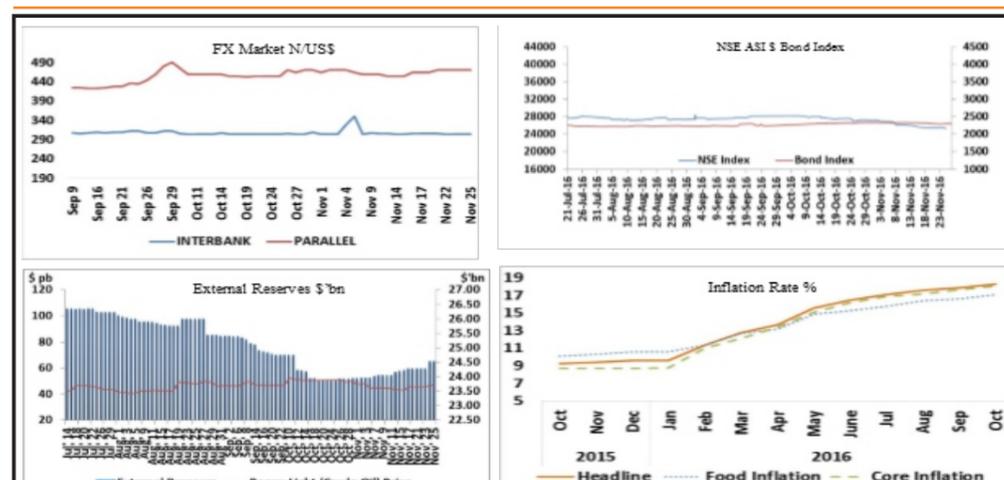


# Access Bank Rateswatch

## 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)	21.65	Declined by 2.4% in Aug'2016 from N22.18 trillion in July'2016
Credit to Private Sector (N' trillion)	22.66	Increased by 1.3% in Aug'2016 from N22.38 trillion in July'2016
Currency in Circulation (N' trillion)	1.68	Increased by 0.9% in Aug'2016 from N1.66 trillion in July'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)	24.53	Nov 23, 2016 figure — an increase of 2.45 from month-start
Oil Price (US\$/Barrel)	46.75	Nov 25 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	Friday	Change(%)
	25/11/16	18/11/16	
NSE ASI	25,333	25,537.54	(0.80)
Market Cap(N'tr)	8.72	8.79	(0.80)
Volume (bn)	0.64	0.82	(22.24)
Value (N'bn)	6.46	5.44	18.57

## MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	25/11/16	18/11/16	
Call	13.4583	12.4167	104
7 Days	0.0000	0.0000	0
30 Days	16.7688	18.2599	(149)
60 Days	0.0000	0.0000	0
90 Days	20.8342	20.4766	36

## FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	25/11/16	18/11/16	25/10/16
Official (N)	305.00	305.50	305.00
Inter-Bank (N)	305.00	305.50	305.00
BDC (N)	0.00	0.00	0.00
Parallel (N)	470.00	465.00	460.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	25/11/16	18/11/16	
3-Year	0.00	0.00	0
5-Year	15.67	15.86	(20)
7-Year	15.31	15.50	(19)
10-Year	13.68	13.87	(20)
20-Year	15.88	16.09	(21)

## 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 25 – Dec 2, 2016

### Global Economy

In Asia, the Chinese economy expanded by 6.7% year-on-year in the third quarter of 2016, unchanged from the growth rate recorded in the previous two quarters supported by an increase in government spending, fixed asset investment and retail sales while industrial output eased, latest GDP report by the Chinese Bureau of Statistics showed. For 2016, the Chinese government is targeting the economy to grow between 6.5% to 7.0%. A year earlier, the economy expanded by 6.9%, the weakest since 1990. Still in Asia, consumer prices rose in Japan for the first time in eight months. According to Statistics Japan, consumer prices inched up to 0.1% y-o-y in October 2016. A further breakdown shows that core inflation which exclude food items went down by 0.4%, thus representing the eighth straight month of annual decline. Year-on-year, food prices went up by 2.3%, following a 0.6% increase in September, the biggest rise since March, boosted by an 11.4% jump in fresh food cost, namely a 16% rise in fresh vegetables and a 10.1% increase in fresh fruit. Elsewhere in Europe, UK unemployment rate declined to 4.8% in the third quarter of 2016, down 0.1% from 4.9% in the second quarter, and 5.3% a year earlier, according to the latest figures from Office for National Statistics. The employment rate was 74.5%, the joint highest since comparable records began in 1971. The inactivity rate was 21.7%, down from 22% in the corresponding period last year. Average weekly earnings for employees in Great Britain in nominal terms (prices not adjusted for inflation), increased by 2.3% including bonuses and by 2.4% excluding bonuses compared with a year earlier.

