**Market Analysis and Outlook: October 13 - October 20, 2017**

**Global Economy**

*In the United States of America*, unemployment rate declined to 4.2% in September 2017 from 4.4% in August 2017, the lowest jobless rate in over 16 years according to the Bureau of Labor Statistics. This is despite a report of loss of 33,000 jobs in the manufacturing sector and the impact of Hurricane Harvey and Irma. The number of unemployed persons fell by 331 thousand to 6.8 million. The employment-population ratio rose by 0.3% point to 60.4% and labour force participation rate also increased by 0.3% point in September. Elsewhere in the United Kingdom, trade deficit in goods and services increased by 2.1% to GBP 5.48 billion in July. In a separate development, Brazil inflation rate rose to 2.54% year-on-year in September 2017, higher than the 2.46% increase in August. It is the first rise in inflation rate since August 2016 according to the Brazilian Institute of Geography and Statistics. Monthly on-month consumer prices went up by 0.19% in August, a slight decrease from 0.19% in August figure.

**Local Economy**

The International Monetary Fund (IMF) in its World Economic Outlook (WEO) report recently released, projected that Nigeria’s economy would expand by 1.9% in the year 2018. The Fund however stated that the nation’s growth would be subdued due to population growth. Concerns on policy implementation and market access were also mentioned. In the foreign exchange market would also be a challenge in the medium term. In another development, Nigeria’s oil revenue fell between January and July 2017 to be N135.98 billion. According to the National Bureau of Statistics (NBS), Nigeria has earned N135.98 billion from the sale of crude oil in both the domestic and international market. The increase in the level of oil production is attributed to relative peace in the Niger Delta.

**Stock Market**

The local bourse was bullish for the second consecutive week as major market indicators trended upwards. The Access Bank Index (AXIS) gained 527.24 points to close at 36,848.17 points from 36,320.93 points the previous week, representing 1.5% increase. Similarly, market capitalization gained 1.5% to close at N12.65 trillion from N12.50 trillion the previous week. The persistent positive performance may be attributed to the bullish sentiments of foreign investors as they await positive Q3 corporate earnings. The top performing sectors were the consumer goods, industrial goods and financial sectors. This week, we see market indicators sustaining current upward momentum and are expected to close due to declines in US crude oil production and inventories. Precious metals are likely to continue their current trend while the Q3 inflation and positive Q3 GDP to signify a healthy Nigerian economy.

**Money Market**

Cost of Funds at the money market ascended across most maturities last week. Short-dated placements such as Open Buy Back (OBB) and Over Night (ON) rates climbed to 35.33% and 33.33% from 25.83% and 26% respectively the previous week. The 30-day and 60-day rates increased by 7.56% and 8.32% respectively from 49.28% and 56.75% to 56.85% from 57.93% last week. This week, rates are likely to remain up due to tight liquidity as a result of the prospective primary market auction happening this week.

**Foreign Exchange Market**

The naira appreciated against the “green back” at the interbank and CBN official window by N0.38 kobo and N0.15 kobo in the week ended October 13, 2017 to a new rate of N329.12 and N355.50 respectively from a week prior. While at the parallel market the local unit was steady at N363. The central bank of Nigeria (CBN) continuous intervention and constant foreign inflow from international investors is what has led to the current stability in the local currency. This week we expect the naira to remain around prevailing levels as it continues to enjoy the support of the CBN efforts to keep the naira stable.

**Commodities Market**

Price of crude oil- Baby Light fell by 5% to close the week at $55.92 per barrel. Prices hovered around $59.92 per barrel the previous week. This was a result of rising global crude supplies driven especially by the US crude oil. Metal prices in contrast edged up for the first time in 4 weeks. Gold rose by 1.9% or $4.46 an ounce to close the week at $1,293.68 an ounce, while crude oil production and inventories. Precious metals are likely to continue their current trend while the Q3 inflation and positive Q3 GDP to signify a healthy Nigerian economy.

