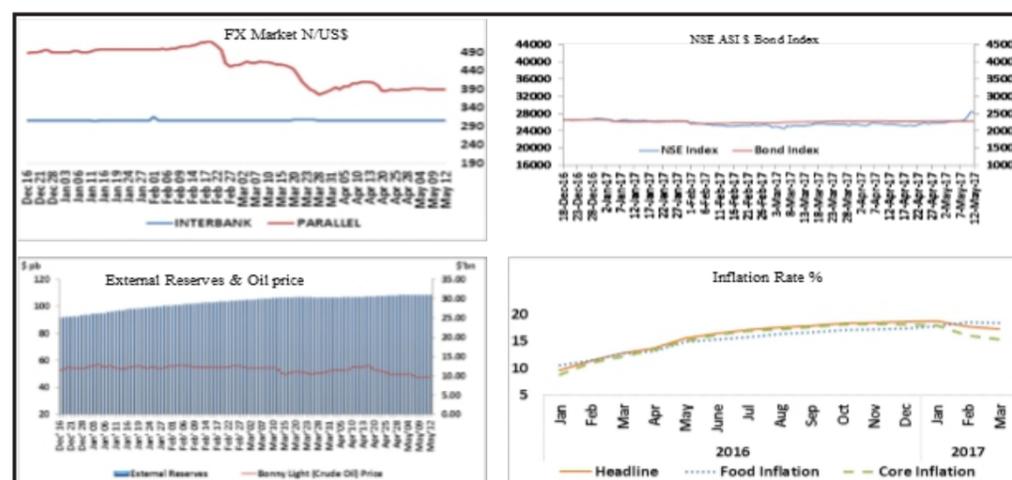


Access Bank Rateswatch

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)	22.02	Decreased by 1.52% in Mar'2017 from N22.37 trillion in Feb'2017
Credit to Private Sector (N' trillion)	22.27	Decreased by 0.40% in Mar'2017 from N22.36 trillion in Feb'2017
Currency in Circulation (N' trillion)	1.98	Increased by 0.24% in Mar'2017 from N1.97 trillion in Feb'2017
Inflation rate (%) (y-o-y)	17.26	Declined to 17.26% in Mar'2017, from 17.78% in Feb'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)	30.91	May 11, 2017 figure — a decrease of 0.19% from May-start
Oil Price (US\$/Barrel)	47.65	May 12, 2017 figure — a decrease of 4.53% in 1 week.
Oil Production mbpd (OPEC)	1.51	Apr'2017 figure — an increase of 3.50% from Mar'2017 figure



STOCK MARKET

Indicators	Friday	Friday	Change(%)
	12/5/17	5/5/17	
NSE ASI	28,192.46	26,235.63	7.46
Market Cap(N'tr)	9.75	9.07	7.46
Volume (bn)	1.06	0.44	140.08
Value (N'bn)	9.19	2.96	210.40

MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	12/5/17	5/5/17	
OBB	27.50	18.17	933
O/N	29.50	19.25	1025
CALL	15.04	68.33	(5329)
30 Days	19.11	18.47	65
90 Days	21.44	20.75	69

FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	12/5/17	5/5/17	12/4/17
Official (N)	305.60	305.70	306.10
Inter-Bank (N)	305.60	305.70	306.10
BDC (N)	362.00	362.00	362.00
Parallel (N)	390.00	391.00	410.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	12/5/17	5/5/17	
3-Year	0.00	0.00	0
5-Year	16.25	16.39	(14)
7-Year	16.33	16.42	(9)
10-Year	14.56	14.52	4
20-Year	16.05	16.05	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: May 12 - May 19, 2017

Global Economy

In the United States, the unemployment rate fell to 4.4% in April from 4.5% in March. According to the Bureau of Statistics (BLS), it is the lowest unemployment rate since May 2007. The number of unemployed persons dropped by 146,000 to 7.1 million and the labour force participation rate also declined to 62.9% from 63% in March. Elsewhere, in the Eurozone, industrial output increased by 1.9% year-on-year in March 2017 after a 1.4% rise in February. Data from the European Union Statistics Agency (Eurostat), revealed this increase was boosted by higher production of consumer, intermediate and capital goods. Increases in industrial production were registered in Estonia and Latvia with 14.8% and 10% respectively. While a decrease was seen in Netherlands with -2.2%. Considering the group of 28 European countries (EU28), production rose 2.4% after a 2.1% gain in the previous month. Month-on-month, industrial output in the Euro area declined by 0.1% in March 2017, same as in February. In a separate development, China's consumer prices increased by 1.2% year-on-year in April 2017, as reported by Statistics China. Cost of non-food items increased while cost of food items fell during the month. Cost of non-food items climbed by 2.4% from 2.3% the previous month. Cost of consumer goods also increased by 0.2% from -0.1% and services rose by 2.9% from 2.7%. Month-on-month, consumer prices climbed 0.1% after declining by 0.3% the previous month. The producer prices index rose by 6.4% year-on-year in April, lower than 7.6% increase in March.

