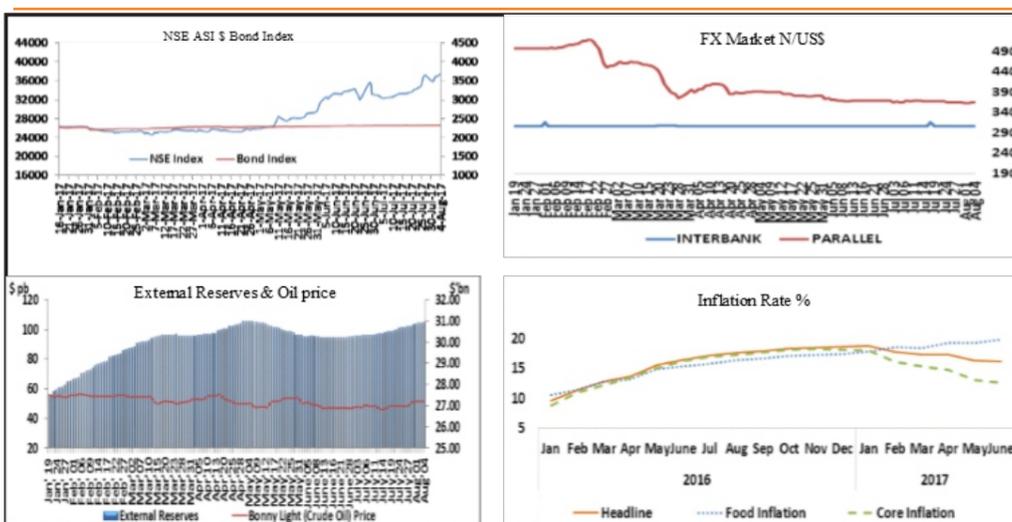


# Access Bank Rateswatch

## 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)	30.93	August 03, 2017 figure — an increase of 0.17% from August-start
Oil Price (US\$/Barrel)	51.43	August 04, 2017 figure — an increase of 3.19% in 1 week.
Oil Production mbpd (OPEC)	1.73	June 2017 figure — an increase of 5.86% from May 2017 figure



## STOCK MARKET

Indicators	Friday 4/08/17	Friday 28/07/17	Change(%)
NSE ASI	37,425.15	36,864.71	1.52
Market Cap(N'tr)	12.90	12.71	1.53
Volume (bn)	0.52	0.53	(1.93)
Value (N'bn)	6.30	8.14	(22.56)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	4/08/17	28/07/17	
OBB	22.00	5.00	1700
O/N	22.50	5.83	1667
CALL	16.88	11.33	554
30 Days	17.83	17.48	35
90 Days	21.38	20.79	59

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	4/08/17	28/07/17	4/07/17
Official (N)	305.55	306.65	305.95
Inter-Bank (N)	305.55	306.65	305.95
BDC (N)	362.00	362.00	362.00
Parallel (N)	365.00	365.00	366.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	4/08/17	28/07/17	
3-Year	0.00	0.00	0
5-Year	16.47	16.40	7
7-Year	16.83	16.74	8
10-Year	16.35	16.32	3
20-Year	16.27	16.22	5

## 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 04 - August 11, 2017

### Global Economy

In the Eurozone, the gross domestic product (GDP) accelerated by 0.6% quarter-on-quarter in Q2 2017, slightly above the growth of 0.5% recorded in the previous quarter. Figures revealed by the European Statistics Agency (Eurostat) showed that GDP picked up in Spain, but slowed in Latvia, Belgium and Lithuania. No change was witnessed in France and Austria. GDP growth climbed by 0.6% quarter-on-quarter in the European Union. Elsewhere in South America, Brazil recorded a trade surplus of \$6.3 billion in July 2017, which is higher than a surplus of \$4.6 billion recorded in the previous year. The Ministry of Development, Industry and Foreign Trade (MDIC) in Brazil reported that exports ascended by 14.9% to \$18.77 billion from \$16.33 billion the previous year and imports added 6.1% to become \$12.47 billion from \$11.75 billion a year before. Considering January to July, Brazil's trade surplus expanded to \$42.5 billion from \$28.2 billion in the previous period. In South Asia, India's benchmark interest rate was lowered by 25 basis points (bps) to 6% by the Reserve Bank of India. This is the first cut in rates in 2017, and has resulted in a reduction in borrowing cost. The decision to reduce the interest rate by the Monetary Policy Committee (MPC) is in tandem with its target of achieving an inflation rate of 4% with a range of +/- 2% which will in turn spur growth in the economy. India's inflation rate as at June was 1.54%.

