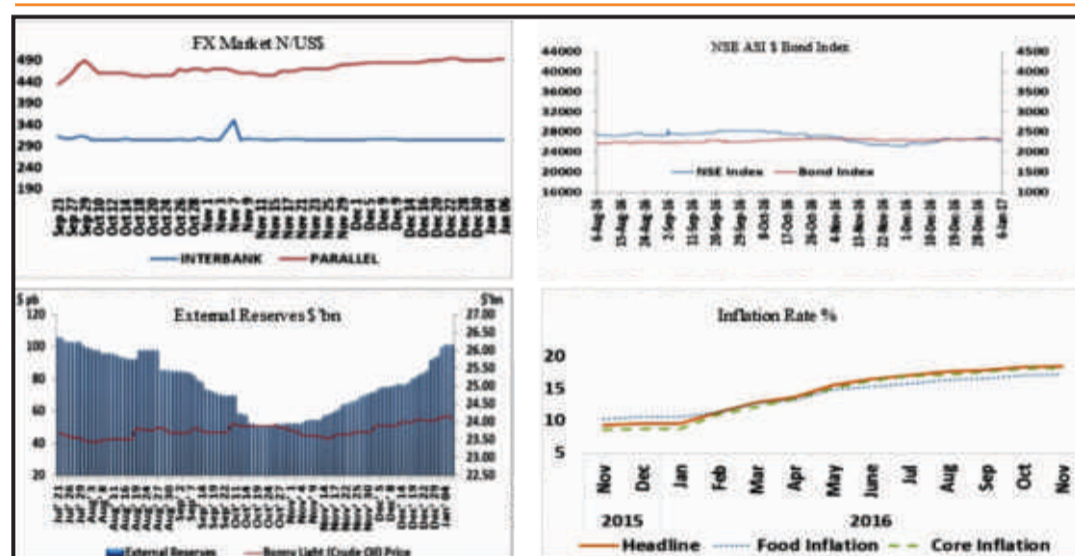


# Access Bank Rateswatch

## 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)	18.48	Edged up to 18.48% in Nov'2016, from 18.33% in Oct'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)	26.15	Jan 4, 2017 figure — an increase of 0.23% from January -start
Oil Price (US\$/Barrel)	54.91	Jan 6, 2017 figure — a decrease of 1.22% in 1 week.
Oil Production mbpd (OPEC)	1.69	Nov'2016 figure — an increase of 3.9% from Oct'2016 figure



## STOCK MARKET

Indicators	Friday 06/01/17	Friday 30/12/16	Change(%)
NSE ASI	26,251.39	26,874.62	2.319
Market Cap(N'tr)	9.03	9.25	(2.32)
Volume (bn)	0.21	0.16	34.06
Value (N'bn)	1.51	1.60	(5.52)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	06/01/17	30/12/16	
Call	9.67	11.33	(167)
7 Days	0.00	0.00	0
30 Days	15.91	17.85	(193)
60 Days	0.00	0.00	0
90 Days	17.88	19.34	(146)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	06/01/17	30/12/16	06/12/16
Official (N)	305.0	305.0	305.5
Inter-Bank (N)	305.0	305.0	305.5
BDC (N)	0.0	0.0	0.0
Parallel (N)	493.0	490.0	485.0

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	06/01/17	30/12/16	
3-Year	0.00	0.00	0
5-Year	16.33	15.94	39
7-Year	16.21	15.84	37
10-Year	14.06	13.77	30
20-Year	16.21	15.86	36

## 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: Jan 6 – 13, 2017

### Global Economy

In the US, the Manufacturing Purchasing Manager's Index (PMI) rose to 54.7 in December 2016 from 53.2 in November. According to the Institute for Supply Management (ISM), it is the highest recorded since December 2014 due to an increase in new orders, production and employment in 2016. New orders, production and employment index recorded an increase of 60.2%, 60.3% and 53.1% respectively from 53.0%, 56.0% and 52.3% in the previous month. Out of eighteen manufacturing industries, twelve reported growth in December, while six industries reported contraction. Elsewhere, in the Eurozone, consumer prices climbed to 1.1% year-on-year in December 2016, following a 0.6% increase in November. According to European Union Statistics agency (Eurostat), it is the highest inflation rate since September 2013. The increase was mainly due to a hike in the prices of energy. Energy recorded the highest annual rate of 2.5% in December, followed by services at 1.2%. Core inflation rose to 0.9% in December. With the exclusion of energy alone, the inflation rate accelerated to 1% from 0.8% in November. In a separate development, Brazil's trade surplus dropped by 29.2% to \$4.42 billion in December 2016 from \$6.24 billion in December 2015. For the whole of 2016, the trade surplus rose to \$47.69 billion, a colossal increase when compared to \$19.69 billion recorded in 2015, and the largest trade surplus on record according to the Ministry of Development, Industry and Foreign Trade (MDIC). Exports fell 5% to \$15.94 billion from \$16.78 billion the previous year as a result of lower sales of primary goods and industrial products. Imports increased by 9.3% to \$11.53 billion from \$10.54 billion in December 2015 due to an increase in the purchases of intermediate goods and consumer goods. Among major trade partners, imports rose from China and Argentina.

