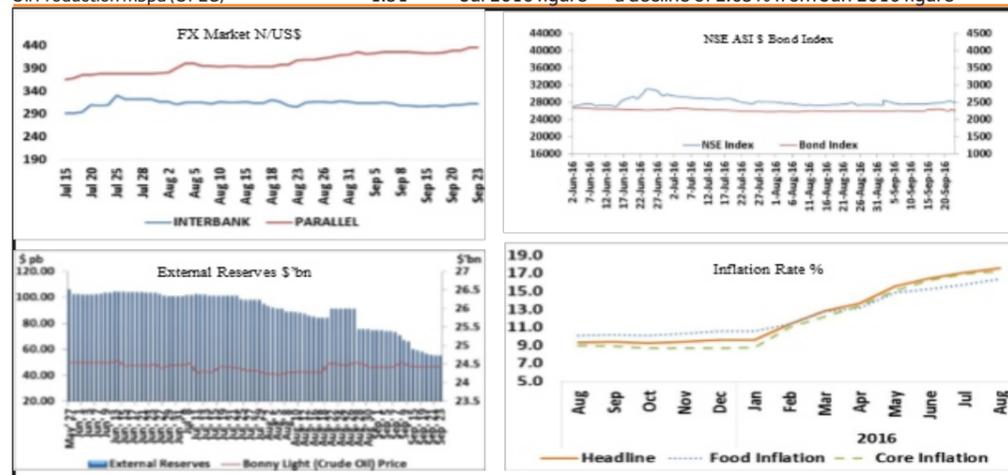


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

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)	17.1	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)	24.74	Sep 22, 2016 figure — a decline of 2.64% from month-start
Oil Price (US\$/Barrel)	46.82	Sep 23, 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	Friday	Change(%)
	23/09/16	16/09/16	
NSE ASI	28,247	27,858	1.39
Market Cap(N'tr)	9.70	9.57	1.39
Volume (bn)	1.54	0.61	52.55
Value (N'bn)	16.80	5.50	205.79

MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	23/09/16	16/09/16	
Call	12.0833	29.4167	(1733)
7 Days	0.0000	0.0000	0
30 Days	19.1300	20.7904	(166)
60 Days	0.0000	0.0000	0

FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	23/09/16	16/09/16	23/08/16
Official (N)	313.	308.69	197.0
Inter-Bank (N)	313.07	308.69	199.1
BDC (N)	0.00	0.00	0.0
Parallel (N)	435.00	423.00	0.0

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	23/09/16	16/09/16	
3-Year	0.00	0.00	0
5-Year	14.93	14.97	(4)
7-Year	14.58	14.73	(15)
10-Year	13.09	13.13	(4)
20-Year	15.21	15.19	2

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: Sep 23 – Sep 30, 2016

Global Economy

In the US, the Federal Reserve left the target range for its federal funds rate unchanged at (0.25% - 0.5%) for the sixth time during its September 2016 meeting. Policymakers noted that the case for a rate hike has strengthened but decided, for the time being, to wait for further evidence of continued progress toward its objectives. The vote at the meeting showed that three out of ten members voted for a rate hike., the committee lowered its GDP growth forecasts for 2016 to 1.8%, down 20bps from 2% projected in June, similarly, inflation rate is expected to be lower at 1.3%, down 10bps from 1.4% projected in June. For full year 2017, forecasts were left unchanged, the GDP is expected to grow 2% while inflation expected to record a reading of 1.9%. Elsewhere, in Asia, the Chinese economy posted a USD52.05 billion trade surplus in August compared to a USD59.68 billion surplus in the corresponding period last year, as exports fell less than expected while imports rose for the first time in 22 months. June 2016, the country registered a USD 46.60 billion trade surplus. This was contained in the newly released trade report by the General Administration of Customs Office in China. A further breakdown of the report shows that in August, exports declined by 2.8% year-on-year, following a 4.4% drop in the preceding while imports increased by 1.5% compared to a 12.5% decrease in July. Meanwhile, still in Asia, the Bank of Japan left its interest rate unchanged at -0.1% at its September 2016 meeting and also introduced a new policy in a bid to hasten its fight against deflation. new policy framework consists of two major components, the first is "yield curve control" in which the bank will control short-term and long-term interest rate, and the second is an "inflation-overshooting commitment" in which the bank commits itself to expanding the monetary base until the year-on-year rate of increase in the consumer price index exceeds the prices stability target of 2% and stays above the target in a stable manner.

