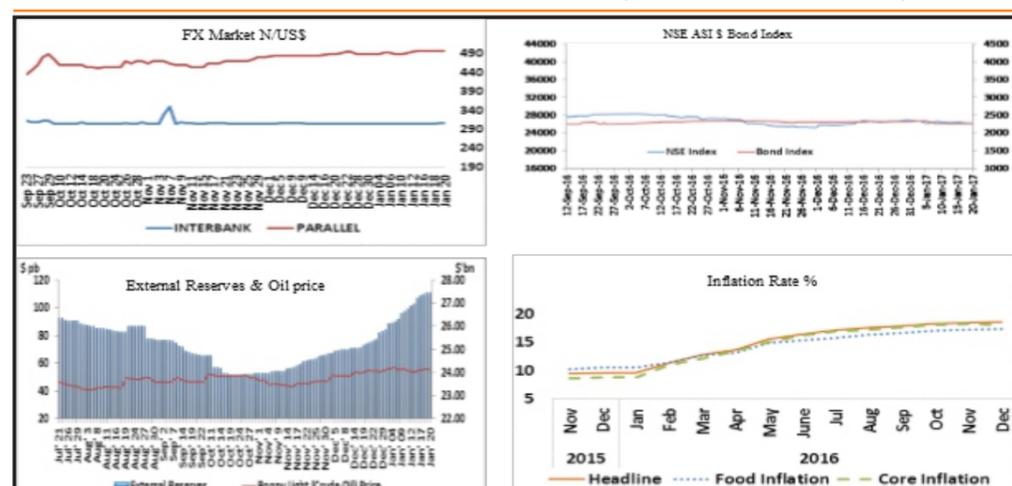


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-2.24	Q3 2016 — a decline of 0.18% from -2.06 in Q2 2016
Broad Money Supply (M2) (N' trillion)	22.27	Increased by 0.7% in Oct'2016 from N22.12 trillion in Sep'2016
Credit to Private Sector (N' trillion)	23.07	Increased by 1.9% in Oct'2016 from N22.65 trillion in Sep'2016
Currency in Circulation (N' trillion)	1.83	Increased by 1.8% in Oct'2016 from N1.79 trillion in Sep'2016
Inflation rate (%) (y-o-y)	18.55	Edged up to 18.55% in Dec'2016, from 18.48% in Nov'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)	27.44	Jan 19, 2017 figure — an increase of 5.17% from January -start
Oil Price (US\$/Barrel)	55.60	Jan 20, 2017 figure — an increase of 4.41% in 1 week.
Oil Production mbpd (OPEC)	1.54	Dec'2016 figure — a decrease of 6.9% from Nov'2016 figure



## STOCK MARKET

Indicators	Friday	Friday	Change(%)
	20/1/17	13/12/17	
NSE ASI	26223.54	26325.93	(0.39)
Market Cap(N'tr)	9.02	9.06	(0.39)
Volume (bn)	0.20	0.15	36.76
Value (N'bn)	2.02	3.76	(46.16)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	20/1/17	13/1/17	
Call	11.7083	9.5000	220.8
7 Days	0.0000	0.0000	0
30 Days	17.6546	16.2340	142.1
60 Days	0.0000	0.0000	0
90 Days	19.0199	17.5836	143.6

## FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	20/1/17	13/1/17	20/12/16
Official (N)	305.50	305.00	305.25
Inter-Bank (N)	305.50	305.00	305.25
BDC (N)	0.00	0.00	0.00
Parallel (N)	498.00	497.00	490.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	20/1/17	13/1/17	
3-Year	0.00	0.00	0.0
5-Year	16.77	16.48	28.7
7-Year	16.58	16.40	17.9
10-Year	14.18	14.16	2.4
20-Year	16.58	16.37	20.9

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Sources: CBN, Financial Market Dealers Association of Nigeria, NSE and Access Bank Economic Intelligence Group computation.

## Market Analysis and Outlook: Jan 20 – Jan 27, 2017

### Global Economy

In China, the gross domestic product (GDP) advanced by 6.7% in 2016 compared to 6.9% the previous year. According to China's National Bureau of Statistics, it is the lowest growth since 1990 but the strongest growth since the fourth quarter of 2015. The Chinese economy advanced 1.7% in the fourth quarter of 2016 compared to 1.8% in the previous quarter. Elsewhere in the United States, consumer prices rose 2.1% year-on-year in December compared to 1.7% in the previous month. According to the United States Bureau of Labour Statistics (BLS), the inflation rate increased for the fifth consecutive month since June 2014 as a result of a rise in the prices of gasoline and shelter. Year-on-year, energy prices surged 5.4% compared to 1.1% in November while food prices declined 0.2%. Annual core inflation with the exception of energy and food increased to 2.2% from 2.1% in the previous two months. Month-on-month consumer prices jumped 0.3% compared to 0.2% in November and core inflation rose 0.2%, unchanged from November. In a separate development, in the Eurozone, consumer prices surged by 1.1% year-on-year in December compared to 0.6% in the previous month. According to European Union Statistics agency (Eurostat), it is the highest inflation rate recorded since September 2013 and was mainly boosted by increase in the prices of fuels. The highest annual rates were observed in Estonia, Belgium, the Czech Republic and Latvia with 2.4%, 2.2%, 2.1% and 2.1% respectively. In contrast, Bulgaria, Ireland and Romania recorded negative annual rates of -0.5%, -0.2% and -0.1% respectively. The inflation rate with the exception of energy was observed at 1% from 0.8% the previous month. On a monthly basis, consumer prices rose by 0.5% and average consumer price index (CPI) rose 0.2%.

