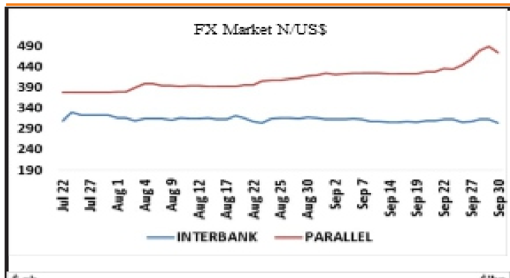
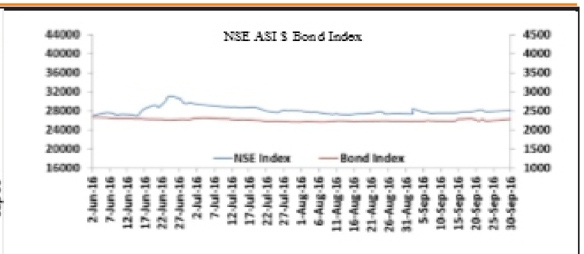
![access logo]

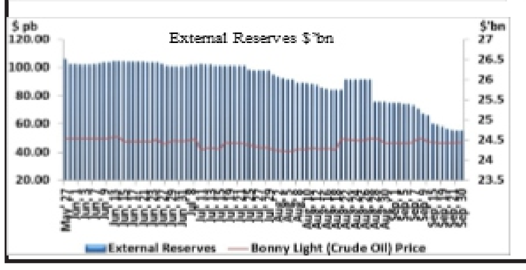
Access Bank Rateswatch

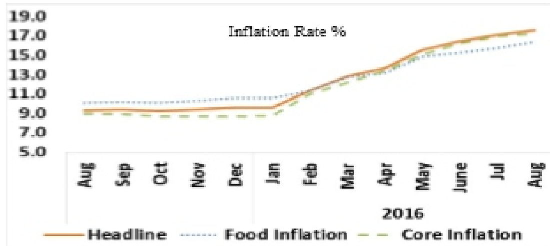
KEY MACROECONOMIC INDICATORS

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)	24.74	Sep 30, 2016 figure — a decline of 2.64% from month-start
Oil Price (US$/Barrel)	48.77	Sep 30, 2016 figure — an increase of 4.2% 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 30/09/16	Friday 23/09/16	Change(%)
NSE ASI	28335.40	28247.07	0.31
Market Cap(N'tr)	9.73	9.70	0.31
Volume (bn)	1.49	1.54	(3.68)
Value (N'bn)	12.59	16.80	(25.09)

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 30/09/16	Friday Rate (%) 23/09/16	Change (Basis Point)
Call	14.8750	12.0833	279
7 Days	0.0000	0.0000	0
30 Days	19.7872	19.1300	66
60 Days	0.0000	0.0000	0

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 30/09/16	Friday (N/$) 23/09/16	1 Month Rate (N/$) 30/08/16
Official (N)	313.	308.69	197.0
Inter-Bank (N)	313.07	308.69	199.1
BDC (N)	0.00	0.00	0.0
Parallel (N)	435.00	423.00	0.0

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 30/09/16	Friday (%) 23/09/16	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	15.02	14.97	5
7-Year	15.04	14.73	31
10-Year	16.43	13.13	330
20-Year	15.30	15.19	11

COMMODITIES MARKET

Indicators	30/09/16	1-week Change (%)	YTD (%)
Energy			
Crude Oil $/bbl)	48.77	4.16	53.80
Natural Gas ($/MMBtu)	2.90	(3.01)	23.40
Agriculture			
Cocoa ($/MT)	2764.00	(4.89)	(14.27)
Coffee ($/lb.)	151.75	(1.43)	22.63
Cotton ($/lb.)	68.09	(3.65)	6.87
Sugar ($/lb.)	23.18	3.44	52.40
Wheat ($/bu.)	396.50	(1.67)	(15.73)
Metals			
Gold ($/t oz.)	1321.90	(1.24)	24.51
Silver ($/t oz.)	19.40	(2.27)	39.87
Copper ($/lb.)	220.45	0.55	3.28

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 30/09/16	Friday (%) 23/09/16	Change (Basis Point)
1 Mnth	17.93	17.22	71
2 Mnths	18.03	17.50	53
3 Mnths	18.14	17.72	41
6 Mnths	18.85	18.43	42
9 Mnths	20.57	20.18	39
12 Mnths	21.94	21.38	55

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 30/09/16	Friday (%) 23/09/16	Change (Basis Point)
Index	2239.35	2289.16	(2.18)
Mkt Cap Gross (N'tr)	6.03	5.87	2.75
Mkt Cap Net (N'tr)	3.83	3.85	(0.56)
YTD return (%)	-8.76	-6.58	(2.18)
YTD return (%)(US $)	-68.64	-64.21	(4.42)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	76,136.78	14	14-Sep-2016
182 Day	30,000	17.77	14-Sep-2016
364 Day	120,000.00	18.48	14-Sep-2016

Sources: CBN, Financial Market Dealers Association of Nigeria, NSE and Access Bank Economic Intelligence Group computation.

