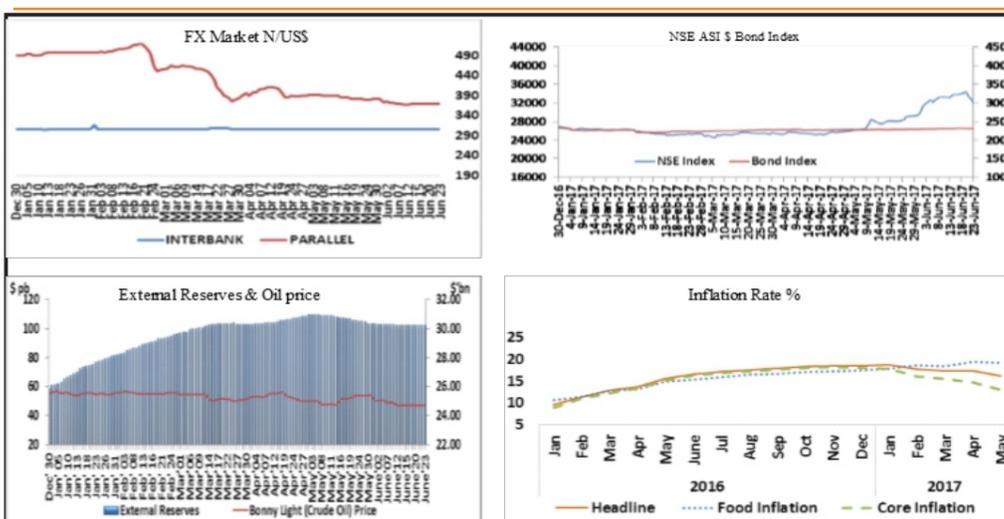


# Access Bank Rateswatch

## 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)	21.71	Decreased by 1.42% in Apr'2017 from N22.02 trillion in Mar'2017
Credit to Private Sector (N' trillion)	21.94	Decreased by 1.48% in Apr'2017 from N22.27 trillion in Mar'2017
Currency in Circulation (N' trillion)	1.98	Decreased by 0.39% in Apr'2017 from N1.983 trillion in Mar'2017
Inflation rate (%) (y-o-y)	16.25	Declined to 16.25% in May'2017 from 17.24% in Apr'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)	30.22	June 21, 2017 figure — a decrease of 0.36% from June-start
Oil Price (US\$/Barrel)	46.9	June 23, 2017 figure — no change in 1 week.
Oil Production mbpd (OPEC)	1.68	May'2017 figure — an increase of 11.55% from Apr'2017 figure



## STOCK MARKET

Indicators	Friday 23/06/17	Friday 16/06/17	Change(%)
NSE ASI	32122.14	33810.56	(4.99)
Market Cap(N'tr)	11.11	11.69	(4.99)
Volume (bn)	0.42	0.49	(15.35)
Value (N'bn)	3.25	6.24	(47.95)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	23/06/17	16/06/17	
OBB	8.75	15.17	(642.0)
O/N	9.50	15.67	(617)
CALL	8.88	7.38	150.0
30 Days	19.27	19.55	(29)
90 Days	21.21	21.28	(7.3)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	23/06/17	16/06/17	23/05/17
Official (N)	305.85	305.75	305.40
Inter-Bank (N)	305.85	305.75	305.40
BDC (N)	362.00	362.00	362.00
Parallel (N)	368.00	370.00	381.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	23/06/17	16/06/17	23/05/17
3-Year	0.00	0.00	0.0
3-Year	16.33	16.22	10.9
3-Year	16.50	16.36	14.3
10-Year	11.54	11.46	8.9
20-Year	16.01	15.94	7.2

## 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: June 23– June 30, 2017

### Global Economy

In the United Kingdom, the unemployment rate remained stable at 4.6% in the first quarter of 2017. This was lower than the 5.0% recorded in the same period of the previous year. Figures gotten from the Office for National Statistics (ONS) recorded that the employment rate remained at 74.8%, as the number of employed persons went up by 109,000. Elsewhere, in the Eurozone, consumer prices rose by 1.4% year-on-year in May 2017, slower than 1.9% rise in April. The slower rate was as a result of slower increases in the prices of fuel, heating oil and telecommunication. Figures from European Union Statistics Agency (Eurostat) revealed that the lowest annual rates were recorded in Ireland, Netherlands, France, Finland and Cyprus. While the highest annual rates were registered in Estonia, Lithuania and Latvia. German inflation was 1.4% in May 2017 from 2% in April and Italy's inflation rate was 1.6% in May from 2% in April. With the exception of energy alone, the inflation rate dropped to 1.1% from 1.3%. The European Union inflation rate declined to 1.6% in May from 2% in April. Month-on-month, consumer prices declined by 0.1%. In a separate development, Japan recorded a trade deficit of JPY 203.4 billion in May 2017 from JPY 47.4 billion in May 2016. The Ministry of Finance revealed that imports climbed by 17.8% from the previous year to JPY 6.05 trillion, driven by higher purchases of mineral fuels, chemicals and machinery. Exports also jumped by 14.9% from the previous year to JPY 5.85 trillion, driven by higher shipments of transport equipment, machinery and manufactured goods. Among major trading partners, imports rose from China, U.S., Australia, South Korea, Taiwan, Germany and Thailand. Exports rose to China, U.S., the European Union (EU), South Korea, Hong Kong and Thailand.

