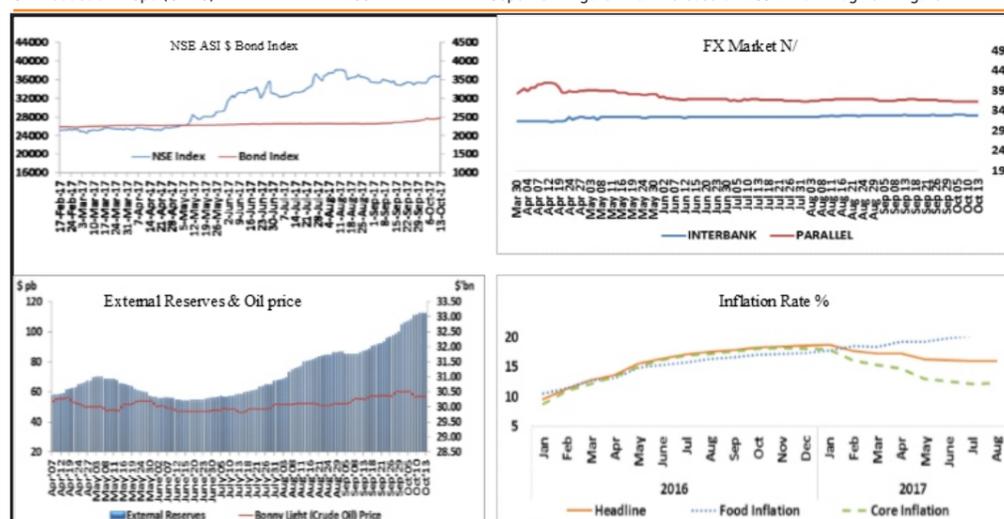


# Access Bank Rateswatch

## KEY MACROECONOMIC INDICATORS

Indicators	Current Figures	Comments
GDP Growth (%)	0.55	Q2 2017 — higher by 1.46% compared to -0.91% in Q1 2017
Broad Money Supply (M2) (N' trillion)	21.85	Decreased by 1.55% in Aug' 2017 from N22.19 trillion in July 2017
Credit to Private Sector (N' trillion)	21.99	Decreased by 0.79% in Aug' 2017 from N22.17 trillion in July 2017
Currency in Circulation (N' trillion)	1.87	Increased by 5.59% in Aug' 2017 from N1.77 trillion in July 2017
Inflation rate (%) (y-o-y)	16.01	Declined to 16.01% in August'2017 from 16.05% in July'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)	33.10	October 11, 2017 figure — an increase of 1.10 % from Oct start
Oil Price (US\$/Barrel)	56.91	October 13, 2017 figure - a decrease of 5% from a week prior
Oil Production mbpd (OPEC)	1.86	Sept' 2017 figure — an increase of 2.83% from Aug'2017 figure



## STOCK MARKET

Indicators	Friday 13/10/17	Friday 6/10/17	Change(%)
NSE ASI	36,848.17	36,320.93	1.45
Market Cap(N'tr)	12.68	12.50	1.45
Volume (bn)	0.16	0.37	(56.52)
Value (N'bn)	2.24	3.74	(40.09)

## MONEY MARKET

NIBOR			
Tenor	Friday Rate (%)	Friday Rate (%)	Change (Basis Point)
	13/10/17	6/10/17	
OBB	35.33	25.83	950
O/N	33.33	26.00	733
CALL	25.04	8.21	1683
30 Days	21.14	19.33	181
90 Days	21.78	20.35	143

## FOREIGN EXCHANGE MARKET

Market	Friday (N/\$)	Friday (N/\$)	1 Month Rate (N/\$)
	13/10/17	6/10/17	13/09/17
Official (N)	305.50	305.65	306.00
Inter-Bank (N)	329.12	329.50	328.50
BDC (N)	362.00	362.00	362.00
Parallel (N)	363.00	363.00	367.00

## BOND MARKET

AVERAGE YIELDS			
Tenor	Last Week Rate (%)	2 Weeks Ago Rate (%)	Change (Basis Point)
	13/10/17	6/10/17	
3-Year	0.00	0.00	0
5-Year	14.55	14.91	(36)
7-Year	14.66	15.03	(37)
10-Year	14.82	15.21	(39)
20-Year	14.94	15.19	(24)

