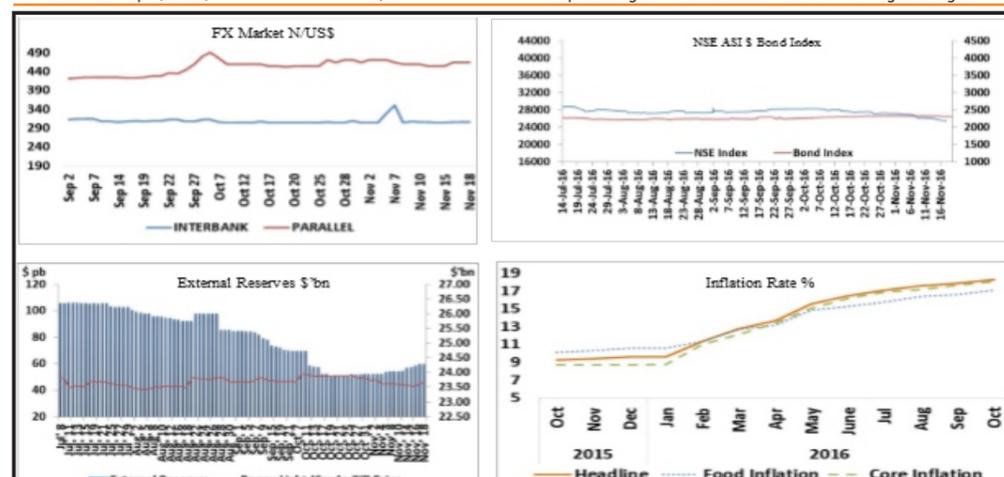


# Access Bank Rateswatch

## 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)	18.33	Edged up to 18.33% in Oct'2016, from 17.85% in Sep'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)	24.29	Nov 17, 2016 figure — an increase of 0.4 from month-start
Oil Price (US\$/Barrel)	45.37	Nov 18 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 18/11/16	Friday 11/11/16	Change(%)
NSE ASI	25537.54	26170.88	(2.42)
Market Cap(N'tr)	8.79	9.01	(2.42)
Volume (bn)	0.82	0.86	(3.83)
Value (N'bn)	5.44	7.42	(26.62)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate 18/11/16	Friday Rate 11/11/16	Change (Basis Point)
Call	12.4167	22.4167	(1000)
7 Days	0.0000	0.0000	0
30 Days	18.2599	17.5789	68
60 Days	0.0000	0.0000	0
90 Days	20.4766	19.4165	106

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$) 18/11/16	Friday (N/\$) 11/11/16	1 Month Rate (N/\$) 18/10/16
Official (N)	305.50	306.36	305.00
Inter-Bank (N)	305.50	306.36	305.00
BDC (N)	0.00	0.00	0.00
Parallel (N)	465.00	455.00	460.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday 18/11/16 (%)	Friday 11/11/16 (%)	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	15.86	15.27	59
7-Year	15.50	14.73	77
10-Year	13.87	13.35	53
20-Year	16.09	15.48	61

## 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 18 – Nov 25, 2016

### Global Economy

In the US, consumer prices rose 1.6% y-o-y in October, up 0.1% from 1.5% y-o-y recorded in September, newly released inflation report by the US Bureau of Labour Statistics showed. This new figure represents the highest inflation rate since October 2014 largely driven by rising shelter and energy cost. A further breakdown of the report shows that food inflation inched up by 0.4%, following a 0.3% rise in September while in contrast, core inflation eased to 2.1%, down 0.1% from 2.2% posted in September. In a separate development, in Asia, the Reserve Bank of India adopted an accommodative posture by cutting its benchmark interest rate by 25bps to 6.25%, and lowering its reverse repo rate to 5.75% while it kept its cash reserve ratio unchanged at 4%. This decision was reached at the Bank of India's Monetary Policy Committee meeting held last week. The committee noted that its decision to adopt an accommodative stance will help to bring inflation rate back to central bank's 4% target in the medium-term while supporting growth. India's consumer prices index rose 5% y-o-y in August, easing from its 6% increase in July. The interest rate is now at its lowest since November 2010. Elsewhere, in South America, the central bank of Brazil lowered its benchmark interest rate by 25bps to 14%, its first rate cut in four years amid a severe contraction and signs of slowing inflation. According to the policy makers, recent indicators suggest economic activity fell below expectations, however, gradual recovery is anticipated. The Brazilian economy shrank by 0.6% in the second quarter of 2016, the sixth straight quarter of contraction. Furthermore, industrial production fell by 3.8% in August, the biggest decline in four years while retail sales fell by 0.5% for the second straight month in August.

