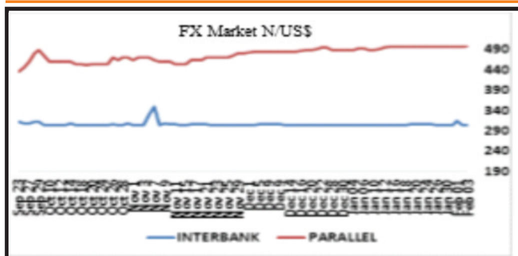
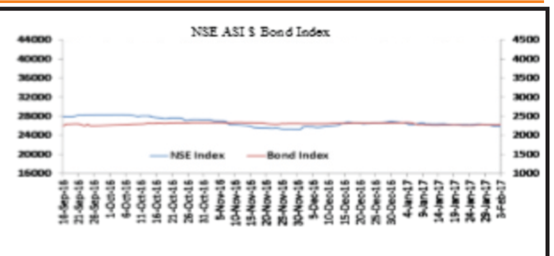
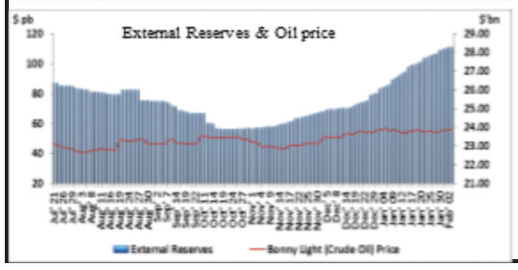
Access Bank Rateswatch

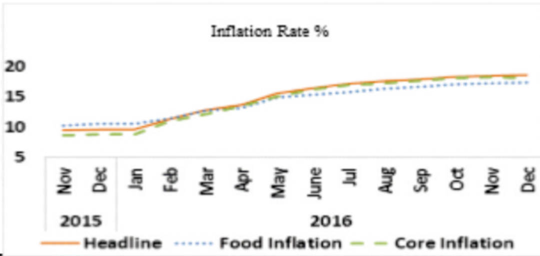
KEY MACROECONOMIC INDICATORS

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)	28.28	Feb 02, 2017 figure — an increase of 0.18% from February -start
Oil Price (US$/Barrel)	56.43	Feb 03, 2017 figure — an increase of 3.85% 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 3/2/17	Friday 27/1/17	Change(%)
NSE ASI	25802.54	26,328	(2.00)
Market Cap(N'tr)	8.89	9.06	(1.84)
Volume (bn)	0.14	0.24	(39.18)
Value (N'bn)	1.22	2.19	(44.22)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 3/2/17	Friday Rate (%) 27/1/17	Change (Basis Point)
Call	5.7917	6.5000	(71)
7 Days	0.0000	0.0000	0
30 Days	17.3105	18.0655	(75)
60 Days	0.0000	0.0000	0
90 Days	19.5138	19.9078	(39)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 3/1/17	Friday (N/$) 27/1/17	1 Month Rate (N/$) 3/1/17
Official (N)	305.25	305.25	305.0
Inter-Bank (N)	305.25	305.25	305.0
BDC (N)	0.0	0.0	0.0
Parallel (N)	500.0	498.0	490.0

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 3/2/17	Friday (%) 27/1/17	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	16.53	16.37	16
7-Year	16.16	16.22	(5)
10-Year	14.23	14.17	6
20-Year	16.42	16.39	2

COMMODITIES MARKET

Indicators	3/2/17	1-week Change (%)	YTD (%)
Energy			
Crude Oil $/bbl)	56.43	3.85	55.20
Natural Gas ($/MMBtu)	3.09	0.00	31.49
Agriculture			
Cocoa ($/MT)	2,072.00	0.00	(35.73)
Coffee ($/lb.)	145.65	0.00	17.70
Cotton ($/lb.)	76.27	0.00	19.71
Sugar ($/lb.)	20.58	0.00	35.31
Wheat ($/bu.)	432.25	0.00	(8.13)
Metals			
Gold ($/t oz.)	1,213.19	2.48	14.27
Silver ($/t oz.)	17.36	3.77	25.16
Copper ($/lb.)	265.60	(0.93)	24.43

