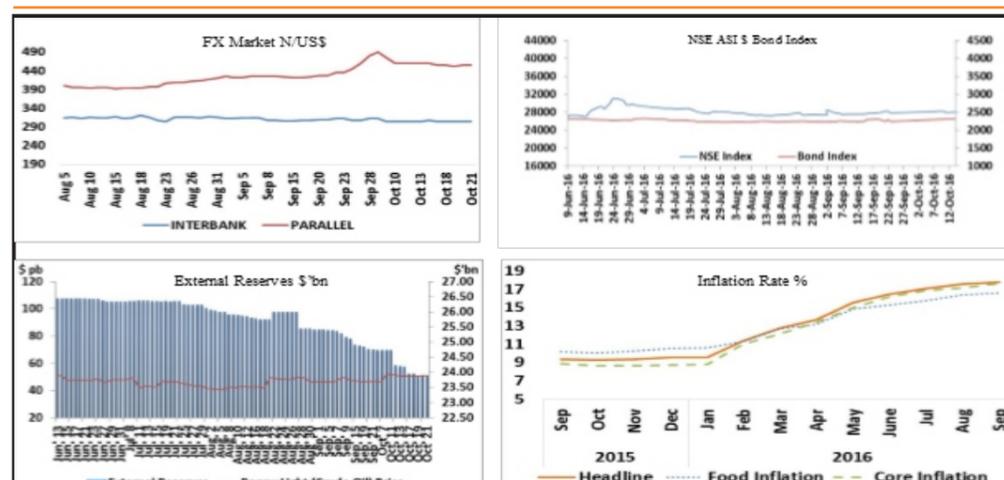


Access Bank Rateswatch

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) | 22.18 | Increased by 2.3% in July'2016 from N21.68 trillion in June'2016 |
| Credit to Private Sector (N' trillion) | 22.38 | Increased by 4.4% in July'2016 from N21.42 trillion in June'2016 |
| Currency in Circulation (N' trillion) | 1.66 | Declined by 1.2% in July'2016 from N1.68 trillion in June'2016 |
| Inflation rate (%) (y-o-y) | 17.6 | Edged up to 17.1% in July'2016, from 16.5% in June'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) | 23.90 | Oct 20, 2016 figure — a decline of 3.40% from month-start |
| Oil Price (US\$/Barrel) | 50.89 | Oct 21 2016 figure — an increase of 0.5% in 1 wk. |
| Oil Production mbpd (OPEC) | 1.51 | Jul'2016 figure — a decline of 2.65% from Jun'2016 figure |



STOCK MARKET

| Indicators | Friday 21/10/16 | Friday 14/10/16 | Change(%) |
|------------------|-----------------|-----------------|-----------|
| NSE ASI | 27,597 | 27,861 | (0.95) |
| Market Cap(N'tr) | 9.48 | 9.57 | (0.95) |
| Volume (bn) | 2.05 | 1.167 | 6.33 |
| Value (N'bn) | 25.90 | 9.25 | 179.98 |

MONEY MARKET

| NIBOR | | | |
|---------|-------------|-------------|---------------|
| Tenor | Friday Rate | Friday Rate | Change |
| | (%) | (%) | (Basis Point) |
| | 21/10/16 | 14/10/16 | |
| Call | 16.6250 | 14.0417 | 258 |
| 7 Days | 0.0000 | 0.0000 | 0 |
| 30 Days | 19.8021 | 17.3141 | 249 |
| 60 Days | 0.0000 | 0.0000 | 0 |
| 90 Days | 20.2709 | 18.7348 | 154 |

FOREIGN EXCHANGE MARKET

| Market | Friday (N/\$) | Friday (N/\$) | 1 Month Rate (N/\$) |
|----------------|---------------|---------------|---------------------|
| | 21/10/16 | 14/10/16 | 14/09/16 |
| Official (N) | 304.8 | 307.77 | 197.0 |
| Inter-Bank (N) | 304.75 | 307.77 | 199.1 |
| BDC (N) | 0.00 | 0.00 | 0.0 |
| Parallel (N) | 455.00 | 460.00 | 0.0 |

BOND MARKET

| AVERAGE YIELDS | | | |
|----------------|----------|----------|---------------|
| Tenor | Friday | Friday | Change |
| | (%) | (%) | (Basis Point) |
| | 21/10/16 | 14/10/16 | |
| 3-Year | 0.00 | 0.00 | 0 |
| 5-Year | 14.96 | 15.03 | (7) |
| 7-Year | 14.62 | 14.61 | 1 |
| 10-Year | 13.08 | 13.16 | (8) |
| 20-Year | 15.31 | 15.28 | 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: Oct 21 – Oct 28, 2016