Local Economy

The Central Bank Monetary Policy Committee (MPC) held its fifth meeting of the year against the backdrop of a subdued global and domestic economic and financial environment. The Committee voted to retain the Monetary Policy Rate at 14%, Cash Reserve Ratio at 22.50% and Liquidity Ratio at 30%. The Asymmetric Window was also retained at +200 and -500 point around the Monetary Policy Rate. The Committee argued that tight policy was still necessary to anchor future expectations and rebuild confidence in the naira. It drew attention to the fact that FX inflows doubled in August, which was credited to increased confidence in policy-making. In a separate development, the three tiers of government shared a total of N510.3 billion for the month of August at the monthly allocation from the federation account, an increase of N16.4 billion over the N493.8 billion shared in July. The gross statutory revenue of N315.1 billion received for August was higher than N287.8 billion received in the previous month by N27.3 billion. According to the Minister of Finance, crude oil export increased by 2.2 million barrels in May 2016 despite the brief Force Majeure declared at Qua Iboe and Bonny Terminals and a subsisting Force Majeure at Forcados Terminal. Also, there was \$109.40 million revenue increase in federation export sales as a result of the increase in average price of crude oil from \$42.21 in April to \$46.06 per barrel in May 2016.

Stock Market

The Nigerian equities market rebounded last week and closed on a positive note as the main market gauges trended upward. The All Share Index (ASI) rose by 388.59 points to close at 28,247.07 points from 27,858.48 points the previous week while market capitalization also gained by 1.39% to end at N9.70 trillion from N9.57 trillion the prior week. The rally witnessed in the market was driven by bargain hunting activities on stocks under the banking and consumer goods sector. This week, we expect

that the performance of the equities market would likely be subdued, given faltering macroeconomic fundamentals and attractive yields in the fixed income market.

Money Market

Cost of borrowing at the money market eased across all placement tenors last week. The Open Buy Back (OBB) rate fell to 16.83% from 28.50% the prior week while overnight rate declined to 18.08% from 30.5%. The 30-day NIBOR edge down to 19.13% from 20.79% the previous week. The decline in interbank lending rate was fuelled by inflows of about N541bn majorly from FAAC allocation and maturing T-bills. Despite primary market and OMO sales of about N406 billion coupled with about N112 billion for FX purchases, this wasn't significant enough to offset the cash injections into the system. This week, interbank lending rates may likely trend upwards as the Central Bank is expected to mop up systemic liquidity, given the high liquidity level in the market currently.

Foreign Exchange Market

The Naira depreciated by 1.42% at the interbank market to a new rate of N313.07/\$ compared to N308.69/\$ the previous week. In a similar vein, the currency hit to a record low of N435/\$, down 2.84% from a quote of N423/\$ the prior week at the parallel market segment. The liquidity constraint witnessed at the interbank market led some importers with urgent trade obligations to approach the parallel, thus, this further exerted pressure on the Naira to the unofficial market. This week, we see the Naira depreciating slightly the both market segment as supply shocks persist.

Bond Market

In the fixed income space, yields descended across most maturities last week. Yields on the five-, seven- and ten-year debt papers fell to 14.93%, 14.58% and 13.09% respectively at the close of last week, from 14.90%, 14.97% and 13.04% for the corresponding maturities the previous week. The decline in yields was largely driven by renewed demand by banks and Pension Fund Administrators (PFA) on the back of the decision by the Central Bank MPC to leave interest rate unchanged coupled with the high liquidity level in the system last week. The Access Bank Bond index rose by 9.62 points to close at 2,298.42 points from 2,289.16 points the week before. This week, we anticipate that yields may likely notch higher as liquidity is expected to be drained out of the system.

Commodities Market

Crude oil prices climbed last week after data released by the US Energy Information Administration showed a surprise drop in U.S. inventory levels. Bonny light, Nigeria's reference crude, gained 22 cents, or 0.5%, to \$46.82 per barrel. Similarly, precious metals prices rose after the US Federal Reserve held interest rates. Higher interest rates will dampen the safe-haven appeal of precious metals which don't offer a yield but incur an opportunity cost to the investor for holding them. Gold settled up 2.0% at \$1,338.55 an ounce, while silver also closed higher at \$19.85 an ounce. This week, we see oil prices falling, pushed down by increasing skepticism of agreement on an output freeze at the meeting of the Organization of the Petroleum Exporting Countries. For precious metals, we see continued accommodative monetary policies by the major central banks keeping precious metals prices elevated.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'16	Nov'16	Dec'16
Exchange Rate (Official) (N/\$)	330	335	345
Inflation Rate (%)	17.3	17.4	17.8
Crude Oil Price (US\$/Barrel)	48	48	50

* Revised