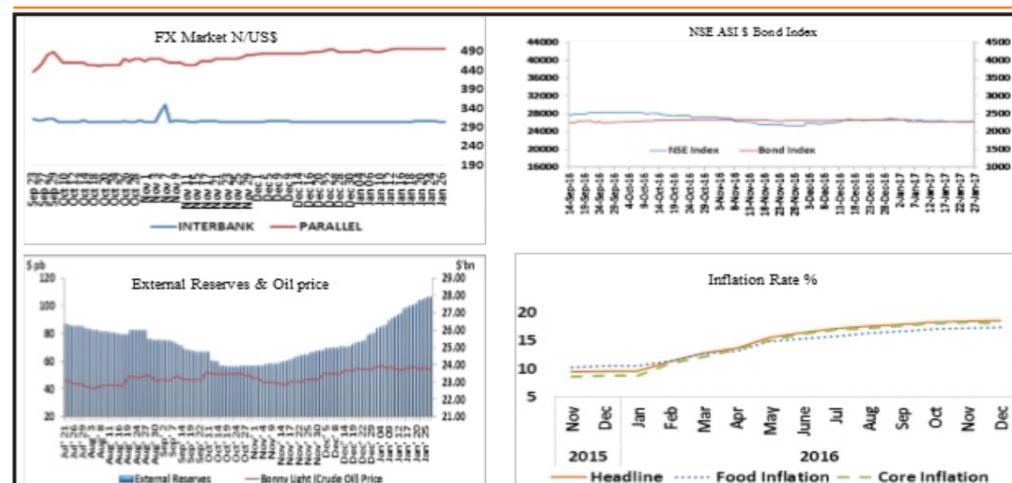


Access Bank Rateswatch

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)	27.89	Jan 26, 2017 figure — an increase of 6.90% from January - start
Oil Price (US\$/Barrel)	54.34	Jan 27, 2017 figure — a decrease of 2.27% 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(%)
	27/1/17	20/1/17	
NSE ASI	26,328	26,224	0.40
Market Cap(N'tr)	9.06	9.02	0.40
Volume (bn)	0.24	0.20	7.03
Value (N'bn)	2.19	2.02	8.41

MONEY MARKET

NIBOR			
Tenor	Friday Rate	Friday Rate	Change
	(%)	(%)	(Basis Point)
	27/1/17	20/1/17	
Call	6.5000	11.7083	(521)
7 Days	0.0000	0.0000	0
30 Days	18.0655	17.6546	41
60 Days	0.0000	0.0000	0
90 Days	19.9078	19.0199	89

FOREIGN EXCHANGE MARKET

Market	Friday	Friday	1 Month
	(N/\$)	(N/\$)	Rate (N/\$)
	27/1/17	20/1/17	28/12/16
Official (N)	305.25	305.50	305.25
Inter-Bank (N)	305.25	305.50	305.25
BDC (N)	0.00	0.00	0.00
Parallel (N)	498.00	498.00	490.00

BOND MARKET

AVERAGE YIELDS			
Tenor	Friday	Friday	Change
	(%)	(%)	(Basis Point)
	27/1/17	20/1/17	
3-Year	0.00	0.00	0
5-Year	16.37	16.77	(40)
7-Year	16.22	16.58	(36)
10-Year	14.17	14.18	(2)
20-Year	16.39	16.58	(19)

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: Jan 27 – Feb 03, 2017

Global Economy

In the US, gross domestic product (GDP) increased 1.9% year-on-year in the fourth quarter. Personal consumption expenditure (PCE) rose 2.5% compared to 3% in the previous quarter and fixed investment increased by 4.2% compared to 0.1% in the third quarter. Exports reduced by 4.3% while imports increased by 8.3%. According to the Bureau of Economic Analysis (BEA), private investment fell by 1.5%, consumer spending recorded 2.7% and public spending and investment slowed by 0.9%. Exports rose 0.4% while imports rose at a slower rate of 1.1%. The GDP expanded 1.6% for the whole of 2016. Elsewhere in Europe, UK's economy expanded by 2.2% year-on-year in the fourth quarter of 2016, the same as the third quarter. According to the Office of National Statistics (ONS) total production rose to 1.5% compared to 1.1% in the third quarter boosted by manufacturing and utilities. Services increased to 3% compared to 3.1% in the third quarter. For the whole of 2016, GDP slowed to 2% from 2.2% in 2015 and 3.1% in 2014. In a separate development, Japan's consumer prices rose 0.3% year-on-year in December compared to 0.5% in November. According to Japan Statistics Office the core index which excludes fresh food fell 0.2%, the lowest fall in ten months. Food prices declined 2.5% from 3.6% in November and prices for clothing and footwear also fell 0.6% from 1% in the previous month. Month-on-month consumer prices fell 0.2%.

