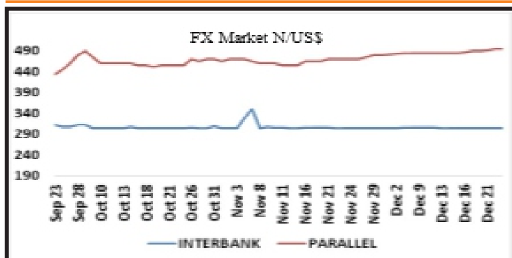
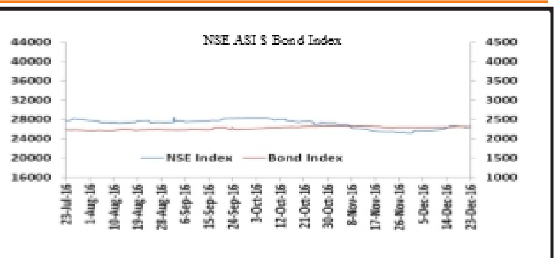
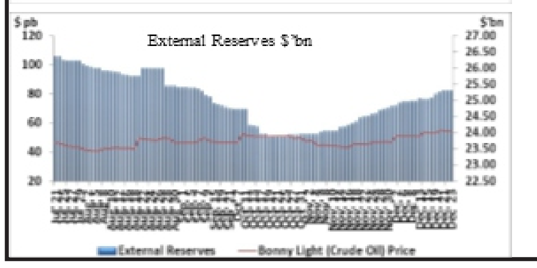
Access Bank Rateswatch

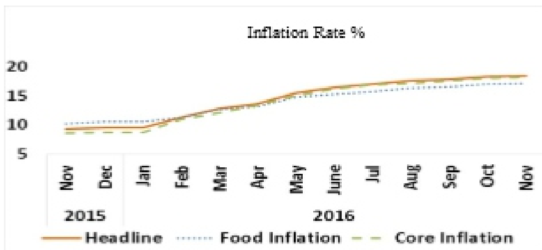
KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-2.24	Q3 2016 — a decline of 0.18% from -2.06 in Q2 2016
Broad Money Supply (M2) (N' trillion)	22.27	Increased by 0.7% in Oct'2016 from N22.12 trillion in Sep'2016
Credit to Private Sector (N' trillion)	23.07	Increased by 1.9% in Oct'2016 from N22.65 trillion in Sep'2016
Currency in Circulation (N' trillion)	1.83	Increased by 1.8% in Oct'2016 from N1.79 trillion in Sep'2016
Inflation rate (%) (y-o-y)	18.48	Edged up to 18.48% in Nov'2016, from 18.33% in Oct'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)	25.31	Dec 21, 2016 figure — an increase of 1.97% from December -start
Oil Price (US$/Barrel)	54.31	Dec 23, 2016 figure — an increase of 2.18% in 1 week.
Oil Production mbpd (OPEC)	1.69	Nov'2016 figure — an increase of 3.9% from Oct'2016 figure









STOCK MARKET

Indicators	Friday 23/12/16	Friday 16/12/16	Change(%)
NSE ASI	26486.02	26707.10	(0.83)
Market Cap(N'tr)	9.11	9.19	(0.83)
Volume (bn)	0.14	0.87	(84.09)
Value (N'bn)	1.43	4.39	(67.33)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 23/12/16	Friday Rate (%) 16/12/16	Change (Basis Point)
Call	4.5417	4.2583	28
7 Days	0.0000	0.0000	0
30 Days	17.0866	15.6053	148
60 Days	0.0000	0.0000	0
90 Days	19.0031	18.1590	84

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 23/12/16	Friday (N/$) 16/12/16	1 Month Rate (N/$) 23/11/16
Official (N)	305.25	305.00	305.00
Inter-Bank (N)	305.25	305.00	305.00
BDC (N)	0.00	0.00	0.00
Parallel (N)	495.00	487.00	470.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 23/12/16	Friday (%) 16/12/16	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	15.99	15.86	12
7-Year	15.74	15.73	0
10-Year	13.78	13.74	4
20-Year	15.93	15.90	2

