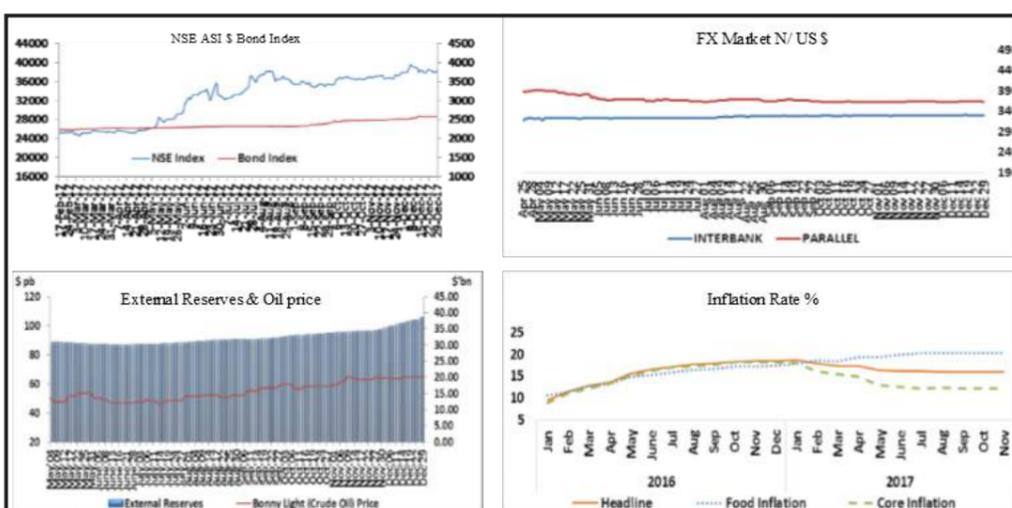


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.40	Q3 2017 — higher by 0.68% compared to 0.72% in Q2 2017
Broad Money Supply (M2) (N' trillion)	22.50	Increased by 2.49% in Oct' 2017 from N21.85 trillion in Sep 2017
Credit to Private Sector (N' trillion)	21.93	Decreased by 0.42% in Oct' 2017 from N21.99 trillion in Sep 2017
Currency in Circulation (N' trillion)	1.79	Increased by 0.57% in Oct' 2017 from N1.78 trillion in Sep 2017
Inflation rate (%) (y-o-y)	15.90	Declined to 15.90% in November 2017 from 15.91% in October 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)	38.73	December 28, 2017 figure — an increase of 9.19% from Dec start
Oil Price (US\$/Barrel)	64.46	December 29, 2017 figure - no change from the previous week
Oil Production mbpd (OPEC)	1.79	Nov' 2017 figure — an increase of 5.67% from Oct'2017



STOCK MARKET

Indicators	Friday 29/12/17	Friday 22/12/17	Change(%)
NSE ASI	38,243.19	38,522.14	(0.72)
Market Cap(N'tr)	13.61	13.71	(0.72)
Volume (bn)	0.56	0.20	174.48
Value (N'bn)	6.89	1.53	350.43

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	29/12/17	22/12/17	29/11/17
OBB	3.83	5.67	(184.0)
O/N	4.50	6.33	(183)
CALL	5.00	6.83	(183.3)
30 Days	13.97	14.97	(100)
90 Days	15.69	16.06	(36.8)

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	29/12/17	22/12/17	29/11/17
Official (N)	306.00	306.15	305.75
Inter-Bank (N)	330.91	330.87	330.37
BDC (N)	362.00	362.00	362.00
Parallel (N)	363.00	365.00	364.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	29/12/17	22/12/17	
3-Year	0.00	0.00	0.0
5-Year	14.03	14.27	(24.0)
7-Year	14.36	14.15	20.5
10-Year	14.15	14.08	6.4
20-Year	14.00	13.95	4.9

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: December 29, 2017 – January 05, 2018

Global Economy

In the United Kingdom, the gross domestic product (GDP) advanced by 1.7% year-on-year in Q3 2017 from 1.9% in the previous period. According to the Office of National Statistics (ONS), exports rose by 8.3% during the period, higher than 5.5% in the previous quarter. Imports rose by 1.3%, slower than the rise of 3.8% in Q2 2017. Household expenditure climbed by 1% from 1.4% in Q2 2017 and services expanded by 1.4% in Q3 2017 from 1.8% in Q2 2017. In another development, Japan's inflation rate rose by 0.6% year-on-year in November 2017 from 0.2% in the previous month. The rise is attributed to an increase in the cost of transportation. Japan's statistical office revealed that prices of food items declined by 0.1% year-on-year in November, slower than the decline of 1.3% in the previous month. Core inflation which excludes the prices of volatile agricultural commodities climbed by 0.9% year-on-year following a rise of 0.8% in October. Month-on-month, the inflation rate increased by 0.7%. Elsewhere in South America, Brazil's unemployment rate dropped to 12% in August, September and October of 2017. This is slightly lower than the rate of 12.2% recorded in the previous period according to the Brazil's Institute of Geography and Statistics. The unemployment rate has been steadily declining due to a rise in informal employment. Employment went up by 887,000 to 91.9 million during the period and the number of people in the labour force rose by 345,000 to 104.3 million.