Local Economy

The National Assembly passed the 2017 Appropriation Bill of N7.441 trillion on May 11, 2017. This represents an increase of N143 billion from the N7.2 trillion presented in December by President Muhammadu Buhari. The increase in the expenditure came with a significant mark-up in the benchmark crude oil price to \$44.5 per barrel from N42.5 per barrel initially proposed by the executive. The National Assembly however maintained the daily crude oil production of 2.2 million barrels and the exchange rate of N305 to \$1. A breakdown of the budget reveals that N2.18 trillion was allocated to capital expenditure, while recurrent expenditure (non-debt) and debt service received N2.987 trillion and N1.84 trillion respectively. The debt service allocation comprise N1.488 trillion to service domestic debt, N175.88 billion to service foreign debts and N177.46 billion to retire maturing loans. In another development, Moody's Investors Service has maintained its stable outlook for the Nigerian banking system. This reflects the rating agency's view that acute foreign-currency shortages in the country will gradually ease. It however warned that risks to asset quality are likely to remain high, with non-performing loans (NPLs) likely to rise to between 14% and 16% from 14% at the end of 2016. This was stated in a report titled, "Banking System Outlook: Nigeria". Moody's expects that with oil prices and economic activity gradually recovering in Nigeria, banks' dollar liquidity pressures will gradually ease. The agency anticipates that Nigeria's gross domestic product (GDP) growth will be 2.5% in 2017 and 4% in 2018, following a 1.5% contraction last year.

Stock Market

The local bourse was bullish for the third consecutive week as major market indicators trended upwards. The All Share Index (ASI) gained 1,956.83 points to close at 28,192.46 points from 26,235.63 points the previous week, representing 7.5% increase. Similarly, market capitalization gained 7.5% to close at N9.75 trillion from N9.07 trillion the previous week. The persistent positive performance may be attributed to the bullish sentiments of both local and foreign investors in the market as a result of

the launch of the investors and exporters FX window by the apex bank. The positive momentum came on the back of stocks of companies of consumer goods, and oil & gas sectors. This week, we see market indicators sustaining current upward trajectory buoyed by improved confidence on the outlook of the Nigerian economy.

Money Market

Average interbank cost of borrowing rose across most tenor placements last week. Short tenored placements such as Open Buy Back (OBB) and Over Night (O/N) rates rose to 27.50% and 29.50% from 18.17% and 19.25% respectively the previous week. Longer tenored rates such as the 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) rose to 19.11% and 21.44% from 18.47% and 20.75% the previous week. Market liquidity was drained as a result of outflow of N110 billion in bond settlement and Open Market Operation (OMO) sales of N17 billion. This week, liquidity may be boosted due to inflow from treasury bills maturity of N110.94 billion.

Foreign Exchange Market

The naira appreciated by 10kobo at the interbank segment last week to a new rate of N305.60/\$ from N305.70/\$ the previous week. At the parallel market segment, the naira appreciated by N1 to a rate of N390/\$, from the previous week's rate of N391/\$. The slight appreciation in both segments of the market remains as a result of the apex bank's effort in boosting dollar liquidity. This week, the local currency is likely to remain at prevailing levels as the Central Bank of Nigeria (CBN) continues to fund the market with needed foreign currency liquidity.

Bond Market

Bond yields on the average fell across most maturities last week. The decline was as a result of the bond auction carried out by the Debt Management Office (DMO) last week. Rates on particular bonds were auctioned at a lower rate than the prevailing market rates. This therefore led to a rally for such bonds and drove yields downwards. Yields on the five- and seven-year debt papers fell to 16.25% and 16.33% from 16.39% and 16.42% respectively for the corresponding maturities the previous week. The Access Bank Bond index rose by 5.75 points to close at 2,285.90 points from 2,280.15 points the prior week. This week, due to treasury bills maturities of N110.94 billion, liquidity is likely to improve.

Commodities Market

Oil prices slid last week weighed down by concerns over global oversupply largely due to rising US production. Nigeria's benchmark crude, Bonny light, declined by 4.5% or \$2.26 to \$47.65 a barrel from \$49.91 the previous week. In contrast, the prices of precious metals edged up slightly last week as political uncertainty in the United States following the sack of FBI chief James Comey stoked investor concerns and boosted safe-haven demand. Gold rose \$1.97, or 0.2%, to settle at \$1,229.84 an ounce. Silver followed suit as it gained 13 cents, or 0.8%, to \$16.44 an ounce. This week, oil prices may advance on rising expectations of an extension of the OPEC-Russia oil output reduction deal. For precious metals, prices are likely to maintain an upward trajectory as ongoing tensions in the Korean peninsula boost their appeal as alternative assets.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Apr'17	May'17	Jun'17
Exchange Rate (Official) (N/\$)	305	305	305
Inflation Rate (%)	16.6	15.5	14.4
Crude Oil Price (US\$/Barrel)	51	50	50