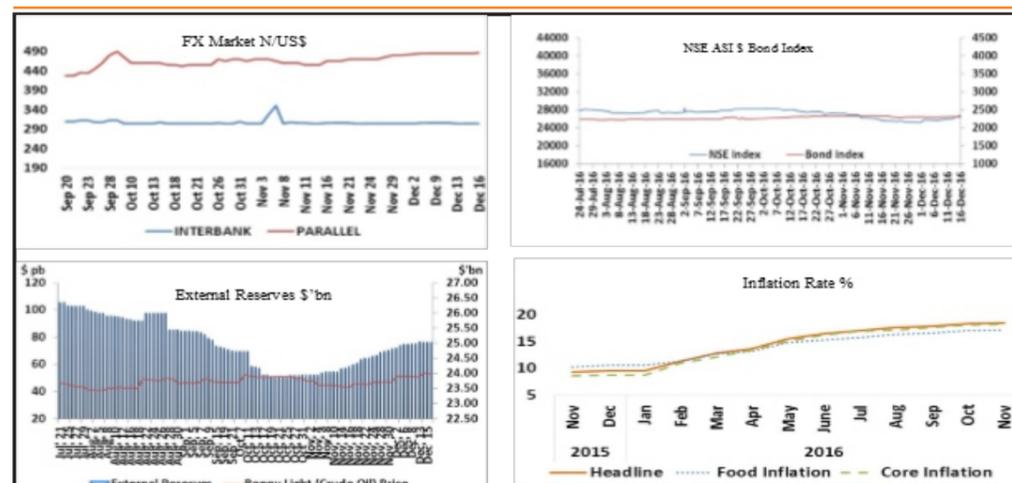


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-2.24	Q3 2016 — a decline of 0.18% from -2.06 in Q2 2016
Broad Money Supply (M2) (N' trillion)	22.27	Increased by 0.7% in Oct'2016 from N22.12 trillion in Sep'2016
Credit to Private Sector (N' trillion)	23.07	Increased by 1.9% in Oct'2016 from N22.65 trillion in Sep'2016
Currency in Circulation (N' trillion)	1.83	Increased by 1.8% in Oct'2016 from N1.79 trillion in Sep'2016
Inflation rate (%) (y-o-y)	18.48	Edged up to 18.48% in Nov'2016, from 18.33% in Oct'2016
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)	25.04	Dec 15, 2016 figure — an increase of 0.8% from December -start
Oil Price (US\$/Barrel)	53.15	Dec 16, 2016 figure — an increase of 4.4% in 1 week.
Oil Production mbpd (OPEC)	1.69	Nov'2016 figure — an increase of 3.9% from Oct'2016



STOCK MARKET

Indicators	Friday	Friday	Change(%)
	16/12/16	9/12/16	
NSE ASI	26,707	25,818	3.44
Market Cap(N'tr)	9.19	8.88	3.44
Volume (bn)	0.87	0.89	(2.28)
Value (N'bn)	4.39	10.63	(58.74)

MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	16/12/16	9/12/16	
Call	4.26	4.15	11
7 Days	0.00	0.00	0
30 Days	15.61	15.86	(26)
60 Days	0.00	0.00	0
90 Days	18.16	18.39	(23)

FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	16/12/16	9/12/16	16/11/16
Official (N)	305.00	305.50	305.5
Inter-Bank (N)	305.00	305.50	305.5
BDC (N)	0.00	0.00	0.0
Parallel (N)	487.00	485.00	465.0

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	16/12/16	9/12/16	
3-Year	0.00	0.00	0
5-Year	15.86	15.90	(4)
7-Year	15.73	15.65	8
10-Year	13.74	13.79	(5)
20-Year	15.90	15.93	(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: Dec 16 – Dec 23, 2016

Global Economy

In the US, the Federal Reserve raised the federal funds rate by 25 basis points to between 0.50% and 0.75% during its December 2016 meeting. The policymakers also projected a three quarter-point increase for 2017, up from two previously. Federal Open Market Committee (FOMC) decided to raise the target range for the federal funds rate to 0.5% to 0.75% due to the realized and expected labour market conditions and inflation. The stance of monetary policy remains accommodative, thereby supporting some further strengthening in labour market conditions and a return to 2% inflation. Elsewhere in the United Kingdom, British consumer prices rose 1.2% in November 2016, compared with a 0.9% growth in October. According to the Office of National Statistics (ONS), it was the highest inflation rate since October 2014 and was boosted by higher cost of clothing and footwear, recreation and culture and furnishings. On a monthly basis, prices edged up 0.2%, following a 0.1% growth in October. The core index which excludes prices of energy and food items advanced 1.4% on the year, 1.2% growth in the previous month. In a separate development in South Asia, consumer prices in India increased 3.63% year-on-year in November 2016, following 4.2% rise in October. It was the lowest inflation rate since November 2014, as food inflation eased for the fourth straight month to 2.56%. According to the Central Statistics organization, Year-on-year, cost of food and beverages rose 2.56% compared to 3.17% in October. The food index alone increased by 2.11% in November compared to 3.32% in the previous month. The corresponding provisional inflation rates for rural and urban areas are 4.13% and 3.05% as against 4.78% and 3.54% respectively in October.