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Access Bank Rateswatch

**KEY MACROECONOMIC INDICATORS**

| Sources: CBN, Financial Market Dealers Association of Nigeria, NSE and Access Bank Intelligence Group cooperation |

**Indicators** | Current Figures | Comments |
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GDP Growth (%) | 0.55 | Q2 2017 — higher by 1.46% compared to -0.91% in Q1 2017 |
Broad Money Supply (M2) (N’ trillion) | 21.86 | Decreased by 1.86% in Aug ’2017 figure — an increase of 2.67% from July ’2017 figure |
Currency in Circulation (N’ trillion) | 23.99 | Decreased by 0.76% in Aug ’2017 figure — an increase of 2.51% from July ’2017 figure |
Inflation rate (% by year) | 14.01 | Increased to 14.01% in August from 16.06% in July ’2017 |
Monetary Policy Rate (%) | 12 | Raised by 1% in July ’2016 from 12% |
Oil Production (mbpd) (OPEC) | 1.86 | Sept’2017 figure — an increase of 2.83% from Aug’2017 figure |
External Reserves (US$ million) | 33.10 | October 11, 2017 figure — an increase of 1.10 % from Oct start |
Lending rates (Naira) | 6.65 | Oct 13, 2017 figure — a decrease of 5% from a week prior |

**STOCK MARKET**

| Indicators | Friday Rate (%) | Change from prior week (%) |
--- | --- | --- |
NSE ASI | 36,848.17 | 1.54 |
Market Cap (N’ trillion) | 21.86 | 1.46 |
Volume (billion) | 10.36 | 30.45 |
Value (N’billion) | 2.24 | 1.74 |

**MONEY MARKET**

| Indicators | Friday Rate (%) | Change from prior week (%) |
--- | --- | --- |
Call | 20.04 | 8.21 |
30 Days | 21.14 | 19.33 |
90 Days | 21.78 | 20.55 |

**FOREIGN EXCHANGE MARKET**

| Indicators | Friday Rate (%) | Change from prior week (%) |
--- | --- | --- |
Inter-Bank (N) | 329.12 | 329.50 |
Official (N) | 305.50 | 305.65 |

**COMMODITIES MARKET**

| Indicators | 1-week Change (%) | 1-month Change (%) |
--- | --- | --- |
Gold ($/t oz.) | 1.88 | 1.34 |
Sugar ($/lb.) | 0.21 | 0.74 |
Coffee ($/lb.) | 2.30 | 0.74 |
Crude Oil ($/bbl) | 5.02 | 6.31 |

**BOND MARKET**

| Tenor | Amount Rate (%) | Date(N’ million) |
--- | --- | --- |
182 Day | 12,229.64 | 15.499 04-Oct-2017 |
364 Day | 106,370.50 | 15.7253 04-Oct-2017 |
91 Day | 11,769.54 | 13.25 04-Oct-2017 |

**ACCESS BANK NIGERIAN GOVT’ BOND INDEX**

| Tenor | Amount Rate (%) | Date(N’ million) |
--- | --- | --- |
Mkt Cap Net (N’tm) | 4.91 | 4.85 |
Index | 2,471.46 | 2,446.44 |

**ACCESS BANK NIGERIAN GOVT’ BOND INDEX**

| Tenor | Change (Basis Point) | Date |
--- | --- | --- |
1-Year | 25.04 | 16.43 |
5-Year | 21.78 | 19.33 |
10-Year | 17,77 | 16.40 |
20-Year | 17.93 | 16.40 |
30-Year | 18.81 | 16.40 |

**DISCLAIMER**

This report is based on information obtained from various sources. Sources included the Nigerian National Bureau of Statistics, CBN, NSE, Inter-Bank, Inter-Bond, Inter-Dollar and Inter-forex rates. No liability is assumed as to the accuracy of the information contained in this report. While every effort is made to ensure that the information in this report is correct, the report is not guaranteed as to accuracy or completeness. This report is for information only and is not intended to be used as a substitute for any professional advice. This document is for informational purposes only and is not intended to be a substitute for financial advice or for any professional advice. The information contained herein has been compiled from sources believed to be reliable, but no representation or warranty, expressed or implied, is given as to its accuracy or completeness.

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

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