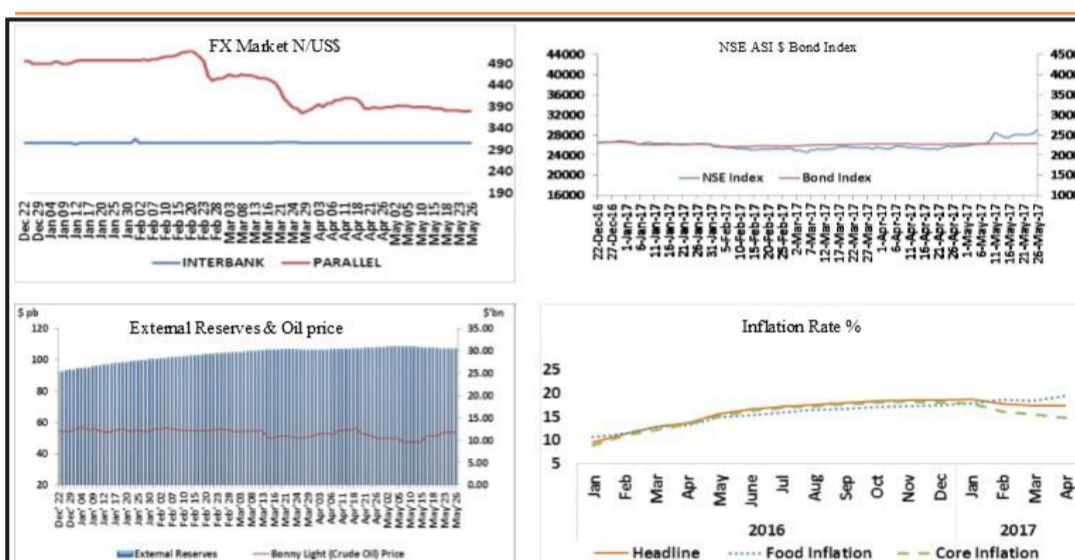


Access Bank Rateswatch

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)	17.24	Declined to 17.24% in Apr'2017 from 17.26% in Mar'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)	30.50	May 25, 2017 figure — a decrease of 1.52% from May-start
Oil Price (US\$/Barrel)	53.65	May 26, 2017 figure — an increase of 4.17% 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 26/05/17	Friday 19/05/17	Change(%)
NSE ASI	29064.52	28113.44	3.38
Market Cap(N'tr)	10.05	9.72	3.38
Volume (bn)	0.73	0.31	137.13
Value (N'bn)	5.72	5.40	5.85

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	26/05/16	19/05/17	
OBB	11.67	23.33	(1166.0)
O/N	12.42	26.08	(1366)
CALL	21.38	68.75	(4737.5)
30 Days	21.00	20.71	30
90 Days	22.53	22.17	35.9

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	26/05/17	19/05/17	26/04/17
Official (N)	305.35	305.45	305.90
Inter-Bank (N)	305.35	305.45	305.90
BDC (N)	362.00	362.00	362.00
Parallel (N)	382.00	381.00	388.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	26/05/17	19/05/17	
3-Year	0.00	0.00	0.0
5-Year	16.41	16.40	1.0
7-Year	16.45	16.48	(3.3)
10-Year	14.53	14.65	(12.0)
20-Year	16.06	16.07	(0.3)

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: May 26 - June 02, 2017

Global Economy

In the United States, the gross domestic product (GDP) grew by 1.2% year-on-year in the first quarter of 2017, revised from 0.7% initially reported. This is lower than the growth of 2.1% in the fourth quarter of 2016. According to the Bureau of Economic Analysis (BEA) the slower growth in the first quarter was as a result of a slowdown in consumer purchases of goods as well as businesses cutting back on spending on inventories. Elsewhere, in the United Kingdom, the gross domestic product (GDP) grew by 2% year-on-year in the first quarter of 2017. Higher than 1.9% growth in the previous quarter. According to the Office for National Statistics (ONS), fixed investment rose at a faster rate while household spending increased at a slower rate. Business investment rose for the first time in over a year. On the expenditure side, gross fixed capital formation rose by 2.2% in Q1'17 after a 1% rise in Q4'16. Household expenditure and government spending grew by 2.6% and 0.8% in Q1'17 compared to an increase of 2.9% and 0.4% respectively in the previous period. On the production side, the services industries climbed by 2.4% compared to 2.9% rise in Q4'16. Industrial production rose by 2.3%, and manufacturing grew by 2.6%. Imports climbed by 4.3% in Q1'17 after a 2% increase in Q4'16. Exports also rose by 2.1% after a 0.6% increase in the previous period. Trade deficit widened to £16.4 billion in Q1'17 from £12.8 billion in Q1'16. In a separate development, consumer prices in Japan rose by 0.4% year-on-year in April 2017. This is higher than the 0.2% increase recorded in March 2017. Data from Statistics Japan revealed that the rise was mainly driven by rises in the cost of food and transport. Core consumer prices climbed 0.3% year-on-year, after a 0.2% increase in the previous month. Month-on-month, consumer prices rose by 0.1% after a 0.1% decline in the previous two months.

