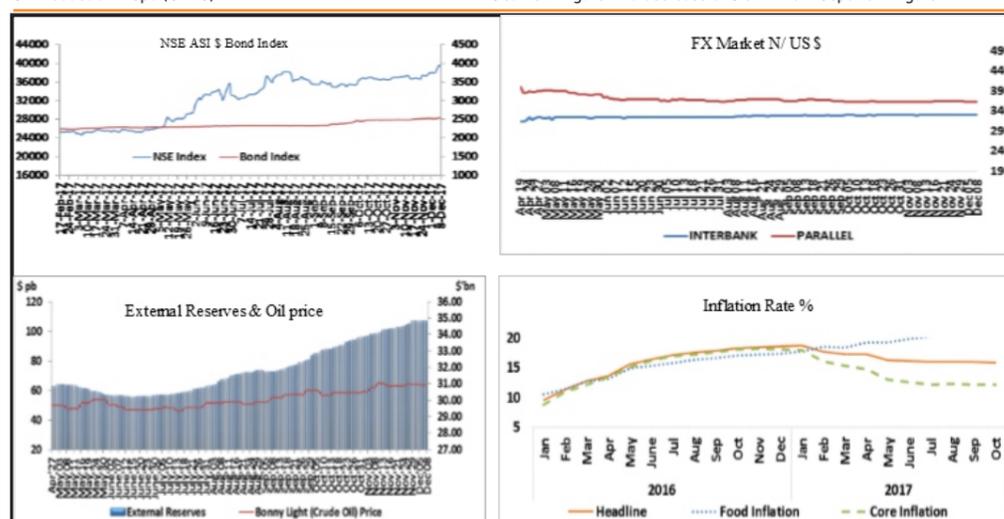


# Access Bank Rateswatch

## 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)	34.82	November 29, 2017 figure — an increase of 2.82% from Nov start
Oil Price (US\$/Barrel)	63.53	December 08, 2017 figure - an increase of 1.60% from a week prior
Oil Production mbpd (OPEC)	1.74	Oct' 2017 figure — a decrease of 3.01% from Sept'2017 figure



## STOCK MARKET

Indicators	Friday 8/12/17	Friday 30/11/17	Change(%)
NSE ASI	39257.53	37,944.60	3.46
Market Cap(N'tr)	13.67	13.21	3.46
Volume (bn)	0.53	1.18	(54.96)
Value (N'bn)	5.12	2.14	139.47

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	8/12/17	30/11/17	
OBB	6.25	25.83	(1958)
O/N	5.17	29.08	(2391)
CALL	8.33	12.29	(396)
30 Days	17.48	17.35	13
90 Days	18.84	18.74	10

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$) 8/12/17	Friday (N/\$) 30/11/17	1 Month Rate (N/\$) 8/11/17
Official (N)	306.40	306.00	305.90
Inter-Bank (N)	330.50	331.00	329.12
BDC (N)	362.00	362.00	362.00
Parallel (N)	363.00	364.00	363.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	8/12/17	30/11/17	
3-Year	0.00	0.00	0
5-Year	14.61	14.98	(37)
7-Year	14.98	15.05	(6)
10-Year	14.47	13.77	70
20-Year	14.34	14.63	(29)

## 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 08 - December 15, 2017

### Global Economy

In the US, the Bureau of Labour Statistics reported that 228,000 new jobs were created in November, compared to 244,000 in October. The Labour Department also said the unemployment rate came in at 4.1% in November, unchanged from October. November's job growth was broad-based and particularly strong in manufacturing, which added 31,000 jobs, and in construction, which added 24,000. The construction job gains partly reflected renovation and repair work in hurricane-ravaged states such as Texas and Florida. The improvement in the labour market could sway the US Federal Reserve to increase benchmark interest rates in its meeting holding this week. Elsewhere in India, the gross domestic growth increased to 6.3% year-on-year in Q3 2017, 0.6% increase from the previous quarter. Growth was spurred by a rebound in investment and inventories. Manufacturing, utilities, construction and mining recorded faster growth while trade, hotel, transport, communication & services related to broadcasting, financial insurance, real estate & professional services recorded a slowdown. The Reserve Bank of India has also left its policy rate unchanged at 6% in its recently held policy meeting. The decision was influenced by India rising inflation and stronger economic growth. In a separate development, Brazil's Central bank cut its key interest rate by 50 basis point to 7% during its December policy meeting. This is after the bank made a 75 basis point slash in its October 2017 policy meeting. It is the tenth consecutive cut and the monetary policy committee of the Central Bank of Brazil hinted at additional cuts in its next meeting on basis of macro-economic variables expectations being met.

