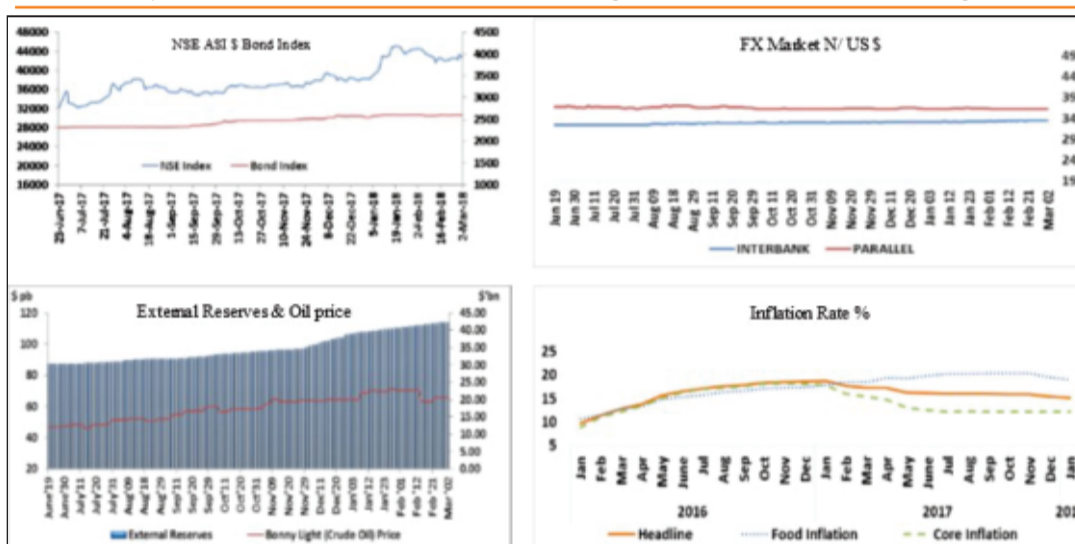


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.92	Q4 2017 — higher by 0.52% compared to 1.40% in Q3 2017
Broad Money Supply (M2) (N' trillion)	24.00	Increased by 7.04% in Dec' 2017 from N22.31 trillion in Nov 2017
Credit to Private Sector (N' trillion)	22.29	Increased by 1.50% in Dec' 2017 from N21.96 trillion in Nov 2017
Currency in Circulation (N' trillion)	2.15	Increased by 13.15% in Dec' 2017 from N1.90 trillion in Nov 2017
Inflation rate (%) (y-o-y)	15.13	Declined to 15.13% in Jan'2018 from 15.37% in Dec'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)	42.35	February 27, 2018 figure — an increase of 3.9% from Feb start
Oil Price (US\$/Barrel)	65.71	March 02, 2018 figure - no change in one week
Oil Production mbpd (OPEC)	1.82	Jan' 2018 figure — a decrease of 0.55% from Dec'2017 figure



STOCK MARKET

Indicators	Friday 2/03/18	Friday 23/02/18	Change(%)
NSE ASI	42,876.23	42,570.89	0.72
Market Cap(N'tr)	15.40	15.28	0.82
Volume (bn)	0.40	0.31	30.71
Value (N'bn)	9.14	6.40	42.73

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	2/03/18	23/02/18	
OBB	9.75	11.50	(175)
O/N	10.00	12.42	(242)
CALL	3.17	9.71	(654)
30 Days	15.30	14.87	43
90 Days	16.09	15.92	17

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	2/03/18	23/02/18	2/02/18
Official (N)	305.85	305.95	305.75
Inter-Bank (N)	335.10	334.81	333.13
BDC (N)	360.33	60.87	360.00
Parallel (N)	362.00	362.00	363.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	2/03/18	23/02/18	
3-Year	0.00	0.00	0
5-Year	13.77	13.87	(10)
7-Year	13.99	13.89	9
10-Year	13.73	13.73	0
20-Year	13.56	13.55	1

