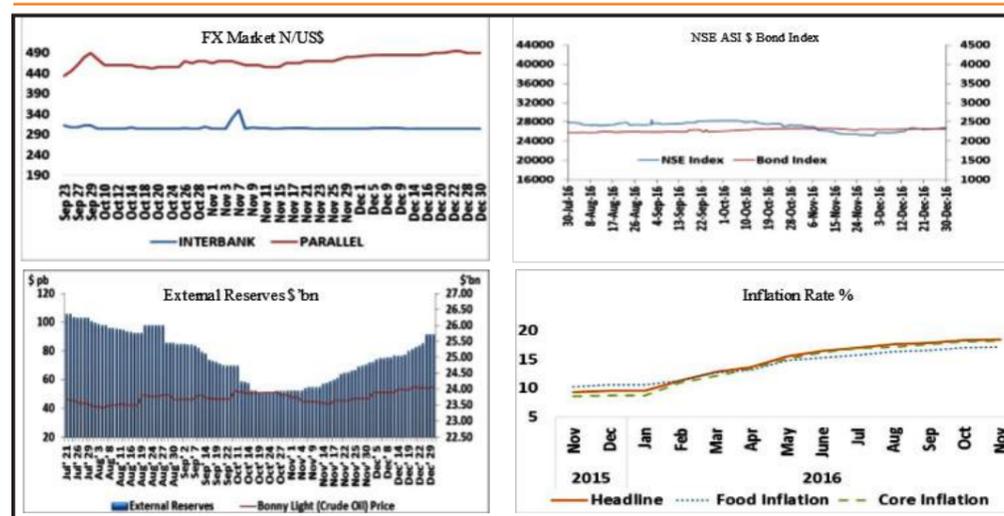


Access Bank Rateswatch

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)	25.72	Dec 28, 2016 figure — an increase of 3.63% from December -start
Oil Price (US\$/Barrel)	55.59	Dec 30, 2016 figure — an increase of 2.36% 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 30/12/16	Friday 23/12/16	Change(%)
NSE ASI	26,875	26,486	388.60
Market Cap(N'tr)	9.25	9.11	1.47
Volume (bn)	0.16	0.14	12.72
Value (N'bn)	1.60	1.43	11.59

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	30/12/16	23/12/16	
Call	11.3333	4.5417	679
7 Days	0.0000	0.0000	0
30 Days	17.8455	17.0866	76
60 Days	0.0000	0.0000	0
90 Days	19.3360	19.0031	33

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	30/12/16	23/12/16	30/11/16
Official (N)	305.00	305.25	305.00
Inter-Bank (N)	305.00	305.25	305.00
BDC (N)	0.00	0.00	0.00
Parallel (N)	490.00	495.00	480.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	30/12/16	23/12/16	
3-Year	0.00	0.00	0
5-Year	15.94	15.99	(5)
7-Year	15.84	15.74	10
10-Year	13.77	13.78	(1)
20-Year	15.86	15.93	(7)

Disclaimer

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

Market Analysis and Outlook: Dec 30, 2016 – Jan 6, 2017

Global Economy

In the US, the number of Americans filing for unemployment benefits decreased by 10,000 to 265,000 in the week ended December 24th from the previous week's level of 275,000. According to the Department of Labour (DOL), the 4-week moving average was 263,000, a decrease of 750 from the previous week's unrevised average of 263,750. The advance seasonally adjusted unemployment rate was 1.5% as at December 17. Elsewhere, in Brazil, the jobless rate rose to 11.9% between September and November of 2016 from 11.8% in the previous period. Compared with the June-August period, the number of unemployed persons rose by 0.9% or by 108,000 to 12.13 million while employment edged up at a slower 0.1% or by 73,000 to 90.21 million. Employment fell the most in agriculture followed by construction; domestic services and public administration, defence and social security. In contrast, other services, accommodation and food and internal trade recorded the biggest payroll gains. A year earlier, unemployment was lower at 9%. In a separate development in Asia, the jobless rate in Japan rose to 3.1% in November of 2016, from 3% in the previous month. According to the statistics office of Japan, the jobs-to-applicants ratio increased to 1.41% from 1.40%. Compared to the previous month, there were 2.05 million unemployed persons, higher than 1.97 in October; employment declined by 110,000 to 64.44 million and labour force also fell by 3,000 to 66.51 million. A year earlier, unemployment was higher at 3.3%.

