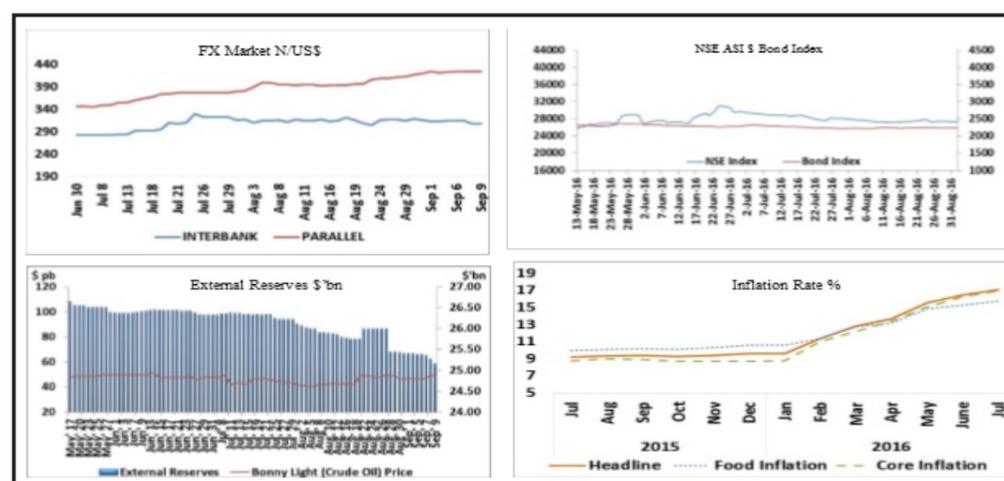


Access Bank Rateswatch

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)	25.16	Sep 9, 2016 figure — a decline of 0.98% from month-start
Oil Price (US\$/Barrel)	49.29	Sep 9, 2016 figure — an increase of 6.3% 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	Friday	Change(%)
	09/09/16	02/09/16	
NSE ASI	27,578	27,757	(0.65)
Market Cap(N'tr)	9.47	9.53	(0.65)
Volume (bn)	1.18	1.29	(8.49)
Value (N'bn)	10.30	18.87	(45.41)

MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	09/09/16	02/09/16	
Call	27.7917	18.0000	979
7 Days	0.0000	0.0000	0
30 Days	19.9983	16.8535	314
60 Days	0.0000	0.0000	0

FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	09/09/16	02/09/16	09/08/16
Official (N)	308.0	313.3	282.4
Inter-Bank (N)	308.0	313.3	282.4
BDC (N)	0.0	0.0	0.0
Parallel (N)	425.0	422.0	308.0

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	09/09/16	02/09/16	
3-Year	0.00	0.00	0
5-Year	14.97	14.90	7
7-Year	14.73	14.97	(23)
10-Year	13.13	13.04	9
20-Year	15.19	15.18	1

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 9 – Sep 16, 2016

Global Economy

In the US, trade gap declined to \$39.47 billion in July 2016 from \$44.66 billion deficit in the previous month as Imports fell while exports rose, this was contained in the newly released trade report by the US statistical office. Total exports grew by 1.9% to \$186.3 billion, following a 0.8% growth in the previous month. Exports of goods only increased by \$3.4 billion to \$124.1 billion. In contrast, exports of services declined by \$0.1 billion to \$62.3 billion in July. Sales increased to China (up 3.8%), Brazil (up 6.4%) and OPEC (up 0.5%) while export fell to the European Union (-9.5%), Mexico (-6.4%) and Canada (-13.9%). Total imports declined 0.8% to \$225.8 billion, following a 1.9% growth in June. Year-to-date, the goods and services deficit decreased \$0.5 billion, or 0.2%. Elsewhere, in Asia, the Japanese economy expanded by 0.2% year-on-year in Q2 2016, compared to an initial estimate of a stagnation, mainly boosted by private consumption and public investment, final figures by the Cabinet Office of Japan showed. In Latin America, Brazil's trade surplus widened year-on-year to \$4.58 billion in July from a surplus of \$3.97 billion recorded in the previous month, latest trade report from the statistics office of Brazil showed. Exports declined by 11.9% year-on-year to \$16.33 billion, following a 14.7% drop in June while imports went down 27.4% year-on-year to \$11.75 billion.

