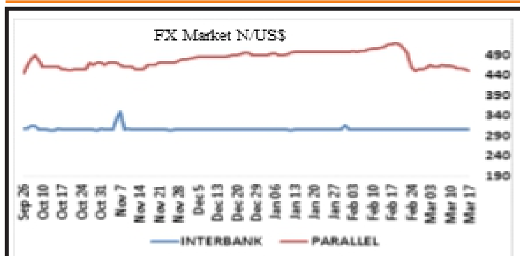
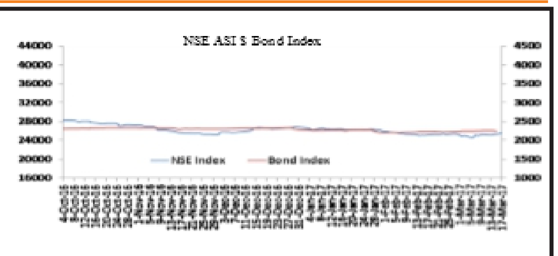
access

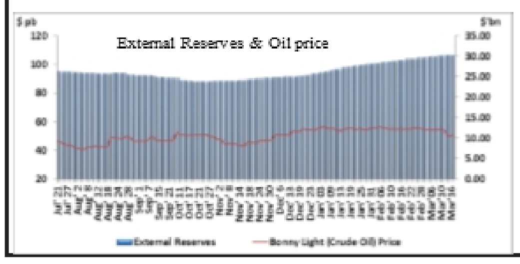
Access Bank Rateswatch

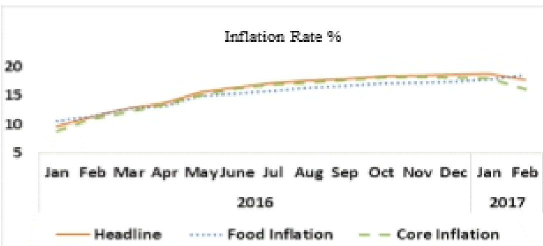
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
Broad Money Supply (M2) (N' trillion)	22.37	Decreased by 4.3% in Feb'2017 from N23.38 trillion in Jan'2017
Credit to Private Sector (N' trillion)	22.36	Increased by 0.09% in Feb'2017 from N22.34 trillion in Jan'2017
Currency in Circulation (N' trillion)	1.98	Decreased by 0.8% in Feb'2017 from N1.99 trillion in Jan'2017
Inflation rate (%) (y-o-y)	17.78	Declined to 17.78% in Feb'2017, from 18.72% in Jan'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)	30.30	March 16, 2017 figure — an increase of 2.05% from March-start
Oil Price (US$/Barrel)	51.17	March 17, 2017 figure — a decrease of 6.11% in 1 week.
Oil Production mbpd (OPEC)	1.61	Feb'2017 figure — an increase of 3.7% from Jan'2017 figure









STOCK MARKET

Indicators	Friday 17/3/17	Friday 10/3/17	Change(%)
NSE ASI	25,653	25,238	1.64
Market Cap(N'tr)	8.88	8.73	1.64
Volume (bn)	0.15	0.25	(38.31)
Value (N'bn)	1.86	2.31	(19.71)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 17/3/17	Friday Rate (%) 10/3/17	Change (Basis Point)
Call	12.2917	15.3333	(304)
7 Days	0.0000	0.0000	0
30 Days	16.8782	17.0332	(16)
60 Days	0.0000	0.0000	0
90 Days	19.9637	20.1061	(14)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 17/3/17	Friday (N/$) 10/3/17	1 Month Rate (N/$) 17/2/17
Official (N)	306.50	305.80	305.50
Inter-Bank (N)	306.50	305.80	305.50
BDC (N)	0.00	0.00	0.0
Parallel (N)	450.00	463.00	516.0

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 17/3/17	Friday (%) 10/3/17	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	16.17	16.11	6
7-Year	15.76	15.76	(0)
10-Year	13.97	14.01	(4)
20-Year	15.36	15.97	(61)