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 3/2/17	Friday (%) 27/1/17	Change (Basis Point)
1 Mnth	11.99	15.63	(363)
3 Mnths	13.93	15.02	(109)
6 Mnths	18.71	19.59	(88)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 3/2/17	Friday (%) 27/1/17	Change (Basis Point)
Index	2208.17	2,276	(3.00)
Mkt Cap Gross (N'tr)	6.17	6.16	0.09
Mkt Cap Net (N'tr)	3.87	3.88	(0.26)
YTD return (%)	-10.03	-7.26	(2.77)
YTD return (%)(US $)	-64.98	-62.20	(2.78)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	45,177.87	13.799	1-Feb-2017
182 Day	80,000	17.2491	1-Feb-2017
364 Day	117,219.06	18.54	1-Feb-2017

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

Market Analysis and Outlook: Feb 03 – Feb 10, 2017

Global Economy

In the Eurozone, Gross Domestic Product (GDP) grew by 0.5% in the fourth quarter of 2016 compared to 0.4% growth in the third quarter. According to European Union Statistics agency (Eurostat), GDP increased by 0.4%, 0.8%, 1.3% and 0.4% for France, Latvia, Lithuania and Belgium respectively. While GDP remained unchanged for Austria and Spain at 0.5% and 0.7% respectively. For the whole of 2016, GDP advanced by 1.7% compared to 2% in the previous year. Elsewhere in the US, the Federal Reserve left its target range for federal funds at 0.5% to 0.75% during its February 2017 meeting after a 25 basis points increase in December. According to the Federal Open Market Committee (FOMC), since December, the labour market has continued to gain strength and economic activity has continued to expand at a moderate pace. Unemployment rate remains low and household spending continues to rise at a moderate pace as well. Policymakers also observed improvement in business and consumer confidence. With gradual adjustments to the monetary policy, the Committee intends to achieve maximum employment and price stability. In a separate development, Japan's unemployment rate remained unchanged at 3.1% in December, same as the previous month. The ratio of jobs-to-applicants increased to 1.43% from 1.41%. The number of unemployed persons in December was 2.09 million which was higher than 2.05 million in November. Employment increased by 31,000 persons to 64.75 million and the labour force rose by 34,000 persons to 66.85 million. For persons between ages 15 and 24, the unemployment rate rose to 4.9% from 4.3%. Unemployment was higher at 3.3% in December of the previous year.

Local Economy

The total value of capital imported into Nigeria in the fourth quarter of 2016 was estimated to be $1,548.88 million, which represents an increase of 15% relative to the third quarter, and a decline of 0.52% relative to the fourth quarter of 2015. According to the National Bureau of Statistics (NBS) the decline relative to the previous quarter was majorly as a result of a decline in Portfolio Investment in bonds and money market instruments. Foreign Direct Investment (FDI) and Other Investment both increased. Nigeria imported the largest capital from the United Kingdom, it accounted for $482.89 million, or 31.18% of the total in the fourth quarter. For the whole of 2016, the United Kingdom made the most investment in Nigeria, with capital worth $2,131.85 million. In 2016, capital importation dropped by 46.86% to $5.12 billion from $9.64 billion in 2015. FDI fell by 27.83% between 2015 and 2016, while Other Investment increased between 2015 and 2016 by 3.48% due to an increase in loans. In the final quarter of 2016, other investment was the largest component of capital imported and it accounted for $920.03 million or 59.40%. In another development, the Manufacturing Purchasing Managers' Index (PMI) declined to 48.2 index points in January 2017 when compared to 52.0 index points reported in December. This indicates a decline in the manufacturing sector for January. This was shown in the latest PMI report by the Central Bank of Nigeria. A composite PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. On the average the index recorded 45.2 points in the last twelve months. Ten sub-sectors out of sixteen sub-sectors declined in January in the following order: primary metal; transportation equipment; paper products; electrical equipment; fabricated metal products; printing & related support activities; cement; furniture & related products; plastics & rubber products; and chemical & pharmaceutical products. While the remaining six sub-sectors expanded in the following order: petroleum & coal products; appliances & components; non-metallic mineral products; food, beverage & tobacco products; textile, apparel, leather & footwear; and computer & electronic products.

