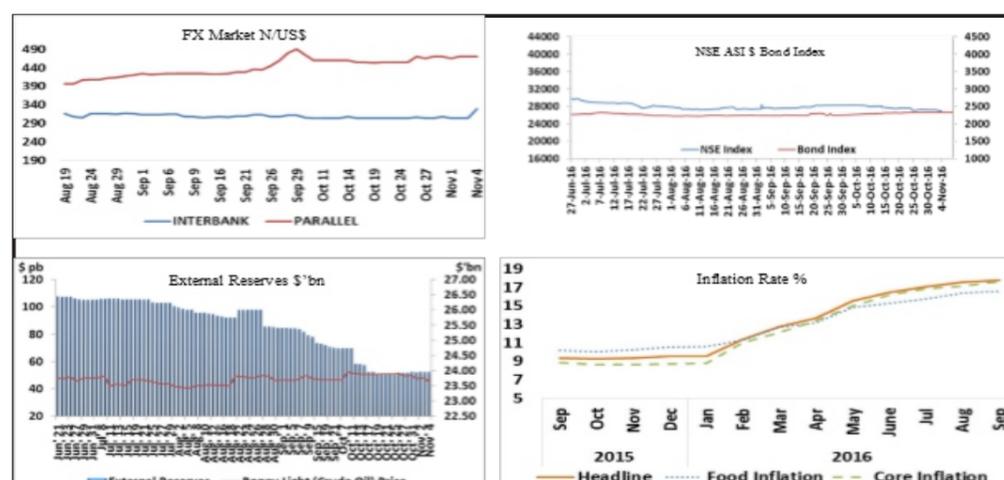


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-2.06	Q2 2016 — a decline of 1.7% from 0.36 in Q1 2016
Broad Money Supply (M2) (N' trillion)	22.13	Increased by 2.2% in Sep'2016 from N21.64 trillion in Aug'2016
Credit to Private Sector (N' trillion)	22.59	Declined by 0.3% in Sep'2016 from N22.66 trillion in Aug'2016
Currency in Circulation (N' trillion)	1.79	Increased by 6.8% in Sep'2016 from N1.68 trillion in Aug'2016
Inflation rate (%) (y-o-y)	17.85	Edged up to 17.85% in Sep'2016, from 17.61% in Aug'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)	24.06	Nov 9, 2016 figure — an increase of 0.4 from month-start
Oil Price (US\$/Barrel)	44.36	Nov 11 2016 figure — a decrease of 1.1% in 1 wk.
Oil Production mbpd (OPEC)	1.52	Sep'2016 figure — an increase of 6.29% from Aug'2016 figure



## STOCK MARKET

Indicators	Friday 11/11/16	Friday 4/11/16	Change(%)
NSE ASI	26170.88	26981.60	(3.00)
Market Cap(N'tr)	9.01	9.29	(3.00)
Volume (bn)	0.86	0.87	(2.09)
Value (N'bn)	7.42	8.02	(7.53)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	11/11/16	4/11/16	
Call	22.4167	12.0167	1040
7 Days	0.0000	0.0000	0
30 Days	17.5789	12.0167	556
60 Days	0.0000	0.0000	0
90 Days	19.4165	19.0573	36

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$) 11/11/16	Friday (N/\$) 4/11/16	1 Month Rate (N/\$) 11/10/16
Official (N)	306.36	328.90	306.36
Inter-Bank (N)	306.36	328.90	306.36
BDC (N)	0.00	0.00	0.00
Parallel (N)	455.00	470.00	455.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%) 11/11/16	Friday (%) 4/11/16	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	15.27	15.14	13
7-Year	14.73	14.60	13
10-Year	13.35	13.22	12
20-Year	15.48	15.36	12

## 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: Nov 11 – Nov 18, 2016

### Global Economy

In the US, the Republican Party candidate Donald Trump won the US presidential election, capturing more than the 270 electoral votes required to win the White House. Furthermore, the Republican Party also won majority seats in the US congress. The potential economic impact of Trump's emergence still remains sketchy at the moment, however it will be important to note some of his proposed policies which include, imposing tariffs on foreign imports, significant reduction in taxes, penalizing US companies that move operations overseas etc. In a separate development, in Asia, China reported a USD49.06 billion trade surplus in October, compared to a USD61.26 billion surplus a year earlier largely driven by the decline in exports. This was contained in the newly released trade report by the Chinese statistical office. In October, exports declined by 7.3% from a year earlier to USD178.18 billion, thus, marking it the lowest in six months. Imports fell by 1.4% to USD129.12 billion, compared to 1.9% fall in September. Hence, representing the lowest value in eight months. Elsewhere, in Brazil, inflation rate moderated downwards to 7.87% year-on-year in October, easing from 8.48% recorded in September. This was significantly driven by the decline in the cost of staple food, transport and housing, latest inflation report by the Brazilian Institute of Statistics showed. A further breakdown of the new inflation data shows that prices rose at a slower pace for food and non-alcoholic beverages (12.41% compared to 13.33% in September, with cost of cereals and food spices posting the biggest gain (54.13%). Inflation also eased for transport (5.31% compared to 6.33%), with fuels slowing sharply (6.98%). In addition, housing prices fell to 4.45% (4.78%: September), with electricity falling at a faster 6.41%.