Global Economy

In Asia, the Chinese economy expanded by 6.7% year-on-year in the third quarter of 2016, unchanged from a growth of 6.7% year-on-year recorded in the second quarter of 2016, newly released data by the Chinese Bureau of Statistics showed. The third quarter growth was primarily supported by an increase in government spending, fixed assets investment, and retail sales while industrial output eased. Government spending rose by 12.5% year-on-year in Q3'2016 compared to a 5.9% growth year-on-year in Q2'2016, fixed-asset investment also climbed up by 8.2% year-on-year in Q3'2016, compared with 8.1% rise in Q2'2016. For full year 2016, the Chinese government is targeting the economy to grow between 6.5% - 7.0%. In a separate development, in South America, the central bank of Brazil adopted an accommodative position by lowering its key policy rate by 25bps to 14%. Thus, representing the first rate cut in four years due to recession. Gross Domestic Product (GDP) contracted by 3.8% year-on-year in the second quarter of 2016 (the ninth straight quarter of contraction), following a 5.4% decline in the first quarter of 2016. The central bank's decision to reduce its benchmark interest rate is an attempt aimed at boosting economic recovery. Elsewhere, in Europe, the European Central Bank (ECB) held its benchmark refinancing rate unchanged at 0% for the sixth straight time in October. The deposit rate and the lending rate were also left steady at -0.4% and 0.25% respectively. Policymakers reiterated that they expect the key ECB interest rates to remain at present levels or even lower for an extended period of time. They also confirmed that the monthly asset purchases of €80 billion are intended to run until the end of March 2017, or beyond.

Local Economy

International ratings agency, Fitch ratings has significantly reduced its growth forecast for Nigeria citing policy challenges, poor budget implementation and uncertain foreign exchange (FX) regime as reasons. Announcing the downgrade, Fitch maintained that real GDP might shrink by 1% in 2016 as against its earlier expansion forecast of 1.5%. According to Fitch, their revisions incorporate a weaker than anticipated first half performance. Real GDP contracted by 2.06% year-on-year in Q2'2016 from a negative growth of 0.36% year-on-year in the preceding quarter. The decline in crude oil output was adduced as major driver of the negative output growth in Q2'2016, crude oil production dropped to 1.69mbpd, 0.42mbpd lower from production in Q1' 2016. Also, lower crude oil prices in the international market was a contributor to the downturn. In a separate development, the sum of N420 billion was approved for sharing at the Federation Account Allocation Committee (FAAC) meeting last week. This shows a decline from the sum of N510 billion shared for August by the three tiers of government. According to the Ministry of Finance, the decline in the allocations for September was due to the reduction in oil export in the month of June by 1.15 million barrels due to attacks on oil assets by vandals in the Niger Delta region. There was also cuts in both statutory revenue, Value Added Tax (VAT) and customs duty collections. While net statutory allocation was N315 billion in August, it declined to N251 billion in September. VAT, which was N76 billion in the previous month, also came down to N64 billion in September.

Stock Market

The Nigerian bourse closed on a bearish note last week as the main market indicators trended southwards. The All Share Index (ASI) fell by 264.21 points to close at 27,596.82 points from 27,861.03 points the previous week, also Market capitalization shed 0.95% to end at 9.48 trillion from 9.57 trillion the week before. The decline in market gauges was largely driven by

profit-taking activities on the floor of the exchange. This week, we expect the market to rebound as investors start to take position in the market in response to the Q3'2016 earnings release season.

Money Market

Cost of borrowing at the money market rose across most placement tenors as liquidity was drained out of the system. Lower systemic liquidity levels were largely driven by combined outflows of N448 billion for foreign exchange purchases and OMO sales which exceeded inflows of N282 billion from T-bills maturing. The NIBOR call rate soared to 16.63% from 14.04%. 30-day NIBOR also ascended, closing at 19.80% from 17.31% the previous week while the 90-day NIBOR climbed up to 20.27% from 18.73% the week before. 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 gained at all the FX market segments last week. At the interbank FX market, it appreciated by 0.98% to a new rate of N304.75/\$1 compared to N307.77/\$1 the previous week. In a similar vein, at the unofficial FX market, the currency firmed 1.09% to trade at N455/\$1 for the week ended October 21 from a rate of N460/\$1 quoted the prior week. The arrangement with Travelex to sell FX to registered Bureau De Change operators in the country has improved the FX liquidity at the retail end of the market. This week, we see the currency depreciating at the parallel market following the ban placed on the use of Naira debit card overseas by most commercial banks. This development is expected to increase the demand pressure at the unofficial market.

Bond Market

Bond yields moderated downwards on the average last week. Yields on the five-, seven- and ten-year debt papers respectively declined to 14.96%, 14.92% and 13.08% at the close of trade last week, from 15.03%, 14.61% and 13.16% for the corresponding maturities the previous week. The Access Bank Bond index rose by 15.16 points to close at 2,325.19 points from 2,310.03 points the previous week. The fall in yields was likely due to high demand witnessed in the fixed income market by Banks and fund managers on the back of attractive returns obtainable. This week, we see yields trending upwards on account of the anticipated taut liquidity levels in the banking system.

Commodities Market

Oil prices nudged higher last week after US government data showed a drop in crude stockpiles, the sixth decline in seven weeks. Bonny light, Nigeria's benchmark crude, gained 27 cents or 0.5%, to settle at \$50.89 per barrel. Also last week, prices of precious metals also rose last week, boosted by subdued U.S. inflation figures for September, which reined in expectations that the Federal Reserve could raise rates in December. Gold settled up 1.1% at \$1,266.45 an ounce, while silver advanced 13 cents, or 0.7%, to \$17.52 an ounce. This week, we see oil prices creeping higher as non-OPEC members, especially Russia, voice support for curbs on petroleum output. For precious metals, we see prices retreating slightly on profit-taking.

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