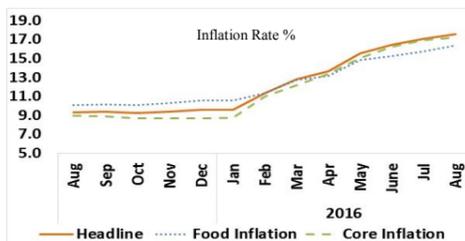
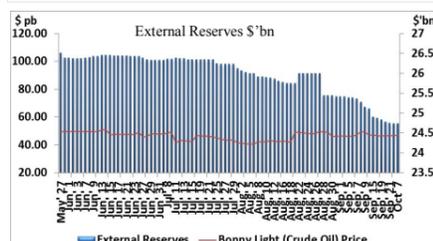
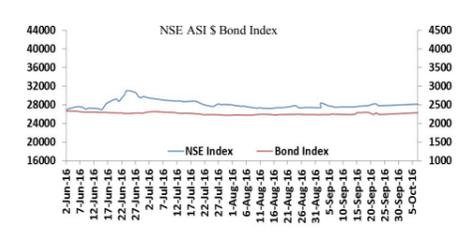
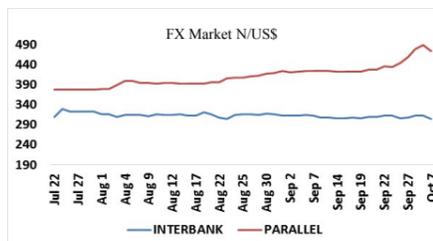


Access Bank Rateswatch

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)	22.18	Increased by 2.3% in July'2016 from N21.68 trillion in June'2016
Credit to Private Sector (N' trillion)	22.38	Increased by 4.4% in July'2016 from N21.42 trillion in June'2016
Currency in Circulation (N' trillion)	1.66	Declined by 1.2% in July'2016 from N1.68 trillion in June'2016
Inflation rate (%) (y-o-y)	17.1	Edged up to 17.1% in July'2016, from 16.5% in June'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)	24.24	Oct 4, 2016 figure — a decline of 2.64% from month-start
Oil Price (US\$/Barrel)	50.89	Oct 7, 2016 figure — an increase of 2.4% in 1 wk.
Oil Production mbpd (OPEC)	1.51	Jul'2016 figure — a decline of 2.65% from Jun'2016 figure



STOCK MARKET

Indicators	Last Week	2 Weeks Ago	Change (%)
	7/10/16	30/9/16	
NSE ASI	27835.22	28,335	(1.77)
Market Cap(N'tr)	9.56	9.73	(1.77)
Volume (bn)	0.93	1.49	(37.15)
Value (N'bn)	14.65	12.59	16.40

MONEY MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	7/10/16	30/9/16	
Call	8.9465	14.8750	(593)
7 Days	0.0000	0.0000	0
30 Days	17.1896	19.7872	(260)
60 Days	0.0000	0.0000	0
90 Days	18.1410	20.5590	(242)

FOREIGN EXCHANGE MARKET

Market	Last Week Rate (N/\$)	2 Weeks Ago Rate (N/\$)	1 Month Ago Rate (N/\$)
	7/10/16	30/9/16	12/7/16
Official (N)	306.7	306.7	282.4
Inter-Bank (N)	306.8	306.8	282.4
BDC (N)	0.0	0.0	0.0
Parallel (N)	473.0	473.0	347.0

BOND MARKET

Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	7/10/16	30/9/16	
3-Year	0.00	0.00	0
5-Year	14.95	15.02	(7)
7-Year	14.55	15.04	(50)
10-Year	13.08	16.43	(336)
20-Year	15.17	15.30	(13)

Disclaimer

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Sources: CBN, Financial Market Dealers Quotation, NSE, NBS, Energy Information Agency, Bloomberg and Access Bank Economic Intelligence Group computation.

Market Analysis and Outlook: Oct 7 – Oct 14, 2016

Global Economy

In the US, the American economy recorded a trade deficit of \$40.73 billion in August, up 3%, from a deficit of \$39.51 billion posted in the previous month as imports surged to a 12 months high and exports reached the highest in 13 months. This was contained in the newly released foreign trade report by the US Census Bureau. Total exports rose by 0.8% to \$187.9 billion, slowing from a 1.9% jump in July. Specifically, the exports of goods went up \$1.2 billion to \$125.3 billion, boosted by industrial supplies and materials automotive while sales of capital goods declined by \$0.7 billion. Exports of services increased \$0.3 billion to \$62.5 billion. On the flip side, total imports rose by 1.2% to \$228.6 billion, recovering from a 0.7% fall in July. Elsewhere, in Asia, the Monetary Policy Committee (MPC) of the Reserve Bank of India adopted an accommodative position by cutting its repurchase rate to 6.25%, down 25bps from 6.5% in a bid to bring inflation rate back to the central bank's target of 5%. The central bank also cut its reverse repo rate to 5.75% while it kept its cash reserve ratio unchanged at 4%. The decision of the MPC is consistent with an accommodative stance of monetary policy in consonance with the objective of achieving consumer price index (CPI) inflation at 5% by Q4'2016 while supporting growth. In a separate development, in Europe, the trade gap in the United Kingdom widened by GBP2.5 billion to GBP4.7 billion in August, latest foreign trade figures by the Office for National Statistics (ONS) showed. A further breakdown shows that imports jumped 5.5% to GBP49.8 billion boosted by electrical machinery and aircraft while exports edged up a meager 0.1% to GBP45.1. Considering strictly goods, the trade deficit was GBP12.1 billion in August, widening by GBP2.6 billion from July.

