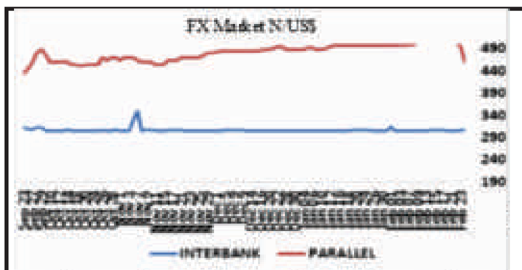
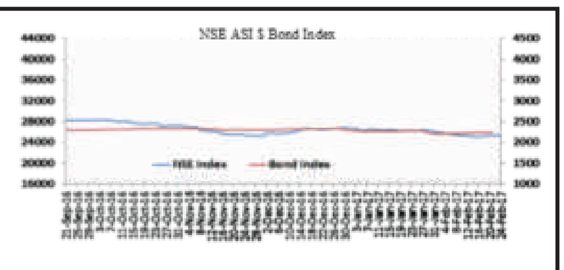
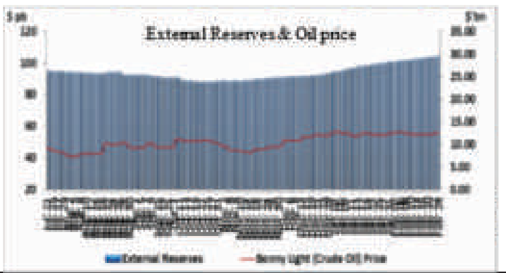
Access Bank Rateswatch

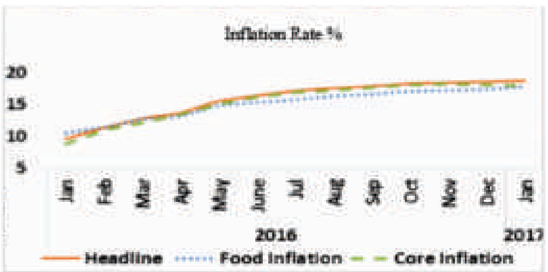
KEY MACROECONOMIC INDICATORS

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 N22.38 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)	29.41	Feb 23, 2017 figure — an increase of 4.18% from February -start
Oil Price (US$/Barrel)	55.75	Feb 24, 2017 figure — an increase of 1.62% 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 24/02/17	Friday 17/02/17	Change(%)
NSE ASI	25250.37	25164.91	0.34
Market Cap(N'tr)	8.74	8.71	0.34
Volume (bn)	0.26	0.48	(45.98)
Value (N'bn)	2.42	1.98	22.41

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 24/02/17	Friday Rate (%) 17/02/17	Change (Basis Point)
Call	117.5833	9.7500	10783.3
7 Days	0.0000	0.0000	0
30 Days	17.7223	16.6764	104.6
60 Days	0.0000	0.0000	0
90 Days	20.6442	18.9931	165.1

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 24/02/17	Friday (N/$) 17/02/17	1 Month Rate (N/$) 24/01/17
Official (N)	305.50	305.50	305.50
Inter-Bank (N)	305.50	305.50	305.50
BDC (N)	0.00	0.00	0.00
Parallel (N)	460.00	516.00	498.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 24/02/17	Friday (%) 17/02/17	Change (Basis Point)
3-Year	0.00	0.00	0.0
5-Year	16.40	16.11	28.7
7-Year	16.03	15.90	12.3
10-Year	14.07	13.96	11.4
20-Year	16.22	16.08	13.4

COMMODITIES MARKET

Indicators	24/02/17	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	55.75	1.62	75.81
Natural Gas ($/MMBtu)	2.65	(7.02)	12.77
Agriculture			
Cocoa ($/MT)	2025.00	(0.44)	(37.19)
Coffee ($/lb.)	149.75	1.49	21.01
Cotton ($/lb.)	76.80	0.76	20.55
Sugar ($/lb.)	20.19	(0.10)	32.74
Wheat ($/bu.)	452.00	(1.09)	(3.93)
Metals			
Gold ($/t oz.)	1256.79	1.16	18.38
Silver ($/t oz.)	18.30	1.50	31.94
Copper ($/lb.)	267.70	(1.31)	25.42

