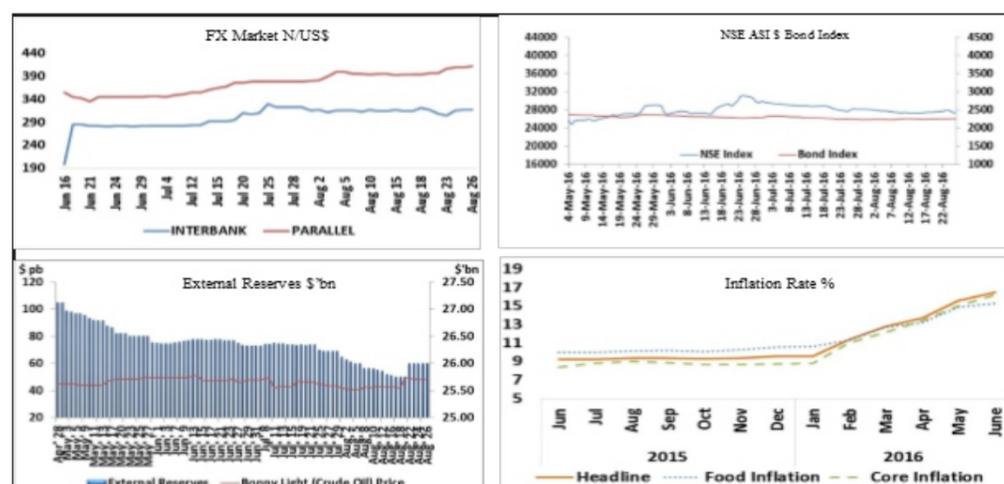


# Access Bank Rateswatch

## 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)	21.68	Increased by 4.6% in June'2016 from N20.72 trillion in May'2016
Credit to Private Sector (N' trillion)	21.42	Increased by 12.5% in June'2016 from N19.05 trillion in May'2016
Currency in Circulation (N' trillion)	1.68	Decreased by 3.5% in June'2016 from N1.75 trillion in May'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)	25.41	Aug 31, 2016 figure — a decline of 0.9% from month-start
Oil Price (US\$/Barrel)	48.29	Sep 2, 2016 figure — a decline of 3.9% in 1 wk.
Oil Production mbpd (OPEC)	1.51	Jul'2016 figure — a decline of 2.65% from Jun'2016 figure



## STOCK MARKET

Indicators	Friday 02/09/16	Friday 26/08/16	Change(%)
NSE ASI	27756.67	27450.91	1.11
Market Cap(N'tr)	9.53	9.43	1.13
Volume (bn)	1.29	1.11	16.61
Value (N'bn)	18.87	12.31	53.32

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	02/09/16	26/08/16	
Call	18.0000	18.1583	(16)
7 Days	0.0000	0.0000	0
30 Days	16.8535	16.4521	40
60 Days	0.0000	0.0000	0
90 Days	17.6870	17.7293	(4)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	02/09/16	26/08/16	02/08/16
Official (N)	313.31	316.84	316.83
Inter-Bank (N)	313.31	316.84	316.83
BDC (N)	0.00	0.00	0.00
Parallel (N)	422.00	412.00	381

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	02/09/16	26/08/16	
3-Year	0.00	0.00	0
5-Year	14.90	15.02	(12)
7-Year	14.97	15.04	(8)
10-Year	13.04	16.43	(339)
20-Year	15.18	15.30	(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: Sep 2 – Sep 9, 2016

### Global Economy

In the US, activities in the manufacturing sector declined in August as the Purchasing Managers' Index (PMI) came in at 49.4, down from 52.6 recorded in July. A reading above 50 suggest expansion while a reading below 50 signal economic contraction. It was contained in the newly released PMI report by the Institute for Supply Management. This new figure represents the lowest rate in seven months, as new orders, production and employment all contracted. In a separate development, in Asia, India's Gross Domestic Product (GDP) growth slowed to 7.1% y-o-y in the second quarter of 2016, down from a growth of 7.9% y-o-y posted in previous quarter, latest GDP report from the Indian Statistical Office showed. The new GDP figure represents the lowest reading since the fourth quarter of 2014 and it was driven by slowdown in consumer spending and investment. Despite the jump in government spending by 18.8% from 2.9% in the previous period, this was not significant enough to spur growth in the second quarter. Considering that India is one of the major buyers of Nigerian crude oil, the slowdown in economic activities in India may have an impact on Nigeria's oil revenue. Elsewhere, in South America, the Brazilian economy contracted by 3.8% y-o-y in the second quarter of 2016, following a 5.4% y-o-y decline in the previous period, newly released figures from the Statistical Office of Brazil showed. Household spending fell 5% while government spending dipped by 2.2%, and gross fixed capital formation shrank 8.8%.

