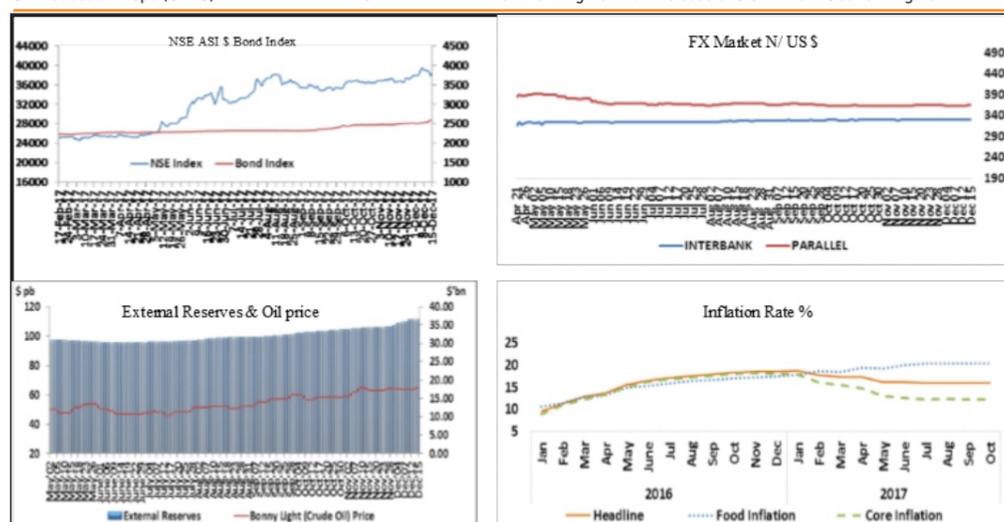


Access Bank Rateswatch

KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	1.40	Q3 2017 — higher by 0.68% compared to 0.72% in Q2 2017
Broad Money Supply (M2) (N' trillion)	22.50	Increased by 2.49% in Oct' 2017 from N21.85 trillion in Sep 2017
Credit to Private Sector (N' trillion)	21.93	Decreased by 0.42% in Oct' 2017 from N21.99 trillion in Sep 2017
Currency in Circulation (N' trillion)	1.79	Increased by 0.57% in Oct' 2017 from N1.78 trillion in Sep 2017
Inflation rate (%) (y-o-y)	15.91	Declined to 15.91% in October 2017 from 15.98% in September 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)	36.43	December 11, 2017 figure — an increase of 2.71% from Dec start
Oil Price (US\$/Barrel)	64.61	December 15, 2017 figure - an increase of 1.70% from a week prior
Oil Production mbpd (OPEC)	1.79	Nov' 2017 figure — an increase of 5.67% from Oct' 2017 figure



STOCK MARKET

Indicators	Friday 15/12/17	Friday 8/12/17	Change(%)
NSE ASI	38,436.08	39,257.53	(2.09)
Market Cap(N'tr)	13.68	13.67	0.04
Volume (bn)	0.43	0.53	(19.77)
Value (N'bn)	9.17	5.12	79.14

MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	15/12/17	8/12/17	
OBB	3.75	6.25	(250)
O/N	4.33	5.17	(84)
CALL	2.33	8.33	(600)
30 Days	15.66	17.48	(182)
90 Days	16.33	18.84	(251)

FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	15/12/17	8/12/17	15/11/17
Official (N)	306.25	306.40	306.00
Inter-Bank (N)	330.91	330.50	329.75
BDC (N)	362.00	362.00	362.00
Parallel (N)	365.00	363.00	363.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	15/12/17	8/12/17	
3-Year	0.00	0.00	0
5-Year	13.61	14.61	(99)
7-Year	13.69	14.98	(129)
10-Year	13.86	14.47	(61)
20-Year	13.87	14.34	(47)

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: December 15 - December 22, 2017

Global Economy

In the US, the Federal Reserve upped the interest rate by 25 basis points to 1.25% - 1.5% at its December meeting. The decision was based on favourable macroeconomic conditions such as the strengthening U.S. labour market. The Central Bank also hinted that it would conduct three interest rate hikes in the year 2018. The projection for GDP growth in 2017 and 2018 were both revised upwards to 2.5% from 2.4% and 2.1% respectively. Elsewhere in the United Kingdom, the Bank of England (BoE) left the interest rate unchanged at 0.5% during their December meeting, this comes after the Central Bank hiked the rate by 25 basis points at their previous meeting. The decision was based on the inflation rate (3.1%) which is still above the target rate of 2%. The Committee is of the opinion that further modest and gradual increases would be made in the Bank rate over the next few years in order to return inflation to its target rate. In a separate development, China's consumer prices rose by 1.7% year-on-year in November from an increase of 1.9% in the previous month, figures from China's statistical office showed. The slower rise in the inflation rate may be attributed to a reduction in the cost of food items. Food inflation fell to 0.9% from 1.1% and non-food inflation rose by 2.5% from 2.4% the previous month. Month-on-month, prices remained unchanged.