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 24/02/17	Friday (%) 17/02/17	Change (Basis Point)
1 Mnth	13.86	14.43	(57)
3 Mnths	18.54	15.03	351
6 Mnths	19.81	18.76	104

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 24/02/17	Friday (%) 17/02/17	Change (Basis Point)
Index	2231.21	2235.53	(0.19)
Mkt Cap Gross (N'tr)	6.23	6.25	(0.19)
Mkt Cap Net (N'tr)	3.90	3.92	(0.60)
YTD return (%)	-9.09	-8.92	(0.17)
YTD return (%)(US $)	-64.17	-63.99	(0.18)

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	32,436.51	13.69	15-Feb-2017
182 Day	30,000	17.15	15-Feb-2017
364 Day	140,000	18.4495	15-Feb-2017

Sources: CBN, Financial Market Dealers Association of Nigeria, NSE and Access Bank Economic Intelligence Group computation.

Market Analysis and Outlook: Feb 24 – Mar 03, 2017

Global Economy

In the United Kingdom, gross domestic product (GDP) advanced by 2% year-on-year in the fourth quarter of 2016, the same as the third quarter. According to the Office for National Statistics (ONS), the major drivers of growth in the fourth quarter were household consumption and fixed investment. Exports declined by 0.4% compared to 1.4% increase in the third quarter. While imports rose by 1.7% compared to 4.2% increase in the previous quarter. On the expenditure side, gross fixed capital formation, household expenditure, government expenditure and business investment recorded 0.9%, 3.2%, 0.6% and -0.9% respectively. On the production side, services industries and industrial production recorded 3.1% and 1.9% respectively. For the whole of 2016, growth slowed to 1.8% compared to 2.2% in 2015 and 3.1% in 2014. Elsewhere in the United States, the Flash Markit US Manufacturing Purchasing Managers' Index (PMI) declined to 54.3 index points in February from 55 points in January. The survey revealed that growth for new orders increased at the fastest rate since March 2015. This growth was boosted by strong sales to domestic clients. Greater demand was also reported by manufacturers from energy sector clients. Manufacturers reported that input cost inflation was at its highest since September 2014. This was majorly driven by increase in the prices of raw materials particularly metals and oil related inputs. In a separate development, Eurozone consumer prices rose to 1.8% year-on-year in January from 1.1% increase in December. The rate was boosted by increase in prices of food and fuel. According to European Union Statistics agency (Eurostat), it is the highest inflation rate since February 2013. The highest annual rates were recorded in Belgium, Latvia, Spain and Estonia with 3.1%, 2.9%, 2.9% and 2.8% respectively. In contrast, the lowest rates were recorded in Ireland, Romania and Bulgaria with 0.2%, 0.3% and 0.4% respectively. Core inflation excluding energy, food, alcohol and tobacco was recorded at 0.9%. Month-on-month, consumer prices declined by 0.8% compared to an increase of 0.5% in December.

Domestic Economy

The Central Bank of Nigeria (CBN) has announced it will provide additional funding to banks to meet the needs of Nigerians for personal and business travel, medical needs and school fees — settled at a rate not exceeding 20% above the interbank market rate. This was contained in a press release titled "New Policy Actions in the Foreign Exchange Market." For personal travel allowance (PTA), the monetary regulator said applicants must be 18 years old and above, and must be holders of Nigerian passports. They are also required to have active accounts in the banks through which they are applying. The apex bank also stipulated that sale of PTA shall be for travel to be undertaken not more than 14 days from the day of the purchase of PTA. Each applicant is entitled to $4,000.00 per quarter. With regard to the sale of forex for school fees, the CBN stated that applications would be for university education only, adding that remittances must be made directly to the university's account subject to a limit of $15,000 per term/semester. The central bank also cut down the tenor of its forward sales from the current maximum cycle of 180 days to not more than 60 days from the date of transaction. In another development, Federation Accounts Allocation Committee (FAAC) shared the sum of N465.149 billion among Federal, States and Local Governments as revenue for January 2017. According to figures released by the National Bureau of Statistics, the gross statutory revenue of N465.149 billion received for the month was higher than the N400 billion received in December by N65.149 billion. A breakdown of N273.45 billion disbursed among the three tiers, revealed that the Federal Government received N133.19 billion, states received N67.55 billion and the local governments received N52.08 billion. While the oil producing states received N20.62 billion as the 13% derivation fund.

