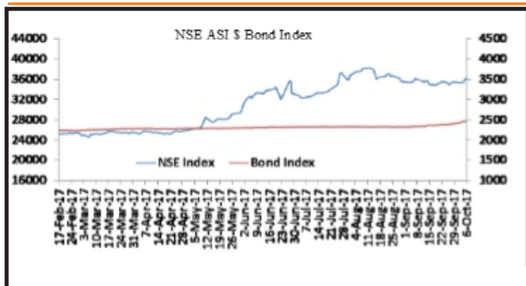
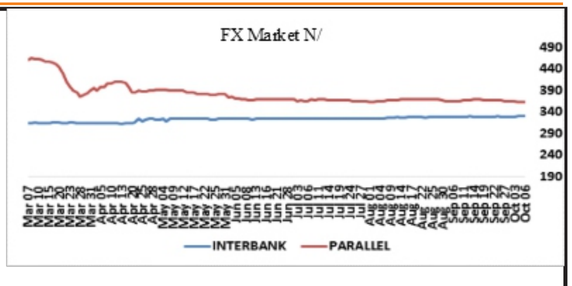
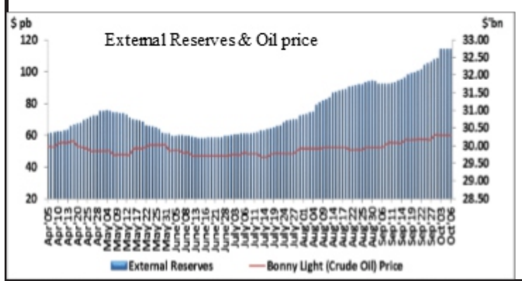
Access Bank Rateswatch

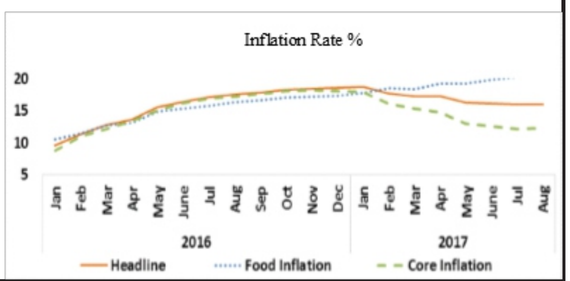
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	0.55	Q2 2017 — higher by 1.46% compared to –0.91% in Q1 2017
Broad Money Supply (M2) (N' trillion)	21.85	Decreased by 1.55% in Aug' 2017 from N22.19 trillion in July 2017
Credit to Private Sector (N' trillion)	21.99	Decreased by 0.79% in Aug' 2017 from N22.17 trillion in July 2017
Currency in Circulation (N' trillion)	1.87	Increased by 5.59% in Aug' 2017 from N1.77 trillion in July 2017
Inflation rate (%) (y-o-y)	16.01	Declined to 16.01% in August'2017 from 16.05% in July'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)	32.74	October 03, 2017 figure — an increase of 3.09 % from Sept start
Oil Price (US$/Barrel)	59.92	October 06, 2017 figure - no change from a week prior.
Oil Production mbpd (OPEC)	1.86	August'2017 figure — an increase of 8.14% from July'2017 figure









STOCK MARKET

Indicators	Friday 6/10/17	Friday 29/09/17	Change(%)
NSE ASI	36,320.93	35,439.98	2.49
Market Cap(N'tr)	12.50	12.22	2.34
Volume (bn)	0.37	0.24	55.65
Value (N'bn)	3.74	3.83	(2.34)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 6/10/17	Friday Rate (%) 29/09/17	Change (Basis Point)
OBB	25.83	13.67	1216
O/N	26.00	14.25	1175
CALL	8.21	13.46	(525)
30 Days	19.33	18.10	123
90 Days	20.35	20.90	(55)

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 6/10/17	Friday (N/$) 29/09/17	1 Month Rate (N/$) 6/09/17
Official (N)	305.65	305.75	305.90
Inter-Bank (N)	329.50	329.00	328.77
BDC (N)	362.00	362.00	362.00
Parallel (N)	363.00	365.00	365.00