Domestic Economy

The number of unemployed in the labour force, increased to 15.99 million in Q3 2017 from 13.59 million in Q2 2017 and 11.93 million in Q1 2017, resulting in an increase in the national unemployment rate to 16.2% in Q2 2017 and 18.8% in Q3 2017 from 14.2% in Q4 2016. The economically active population or working age population (persons within ages 15 and 64) increased to 109.44 million in Q1 2017, 110.29 million in Q2 2017 and 111.13 million in Q3 2017 from 108.03 million in Q3 2016. In Q3 2016, the labour force population (i.e. those within the working age population willing, able and actively looking for work) increased to 82.59 million in Q1 2017, 83.94 million in Q2 2017 and 85.09 million in Q3 2017 from 80.67 million in Q3 2016. The unemployment rate was highest for those within the ages of 15-24 (33.1% in Q3 2017). Unemployment and underemployment was higher for women than men in Q3 2017. In a separate development, the Nigerian Stock Exchange published its monthly Domestic & Foreign Portfolio investment report for the month of November. The report revealed that the total transactions at the nation's bourse increased significantly in the month of November by 117.88% to N278.49 billion from N127.82 billion recorded in October. Foreign transactions increased significantly by 121.91% to N150.10 billion from N67.64 billion the prior month. In the same light, domestic transactions increased by 113.34% to N128.39 billion from N60.18 billion in October. An increase of 129.93% in monthly foreign inflows was recorded at N90.96 billion from N39.56 billion in October. Foreign outflows also rose by 110.61% to N59.14 billion in November from N28.08 billion in the previous month. Total foreign portfolio investments (FPI) transactions from January to November 2017 climbed by 95.45% to N2.062 trillion from N1.055 trillion recorded in the same period of 2016.

Stock Market

The Nigerian Stock Exchange market ended the year on a positive note amidst profit taking, bargain hunting and portfolio rebalancing. The All Share Index (ASI) climbed 43.68% year-to-date to settle at 38,243.19 points from 26,616.89 points at the start of the year. The same light, market capitalization rose marginally to N13.71 trillion from N13.68 trillion the previous week. The bullish performance was driven by gains recorded in the financial services sector, consumer goods sector and the oil & gas sector. In the coming year, we envisage a continued positive performance in the market due to the encouraging macroeconomic environment evidenced by the growth in the gross domestic product (GDP), falling inflation rate and rising foreign portfolio investments (FPIs).

Money Market

Cost of borrowing moderated on the last trading day of the year. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates fell to 3.83% and 4.50% from 5.67% and 6.33% respectively the previous week. The 30-day NIBOR eased to 13.97% from 14.97% the prior week, while 90-day NIBOR closed at 15.69% from 16.06% the week before. The moderation in short dated rates resulted from Open Market Operation (OMO) maturity of about N218 billion during the week. In the coming year, rates will be influenced by the Central Bank of Nigeria's (CBN) liquidity management efforts.

Foreign Exchange Market

The naira depreciated against the dollar at the interbank market by N15.91 at the start of the year to settle at N330.91/\$ on the last trading day of the year. However, the local currency appreciated at the parallel market segment by 25.92% to settle at N363/\$ on December 29th from N490/\$ on January 1st 2017. The naira depreciated slightly at the official window by 0.33% to close at N306/\$ from N305/\$ at the start of the year. The relative improvement in performance witnessed may be attributed to the apex bank's efforts in sustaining liquidity throughout the year. In the coming year, we envisage the naira would remain stable thanks to the Central Bank of Nigeria's efforts and improving macro environment.

Bond Market

Bonds yields ascended across most maturities for the week ended December 29, 2017. Yields rose due to sell-offs by counterparties on some short and long term instruments. Yields on the seven-, ten- and twenty-year debt papers closed higher at 14.36%, 14.15% and 14% from 14.15%, 14.08% and 13.95% for the corresponding maturities the previous week. During the year, yields on the five-, seven-, and ten- and twenty-year debt papers averaged 15.93%, 15.93%, 14.32% and 15.78%. The Access Bank Bond index fell marginally by 1.90 points to close at 2,576.86 points from 2,577.95 points the previous week. Year-to-date the index rose by 4.99%. We envisage market correction would take place in the New Year due to the positive macroeconomic environment and this may result in lower yields on some bonds.

Commodities Market

Oil prices edged higher in the last trading week of the year as an unexpected fall in U.S. crude oil output and a reduction in commercial crude inventories stoked buying. U.S. oil production dipped to 9.754 million barrels per day (bpd), down from 9.789 million bpd according to data from the Energy Information Administration (EIA). Prices were also supported by ongoing supply cuts by top producers: Organization of Petroleum Exporting Countries (OPEC) and Russia as well as strong demand from China. Brent crude gained \$1.16 to settle at \$66.41, and Bonny light, Nigeria's benchmark crude, gained 15.96% to settle at \$64.46 per barrel from \$55.59 per barrel at the start of the year. In the same light prices of precious metals ended the year on a good note. Gold and silver appreciated by 11.95% and 3.58% from the beginning of the year to close at \$1,297.30 an ounce and \$16.88 an ounce respectively. Oil prices may be pressured in the coming year as more crude export terminals are set to come online, however, OPEC production cuts may support prices. Rate hike in the U.S. as well as other key central banks across the globe could weigh on the prices of precious metals in the coming year as geo-political risks from North Korea and the Middle East continue to underpin prices.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jan'18	Feb'18	Mar'18
Exchange Rate (Official) (N/\$)	331.33	331.12	332.93
Interest Rate (Normal Lending) (%)	15.86	15.86	15.83
Crude Oil Price (US\$/Barrel)	62	61	60

* Revised