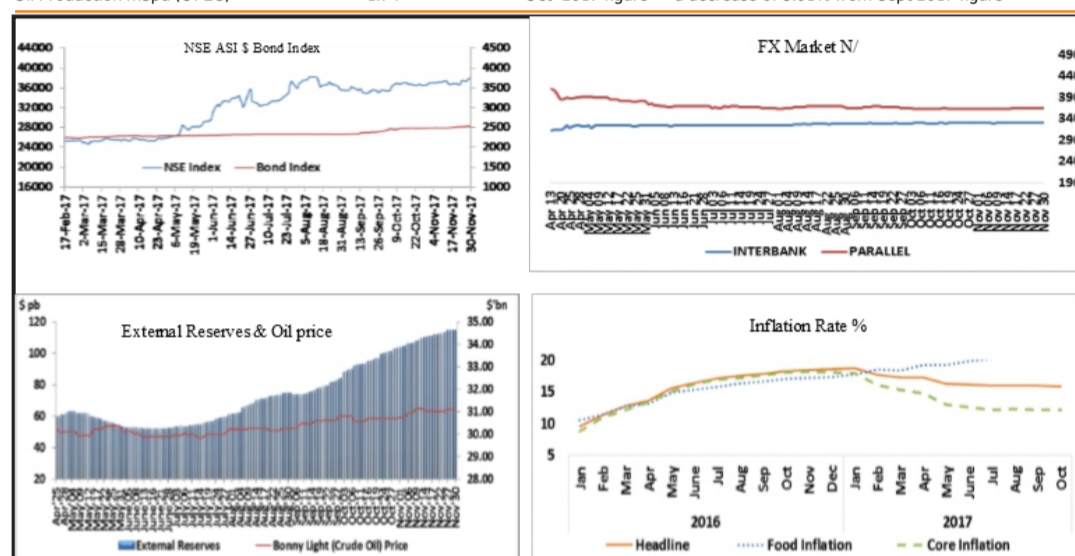


# Access Bank Rateswatch

## 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)	34.63	November 27, 2017 figure — an increase of 2.27% from Nov start
Oil Price (US\$/Barrel)	64.00	November 30, 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 30/11/17	Friday 24/11/17	Change(%)
NSE ASI	37,944.60	37,365.91	1.55
Market Cap(N'tr)	13.21	13.01	1.58
Volume (bn)	1.18	0.87	35.20
Value (N'bn)	2.14	5.04	(57.57)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	30/11/17	24/11/17	
OBB	25.8300	30.8300	(500)
O/N	29.0800	32.5800	(350)
CALL	12.2857	13.9583	(167)
30 Days	17.3499	17.7304	(38)
90 Days	18.7403	19.5112	(77)

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	30/11/17	24/11/17	27/10/17
Official (N)	306.00	305.85	305.75
Inter-Bank (N)	330.37	330.00	329.25
BDC (N)	362.00	362.00	362.00
Parallel (N)	364.00	364.00	363.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	30/11/17	24/11/17	
3-Year	0.00	0.00	0
5-Year	14.98	14.73	25
7-Year	15.05	14.51	54
10-Year	13.77	14.67	(90)
20-Year	14.63	14.59	4

## 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: November 30 - December 08, 2017

### Global Economy

In the US, the gross domestic product (GDP) grew at an annual rate of 3.3% in the third quarter of 2017, according to the "second" estimate released by the Bureau of Economic Analysis. This is up from 3.1% in the second quarter and the initial estimate of 3.0%. It also marked the first time since 2014 that the economy experienced growth of 3% or more for two consecutive quarters. The upward revision driven by stronger business investment. Growth in business investment in equipment was raised to a 10.4% pace, the fastest growth pace in three years, from the previously reported 8.6%. Elsewhere in the Eurozone, Data firm IHS Markit said its composite Purchasing Managers Index (PMI) for the Eurozone rose to 57.5 in November from 56.0 in October. November's figure was the highest level in more than 6 years. The index is based on survey data collected from representatives of over 5,000 private sector manufacturing and service companies in the Eurozone. A reading above 50.0 signals an expansion in activity. In a separate development, annual Japanese retail sales fell for the first time in a year in October, government data showed. Retail sales declined 0.2% compared with the same month last year, dragged down by weak sales of food and beverages, the Ministry of Economy, Trade, and Industry reported. Sales at large-scale retailers — department stores and supermarkets — fell 0.7% from a year earlier after adjustment for change in the number of stores. According to the Ministry, the weather weighed on retail sales in October, as typhoons and heavy rain kept people at home. In a separate development, Standard & Poor's (S&P) kept its sovereign rating for India unchanged at 'BBB-minus' with 'stable' outlook. In a statement, S&P noted that vulnerabilities stemming from low per capita income and high government debt were balanced by strong GDP growth. The ratings agency however added that there could be downward pressure on the ratings if GDP growth disappoints, if net general government deficits rose significantly, or if the political will to maintain India's reform agenda significantly lost momentum. The rating stance taken by S&P Global Ratings comes days after Moody's Investors Service raised India's sovereign rating for the first time in over 13 years.

