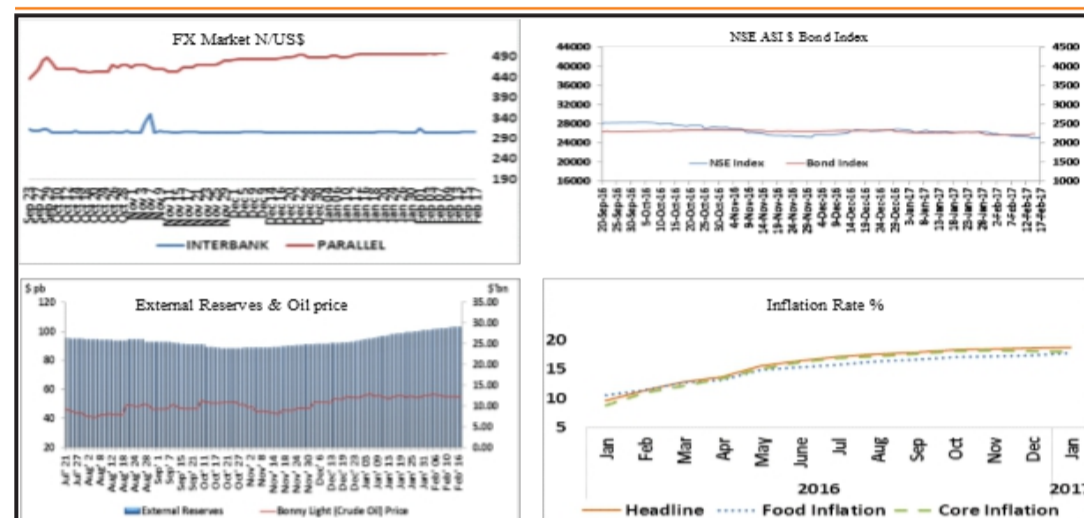


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-2.24	Q3 2016 — a decline of 0.18% from -2.06 in Q2 2016
Broad Money Supply (M2) (N' trillion)	23.84	Increased by 6.5% in Dec'2016 from N23.38 trillion in Nov'2016
Credit to Private Sector (N' trillion)	22.37	Decreased by 2.9% in Dec'2016 from N23.04 trillion in Nov'2016
Currency in Circulation (N' trillion)	2.18	Increased by 14.2% in Dec'2016 from N1.91 trillion in Nov'2016
Inflation rate (%) (y-o-y)	18.72	Edged up to 18.72% in Jan'2017, from 18.55% in Dec'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)	29.05	Feb 16, 2017 figure — an increase of 2.9% from February -start
Oil Price (US\$/Barrel)	54.86	Feb 17, 2017 figure — a decrease of 0.15% in 1 week.
Oil Production mbpd (OPEC)	1.57	Jan'2017 figure — an increase of 6.92% from Dec'2016 figure



## STOCK MARKET

Indicators	Friday 17/2/17	Friday 10/2/17	Change(%)
NSE ASI	25,165	25,340	(0.69)
Market Cap(N'tr)	8.71	8.77	(0.69)
Volume (bn)	0.48	0.20	137.95
Value (N'bn)	1.98	2.59	(23.49)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	17/2/17	10/2/17	
Call	9.7500	11.5833	(183)
7 Days	0.0000	0.0000	0
30 Days	16.6764	16.1510	53
60 Days	0.0000	0.0000	0
90 Days	18.9931	18.1782	81

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$) 17/2/17	Friday (N/\$) 10/2/17	1 Month Rate (N/\$) 17/1/17
Official (N)	305.50	305.00	305.25
Inter-Bank (N)	305.50	305.00	305.25
BDC (N)	0.00	0.00	0.0
Parallel (N)	516.00	506.00	497.0

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	17/2/17	10/2/17	
3-Year	0.00	0.00	0
5-Year	16.11	16.50	(39)
7-Year	15.90	16.09	(19)
10-Year	13.96	14.18	(22)
20-Year	16.08	16.39	(31)

## 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: Feb 17 – Feb 24, 2017

### Global Economy

In Japan, the economy advanced by 0.2% in the fourth quarter of 2016 compared to a 0.3% growth in the third quarter. According to Japan's cabinet office, exports and imports of goods and services widened by 2.6% and 1.3% respectively compared to 2.1% and -0.2% in the previous quarter. Private consumption remained unchanged from the previous period at 0.3%, while government consumption increased by 0.4% compared to 0.3% in the previous quarter. Public investment dropped by 1.8% compared to -0.7% in the third quarter. Year-on-year, Japan's economy advanced by 1% in the fourth quarter compared to a 1.4% rise in the previous period. Elsewhere in the United States, consumer prices increased by 2.5% year-on-year in January compared to a 2.1% rise in December. According to the Bureau of Labour Statistics (BLS) the increase in inflation rate was mostly boosted by gasoline prices. Energy prices rose 10.8% year-on-year compared to 5.4% increase in December. While food prices declined by 0.2%. Annual core inflation with the exception of food and energy climbed to 2.3% from 2.2% in the previous month. Month-on-month, consumer prices rose 0.6%, higher than 0.3% in December. In a separate development, consumer prices in China rose by 2.5% year-on-year in January compared to 2.1% increase in December. According to the National Bureau of Statistics of China, the higher inflation rate was boosted by a rise in cost of food and non-food. The producer price index rose by 6.9% year-on-year in January compared to a 5.5% increase in December. Prices of consumer goods rose 0.8%, while prices of consumer durable dropped by 0.6%. Month-on-month, consumer prices climbed 1% compared to a 0.2% increase in December.