Market Analysis and Outlook: Sep 30 – Oct 7, 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. Elsewhere, in Asia, the Chinese economy recorded a USD52.05 billion trade surplus in August compared to a USD59.68 billion surplus a year earlier and USD 46.60 billion trade surplus the previous month as exports fell while imports rose for the first time in two years, newly released trade report by the Chinese General Administration of Customs showed. In August, exports declined by 2.8% year-on-year, following a 4.4% drop in the preceding month. On the flip side, imports jumped by 1.5%, compared to a 12.5% decline in July. Elsewhere, in South America, the unemployment rate in Brazil increased to 11.6% in Q2'2016, reaching a new high since the series began in 2012 as the country struggles with the worst recession in years. This was unveiled in the newly released unemployment report by the Brazilian Statistical Office. A further breakdown of the report shows that the number of unemployed persons increased 3.8% to 11.847 million and employment edged down 0.2% to 90.487 million.active population went up 0.3% to 166.392 million and the number of people detached from the labour force also increased 0.3% to 63.058 million. The labour force participation rate remained steady at 61.5%.

Local Economy

International ratings agency Standard & Poor (S&P) has downgraded Nigeria's sovereign rating. Specifically, S&P downgraded its sovereign rating for the FGN's long-term, foreign currency obligations from B+ to B, and revised its outlook to stable from negative.to S&P, the downgrade was fuelled by the reduction in crude oil production, the foreign exchange regime and delayed FGN's proposed fiscal stimulus. The agency offers the possibility of an upgrade if, for example, the FGN pushed through structural reforms and anti-corruption steps to enhance non-oil revenue collection. Furthermore, the agency forecast a GDP contraction of -1% this year and feeble growth of 2% y/y in 2017 while it also expects inflation to settle at 15.0% y/y at end-year. Lastly, the agency puts gross government debt/GDP ratio at 20% of GDP at end-2016 rising to 21.3% in 2017. In a separate development, the African Development Bank (AfDB) has said it would support the country with the sum of $4.1 billion over 2016 and 2017, and $10 billion by 2019 to aid economic recovery. According to the AfDB president, the package includes; $1bn at a concessionary interest rate of 1.2% for Nigeria to address the 2016 budget deficit, $300m to create jobs for 185,000 youths, $250m towards infrastructure development in the North-East, $1m grant to deal with challenges of Internally Displaced Persons, $300m for infrastructure development around Abuja, and $200m for the Transmission Company of Nigeria to improve its facilities, among others. He further stated that the bank is also providing $100m to the Bank of Industry to enable it to lend to small and medium-sized enterprises.

Stock Market

The Nigerian equities market continued it's bullish run last week as the main market gauges trended upward. The All Share Index (ASI) rose by 88.33 points to close at 28,335.40 points from 28,247.07 points the previous week while market capitalization also gained by 0.31% to end at N9.73 trillion from N9.70 trillion the prior week. The rally witnessed in the market in recent weeks is largely driven by bargain-hunting activities on stocks under the consumer and industrial goods sector. Given the appreciation recorded for two consecutive weeks, profit-making activities might take hold of the market this week, thus, market indicators may trend downwards.

Money Market

Cost of borrowing at the money market rose across most placement tenors as liquidity was slightly drained out of the system. Lower systemic liquidity levels were largely driven by combined outflows of N346 billion for foreign exchange purchases and OMO sales which exceeded inflows of N311 billion from T-bills maturing and Standing Lending Facility (SLF). The Open Buy Back (OBB) rate edged up to 16.92% from 15.25% the prior week while overnight placement climbed up to 18.08% from 14.44%. 30-day NIBOR ascended, closing at 19.79% from 19.13% the previous week. This week, interbank lending rates may likely remain elevated as the Central Bank continues to mop up systemic liquidity in a bid to support the currency.

Foreign Exchange Market

The Naira appreciated by 2.48% at the interbank market to a new rate of N305.31/1$ compared to N313.07/1$ the previous week. In contrast, at the parallel market segment, the Naira depreciated to a record low of N490/$1 before it gained slightly to close at N475/$1 for the week ended September 30. The scarcity of FX at the unofficial market heightened last week leaving a large chunk of retail customer's demand unmet. Thus, given the back log of unmet FX demand from the previous week, and the persistent FX scarcity, we see the Naira depreciating further at the parallel market segment.

Bond Market

There were mixed reactions in the fixed income space last week with trickles of demand especially at the short end of the curve on the back of the taut liquidity in the system. Yields on the 5-, 7-, and 10-year bonds inched up to 15.02%, 15.04% and 16.43% respectively from 14.97%, 14.73% and 13.13% in that order a fortnight ago. The Access Bank Bond Index fell by 49.82 points to close at 2,239.35 points from 2,289.16 points the prior week. This week we see yields largely inching higher due to bearish sentiment arising from the depressing macroeconomic fundamentals coupled with the anticipated low systemic liquidity.

Commodities Market

Crude oil prices pushed higher last week following the Organization of Petroleum Exporting Countries (OPEC) agreement to cut output. Bonny light, Nigeria's reference crude, settled up $3, or 4.2%, at $48.77 per barrel. Conversely, precious metals prices drifted lower amid uncertainty over whether U.S. monetary policy will remain loose. Gold fell 1.2% to $1,321.90 an ounce, while silver eased 2.3% to $19.40 an ounce.week we expect oil prices to close marginally lower on profit-taking and fears that higher crude prices due to the OPEC agreement will spur non-OPEC output, particularly U.S. shale oil.precious metals we are likely to see prices to settle lower weighed down by stronger than expected US economic data.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'16	Nov'16	Dec'16
Exchange Rate (Official) (N/$)	330	335	345
Inflation Rate (%)	17.3	185	18.4
Crude Oil Price (US$/Barrel)	48	48	50

* Revised

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123 rotimi.peters@accessbankplc.com