### Domestic Economy

Nigeria's foreign reserves climbed to \$26.15 billion on January 4, 2017 according to the figures on Central Bank of Nigeria (CBN) website. The improvement is a result of rising oil exports. The present value of the reserves is mostly derived from the proceeds of crude oil and thus represents an appreciation of \$1.225 billion or 4.9% when compared to \$24.930 billion as at December 5, 2016. According to a CBN source, the appreciation in the foreign reserves is also attributable to a reduction in the level of imports in the country owing to the renewed import substitution strategy by the CBN and the federal government. In another development, the Manufacturing Purchasing Managers' Index (PMI) stood at 52.0 index points in December 2016 when compared to the 46.0 index points recorded in November, this indicates an expansion in the manufacturing sector. 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. Eight of the sixteen sub-sectors surveyed recorded expansion in the month under review, and they include cement; food, beverage & tobacco products; appliances & components; chemical and pharmaceutical products; and furniture & related products. The fabricated metal products sub-sector remained unchanged while the other seven sub-sectors declined in the order: computer & electronic products; electrical equipment; primary metal; transportation equipment; petroleum & coal products; printing & related support activities; and non-metallic mineral products.

### Stock Market

The Nigerian stock market began the New Year on a weak footing as the All Share Index (ASI) lost 623.23 points or 2.3% to settle at 26,251.39 points last week. Similarly, market capitalization shed

N21 billion or 2.32% to close at N9.03 trillion from N9.25 the previous week. The bearish start to the year came against the backdrop of profit-taking by investors in some blue-chip stocks such as Guaranty Trust Bank, Oando and Ashaka cement shares. This week, we see the market performance remaining muted as investors await result scorecards of quoted companies.

### Money Market

Cost of borrowing at the money market trended downwards last week as system liquidity was buoyed by maturing treasury bills (T-bills) worth N197.8 billion which outweighed combined outflows of N164.7 billion in T-bills auction and Cash Reserve Ratio (CRR) debit. Open Buy Back (OBB) and Over Night (O/N) rates eased to 8.33% and 8.83% from 8.83% and 9.58% the previous week. Slightly longer tenured rates such as the 30-day NIBOR also declined, settling at 15.91% from 17.85% the previous week. This week, in the absence of substantial inflows, we expect to see money market rates tick higher.

### Foreign Exchange Market

The Naira/Dollar rate held relatively steady at the interbank market last week as it closed at N305/\$, retaining its rate from the previous week. At the parallel market segment the local unit was quoted at N493/\$ compared to the previous week's close of \$490/\$. The slight depreciation witnessed in the unofficial market came as dollar liquidity remains thin. This week, we see the local currency trading around prevailing levels in both market segments as demand pressure persists.

### 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. Yields on the five-, seven- and twenty-year debt papers respectively closed at 16.33%, 16.21% and 16.21% from 15.94%, 15.84% and 15.86% for the corresponding maturities the previous week. The Access Bank Bond index fell by 60.75 points to close at 2,271.36 points from 2,332.11 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

Oil prices retreated slightly last week on concerns about OPEC's willingness to follow through on promised production cuts. Bonny light, Nigeria's benchmark crude, closed down 1.22% to \$54.91 a barrel from \$55.59 the previous week. In contrast, precious metals prices pushed upwards following the release of minutes from the US Federal Open Market Committee (FOMC) meeting which suggest a continuation of gradual adjustments in monetary policy. Gold price ended at \$1,174.32 per ounce, up \$14.47 from the previous week's close, while silver added 1.3% to close at \$16.44 an ounce from \$16.23 the previous week. This week we see oil prices inching higher marginally following recent data showing inventories fell 7.43 million barrels last week. For precious metals, we see prices extending gains boosted by renewed interest by investors.

## MONTHLY MACRO ECONOMIC FORECASTS

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

\* Revised

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