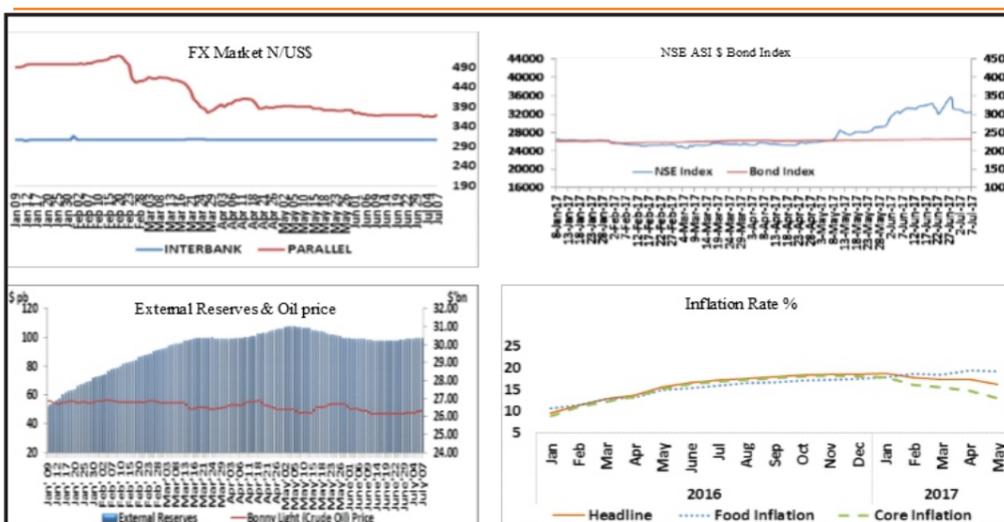


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	-0.52	Q1 2017 — higher by 1.21% compared to -1.73 in Q4 2016
Broad Money Supply (M2) (N' trillion)	21.97	Increased by 1.22% in May 2017 from N21.71 trillion in Apr'2017
Credit to Private Sector (N' trillion)	21.93	Decreased by 0.05% in May 2017 from N21.94 trillion in Apr'2017
Currency in Circulation (N' trillion)	1.89	Decreased by 3.94% in May 2017 from N1.98 trillion in Apr'2017
Inflation rate (%) (y-o-y)	16.25	Declined to 16.25% in May 2017 from 17.24% in Apr'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)	30.33	July 06, 2017 figure — an increase of 0.07% from July-start
Oil Price (US\$/Barrel)	48.16	July 07, 2017 figure — an increase of 1.28% in 1 week.
Oil Production mbpd (OPEC)	1.68	May'2017 figure — an increase of 11.55% from Apr'2017 figure



## STOCK MARKET

Indicators	Friday 07/07/17	Friday 30/06/17	Change(%)
NSE ASI	32,459.17	33,117.48	(1.99)
Market Cap(N'tr)	11.19	11.45	(2.31)
Volume (bn)	0.21	0.35	(38.59)
Value (N'bn)	2.47	3.35	(26.10)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	07/07/17	30/06/17	
OBB	15.00	5.33	967
O/N	15.25	5.75	950
CALL	15.75	6.08	967
30 Days	20.12	19.37	75
90 Days	22.00	21.41	59

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	07/07/17	30/06/17	07/07/17
Official (N)	306.00	305.90	305.60
Inter-Bank (N)	306.00	305.90	305.60
BDC (N)	362.00	362.00	362.00
Parallel (N)	370.00	368.00	368.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Friday (%)	Friday (%)	Change (Basis Point)
	07/07/17	30/06/17	
3-Year	0.00	0.00	0
5-Year	16.32	16.34	(2)
7-Year	16.49	16.56	(6)
10-Year	11.55	11.53	1
20-Year	16.02	16.01	1

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

## Market Analysis and Outlook: July 07—July 14, 2017

### Global Economy

In the United States, the unemployment rate rose slightly to 4.4% in June 2017 from 4.3% in the previous month. The Bureau of Labour Statistics (BLS) figures revealed that the number of unemployed persons remained unchanged at 7 million and the labour force participation rate also remained unchanged at 62.8% in the month of June. In Europe, the United Kingdom recorded a trade deficit of £3.1 billion in May 2017 from £2.1 billion in April 2017, a decline of £1.0 billion. Figures from the Office for National Statistics (ONS) revealed that, imports increased by 2.7% to £52.7 billion in May from £51.4 billion in the previous month and exports rose by 0.9% to £49.7 billion in May from £49.2 billion in April. Among trading partners, import of goods climbed by 5.3% from non-European Union (EU) countries such as; Norway, Switzerland, Japan, Hong Kong and Canada. Imports from EU countries also rose by 2.8%. Exports increased to the EU by 3.8%, but fell by 1.8% to non-EU countries. In South America, Brazil recorded a higher trade surplus of \$7.2 billion in June 2017, compared to the surplus of \$3.9 billion in the previous year. Figures from the Brazilian Institute of Geography and Statistics show that in the first half of 2017, the trade surplus widened by 53.1% to \$36.2 billion. In the month of June, exports from Brazil climbed 23.9% year-on-year to \$19.79 billion, driven by the sales of semi-manufactured products such as iron and steel. Imports also increased by 3.3% to \$12.59 billion, driven by the purchases of fuels, consumer goods and intermediate goods.