COMMODITIES MARKET

Indicators	17/3/17	1-week Change (%)	YTD (%)
Energy			
Crude Oil $/bbl)	51.17	(6.11)	61.37
Natural Gas ($/MMBtu)	2.93	(2.66)	24.68
Agriculture			
Cocoa ($/MT)	2021.00	6.26	(37.31)
Coffee ($/lb.)	141.40	0.39	14.26
Cotton ($/lb.)	78.35	1.12	22.98
Sugar ($/lb.)	17.91	(0.39)	17.75
Wheat ($/bu.)	436.25	(1.47)	(7.28)
Metals			
Gold ($/t oz.)	1229.77	2.71	15.83
Silver ($/t oz.)	17.32	2.61	24.87
Copper ($/lb.)	268.30	3.41	25.70

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 17/3/17	Friday (%) 10/3/17	Change (Basis Point)
1 Mnth	13.05	13.10	(4)
3 Mnths	17.09	15.79	130
6 Mnths	19.23	19.66	(43)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 17/3/17	Friday (%) 10/3/17	Change (Basis Point)
Index	2247.69	2252.50	(0.21)
Mkt Cap Gross (N'tr)	6.43	6.44	(0.12)
Mkt Cap Net (N'tr)	4.05	4.07	(0.63)
YTD return (%)	-8.42	-8.23	(0.19)
YTD return (%)(US $)	-64.13	-63.46	(0.67)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	39,006.25	13.6	15-Mar-2017
182 Day	48,453.84	17.2	15-Mar-2017
364 Day	166,304.85	18.5598	15-Mar-2017

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

Market Analysis and Outlook: Mar 17 - Mar 24, 2017

Global Economy

In the United States, the Federal Reserve increased the target range for its federal funds at its March meeting by 25bps to 0.75% to 1%. The Federal Open Market Committee (FOMC) stated in their February report that the labour market has continued to strengthen and economic activity has continued to expand at a moderate pace. The expectation of the Committee is that with gradual adjustments in the stance of the monetary policy, economic activity will expand at a moderate pace, labour market conditions will further strengthen and inflation will stabilize around 2%. The Committee also stated that it will maintain its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities and of rolling over maturing treasury securities at auction. Elsewhere in the Euro Area, consumer prices rose by 2% year-on-year in February. According to European Union Statistics Agency (Eurostat), this is slightly higher than the 1.8% recorded in January. This is the highest inflation recorded since January 2013 and was caused by rise in energy prices. By country, the highest annual rates were recorded in Estonia, Belgium, Latvia and Lithuania at 3.4%, 3.3%, 3.2%, and 3.2% respectively. Inflation also rose in Germany by 2.2% and in Italy by 1.3%, but fell in France to 1.4%. Month-on-month, the inflation rate was 0.4% compared to -0.8% in January. In a separate development, consumer prices in India rose by 3.65% year-on-year in February, compared to 3.17% in January. According to the Central Statistics Office, food index increased to 2.01% from 0.53% mainly due to price of food items like fruits, sugar and confectionery. Rural and urban inflation rates were recorded at 3.67% and 3.55% from 3.36% and 2.9% respectively in January.

Local Economy

The Consumer Price Index (CPI) which measures inflation declined to 17.78% (year-on-year) in February 2017, which is 0.94% points lower than the 18.72% recorded in January. This represents the first time in fifteen months that the headline CPI has declined year-on-year. Increases were recorded in all Classification of Individual Consumption by Purpose (COICOP) divisions that result in the Headline Index. The food sub index increased by 18.53% (year-on-year) in February, up by 0.71% points from 17.82% recorded in January. During the month, all major food sub-indexes rose with soft drinks, coffee, tea and cocoa recording the slowest pace of increase year on year. The core sub-index, which excludes prices of volatile agricultural produce declined by 16% in February which is 1.9% lower than 17.9% that was recorded in January. During the month, the highest increases were seen in housing, water, electricity, gas & other fuels, education, food and alcoholic beverages, clothing and footwear as well as transport. In a separate development, Nigeria's foreign reserve has crossed the $30 billion mark. According to the figures from the apex bank's website, the reserves which have continued to experience a steady day-on-day increase has risen to $30.27 as at March 15, 2017. The last time the reserves crossed the 30 billion dollar mark was in July 2015. The external reserve has risen by $4.2 billion since the beginning of the year, this represents an increase of 16%. The reserves were affected by low crude oil prices which reduced the availability of foreign exchange in the country. The rising reserves is attributed to rising oil prices as a result of agreed production cuts which commenced in January between OPEC and non-OPEC members.

