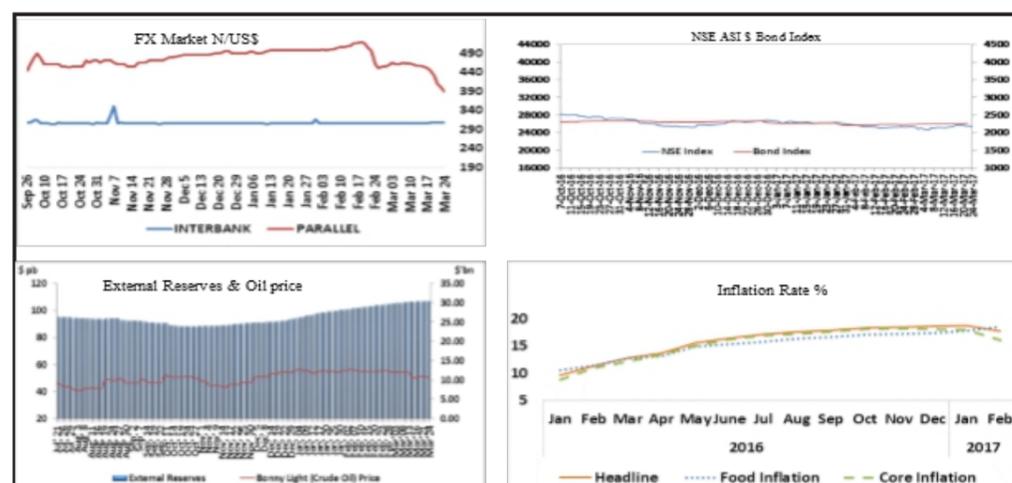


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-1.30	Q4 2016 — an increase of 0.94% from -2.24 in Q3 2016
Broad Money Supply (M2) (N' trillion)	22.37	Decreased by 4.3% in Feb'2017 from N23.38 trillion in Jan'2017
Credit to Private Sector (N' trillion)	22.36	Increased by 0.09% in Feb'2017 from N22.34 trillion in Jan'2017
Currency in Circulation (N' trillion)	1.98	Decreased by 0.8% in Feb'2017 from N1.99 trillion in Jan'2017
Inflation rate (%) (y-o-y)	17.78	Declined to 17.78% in Feb'2017, from 18.72% in Jan'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)	30.35	March 23, 2017 figure — an increase of 2.22% from March-start
Oil Price (US\$/Barrel)	49.58	March 24, 2017 figure — a decrease of 3.11% in 1 week.
Oil Production mbdpd (OPEC)	1.61	Feb'2017 figure — an increase of 3.7% from Jan'2017 figure



STOCK MARKET			
Indicators	Friday	Friday	Change(%)
	24/3/17	17/3/17	
NSE ASI	25454.93	25653.16	(0.77)
Market Cap(N'tr)	8.81	8.88	(0.80)
Volume (bn)	0.35	0.15	128.58
Value (N'bn)	2.33	1.86	25.48

MONEY MARKET			
NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	24/3/17	17/3/17	
Call	79.3333	12.2917	6704.2
7 Days	0.0000	0.0000	0
30 Days	17.8359	16.8782	95.8
60 Days	0.0000	0.0000	0
90 Days	21.3635	19.9637	140.0

FOREIGN EXCHANGE MARKET			
Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	24/3/17	17/3/17	24/2/17
Official (N)	307.00	306.50	305.50
Inter-Bank (N)	307.00	306.50	305.50
BDC (N)	0.00	0.00	0.00
Parallel (N)	390.00	450.00	460.00

BOND MARKET			
AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	24/3/17	17/3/17	
3-Year	0.00	0.00	0.0
5-Year	15.90	16.17	(27.1)
7-Year	15.79	15.76	3.0
10-Year	13.82	13.97	(15.3)
20-Year	15.73	16.01	(28.0)

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

## Market Analysis and Outlook: Mar 24 - Mar 31, 2017

### Global Economy

In the United Kingdom, annual consumer prices accelerated to 2.3% in February from 1.8% the previous month, figures from the Office for National Statistics showed. This was the biggest rise in prices since September 2013 and was driven by rising fuel prices and rising food cost. Month-on-month, consumer prices climbed 0.7% compared to a 0.5% decline in January. The core index which excludes prices of energy, food, alcohols and tobacco increased by 2%, higher than 1.6% in the previous two months. Elsewhere in the Euro Area, a trade deficit of €0.6 billion was recorded in January from €4.8 billion surplus during the same period of the previous year. According to European Union Statistics Agency (Eurostat), it was the first trade deficit since January 2014. Exports increased by 13% to €163.9 billion and imports increased by 17% to €164.5 billion. The European Union (EU) recorded a trade deficit of €16.2 billion in goods with the rest of the world in January 2017 compared to €12.1 billion deficit in January 2016. Exports in the EU climbed 16% to €141.2 billion from €121.4 billion a year earlier, among trading partners, the biggest increases in exports were to Russia, U.S., China and South Korea. In the same light, imports rose by 18% to €157.4 billion compared to €13.5 billion a year earlier, among trading partners, the biggest increases in imports were from Russia, Turkey, South Korea and Switzerland. In a separate development, Japan recorded a trade surplus of JPY 813.4 billion in February, which was higher than the JPY 235.5 billion surplus in the same period of the previous year. According to the Ministry of Finance, exports climbed 11.3% year-on-year to JPY 6.35 trillion, boosted by sales to China. This is the biggest gain recorded since January 2015. Japan's exports to the U.S. and China went up by 0.4% and 28.2% respectively. Imports also rose by 1.2% to JPY 5.53 trillion mainly as a result of oil. Japan's imports decreased from China, Western Europe, U.S. and ASEAN countries but rose from the Middle East.

