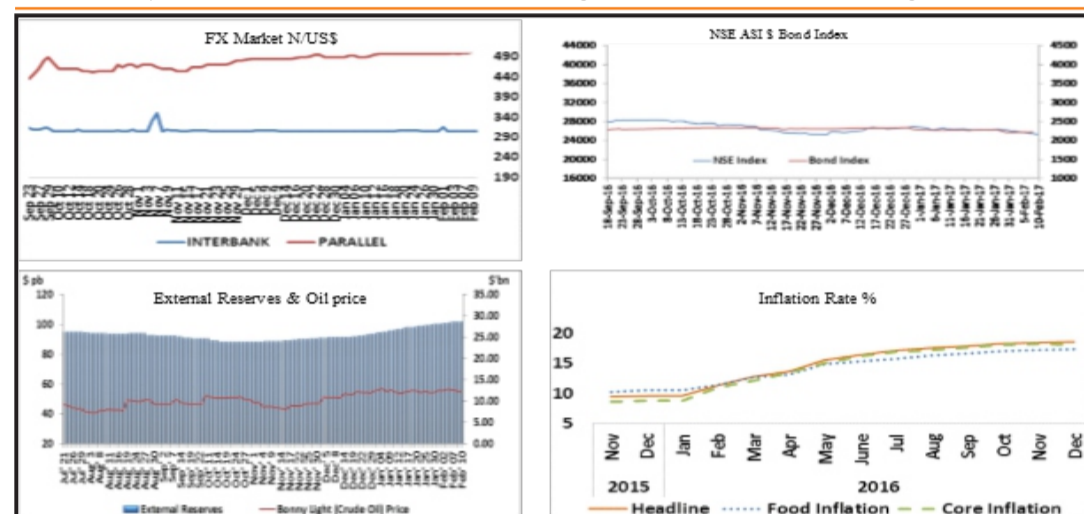


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-2.24	Q3 2016 — a decline of 0.18% from -2.06 in Q2 2016
Broad Money Supply (M2) (N' trillion)	22.27	Increased by 0.7% in Oct'2016 from N22.12 trillion in Sep'2016
Credit to Private Sector (N' trillion)	23.07	Increased by 1.9% in Oct'2016 from N22.65 trillion in Sep'2016
Currency in Circulation (N' trillion)	1.83	Increased by 1.8% in Oct'2016 from N1.79 trillion in Sep'2016
Inflation rate (%) (y-o-y)	18.55	Edged up to 18.55% in Dec'2016, from 18.48% in Nov'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)	28.69	Feb 09, 2017 figure — an increase of 1.63% from February -start
Oil Price (US\$/Barrel)	54.94	Feb 10, 2017 figure — a decrease of 2.64% in 1 week.
Oil Production mbpd (OPEC)	1.54	Dec'2016 figure — a decrease of 6.9% from Nov'2016 figure



STOCK MARKET

Indicators	Friday 10/2/17	Friday 3/2/17	Change(%)
NSE ASI	25,340.02	25,802.54	(1.79)
Market Cap(N'tr)	8.77	8.89	(1.38)
Volume (bn)	0.20	0.14	39.48
Value (N'bn)	2.59	1.22	111.42

MONEY MARKET

NIBOR			
Tenor	Friday Rate 10/2/17	Friday Rate 3/2/17	Change 10/1/17
Call	11.58	5.79	579
7 Days	0.00	0.00	0
30 Days	16.15	17.31	(116)
60 Days	0.00	0.00	0
90 Days	18.18	19.51	(134)

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$) 10/2/17	Friday (N/\$) 3/2/17	1 Month Rate (N/\$) 10/1/17
Official (N)	305.0	305.25	305.0
Inter-Bank (N)	305.0	305.25	305.0
BDC (N)	0.0	0.0	0.0
Parallel (N)	506.0	500.0	490.0

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday 10/2/17	Friday 3/2/17	Change 10/1/17
3-Year	0.00	0.00	0
5-Year	16.50	16.53	(3)
7-Year	16.09	16.16	(7)
10-Year	14.18	14.23	(5)
20-Year	16.39	16.42	(2)

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: Feb 10 – Feb 17, 2017

Global Economy

In the United States, trade deficit declined to \$44.3 billion in December 2016 from \$45.7 billion in the previous month. According to the Bureau of Economic Analysis (BEA), the fall in the deficit for December reveals a decline of \$1.2 billion in the goods deficit to \$65.7 billion and a surplus of \$0.3 billion in services to \$21.4 billion. Total exports rose 2.7% to \$190.7 billion after a 0.2% decrease in November. Goods export rose by 3.9% to \$126.9 billion mainly boosted by capital goods. Services exports increased by 0.4% to \$63.8 billion. Total imports climbed 1.5% to \$235 billion after a 1.2% rise in November. Goods import rose by 1.9% to \$192.6 billion and import of services rose slightly to \$42.3 billion. Among major trade partners, the deficit climbed with Mexico, Japan, the European Union and China, but fell with Canada. China remains the largest trading partner with the US. For the whole of 2016, trade deficit increased by 0.4% to \$502.3 billion. Elsewhere in South America, Brazil's inflation rate declined to 5.35% in January from 6.29% in December. The inflation rate eased for the fifth consecutive month. According to the Brazilian Institute of Geography and Statistics (IBGE), year-on-year prices fell to 6.57%, 2.2% and 3.19% from 8.62%, 2.85% and 4.22% for food & beverages, housing & utilities and transport respectively. Month-on-month, consumer prices increased by 0.38% compared to 0.30% in December. The increase in rate was as a result of increase in the cost of city buses, food and housing. The central bank expects inflation to be around 4% in 2017. In a separate development, China recorded a trade surplus of \$51.35 billion in January 2017. This was lower than \$56.67 billion recorded in January of the previous year. The surplus was majorly boosted by increase in exports. Exports rose 7.9% year-on-year to \$182.81 billion as a result of stronger global demand. China's sales to the U.S. rose by 9%. Imports also increased by 16.7% to \$131.43 billion compared to 3.1% in December. The rise in imports was mainly due to rising demand for coal, crude oil and iron ore.

