

Nigeria Global Markets Update

20 September 2018

Money markets

Overnight and OBB rates trended downwards closing the day at 5.75% and 4.75% respectively from 10.25% and 9.50% the previous day, as surplus system liquidity conditions persist.

While we expect improved system liquidity from the c. NGN218.59 OMO maturity today, there is a high probability of a liquidity mop up by the CBN. Hence, we may see rates close marginally higher on the day.

Interbank spot: USD/NGN

The CBN remains the primary supplier in the NiFEX market, with its periodic Wholesale and Retail SMIS programme. The NiFEX rate has consistently been on an upward trend and we expect it to converge with the NAFEX rate at some point.

We expect USD/NGN to trade rangebound between 362.00 and 364.00 in the short to medium term.

Offer rates	18-Sep	19-Sep	Change
NiFEX	359.92	359.98	↑ 0.06
NAFEX	362.87	363.17	↑ 0.30

Commodities

Oil jumped after U.S. refiners and exporters eroded domestic stockpiles for a fifth week.

Futures gained as much as 1.4 percent on Wednesday in New York. At a time of year when American refiners typically begin shutting equipment for maintenance work, processing rates last week remained more than 10 percentage points above year-earlier levels, according to the Energy Information Administration. Meanwhile, overseas demand for U.S. oil expanded for a second straight week.

Domestic crude inventories declined by 2.06 million barrels last week, the EIA said. The withdrawal fell shy of the media estimate from analysts of 2.5 million. (Bloomberg)

Fixed income

The fixed income market closed on a mixed note yesterday following largely bullish sentiments the previous day.

The short end of the curve saw yields inch higher on the day largely due to profit taking on existing long positions as traders anticipated a higher print at the NTB auction yesterday.

The CBN offered N5.39bn, N8.39bn and 168.36bn at yesterdays NTB auction. There was significant demand at the auction with stop rates being 11.00%, 12.20% and 13.475% on the 91-day, 182-day and 364-day benchmark maturities respectively.

The long end of the curve traded largely bullish on the day as local pension funds and asset managers continue to test their appetite for duration.

We expect to see yields trend further north in the T-bill space today as the market anticipates a liquidity mopup via OMO auction by the CBN. The FGN bond space may see some profit taking into the close of the week..

Tenor	18-Sep	19-Sep	Change (%)
91-day	13.29	13.91	↑ 0.62
182-day	13.36	13.43	↑ 0.07
364-day	15.59	15.67	↑ 0.08
Feb-20	14.18	14.16	↓ (0.02)
Jul-21	15.20	15.19	↓ (0.01)
Jan-22	14.91	14.86	↓ (0.05)
Mar-24	15.05	15.06	↑ 0.01
Jan-26	15.20	15.20	-
Mar-27	15.20	15.17	↓ (0.03)
Feb-28	15.26	15.23	↓ (0.03)
Jul-34	15.38	15.38	-
Mar-36	15.36	15.35	↓ (0.01)
Apr-37	15.35	15.33	↓ (0.02)

	Current rate (%)		Current
LIBOR 30-day	2.16525	Brent Crude	US\$79.32
NIBOR 30-day	11.9672	NAFEX (offer rate)	364.00
NIBOR 90-day	13.8202	Reserves (as at 18 Sep. 2018)	US\$45.00bn

RMB Nigeria indicative term deposit rates¹

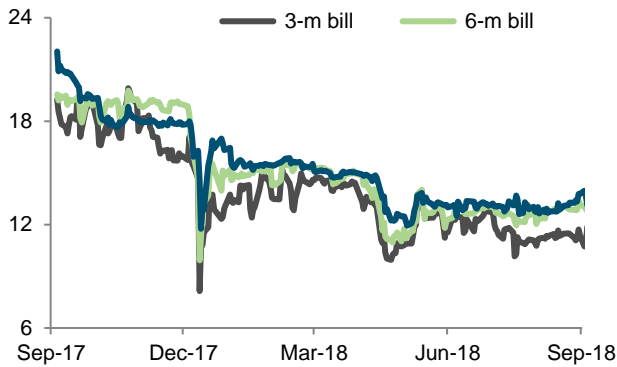
NGN	CALL	1-m	2-m	3-m	6-m	12-m
50,000,000	5.00%	10.25%	10.50%	10.75%	11.25%	11.75%
USD ¹	CALL	1-m	2-m	3-m	6-m	12-m
5,000,000	0.50%	2.50%	2.70%	2.90%	3.10%	3.25%

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.

