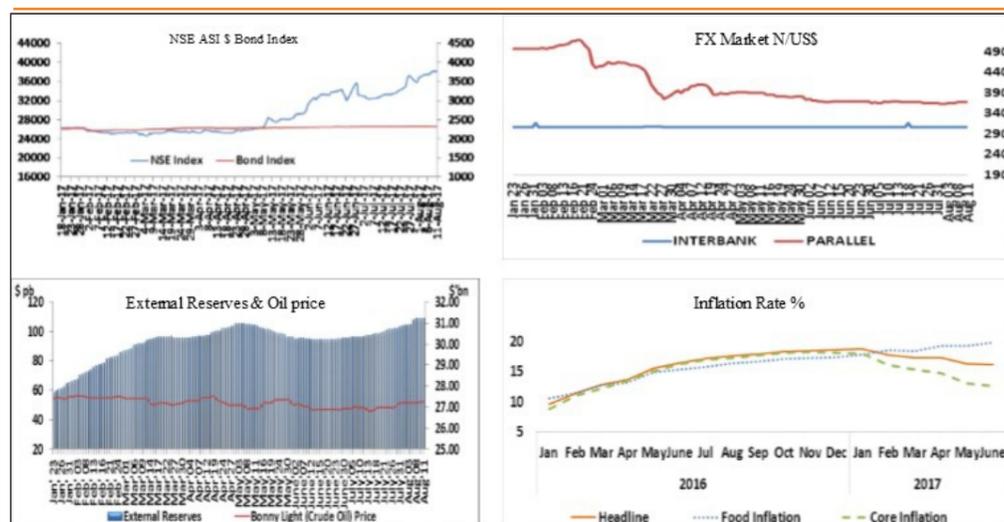


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-0.52	Q1 2017 — higher by 1.21% compared to -1.73 in Q4 2016
Broad Money Supply (M2) (N' trillion)	21.67	Decreased by 1.37% in June 2017 from N21.98 trillion in May 2017
Credit to Private Sector (N' trillion)	21.98	Increased by 0.22% in June 2017 from N21.93 trillion in May 2017
Currency in Circulation (N' trillion)	1.87	Decreased by 1.28% in June 2017 from N1.89 trillion in May 2017
Inflation rate (%) (y-o-y)	16.10	Declined to 16.10% in June 2017 from 16.25% in May 2017
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)	31.22	August 08, 2017 figure — an increase of 1.11% from August-start
Oil Price (US\$/Barrel)	52.15	August 11, 2017 figure — an increase of 1.40% in 1 week.
Oil Production mbpd (OPEC)	1.75	July 2017 figure — an increase of 1.98% from June 2017 figure



## STOCK MARKET

Indicators	Friday 11/08/17	Friday 4/08/17	Change(%)
NSE ASI	38,198.60	37,425.15	2.07
Market Cap(N'tr)	13.17	12.90	2.07
Volume (bn)	0.35	0.52	(31.39)
Value (N'bn)	6.30	6.30	(0.02)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	11/08/17	4/08/17	
OBB	55.83	22.00	3383
O/N	59.25	22.50	3675
CALL	63.05	16.88	4618
30 Days	18.09	17.83	26
90 Days	21.11	21.38	(27)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	11/08/17	4/08/17	11/07/17
Official (N)	305.60	305.55	306.00
Inter-Bank (N)	305.60	305.55	306.00
BDC (N)	362.00	362.00	362.00
Parallel (N)	367.00	365.00	368.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	11/08/17	4/08/17	
3-Year	0.00	0.00	0
5-Year	16.51	16.47	4
7-Year	16.89	16.83	6
10-Year	16.43	16.35	8
20-Year	16.38	16.27	11

## 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: August 11 - August 18, 2017

### Global Economy

In North America, the U.S. recorded a budget deficit of \$43 billion in the month of July 2017, this was significantly lower than a deficit of \$90 billion posted in the month of June 2017 and a deficit of \$113 billion posted in July 2016. Outlays declined by 15% year-on-year to \$275 billion while receipts climbed by 10% to \$232 billion. The decline seen in the month of July was largely due to the payment of July 1st benefits in June rather than July. Elsewhere, United Kingdom posted a trade deficit of £4.56 billion in the month of June from £2.52 billion in the previous month. The gap resulted from a rise in imports by 3.3% to £53.95 billion from £52.24 billion in the month of May. While exports declined by 0.7% to £49.39 billion. Trade deficit widened to £8.94 billion in Q2 2017 from £8.84 billion in Q1 2017. In East Asia, China's consumer prices rose at a slower pace in the month of July by 1.4% year-on-year from 1.5% increase in June. The slower rise was due to a slower increase in the cost of food and non-food items. Month-on-month, consumer prices edged up by 0.1%.