### Domestic Economy

According to the Nigerian Stock Exchange, the total number of transactions at the nation's bourse increased significantly in May by 274.51% to N205.61 billion from N54.90 billion recorded in April. Domestic transactions increased by 240.27% to N110.42 billion from N32.45 billion in April. Foreign transactions also increased by 324.01% to N95.19 billion from N22.45 billion the prior month. An increase of 403.09% in monthly foreign inflows was recorded at N73.15 billion from N14.54 billion in April. Foreign outflows also rose by 178.63% to N22.04 billion from N7.91 billion in the previous month. Total foreign portfolio investments (FPI) transactions from January to May rose by 74.03% to N328.70 billion from N189.45 billion recorded in the same period of 2016. In another development, the Ministry of Petroleum Resources announced the approval of the National Gas Policy by the Federal Executive Council (FEC). This policy is expected to bring about the establishment of a single independent petroleum regulatory authority. The current policy and regulatory institutions overseeing the oil and gas industry in the country will be collapsed. The new agency is expected to cover the whole of the petroleum sector, incorporate the activities of the existing petroleum regulatory authorities and also new regulatory activities that are not currently been covered. It shall also have the licensing, investigative, monitoring and dispute resolution powers. The policy would also separate the respective roles and responsibilities of the government and the private sector.

### Stock Market

The Nigerian stock exchange market closed on a bearish note last week as major market indicators trended downwards. The All Share Index (ASI) lost 658.31 points to close at 32,459.17 points from 33,117.48 points the previous week, representing a 2.0% decline. Similarly, market capitalization lost 2.3% to close at N11.19 trillion from N11.45 trillion the previous week. The downward trend witnessed

may be attributed to profit taking in the market due to the bullish trend in the past weeks. Losses were witnessed in stocks of companies in the consumer goods and oil & gas sectors. This week, we envisage the profit taking to continue on previous weeks' gains.

### Money Market

Average cost of interbank lending trended upwards last week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates rose to 15% and 15.25% from 5.33% and 5.75% respectively the previous week. Longer dated rates such as the 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) also rose to 20.12% and 22% from 19.37% and 21.41% the previous week. Market liquidity was drained due to the stabilization securities debit (CBN's debit of the accounts of deposit money banks to mop up liquidity in the money market) carried out the previous week. This week, liquidity may be further drained due to the Central Bank of Nigeria Secondary Market Intervention Sales (SMIS).

### Foreign Exchange Market

The naira weakened at the interbank segment by 10kobo last week to a new rate of N306/\$ from N305.90/\$ the previous week. The naira also depreciated at the parallel market segment to N370/\$ from the previous week's rate of N368/\$. The depreciation at both segments of the market was due to the forces of demand and supply. This week, we envisage the naira remaining at prevailing levels as the CBN continues to inject foreign currency into the market to improve liquidity as well as tightening naira liquidity to curb pressure on the local currency.

### Bond Market

Bond yields on the average fell across most maturities last week. This was largely due to customer driven demand from asset managers and pension fund administrators (PFAs) in the market. Yields on the five-year, and ten-year debt paper declined to 16.32% and 16.49% from 16.34% and 16.56%. The Access Bank Bond index climbed by 3.73 points to close at 2,322.24 points from 2,318.51 points the previous week, while market capitalization gained N13 billion to settle at N6.61 trillion. This week, we expect yields to remain around current levels.

### Commodities Market

Oil prices further rose last week after data pointed to diminishing U.S. output. The U.S. Energy Information Administration (EIA) reported that U.S. crude production levels dropped by 100,000 barrels per day (bpd) due to tropical storms and maintenance, as well as a decline in U.S. rig count. Bonny light, the Nigerian benchmark crude, went up by 1.3% or 61 cents to \$48.16 per barrel last week from the \$47.55 per barrel the previous week. In contrast, the prices of precious metals saw a decline for the second consecutive week as investors sought higher returns from rising U.S. Treasury yields. Gold fell by 2.2% or \$27.79 to \$1,215.91 an ounce, silver also declined by 4.8% to \$15.77 an ounce. This week, oil prices may trend southwards due to the pickup in U.S. oil production as well as reports that the Organization of Petroleum Exporting Countries (OPEC) exports have hit a 2017 high. For precious metals, continuous rise in U.S. treasury yields may put pressure on prices.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	June'17	July'17	Aug'16
Exchange Rate (Official) (N/\$)	305	305	305
Interest Rate (Normal Lending) (%)	16.31	16.31	16.31
Crude Oil Price (US\$/Barrel)	50	50	50

\* Revised