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

COMMODITIES MARKET

Indicators	23/12/16	1-week Change (%)	YTD (%)
Energy			
Crude Oil $/bbl)	54.31	2.18	71.27
Natural Gas ($/MMBtu)	3.55	5.34	51.06
Agriculture			
Cocoa ($/MT)	2190.00	(2.23)	(32.07)
Coffee ($/lb.)	139.00	(1.49)	12.32
Cotton ($/lb.)	70.29	(1.55)	10.33
Sugar ($/lb.)	18.25	0.44	19.99
Wheat ($/bu.)	396.75	(2.82)	(15.67)
Metals			
Gold ($/t oz.)	1131.91	(0.18)	6.61
Silver ($/t oz.)	15.78	(1.80)	13.77
Copper ($/lb.)	249.30	(2.69)	16.80

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 23/12/16	Friday (%) 16/12/16	Change (Basis Point)
1 Mnth	16.67	11.22	546
2 Mnths	18.66	16.70	196
3 Mnths	18.92	16.74	218
6 Mnths	19.83	19.22	61
9 Mnths	21.42	21.31	10
12 Mnths	21.53	22.89	(135)

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 23/12/16	Friday (%) 16/12/16	Change (Basis Point)
Index	2318.65	2318.29	0.02
Mkt Cap Gross (N'tr)	6.17	6.17	0.02
Mkt Cap Net (N'tr)	3.94	3.95	(0.28)
YTD return (%)	-5.53	-5.55	0.02
YTD return (%)(US $)	-60.48	-60.37	(0.11)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	13,176.98	14	21-Dec-2016
182 Day	26,557.73	17.5	21-Dec-2016

Market Analysis and Outlook: Dec 23 – Dec 30, 2016

Global Economy

In the US, gross domestic product expanded at an annual rate of 3.5% in the third quarter according to the Department of Commerce's third estimate. The reading was upwardly revised from the previous 3.2% estimate, marking the strongest quarterly pace of growth in two years and sharply up from 1.4% recorded in the second quarter. Consumer spending – which makes up more than two-thirds of economic activity – rose at an annual rate of 3%, up from the previous estimate of 2.8%, while business investment was up 1.4% compared to the prior estimate of a 0.1% increase. Elsewhere, in the Eurozone trade surplus decreased to €20 billion in October 2016 compared to a €23.2 billion in October of the previous year. Exports decreased 5% and imports dropped 3%. Considering the first ten months of the year, the trade surplus increased to €223.8 billion, compared with €191.4 billion in the same period of 2015.According to the European Union Statistics agency (Eurostat), exports of goods to the rest of the world decreased 5% year-on-year to €172.5 billion and imports declined 3% to €152.4 billion. The European Union recorded a €2.7 billion surplus in trade in goods with the rest of the world, compared with €2.9 billion in October 2015. Export and imports went down 5% to€146.5 billion and€143.8 billion, respectively. Among trading partners, the biggest decreases in shipments were reported for South Korea (-9%) and Switzerland (-7%); while the decline in imports mainly reflected the strong fall in purchases from Norway (-19%) and Russia (-18%). In a separate development in Asia, the Bank of Japan left the interest rate unchanged at -0.1% at its December 2016 meeting. Policymakers also decided to maintain its 10-years government bond yield target around 0%. The Policy Board also decided by a 7-2 vote to purchase exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) so that their amounts outstanding will increase at an annual pace of about JPY 6.0 trillion and about JPY 90 billion, respectively. As for commercial paper (CP) and corporate bonds, the Bank will maintain their amounts outstanding at about 2.2 trillion yen and about 3.2 trillion yen respectively.