### Local Economy

The Federal Executive Council has approved the 2018-2020 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP), setting the benchmark crude oil price at \$45 per barrel from the previous \$42.5 per barrel while retaining N305/\$ exchange rate. The MTEF targets 3.5%, 4.5% and 7% growth rates in 2018, 2019 and 2020. And government projected oil production at 2.3 million barrels per day, up from 2.2 million barrels per day earlier projected. In another development, the importers' and exporters' (I&E) foreign exchange window introduced by the Central Bank of Nigeria (CBN) about four months ago is reported to have attracted \$4 billion from foreign investors between April and August. This was revealed by the Bankers' Committee. The committee also noted that the FX market has consistently posted positive gains, with the various exchange rates in the market nearing convergence. In other news, the Central Bank of Nigeria in a recent circular on its website revealed that due to the breach of its regulatory directive on Bank Verification Number (BVN) enrolment exercise by Other Financial Institutions (OFIs), an extension of the timeline for BVN enrolment has been approved and thus extended to December 31, 2017. This is to enable all OFIs continue the BVN enrolment exercise and report their progress.

### Stock Market

Last week, equities ended on a positive note taking a cue from previous week's level as market remained optimistic. Market performance remains largely due to expectations for the audited half year results of corporates. The All Share Index (ASI) notched 2.1% or 773.45 points to settle at 38,198.60 points from 37,425.15 points the previous week. Similarly, market capitalization added N267 billion or 2.1% to finish at N13.17 trillion from N12.90 trillion the previous week. The notable performance witnessed in the stock exchange market has been largely on gains in the consumer goods, industrial goods and the financial services sectors. This week, optimism in anticipation for the release of positive financials may be tempered by short term investors' profit taking activities.

### Money Market

Cost of funds at the money market ascended across most maturities last week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates climbed to 55.83% and 59.25% from 22% and 22.5% respectively the previous week, triggered by a combined outflow of about N251 billion from Open Market Operations (OMO) auction and Wholesale Secondary Market Intervention Sales (SMIS) of \$100 million, as well as Retail SMIS. The 30-day Nigerian Interbank Offered Rate (NIBOR) rose marginally to 18.09% from 17.83% the previous week while the 90-day (NIBOR) dropped to 21.11% from 21.38%. This week, rates are likely to remain up due to tight liquidity.

### Foreign Exchange Market

The naira weakened against the U.S. dollar at the interbank segment by 5kobo in the week ended August 11, 2017 to a new rate of N305.60/\$ from N305.55/\$ the previous week, reflecting the tight liquidity condition in the market. In the same light, the naira depreciated at the parallel market segment to a rate of N367/\$ from N365/\$ the previous week. The depreciation witnessed at this segment of the market may be attributed to increased demand from market participants. With the apex bank's continuous intervention, and rising foreign reserves (currently at \$31.22 billion), rates may likely appreciate this week.

### Bond Market

Average bond yields inched up last week, with yields on the five-, seven- and ten-year bonds rising to 16.51%, 16.89% and 16.43% from 16.47%, 16.83% and 16.35% the previous week. Liquidity pressure at the inter-bank may have triggered the uptrend in yields across maturities. The trend was also due to prevailing sell-off activity in the market. Consequently, the Access Bank Bond index fell marginally by 1.50 points to close at 2,323.08 points from 2,324.58 points the previous week. With liquidity tightness at the money market still expected, we anticipate average bond yields to continue the upward trend this week.

### Commodities Market

Crude oil (Bonny Light) prices closed at \$52.15 per barrel, gaining 1.4% or 72 cents for the week ended August 11, 2017 on declining U.S. inventories and stronger demand of the commodity. Government data revealed U.S. crude oil inventories fell by 6.5 million barrels last week. Prices of precious metals spiked last week amid military tensions between the U.S. and North Korea. Gold price climbed to its highest since the middle of June. Gold rose by 1.6% or \$20.85 to close at \$1,290.51 an ounce, silver also gained 2.5% or 41 cents to settle at \$17.14 an ounce. This week, oil prices may trend lower due to the report of an increase in Organization Petroleum Exporting Countries (OPEC) oil output in the month of July. For precious metals, escalating tensions between North Korea and the U.S. may continue to bolster the upward trend in prices.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Aug'17	Sept'17	Oct'17
Exchange Rate (Interbank) (N/\$)	305	305	305
Inflation Rate (%)	15.9	15.8	15.7
Crude Oil Price (US\$/Barrel)	49	48	48

\* Revised