## 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: October 13 - October 20, 2017

### Global Economy

In the United States of America, unemployment rate declined to 4.2% in September 2017 from 4.4% in August 2017, the lowest jobless rate in over 16 years according to the Bureau of Labour Statistics. This is despite a reported loss of 33,000 jobs in September caused by the damage from Hurricane Harvey and Irma. The number of unemployed persons fell by 331 thousand to 6.8 million. The employment-population ratio rose by 0.3% point to 60.4% and labour force participation rate also increased to 63.1% in September. Elsewhere in the United Kingdom, trade deficit in goods and services increased by GBP 1.39 billion to GBP 5.63 billion in August 2017 from a revised GBP 4.24 billion gap in July, the largest trade deficit since September 2016. According to the Office of the National Statistics (ONS), Imports of goods and services to the United Kingdom rose by 3.2% to GBP 55.78 billion from GBP 54.08 in July 2017. Exports went up by 0.6% to GBP 50.15 billion in August from GBP 49.84 billion in July. In a separate development, Brazil inflation rate rose to 2.54% year-on-year in September 2017, higher than the 2.46% increase in August. It is the first rise in inflation rate since August 2016 according to the Brazilian Institute of Geography and Statistics. Month-on-month consumer prices went up by 0.16%, a slight decrease from 0.19% in August.

### Local Economy

The International Monetary Fund (IMF) in its World Economic Outlook (WEO) report recently released, projected that Nigeria's economy would expand by 1.9% in the year 2018. The Fund however stated that the nation's growth would be subdued due to population growth. Concerns on policy implementation and market segmentation in the foreign exchange market would also be a challenge in the medium term. In another development, Nigeria's oil revenue between January and July 2017 was reported to be N1.95 trillion. This figure is only a little lower than the projected revenue from oil for the entire year (N1.98 trillion). According to the National Bureau of Statistics (NBS), Nigeria has earned N1.06 trillion from the sale of crude oil in both the domestic and international market. The increase in the level of oil production is attributed to relative peace in the Niger Delta.

### Stock Market

The local bourse was bullish for the second consecutive week as major market indicators trended upwards. The All Share Index (ASI) gained 527.24 points to close at 36,848.17 points from 36,320.93 points the previous week, representing 1.5% increase. Similarly, market capitalization gained 1.5% to close at N12.68 trillion from N12.50 trillion the previous week. The persistent positive performance may be attributed to the bullish sentiments of foreign investors as they await positive Q3 corporate earnings. The top performing sectors were the consumer goods, industrial goods and financial sectors. This week, we see market indicators sustaining current upward momentum buoyed by expected drop in September inflation and positive Q3 GDP to signify a healthy Nigerian economy.

### Money Market

Cost of funds at the money market ascended across most maturities last week. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates climbed to 35.33% and 33.33% from 25.83% and 26% respectively the previous week. The 30-day and 90-day Nigerian Interbank Offered Rate (NIBOR) also rose to 21.14% and 21.78% from 19.33% and 20.35% respectively. This was triggered by an outflow of about N163 billion from Open Market Operations (OMO) auction. This week, rates are likely to remain up due to tight liquidity as a result of the prospective primary market auction happening this week.

### Foreign Exchange Market

The naira appreciated against the "green back" at the interbank and CBN official window by 0.38 kobo and 0.15 kobo in the week ended October 13, 2017 to a new rate of N329.12 and N305.50 respectively from a week prior. While at the parallel market the local unit was steady at N363. The central bank of Nigeria (CBN) continuous intervention and constant foreign inflow from international investors is what has led to the current stability in the local currency. This week we expect the naira to remain around prevailing levels as it continues to enjoy the support of the CBN efforts to keep the naira stable.

### Bond Market

Bonds yields moderated downwards for the fifth consecutive week as prices shot up across most maturities. Yields dropped on high demand by local and international investor fuelled largely by the increased appetite for government securities. Yields on the five-, ten- and twenty-year debt papers settled at 14.55%, 14.82% and 14.94% from 14.91%, 15.21% and 15.19% for the corresponding maturities the previous week. The Access Bank Bond index rose by 25.02 points to close at 2,471.46 points from 2,446.44 points the previous week. This week we expect this trend to go southwards as investors might not be willing to continue buying bonds at lower yields prevalent in the market.

### Commodities Market

Price of crude oil- Bonny Light fell by 5% to close the week at \$56.91 per barrel. Prices hovered around \$59.92 per barrel the previous week. This was a result of rising global crude supplies driven especially by the US crude oil supplies. Metal prices in contrast edged up for the first time in 4 weeks. Gold rose by 1.9% or \$23.89 to close at \$1,293.68 an ounce, while Silver went up by 3.6% or 60 cents to settle at \$17.23 an ounce. This bullish performance was due to a softer dollar, and speculations on monetary policy of the Federal Reserve as they await U.S inflation figures. This week oil price is expected to rise due to decline in US crude oil production and inventories. Precious metals are likely to continue their current momentum as the Federal Reserve officials worry that the recent low inflation is not temporary and might put a stop to the expected rate hike in December.

## MONTHLY MACRO ECONOMIC FORECASTS

Variables	Oct'17	Nov'17	Dec'17
Exchange Rate (Interbank) (N/\$)	328.50	328.32	327.90
Inflation Rate (%)	15.9	15.8	15.7
Crude Oil Price (US\$/Barrel)	59	57	57