### Local Economy

The Nigerian economy contracted by 2.06 y-o-y in the second quarter of 2016 from a negative growth of 0.36% y-o-y in the preceding quarter (Q1'2016) and weaker than the 2.36% y-o-y growth recorded in the corresponding quarter of 2015 (Q2'2015). This was contained in the newly released GDP report by the Nigerian Bureau of Statistics (NBS). A further breakdown of the new GDP figures shows that the oil sector real GDP contracted by -17.48% y-o-y in Q2'2016 (Q1'2016: -1.89% y-o-y and Q2'2015: -6.80% y-o-y), oil production fell to 1.69 mbpd, 0.42 million barrels per day lower from production in Q1'2016. Similarly, the non-oil sector declined by -0.38% in real terms in Q2'2016, 0.20 percentage points lower than Q1'2016 (-0.18%), and 3.84 percentage points lower than levels in the corresponding quarter in 2015 (3.46%). Crude oil output fell sharply due to escalating militancy in the Niger Delta. In another development, Nigeria's inflation rate for July rose to 17.1%, its highest point 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" July's inflation reading was the ninth monthly increase in a row. The uptick witnessed in the Headline inflation rate was largely driven by increase in energy and energy related prices, higher transportation cost and the pass-through effect of the depreciating Naira on the prices of imported items. The food sub-index rose to 15.8% y-o-y in July, up by 50bps from 15.3% y-o-y posted in June as most food groups which contribute to the food sub-index increased at a faster pace with the highest pressure coming from the fish, potatoes, yam, bread & cereal groups. The impact of higher energy prices alongside prices of imported items such vehicle spare parts exerted significant pressure on the core sub-index during the period under review. Imported goods continued to have ripple effects across many divisions that contribute to the core sub-index.

### Stock Market

The equity market closed on a positive note last week as the main performance indicators trended upwards despite the news of depressing macroeconomic fundamentals in the nation. The All-Share Index rose by 305.76 points to close at 27,756.67 points from 27,450.91 recorded a

fortnight ago while market capitalization gained by 1.1% to close at N9.53 trillion against N9.43 trillion posted the previous week. The rally witnessed in the local bourse was fuelled by bargain-hunting activities on lowly priced stocks with good fundamentals. This week, we anticipate that performance gauges may trend upwards as investors continue to take position in the market.

### Money Market

Cost of borrowing at the money market eased slightly across most placement tenors last week. The Open Buy Back (OBB) rate fell to 16.70% from 16.83% the prior week while overnight rate declined to 17.50% from 17.92% the week before. Longer-tenured interbank rates, such as the 90-day NIBOR edge down to 17.69% from 17.73% the previous week. The decline in interbank lending rates was triggered by inflows of about N708 billion from maturing T-bills and Standing Lending Facility (SLF) which outweighed outflows of about N582 billion for foreign exchange purchase and OMO sales. This week, interbank lending rates may likely trend upwards as the Central Bank is expected to mop up systemic liquidity in a bid to support the currency.

### Foreign Exchange Market

The Naira appreciated by 1.11% at the interbank market to a new rate of N313.31/\$ compared to N316.84/\$ the previous week following trickles of FX inflows from foreign investors buying local currency bonds. In contrast, the Naira depreciated to a record low of N422/\$1 at the parallel market segment, down 2.43% from N412/\$ the prior week, as supply shocks persists. This week, we see the foreign exchange rate at the various market segments remaining close to their current levels.

### Bond Market

Bond yields moderated downwards on the average last week. Yields on the five-, seven- and twenty-year debt papers respectively declined to 14.90%, 14.97% and 15.18% at the close of last week, from 15.02%, 15.04% and 15.30% for the corresponding maturities the previous week. The Access Bank Bond index rose by 5.81 points to close at 2,245.16 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, Pension Fund Administrators and Fund Managers. This week, we anticipate that the direction of yields in the bond market to trend upwards on the back of the anticipated taut liquidity levels in the Banking system.

### Commodities Market

Oil prices dipped last week after an unexpectedly large inventory build in the US coupled with renewed worries about oversupply. Bonny light, Nigeria's benchmark crude, fell by \$2 or 3.9%, to close at \$46.39 per barrel. Precious metals prices, which are perceived as a safe haven for investors and are sensitive to increases in US interest rates, fell after Federal Reserve officials issued a hawkish note on interest rates. Gold was down 0.5% to settle at \$1,327.70 per ounce, while silver shed by 0.6% to \$18.59 per ounce. This week we anticipate oil prices will likely nudge higher as non-OPEC members like Russia hint at joining a potential output freeze that could be agreed at the OPEC meeting later this month. For precious metals, we are likely to see further declines on the back of expectations. S. interest rates still rise this year.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'16	Nov'16	Dec'16
Exchange Rate (Official) (N/\$)	330	335	345
Inflation Rate (%)	17.4	17.6	17.8
Crude Oil Price (US\$/Barrel)	48	48	50

\* Revised