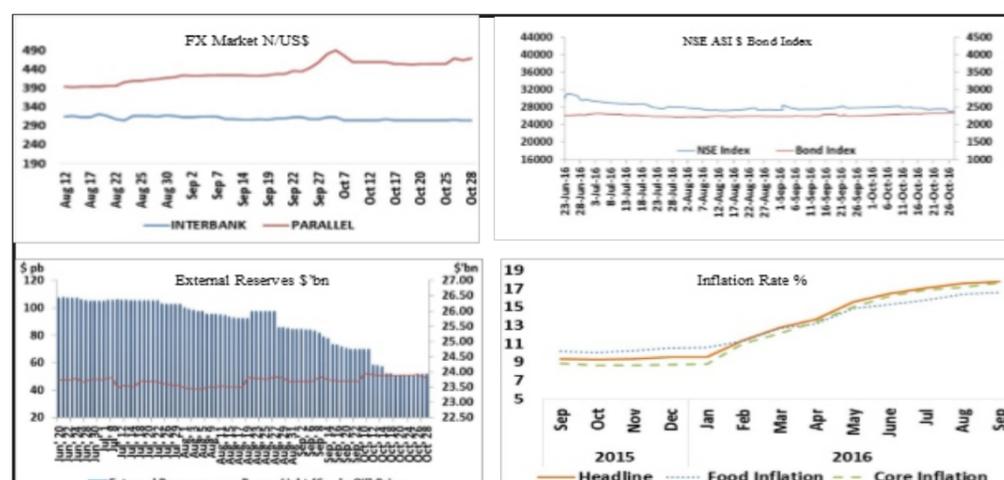


# Access Bank Rateswatch

## 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)	23.95	Oct 20, 2016 figure — a decline of 3.40% from month-start
Oil Price (US\$/Barrel)	49.59	Oct 21 2016 figure — an increase of 0.5% in 1 wk.
Oil Production mbpd (OPEC)	1.51	Aug'2016 figure — a decline of 2.65% from Jul'2016 figure



## STOCK MARKET

Indicators	Friday 28/10/16	Friday 21/10/16	Change(%)
NSE ASI	27294.21	27596.82	(1.10)
Market Cap(N'tr)	9.38	9.48	(1.10)
Volume (bn)	0.68	2.05	(66.90)
Value (N'bn)	6.87	25.90	(73.46)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate 28/10/16	Friday Rate 21/10/16	Change (Basis Point)
Call	9.6667	16.6250	(696)
7 Days	0.0000	0.0000	0
30 Days	17.8740	19.8021	(193)
60 Days	0.0000	0.0000	0
90 Days	19.5390	20.2709	(73)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$) 28/10/16	Friday (N/\$) 21/10/16	1 Month Rate (N/\$) 28/09/16
Official (N)	304.50	304.75	197.00
Inter-Bank (N)	304.50	304.75	199.10
BDC (N)	0.00	0.00	0.00
Parallel (N)	470.00	455.00	320.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday 28/10/16	Friday 21/10/16	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	14.97	14.96	1
7-Year	14.60	14.62	(2)
10-Year	13.11	13.08	4
20-Year	15.29	15.31	(2)

## 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: Oct 28 – Nov 4, 2016

### Global Economy

In Europe, the UK economy expanded 0.5% in the third quarter of 2016, slowing from a growth of 0.7% recorded in the previous quarter of the year, newly released data by the Office for National Statistics (ONS) showed. The new real GDP growth number represents the first GDP figure covering a full quarter following the European Union (EU) referendum, indicating growth continues to be broadly unaffected with a strong performance in the services industries offsetting falls in other industrial groups. The services industries rose by 0.8%, contributing 0.64% to GDP growth, compared with an increase of 0.6% in Q2. In contrast, industrial production shrank 0.4%, contributing negatively to the expansion (-0.05%), following an increase of 2.1% in Q2. In a separate development, in Asia, inflation rate in Japan dropped by -0.5% year-on-year in September, unchanged from the reading posted in August. This was contained in the latest inflation report by the Japanese Ministry of Internal Affairs & Communications. This new rate marks the seventh straight month of deflation, as cost of housing and transport fell while food inflation was steady. Core consumer prices fell 0.5% year-on-year in September, similar to August's figure, thus, the seventh consecutive month of decline while food inflation rose by 0.6%, remaining flat from 0.6% posted in August. Elsewhere, in South America, the unemployment rate in Brazil rose to 11.8% in the third quarter of 2016, up 50bps from 11.3% recorded in the previous quarter, latest unemployment report from the Brazilian Statistical Office showed. A further analysis of the report shows that the number of unemployed persons rose by 3.8% to 12 million. The number of people attached to the labour force, that is, either employed or unemployed but actively seeking for job decreased by 0.5% to 101.8 million.

