

Nigeria Global Markets Update

21 September 2017

Money markets

Overnight and OBB rates decreased marginally to 10.92% and 10.00% respectively, from 11.42% and 10.33% the previous day as the market anticipated a liquidity inflow of NGN140.86bn in OMO bill maturities due today.

Rates are expected to inch lower as market liquidity remains buoyant throughout the week.

Interbank spot: USD/NGN

Activity in the NIFEX market has remained muted as the CBN is the chief supplier of liquidity into this market.

The NAFEX market was quite active yesterday as US\$186m was traded, up from US\$102m the previous day. The naira depreciated marginally yesterday, with trades being done between 359 and 361.

USD/NGN is expected to remain stable today.

Offer rates	19-Sep	20-Sep	Change
NiFEX	328.67	328.17	↓ 0.50
NAFEX	359.58	360.25	↑ 0.67

Commodities

Oil advanced to the highest level since May after US gasoline stockpiles plunged to a 22-month low and exports of crude and fuels surged.

Oil has risen almost 6% since Harvey slammed into the Texas coast on 25 August, swamping the heart of the US refining industry and disrupting everything from tanker arrivals to gasoline production. Despite that advance, the futures haven't closed above the key psychological barrier of US\$50/bbl since late July as booming output from American shale fields countered output cuts by OPEC and its allies.

Fixed income

It was an active trading session in the fixed income markets yesterday.

T-bill yields rallied significantly across maturities as the auction stop rates were much lower than secondary market levels. The CBN offered NGN28.12bn, NGN23.68bn and NGN89.08bn of the 91-, 182- and 364-day bills at an auction yesterday. It was a successful auction, with the 1-year bill being more than five times oversubscribed and the CBN selling close to twice the amount on offer for that tenor. The auction results are given below:

- 91-day: 13.15%
- 182-day: 16.80%
- 364-day: 17.00%

Bond yields rallied across maturities as market participants began to consider the possibility of a rate cut at next week's MPC meeting.

We expect yields on T-bills and bonds to rally further during today's trading session.

Tenor	19-Sep	20-Sep	Change (bp)
91-day	19.61	19.32	↓ (0.29)
182-day	19.54	18.94	↓ (0.60)
364-day	20.01	18.94	↓ (1.07)
Jun-19	16.28	16.05	↓ (0.23)
Feb-20	16.25	16.14	↓ (0.11)
Jul-21	16.39	16.31	↓ (0.08)
Jan-22	16.14	16.04	↓ (0.10)
Mar-24	16.35	16.26	↓ (0.09)
Jan-26	16.38	16.32	↓ (0.06)
Mar-27	16.60	16.60	→ -
Jul-34	16.34	16.28	↓ (0.06)
Mar-36	16.35	16.25	↓ (0.10)
Apr-37	16.39	16.30	↓ (0.09)

	Current rate (%)		Current
LIBOR 30-day	1.11111	Interbank (Bid rate)	315.00
NIBOR 30-day	16.9362	Interbank (Offer rate)	315.50
NIBOR 90-day	20.3934	Reserves (as at 14 Sep 2017)	US\$31.88bn

RMB Nigeria indicative term deposit rates¹

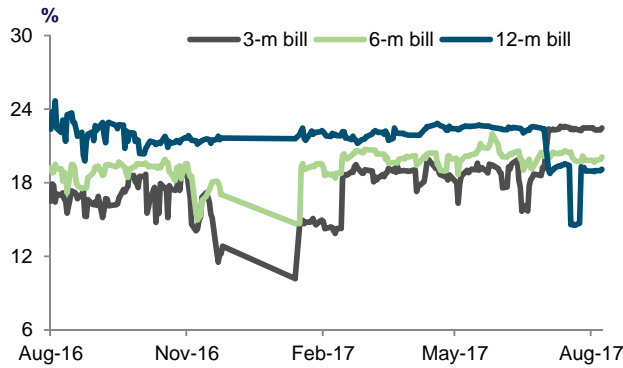
NGN	CALL	1-m	2-m	3-m	6-m	12-m
50,000,000	5.00%	11.50%	13.00%	14.00%	15.00%	16.00%
USD ¹	CALL	1-m	2-m	3-m	6-m	12-m
5,000,000	0.50%	1.20%	1.30%	1.40%	1.50%	1.80%

Note: 1. Indicative rates are gross of withholding tax (10%)

RMB Nigeria Note: The deposit placement is subject to the completion of on-boarding forms (KYC) for RMB Nigeria, a compliance requirement from the Central Bank of Nigeria. Currencies available on request: ZAR/EUR/GBP.

