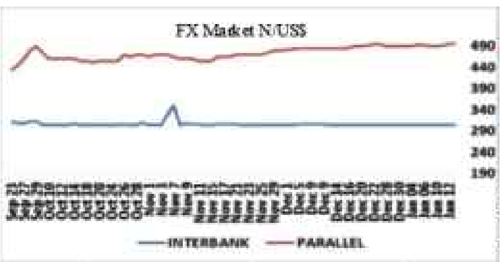
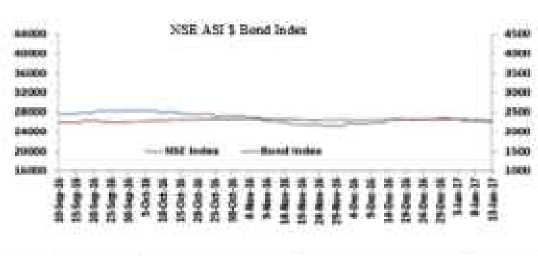
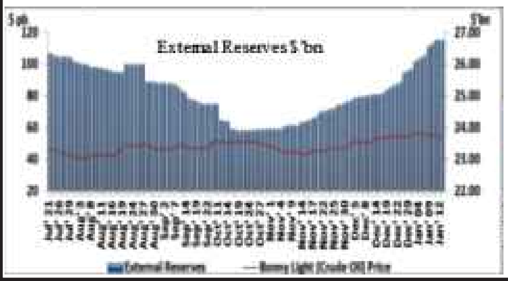
Access Bank Rateswatch

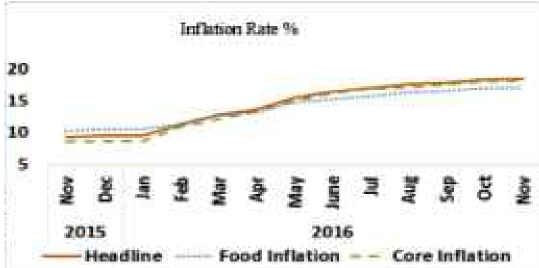
KEY MACROECONOMIC INDICATORS

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)	26.76	Jan 11, 2017 figure — an increase of 2.57% from January -start
Oil Price (US$/Barrel)	53.25	Jan 13, 2017 figure — a decrease of 3.02% 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 13/01/17	Friday 06/01/17	Change(%)
NSE ASI	26,326	26,251	0.28
Market Cap(N'tr)	9.06	9.03	0.28
Volume (bn)	0.15	0.21	(29.32)
Value (N'bn)	3.76	1.51	148.79

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 13/01/17	Friday Rate (%) 06/01/17	Change (Basis Point)
Call	9.5000	9.6667	(17)
7 Days	0.0000	0.0000	0
30 Days	16.2340	15.9142	32
60 Days	0.0000	0.0000	0
90 Days	17.5836	17.8767	(29)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 13/01/17	Friday (N/$) 06/01/17	1 Month Rate (N/$) 13/12/16
Official (N)	305.0	305.00	305.0
Inter-Bank (N)	305.00	305.00	305.0
BDC (N)	0.00	0.00	0.0
Parallel (N)	497.00	493.00	485.0

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 13/01/17	Friday (%) 06/01/17	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	16.48	16.33	15
7-Year	16.40	16.21	20
10-Year	14.16	14.06	10
20-Year	16.37	16.21	16

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

COMMODITIES MARKET

Indicators	13/01/17	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	53.25	(3.02)	67.93
Natural Gas ($/MMBtu)	3.36	3.38	42.98
Agriculture			
Cocoa ($/MT)	2223.00	(1.85)	(31.05)
Coffee ($/lb.)	148.00	3.71	19.60
Cotton ($/lb.)	72.25	(1.87)	13.40
Sugar ($/lb.)	20.73	0.93	36.29
Wheat ($/bu.)	425.50	0.24	(9.56)
Metals			
Gold ($/t oz.)	1197.53	1.98	12.79
Silver ($/t oz.)	16.78	2.07	20.98
Copper ($/lb.)	264.90	5.20	24.10

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 13/01/17	Friday (%) 06/01/17	Change (Basis Point)
1 Mnth	15.58	11.25	432
3 Mnths	14.53	13.72	81
6 Mnths	19.04	19.21	(17)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 13/1/17	Friday (%) 6/1/17	Change (Basis Point)
Index	2267.08	2271.36	(0.19)
Mkt Cap Gross (N'tr)	6.14	6.15	(0.16)
Mkt Cap Net (N'tr)	3.87	3.89	(0.51)
YTD return (%)	-7.63	-7.46	(0.17)
YTD return (%)(US $)	-62.46	-62.28	(0.18)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	35,000	14	04-Jan-2017
182 Day	22,000	17.5	04-Jan-2017
364 Day	115,845.41	18.685	04-Jan-2017

