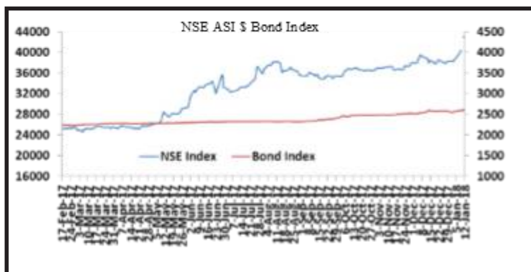
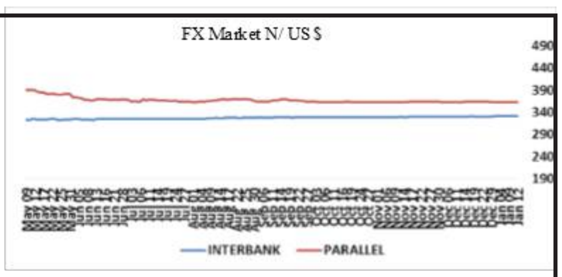
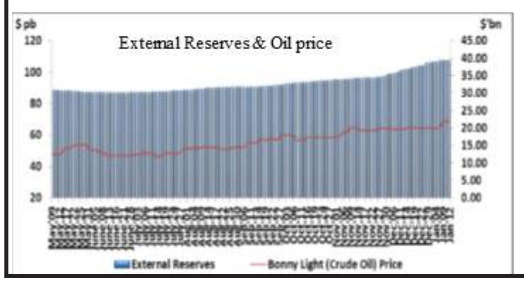
Access Bank Rateswatch

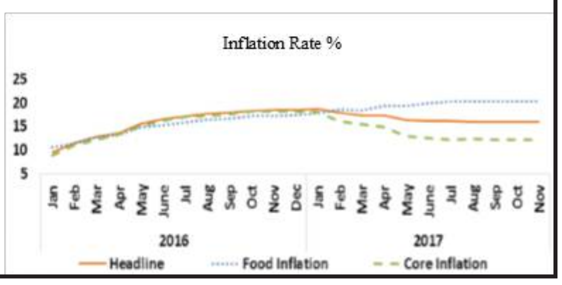
KEY MACROECONOMIC INDICATORS

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)	15.90	Declined to 15.90% in November'2017 from 15.91% in October'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)	39.43	January 10, 2018 figure — an increase of 1.34% from Jan start
Oil Price (US$/Barrel)	68.65	January 12, 2018 figure - an increase of 6.5% from the previous wk
Oil Production mbpd (OPEC)	1.79	Nov' 2017 figure — an increase of 5.67% from Oct'2017









STOCK MARKET

Indicators	Friday 12/01/18	Friday 05/01/18	Change(%)
NSE ASI	42,898.90	38,923.26	10.21
Market Cap(N'tr)	15.37	13.85	10.95
Volume (bn)	1.39	0.75	85.16
Value (N'bn)	14.24	11.02	29.13

MONEY MARKET

NIBOR

Tenor	Friday Rate (%) 12/01/18	Friday Rate (%) 05/01/18	Change (Basis Point)
OBB	9.00	18.33	(933)
O/N	9.58	19.00	(942)
CALL	10.28	4.82	546
30 Days	14.87	14.47	40
90 Days	16.22	15.91	30

FOREIGN EXCHANGE MARKET

Market	Friday (N/$) 12/01/18	Friday (N/$) 05/01/18	1 Month Rate (N/$) 12/12/17
Official (N)	305.80	305.95	306.00
Inter-Bank (N)	331.78	331.16	329.75
BDC (N)	360.00	360.50	362.00
Parallel (N)	363.00	363.00	363.00

BOND MARKET

AVERAGE YIELDS

Tenor	Friday (%) 12/01/18	Friday (%) 05/01/18	Change (Basis Point)
3-Year	0.00	0.00	0
5-Year	13.27	13.75	(48)
7-Year	13.78	14.00	(22)
10-Year	13.27	13.58	(30)
20-Year	13.23	13.63	(40)

