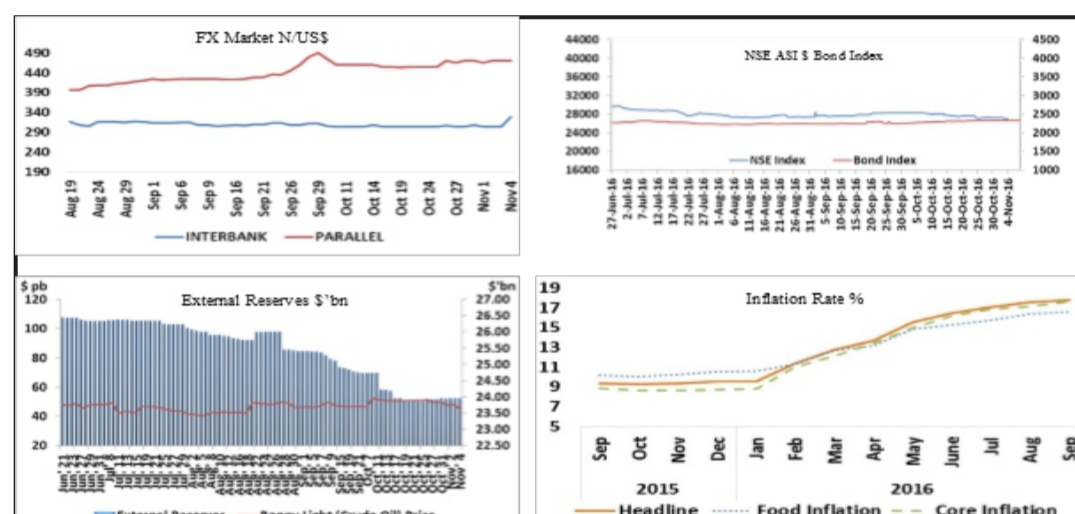


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-2.06	Q2 2016 — a decline of 1.7% from 0.36 in Q1 2016
Broad Money Supply (M2) (N' trillion)	22.13	Increased by 2.2% in Sep'2016 from N21.64 trillion in Aug'2016
Credit to Private Sector (N' trillion)	22.59	Declined by 0.3% in Sep'2016 from N22.66 trillion in Aug'2016
Currency in Circulation (N' trillion)	1.79	Increased by 6.8% in Sep'2016 from N1.68 trillion in Aug'2016
Inflation rate (%) (y-o-y)	17.85	Edged up to 17.85% in Sep'2016, from 17.61% in Aug'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)	23.96	Nov 2, 2016 figure — a decline of 0.04 from month-start
Oil Price (US\$/Barrel)	44.84	Nov 4 2016 figure — a decrease of 9.58% in 1 wk.
Oil Production mbpd (OPEC)	1.52	Sep'2016 figure — an increase of 6.29% from Aug'2016 figure



## STOCK MARKET

Indicators	Friday	Friday	Change(%)
	4/11/16	28/10/16	
NSE ASI	26,982	27,294	(312.61)
Market Cap(N'tr)	9.29	9.38	(0.93)
Volume (bn)	0.87	0.68	28.86
Value (N'bn)	8.02	6.87	16.72

## MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	4/11/16	28/10/16	
Call	12.0167	9.6667	235
7 Days	0.0000	0.0000	0
30 Days	12.0167	17.8740	(586)
60 Days	0.0000	0.0000	0
90 Days	19.0573	19.5390	(48)

## FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	4/11/16	28/10/16	28/09/16
Official (N)	328.90	304.50	310.24
Inter-Bank (N)	328.90	304.50	310.24
BDC (N)	0.00	0.00	0.00
Parallel (N)	470.00	470.00	460.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	4/11/16	28/10/16	
3-Year	0.00	0.00	0
5-Year	15.14	14.97	17
7-Year	14.60	14.60	0
10-Year	13.22	13.11	11
20-Year	15.36	15.29	7