Market Analysis and Outlook: Jan 13 – Jan 20, 2017

Global Economy

In China, consumer prices rose to 2.1% year-on-year in December compared to 2.3% in November. According to the National Bureau of statistics in China, cost of consumer goods gained 1.8% and cost of services increased to 2.5%. Inflation was 2% for the whole of 2016. And on a monthly basis, consumer prices climbed 0.2% from 0.1% in the previous month and producer prices index increased by 5.5% year-on-year in December. Elsewhere, in Europe, the trade deficit in the United Kingdom widened by £2.6 billion to £4.2 billion in November from £1.5 billion in the prior month. According to the Office of National Statistics (ONS), exports increased by £0.7 billion to £47.3 billion and imports increased by £3.3 billion to £51.5 billion. The rise was mainly boosted by increase in the purchases of machinery and transport equipment. Trade deficit in goods was £12.2 billion in November after increasing by £2.3 billion from October. In the second and third quarter of 2016, total trade deficit narrowed by £0.4 billion to £11.0 billion and this reflected a greater rise in exports than in imports. In a separate development, the Central Bank of Brazil lowered its benchmark "selic" interest rate by 75 basis points to 13% on January 11. This reduction brought borrowing cost to the lowest since March 2015 in the midst of easing inflation and a severe contraction. The central bank has lowered inflation rate expectations to 4% and 3.4% for 2017 and 2018 respectively. The Gross Domestic Product (GDP) fell 0.8% in the third quarter of 2016 and the manufacturing Purchasing Managers' Index (PMI) fell to 45.2 points in December compared to 46.2 point in November, indicating a deeper shrinkage in manufacturing.

Domestic Economy

The World Bank predicted that the Nigerian economy would recover from the current recession and Nigeria's Gross Domestic Product (GDP) would grow by 1% in 2017. This was stated in the institution's latest Global Economic Prospects report. In another development, the Chinese government has disclosed plans to invest $40 billion in the Nigerian economy in order to deepen relations between China and Nigeria. According to the Chinese Foreign Affairs Minister, Wang Yi, China had earlier invested between $60 billion and $80 billion in Nigeria. In a separate development, the federal government has officially applied to the Central Bank of Nigeria (CBN) for an operational licence to float the proposed Development Bank of Nigeria (DBN). The sum of $1.3 billion will be made available to the DBN and it will be provided by the World Bank, German Development Bank (KfW), the African Development Bank (AfDB) and the Agence Francaise de Development (French Development Agency). The government also clarified that the duties and functions of the DBN would not result in the termination of the Bank of Industry (BOI), Bank of Agriculture (BOA) or any other development finance institution. The DBN will focus on supporting Micro, Small and Medium Enterprises (MSMEs).

Stock Market

The Nigerian stock market closed on a positive note last week after beginning the year on a weak note, as major market indicators trended upwards. The All Share Index (ASI) gained 74.54 points or 0.28% to settle at 26,325.93 points from 26,251.39 points the previous week. Similarly, market capitalization gained 0.28% to close at N9.06 trillion from N9.03 trillion the previous week. The rally witnessed in the market last week was fuelled by bargain-hunting activities as investors took position in lowly priced stocks with good fundamentals. This week, we anticipate the positive momentum to continue and drive market indicators higher.

Money Market

Cost of borrowing at the money market trended upwards last week as combined outflows of N223 billion in Open Market Operation (OMO) and N192 billion in Foreign exchange purchase outweighed inflows of about N168 billion from the Standing Lending Facility (SLF) window and maturing treasury bills (T-bills) worth N195 billion. Open Buy Back (OBB) and Over Night (O/N) rates climbed to 8.83% and 9.67% from 8.33% and 8.83% the previous week. Slightly longer tenured rates such as the 30-day NIBOR also rose, settling at 16.2% from 15.9% the previous week.This week, market liquidity may be drained on the back of the planned bond and T-bills auctions with no significant inflow expected, thus, NIBOR rates may likely tick higher.

Foreign Exchange Market

The Naira/Dollar rate remained steady at the interbank market last week as it closed at N305/$, unchanged from the previous week. In contrast, the naira depreciated by 0.81% at the parallel market segment to close at N497/$ compared to the previous week's close of N493/$. The naira depreciation witnessed at the unofficial market can be attributed to the acute scarcity of the dollar amidst rising demand by importers. This week, we see the local currency appreciating as the Central Bank of Nigeria (CBN) resumes sale of the greenback to the bureau de change operators (BDCs).

Bond Market

Bond yields on the average rose as prices fell across most maturities last week. The decline in bond prices may be attributed to low demand in the market. Yields on the five-, seven- and twenty-year debt papers closed at 16.48%, 16.40% and 16.37% respectively from 16.33%, 16.21% and 16.21% for the corresponding maturities the previous week. The Access Bank Bond index fell by 4.28 points to close at 2,267.08 points from 2,271.36 points the prior week. This week, we see yields trending upwards on account of the anticipated taut liquidity levels in the banking system due to the sale of government bonds during the week.

Commodities Market

Oil prices retreated last week as Iran increased exports, undermining efforts by OPEC producers to curb a global fuel supply glut. Bonny light, Nigeria's benchmark crude, settled at $53.25 per barrel, down 3.0% or $1.66 from $54.91 the previous week. In contrast, precious metals prices climbed following a press conference by US president-elect which offered very few clues into his on-coming economic policy plans. Gold rose $23.21, or 2%, to $1,197.53 an ounce, while silver settled up 2.1% at $16.78 per ounce. This week, we see oil prices gaining slightly boosted by renewed efforts by OPEC members to enforce compliance with agreed quotas. For precious metals, we see further price gains on the back of fresh safe-haven buying ahead of the uncertainty that the changeover of US president would bring.

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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