

## Nigeria Global Markets Update

17 November 2017

### Money markets

The overnight and OBB rates dropped to 6.17% and 6.67% from 11.33% and 10.17% respectively, as the system remains fairly liquid.

We expect rates to inch up today as the market anticipates yet another retail SMIS auction.

### Interbank spot: USD/NGN

Activity in the NIFEX market has remained muted, the CBN being the major supplier of liquidity.

NAFEX trade volumes slid to US\$86.99m. The exchange rate has remained stable, spurring interest in the Nigerian fixed income and equity markets.

We expect the pair to continue to trade in the 360-362 range in the short term.

Offer rates	15-Nov	16-Nov	Change
NIFEX	329.75	329.87	↑ 0.12
NAFEX	360.08	359.88	↓ 0.20

### Commodities

Oil slid toward US\$60/bbl, as traders, once certain OPEC and Russia would extend their output cuts beyond March, are less so now.

Futures dropped 0.4% in New York after falling 2.5% the previous two sessions. OPEC hasn't yet convinced Russia that it's necessary to reach an agreement to extend oil-output cuts at a meeting in Vienna this month. US crude inventories expanded for a second week, while output climbed a fourth time to 9.65 million barrels a day – the highest in more than three decades, government data showed.

### Fixed Income

The fixed income market saw demand weaken on most maturities, following bullish sentiments earlier this week.

Yields rose at the short end of the curve due, in part, to profit-taking on long positions opened earlier in the week as well as positioning for higher funding costs expected into the close of the business week.

The FGN bond space also saw yields inch marginally higher on the day, due largely to some profit-taking at the long end of the curve.

We expect to see yields trend further north on maturities in the T-bill space, as funding considerations trigger a selloff at the short end of the curve. Bonds are expected to close the week around current levels, as supply and demand seem evenly matched.

Tenor	15-Nov	16-Nov	Change (bp)
91-day	16.36	16.36	→ -
182-day	18.62	18.70	↑ 0.08
364-day	15.99	16.11	↑ 0.12
Jun-19	14.95	14.87	↓ (0.08)
Feb-20	14.79	14.88	↑ 0.09
Jul-21	15.05	15.07	↑ 0.02
Jan-22	14.71	14.71	→ -
Mar-24	14.80	14.81	↑ 0.01
Jan-26	15.00	14.99	↓ (0.01)
Mar-27	15.00	15.02	↑ 0.02
Jul-34	14.74	14.75	↑ 0.01
Mar-36	14.74	14.75	↑ 0.01
Apr-37	14.74	14.75	↑ 0.01

	Current rate (%)		Current
LIBOR 30-day	1.26350	Brent Crude	US\$ 61.88
NIBOR 30-day	17.4957	NAFEX (Offer rate)	361.50
NIBOR 90-day	19.9197	Reserves (as at 06 Nov 2017)	US\$33.31bn

### RMB Nigeria indicative term deposit rates<sup>1</sup>

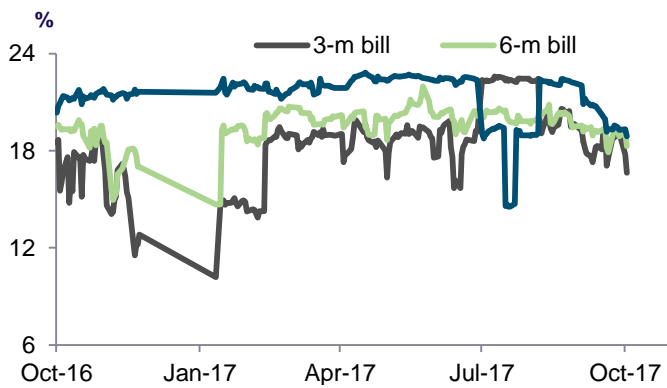
NGN	CALL	1-m	2-m	3-m	6-m	12-m
50,000,000	5.00%	11.50%	13.00%	14.00%	15.00%	16.00%
USD <sup>1</sup>	CALL	1-m	2-m	3-m	6-m	12-m
5,000,000	0.50%	1.20%	1.30%	1.40%	1.50%	1.80%

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.