## 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: Nov 4 – Nov 11, 2016

### Global Economy

In the US, Gross Domestic Product increased at a 2.9% annual rate in the third quarter after rising at a 1.4% pace in the second quarter, data release from the Commerce Department showed. The figure is based on a partial data set and will be subject to two revisions as more comprehensive data comes in. The acceleration in GDP growth primarily came from positive contributions from exports, private inventory investment, personal consumption expenditure, and federal government spending. Residential fixed investment and state and local investment provided a negative contribution. In a separate development, China's manufacturing Purchasing Managers' Index (PMI) rose to 51.2 in October from 50.4 in September, according to data released by the National Bureau of Statistics (NBS). The manufacturing PMI has stayed above the 50-point mark, which demarcates expansion from contraction, for the third month in a row. The sub-index for production expanded at a faster pace, rising to 53.3 from 52.8 in September and marking the highest level since September 2014. Elsewhere, the Eurozone statistical office, Eurostat, said the region's annual inflation rate rose to 0.5% year-on-year in October from the previous month's 0.4%. October's rate is the highest since June 2014, when inflation was also 0.5%. The increase in the headline rate was due largely to the fact that energy prices were only 0.9% lower in the year to October compared with 3% in September. Despite the uptick in consumer prices the level reached is way below what the European Central Bank recommends for a balanced economy, which it says is an annualized inflation rate of close to 2%. In another development, credit assessor and ratings agency, Standard and Poor's (S&P) maintained its stable outlook for India in its latest update, while affirming its long term rating at BBB-. 'BBB-' indicates lowest investment grade rating S&P said its stance was based on its expectations that fiscal revenues would not rise enough to meaningfully reduce the country's deficit over the medium term, while noting the government's borrowing remained "high". Currently, government debt amounts to about 69% of the GDP. The ratings agency also expressed concerns the government could delay subsidy cuts, while noting the country's banking sector would likely need capital infusions of about \$45 billion by 2019, or 2% of the country's GDP, to meet global Basel III capital norms.

experienced a total of 3,500 cyber-attacks with 70% success rate and loss of \$450 million within the last one year mainly through cross channel fraud, data theft, e-mail spoofing, phishing, shoulder surfing and underground websites.

### Stock Market

The bears' hold on the Nigerian bourse was tightened last week as the All Share Index trended further southwards, losing 1.15% to settle at 26,981.60 points, a 20-week low. The poor performance of the market was largely driven by weak earnings results which have doused investors' confidence. Capitalization in the market also depreciated N86.8 billion to berth at N9.29 trillion. This week we see market performance indicators continuing on the current trajectory due to loss of confidence.

### Money Market

Cost of borrowing at the money market rose across short-dated instruments last week on the back of a dip in system liquidity. The contraction in systemic liquidity was fuelled by combined outflows of N259 billion for foreign exchange purchases, CRR debit and OMO sales which exceeded inflows of N174 billion from T-bills maturing. The Overnight and Open Buy Back rates ticked higher to 13.50% and 13% from 9.5% and 8.83% respectively. Meanwhile, longer-dated instruments like the 90-day NIBOR retreated, closing at 19.06% from 19.54% the previous week. This week, interbank lending rates may likely remain elevated as the Central Bank continues to mop up systemic liquidity in a bid to support the currency.

### Foreign Exchange Market

The naira depreciated by 8.01% against United States Dollar to close at N328.90 in the interbank foreign exchange market as thin dollar liquidity persists. The naira however traded flat against the dollar at the parallel market at N470. This week, we anticipate that the Naira will climb down slightly as the monetary regulator continues to intervene in the interbank market.

### Bond Market

The Fixed income market closed on a bearish note last week as yields rose on most maturities. The move was driven by the tight liquidity condition and weak demand. Yields on the five- and ten-year debt papers respectively climbed to 15.14%, and 13.22% at the close of trade last week, from 14.97% and 13.11% for the corresponding maturities the previous week. The Access Bank Bond index fell by 91 points to close at 2,327.91 points from 2,330.79 points the previous week. Based on the liquidity condition, bond yields should continue to head north this week.

### Commodities Market

Oil prices dropped last week after weekly inventory data revealed a larger-than-expected increase in US crude-oil stockpiles. The US government's Energy Information Administration (EIA) said crude inventories rose by 14.4 million barrels for the week. Nigeria's reference crude, Bonny light, fell \$4.75, or 9.58%, to \$44.84 per barrel. Conversely, precious metals prices climbed as uncertainty surrounding the outcome of the US presidential election buoyed safe-haven demand. Gold rose \$35.48, or 2.8%, to settle at \$1,304.41 an ounce, while silver jumped by 0.85 cents, or 4.8%, to \$18.46 per ounce. This week we see oil prices rising marginally, as on-going turmoil in Venezuela spark fears of disruption to the country's oil infrastructure. For precious metals, prices are likely to rise further on ongoing political uncertainty in the US.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Nov'16	Dec'16	Jan'17
Exchange Rate (Official) (N/\$)	330	335	345
Inflation Rate (%)	18.1	18.4	18.2
Crude Oil Price (US\$/Barrel)	49	49	50

\* Revised