### Local Economy

The Federation Accounts Allocation Committee (FAAC) shared the sum of N514.15 billion among Federal, States and Local Governments as revenue for February 2017. According to figures released by the National Bureau of Statistics, the gross statutory revenue of N514.15 billion received for the month was higher than the N430.16 billion received in January by N83.99 billion. A breakdown of the amount disbursed among the three tiers, revealed that the Federal Government received N200.59 billion, states received N128.45 billion and the local governments received N96.52 billion. The oil producing states received N34.11 billion as the 13% derivation fund and N42.58 billion was transferred into the excess petroleum product tax (PPT) account. In another development, according to the Nigerian Stock Exchange, the total number of transactions at the local bourse dropped significantly in February by 22.25% to N74.11 billion from N95.32 billion recorded in January. Cumulative transactions from January to February fell by 15.86% to N169.43 billion from N201.37 billion recorded in the same period of 2016. Domestic transactions declined by 22.88% to N39.57 billion from N51.31 billion in January. Foreign transactions also declined by 21.52% to N34.54 billion from N44.01 billion in January. A decrease of 28.79% in foreign inflows was recorded at N16.10 billion from N22.61 billion in January. Foreign outflows also fell by 13.83% to N18.44 billion from N21.40 billion in January. In a separate development, the Monetary Policy Committee of the Central Bank of Nigeria at their meeting on March 20th and 21st, retained the monetary policy rate at 14%. The committee also retained other monetary policy parameters such as the Cash Reserves Ratio at 22.5%, the Liquidity Ratio at 30% and the Asymmetric Corridor at +200 basis points and -500 basis points.

### Stock Market

The local bourse closed on a negative note last week as the major market indicators trended downwards. The All Share Index (ASI) lost 198.23 points to close at 25,454.93 points from 25,653.16 points the previous week, representing 0.8% decline. Similarly, market capitalization lost 0.8% to close at N8.81 trillion from N8.88 trillion the

previous week. The negative performance may not be unconnected with the decision of the Monetary Policy Committee (MPC) to maintain status quo on policy rates. This is inducing investors to reallocate assets from equities to take advantage of attractive yields in the fixed income market. Sell pressure on banking stocks and oil & gas stocks largely dragged market performance. week, we see a rebound in the market given the bargain hunting opportunities in Industrial Goods and Banking equities.

### Money Market

The direction of money market rates was mixed last week. Short tenor placements such as Open Buy Back (OBB) and Over Night (O/N) rates eased to 9.5% and 10.0% from 14.33% and 15.00% the previous week. These rates eased as a result of Federal Government allocations (FAAC) for February of N285 billion as well as the Paris club refund allocated to some states. In contrast, longer tenored rates such as the 30-day and 90-day NIBOR rose to 17.84% and 21.36% from 16.88% and 19.96% respectively the previous week as a result of the CBN withdrawing naira liquidity to offset dollar purchases. This week, market liquidity is expected to improve on the back of Open Market Operation (OMO) maturity of N54.45 billion.

### Foreign Exchange Market

The naira depreciated by 0.16% at the interbank segment last week to a new rate of N307/\$ from N306.80/\$ the previous week. The depreciation seen in the interbank segment was due to an adjustment in the reference rate at which the apex bank sold dollars to meet bids for wholesale intervention forwards and requests for invisibles. In contrast, at the parallel market, the local unit closed at N390/\$, stronger than N450/\$ from the previous week as sustained dollar auctions by the monetary regulator forced more currency speculators to sell off the greenback. The CBN sold \$100 million in forwards transactions during the week. This week, naira is likely to remain close to prevailing levels at the interbank market as the apex bank is expected to continue to intervene to ease FX liquidity in the market.

### Bond Market

Bond yields on the average fell across most maturities last week. The decline came on the back of demand from local and off-shore counter parties due to market sentiments trailing February and March bond auction. Yields on the five-, ten- and twenty-year debt papers respectively closed at 15.90%, 13.82% and 15.73% from 16.17%, 13.97% and 16.01% for the corresponding maturities the previous week. The Access Bank Bond index rose by 18.37 points to close at 2,275.08 points from 2,256.71 points the prior week. This week yields are expected to trend southwards on improved liquidity in the market.

### Commodities Market

Crude oil prices headed lower last week after data showed U.S. crude inventories rose, suggesting a crude glut may persist. The American Petroleum Institute (API) reported U.S. crude oil inventories rose by 4.5 million barrels to 533.6 million barrels. Bonny light, Nigeria's benchmark crude, settled down \$1.59, or 3.1%, at \$49.58 per barrel. In contrast, precious metals prices advanced buoyed by concerns about delays in fiscal reform the Trump administration. Precious metals prices usually move higher when there is fear, uncertainty, or volatility in markets. Gold added \$15.74, or 1.3%, to settle at \$1,245.51 an ounce, while silver was up 1.7% at \$17.61 an ounce. week, oil prices may remain pressured due to the imminent re-opening of a major Libyan oil port as well as the increasing U.S. rig count. For precious metals, the price trajectory remains bullish largely on account of the impact of sustained political issues in Europe and the United States.

### MONTHLY MACRO ECONOMIC FORECASTS

Variables	Apr'17	May'17	Jun'17
Exchange Rate (Official) (N/\$)	305	305	305
Inflation Rate (%)	17.2	16.6	15.5
Crude Oil Price (US\$/Barrel)	50	50	50