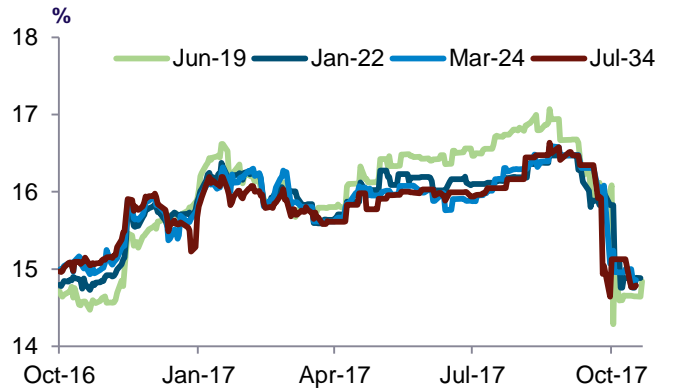
International rating – RMB Nigeria is a wholly owned subsidiary of the FirstRand Bank [BB+ /Baa3] S&P and Moody's respectively.

Treasury bills



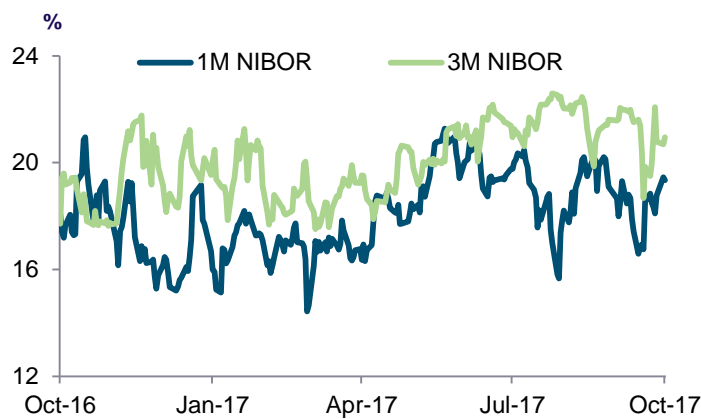
Source: Reuters

Benchmark bonds



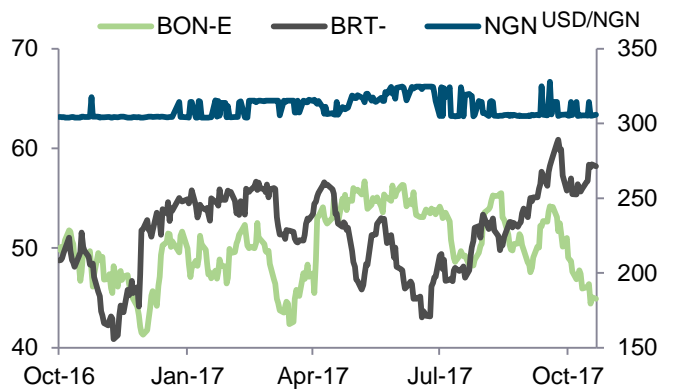
Source: Reuters

NIBOR



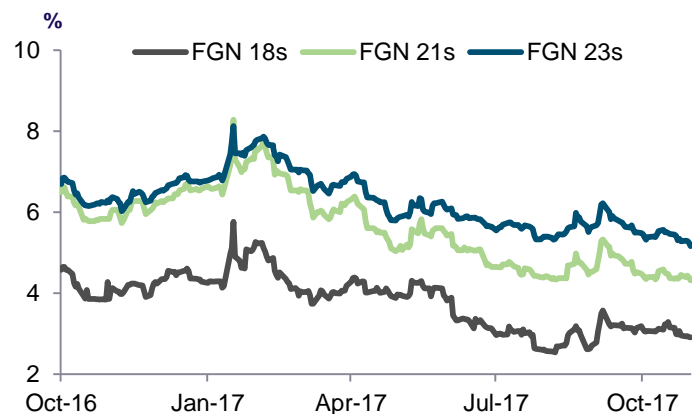
Source: Reuters

Oil prices and FX



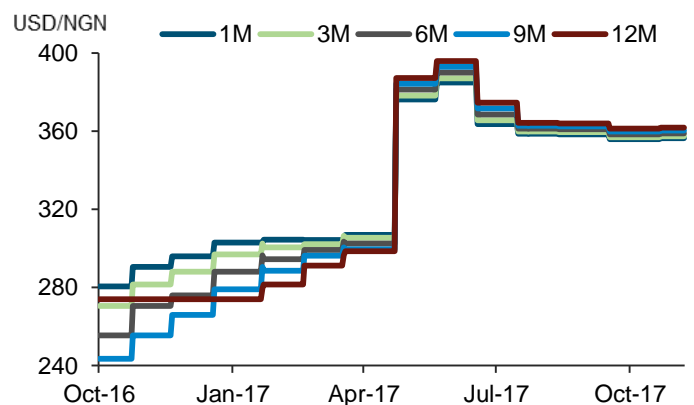
Source: Reuters

FGN Eurobonds



Source: Reuters

OTC FX futures



Source: FMDQ

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