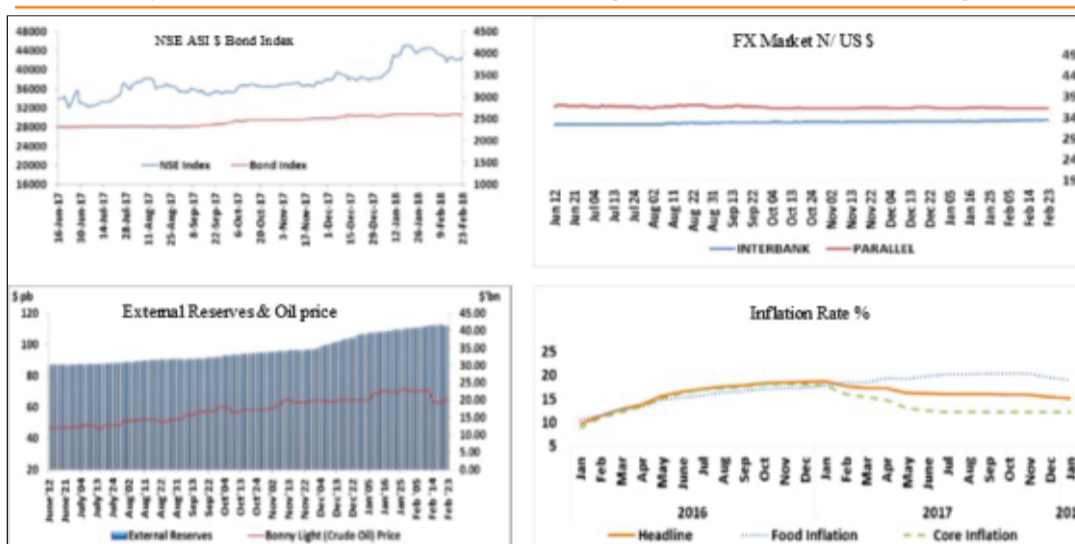


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.40	Q3 2017 — higher by 0.68% compared to 0.72% in Q2 2017
Broad Money Supply (M2) (N' trillion)	24.00	Increased by 7.04% in Dec' 2017 from N22.31 trillion in Nov 2017
Credit to Private Sector (N' trillion)	22.29	Increased by 1.50% in Dec' 2017 from N21.96 trillion in Nov 2017
Currency in Circulation (N' trillion)	2.15	Increased by 13.15% in Dec' 2017 from N1.90 trillion in Nov 2017
Inflation rate (%) (y-o-y)	15.13	Declined to 15.13% in Jan'2018 from 15.37% in Dec'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)	41.42	February 21, 2018 figure — an increase of 1.62% from Feb start
Oil Price (US\$/Barrel)	65.71	February 23, 2018 figure - an increase of 4.35% in one week
Oil Production mbpd (OPEC)	1.82	Jan' 2018 figure — a decrease of 0.55% from Dec'2017 figure



## STOCK MARKET

Indicators	Friday 23/02/18	Friday 16/02/18	Change(%)
NSE ASI	42,570.89	42,638.83	(0.16)
Market Cap(N'tr)	15.28	15.30	(0.16)
Volume (bn)	0.31	0.82	(62.20)
Value (N'bn)	6.40	8.06	(20.60)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	23/02/18	16/02/18	
OBB	11.50	18.17	(667.0)
O/N	12.42	19.50	(708)
CALL	9.71	8.10	160.8
30 Days	14.87	14.71	16
90 Days	15.92	15.05	86.4

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	23/02/18	16/02/18	23/01/18
Official (N)	305.95	305.95	305.65
Inter-Bank (N)	334.81	334.71	332.37
BDC (N)	360.87	360.50	360.00
Parallel (N)	362.00	363.00	365.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	23/02/18	16/02/18	
3-Year	0.00	0.00	0.0
5-Year	13.87	13.77	9.3
7-Year	13.89	14.00	(10.3)
10-Year	13.73	13.70	3.1
20-Year	13.55	13.45	9.9

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## Market Analysis and Outlook: February 23 - March 2, 2018

### Global Economy

In the US, the Federal Reserve left its target range for the federal funds the same rate at 1.25-1.5% following the release of the minutes of its last meeting held on the 31st January 2018. Gains in employment, household spending, and business fixed investment have been solid and near-term risks to the economic outlook appear roughly balanced lending weight to policy makers decision to keep the target rate unchanged. The policy makers however hinted at further rates hike in the coming months on the basis of improving economic fundamentals. In a separate development, the Office of National Statistics (ONS) reported that the UK economy expanded at a slower pace by 1.4% year-on-year in Q4 2017 compared to an upwardly revised 1.8% growth in the prior period. Household consumption and government spending rose at a slower pace while fixed investment and business investment surged. Net trade was also a positive contributor as exports rose at a much faster pace than imports. Gross Domestic Product (GDP) for full year 2017 was reported at 1.7% lower than its 2016 growth rate of 1.9%, its weakest growth rate since 2012. Elsewhere in Japan, the inflation rate rose by 1.4% year-on-year in January 2018, an increase of 0.4% compared to the previous month. According to the Statistics Bureau of Japan, it is the highest inflation rate since March 2015. This was mainly driven by the jump in cost of food, followed by increases seen in clothes and foot wear. Month-on-month, consumer prices went up by 0.4%.

