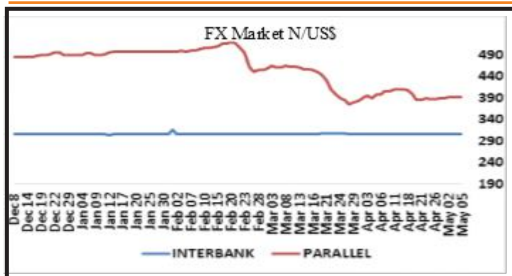
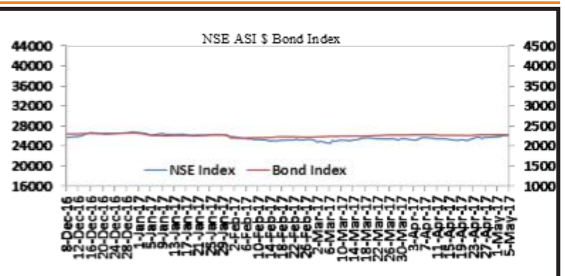
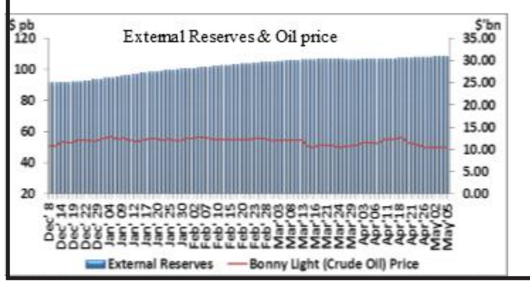
Access Bank Rateswatch

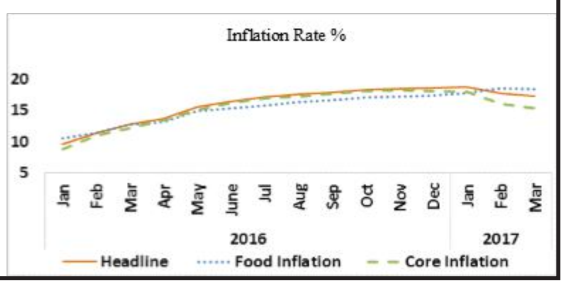
KEY MACROECONOMIC INDICATORS

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)	22.02	Decreased by 1.52% in Mar'2017 from N22.37 trillion in Feb'2017
Credit to Private Sector (N' trillion)	22.27	Decreased by 0.40% in Mar'2017 from N22.36 trillion in Feb'2017
Currency in Circulation (N' trillion)	1.98	Increased by 0.24% in Mar'2017 from N1.97 trillion in Feb'2017
Inflation rate (%) (y-o-y)	17.26	Declined to 17.26% in Mar'2017, from 17.78% in Feb'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)	30.99	May 04, 2017 figure — an increase of 0.06% from May-start
Oil Price (US$/Barrel)	49.91	May 05, 2017 figure — a change of 0.0% in 1 week.
Oil Production mbpd (OPEC)	1.54	Mar'2017 figure — a decrease of 1.90% from Feb'2017 figure









STOCK MARKET

Indicators	Friday 05/05/17	Friday 28/04/17	Change(%)
NSE ASI	26235.63	25,767.26	1.82
Market Cap(N'tr)	9.07	8.92	1.72
Volume (bn)	0.44	0.37	20.84
Value (N'bn)	2.96	2.88	2.96

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 05/05/16	Friday Rate (%) 28/07/17	Change (Basis Point)
OBB	18.17	4.00	1417
O/N	19.25	4.75	1450
CALL	68.33	6.42	6192
30 Days	18.47	17.70	77
90 Days	20.75	20.95	(21)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 05/05/17	Friday (N/$) 28/04/17	1 Month Rate (N/$) 05/04/17
Official (N)	305.70	305.85	306.20
Inter-Bank (N)	305.70	305.85	306.20
BDC (N)	362.00	362.00	362.00
Parallel (N)	391.00	390.00	398.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 05/05/17	Friday (%) 28/04/17	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	16.39	16.19	20
7-Year	16.42	16.12	30
10-Year	14.52	14.40	12
20-Year	16.05	15.92	13

