Corporation (NAIC) is required to henceforth provide insurance cover for all agricultural facilities/projects under the CACS in line with the NAIC Act. According to the monetary regulator, the move is to enhance the effectiveness of the scheme by mitigating the risks faced by participating financial institutions in financing the agriculture sector. The CACS, introduced in April 2010, is made available to participating bank(s), to finance commercial agricultural enterprises.

### Stock Market

The Nigerian equities market closed higher last week as bargain-hunters took position in select banking stocks ahead of expected interim dividend payouts. The All Share Index (ASI) rose by 209.58 points to close at 36,646.46 points from 36,436.88 points the previous week while market capitalization gained by 0.6% to end at N12.63 trillion from N12.58 trillion the prior week. We expect that

the direction of the market's trend will, in the near term be dictated by the news and earnings scorecards that filter into the market.

### Money Market

Cost of borrowing at the money market moderated across most placement tenors last week driven by inflows of about N95 billion and N124 billion respectively from maturing T-bills and Federal Account Allocation Committee (FAAC). Short dated placement such as Open Buy Back (OBB) remained at 12% the same level as it was last week. Overnight rates declined from 12.88% to 12.58% this week. Longer-tenured interbank rates, such as the 30-day NIBOR also edged down to 18.93% from 20.21% the previous week. This week, we expect these rates to hover around current levels on the back of anticipated inflows of N101 billion in maturing T-bills.

### Foreign Exchange Market

The Naira weakened against the U.S. dollar at the interbank segment by 10kobo in the week ended August 25, 2017 to a new rate of N305.80/\$ from N305.70/\$ the previous week. However, the local unit remained stable in the parallel market at N370/\$ despite surging demand for the dollar by summer holiday makers and parents paying school fees for their children abroad. This week, we see the CBN sustains its interventions in the interbank market.

### Bond Market

Bond yields went up marginally this week, as a result of the high yields at which the Debt Management Office sold bonds. Yields on the five, seven and ten-year debt papers respectively increased to 16.66%, 16.89% and 16.66% at the close of last week, from 16.48%, 16.80% and 16.49% for the corresponding maturities the previous week. The Access Bank Bond index declined by 5.84 points to close at 2,318.00 points from 2,324 points the previous week. This week, we expect the yields to inch lower as the effect of the high yielding bonds sold by DMO wears off

### Commodities Market

Oil prices declined last week, weighed down by concerns of oversupply as Libya's Sharara oil field restarted and as US rose. Bonny light, Nigeria's benchmark crude, lost \$1.36, or 2.61%, to settle at \$50.79 per barrel. In a similar vein, precious metals prices nudged lower as markets looked for signals from the major central bankers' conference in Jackson Hole as to whether the US Federal Reserve will press on with its forecast third interest rate rise this year. Gold price was down 0.6% or \$8.10 to \$1,287.34 an ounce while silver fell \$0.15, or 0.9%, to \$17.04 an ounce. This week, oil prices are likely to rise pushed higher by concerns over potential output disruptions as Hurricane Harvey heads for the heart of US's oil industry in the Gulf of Mexico. For precious metals, prices may make a slight recovery in the wake of on-going political and geo-political uncertainty.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Aug'17	Sept'17	Oct'17
Exchange Rate (Interbank) (N/\$)	305	305	305
Inflation Rate (%)	15.9	15.8	15.7
Crude Oil Price (US\$/Barrel)	49	48	48

\* Revised