Local Economy

The International Monetary Fund (IMF) has stated it's willingness to lend money to Nigeria and other countries facing economic crisis at zero interest rate in order to stimulate their economic recovery. This was disclosed by the Managing Director of IMF in United States last week. According to the IMF boss, in a bid to improve the inequality issue around the world, there is need to have a strong international safety net. In this context, the IMF revealed that it recently approved the granting of the zero interest rate on all concessional facilities from 2016 to 2018. Lastly, giving further details about the facility, the IMF boss noted that it was really important for low-income countries to be able to actually absorb the shocks without necessarily going to the international markets or relying on bilateral lending capacity. The new agreements that are being signed this week will run at least through the end of 2019, and will continue to serve as a third line of defense. In another development, the Central Bank of Nigeria (CBN) has approved "Guidelines for Granting Liquid Asset Status to Sukuk Instruments (Islamic instruments) Issued by State Governments", to enhance the diversification of sources of funding for development at the sub-national levels. This move was carried out in view of the need to boost the financial system, economic growth and development, as well as complement the efforts of government at various levels. These guidelines were stipulated in a newly released circular by the apex bank last week. The central bank stated in the document that the Sukuk issuance by any state shall be backed by a law enacted by the relevant State House of Assembly, specifying that a sinking fund to be fully funded from the consolidated revenue fund account of the state be established. In addition, the maximum investment a bank shall make in any Sukuk issuance of a state government or its agencies is limited to 10% of the total amount outstanding of that Sukuk. This is an investment limit per issue and not per issuer. Lastly, the aggregate portfolio of a bank in Sukuk issued by state governments and their agencies shall not exceed 30% of the bank's total portfolio in debt securities.

Stock Market

The Nigerian equities market closed on a bearish note as the main market gauges trended downward. The All Share Index (ASI) shed by 500.18 points to close at 27,835.22 points from 28,335.40 points the previous week while market capitalization also fell by 1.77% to end at N9.56 trillion from N9.73 trillion the prior week. The negative performance witnessed in the market may have been triggered by investors exiting the equities market to take position in fixed income securities on the back of attractive treasury bill yields obtainable. There were significant sell-off in sectors such as banking and consumer goods which weighed upon the whole market. This week, we see the main market gauges moving further downwards as investors continue to migrate to the fixed income market.

Money Market

Cost of borrowing at the money market eased across all placement tenors last week. The Open Buy Back (OBB) rate fell to 7.79% from 15.25% the prior week while overnight rate declined to 8.33% from 14.33%. The 30-day Nigerian Interbank Offered Rate edged down to 17.19% from 19.79% the previous week. The decline in interbank lending rate was fuelled by inflows of about N578.65bn majorly from Standing Lending Facility (SLF) and Open Market Operations repayment. The market remained broadly liquid despite treasury bill sales of N129.68 billion coupled with about N87.01 billion for FX purchases, this wasn't significant enough to offset the liquidity injection into the system. This week, interbank lending rates may likely 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 depreciated slightly by 0.46% at the interbank FX market to a new rate of N306.71/\$ compared to N305.31/\$ the previous week. In contrast, at the parallel market segment, the currency gained 0.42% to trade at N473/\$ for the week ended October 7 from a rate of N475/\$ quoted the prior week. Global foreign exchange dealer "Travelx", sold about \$15,000 to each of the 3,000 registered Bureau De Change operators in the country. The FX inflow sold by Travelx was sourced from the diaspora remittances and this may have helped to boost supply to the retail end. This week, we see the spread between the interbank FX rate and the unofficial FX rate narrowing further as foreign remittances injections into the country continue to help shore up the value of the Naira the parallel market.

Bond Market

Bond yields moderated downwards on the average last week. Yields on the five-, seven- and ten-year debt papers respectively declined to 14.95%, 14.55% and 13.08% at the close of last week, from 15.02%, 15.04% and 16.43% for the corresponding maturities the previous week. The Access Bank Bond index rose by 72.15 points to close at 2,311.50 points from 2,239.35 points the previous week. The fall in yields was likely due to high demand witnessed in the fixed income market by Banks and Fund Managers given the high liquidity level in the banking system. This week, we expect yields to likely remain around current levels.

Commodities Market

Oil prices surged last week following the news that members of the Organization of Petroleum Exporting Countries (OPEC) had tentatively agreed to reduce crude supply. Bonny light, Nigeria's benchmark crude, added \$2, or 4.3%, to close at \$50.89 per barrel. On the other hand, precious metals prices plunged as speculation of an increase in US interest rates continued to build ahead of next month's meeting of the Federal Reserve. Gold shed \$65 to close at \$1,256.47 an ounce, while silver lost \$2 to settle down at \$17.36 an ounce. This week we see oil prices edging higher on fears that tropical storm, Hurricane Matthew, could compromise oil and gas supplies to the Southeast United States couple with the OPEC deal concerning production.

Monthly Macro Economic Forecast

Variables	Nov'16	Dec'16	Jan'16
Exchange Rate			
(Interbank) (N/\$)	330	335	345
Inflation Rate (%)	17.8	18.2	18.4
Crude Oil Price (US\$/Barrel)	48	48	50

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TREASURY BILLS PMA AUCTION

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	28,000.00	13.9	5-Oct-2016
182 Day	33,490.87	17.09	5-Oct-2016
364 Day	68,184.89	18.25	5-Oct-2016