### Local Economy

The Debt Management Office (DMO) of Nigeria has disclosed that the maximum amount that Nigeria can borrow in 2017 from both domestic and foreign sources is \$22.08 billion without it violating its debt threshold. According to the DMO, Nigeria had a borrowing space of 5.89% of its GDP of \$374.95 billion which will take its debt limit to a country-specific threshold of 19.39% of its total public debt-to-GDP ratio. Lastly, the agency noted that the total public debt-to-GDP ratio for 2016 is projected at 13.5%. In a related development, the federal government has asked the National Assembly to approve the administration's external borrowing plan of \$29.96bn for the execution of key programmes and infrastructural projects across the country. The sum, if approved, will be spent on projects in this year's budget and up till 2018. The federal government further stated that the fund would be spent on the provision of infrastructure in agriculture, health, education, water supply, growth and employment generation, and poverty reduction through social safety net programmes, among others. In another development, the value of currency-in-circulation increased to N1.79 trillion at the end of September 2016, compared with the N1.68 trillion it was at the end of August 2016. This was compiled from latest money and credit statistics posted on the Central Bank of Nigeria's (CBN) website. The data however showed that banking sector credit to the private sector declined slightly to N22.593 trillion at the end of September, compared with the N22.664 trillion it stood the previous month. The Central Bank data also revealed that broad money (M2), which generally is made up of demand deposits at commercial banks and monies held in easily accessible accounts increased marginally to N22.133 trillion at the end of September from N21.647 trillion as at August 2016.

### 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 302.61 points to close at 27,294.21 points from 27,596.82 points the previous week, also market capitalization shed

1.10% to end at N9.38 trillion from N9.48 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 eased across all placement tenors last week. The overnight and Open Buy Back rates declined to 9.5% and 8.8% from 15.5% and 14.83% respectively the week before. The 30-day NIBOR edge down to 17.87% from 19.80% the previous week while the 90-day NIBOR descended to 19.54% from 20.27% the prior week. The decline in interbank lending rate was fuelled by inflows of about N338bn majorly from refund of unsuccessful bids for foreign exchange forwards contracts and securities maturing. In the week, there were outflows of OMO sales of N81.4 billion coupled with about N119 billion for FX purchases. 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 appreciated slightly by 0.08% at the interbank FX market to a new rate of N304.50/1\$ compared to N304.75/1\$ the previous week. In contrast, at the parallel market segment, the currency depreciated 3.30% to trade at N470/\$1 for the week ended October 28 from a rate of N455/\$1 quoted the prior week. Global foreign exchange dealer "Travellex" seem to be stretched keeping up with the demand pressure from the retail end of the market. This week, we believe that the Naira will be pressured at the unofficial market on the back of the apex bank's decision to maintain status-quo on the suspension of 19 banks from dollar sale to BDCs coupled with the suspension of naira debit cards for FX transactions abroad.

### Bond Market

Bond yields moderated downwards on the average last week. Yields on the five-, seven- and twenty-year debt papers respectively declined to 14.94%, 14.60% and 15.29% at the close of trade last week, from 14.96%, 14.62% and 15.31% for the corresponding maturities the previous week. The Access Bank Bond index rose by 5.60 points to close at 2,330.79 points from 2,325.19 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 on the back of attractive returns obtainable alongside the high liquidity levels in the banking system. This week, we see yields trending upwards on account of the anticipated taut liquidity levels in the banking system.

### Commodities Market

Oil prices retreated slightly last week as doubts lingered about OPEC's ability to coordinate its production cut. Bonny light, Nigeria's benchmark crude fell by \$1, or 2.6%, to settle at \$49.59 per barrel. In contrast, precious metals prices ticked higher boosted by weaker-than-expected U.S. economic data. Gold added \$3 to close at \$1,268.93 per ounce while silver finished higher with a gain of 9 cents at \$17.61 per ounce. Next week, we see oil prices nudging higher on the back of escalating unrest in OPEC member state Venezuela, which could ultimately affect the country's oil output. For precious metals, prospects for higher U.S. interest rates will likely depress prices marginally.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Nov'16	Dec'16	Jan'17
Exchange Rate (Official) (N/\$)	330	335	345
Inflation Rate (%)	18.1	18.4	18.2
Crude Oil Price (US\$/Barrel)	49	49	50

\* Revised