### Local Economy

Nigeria's crude oil output rose significantly in December to 1.940 million barrels per day, up 26.3% from 1.546 mbpd recorded in November according to the recently released Organization of Petroleum Exporting Countries (OPEC) monthly oil market report for January. The increase in output can be attributed to Federal government's talks with the Niger-Delta militants to resolve the pressing issues in the Niger-Delta region. In another development, the Consumer Price Index (CPI) which measures inflation increased by 18.55% (year-on-year) in December 2016, which is 0.07% points higher than the 18.48% recorded in November. Increases were recorded in all Classification of Individual Consumption by Purpose (COICOP) divisions that result in the Headline Index. Communication and Restaurants & Hotels recorded the slowest pace of growth in December, growing at 5.33% and 8.91% year-on-year respectively. The Food Sub Index increased by 17.39% (year-on-year) in December, up by 0.20% points from 17.19% recorded in November. During the month, all major food sub-indexes rose with soft drinks recording the slowest pace of increase at 7.66% year on year. During the month, the highest increases were seen in Housing, Water, Electricity, Gas and Other Fuels, Clothing & Footwear and Education growing at 27.27%, 21.62% and 17.84% respectively. In a separate development, the national assembly passed the 2017-2019 medium term expenditure framework (MTEF) and the fiscal strategy paper (FSP) during the past week, leaving the exchange rate unchanged at N305 to \$1 while raising the proposed benchmark crude oil price in the 2017 budget to N44.50 per barrel from N42.50. The proposed oil output of 2.2 million barrels per day was also maintained. The senate also approved government independent revenue projection of N807.57 billion as recorded in the revised MTEF and FSP and the projected N5.122 trillion non-oil revenue in 2017.

### Stock Market

The Nigerian stock market closed on a negative note last week as major market indicators trended downwards. The All Share Index (ASI) shed 102.39 points or 0.39% to settle at 26,223.54 points from 26,325.93 points the previous week. Similarly, market capitalization fell 0.39% to close at N9.02

trillion from N9.06 trillion the previous week. The poor performance witnessed in the market last week was largely driven by profit taking in stocks under sectors such as banking and consumer goods, following the previous gain in recent weeks. This week, the selling pressure may persist as investors continue to take profit from previous weeks' gains. Consequently, the local bourse may likely extend its losing streak.

### Money Market

Cost of borrowing at the money market rose across most tenor placements last week. Open BuyBack (OBB) and Over Night (O/N) rates climbed to 10.67% and 11.5% from 8.83% and 9.67% the previous week. Slightly longer tenured rates such as the 30-day NIBOR spiked to 17.65% from 16.23% the previous week. Upward trend was triggered by combined outflows of about N215 billion from bond auction and foreign exchange (FX) purchases worth N127 billion which outweighed inflows of N78 billion in Open Market Operation (OMO) and N196 billion in primary market repayment. This week, NIBOR rates may likely moderate downwards as federal government (FGN) bond coupon payment of about N82 billion is expected to be credited to the system.

### Foreign Exchange Market

The Naira depreciated last week defying the foreign exchange liquidity boost injected by the Central Bank of Nigeria. The naira closed at N305.50/\$ at the interbank rate, a depreciation of 0.16% from the previous week. In the same light, the naira depreciated by 0.20% at the parallel market segment to close at N498/\$ compared to the previous week's close of N497/\$. The naira depreciation witnessed at the unofficial market can be attributed to pressure from that market segment. The sale of over \$250 million to licenced Bureau de change operators (BDC) last week, did not positively impact the value of the currency. This week, we anticipate the exchange rate at the official window to remain around current levels.

### Bond Market

Bond yields on the average rose as prices fell across most maturities last week. Low demand for bond may have triggered the decline in bond prices. Yields on the five-, seven- and twenty-year debt papers closed at 16.77%, 16.58% and 16.58% respectively from 16.48%, 16.40% and 16.37% for the corresponding maturities the previous week. The Access Bank Bond index fell by 5.85 points to close at 2,261.23 points from 2,267.08 points the prior week. This week, we see yields trending downwards on the back of the anticipated improved liquidity in the banking system.

### Commodities Market

Oil prices rose last week after the International Energy Agency's monthly report showed that the gap between supply and demand had narrowed even before cuts agreed by OPEC and other producers took effect. Nigeria's benchmark crude, Bonny light, up \$2.35 at \$55.6 a barrel from \$53.25 the previous week. In a similar vein, precious metals prices also rose following British Prime Minister's speech on Brexit and comments on the dollar by US President Donald Trump, which respectively boosted safe-haven demand. Precious metals are considered a store of value by investors, and prices typically rise during times of volatility and uncertainty. Gold rose 0.52% to settle at \$1,203.72 per ounce, while silver closed up 1.43% at \$17.02 per ounce. This week we see expectations of a rebound in US shale output offsetting recent price gains. For precious metals, the trajectory of prices is likely to be skittish as markets try to digest conflicting signals from major central banks and geopolitical developments.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Feb'17	Mar'17	Apr'17
Exchange Rate (Official) (N/\$)	305	310	310
Inflation Rate (%)	17.8	17.9	17.6
Crude Oil Price (US\$/Barrel)	56	56	54

\* Revised