Stock Market

The Nigerian stock exchange market closed on a positive note last week as the major market indicators trended upwards. The All Share Index (ASI) rose by 85.46 points to 25,250.37 points from 25,164.91 points the previous week, representing a 0.3% increase. Similarly, market capitalization gained 0.3% to close at N8.74 trillion from N8.71 trillion the previous week. The upward trend on the local bourse was driven by restored investor confidence in the economy which emanated from the review of the foreign exchange policy by the Central Bank of Nigeria (CBN) during the previous week. This week, we see market indicators trending upwards in view of improving investor sentiment.

Money Market

The direction of money market rates was mixed last week. Whilst, the OBB and O/N fell to 13.08% and 14.08% from 17.83% and 18.67% the previous week. Slightly longer tenured rates such as the 30-day and 90-day NIBOR rose to 17.72% and 20.64% from 16.68% and 18.99% respectively the previous week. The market liquidity was drained as a result of commercial banks purchase of the dollar during the Central Bank's special foreign exchange intervention. This week, interbank lending rates may maintain their upward trend due to Central bank of Nigeria (CBN) planned treasury bills auction of N310 billion naira.

Foreign Exchange Market

The Naira retained its rate of N305.50/$ at the interbank market last week. Meanwhile, at the parallel market, the local unit appreciated significantly to N460/$ from N516/$ the previous week. The gain witnessed was primarily driven by the release of a revised guideline on the sale of forex for personal travel allowance (PTA) and school fees by the Central Bank, thus diverting demand away from the unofficial market. This week, we see the premium between the interbank and unofficial market narrowing further as the naira continues to appreciate at the latter. Our view is premised on the massive off-loading of forex by speculators and the diverted demand away from the parallel market due to the central bank's latest forex policy.

Bond Market

Bond yields on the average rose as prices fell across most maturities last week. The spike in bond yields was due to low demand fuelled by the tight liquidity in the banking system. Yields on the five-, seven- and twenty-year debt papers respectively closed at 16.40%, 16.03% and 16.22% from 16.11%, 15.90% and 16.08% for the corresponding maturities the previous week. The Access Bank Bond index fell by 4.33 points to close at 2,231.21 points from 2,235.53 points the prior week. We expect the liquidity condition to remain relatively unchanged this week, consequently bond yields may likely rise further.

Commodities Market

Oil prices rose last week after data from the American Petroleum Institute showed a drawdown in US crude stockpiles, suggesting that supply-side pressures waned. Crude inventories fell by 884,000 barrels to 512.7 million barrels, data from industry group the American Petroleum Institute (API) showed. Bonny light, Nigeria's crude benchmark, added 89 cents, or 1.6%, to $55.75 per barrel. In a similar vein, precious metals prices jumped last week after minutes from the Federal Reserve's most recent policy meeting showed officials reiterated plans for a gradual increase in interest rates. Gold settled at $1,256.79 an ounce, up $14.37, or 1.2% higher than the $1,242.42 it closed a week ago. Silver tracked the rise in gold prices, edging up 1.5% to $18.30 per ounce. This week, crude oil prices are unlikely to stray far from their current $55 per barrel range, supported by the high level of adherence to production reductions by OPEC members. For precious metals, political and economic uncertainties in Europe and the United States are likely to offer continued price support.

MONTHLY MACRO ECONOMIC FORECASTS

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

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123 rotimi.peters@accessbankplc.com