Money Market

Cost of borrowing at the money market eased across all placement tenors last week. The overnight and Open BuyBack rates fell to 9.8% and 8.83% respectively from 20.67% and 19.17% in that order driven largely by inflows of N136.17bn from T-bills maturing which outweighed outflows of N70.76bn from Open market operation (OMO) sales. In contrast, the 30-day tenor rate inched up to 17.85% from 17.09%, and the 90-day tenor rate closed at 19.34% from 19.00%. Interbank rates movements in 2016 were a reflection of the volatility in systemic liquidity. Rates across tenors ranged between 1% and 153.5%. This week, we expect rates to continue on a downward trend on anticipation of improved liquidity from expected inflows of maturing T-bills.

Foreign Exchange Market

The Naira rose to N305/\$, an appreciation of 0.08% from the previous week at the interbank FX market. In the same light, at the parallel market segment, the value of the Naira appreciated slightly to trade at N490/\$, up 1.01% from a rate of N495/\$ the previous week. The slight gain may be attributed to inflow of the greenback during the holidays. As at year start, the Naira traded at N197/\$ compared to the closing figure today. The Naira recorded a total depreciation of 54.82% in 2016 at the interbank market. The huge drop in the Naira stemmed from the liberalization of the FX market in June.

Bond Market

Last week, bond yields descended across most maturities, on the back of renewed interest from local institutional investors. Yields on the five-, ten- and twenty-year debt papers were at 15.94%, 13.77% and 15.86% at the close of last week, from 15.99%, 13.78% and 15.93% for the corresponding maturities the prior week. The Access Bank Bond Index rose by 13.46 points to close at 2,332.11 points from 2,318.65 points the previous week. Trends in yields in the fixed income space in 2016 largely reflected the hikes in the monetary policy rate of the Central Bank of Nigeria. This week, we anticipate a slight uptick in yields owing to a lull in demand due to the holiday-shortened week.

Commodities Market

Crude prices continued to climb last week in anticipation of tighter crude supply in 2017. OPEC and other producers led by Russia will begin to implement cutbacks of almost 1.8 million barrels per day in oil production from January 2017. Bonny light, Nigeria's benchmark crude, gained 2.4% to close at \$55.59 per barrel from the previous week. In a similar vein, precious metals prices rose amid signs that strengthening US economy will bring inflation in the New Year. Investors tend to buy gold on signs of quickening inflation, believing the metal will hold its value better than other assets when consumer prices rise. Gold edged 2.5% higher to \$1,159.85 an ounce, while silver rose by 2.9% to \$16.23 an ounce. This week we see oil prices firming up further as the production cuts come into force. For precious metals, we see prices continuing their ascent supported by a gradual pick-up in demand ahead.

Domestic Economy

The nation's foreign exchange (forex) reserves recorded an increase of \$1.02 billion after a four-week persistent and gradual gain despite pressure at both the interbank and parallel markets. This growth brings the stock of the reserves to \$25.72 billion, up from \$24.69 billion in the corresponding period of last month, an increase of 4.15%. Forex reserves are money or other assets held by a central bank or other monetary authority, which can be used to pay for a country's liabilities. In another development, Federation Accounts Allocation Committee (FAAC) shared the sum of N384.68 billion among Federal, States and Local Governments as revenue for November 2016. According to figures released by the National Bureau of Statistics, the gross statutory revenue of N238.715 billion received for the month was lower than the N279.74 billion received in October by N41.03 billion. A breakdown of the revenue among the three tiers, shows that the Federal Government received N180.466 billion, representing 46.91%; states N116.657 billion, representing 30.33%, the local governments received N87.56 billion, amounting to 22.76% while the oil producing states received N31.964 billion as 13% derivation fund.

Stock Market

The Nigerian equities market closed on a positive note as the main market indicators trended upwards. The Nigerian Stock Exchange All Share Index (NSE ASI) rose by 388.60 points to close at 26,874.62 from 26,486.02 points the previous week, also market capitalization added 1.47%, finishing at N9.24 trillion from N9.11 trillion the week before. This week-on-week positive turnaround in performance may be attributed to gains across most key sectors such as the financial services sector and the consumer goods sector. Market frenzy is expected to resume from the second week of the New Year. This brings to an end a very topsy turvy year for the nation's equity market. For the whole of 2016, market capitalization lost 5.52%. We expect activity at the house to be muted this week as participants celebrate the New Year.

MONTHLY MACRO ECONOMIC FORECASTS

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

* Revised

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123 rotimi.peters@accessbankplc.com