Local Economy

Deposit Money banks (DMBs) have announced a new funding initiative for the agricultural sector. Under the scheme DMBs will contribute 5% of their Profit after Tax (PAT) to a pool of funds to finance agriculture sector projects and non-oil exports for a maximum tenor of 10 years. This was disclosed at the conclusion of the Bankers' Committee meeting held at the CBN headquarters last week. The fund which is to take off this year aims to fast-track diversification of the economy as well as import substitution, thereby reducing the high demand of FX. According to the CBN Director for Banking Supervision, this initiative will be run on equity holding between the banks and the entrepreneurs, with the banks recovering their investment from the profit generated by the projects. In another development, total transactions at the nation's bourse rose by 48.91% to N95.88 billion in December from N64.39 billion in November. According to the Nigerian Stock Exchange, the total number of transactions from January to December 2016 dropped significantly by 39.58% to N1,151.38 billion from N1,905.63 billion recorded for the whole of 2015. The total number of foreign transactions declined by 49.51% to N517.55 billion at the end of 2016 from N1,025 billion recorded at the end of 2015. Domestic transactions increased by 27.32% between January and December. Domestic transactions slightly exceeded foreign transactions in 2016 accounting for 55% of the total transactions in 2016, while foreign transactions accounted for 45% of total transactions in 2016. Foreign transactions fell by 66.34% to N518 billion in 2016 from N1,539 billion in 2015. Domestic transactions also dropped by 85.43% over the nine year period from 2007 to 2016 to N634 billion from N3,556 billion.

Stock Market

The Nigerian stock market closed on a negative note for the second consecutive week as the major market indicators trended downwards. The

All Share Index (ASI) dropped by 462.52 points to 25,340.02 points from 25,802.54 points the previous week representing a 1.8% decline. Similarly, market capitalization lost 1.38% to close at N8.77 trillion from N8.89 trillion the previous week. The negative performance on the stock market came on the back of losses in the Food, Beverages & Tobacco, Oil & Gas and Banking sectors. This week, market wind suggests selling pressure may continue and further push indicators downwards.

Money Market

The direction of money market rates was mixed for the third consecutive week. Whilst the short tenor placement such as the Open Buy Back (OBB) and Over Night (O/N) rates increased, rates on the longer tenor buckets fell. Specifically, the OBB and O/N rose to 11.33% and 12.17% from 10.50% and 11.25% the previous week. In contrast, the 30-day NIBOR fell to 16.15% from 17.31% the previous week, while the 90-day NIBOR dropped to 18.18% from 19.51% the week before. The market liquidity was drained according to figures reported on the Central Bank of Nigeria (CBN) website which shows that the market opened with N101.99 billion and closed with N68.49 billion. This week, interbank lending rates may likely trend upwards due to the planned Open Market Operation (OMO) auction of about N142 billion which will result in tight liquidity levels in the banking system.

Foreign Exchange Market

The Naira strengthened last week at the interbank market to close at N305/\$, an appreciation of 0.08%. Meanwhile at the parallel market, the local unit fell below the psychological N500 threshold to settle at N506/\$. The depreciation witnessed at the parallel market came on the back of lingering scarcity of the greenback. This week, we anticipate the exchange rate to remain around current levels due to the drop in CBN's monthly supply.

Bond Market

The fixed income market closed on a bullish note last week largely driven by demand from local Pension Fund Administrators (PFAs). Yields on the five-, seven- and twenty-year debt papers respectively closed at 16.50%, 16.09% and 16.39% from 16.53%, 16.16% and 16.42% for the corresponding maturities the previous week. The Access Bank Bond index rose by 5.93 points to close at 2,214.10 points from 2,208.17 points the prior week. This week, we see yields continuing on a southward trajectory as buying interest persists.

Commodities Market

Oil prices drifted lower last week amid growing concerns over both US shale production growth and bulging crude inventory levels. American Petroleum Institute data showed US crude stockpiles rose by 14.2 million barrels last week. Nigerian crude benchmark, Bonny Light, closed down 2.6% at \$54.94 per barrel. In contrast, precious metals prices nudged higher as political risks from elections in Europe and worries over US President Donald Trump's policies buoyed safe haven demand. Gold closed at \$1,226.57 per ounce, up \$13.38. Tracking gold, silver climbed 26 cents to \$17.62 per ounce. This week, we see oil prices remaining pressured by bloated inventories. For precious metals, we anticipate an upside bias to prices on the back of risk aversion and global uncertainties.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Mar'17	Apr'17	May'17
Exchange Rate (Official) (N/\$)	305	310	310
Inflation Rate (%)	17.8	17.9	17.6
Crude Oil Price (US\$/Barrel)	56	56	54