### Local Economy

The Federation Accounts Allocation Committee (FAAC) disbursed the sum of N655.18 billion among Federal, States and Local Governments in January 2018 from the revenue generated in December 2017. The amount distributed was from the statutory account and value added tax (VAT) comprising of N538.51 billion and N83.96 billion respectively. Also N14.713bn and N16.055bn were distributed as FOREX Equalisation while excess bank charges of N1.938bn recovered was also distributed. A breakdown of the sum of N655.18 billion disbursed among the three tiers, revealed that the Federal Government received N278.73 billion, states received N175.55 billion and the local governments received N132.48 billion. The oil producing states received N51.74 billion as the 13% derivation fund. Revenue generating agencies such as Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N4.12 billion, N7.44 billion and N3.10 billion respectively as cost of revenue collections. In a separate development, the Central Bank of Nigeria (CBN) has directed banks and other financial institutions to settle customers' complaints on issues of overcharge, unauthorised deductions and other matters within two weeks. CBN, Head of Complaints Management Division, revealed this in an interview with the News Agency of Nigeria. According to him the CBN has since issued a circular on its website showing all legitimate bank charges. He also advised irate bank customers to visit any branch of the CBN closest to them to lay their complaints.

### Stock Market

Trading at the local bourse was volatile for the third consecutive week due to the Central bank's directive on non-payment of dividends for banks with high Non-performing loans (NPLs) and low Capital Adequacy Ratio (CAR). Market indicators closed in the red on stocks in the banking and industrial goods sectors. The All Share Index (ASI) extended its losses by 0.2% or 67.94 points to close at 42,570.89 points from 42,638.83 points the previous week. Similarly, market

capitalization fell by 0.2% to close at N15.28 trillion from N15.30 trillion the previous week. This week, we expect the CBN's directive on non-payment of dividends by banks with high NPLs and low CAR.

### Money Market

Market rates moderated for the second consecutive week due to an inflow of N56 billion from Open Market Operations (OMO) maturity as well as a lack of activity by the Central Bank of Nigeria (CBN) to mop up excess liquidity. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 11.50% and 12.42% from 18.17% and 19.5% respectively the previous week. However, longer dated placements edged up. The 30-day and 90-day NIBOR closed higher at 14.87% and 15.92% from 14.71% and 15.05% the prior week. This week, liquidity is expected to tighten as a result of expected Retail Secondary Market Intervention Sales (SMIS).

### Foreign Exchange Market

Last week, the naira exchange rate to the dollar appreciated marginally at the parallel market by N1 to N362/\$ from N363/\$ the previous week. In contrast, at the interbank window the naira depreciated slightly by 0.03% to close at N334.81/\$ from N334.71/\$ the previous week. The local currency however remained stable at the official market at N305.95/\$. The relative stability of the local currency continues to be supported by the Central Bank's intervention. This week, the naira is expected to remain around current levels due to the apex bank's continuous market intervention.

### Bond Market

Average bond yields accelerated in the week ended February 23, 2018 due to sell-offs on most tenors which may be attributed to positioning for the new 10-year bond by investors. Yields on the five-, ten- and twenty-year debt papers settled higher at 13.87%, 13.73% and 13.55% from 13.77%, 13.70% and 13.45% respectively the previous week. The Access Bank Bond index fell marginally by 2.29 points to close at 2,600.25 points from 2,602.54 points the previous week. This week, yields may further trend upwards due to a quiet week.

### Commodities Market

Oil prices rebounded last week due to a surprise U.S. crude oil inventory draw. The Energy Information Administration (EIA) reported that inventories fell by 1.6 million barrels. Bonny light, Nigeria's benchmark crude rose by 4.4% to \$65.71 per barrel from \$62.97 per barrel the previous week. Precious metals prices retreated as yields kicked up and the dollar strengthened after the Federal Reserve's minutes at their January meeting heightened expectations for a quickened pace of rate increases. Gold price declined by 1.9% to \$1,329.46 an ounce from \$1,355.84 an ounce the previous week. Silver followed, falling by 1.5% to \$16.57 from \$16.82 an ounce the previous week. Oil prices may be pressured by the increasingly rising U.S. shale production which offsets OPEC cuts. For precious metals, higher inflation can be supportive as safe haven assets are often viewed as a hedge against rising prices.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Feb'18	Mar'18	Apr'18
Exchange Rate (Official) (N/\$)	331.33	331.12	332.93
Inflation Rate (%)	15.10	15.05	15.00
Crude Oil Price (US\$/Barrel)	67	68	69