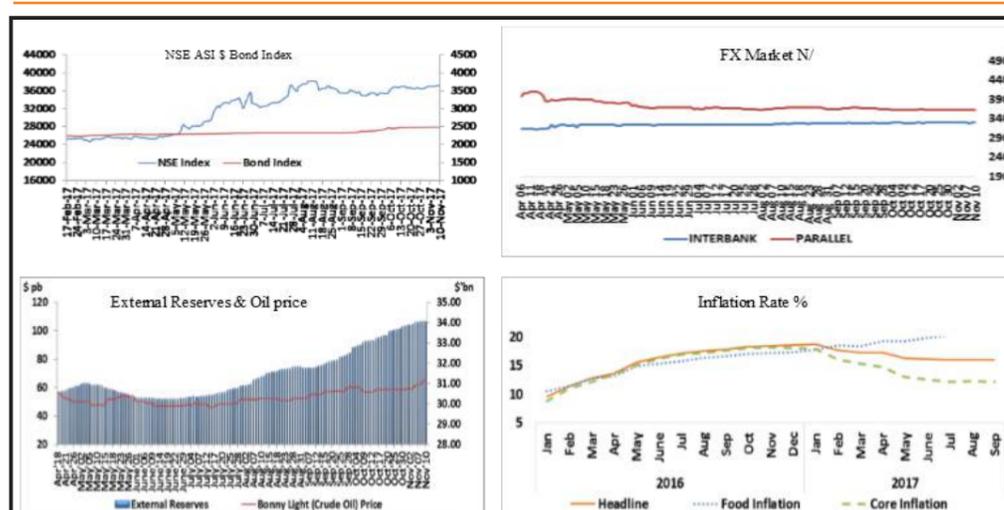


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	0.55	Q2 2017 — higher by 1.46% compared to -0.91% in Q1 2017
Broad Money Supply (M2) (N' trillion)	21.95	Increased by 0.47% in Sep' 2017 from N21.85 trillion in Aug 2017
Credit to Private Sector (N' trillion)	22.02	Increased by 0.11% in Sep 2017 from N21.99 trillion in Aug 2017
Currency in Circulation (N' trillion)	1.78	Decreased by 4.69% in Sep' 2017 from N1.87 trillion in Aug 2017
Inflation rate (%) (y-o-y)	15.98	Declined to 15.98% in September'2017 from 16.01% in August'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)	34.12	November 09, 2017 figure — an increase of 0.62 % from Nov start
Oil Price (US\$/Barrel)	64.45	November 10, 2017 figure - an increase of 9.03% from a week prior
Oil Production mbpd (OPEC)	1.86	Sept' 2017 figure — an increase of 2.83% from Aug'2017 figure



## STOCK MARKET

Indicators	Friday 10/11/17	Friday 03/11/17	Change(%)
NSE ASI	37,120.28	36,939.59	0.49
Market Cap(N'tr)	12.85	12.78	0.49
Volume (bn)	0.18	0.36	(51.45)
Value (N'bn)	2.65	3.68	(28.14)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	10/11/17	03/11/17	
OBB	7.17	39.42	(3225)
O/N	7.75	36.33	(2858)
CALL	8.82	7.36	146
30 Days	19.19	19.16	3
90 Days	20.75	19.38	137

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	10/11/17	03/11/17	10/10/17
Official (N)	305.95	305.90	305.10
Inter-Bank (N)	329.75	329.42	329.00
BDC (N)	362.00	362.00	362.00
Parallel (N)	363.00	363.00	363.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	10/11/17	03/11/17	
3-Year	0.00	0.00	0
5-Year	15.10	14.98	12
7-Year	15.09	15.05	4
10-Year	15.06	14.99	7
20-Year	14.93	14.88	6

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

## Market Analysis and Outlook: November 10 - November 17, 2017

### Global Economy

In the United States of America, the unemployment rate notched lower to 4.1% in October from 4.2% recorded in September. According to the Bureau of Labour Statistics, this is the lowest unemployment rate in 17 years. The U.S employers generated 261, 000 new positions in the review month. The number of unemployed persons declined by 281,000 to 6.5 million people, a total of 1.1 million decrease in number of unemployed persons year to date. The rebound in the labour market can be attributed to the waning off of the negative effect of Hurricanes Harvey and Irma. Elsewhere in China, consumer prices edged up 1.9% year-on-year in October 2017, following a 1.6% increase in September. This is the highest inflation rate since January, spurred by increases in cost of non-food items while cost of food went down from a month earlier according to the National Bureau of Statistics of China. Month-on-month consumer prices rose 0.1%, down from 0.5% recorded last month. In a separate development, Brazil trade surplus rose to \$5.2 billion in October 2017, the best performance for October in history. According to reports by the Ministry of Industry, Foreign Trade and Services, sales rose by 37.6% year-on-year to \$18.87 billion, after an 18.1% rise the previous month. Imports increased by 20.2% to \$13.67 billion, following a 12.5% rise in September.