BOND MARKET

AVERAGE YIELDS

Tenor	Last Week Rate (%) 6/10/17	2 Weeks Ago Rate (%) 29/09/17	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	14.91	15.93	(101)
7-Year	15.03	16.01	(98)
10-Year	15.21	15.82	(61)
20-Year	15.19	15.81	(62)

COMMODITIES MARKET

Indicators	6/10/17	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	59.92	0.00	64.80
Natural Gas ($/MMBtu)	2.91	(3.00)	23.83
Agriculture			
Cocoa ($/MT)	2,088.00	3.98	(35.24)
Coffee ($/lb.)	127.55	(0.62)	3.07
Cotton ($/lb.)	68.28	(0.90)	7.17
Sugar ($/lb.)	14.28	3.10	(6.11)
Wheat ($/bu.)	441.00	(3.02)	(6.27)
Metals			
Gold ($/t oz.)	1,269.79	(1.33)	19.60
Silver ($/t oz.)	16.63	(1.01)	19.90
Copper ($/lb.)	305.10	2.71	42.94

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 6/10/17	Friday (%) 29/09/17	Change (Basis Point)
1 Mnth	18.96	17.19	177
3 Mnths	16.60	18.94	(234)
6 Mnths	17.93	19.32	(140)
9 Mnths	18.31	19.79	(148)
12 Mnths	18.30	19.46	(116)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Tenor	Friday (%) 6/10/17	Friday (%) 29/09/17	Change (Basis Point)
Index	2,446.44	2,399.59	1.95
Mkt Cap Gross (N'tr)	7.47	7.02	6.35
Mkt Cap Net (N'tr)	4.85	4.47	8.60
YTD return (%)	-0.33	-2.23	1.90
YTD return (%)(US $)	-55.48	7.46	1.98

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	11,769.54	13.25	04-Oct-2017
182 Day	12,229.64	15.499	04-Oct-2017
364 Day	106,370.50	15.7253	04-Oct-2017

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

Market Analysis and Outlook: October 06 - October 13, 2017

Global Economy

In the United States of America, trade deficit shrank to $42.4 billion in August 2017 from a revised $43.6 billion in July 2017, the lowest deficit recorded in 11 months according to the Bureau of Economic Analysis. Exports increased by $0.8 billion or 0.4%, to $195.3 billion from $194.5 billion in the previous month indicating the highest increase in exports since December 2014. Imports narrowed by $0.4 billion or 0.1%, to $237.7 billion from $238.1 billion in the previous month. The trade deficit reduced with the European Union and Canada but increased with China, Mexico and Japan. Elsewhere in Brazil, trade surplus for the month of September increased to $5.2 billion from $3.8 billion in September 2016. Exports rose 18.1% to $18.67 billion from $15.80 billion the previous year. Imports went up 12.5% to $13.49 billion from $11.99 billion a year earlier. Year to date through September, the country has recorded $53.283 billion surplus, an all-time high according to the Ministry of Industry, Foreign Trade and Services. In a separate development, the Reserve Bank of India (RBI) left its benchmark interest unchanged at 6%, this was after a 25 basis point cut (bps) cut in August. The decision was in line with policymakers aim to reach the medium-term target for inflation of 4 percent +/-2 percent, while supporting growth. The RBI slashed it forecast for real economic growth for the current financial year to rise by 6.7% contrary to its 7.3% growth forecast in August 2017. It also said it expected inflation to rise from its current level to 4.2-4.6% in the second half of this year.

Local Economy

The Federation Accounts Allocation Committee (FAAC) shared the sum of N467.85 billion among Federal, States and Local Governments in August 2017 from the revenue generated in July 2017. The amount distributed was from the statutory account and value added tax (VAT) only comprising of N387.32 billion and N80.53 billion respectively. A breakdown of the sum of N426.88 billion disbursed among the three tiers, revealed that the Federal Government received N193.05 billion, states received N130.69billion and the local governments received N98.01 billion. The oil producing states received N31.59 billion as the 13% derivation fund. Revenue generating agencies such Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N3.63bn, N6.76bn and N2.12bn respectively as cost of revenue collections and N2bn for refund of FIRS. In a separate development, the central bank of Nigeria in a recent circular reported that the federal government of Nigeria mandated the use of electronic means for all its revenue inflows into the treasury single account (TSA). This was done as part of its efforts to boost revenue collections. In order to properly classify receipts and ease reconciliation, the office of the accountant general of the federation (OAGF) has now introduced a Government Integrated Financial Management Information System(GIFMIS)Reference Number (RRN) for all revenue collected on behalf of Ministries, Departments, and Agencies (MDAs) for federal government through the Remita platform into the TSA. The GIFMIS RRN shall be provided by the respective MDAs to the revenue payer to enable them remit the fund. With effect from October 1 2017, all Deposit Money Banks (DMBs) are to ensure mandatory use of the GIFMIS Revenue Reference numbers at the point of Revenue collection into the TSA.