Stock Market

The local bourse closed on a positive note for the second consecutive week as the major market indicators trended upwards. The All Share Index (ASI) gained 415.15 points to close at 25,653 points from 25,238.01 points the previous week, representing 1.6% increase. Similarly, market capitalization gained 1.6% to close at N8.88 trillion from N8.73 trillion the previous week. The positive performance was driven by the gains in highly capitalized equities of companies in oil & gas, banking, construction and fast moving consumer goods (FMCG) subsectors. This week, we see market indicators sustaining current upward trajectory buoyed by stocks with good fundamentals such as banking stocks and construction stocks.

Money Market

Cost of borrowing at the money market trended downwards last week across most tenor buckets. Short tenor placements such as Open Buy Back (OBB) and Over Night (O/N) rates eased to 14.33% and 15.00% from 14.50% and 15.25% the previous week. The longer tenured rates such as the 30-day and 90-day NIBOR also declined to 16.88% and 19.96% from 17.03% and 20.11% respectively the previous week. The market liquidity was boosted on the back of total inflows of about N548.61 billion majorly from Standing Lending Facility (SLF) of N251.1 billion and primary market repayment of N170.5 billion which exceeded total outflows of about N515.98 billion mainly from primary market sales of N413.8 billion and Open Market Operation (OMO) auction of N80.7 billion. This week, we envisage market liquidity would be fuelled by maturing treasury bills worth N134.97 billion naira and expected February budget allocations and payments.

Foreign Exchange Market

The naira depreciated by 0.23% at the interbank segment last week to a new rate of N306.50/$ from N305.80/$ the previous week, this was despite the FOREX injection of about $35 million sold at the spot market and $100 million in forwards transactions. In contrast, at the parallel market, the local unit appreciated to N450/$ from N463/$ the previous week. The appreciation witnessed at the unofficial market was due to the slight reduction in speculative activities. This week, naira is likely to remain close to prevailing levels at the interbank market as the apex bank is expected to continue to intervene to ease FX liquidity in the market.

Bond Market

Bond yields on the average fell across most maturities last week. The decline in yields may be attributed to the improved liquidity in the banking system which triggered demand by banks and fund managers. Yields on the five-, seven- and twenty-year debt papers respectively closed at 16.17%, 15.76% and 15.36% from 16.11%, 15.76% and 15.97% for the corresponding maturities the previous week. The Access Bank Bond index fell by 4.81 points to close at 2,247.69 points from 2,252.50 points the prior week. This week we envisage that the improved liquidity condition would be sustained, thus bond prices will likely tick higher.

Commodities Market

Oil prices fell last week after a monthly OPEC report showed that Saudi Arabia production climbed back above 10 million barrels of oil a day in February, fuelling oversupply concerns. Nigeria's benchmark crude, Bonny light, dipped $3.33, or 6.1%, to $51.17 per barrel. In contrast, precious metals prices surged as the US Federal Reserve called for gradual monetary tightening after raising interest rates by 25 basis points for the second time since December. Gold settled up 2.7% at $1,229.77 per barrel, while silver was up 0.6% at $17.32 per barrel. This week oil prices are likely to remain pressured due to renewed worries of oil oversupply. For precious metals we expect the bullish bias to continue due to heightened political and geopolitical risks in Europe and Asia.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Apr'17	May'17	Jun'17
Exchange Rate (Official) (N/$)	305	305	305
Inflation Rate (%)	17.2	16.6	15.5
Crude Oil Price (US$/Barrel)	51	50	50

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