Local Economy

President Buhari presented a N7.298 trillion 2017 budget titled "Budget of Recovery and Growth" designed to drive infrastructure, enhance growth and investment, boost local production and consumption and create jobs. The budget comprises N2.98 trillion non-debt recurrent expenditure, capital expenditure of N2.24 trillion (including capital of statutory transfers) and a fiscal deficit of N2.36 trillion which is about 2.18% of gross domestic product (GDP). Deficit would be financed mainly by projected borrowing of about N2.32 trillion comprising of N1.067 trillion from external sources while the balance of N1.254 trillion will be sourced in the domestic market. The 2017 budget is based on a benchmark crude oil price of US\$42.5 per barrel, oil production estimate of 2.2 million barrels per day, average exchange rate of N305 to the US dollar and a real GDP growth forecast of 2.5% for 2017. A breakdown of capital allocations to various sectors shows that the Ministry of Power, Works and Housing got the lion share of the budget with N529 billion. In a separate development, the Consumer Price Index (CPI) which measures inflation increased by 18.48% (year-on-year) in November 2016, which is 0.15% points higher than the 18.33% recorded in October. Increases were recorded in all Classification of Individual Consumption by Purpose (COICOP) divisions that yield the Headline Index. Communication and Insurance recorded the slowest pace of growth in November, growing at 5.61% and 6.76% year-on-year respectively. The Food Sub Index increased by 17.19% (year-on-year) in November, up by 0.10% points from 17.09% recorded in October. During the month, all major food sub-indexes increased with soft drinks recording the slowest pace of increase at 7.76% year on year. During the month, the highest increases were seen in Housing, Water, Electricity, Gas and Other Fuels.

Stock Market

The Nigerian equities market maintained its positive momentum as it closed higher for the second consecutive week. The Nigerian Stock Exchange All Share Index (NSE ASI) rose by 889.41 points to close at 26,707.10 from 25,818.69 points the previous week, also market capitalization gained 3.44% to close at N9.19 trillion from N8.88 trillion the week before. This positive turnaround in performance may be attributed to a significant rally in oil and gas stocks during the week as investors

reacted to a jump in crude oil prices following the OPEC output deal. This week, we anticipate that prices might fall due to investors selling their stocks prior to closure of the market for the year.

Money Market

Cost of borrowing at the money market ascended marginally on the average week-on-week. The direction of Nigerian Interbank Offer Rate (NIBOR) rates were mixed as the overnight rate and Open Buy Back (OBB) rates rose slightly to 4.42% and 3.9% for the week ended December 16, 2016 from 3.92% and 3.17% respectively the previous week, while in contrast, the movement of longer-tenured NIBOR rates trended downwards. Specifically, the 30-day NIBOR eased to 15.61% from 15.86% the prior week, while 90-day NIBOR closed at 18.16% from 18.39% the week before. Liquidity was slightly drained out of the market following the combined outflows of about N184bn for Open Market Operation (OMO) sales and foreign exchange purchases which wiped out total inflows of about N132bn from T-bills maturing. We see the Central Bank selling more T-bills this week to mop up liquidity on the back of the debt management office decision to cut the size bond sale. Based on the foregoing, the direction of money market rates appears upward.

Foreign Exchange Market

The Naira fell to N305/\$1 an appreciation of 0.16% at the interbank FX market, from the rate quoted the previous week. In contrast, at the parallel market segment, the value of the Naira depreciated further to trade at N487/\$1, down 0.41% from a rate of N485/\$1 the prior week. The renewed slide of the nation's currency at the parallel market window may be attributed to the increase in demand with limited supply available at the retail end of the FX market. We envisage improved dollar liquidity at the parallel market due to the Nigerian diaspora coming back home for the festive period.

Bond Market

In the fixed income space, yields moderated downwards across most maturities last week. The Debt Management Office (DMO) auctioned N69.2 billion worth of domestic bonds, less than it offered at the previous auction, after investors demanded higher yields to hold the debt papers. The DMO initially offered to sell N95 billion worth of FGN bonds at an auction last week but cut back supply after investor demanded higher yields, as high as 19% to hold debt papers. Access Bank Bond index rose by 9.33 points to close at 2,318.29 points from 2,308.96 points the preceding week. Yields on the ten and twenty-year debt papers printed at 13.74% and 15.90% from 13.79% and 15.93% for the corresponding maturities the previous week. Activities in the bond market is expected to be relatively low this week, as the festive holiday draws nearer, thus, bond yields may remain around the current levels.

Commodities Market

Oil prices rose after several media outlets reported that Kuwait had told customers it was cutting supplies by more than initially pledged. Bonny light, Nigeria's benchmark crude, edged up \$2.24, or 4.4%, to \$53.15 a barrel. In contrast, precious metals prices plunged after the US Federal Reserve raised interest rates for the first time in a year and signalled more rate hikes in 2017. Gold at \$1,133.97 per ounce, down \$27.89, or 2.4%. Silver also shed \$0.86, or 5.1% to close lower at \$16.07 per ounce. This week we anticipate oil prices pulling back slightly stemming from concerns that the possible restart of a pipeline leading to two key oil fields in Libya could add as much as 350,000 bpd of crude to global output. For precious metals, prices are likely to track lower weighed down by weaker demand and sell pressure.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jan'17	Feb'17	Mar'17
Exchange Rate (Official) (N/\$)	305	310	310
Inflation Rate (%)	17.9	17.8	17.8
Crude Oil Price (US\$/Barrel)	55	56	56

* Revised