Local Economy

Nigeria's trade deficit has improved significantly as the devaluation of the currency made exporters get more Naira for goods sold at the international markets, newly released trade report by the National Bureau of Statistics (NBS) showed. The total value of Nigeria's merchandise trade in Q2, 2016 was ₦3.94 trillion, this was 49.0% more than the value of ₦2.64 trillion recorded in the preceding quarter. This development arose from a rise of ₦725.6 billion or 63.3%, in the value of exports (largely due to exchange rate gains) combined with a rise of ₦570.8 billion or 38.1%, in the value of imports against the levels recorded in the preceding quarter. The current trade position brought the Country's negative trade balance to - ₦196.5 billion during the period under review. This shows a ₦154.8 billion reduction in the country's trade deficit over the previous quarter. Furthermore, Nigeria's top export destination as at Q2 2016 were; India (21.5%), USA (12.5%), Spain (11.5%). In another news, the total value of capital imported into Nigeria in Q2 2016 stood at \$647.1 million, which represents declined of 8.98% compared to Q1 2016, and a fall of 75.73% compared to the corresponding period in 2015, newly released data by the National Bureau of Statistics (NBS) showed. This new figure represents the lowest level of capital imported in the economy on record and also the largest year-on-year decline. A breakdown of the capital importation into the country shows that Foreign Portfolio Investment (FPI) declined to \$245million, down 9.5% from \$271.0million recorded in Q1 2016 while Foreign Direct Investment (FDI) fell to \$133.0million, down 23.8% from \$174.4million posted in Q1 2016.

Stock Market

The Nigerian bourse closed on a bearish note last week as the main market indicators trended southwards. The All Share Index (ASI) fell by 179.15 points to close at 27,577.52 points from 27,756.67 points the previous week while market capitalization shed 0.6% to end at 9.47 trillion from 9.53 trillion the week before. The impact of depressing macroeconomic fundamentals such as negative real GDP growth and rising inflation rate continues to dampen investors' appetite, thus, significant sell-off of stocks under the banking and oil sector weighed upon the market. This week, we anticipate that performance gauges may remain less impressive, as investors may continue to take a cautious position.

Money Market

Cost of borrowing at the money market rose across all 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 N293 billion from T-bills maturing and Standing Lending Facility (SLF). The Open Buy Back (OBB) rate edged up to 17% from 16.7% the prior week while overnight placement climbed up to 18.67% from 17.5%. 30-day NIBOR ascended, closing at 20.0% from 16.85% 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 marginally by 1.69% at the interbank market to a new rate of N308.00/\$1 compared to N313.31/\$1 the previous week as the Central Bank intervened in the market by selling an undisclosed amount of dollars. In contrast, the Naira depreciated to a record low of N425/\$1 at the parallel market segment, down 0.71% from N422/\$ the prior week due to scarcity at the retail end. This week, we see the Naira pressured at both market segments due to supply shocks.

Bond Market

Bond yields on the average rose as prices fell across most maturities last week. The decline in bond prices was due to low demand fuelled by the taut liquidity in the banking system. Yields on the five-, ten- and twenty-year debt papers rose to 14.97%, 13.3% and 15.19% at the close of trades last week, from 14.90%, 13.04% and 15.18% for the corresponding maturities the prior week. The Access Bank Bond index dropped by 3.79 points to close at 2,289.16 points from 2,292.95 points the previous week. The Debt Management Office (DMO) monthly bond auction holds this week and the federal government is offering to borrow N120 billion worth of bonds according to DMO. In our own view, yields may inch up slightly as the government might be willing to borrow at relatively higher yield than they did at the last auction on the back of the recessive state of the economy and in a bid to boost government spending and spur output growth.

Commodities Market

Crude oil prices edged up last week after the United States inventory data showed a drop in inventory levels to a two-decade low. Oil prices also found support from Chinese data that showed a big increase in the country's crude imports. Bonny light, Nigeria's benchmark crude, added \$3, or 6.3%, to settle at \$49.29 per barrel. In a similar vein, precious metals swung higher, buoyed by aof disappointing data that has lowered expectations of the US Federal Reserve raising rates this month. Gold settled up \$10.80 or 0.8% at \$1,338.50 per ounce, while silver rose \$1 to \$19.55 per ounce. This week, crude oil prices are likely to climb further on hopes Russia and the Organization of the Petroleum Exporting Countries (OPEC) will find an agreement to limit production at a meeting later this month. For precious metals, we anticipate prices will nudge higher aided by lower chances of an interest rate hike by the U.S. Federal Reserve.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'16	Nov'16	Dec'16
Exchange Rate (Official) (N/\$)	330	335	345
Inflation Rate (%)	17.3	17.4	17.8
Crude Oil Price (US\$/Barrel)	48	48	50

* Revised