### Local Economy

The Federation Accounts Allocation Committee (FAAC) shared the sum of N418.82 billion among Federal, States and Local Governments in the month of May 2017 from the revenue generated in April. According to figures released by the National Bureau of Statistics, the gross statutory revenue of N418.82 billion received for the month was higher than the N415 billion received in April by N3.8 billion. A breakdown of the sum disbursed among the three tiers, revealed that the Federal Government received N163.89 billion, states received N117.59 billion and the local governments received N87.77 billion. The oil producing states received N29.94 billion as the 13% derivation fund and N3.09 billion was transferred into the excess petroleum product tax (PPT) account. In another development, the CBN recently released an Exposure Draft of the Framework for Licensing, Regulation and Supervision of the business of Private Asset Management Companies (PAMCs). The objectives of the framework are: (a) to assist the regulatory authorities in promoting the soundness and stability of the financial system; (b) to create a vehicle to acquire eligible assets of banks, other financial institutions (OFIs) and banks in-liquidation; (c) to create an alternative source of liquidity for banks and OFIs; (d) to provide a platform for restructuring acquired eligible assets of banks, OFIs and banks in-liquidation; (e) to minimize the systemic consequences of delinquent assets on banks and OFIs and; (f) to allow private institutions complement the role of AMCON. This framework is issued by the Central Bank of Nigeria (CBN) in exercise of the powers conferred on it by the provisions of sections 2 (d) and 33 subsection (1) (b) of the CBN Act no.7 of 2007 and in pursuance of the provisions of sections 58 (2), 61-63 of the Banks and Other Financial Institutions Act (BOFIA) of 1991 (as amended). The purpose of the Framework is to set forth the rules and procedures for the establishment and operation of PAMCs in Nigeria.

### Stock Market

The Nigerian stock exchange market halted its bullish trend after four consecutive weeks as major market indicators trended downwards. The All Share Index (ASI) lost 1,688.42 points to close at 32,122.14 points from 33,810.56 points the previous week, representing a 5.0% decline.

Similarly, market capitalization lost 5.0% to close at N11.11 trillion from N11.69 trillion the previous week. The downward trend witnessed may be attributed to the news by the global index provider, MSCI retaining Nigeria's status as a frontier market, with the possibility of being downgraded to "standalone" status, as well as profit taking in the market. Losses were witnessed in stocks of companies in the industrial goods, consumer goods and oil & gas sectors. This week, we envisage the profit taking to continue on previous weeks' gains.

### Money Market

Average cost of borrowing moderated downwards last week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates fell to 8.75% and 9.50% from 15.17% and 15.67% respectively the previous week. Longer dated rates such as the 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) also declined to 19.27% and 21.21% from 19.55% and 21.28% the previous week. Market liquidity was boosted due to Open Market Operation (OMO) maturity on Treasury bills of N153 billion as well as futures settlement of about N30 billion. This week, liquidity may be further boosted due to OMO maturity of N236 billion.

### Foreign Exchange Market

The naira depreciated at the interbank segment by 10kobo last week to a new rate of N305.85/\$ from N305.75/\$ the previous week. In contrast, the naira appreciated at the parallel market segment by N2 to a rate of N368/\$, from the previous week's rate of N370/\$. The appreciation at the parallel market may be attributed to the intervention sales of the apex bank in a bid to narrow the gap between the interbank and the unofficial market rates. This week, naira is likely to remain at current levels at the interbank as a result of the apex bank's further boosting dollar liquidity.

### Bond Market

Bond yields on the average rose across most maturities last week. This was largely due to sell-offs on longer tenor bonds following the bond auction which took place during the week. Yields on the five-, seven-, and ten-year debt papers climbed to 16.33%, 16.50% and 11.54% from 16.22%, 16.36% and 11.46% respectively for the corresponding maturities the previous week. The Access Bank Bond index fell by 1.77 points to close at 2,313.51 points from 2,315.28 points the prior week, while market capitalization lost N8 billion to settle at N6.47 trillion. This week, we expect yields to fall due to demand as a result of improved liquidity in the market.

### Commodities Market

Oil prices remained subdued as the global crude glut persisted despite the Organization of Petroleum Exporting Countries (OPEC) led output cuts. U.S. oil production is currently at 1.8 million barrels per day growth, which is almost twice the expectation of International Energy Agency (IEA). OPEC oil price declined by 4.06% to \$42.58 per barrel from \$44.38 per barrel the previous week. However, Bonny light, the Nigerian benchmark crude, remained at \$46.9 per barrel last week. In contrast, prices of precious metals closed higher last week, as equities fell and the dollar eased, following a tumble in crude oil prices. Gold rose by 0.1% or \$1.53 to \$1,256.97 an ounce, silver also climbed by 0.2% to \$16.76 an ounce. This week oil prices may likely continue their downward trend due to rising production in the U.S., Libya and Nigeria. For precious metals, economic and interest rate policy uncertainty will continue to hold sway over precious metals.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	June'17	July'17	Aug'17
Exchange Rate (Official) (N/\$)	305	305	305
Interest Rate (Normal Lending) (%)	16.2	16.1	16.0
Crude Oil Price(US\$/Barrel)	50	50	50

\* Revised