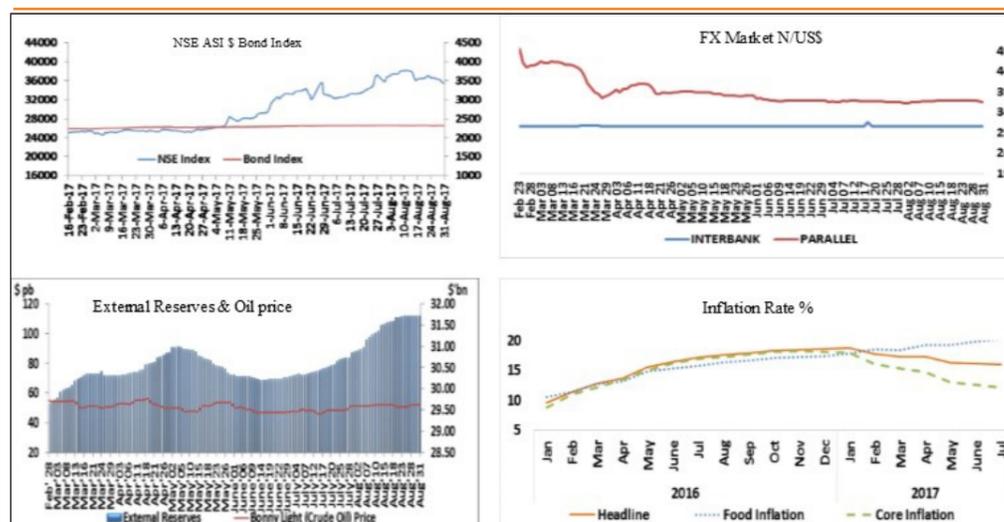


# Access Bank Rateswatch

## 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)	22.20	Increased by 2.43% in July 2017 from N21.67 trillion in June 2017
Credit to Private Sector (N' trillion)	22.17	Increased by 0.88% in July 2017 from N21.98 trillion in June 2017
Currency in Circulation (N' trillion)	1.77	Decreased by 5.54% in July 2017 from N1.87 trillion in June 2017
Inflation rate (%) (y-o-y)	16.05	Declined to 16.05% in July 2017 from 16.10% in June 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)	31.81	August 29, 2017 figure — an increase of 3.0% from August-start
Oil Price (US\$/Barrel)	52.07	August 31, 2017 figure — an increase of 2.52% from a week prior.
Oil Production mbpd (OPEC)	1.75	July 2017 figure — an increase of 1.98% from June 2017 figure



## STOCK MARKET

Indicators	Friday 31/08/17	Friday 25/08/17	Change(%)
NSE ASI	35,504.62	36,646.46	(3.12)
Market Cap(N'tr)	12.24	12.63	(3.12)
Volume (bn)	0.27	0.42	(36.91)
Value (N'bn)	4.04	3.25	24.22

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	31/08/17	25/08/17	
O/N	8.4200	12.5800	(416)
CALL	16.0417	10.7083	533
30 Days	19.5998	18.9300	67
90 Days	22.1726	21.3118	86

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	31/08/17	25/08/17	31/07/17
Official (N)	305.85	305.80	306.65
Inter-Bank (N)	327.75	328.12	306.65
BDC (N)	362.00	362.00	362.00
Parallel (N)	365.00	370.00	365.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	31/08/17	25/08/17	
3-Year	0.00	0.00	0
5-Year	16.79	16.66	13
7-Year	16.67	16.89	(22)
10-Year	16.64	16.66	(2)
20-Year	16.65	16.64	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: August 31- September 08, 2017

### Global Economy

In the US, gross domestic product (GDP) rose at a 3% annualized rate in the second quarter of 2017, according to the second estimate released by the Economic Analysis (BEA). The revised growth estimate was 0.4% higher than the initial estimate of 2.6%, above the first quarter's rate of 1.2%. Second-quarter economic growth was boosted by an upward revision to consumer spending, which accounts for more than two-thirds of U.S. economic activity. Consumer spending rose at a 3.3% rate instead of the previously reported 1.9% pace. The upward revisions to second-quarter GDP growth also reflected business investment. Outlays of business investment rose at a revised 0.6% rate in the second quarter, up from a prior 0.4% estimate. Elsewhere in the Eurozone, economic confidence rose to its highest level in more than ten years in August, survey results from European Commission showed. According to the survey, the economic sentiment indicator rose to 111.9 in August from 111.3 in July. The improvement was broad-based, with sub-indices for confidence in industrial and service businesses both rising ahead of forecasts. Economic sentiment improved in three of the five largest Eurozone countries – Italy, France and Spain – but eased in Germany and the Netherlands. In a separate development, Japan inflation rate held steady for the fourth consecutive month at 0.4%. According to the statistics bureau of Japan prices of food increased by 0.6% year on year, prices for fuel, light and water increased month on month from 3.5% in June to 4.3% in July, cost of transport rose from -0.1 to 0.1% and cost of housing fell from -0.2 to -0.2. Core consumer prices notched up to 0.5% year on year from 0.4% in June while on a monthly basis consumer prices remained flat.