### Domestic Economy

The President of the Federal Republic of Nigeria, recently presented the 2018 Appropriation Bill before a joint session of the Senate and House of Representatives. The "Budget of Consolidation" as the 2018 budget is titled had key benchmarks on which it had been proposed. Benchmark oil price of \$45 per barrel, oil production estimate of 2.3 million barrels per day, exchange rate of N305/1\$, real Gross Domestic Product growth of 3.5% and inflation rate of 12.4%. A total expenditure of N8.612 trillion is proposed for 2018, while federal government estimated total revenue is N6.607 trillion, leaving a deficit of N2.005 trillion. The deficit is to be financed equally by external and internal borrowings. Capital expenditure retains its 30.8% of the total budget (N2.42 trillion), recurrent costs of N3.49 trillion, debt service of N2.01 trillion, statutory transfers of N456 billion and sinking fund of N220 billion. Some key capital spending allocations include, Power, Works and Housing of N555.88 billion, Transportation of N263.10 billion, Special Intervention programmes of N145 billion, Defense of N145 billion and Agriculture and Rural Development of N118.98 billion. The president urged the house to pass the budget quickly so as to go back to a normal budget cycle of January to December. In a separate development, Moody's investors Service downgraded Nigeria's long-term issuer and senior unsecured debt ratings from B1 to B2 with a stable outlook. Moody's noted unsuccessful efforts by the government to broaden the non-oil revenue base, exposure of government balance to further economic or financial shocks, with interest payment very high relative to revenues and deficits elevated despite cuts in capital spending as reasons for the downgrade. The country's long term foreign currency bond ceiling was also downgraded to B1 from Ba3 by the rating agency. However, it left the long term local-currency bond and deposit ceiling unchanged at Ba1.

### Stock Market

Performance at the local bourse closed on a bullish note for the second consecutive week as major market indicators trended upwards. The All Share Index (ASI) gained 180.69 points to close at 37,120.28 points from 36,939.59 points the previous week, representing a 0.5% increase. Similarly, market capitalization gained

0.5% to close at N12.84 trillion from N12.78 trillion the previous week. The positive performance was led by stocks in consumer goods, financial and oil & gas sector. This week, the positive sentiment in the market is expected to continue amidst portfolio rebalancing and repositioning.

### Money Market

The direction of 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 7.17% and 7.75% from 39.42% and 36.33% respectively the previous week. This was triggered by inflow of N233 billion from Open Market Operations (OMO) maturities. In contrast, longer dated rates such as the Call, 30 and 90-day Nigerian Interbank Offered Rate (NIBOR) increased to 8.82%, 19.19% and 20.75% from 7.36%, 19.16% and 19.38% respectively the previous week. This week, rates are expected to trend upwards due to Retail Secondary Market Intervention Sales, OMO maturities and prospective primary market auction happening this week.

### Foreign Exchange Market

The naira slightly depreciated against the dollar at the interbank and CBN official window. It closed the trading week at N329.75/\$ and N305.95/\$, a depreciation of 0.10% and 0.02% respectively. The Naira remained steady at the parallel market at N363/\$, same rate it traded the previous week. The stability reflects the Central Bank of Nigeria's (CBN) continuous effort of providing foreign currency to market participants. This week naira is expected to remain at prevailing levels as the apex bank keeps the market adequately supplied with forex.

### Bond Market

Bond yields rose across all maturities. Yields on the five-, seven, ten and twenty-year bond increased to 15.10%, 15.09%, 15.06% and 14.93% from 14.98%, 15.05%, 14.99% and 14.88% the previous week. This was due to profit taking by counter party investors. Consequently, the Access Bank Bond index declined marginally by 1.87 points to close at 2,478.80 points from 2,480.67 points the previous week. This week we expect a reversal in the trend as market stabilises.

### Commodities Market

Bonny light, the Nigerian benchmark crude, gained 9.6% or \$5.67 to close at \$64.78 per barrel last week from \$59.11 per barrel the preceding week. Oil prices skyrocketed last week on the back of supply cuts by major exporters and political tension in Saudi Arabia. Eleven Saudi princes and dozens of former ministers were arrested or detained on charges of corruption. Last week, the price of precious metals were mixed as Gold prices went up and silver prices declined. Gold went up by 0.7% or \$9.04 to \$1,284.13 an ounce, while silver contracted by 0.5% or 9 cents to settle at \$17.02 an ounce. The bullish momentum seen in gold prices was caused by increased demand and a weaker US dollar, while the decline in silver came on the back of reduced demand from industrial units. This week, we expect oil prices to retain their current momentum on expectations of increased demand. While precious metal price rally is likely on expectations of weaker dollar.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Nov'17	Dec'17	Jan'18
Exchange Rate (Official) (N/\$)	328.50	328.32	327.90
Interest Rate (Normal Lending) (%)	15.89	15.85	15.8
Crude Oil Price (US\$/Barrel)	59	57	57

\* Revised