### Local Economy

The Federation Accounts Allocation Committee (FAAC) disbursed the sum of N558.08billion among Federal, States and Local Governments in October 2017 from the revenue generated in September 2017. The amount distributed was from the statutory account and value added tax (VAT) only comprising of N423.9 billion and N83.32billion respectively. A breakdown of the sum of N558.08billion disbursed among the three tiers, revealed that the Federal Government received N234.29billion, states received N152.74billion and the local governments received N114.92billion. The oil producing states received N40.22billion as the 13% derivation fund. Revenue generating agencies such as Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N4.04bn, N6.67bn and N3.21bn respectively as cost of revenue collections. In a separate news, the National Bureau of Statistics revealed that the total value of capital imported in Q3'17 was estimated at \$4.145billion, more than double the value recorded in Q2'17, a growth of 147.5% year-on-year. It's also the first time since 2015 that capital inflow has surpassed \$4billion. The main driver of the quarterly growth in capital importation in the third quarter was Portfolio investments which increased by 200.7% followed by other investments, which grew by 124.55% year-on-year. In contrast, Foreign Direct Investment (FDI) contracted by 65.5% year-on-year. In other news, The Manufacturing Purchasing Managers' Index (PMI) stood at 55.9 index points in November 2017 from 55.0 points in October. This indicates an expansion in the manufacturing sector for the eighth consecutive month. This was shown in the latest PMI report by the Central Bank of Nigeria. A composite PMI above 50 points indicates that the manufacturing sector is generally expanding, while a reading below 50 points indicates a contraction. Twelve of the sixteen sub-sectors recorded growth during the month. The electrical equipment subsector remained unchanged, while the appliances & components, fabricated metal

products and transportation equipment sector contracted in the month under review

### Stock Market

Activities on the Nigerian Stock Exchange (NSE) continued on an upswing last week. Specifically, the index grew by 578.69 points or 1.5% to close at 37,944.60 points against 37,365.91 achieved a fortnight ago. Similarly, market capitalisation inched up N21 billion or 1.6% to close at N13.21 trillion compared with N13 trillion posted a week prior due to huge gains by some blue chips. This was the first time since early-August 2017 that the market capitalisation exceeded the N13 trillion mark. This week, we expect further bull dominance in stocks on the back of strong market fundamentals and improving macroeconomic conditions.

### Money Market

Average cost of borrowing in the interbank market trended downwards last week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates fell to 25.83% and 29.08% from 30.83% and 32.58% respectively the previous week. Longer dated rates such as the Call, 30-day and 90-day Nigeria Interbank Offered Rate (NIBOR) also fell to 12.29, 17.35% and 18.74% from 13.96%, 17.73 and 19.51% the previous week. Market liquidity was boosted due to the Open Market Operation (OMO) maturity of N90 billion, Futures maturity of N25 billion and FAAC payments. This week, rates are expected to trend lower due to expected OMO maturity of N110billion.

### Foreign Exchange Market

The naira slightly depreciated against the dollar at the interbank and CBN official window. It closed the trading week at N330.37/\$ and N306/\$ respectively, a depreciation of 0.11% and 0.05% in that order. However, it remained unchanged at the parallel market at N364. The stability witnessed in the market is a result of CBN consistent intervention in providing forex to market participants. This week, we expect that the naira will continue to trade at current levels as the apex bank keeps up its effort to provide FX liquidity.

### Bond Market

Bond yields rose on the average. This was largely due to sell-offs as investors switched to stocks. Yields on the five-, seven- and twenty-year debt papers climbed to 14.98%, 15.05% and 14.63% from 14.73%, 14.51% and 14.59% for the corresponding maturities the previous week. The Access Bank Bond index rose by 3.67 points to close at 2,515.74 points from 2,512.07 points the previous week. This week, we expect the yields to continue their current trend due to low demand.

### Commodities Market

Oil prices rose last week following reports that major oil producing nations are poised to extend crude-oil production cuts through the end of June 2018. Prices were also boosted by a fall in US commercial crude oil inventories. Data from the US Energy Information Administration (EIA) that showed US stockpiles decreased by 3.4 million barrels. Bonnylight, Nigeria's benchmark crude, advanced \$1.01, or 1.6%, to \$64 a barrel. In contrast, precious metals prices dropped following US Fed chair comments that improvements seen in the US economy this year will warrant continued interest rate increases. Gold prices declined by 0.5% or \$5.13 to close at \$1281.72 an ounce, silver also fell by 3.2% or 54 cents to settle at \$16.53 an ounce. This week, we see oil prices remaining steady above the \$60 per barrel mark amid ongoing optimism over the rebalancing of the market. For precious metals, oil prices are likely to nudge slightly higher buoyed by safe-haven demand following heightened geopolitical risk in the Korean peninsula.

## 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