### Local Economy

The Consumer Price Index (CPI) which measures inflation rose by 16.05% year-on-year in the month of June 2017, which is 0.05% points lower than the 16.10% recorded in May. This represents the sixth consecutive month of decline in the rate of inflation since January 2017. The food index rose by 20.28% (year-on-year) in July, higher than 19.91% recorded in June, this represents the highest increase in food inflation in eight years. The core sub-index, which excludes prices of farm produce reduced by 0.30% during the month to 12.2% from 12.5% recorded in June 2017. During the month, the highest increases were seen in clothing materials and articles of clothing, furniture and furnishing, books and stationary, medical services, glassware, tableware and household utensils, accommodation services and household textiles. In another development, The CBN has announced the introduction of two new instruments - Funding for Liquidity Facility (FFLF) and Intra-Day Facility (IDF) - to Non-Interest Financial Institutions (NIFIs). The apex bank made this disclosure in a circular signed by the director, Financial Markets. The circular explained that the FFLF allows the CBN to provide a liquidity facility on overnight basis only and to be terminated on next business day. For the IDF, the CBN will provide facility for settlement, the same business day. According to the monetary regulator, under the two windows, authorised NIFI's shall provide securities as collateral and the value of such securities shall be a minimum of 110% of the facility. In a separate development, the Manufacturing Purchasing Managers' Index (PMI) stood at 53.6 index points in August 2017 from 54.1 points in July. This indicates an expansion in the manufacturing sector for the fifth consecutive month. This was shown in the latest PMI report by the Central Bank of Nigeria. A composite PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. Twelve of the sixteen sub-sectors recorded growth during the month. While transportation equipment; primary metal; petroleum & coal products and fabricated metal products sub sectors recorded a decline in that order in August.

### Stock Market

Trading activities on the Nigerian Stock Exchange (NSE) ended on a bearish note for the week ended August 31, 2017. This was as a result of weak investor sentiment and profit taking in the market.

The All Share Index (ASI) declined by 3.1% or 1,141.84 to settle at 35,504.62 points from 36,646.46 points the previous week. Similarly, market capitalization declined by N393 billion or 0.39% to finish at N12.24 trillion from N12.63 trillion the previous week. Profit taking witnessed in the stock market was largely on the consumer goods, financial services, construction and conglomerates sectors. This week, we expect market to persist on this path as more listed companies release their financials.

### Money Market

Cost of borrowing at the money market eased across all placements as the market witnessed high liquidity levels last week. A combined inflow of about N201 billion from maturing treasury bills (T-bills) and Bond maturity supported market liquidity. The Overnight and Open Buy Back (OBB) rates eased to 8.42% and 7.33% respectively from 12.58% and 12% in that order. Longer dated tenor such as 30-day and 90-day Nigerian Interbank Offered Rates (NIBOR) declined to 19.60% and 22.17% from 20.14% and 22.49% respectively as recorded the prior week. This week, rates are likely to remain low due to an inflow of N135 billion from OMO maturities.

### Foreign Exchange Market

Last week the naira weakened by 5kobo against the U.S. dollar at the official market to close at N305.85/\$ from N305.80/\$ the previous week. In contrast, the interbank segment witnessed marginal appreciation rising by 0.37kobo to settle at N327.7/\$ from N328.12/\$ the previous week. This reflected continuous support by the Central Bank of Nigeria (CBN) to keep the market adequately supplied. We expect the naira to remain at the prevailing rates as CBN continues to sustain its activities to make the dollar more available.

### Bond Market

Average bond yields declined last week. Yields on the seven- and ten-year bond declined to 16.67% and 16.65% from 16.72% and 16.67% the previous week, this was as a result of increased demand from Pension Fund Administrators (PFAs) and international investors. Consequently, the Access Bank Bond Index increased marginally by 2.91 points to close at 2,320.91 points from 2,318.00 points the previous week. Improved liquidity in the system is expected to spur demand and drive yields lower.

### Commodities Market

Last week, oil prices edged up- Bonny light, the Nigerian benchmark crude, gained 2.5% or \$1.28 to settle at \$52.07 per barrel last week from \$50.79 per barrel the preceding week. This was as a result of a reduction in U.S. crude inventories and the shutdown of Libya oil field. Gold went up by 1.5% or \$19.22 to settle at \$1,306.56 an ounce. Silver also increased by 0.4% or \$0.35 to close at \$17.39 an ounce. The surge in the prices of precious metals may be attributed to the weakening of the dollar, uncertainty sparked by U.S. president's renewed threat to scrap the North American Free Trade Agreement as well as the political tensions caused by North Korea's latest missile strike. This week, oil prices may trend southwards as a result of hurricane Harvey that hit Texas U.S.A., a state that hosts more than 20% of US refinery, thereby causing the refining capacity of the country to shut down considerably as well as less demand for oil products as a result of the flood. For precious metals, there might be a pullback in prices due to profit taking, however, continued political tension caused by North Korea's missile threat might cause prices to soar.

## MONTHLY MACRO ECONOMIC FORECASTS

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