Domestic Economy

Nigeria's gross domestic product (GDP) contracted by -0.52% in real terms in the first quarter of 2017. This represents the fifth consecutive quarter of contraction since the first quarter of 2016. This is 0.15% higher than the rate recorded in the corresponding quarter of 2016 (revised to -0.67% from -0.36%) and higher by 1.21% from the rate recorded in the fourth quarter of 2016 (revised to -1.73% from -1.30%). Quarter-on-quarter, real GDP growth was -12.92%. In the first quarter of 2017, aggregate GDP stood at N26.02 trillion in nominal terms, compared to N22.23 trillion in Q1'16. This resulted in a nominal GDP growth of 17.06%. The oil industry contracted by 11.64% year-on-year in Q1'17, as against a contraction of 4.81% in Q1'16. This represents a sixth straight quarter of decline. Quarter-on-quarter, the oil sector grew by 14.86% in the first quarter of 2017. The oil sector contributed 8.90% of total real GDP in Q1'17. According to the National Bureau of Statistics (NBS) report, average oil production stood at 1.83 million barrels per day in the first quarter, 0.07 million barrels higher than the daily average production of 1.76 million barrels per day recorded in the fourth quarter of 2016. Non-oil GDP grew by 0.72% to record the best performance in four quarters, when compared to -0.33% in Q4 2016 and -0.18% in Q1 2016. Agriculture expanded 3.39%, the slowest pace since the first three months of 2016. Transport services contracted by 4.01% in Q1 2017 from -2.63% in Q4 2016 and 2.23% in Q1 2016. The manufacturing sector returned to growth after declining for four consecutive quarters. Real GDP growth in the manufacturing sector was 1.36% year-on-year in the first quarter of 2017, 3.90% higher than the rate of -2.54% recorded in the preceding quarter. In a separate development, the Monetary Policy Committee of the Central Bank of Nigeria at their meeting on May 22nd and 23rd, 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 bullish note as major market indicators trended upwards. The All Share Index (ASI) gained 951.08 points to close at 29,064.52 points from 28,113.44 points the previous week, representing 3.4% improvement. Similarly, market capitalization gained 3.4% to close at N10.05 trillion from N9.72 trillion the previous week. The upward trend was as a result of impressive gains in stocks of companies in the consumer goods, oil & gas and financial services sectors. This week, we see the market maintaining its bullish trend supported by improved outlook for the economy.

Money Market

The direction of the money market rates was mixed for the second consecutive week. Short dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 11.67% and 12.42% from 23.33% and 26.08% respectively the previous week. While longer dated rates such as the 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) rose to 21% and 22.53% from 20.71% and 22.17% the previous week. However, market liquidity was boosted by inflow of N199.5 billion payment of Federal Account Allocation Committee (FAAC) and N131 billion in Open Market Operation (OMO) maturity. This week, rates may be higher due to Secondary Market Intervention Sales (SMIS).

Foreign Exchange Market

The naira appreciated slightly by 10kobo at the interbank segment last week to a new rate of N305.35/\$ from N305.45/\$ the previous week. At the parallel market segment, the naira depreciated slightly by N1 to a rate of N382/\$, from the previous week's rate of N381/\$. The appreciation in the interbank segment of the market is due to the apex bank's effort in providing the greenback to operators in the market. This week, naira is likely to maintain its current trend at the interbank segment due to the continuous dollar liquidity in the market.

Bond Market

Bond yields on the average fell across most maturities last week. The drop in yields was due to higher demand for bonds. Yields on the seven-, ten- and twenty-year debt papers fell to 16.45%, 14.53% and 16.06% from 16.48%, 14.65% and 16.07% respectively for the corresponding maturities the previous week. The Access Bank Bond index rose by 5.47 points to close at 2,292.08 points from 2,286.61 points the prior week. This week, due to improved liquidity of Open Market Operation (OMO) maturity in the system yields may further trend downwards.

Commodities Market

Oil prices rose last week after the members of the Organization of Petroleum Exporting Countries (OPEC) and their non-member allies agreed to extend oil production cuts by nine months. Bonny light, the Nigerian benchmark crude, gained \$2.15 or 4.2% to settle at \$53.65 per barrel. In a similar vein, precious metals prices also closed higher as traders and investors awaited the release of the revised first quarter U.S. GDP figures, which was expected to be higher than previously reported. Gold climbed 0.9% or \$10.98 to \$1,265.53 an ounce, while silver gained 2.7% to \$17.32 an ounce. This week, oil prices are likely to maintain their upward trend due to the OPEC deal to extend oil production cuts. For precious metals, the likelihood of higher Federal Reserve rates may drive prices southwards.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	June'17	July'17	Aug'16
Exchange Rate (Official) (N/\$)	305	305	305
Interest Rate (Normal Lending) (%)	16.8	16.6	16.4
Crude Oil Price (US\$/Barrel)	50	50	50

* Revised