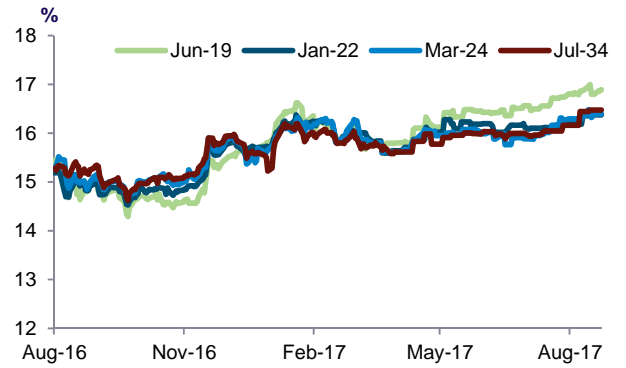
International rating – RMB Nigeria is a wholly owned subsidiary of the FirstRand Bank [BB+ /Baa3] S&P and Moody's respectively.

Treasury bills



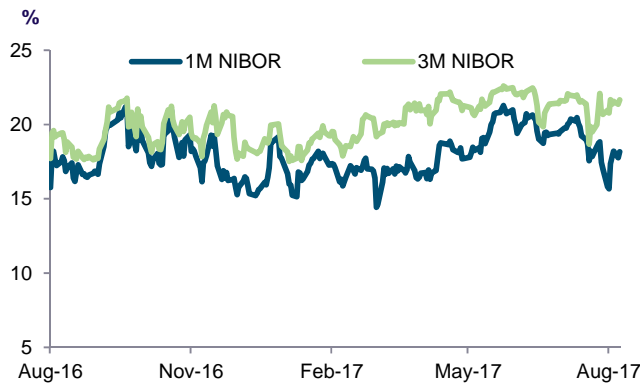
Source: Reuters

Benchmark bonds



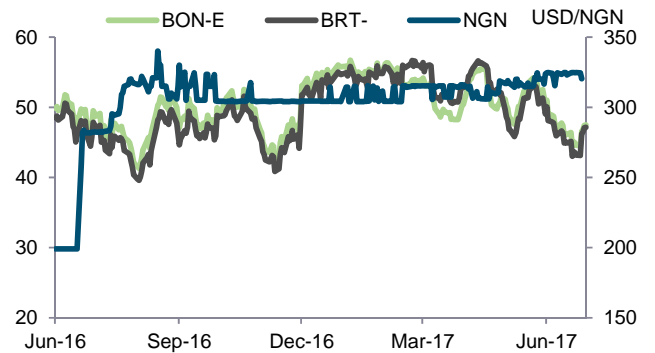
Source: Reuters

NIBOR



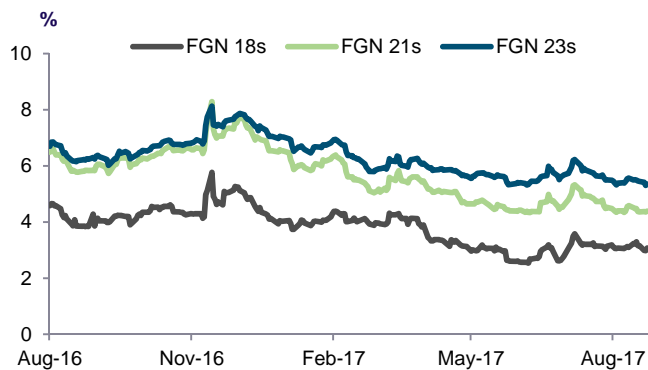
Source: Reuters

Oil prices and FX



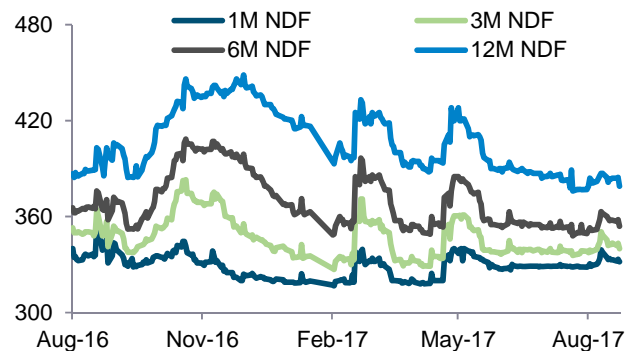
Source: Reuters

FGN Eurobonds



Source: Reuters

NGN NDFs



Source: Bloomberg

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