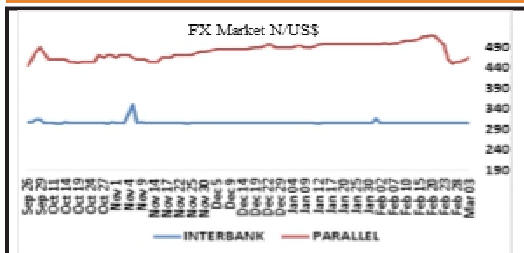
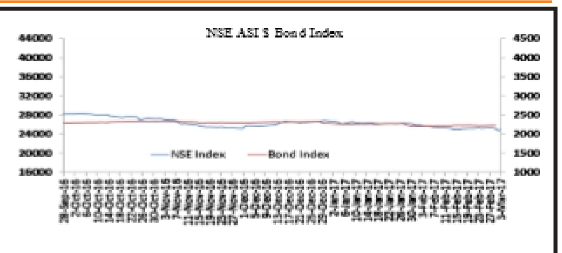
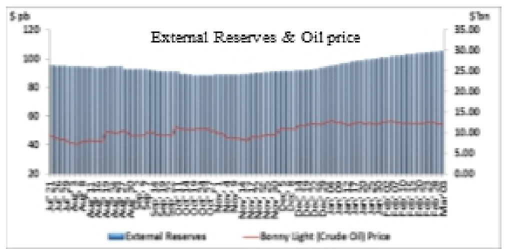
Access Bank Rateswatch

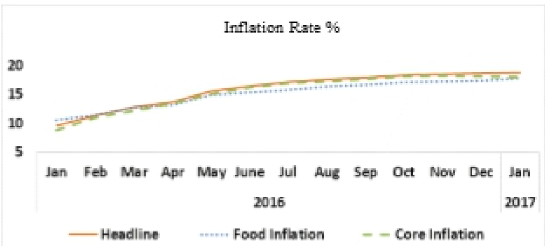
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-1.30	Q4 2016 — an increase of 0.94% from -2.24 in Q3 2016
Broad Money Supply (M2) (N' trillion)	23.84	Increased by 6.5% in Dec'2016 from N22.38 trillion in Nov'2016
Credit to Private Sector (N' trillion)	22.37	Decreased by 2.9% in Dec'2016 from N23.04 trillion in Nov'2016
Currency in Circulation (N' trillion)	2.18	Increased by 14.2% in Dec'2016 from N1.91 trillion in Nov'2016
Inflation rate (%) (y-o-y)	18.72	Edged up to 18.72% in Jan'2017, from 18.55% in Dec'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)	29.74	March 02, 2017 figure — an increase of 0.17% from March-start
Oil Price (US$/Barrel)	54.40	March 03, 2017 figure — a decrease of 2.42% in 1 week.
Oil Production mbpd (OPEC)	1.57	Jan'2017 figure — an increase of 6.92% from Dec'2016 figure









STOCK MARKET

Indicators	Friday 3/3/17	Friday 24/2/17	Change(%)
NSE ASI	25,012.08	25,250.37	(0.94)
Market Cap(N'tr)	8.66	8.74	(0.94)
Volume (bn)	0.27	0.26	5.73
Value (N'bn)	3.40	2.42	40.23

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 3/3/17	Friday Rate (%) 24/2/17	Change (Basis Point)
Call	15.3333	117.5833	(10225)
7 Days	0.0000	0.0000	0
30 Days	14.4290	17.7223	(329)
60 Days	0.0000	0.0000	0
90 Days	19.1817	20.6442	(146)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 3/3/17	Friday (N/$) 24/2/17	1 Month Rate (N/$) 3/3/17
Official (N)	305.25	305.50	305.25
Inter-Bank (N)	305.25	305.50	305.25
BDC (N)	0.0	0.0	0.0
Parallel (N)	465.0	460.0	500.0

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 3/3/17	Friday (%) 24/2/17	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	16.26	16.40	(14)
7-Year	15.91	16.03	(12)
10-Year	14.09	14.07	2
20-Year	16.19	16.22	(2)