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

COMMODITIES MARKET

Indicators	12/01/18	1-week Change (%)	YTD Change (%)
Energy			
Crude Oil $/bbl)	68.65	6.50	6.50
Natural Gas ($/MMBtu)	3.09	9.57	1.11
Agriculture			
Cocoa ($/MT)	1936.00	3.36	0.00
Coffee ($/lb.)	122.95	(4.54)	(5.57)
Cotton ($/lb.)	84.36	6.26	8.85
Sugar ($/lb.)	14.18	(6.15)	(7.50)
Wheat ($/bu.)	434.00	0.12	0.12
Metals			
Gold ($/t oz.)	1331.69	1.09	1.07
Silver ($/t oz.)	17.15	(0.06)	(0.23)
Copper ($/lb.)	322.85	(0.46)	(1.51)

NIGERIAN INTERBANK TREASURY BILLS TRUE YIELDS

Tenor	Friday (%) 12/01/18	Friday (%) 05/01/18	Change (Basis Point)
1 Mnth	12.97	13.51	(54)
3 Mnths	14.04	13.26	78
6 Mnths	14.80	14.63	17
9 Mnths	15.18	15.54	(37)
12 Mnths	15.55	15.35	21

ACCESS BANK NIGERIAN GOV'T BOND INDEX

Indicators	Friday (%) 12/01/18	Friday (%) 05/01/18	Change (Basis Point)
Index	2,608.54	2,578.30	1.17
Mkt Cap Gross (N'tr)	8.44	8.34	1.20
Mkt Cap Net (N'tr)	5.59	5.50	1.61
YTD return (%)	6.19	4.96	1.23
YTD return (%)(US $)	-49.04	-50.34	1.30

TREASURY BILLS (MATURITIES)

Tenor	Amount (N' million)	Rate (%)	Date
91 Day	11,769.54	12.5499	03-Jan-2018
182 Day	33,925.69	13.925	03-Jan-2018
364 Day	115,845.41	14.3	03-Jan-2018

Market Analysis and Outlook: January 12—January 19, 2018

Global Economy

In the United Kingdom, the trade deficit jumped by GBP 0.5 billion to GBP 2.804 billion in November 2017 from a revised GBP 2.270 billion in the month of October. The Office of National Statistics reported that it is the largest trade deficit since June 2017. Imports of goods and services to the UK increased by 1.6% to GBP 55.45 billion from GBP 54.59 billion the prior month enhanced by an increase in the purchase of goods, mainly fuels. Exports from the UK increased at a much slower rate of 0.6% to GBP 52.65 billion in November from GBP 52.32 billion in October. Imports from non-EU countries climbed to 6.7%, while purchases from the EU dropped by 1.7%. Exports of goods to the EU grew by 2.6% while exports to non-EU countries decreased by 0.6% and increased to Hong Kong and China. In a separate development, Brazil's inflation rate rose by 2.95% year-on-year in December 2017, higher than its November inflation figure of 2.8%. Month-on-month, consumer prices increased by 0.44% boosted by higher transport prices, gasoline and ethanol. According to the Brazilian institute of Geography and Statistics, the cumulative inflation for 2017 was 2.95%, a decline below 6.29% recorded in 2016, its lowest since 1998 and below the Central Bank target of 4.5% (±1.5%). Elsewhere in China, consumer prices rose 1.8% year-on-year in December 2017, slightly higher than its 1.75% rise in November. Prices of non-food increased while cost of food fell. Month-on-month consumer prices rose by 0.3%. China's producer price index also rose by 4.9% year-on-year in December 2017, lower than the 5.8% reported in November, the least since November 2016. Month-on-month producer price rose 0.8%, higher than 0.5% in November.

Domestic Economy

The Federation Accounts Allocation Committee (FAAC) disbursed the sum of N609.96 billion among Federal, States and Local Governments in December 2017 from the revenue generated in November 2017. The amount distributed was from the statutory account and value added tax (VAT) only comprising of N529.53 billion and N80.43 billion respectively. A breakdown of the sum of N609.96 billion disbursed among the three tiers, revealed that the Federal Government received N259.81 billion, states received N164.51 billion and the local governments received N124.09 billion. The oil producing states received N43.21 billion as the 13% derivation fund. Revenue generating agencies such Nigeria Customs Service (NCS), Federal Inland Revenue Service (FIRS) and Department of Petroleum Resources (DPR) received N4.74 billion, N7.95 billion and N3.65 billion respectively as cost of revenue collections. In another development, the Central bank in a recent circular, instructed Other Financial Institutions (OFIs) to place accounts of customers without BVN on a "post no debit (PND)" status. The banks are however to allow credit lodgement including deposits and inward transfers to such accounts. BVN enrolment of customers of such accounts is required to continue, and the PND status removed only when a BVN has been provided by the customer or customer is enrolled by the institution.This directive is to take place immediately after the expiration of the extended deadline of 31st December, 2017. In another circular by the CBN, operators of the National Payments System such as banks and e-payment service providers were informed that they shall be sanctioned with a penalty of N10,000 per day for as long as infractions subsist. The infractions are: a) failure to apply for renewal of an operating license 3 months before the date of expiration and b) failure to regularize and respond to observations/exceptions noted by the bank in the course of processing an application for the renewal of an operating license within three weeks. The circular will become effective from 1st April, 2018.