### Local Economy

Nigeria's inflation rate for the month of October rose to 18.3%, its highest reading since October 2005, according to figures released by the National Bureau of Statistics. The NBS attributed the rise to "an overall increase in general price level across the economy", thus, October's inflation reading marks the ninth monthly increase in a row. The uptick witnessed in the headline inflation rate was largely driven by higher food prices, uptick in housing and energy related cost. The food sub-index rose to 17.1% y-o-y in October, up 0.4% from 16.6% y-o-y posted in September largely driven by prices of food items such as bread & cereal, fish, meat. The impact of higher housing & water cost, electricity & gas prices, exerted significant pressure on the core sub-index during the period under review. The core index rose to 18.1%, up 0.4% from 17.7% posted in the previous month. In a separate development, the Central Bank of Nigeria (CBN) has commenced the automation of the issuance of Certificate of Capital Importation (CCI) from issuance to repatriation in a renewed effort to align with international best practices and also improve service delivery and efficiency. The CCI is a certificate issued by a Nigerian bank confirming an inflow of foreign capital, either in the form of cash (loan or equity) or goods, and usually issued in the name of the investor within 24 to 48 hours of the inflow of the capital into Nigeria. The primary purpose of the CCI is to guarantee access to the official foreign exchange market for repatriations of capital and returns on investment dividend, interest, and capital on investments. In another development, global rating agency, Moody's Investors Service, stated that the scarcity of the US dollar remained a key challenge to companies operating in Nigeria, consequently, it noted that foreign capital inflows into the country may not likely rebound due to the existence of a huge gap between the official and parallel market foreign exchange rate. This was disclosed in a newly released report on Nigeria by the rating agency. According to Moody's, foreign investment inflows is expected to be constrained until the spread between the unofficial market FX rate and the official FX market rate narrows significantly.

### Stock Market

The Nigerian equities market closed on a negative note for the second consecutive week as the main market indicators trended downwards. The All Share Index (ASI) fell by 633.34 points to close at 25,537.54 points from 26,170.88 points the

previous week, also market capitalization shed 2.24% to end at N8.79 trillion from N9.01 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 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 13.17% and 12.50% from 13.05% and 12.12% respectively the week before. The 30-day NIBOR edged up to 18.26% from 17.58% the previous week while the 90-day NIBOR ascended to 20.48% from 19.42% the prior week. Liquidity was drained out of the market due to outflows of about N378 billion for OMO sales and debit for foreign exchange forwards contracts which outweighed inflows of about N265 billion from maturing T-bills. The trajectory for interbank lending rates will likely be hinged on the decision reached at the CBN Monetary Policy Committee meeting.

### Foreign Exchange Market

The legal tender appreciated slightly by 0.28% at the interbank FX market to a new rate of N305.50/\$ compared to N306.36/\$ the previous week. In contrast, at the parallel market segment, the currency depreciated by 2.20% to trade at N465/\$1 for the week ended November 18 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 unofficial market segment, the impact of the raid on bureau de change operators by security agencies created hoarding in that market segment. This week, we see the local currently remaining close to its current level at the interbank FX market while at the unofficial market, we anticipate that the hoarding of FX may persist on the back of the recent clampdown on BDC operators.

### Bond Market

Bond yields rose across maturities for the week ended November 18, 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. Last week, at the bond auction, the bond issued were largely unsubscribed, this was the first time a long while that such will be witnessed. 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 20.65 points to close at 2,305.67 points from 2,326.32 points the previous week. While decision of the MPC meeting should dictate bond's yield movement, we expect a tighter liquidity position in the market this week.

### Commodities Market

Crude oil prices rose slightly last week fuelled by the renewed hopes that OPEC agree to production cuts. Bonny light, Nigeria's benchmark crude climbed up by \$1 or 2.3%, to settle at \$45.37 per barrel. In a contrast, precious metals prices ticked downwards as investors continue to weigh the likely impact of Donald Trump policies on economic growth. Gold shed \$45 to close at \$1,209.81 per ounce, silver also closed lower at \$16.59 per ounce with a loss of \$1. This week, we see oil prices trend upwards on the back of expectations of an OPEC deal to limit production.

## 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