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

COMMODITIES MARKET

Indicators	05/05/17	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	49.91	0.00	37.27
Natural Gas ($/MMBtu)	3.22	(1.23)	37.02
Agriculture			
Cocoa ($/MT)	1,869.00	(0.05)	(42.03)
Coffee ($/lb.)	135.35	4.80	9.37
Cotton ($/lb.)	78.57	1.16	23.32
Sugar ($/lb.)	15.61	(0.51)	2.63
Wheat ($/bu.)	440.25	1.56	(6.43)
Metals			
Gold ($/t oz.)	1,227.87	(3.00)	15.65
Silver ($/t oz.)	16.31	(5.56)	17.59
Copper ($/lb.)	251.75	(3.04)	17.94

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 05/05/17	Friday (%) 28/04/17	Change (Basis Point)
1 Mnth	16.81	15.77	104
3 Mnths	17.86	18.64	(77)
6 Mnths	19.77	20.17	(40)
9 Mnths	21.52	21.43	9
12 Mnths	22.35	22.60	(25)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 05/05/17	Friday (%) 28/04/17	Change (Basis Point)
Index	2280.15	2,282.26	(0.09)
Mkt Cap Gross (N'tr)	6.81	6.70	1.70
Mkt Cap Net (N'tr)	4.30	4.22	1.99
YTD return (%)	-7.10	-7.01	(0.09)
YTD return (%)(US $)	-62.28	-62.27	(0.01)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	29,143.39	13.6	03-May-2017
182 Day	23,432.80	17.26	03-May-2017
364 Day	178,034.48	18.815	03-May-2017

Market Analysis and Outlook: May 05 - May 12, 2017

Global Economy

In the United States, the Federal Reserve left the target range for its federal funds rate unchanged at 0.75% to 1% during its May 2017 meeting. According to policymakers, the labour market has continued to strengthen despite a slowdown in economic activity during the first quarter. The Federal Open Market Committee (FOMC) in its statement revealed that the labour market has continued to strengthen even as growth in economic activity slowed. Unemployment rate has declined and household spending rose albeit slightly. Also inflation measured year-on-year has been close to the Committee's 2% longer-run objective. In line with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee views the slow growth in the first quarter of 2017 as likely to be transitory, it thus expects that with gradual adjustments in the monetary policy, economic activity will expand at a moderate pace. Elsewhere, in Europe, the United Kingdom gross domestic product (GDP) grew by 2.1% in the first quarter of 2017 from 1.9% growth in the fourth quarter of 2016. Data from the Office for National Statistics (ONS) showed. Total production further increased by 2.5% from 1.9% in the fourth quarter of 2016, driven mainly by manufacturing, while output grew at a slower pace for both services and construction. Services increased at a slower 2.5% from 2.9% growth in the previous quarter. In a separate development, Brazil recorded a trade surplus of $6.97 billion in April 2017, a 43.4% increase from $4.86 billion recorded in April 2016. However, this was lower than the $7.15 billion surplus recorded in March. Brazil's government data revealed that exports climbed 27.8% to $17.69 billion year-on-year, boosted by the sale of basic products such as iron ore, crude oil and copper. Imports rose by 13.3% year-on-year to $10.72 billion, mainly due to fuel purchases, intermediate goods and consumer goods. Sales to China rose by 46.8%, thereby accounting for nearly 25% of total exports.

Domestic Economy

The Central Bank of Nigeria (CBN) stated during a press release that the reports being circulated that it has reversed part of its policy on some import items ineligible for forex is false. It stated that the policy on the 41 items ineligible for forex through the Nigerian forex market has not been reversed. Rather the policy that was misconstrued says that importers of items classified as "ineligible for forex" with transactions value of $20,000 and below per quarter shall now qualify for allocation of foreign exchange subject to the completion of form Q. In another development, the Manufacturing Purchasing Managers' Index (PMI) stood at 51.1 index points in April 2017. This indicates an expansion in the manufacturing sector after three consecutive months of contraction. The index was 47.7 points in March. 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. Ten of the sixteen sub-sectors recorded growth. While paper products; primary metal; computer & electronic products; fabricated metal products; petroleum & coal products and transportation equipment sub sectors recorded a decline in April.