COMMODITIES MARKET

Indicators	3/3/17	1-week Change (%)	YTD (%)
Energy			
Crude Oil $/bbl)	54.40	(2.42)	49.61
Natural Gas ($/MMBtu)	2.82	6.42	20.00
Agriculture			
Cocoa ($/MT)	1,938.00	(4.30)	(39.89)
Coffee ($/lb.)	144.10	(3.77)	16.44
Cotton ($/lb.)	77.27	0.61	21.28
Sugar ($/lb.)	19.68	(2.53)	29.39
Wheat ($/bu.)	451.75	(0.06)	(3.99)
Metals			
Gold ($/t oz.)	1,228.94	(2.22)	15.75
Silver ($/t oz.)	17.75	(3.01)	27.97
Copper ($/lb.)	269.20	0.56	26.12

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 3/3/17	Friday (%) 24/2/17	Change (Basis Point)
1 Mnth	9.90	13.86	(396)
3 Mnths	14.70	18.54	(384)
6 Mnths	18.88	19.81	(92)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 3/3/17	Friday (%) 24/2/17	Change (Basis Point)
Index	2,236.32	2,231	0.23
Mkt Cap Gross (N'tr)	6.40	6.23	2.67
Mkt Cap Net (N'tr)	4.04	3.90	3.51
YTD return (%)	-8.89	-9.09	0.20
YTD return (%)(US $)	-63.84	-64.17	0.33

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	26,143.54	13.65	01-Mar-2017
182 Day	62,000.00	17.2	01-Mar-2017
364 Day	222,083.58	18.4965	01-Mar-2017

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

Market Analysis and Outlook: Mar 03 - Mar 10, 2017

Global Economy

In the United States, gross domestic product (GDP) advanced 1.9% quarter-on-quarter in the fourth quarter of 2016 compared to 3.5% growth recorded in the previous quarter. According to the Bureau of Economic Analysis (BEA), personal consumption expenditure and fixed investment contributed 2.05% and 0.51% to the GDP. Exports declined by 4% while imports rose by 8.5%. Therefore, the impact resulted in trade declining to -1.7%, which is the biggest drop since the first quarter of 2015. Government spending and investment contributed 0.06% to growth. For the whole of 2016, private investment dropped for the first time since 2009, consumer spending increased by 2.7% while public spending and investment increased by 0.8%. Exports increased by 0.4% and imports rose by 1.1%. GDP expanded 1.6% in year 2016, the lowest expansion since 2011. Elsewhere in South Asia, India's GDP advanced by 7% year-on-year in the fourth quarter of 2016 compared to 7.4% growth in the previous quarter. According to India's Central Statistics Office, the growth was boosted mainly by an increase in public spending and agriculture. Private spending climbed 10.1% compared to 5.1% in the previous quarter. Government spending rose 19.9% compared to 15.2% in the third quarter. Exports and imports rose by 3.4% and 4.5% from a decline of 0.9% and 7.4% respectively in the previous quarter. In a separate development, Brazil recorded a trade surplus of $4.56 billion in February, an increase of 50% when compared to the $3.04 billion trade surplus recorded in the same period of the previous year. According to the trade ministry data, exports increased by 15.9% year-on-year to $15.47 billion compared to a rise of 32.6% in January. Imports climbed up 5.9% year-on-year to $10.91 billion, lower than the jump of 18% in January. In 2016, a trade surplus of $47.69 billion was recorded compared to $19.69 billion in 2015.

Local Economy

Newly released data by the National Bureau of Statistics (NBS) shows that Nigeria's economic output contracted in the fourth quarter of 2016 by -1.30% year-on-year to N18.3 trillion in Q4 2016 from N18.5 trillion in Q42015. This indicates an improvement compared to a decline of -2.24% year-on-year in the preceding quarter (Q3'2016) but lower than the growth rate of 2.11% year-on-year recorded in the corresponding quarter of 2015 (Q4'2015). For the full year 2016, GDP contracted by -1.51%, indicating real GDP of N67.98 trillion for the year. This contraction reveals that Nigeria experienced a difficult year in 2016 characterized by high inflation rate, reduced consumption, increase in pipeline vandalism, reduced foreign reserves, fluctuating currency among others. The Oil Sector real GDP contracted by -12.38% y-o-y in Q4'2016 (Q3'2016: -22.01% y-o-y and Q4'2015: -8.23% y-o-y), oil production was estimated at 1.90 mbpd, a significant rebound from production levels of 1.63 mbpd in Q3'2016. Oil production was also lower relative to the corresponding quarter in 2015 by 0.25 mbpd when output was recorded at 2.16 mbpd. For the whole of 2016, oil production was estimated at 1.833 mbpd, compared to 2.13mbpd in 2015. According to the National Bureau of Statistics (NBS) this reduction was due to pipeline vandalism by militants in the Niger Delta region. The non-oil sector declined by -0.33% in real terms in the fourth quarter of 2016. This was lower by 0.36% than the growth of 0.03% recorded in Q3'2016, and 3.46% lower than the 3.14% growth recorded in Q4 2015. The non-oil sector increased its share of GDP to 92.85% from 91.94% in the fourth quarter of 2015. The slump in the non-oil sector can be attributed mainly to Real Estate which declined by -9.27%, other sectors that contributed to the decline are manufacturing, construction and trade. For full year 2016, the non-oil sector fell by -0.22% in real terms compared to a growth rate of 3.75% in 2015. In another development, the Manufacturing Purchasing Managers' Index (PMI) declined to 44.6 index points in February 2017 when compared to 48.2 index points reported in January. This indicates a decline in the manufacturing sector for two consecutive months after an indication of expansion in December when it rose to 52.0 points. 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. Fourteen sub-sectors out of sixteen sub-sectors declined in February. Only appliances & components and food, beverage & tobacco products subsectors reported expansion in February.