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: March 2 - March 9, 2018

Global Economy

In the US, real gross domestic product increased at an annual rate of 2.5% in the fourth quarter of 2017, according to the "second" estimate released by the Bureau of Economic Analysis. The second GDP estimate which is based on more complete source data, follows a 3.2% increase recorded in the third quarter. According to the Bureau, the deceleration in growth reflected a downturn in private inventory investment as well as a jump in imports. Imports grew at an upwardly revised 14% pace instead of the previously reported 13.9% rate, fueled by soaring consumer spending. Growth in consumer spending, which accounts for more than two-thirds of US economic activity, was unrevised at a 3.8% rate in the fourth quarter, the third year. Elsewhere in India, the trade deficit widened to a 56-month high of \$16.3 billion in January as imports of precious stones and crude oil surged during the month while growth in exports slowed down. Data released by the commerce ministry showed exports rose by 9% reaching \$24.3 billion but were outweighed by a 26% increase in imports at \$40.6 billion. Import of precious stones rose 55.7% and petroleum 42.6%. Apart from crude and precious stones, imports of other items such as coal (31.7%), chemicals (48.4%), plastic (42.7%), iron and steel (28.8%), non-ferrous metals (42.5%), machinery (29.1%), transport equipment (4%) and electronic goods (12.2%) also saw a broad-based increase. In the Eurozone, the unemployment rate held steady at its lowest level since December 2008 in January, according to figures released by the EU's statistics agency (Eurostat). The unemployment rate was stable at 8.6% in January, with December's level revised down to 8.6% from the 8.7% previously estimated. The number of unemployed fell to 14.11 million people in January from 14.12 million a month earlier. In January last year, the unemployment rate stood at 9.6%, meaning 15.54 million people were jobless. Despite the steady drop in unemployment levels in the Eurozone, the region is marked by big divergences: whereas Germany's unemployment rate, according to Eurostat, stands at only 3.6%, Greece's remains high at 20.9%.

Local Economy

Nigeria's gross domestic product (GDP) grew by 1.92% year-on-year in Q4 2017, the third consecutive growth since the country emerged from recession in Q2 2017. According to the National Bureau of Statistics (NBS), this is 3.65% higher than the rate recorded in the corresponding quarter of 2016 (-1.73%) and higher by 0.52% from rate recorded in the previous quarter, (1.40%). Comparing Q3 2017 and Q4 2017, real GDP growth was 4.29%. In the fourth quarter of 2017, aggregate GDP stood at N31.21 trillion in nominal terms, compared to N29.17 trillion in Q4 2016. This resulted in a nominal GDP growth of 6.99%, lower than 12.49% recorded in the same quarter of 2016. The oil industry grew by 8.38% year-on-year in Q4 2017, 17.50% lower than 25.89% recorded in Q3 2017. The oil sector contributed 7.17% of total GDP in Q4 2017. Average oil production stood at 1.91 million barrels per day in the fourth quarter, 0.12 million barrels lower than the daily average production recorded in the third quarter of 2017 (2.03 million barrels per day). Non-oil GDP grew by 1.45%, higher than the negative growth of 0.76% witnessed in Q3 2017. The non-oil sector contributed 92.83% of total GDP in Q4 2017. Considering the 46 activity sectors, 16 sectors remained resilient in Q4 2017, including: Crop production; forestry; air transport; electricity, gas, steam & air among others. Twenty (20) sectors were in recovery as shown by the Q4 2017 report, some of which include: Trade, construction, financial institutions and motor vehicle & assembly among others. Nine (9) sectors went into or remained in recession including: Insurance, Cement and Oil refining. The quarrying & other minerals sector alone recorded negative growth in Q4 2017 for the first time in 2017. In a separate development, the Manufacturing Purchasing Managers' Index (PMI) stood at 56.3 index points in February 2018. This indicates an expansion in the manufacturing sector for the eleventh consecutive month. The index however grew at a slower rate when compared to the previous month (57.3 points). This was shown in the latest PMI report by the Central Bank of Nigeria. A composite PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. Ten of the fifteen sub-sectors surveyed, recorded growth during the month. However, the remaining 5 sub-sectors contracted in the following order: printing & related support activities; cement; non-metallic mineral products; fabricated metal products; and transportation equipment.