Stock Market

The Nigerian Stock Exchange market kept up its bullish performance in the second trading week of the year. The rally was sustained by buying interest from local and foreign investors, notably in the banking sub-sector. The strong interest to banking stocks is because investors are keying in to take advantage of dividends as banks prepare to release 2017 full year scorecard. The All Share index (ASI) climbed 10.2% to close at 42,898.90 points from 38,923.26 points the previous week.the same light, market capitalization rose by 11% to N15.37 trillion from N13.85 the previous week. This week, we envisage further gains in the market amidst some profit taking on previous week's gains.

Money Market

Cost of borrowing moderated downwards across short dated placements last week due to a decline in Open Market Operations (OMO) mop-up activities as well as OMO maturity of N309 billion into the system. Short-dated placements such as Open Buy Back (OBB) and Over Night (O/N) rates fell to 9% and 9.58% from 18.33% and 19% respectively the previous week. However, the 30-day and 90-day NIBOR closed higher at 14.87% and 16.22% from 14.47% and 15.91% the prior week. This week, rates may trend upwards due to anticipated Primary Market Auction (PMA) and Retail Secondary Market Intervention Sales (SMIS) during the week.

Foreign Exchange Market

The naira depreciated against the dollar at the interbank market by 62kobo in the week ended January 12, 2018 to settle at N331.78/$ from N331.16/$ the previous week. In contrast, the naira appreciated slightly at the official window by 0.15% to close at N305.80/$ from N305.95/$ last week. However, the local currency remained unchanged at the parallel market segment at N363/$. This week dollar liquidity is expected to be boosted as foreign investors have resumed trading the greenback after year-end festivities.

Bond Market

Bond yields moderated across most maturities for the week ended January 12, 2018. Yields declined due to high demand from both local and international investors spurred on by speculations that the longer dated instruments may not be re-offered in the first quarter of the year. Yields on the seven-, ten- and twenty-year debt papers closed lower at 13.78%, 13.27% and 13.23% from 14%, 13.58% and 13.63% respectively for the corresponding maturities the previous week. The Access Bank Bond index rose by 30.25 points to close at 2,608.54 points from 2,578.30 points the previous week. This week, we expect the current trend to continue till the release of the bond calendar by the Debt Management Office.

Commodities Market

Oil prices were bolstered by a fall in U.S. crude oil output. According to the U.S. Energy Administration (EIA), crude inventories fell by almost 5 million barrels to 419.5 million barrels last week. U.S. crude production also declined by 290,000 barrels per day to 9.5 million. Organization of Petroleum Exporting Countries (OPEC) crude oil gained $1.25 to settle at $67.38 per barrel from $66.13 per barrel the previous week. Bonny light, Nigeria's benchmark crude, also rose to $68.65 per barrel from $64.26 per barrel the previous week. The prices of some precious metals soared last week, reaching their highest level in four months as the dollar fell due to a report that Chinese officials had encouraged slowing or halting of U.S. treasury securities. Gold appreciated by 1.1% to $1,331.69 an ounce. Silver however depreciated slightly by 0.1% to $17.15 an ounce due to lower demand for the metal from the previous week. This week, crude oil prices are likely to remain supported by high compliance with OPEC and Russia extension cut. The prices of precious metals is likely to be supported by the Chinese decision to halt the purchase of U.S. treasuries.

MONTHLY MACRO ECONOMIC FORECASTS

Variables	Jan'18	Feb'18	Mar'18
Exchange Rate (Official) (N/$)	331.33	331.12	332.93
Inflation Rate (%)	15.86	15.86	15.83
Crude Oil Price (US$/Barrel)	62	61	60

For enquiries, contact: Rotimi Peters (Team Lead, Economic Intelligence) (01) 2712123 **rotimi.peters@accessbankplc.com**