### Local Economy

The Executive Board of the International Monetary Fund (IMF) in its recent 2017 article IV report gave some policy recommendations to Nigeria. The policies include: promoting a sustainable and growth-friendly fiscal policy which will be centred on non-oil revenue mobilization, prioritized capital spending and sound debt management amongst others; tightening monetary policy in order to contain inflation and protect the nation's foreign reserves; removing distortions in the foreign exchange regime; enhancing resilience in the banking sector and implementing structural reforms in power, transport, health and education sector. In concluding the report, the IMF stated that the commitment of the government to implement policies that would rebuild confidence and boost economic recovery would result in sustained turnaround. In a separate development, the Manufacturing Purchasing Managers' Index (PMI) stood at 54.1 index points in July 2017 from 52.9 points in June. This indicates an expansion in the manufacturing sector for the fourth 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. Eleven of the sixteen sub-sectors recorded growth during the month. While petroleum & coal products; fabricated metal products; furniture & related products; non-metallic mineral products and plastics & rubber products sub sectors recorded a decline in that order in July.

### Stock Market

Performance indicators at the Nigeria stock exchange market edged higher in the week ended August 4, 2017. Market optimism was boosted by robust Q2 2017 financial scorecard of some corporates. The All Share Index (ASI) notched 1.5% or 560.44 points to settle at 37,425.15 points from 36,864.71 points the previous week. Similarly, market capitalization added N194 billion or 1.5% to finish at N12.90 trillion from N12.71 trillion the previous week. The commendable performance witnessed at the local bourse was largely due to gains in the consumer goods, and industrial goods sectors. This week, market rally is expected to continue as

investors await the financial scorecard of other corporates.

### Money Market

Last week, cost of borrowing at the money market closed higher across maturities. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates climbed to 22% and 22.5% from 5% and 5.83% respectively the previous week, triggered by a combined outflow of about N294 billion from Open Market Operations (OMO) auction and stabilization securities debit of N249 billion which outweighed inflow of N85 billion from OMO maturity. The 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) rose to 17.83% and 21.38% from 17.48% and 20.79% respectively. This week, rates may likely trend downwards due to inflow of N113 billion from OMO maturity and N50 billion from Lagos state government bond.

### Foreign Exchange Market

The naira strengthened against the U.S. dollar at the interbank segment by N1.10kobo in the week ended August 4, 2017 to a new rate of N305.55/\$ from N306.65/\$ the previous week, reflecting the persistent liquidity in the FX market buoyed by rising foreign reserves. Meanwhile, the naira remained unchanged at the parallel market segment with a rate of N365/\$. With the nation's foreign reserves on the rise, the apex bank has the capacity to keep up its effort of providing the needed FX liquidity to the market. Foreign reserve position as at close of last week stood at \$30.93 billion.

### Bond Market

On the average, yields on fixed income instruments took a southward dive for the week ended August 4, 2017. The fall in yields may be attributed to inactivity in the market during the first three days of the week, resulting in increased demand for bonds when trading activities resumed later in the week. The Access Bank Bond index rose marginally by 0.95 points to close at 2,324.58 points from 2,323.64 points the previous week. Year-to-date performance on the index settled at 5.29% from 5.33% the previous week. This week, trading activities are expected to regain normalcy and could result in yields swinging upwards.

### Commodities Market

Oil prices dipped last week on rising output from the United States and increase in oil production by members of Organization of Petroleum Exporting Countries (OPEC), although further drop in prices were prevented due to strong demand. Reports reveal that OPEC output hit a 2017 high of 33 million barrels per day (bpd), up by 90,000 bpd from the previous month. Bonny light, the Nigerian benchmark crude, gained 3.2% or \$1.59 to settle at \$51.43 per barrel last week from \$49.84 per barrel the previous week. Prices of precious metals ascended as gold prices were seen nearing a seven-week high, due to a weaker dollar and political uncertainty in the U.S. Gold rose by 0.6% or \$7.19 to close at \$1,269.66 an ounce, silver also gained 0.5% or 8 cents to settle at \$16.73 an ounce. This week, ample supply is likely to keep a lid on oil prices. For precious metals, uncertainties surrounding the Trump administration may help sustain 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