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Stock Market

Trading at the Nigerian Stock Exchange (NSE) closed on a positive note last week. Performance indicators closed in the green signalling buying sentiments ahead of the release of more earnings report. The All Share Index (ASI) gained 0.7% or 305.34 points to close at 42,876.23 points from 42,570.89 points the previous week. Similarly, market capitalization increased by 0.8% to close at N15.40 trillion from N15.28 trillion the previous week. This week, we expect the market volatility and repositioning to continue due to the CBN's directive on non-payment of dividends by banks with high NPLs and low CAR as well as for earnings season.

Money Market

Market rates moderated for the third consecutive week due to inflow from Federal Accounts Allocation Committee (FAAC) funds of about N305 billion as well as retail Secondary Market Intervention Sales (SMIS) refund. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 9.75% and 10% from 11.50% and 12.42% respectively the previous week. Longer dated placements however, edged up. The 30-day and 90-day NIBOR closed higher at 15.30% and 16.09% from 14.87% and 15.92% the prior week. This week, liquidity is expected to tighten as no inflow is expected into the system.

Foreign Exchange Market

Last week, the naira exchange rate to the dollar remained unchanged at the parallel market at N362/\$, same as the previous week. In contrast, at the interbank window the naira further depreciated by 0.09% to close at N335.10/\$ from N334.81/\$ the previous week. The local currency however appreciated slightly at the official market to N305.85/\$ from N305.95/\$ the previous week. The relative stability of the local currency continues to be supported by the apex bank's foreign currency liquidity intervention. This week, we envisage the naira remaining at prevailing levels as the outlook of the economy continues to improve.

Bond Market

Average bond yields trended southwards due to investors taking position after the gains of the previous week. Yields on the five-, ten- and twenty-year debt papers settled at 13.77%, 13.73% and 13.56% from 13.87%, 13.73% and 13.55% respectively the previous week. The Access Bank Bond index rose marginally by 3.54 points to close at 2,603.79 points from 2,600.25 points the previous week. This week, yields may further trend downwards in anticipation of demand from counterparties and international investors due to the improving macro environment evidenced by the newly released gross domestic product (GDP).

Commodities Market

Last week oil prices retreated after the Energy Information Administration (EIA) data revealed an increase in U.S. crude inventories by 3 million barrels. Organization of the Petroleum Exporting Countries (OPEC) oil price declined by 1.35% to \$62.23 per barrel from the previous week. However, Nigeria's benchmark crude, Bonny light, remained unchanged from the previous week at \$65.71 per barrel. The prices of precious metals retreated for the second consecutive week as the dollar strengthened to six weeks high and investors braced for expected U.S. interest rate hike after the Federal Reserve Chairman Jerome Powell testified before Congress earlier in the week. Gold price slid by 0.4% to \$1,324.10 an ounce from \$1,329.46 an ounce the previous week. Silver followed, falling by 0.5% to \$16.49 from \$16.57 an ounce the previous week. Soaring U.S. production may continue to keep a lid on oil prices even as Organization of the Petroleum Exporting Countries (OPEC) continues to maintain its supply cuts. Precious metals prices may be spurred by inflation worries, however, rising interest rates would pressure precious metals as safe haven assets pay no interest.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Mar'18	Apr'18	May'18
Exchange Rate (Official) (N/\$)	331.33	331.12	332.93
Inflation Rate (%)	14.99	14.96	14.95
Crude Oil Price (US\$/Barrel)	65	67	68