Local Economy

In the third quarter of 2016, the number of unemployed in the labour force, increased by 554,311 persons, resulting in an increase in the national unemployment rate to 13.9% from 13.3% in Q2. The economically active population or working age population (persons within ages 15 and 64) increased to 108.03million from 106.69 million in Q2 2016, this represents a 1.26% increase over the previous quarter and a 3.57% increase when compared to Q3 2015. In Q3 2016, the labour force population (i.e. those within the working age population willing, able and actively looking for work) increased to 80.67 million from 79.9 million in Q2 2016, representing an increase of 0.98% in the labour force during the quarter. The unemployment rate was highest for those within the ages of 15-24 (25.0% in Q3 2016). Unemployment and underemployment was higher for women than men in Q3 2016. In a separate development, the level of investment inflow into the country recorded a huge decline of $4.51bn from the $8.08bn in the first nine months of 2015 to $3.57bn in the same period of 2016, according to the capital importation report obtained from the National Bureau of Statistics. A breakdown of the inflow revealed that $710m investment was recorded in the first quarter of this year, while the second and third quarters had $1.04bn and $1.82bn, respectively. These are against the $2.67bn, $2.66bn and $2.74bn recorded in the corresponding periods of the 2015 fiscal year. In another development, the nation's foreign exchange reserves rose on December 21st to over three-month high of $25bn, according to data on the Central Bank of Nigeria's website. The last time the reserves recorded this figure was on September 8 when it had the balance of $25.16bn.

Stock Market

The Nigerian equities market closed on a negative note as the main market indicators trended downwards. The Nigerian Stock Exchange All Share Index (NSE ASI) fell by 221.08 points to close at 26,486.02 from 26,707.10 points the previous week, also market capitalization fell by 0.83% to close at N9.11 trillion from N9.18 trillion the week before. This negative turnaround in performance may be attributed to investors selling their stocks prior to the closure of the market for the year. This week, we envisage that prices might be subdued as a result of the holiday and the closure of the market for the year.

Money Market

Cost of borrowing at the money market rose across all placement tenors as liquidity was slightly drained out of the system. Lower systemic liquidity levels were largely driven by combined outflows of N139 billion for OMO sales and special forex sales which exceeded inflows of N94 billion from T-bills maturing. The Open Buy Back (OBB) rate edged up to 19.17% from 3.42% the prior week while overnight placement climbed up to 20.67% from 4.17%. 30-day NIBOR ascended, closing at 17.09% from 15.61% the previous week. This week, interbank lending rates may likely remain elevated as the Central Bank continues to mop up systemic liquidity in a bid to support the currency.

Foreign Exchange Market

The Naira rose to N305.25/1$ a depreciation of 0.08% at the interbank FX market, from the rate quoted the previous week. In the same light, at the parallel market segment, the value of the Naira depreciated further to trade at N495/$1, down 1.64% from a rate of N487/$1 the prior week. The persistent slide of the nation's currency at the parallel market window may be attributed to the increase in demand and acute shortage of the greenback at the retail end of the FX market. We envisage that naira might depreciate further due to the persistent dollar shortage in the market.

Bond Market

Bond yields on the average rose as prices rose across most maturities last week. The decline in bond prices was due to low demand fuelled by the taut liquidity in the banking system. Yields on the ten and twenty-year debt papers rose to 13.78% and 15.93% at the close of trades last week, from 13.74% and 15.90% for the corresponding maturities the prior week. The Access Bank Bond index fell by 103.02% points to close at 2,218.65 points from 2,321.67 points the previous week. This week, we envisage low activities at the bond market due to the festive season, therefore, yield may remain around this current levels.

Commodities Market

Crude oil prices settled higher last week, supported by strong US economic data and optimism that crude producers would abide by an agreement to limit output. Bonny light, Nigeria's reference crude, rose 1.16 cents, or 2.2%, to $54.31 per barrel. In contrast, precious metals prices declined due to bearish sentiment following US Fed rate hike. Gold ended down 2.06 cents, or 0.2%, at $1,131.91 per ounce, while silver slipped 1.8% to $15.78 an ounce. This week, oil prices are likely to retreat slightly, weighed down by expectations that Libya will boost production over the next few months. For precious metals, prices are likely to remain pressured due to subdued safe-haven demand.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jan'17	Feb'17	Mar'17
Exchange Rate (Official) (N/$)	305	310	310
Inflation Rate (%)	17.9	17.8	17.8
Crude Oil Price (US$/Barrel)	55	56	56

* Revised

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