Stock Market

The Nigerian stock exchange market closed on a negative note last week as the major market indicators trended downwards. The All Share Index (ASI) declined by 238.29 points to close at 25,012.08 points from 25,250.37 points the previous week, representing a 0.9% decrease. Similarly, market capitalization shed 0.9% to close at N8.66 trillion from N8.74 trillion the previous week. Last week's market downturn was triggered bytaking activities byinvestors. This week, we see market indicators reversing as current valuations of most stocks at the Nigerian bourse present attractive entry opportunities for risk tolerant investors to take position during this earnings season.

Money Market

The direction of money market rates was mixed for the second consecutive week. Whilst, the OBB and O/N rose to 16.67% and 17.33% from 13.08% and 14.08% the previous week, slightly longer tenured rates such as the 30-day and 90-day NIBOR fell to 14.43% and 19.18% from 17.72% and 20.64% respectively the previous week. The market liquidity was drained as the Central Bank of Nigeria (CBN) debited commercial banks' accounts for dollar purchases and Open market Operation (OMO) sales of about N377 billion which exceeded inflows of about N310 billion from maturing T-bills. This week, interbank lending rates may likely trend upwards on the anticipated dollar intervention by the CBN and planned OMO sales.

Foreign Exchange Market

The Naira appreciated by 0.08% at the interbank segment to a rate of N305.25/$ last week. Meanwhile, at the parallel market, the local unit fell to N465/$ from N460/$ the previous week. The depreciation witnessed at the unofficial market can be attributed to uncertainty over the capacity of the CBN to sustain its weekly inflow of the greenback to the foreign exchange market. This week, following the Central's bank decision to clear all backlog of dollar demand for companies importing machinery and petroleum products, the Naira may likely appreciate slightly.

Bond Market

Bond yields on the average fell as prices rose across most maturities last week. The increase in bond prices was due to more buying activity than selling activity as a result of a one day trading week. Yields on the five-, seven- and twenty-year debt papers respectively closed at 16.26%, 15.91% and 16.19% from 16.40%, 16.03% and 16.22% for the corresponding maturities the previous week. The Access Bank Bond index rose by 5.11 points to close at 2,236.32 points from 2,231.21 points the prior week. This week we envisage bond yields to rise and bond prices fall as investors sell off their bonds on short positions due to tight liquidity conditions.

Commodities Market

Oil prices fell last week, as rising US crude inventories triggered fears that efforts of the world's major producers to cut their production may be insufficient to reduce supply glut. US crude stockpiles rose to a historical high last week, increasing by 1.5 million barrels to 520.2 million barrels, according to data by the U.S. Energy Information Administration. Bonny light, Nigeria's crude benchmark, closed at $54.4 a barrel, down $1.35, or 2.4%. Similarly, precious metals prices fell after comments from US Federal Reserve (Fed) officials raised expectations of an interest rate hike in March. Gold slipped 2.2% to $1,228.94 an ounce. Silver ended at $17.75 an ounce, down 55 cent, or 3.0% relative to a fortnight ago. This week, oil prices are likely to remain wedged in a narrow band of $54 - $55 per barrel amid creeping US crude oil production growth. For precious metals, we see prices sliding as renewed expectations of higher rates diminish their safe-haven appeal.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Apr'17	May'17	Jun'17
Exchange Rate (Official) (N/$)	305	305	305
Inflation Rate (%)	18.7	18.6	18.5
Crude Oil Price (US$/Barrel)	56	56	56

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