Local Economy

Nigeria's long term foreign and local currency issuer default ratings (IDR) was downgraded by Fitch Ratings to negative from a stable outlook. The country ceiling was affirmed at 'B+' and the Short-term foreign and local currency IDRs was affirmed at 'B'. This downgrade came on the back of tight foreign exchange liquidity and low oil production which have contributed to Nigeria's current recession. According to Fitch's assessment, access to foreign exchange will remain strained until Central Bank of Nigeria (CBN) reduces the gap between the official rate and the parallel market rate. A credit rating is used by foreign investors and foreign organizations to assess the credit worthiness of a country. In another development, Federation Accounts Allocation Committee (FAAC) shared the sum of N400 billion among Federal, States and Local Governments as revenue for December 2016. According to figures released by the National Bureau of Statistics, the gross statutory revenue of N400 billion received for the month was higher than the N386.87 billion received in November by N13.12 billion. A breakdown of the revenue among the three tiers, shows that the Federal Government received N105.76 billion, states received N53.64 billion and the local governments received N41.35 billion after deducting the cost of collection to the revenue generating agencies, while the oil producing states received N15.5 billion as the 13% derivation fund.

Stock Market

The Nigerian stock market closed on a positive note last week as major market indicators trended upwards. The bullish market pushed the All Share Index (ASI) up by 104.68 points to 26,328.22 points from 26,223.54 points the previous week representing a 0.4% increase. Similarly, market capitalization gained 0.4% to close at N9.06 trillion from N9.02 trillion the previous week. The positive performance observed in the market last week may be attributed to improved demand for stocks as well as bargain hunting by investors on fundamentally strong stocks. This week, we expect the positive momentum to be sustained as investors start to take position in the market

ahead of the full year 2016 earnings release season.

Money Market

The direction of money market rates were mixed last week, whilst the short tenor placement such as the Open Buy Back (OBB) and Over Night (O/N) rates eased, rates on the longer tenor buckets spiked. Specifically, the OBB and O/N fell to 5.0% and 5.75% from 10.67% and 11.5% the previous week. In contrast, the 30-day NIBOR rose to 18.07% from 17.65% the previous week. And the 90-day NIBOR climbed up to 19.91% from 19.02% the week before. The upward movement of rates in long dated buckets was largely fuelled by the combined outflow of about N298 billion drained out of the system for Open Market Operation (OMO) sales and special FX intervention sales which exceeded inflows of about N199 billion from OMO repayment and disbursements to Premium Motor Spirit (PMS) marketers. This week, the apex bank plans to conduct treasury bills auction to raise around N292 billion, based on this, we expect liquidity to be tight, thus NIBOR rates will trend upwards.

Foreign Exchange Market

The Naira fell slightly last week at the interbank market to close at N305.25/\$, an appreciation of 0.08% from the previous week. In contrast, the naira retained its rate of N498/\$ at the parallel market segment. The stability of the naira witnessed at the unofficial market may be attributed to the sale of foreign exchange by the Central Bank of Nigeria (CBN) to Bureau de change operators (BDCs) last week which eased the pressure on the market and prevented the rate from sliding further. This week, we anticipate the exchange rate at the official window to remain around current levels.

Bond Market

Bond yields on the average declined as prices rose across all maturities last week. The decline is on the back of robust demand from local institutional investors, particularly Pension Fund Administrators. Yields on the five-, seven- and twenty-year debt papers closed at 16.77%, 16.22% and 16.39% respectively from 16.77%, 16.58% and 16.58% for the corresponding maturities the previous week. The Access Bank Bond index rose by 15.13 points to close at 2,276.36 points from 2,261.23 points the prior week. This week, we see yields continuing its downward trend on the back of the anticipated improved liquidity in the banking system.

Commodities Market

Oil prices fell last week as a result of an increase in U.S. inventories by 2.9 million barrels to mark the largest build in three weeks. This was reported by US Energy Information Administration (EIA). Nigeria's benchmark crude, settled down \$1.26, or 2.3%, at \$54.34 a barrel. In a similar vein, precious metals prices retreated last week as investors migrated to equities amid an improved corporate earnings outlook. This reduced demand for safe-haven assets such as gold and silver. Gold prices were down 1.7% at \$1,183.80 per ounce, while silver lost 29 cents, or 1.7%, to \$16.73 per ounce. This week, we expect the build-up in US crude stockpiles to continue weighing on oil prices. For precious metals, prices are likely to remain volatile as the markets try to decipher Donald Trump's economic policies.

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