### Local Economy

The Consumer Price Index (CPI) which measures inflation increased by 18.72% (year-on-year) in January 2017, which is 0.17% points higher than the 18.55% recorded in December. The highest inflation reading since December 2005. Increases were recorded in all Classification of Individual Consumption by Purpose (COICOP) divisions that result in the Headline Index. Communication and Restaurants & Hotels once again recorded the slowest pace of growth in January, growing at 5.1% and 8.4% year-on-year respectively. The Food Sub Index increased by 17.82% (year-on-year) in January, up by 0.43% points from 17.39% recorded in December. During the month, all major food sub-indexes rose with soft drinks recording the slowest pace of increase at 7.8% year on year. During the month, the highest increases were seen in Housing, Water, Electricity, Gas & Other Fuels, Education and Transport growing at 27.2%, 21.0% and 17.2% respectively. In another development, Nigeria's foreign exchange reserves rose to \$29.05 billion by February 16, climbing to the highest level in 14 months. According to data from the CBN, external reserves have increased by \$3.21 billion year-to-date. This is approximately a 12.4% increase when compared to the \$25.84bn the reserves recorded on the last day of 2016. The accretion in reserves coincides with a recent rise in crude oil prices and Nigeria's crude production. In a separate development, the Central Bank of Nigeria (CBN) has directed banks to file their returns on the sale of foreign currency in dollars to avoid ambiguities. The monetary regulator issued the directive in a statement issued by the Acting Director of Communications. According to the statement, the new directive was to stop misunderstanding of the foreign exchange reports, especially regarding third party transactions.

### Stock Market

The Nigerian stock exchange market closed on a negative note for the third consecutive week as the major market indicators trended downwards. The All Share Index (ASI) fell by 175.11 points to 25,164.91 points from 25,340.02 points the previous week, representing a 0.7% decline.

Similarly, market capitalization lost 0.7% to close at N8.71 trillion from N8.77 trillion the previous week. The downward trend on the local bourse was driven by shaky investor sentiment which remained against the backdrop of weak macroeconomic fundamentals. This week, market wind suggests selling pressure may continue and further push indicators downwards.

### Money Market

Cost of borrowing at the money market trended upwards last week across most tenor buckets. Specifically, the OBB and O/N rose to 17.83% and 18.67% from 11.33% and 12.17% the previous week. Slightly longer tenured rates such as the 30-day and 90-day NIBOR rose to 16.68% and 18.99% from 16.15% and 18.18% respectively the previous week. The market liquidity was drained on the back of Open Market Operation (OMO) auction of N202.4 billion naira and sale of N160 billion worth of long term bonds. This week, interbank lending rates may likely trend upwards due to maturing treasury bills of N120 billion naira.

### Foreign Exchange Market

The Naira fell last week at the interbank market to close at N305.50/\$, a depreciation of 0.16% from the previous week. In the same light, at the parallel market, the local unit further declined to settle at N516/\$ from N506/\$ the previous week. The further depreciation witnessed at the unofficial market could be attributed to the news from the National Economic Council (NEC) demanding a review of the foreign exchange policy. This sent panic into the market as participants swooped in due to the possibility of further devaluation of the local currency. This week, we anticipate the exchange rate to face further pressure at the unofficial market with the supply of the greenback becoming inadequate for the demand by people seeking to pay school fees abroad as Central Bank of Nigeria (CBN) continues to ration dollar for businesses.

### Bond Market

The overall mood of the bond market was bullish as investors continue to spot investible opportunities within the space. Consequently, yields moderated downwards on the average while prices climbed higher. Yields on the five-, seven- and twenty-year debt papers respectively closed at 16.11%, 15.90% and 16.08% from 16.50%, 16.09% and 16.39% for the corresponding maturities the previous week. The Access Bank Bond Index rose by 21.43 points to close at 2,235.53 points from 2,214.10 points the prior week. Nigeria raised 160 billion naira in local currency bonds at its second debt auction this year at yields lower than the inflation rate. This week, we see yields continuing on a southward trajectory as buying interest persists.

### Commodities Market

Crude oil prices settled lower last week as a result of a build-up in US crude inventories signalled ample supply. US crude stockpiles soared 9.5 million barrels, to reach 518.12 million barrels, US Energy Information Administration (EIA) data showed. Nigeria's benchmark crude, Bonny Light, closed at \$54.86 a barrel, down 8 cents, or 0.1%. In contrast, precious metals prices inched up amid growing concerns over political risks in Europe. Gold was up 1.3% at \$1,242.42 per ounce. In tandem with gold, silver prices climbed \$0.41 to \$18.03 an ounce. This week, swelling U.S. inventories will weigh on global crude oil prices. For precious metals, political risk from elections in Europe and worries over US President Donald Trump's policies will support safe-haven appetite.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Mar'17	Apr'17	May'17
Exchange Rate (Official) (N/\$)	305	310	310
Inflation Rate (%)	17.8	17.9	17.6
Crude Oil Price (US\$/Barrel)	56	56	54