Stock Market

Performance indicators at the nation's stock market ascended last week. The Nigerian Stock Exchange All Share Index (NSE ASI) inched up by 2.5% week-on-week to 36,320.93 points. Similarly market capitalization increased by 2.3% to end the week at N12.5 trillion from N12.2trillion. The positive performance on the stock market came on the back of gains in the industrial goods, consumer goods, agricultural and oil & gas sector.

This week we expect the stock market to continue to trade around the same levels due to portfolio repositioning as investors take position ahead of yet-to-be released Q3 financial scorecard of quoted firms.

Money Market

The direction of money market rates was mixed for the fifth consecutive week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates rose to 25.83% and 26% from 13.67% and 14.256% respectively the previous week. On the other hand, Call and 90-day Nigeria Interbank Offered Rate (NIBOR) declined to 8.21% and 20.35% from 13.46% and 20.90% respectively the previous week. Rates behaviour stemmed from total net outflow of N138 billion comprising outflow of N421 billion from Open Market Operations (OMO) auctions, Retail Secondary Market Intervention Sales (SMIS) and inflow of about N283 billion from OMO maturities. This week, rates are likely to decline due to an expected inflow of N61.6 billion from OMO maturities.

Foreign Exchange Market

The local unit weakened against the dollar last week at the interbank segment for the second consecutive week, closing the trading week at N329.50/$, a 0.15% decline from the previous week's rate of N329/$. While at the Central Bank of Nigeria's (CBN) official window and at the parallel market the naira gained ground over the green back. The naira appreciated by 10 kobo and by N2 to settle at N305.65 and N363 respectively. The strengthening of the naira is due to increased FX inflows as can be seen in the high subscription rate of treasury bills and bonds by international investors locking in high yields. This week, naira will likely trade around prevailing levels, driven by positive investor sentiments as a result of the improving macroeconomic factors in the country i.e. positive Gross Domestic Product (GDP) and declining inflation.

Bond Market

This is the fourth consecutive week that the bond yields will fall across most maturities. This was driven by high demand for bonds and also a reduction in the offer of bond. The Debt management Office (DMO) released the calendar for the last quarter of the year in which it stated there will be no more issuance of the 20 year bond. Yields on the five-, ten- and twenty-year debt papers settled at 14.91%, 15.21% and 15.19% from 15.93%, 15.82% and 15.81% for the corresponding maturities the previous week. The Access Bank Bond index rose by 21.05 points to close at 2,399.59 points from 2,378.54 points the previous week. This week we expect this trend to continue as the bullish sentiment reigns.

Commodities Market

Oil prices remained steady last week due to positive sentiment from the proposed extension of oil production cut by OPEC/non- OPEC countries. Bonny light remained unchanged at $59.92 from its price the previous week. Precious metals prices retreated last week on prospects of higher interest rate, rising dollar and a strong American economy. Gold declined by 1.3% or $17.07 to close at $1,269.79 per ounce. Similarly, silver fell by 1% or 17 cents to settle at $16.63. This week we see, oil prices pushing up due to the agreement from Saudi Arabia and Russia to extend oil production cut. While for precious metals, we expect prices to trade around the same levels due to negative investors' sentiment caused by a stronger US economy.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'17	Nov'17	Dec'17
Exchange Rate (Interbank) (N/$)	328.50	328.32	327.90
Inflation Rate (%)	15.9	15.8	15.7
Crude Oil Price (US$/Barrel)	59	57	57

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