Stock Market

The Nigerian stock market closed on a negative note last week as the major market indicators trended downwards. The bearish market pushed the All Share Index (ASI) down by 525.68 points to 25,802.54 points from 26,328.22 points the previous week representing a 2% decline. Similarly, market capitalization lost 1.8% to close at N8.89 trillion from N9.06 trillion the previous week. The negative performance may have been driven by profit-taking activities by some investors which resulted in losses by leading blue chip stocks such as Nestle, Nigerian breweries and Cadbury amongst others. This week, market wind suggests selling pressure may continue and further push indicators southwards.

Money Market

The direction of money market rates were mixed for the second consecutive week, whilst the short tenor placement such as the Open Buy Back (OBB) and Over Night (O/N) rates ascended, rates on the longer tenor buckets eased. Specifically, the OBB and O/N rose to 10.50% and 11.25% from 5.0% and 5.75% the previous week. In contrast, the 30-day NIBOR fell to 17.31% from 18.07% the previous week, while the 90-day NIBOR dipped to 19.51% from 19.91% the week before. The market liquidity level was improved on the back of inflows of about N331 billion from Open Market Operation (OMO) and primary market repayment which cushioned the effect of about N302 billion drained out of the system for OMO sales. This week, interbank lending rates may likely trend upwards due to likely net outflow of funds from the system.

Foreign Exchange Market

The Naira remained steady last week at the interbank market to close at N305.25/$. In contrast, the naira depreciated to N500/$ crossing the psychological N500 threshold at the parallel market segment. The depreciation of the naira witnessed at the parallel market is as a result of the persistent scarcity of the greenback. This week, we anticipate the exchange rate to remain steady as the Central bank of Nigeria (CBN) steps in to meet foreign exchange shortages.

Bond Market

Bond yields on the average rose as prices moderated downwards across most maturities last week. The upward movement in yields last week was largely due to low demand for government securities as investors seem to be demanding higher yields to hold Nigeria debt. Yields on the five-, ten- and twenty-year debt papers closed at 16.53%, 14.23% and 16.42% respectively from 16.37%, 14.17% and 16.39% for the corresponding maturities the previous week. The Access Bank Bond index fell by 68.19 points to close at 2,208.17 points from 2,276.36 points the prior week. This week, we see yields trending upwards on account of the anticipated tight liquidity levels in the banking system.

Commodities Market

Oil prices edged higher last week supported by signs that Russia and the Organization of the Petroleum Exporting Countries (OPEC) producers have largely complied with output cutslast year.A survey found that OPEC members in January have delivered on about 82% of their deal to lower supply by 1.16 million barrels per day (bpd). Bonny light, Nigeria's crude benchmark, rose $2.09, or 3.8%, to $56.43 a barrel.a similar vein precious metals prices moved higher after the US Federal Reserve kept interest rates unchanged at its first meeting of the year. Higher interest rates mean higher opportunity costs of holding non-interest bearing assets, like precious metals. Gold settled at $1,213.19 an ounce, up $29.39, or 2.5%. Silver prices added 3.8% to close at $17.36 an ounce. This week, we see crude oil prices inching higher on the possibility that the US administration may roll out new sanctions against Iranian targets following Tehran's ballistic missile test. For precious metals, mounting tensions between the United States and Iran coupled with the hold on interest rates by the US Fed will provide an upside to prices.

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

* Revised

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