### Local Economy

The Nigerian Stock Exchange published the Domestic & Foreign Portfolio investment report for the month of October. The report revealed that the total of transactions at the nation's bourse slightly decreased in the month of October by 1.31% to N127.82 billion from N129.52 billion recorded in September. Foreign transactions decreased by 19.73% to N67.64 billion from N84.27 billion the prior month. In contrast, domestic transactions increased by 32.99% to N60.18 billion from N45.25 billion in September. A decrease of 18.30% in monthly foreign inflows was recorded at N39.56 billion from N48.42 billion in September. Foreign outflows fell by 21.67% to N28.08 billion in October from N35.85 billion in the previous month. Total foreign portfolio investments (FPI) transactions from January to October 2017 rose by 79.96% to N1.783 trillion from N991.11 billion recorded in the same period of 2016. In another development, Moody's Investor service reported that Nigeria's credit profile is constrained by the continued exposure of the sovereign balance sheet to shocks, weak institutions and elevated deficits. The rating agency noted that the country's credit strength includes the large size of its economy and robust medium-term growth prospects supported by its domestic demand. The report anticipates real growth of 3.3% in 2018 and 4.5% in 2019. Nigeria government budget deficit was also projected at 3.6% of GDP in 2017 and expected to decline 3.2%. Moody's Vice President said in the report that only a durable increase in non-oil revenue will improve Nigeria's resilience to oil price volatility and increase the realisation rates of capital spending on the large infrastructure projects that are crucial for Nigeria economic development.

### Stock Market

The Nigerian equities market sustained a positive outing for the third consecutive week as the benchmark index rose by 3.5% to settle at 39,257.53 points last week from 37,944.60 weeks the previous week. Accordingly, market value improved by N46 billion as market capitalization rose to N13.67 trillion. Overall

performance was largely driven by significant interest in, Consumer goods and insurance stocks. This week, we see performance gauges continuing on a northward trajectory buoyed by an improving macro environment and investor sentiment.

### Money Market

Cost of funds at the money market trended downwards across most maturities last week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates declined to 6.25% and 5.17% from 25.83% and 29.08% respectively the previous week. The Call rate of Nigerian Interbank Offered Rate (NIBOR) also declined to 8.33% from 12.29%. The decline in rates was majorly due to the central bank not carrying out its mop up exercise in the money market through Open Market Operations (OMO), which it conducts regularly. Market liquidity was also robust by inflow of N110 billion from OMO maturity. This week, liquidity is likely to become tight as a result of proposed Retail Secondary Market Intervention Sales (SMIS), Bond auction and Primary Market Auction.

### Foreign Exchange Market

Last week, the naira appreciated against the "green back" at the interbank and parallel market by 0.50 kobo and N1 to new rates of N330.50 and N363, respectively from a week prior. While at the Central Bank window it depreciated slightly by 0.40 kobo to close at N306.40. The naira has remained stable in the past months as a result of CBN constant interventions backed by rising foreign reserves. This week we expect the naira to remain around prevailing levels as it enjoys the continuous support of the CBN efforts to keep the naira stable.

### Bond Market

Bonds yields moderated across most maturities for the week ended December 8, 2017. Yields dropped on high demand by majorly local counter parties as they took positions in the market. Yields on the five-, seven- and twenty-year debt papers settled at 14.61%, 14.98% and 14.34% from 14.98%, 15.05% and 14.63% for the corresponding maturities the previous week. The Access Bank Bond index rose by 20.97 points to close at 2,536.71 points from 2,515.74 points the previous week. This week, the direction of yield will be determined by bond auction expected to be carried out during the week.

### Commodities Market

Oil prices fell last week as the Energy Information Administration confirmed a build in the US gasoline inventories of 6.8 million barrels. Bonny light, Nigeria's benchmark crude, declined \$0.47, or 0.7%, to \$63.53 a barrel. OPEC basket price also dropped to \$60.73 from \$61.14 for the week ended December 8, 2017. In a similar vein, precious metals prices slid as investors pulled out of the safe haven investments on growing optimism over the recent passage of US corporate tax cuts. Gold prices declined by 2.8% or \$35.72 to close at \$1246 an ounce while silver also fell by 4.5% or 74 cents to settle at \$15.79 an ounce. week, we see oil prices holding above \$60 per barrel supported by an extension of output cuts agreed last week by other producers. For precious metals, prices are likely to remain pressured due to rising expectations of another interest rate hike this week.

## 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