### Local Economy

Newly released data by the National Bureau of Statistics (NBS) shows that Nigeria's economic output contracted in the third quarter of 2016 by 2.24% y-o-y, a further decline from -2.06% y-o-y in the preceding quarter (Q2'2016) and worse than the 2.84% y-o-y growth recorded in the corresponding quarter of 2015 (Q3'2015). Growth in the oil sector was subdued while the non-oil sector rebounded. The Oil Sector real GDP contracted by -22.1% y-o-y in Q3'2016 (Q2'2016: -17.48% y-o-y and Q3'2015: 1.06% y-o-y), oil production fell to 1.63 mbpd, moderating downwards from production levels in Q2'2016. Oil production was also lower relative to the corresponding quarter in 2015 by 0.54 million barrels per day when output was recorded at 2.17 mbpd. The non-oil sector rebounded in Q3'2016, growing by 0.03% in real terms in the third quarter of 2016, reversing the last two quarters of negative growth recorded in Q1 and Q2'2016 at -0.18% and -0.38% respectively. The non-Oil sector contributed 91.81% to the nation's GDP in Q3'2016, higher from shares recorded in the Q2'2016 (91.74%) and the corresponding quarter of 2015. The recovery in the non-oil sector was driven by stronger performances in sectors such as agriculture (4.54%), financial & insurance sector (2.64%), arts, entertainment and recreation (1.99%) etc. One of the major factors why Nigeria's economic contraction deepened in the third quarter was due to the oil industry. In a separate development, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) met on last week to review developments in the economy as well as consider the path of monetary policy for the first quarter of 2017. At the end of the two-day meeting, the committee voted to leave all its policy instruments unchanged, notably, it retained the MPR at 14%, CRR at 22.5% and the liquidity ratio at 30%.

### Stock Market

The Nigerian equities market extended losses for the fifth consecutive week, driving the All Share Index (ASI) to a seven month low. The NSE ASI fell by 204.15 points to close at 25,333.39 from 25,537.54 points the previous week, also

market capitalization shed 0.80% to end at N8.72 trillion from N8.79 trillion the week before. The decline witnessed last week was fuelled by heavy sell offs across oil and gas, industrial goods and consumer goods sector. This week, we envisage that investors may continue to flee the equities 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 14.0% and 13.25% from 13.17% and 12.50% respectively the week before. The 90-day NIBOR edged up to 20.83% from 20.48% the previous week. Liquidity was drained out of the market due to outflows of about N412 billion for primary market sales and foreign exchange purchase which exceeded inflows of about N309 billion from FAAC and maturing T-bills. The direction of NIBOR rates this week may likely be northwards as the Central Bank is expected to mop up systemic liquidity in line with the apex's bank commitment to support a stable exchange rate.

### Foreign Exchange Market

The legal tender appreciated slightly by 0.16% at the interbank FX market to a new rate of N305.00/1\$ compared to N305.50/1\$ the previous week. In contrast, at the parallel market segment, the currency depreciated by 1.06% to trade at N470/\$1 for the week ended November 25 from a rate of N465/\$1 quoted the prior week on the back of fresh dollar scarcity at the retail end of the market. Series of raid by security agencies on BDC operators have led to recent hoarding of the greenback. The ongoing clampdown on BDC operators by security agents may negatively impact dollar supply thus the currency may likely depreciate further at the unofficial segment.

### Bond Market

In the fixed income section, yields moderated downwards across most maturities last week. The decline in yields was driven by the renewed bond buying by investors following the central bank MPC decision to leave the anchor interest rate elevated at 14%. Yields on the five-, seven- and twenty-year debt papers printed at 15.67%, 15.31% and 15.88% at the close of last week, from 15.86%, 15.50% and 16.09% for the corresponding maturities the previous week. The Access Bank Bond index rose by 17.54 points to close at 2,307.30 points from 2,289.76 points the preceding week. We anticipate that yields may decline further this week owing to increased demand especially at the short end of the yield curve.

### Commodities Market

Crude oil prices rose slightly last week as the organisation of Petroleum Exporting Countries (OPEC) move closer to agreeing an output cut when it meets. Bonny light, Nigeria's reference crude rose by \$1 or 3.0%, to settle at \$46.75 per barrel. In contrast, prices of precious metals prices nose-dived, gold price dropped below \$1,200 per ounce for the first time in eight months to settle at \$1,186.84 last week, buckling under continued pressure from a stronger dollar. Similarly silver also closed lower at \$16.47 per ounce with a loss of 12 cents. 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