Local Economy

Nigeria's trade balance in Q3 2017 amounted to N1.23 trillion due to a continued increase in the value of exports and a decline in imports, newly released trade report by the National Bureau of Statistics (NBS) showed. This is the first time since the last quarter of 2014 that the trade balance would exceed N1 trillion. Exports stood at N3.57 trillion resulting in an increase of 13.19% over Q2 2017 and 35% over Q3 2016. However, imports fell to N2.35 trillion which was 10.51% lower than Q2 2017 and 4.68% lower than Q3 2016. Exports were oil dependent in Q3 2017, with crude oil recording N2.97 trillion in Q3 2017 and it remained the top export commodity (83.17% of total exports). Nigeria's major export trade partners were India, United States, Spain, Netherlands and France. The nation's major import trade partners were China, United States, Netherlands, India and the United Kingdom. In a separate development, a report released by the National Bureau of Statistics (NBS) titled "Selected Banking Sector Data", indicated that the value of electronic payment (e-payment) transactions recorded by banks in Q3 2017 declined to N19.33 trillion from N19.78 trillion in Q2 2017, representing a decrease of 2.3%. The report also revealed that transactions from Nigeria Inter-bank Settlement System (NIBSS) Instant Payment dominated the space in Q3 2017 as against Automated Teller Machine (ATM) transactions which dominated the space in Q2 2017.

Stock Market

The local bourse closed on a bearish note last week as the All Share index (ASI) declined by 2.1% to settle at 38,436.08 points from 39,257.53 points the previous week. Profit taking in blue chip stocks spiked panic selling resulting in the bearish atmosphere. Market capitalization rose marginally to N13.68 trillion from N13.67. The negative note in the market was driven by the decline in the financial services sector which was the worst performing stock in the week ended December 15, 2017. This week, we anticipate that prices may trend upwards as traders and investors take advantage of the pullback to position for dividends in 2018.

Money Market

Cost of borrowing at the money market moderated across all maturities last week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 3.75% and 4.33% from 6.25% and 5.17% respectively the previous week. The movement of longer-tenured NIBOR rates also trended downwards. Specifically, the 30-day NIBOR eased to 15.66% from 17.48% the prior week, while 90-day NIBOR closed at 16.33% from 18.84% the week before. The decline in rates was as a result of liquidity in the system attributable to Federal Accounts Allocation Committee (FAAC) funds of about N255 billion. The apex bank also did not rollover the Open Market Operation (OMO) maturity of about N400 billion which was paid into the system. This week, rates are likely going to remain low due to liquidity from OMO maturity of about N400 billion.

Foreign Exchange Market

Last week, the naira depreciated against the "green back" at the interbank and parallel market by 0.41 kobo and N2 to new rates of N330.91/\$ and N365/\$, respectively from a week prior. While at the Central Bank window it appreciated marginally by 0.15 kobo to close at N306.25/\$. The depreciation seen at the inter-bank market may be attributed to the demand for dollars during this period leading up to the festive season. This week we envisage the local unit would remain pressured due to the demand for dollars during the festive season.

Bond Market

Bonds yields moderated across most maturities for the week ended December 15, 2017. Yields declined due to liquidity in the system resulting in demand for the fixed income. Yields on the five-, seven- and twenty-year debt papers settled at 13.61%, 13.69% and 13.87% from 14.61%, 14.98% and 14.34% for the corresponding maturities the previous week. The Access Bank Bond index rose by 47.54 points to close at 2,584.25 points from 2,536.71 points the previous week. This week, status quo may persist due to liquidity in the system.

Commodities Market

Oil prices ascended last week as a pipeline outage in Britain continues to support higher prices, as well as a fall in U.S. crude inventories. According to an International Energy Agency (IEA) report, U.S. stocks fell by 5.1 million barrels last week. Bonny light, Nigeria's benchmark crude, gained \$1.08, or 1.7%, reaching a high of \$64.61 per barrel. Organization of Petroleum Exporting Countries (OPEC) basket price also rose to \$60.87 from \$60.73 for the week ended December 15, 2017. Prices of precious metals gained some traction after a rate hike by the Federal Reserve during the week. Gold prices gained 0.9% or \$11.62 to close at \$1,257.62 an ounce while silver also rose by 1.1% or 18 cents to settle at \$15.97 an ounce. This week, we envisage oil prices would remain high due to OPEC's decision to extend production cuts till the end of year 2018. Precious metals prices may likely face headwinds due to a stronger dollar being supported by favourable U.S. economic data.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Dec'17	Jan'18	Feb'18
Exchange Rate (Interbank) (N/\$)	331.33	331.12	332.93
Inflation Rate (%)	15.86	15.86	15.83
Crude Oil Price (US\$/Barrel)	62	61	60