### Local Economy

The total value of capital imported into Nigeria in the third quarter of 2016 was estimated to be \$1,822.12 million, which represents an increase of 74.84% relative to the second quarter, and a decline of 33.70% relative to the third quarter of 2015. According to the National Bureau of Statistics (NBS) the quarterly increase in the value of capital importation was largely driven by the surge in portfolio investment in bonds and money market instruments; the latter of which comprises short-term funding securities such as treasury bills from CBN. Nigeria imported the largest capital from the United Kingdom, it accounted for \$1,097.59 million, or 60.24% of the total. The bulk of the quarterly increase in the value of capital importation came from portfolio investment in bonds and money market instruments. This follows the Central Bank's decision in July to increase MPR to 14%, in a bid to attract Foreign Portfolio Investment. Portfolio Investment accounted for \$920.32 million, or 50.51% of the total imported capital. In another development, the nation's Manufacturing Purchasing Manager's Index (PMI) stood at 44.1 points in October 2016, compared to 42.5 points in the preceding month, an indication of weakness in the sector. 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. Fourteen of the sixteen sub-sectors surveyed recorded declines in the review month in the following order: electrical equipment; primary metal; fabricated metal products; petroleum & coal products; transportation equipment; computer & electronic products; printing & related support activities; non-metallic mineral products; plastics & rubber products; furniture & related products; paper products; textile, apparel, leather & footwear; cement and chemical & pharmaceutical products. The remaining two subsectors appliances & components and food, beverage & tobacco products, reported positive growth.

### Stock Market

The Nigerian equities market closed on a negative note last week as the main market indicators trended southwards. The All Share Index (ASI) fell by 810.72 points to close at 26,170.88 points from 26,981.60 points the previous week, also market capitalization shed 3.0% to end at N9.01 trillion from N9.29 trillion the week before. The Q3'2016

financial results released so far by listed companies have been received with mixed feelings by market participants, excluding the banking sector, financial results of companies in other sectors such as Hospitality, Pharmaceuticals and Consumer goods have been less impressive. This week, the market may likely remain bearish as investors may exit the market in pursuit of alternative investments with higher returns.

### Money Market

Cost of borrowing at the money market rose across most placement tenors last week. The overnight and Open Buy Back rates climbed up to 23.17% and 22.67% from 13.5% and 13.0% respectively the week before. The 30-day NIBOR edged up to 17.58% from 12.02% the previous week while the 90-day NIBOR ascended to 19.42% from 19.06% the prior week. Liquidity was drained out of the market due to outflows of about N311 billion for OMO sales and debit for foreign exchange forwards contracts which outweighed inflows of about N264 billion from maturing T-bills. This week, interbank lending rates may remain elevated trend upwards as the Central Bank is expected to mop up systemic liquidity in line with the Central Bank commitment to support a stable exchange rate.

### Foreign Exchange Market

The legal tender appreciated by 6.85% at the interbank FX market to a new rate of N306.36/1\$ compared to N328.90/1\$ the previous week. Similarly, at the parallel market segment, the currency depreciated 3.19% to trade at N455/\$1 for the week ended November 11 from a rate of N455/\$1 quoted the prior week. The appreciation witnessed at the interbank FX market was due to the intervention of the CBN while at the parallel market segment, the Naira firmed on the back of the raid on some BDC dealers by security agencies. This week, naira is likely to strengthen following the decision of bureau de change operators to regulate rates and curb speculation on the local currency, while at the interbank market, the renewed interest for Nigerian securities by foreign investor is expected to boost FX inflow into the market.

### Bond Market

Bond yields rose across maturities for the week ended November 11, 2016. The upward movement in yields last week was largely due to low demand for government securities. As investors seem to be demanding higher yields to hold Nigeria debt due to the nation's weak macroeconomic fundamentals. Yields on the five-, seven- and ten-year debt papers rose to 15.27%, 14.73% and 13.35% at the close of trades last week, from 15.14%, 14.60% and 13.22% for the corresponding maturities the prior week. The Access Bank Bond index dropped by 1.59 points to close at 2,326.32 points from 2,327.91 points the previous week. This week, we see yields trending upwards on account of the anticipated taut liquidity levels in the banking system.

### Commodities Market

Crude oil prices retreated slightly last week as the market refocused on a persistent crude oil supply overhang that is not expected to abate unless OPEC and other producers cut their output. Bonny light, Nigeria's benchmark crude fell by 48 cents, or 1.1%, to settle at \$44.36 per barrel. In a similar vein, precious metals prices ticked downwards as investors weighed the election of Donald Trump as U.S. president and how his policies could affect economic growth. Gold shed \$49 to close at \$1,255.34 per ounce, silver also closed lower at \$17.65 per ounce with a loss of 81 cents. This week, we see oil prices rebounding on the back of escalating unrest in Venezuela, which could ultimately affect the country's crude oil output.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Dec'16	Jan'17	Feb'17
Exchange Rate (Official) (N/\$)	330	335	345
Inflation Rate (%)	18.4	18.2	17.8
Crude Oil Price (US\$/Barrel)	46	50	50

\* Revised