Stock Market

The local bourse closed on a positive note for the second consecutive week as major market indicators trended upwards. The All Share Index (ASI) gained 468.37 points to close at 26,235.63 points from 25,767.26 points the previous week, representing 1.8% increase. Similarly, market capitalization gained 1.7% to close at N9.07 trillion from N8.92 trillion the previous week. The positive performance may be attributed to the staggering Q1'17 earnings by several highly capitalized companies. The positive momentum came on the back of stocks of companies of consumer goods, industrial goods, oil & gas and services sectors. This week, we anticipate the positive momentum to continue in view of improving investor sentiment attributable to the impressive Q1'17 earnings.

Money Market

Average interbank cost of borrowing rose across most tenor placements last week. Short tenored placements such as Open Buy Back (OBB) and Over Night (O/N) rates rose to 18.17% and 19.25% from 4.0% and 4.75% respectively the previous week. Longer tenored rates such as the 30-day Nigeria Interbank Offer Rate (NIBOR) rose to 18.47% from 17.70% while 90-day NIBOR fell to 20.75% from 20.95% the previous week. Market liquidity was drained as a result of outflow of about N200 billion for securities stabilization debit and Secondary Market Intervention Sales (SMIS) debit of about N32 billion. This week, liquidity may be boosted due to inflow from treasury bills maturity of N87.6 billion.

Foreign Exchange Market

The naira appreciated by 15kobo at the interbank segment last week to a new rate of N305.70/$ from N305.85/$ the previous week. In contrast, at the parallel market segment, the naira depreciated by N1 to a rate of N391/$, from the previous week's rate of N390/$. The appreciation in the interbank market can be attributed to the apex bank's effort in ensuring the greenback is made available to operators in the market. This week, naira is likely to remain around prevailing levels as the apex bank sustains its interventions in the market.

Bond Market

Bond yields on the average rose across most maturities last week. The uptick came as a result of tight liquidity in the system, stemming from securities stabilization debit of about N200 billion. Yields on the seven-, ten- and twenty-year debt papers respectively rose to 16.42%, 14.52% and 16.05% from 16.12%, 14.40% and 15.92% for the corresponding maturities the previous week. The Access Bank Bond index fell by 2.11 points to close at 2,280.15 points from 2,282.26 points the prior week. This week, due to treasury bills maturities of N87.6 billion, which will likely improve market liquidity and demand for fixed income assets, prices are expected to rise.

Commodities Market

Crude prices tumbled to its lowest last week since Organization of Petroleum Exporting Countries (OPEC) signed a six-month deal in November, as US crude stocks hit their highest since August 2015. According to the Energy Information Administration (EIA), US crude production rose to 9.29 million barrels last week. Brent crude declined by 5.2% to $49.03 last week from $51.73 a barrel the previous week. However, Nigeria's benchmark crude, Bonny light, remained unchanged as the previous week at $49.91 a barrel. In a similar vein, precious metals prices fell as major government bond prices slipped, pushing longer-term interest rates higher, following the Federal Reserve's announcement of "no change" in the interest rate. Gold fell $37.98, or 3.0%, to settle at $1,227.87 an ounce. Silver followed suit as it dipped 96 cents, or 5.6%, to $16.31 an ounce. This week oil prices are likely to further trend southwards as a result of loss of confidence in the OPEC-led effort to curb production. For precious metals, prices are likely to rebound due to the Federal Reserve stance on the interest rate.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	May17	June'17	July'16
Exchange Rate (Official) (N/$)	305	305	305
Interest Rate (Normal Lending) (%)	16.8	16.6	16.4
Crude Oil Price (US$/Barrel)	50	50	50

* Revised

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