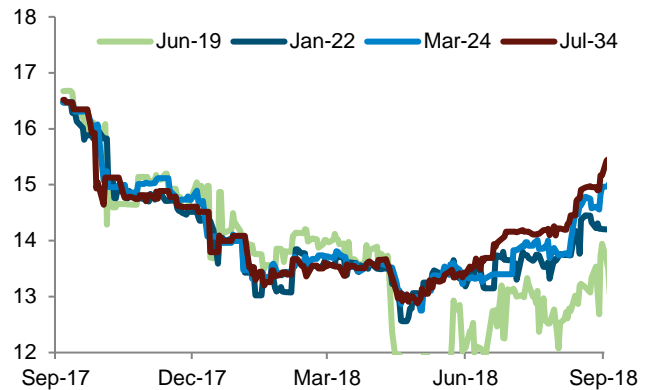
International rating – RMB Nigeria is a wholly owned subsidiary of the FirstRand Bank [BB+ /Baa3] S&P and Moody's respectively

Treasury bills



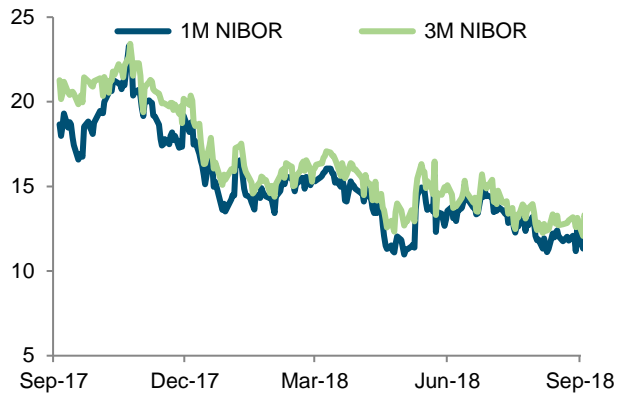
Source: FMDQ

Benchmark bonds



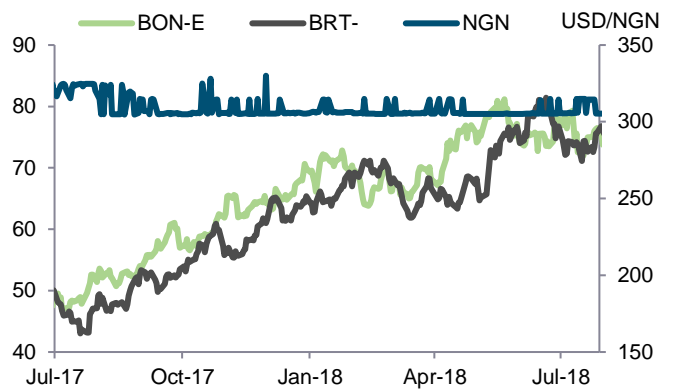
Source: FMDQ

NIBOR



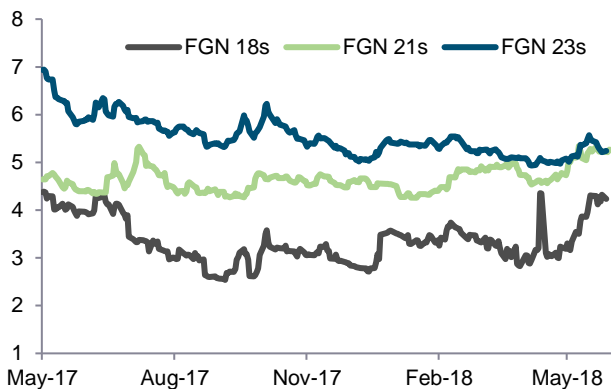
Source: FMDQ

Oil prices and FX



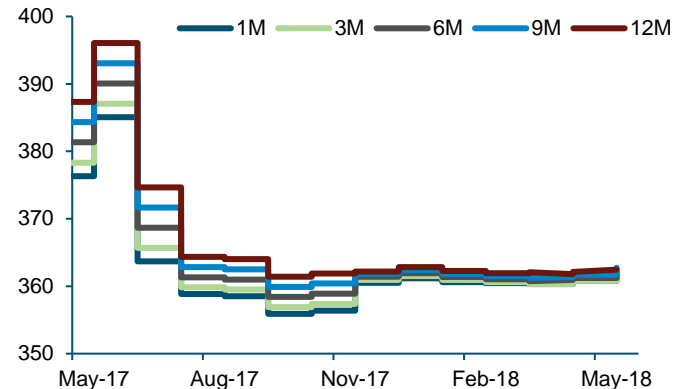
Source: Reuters

FGN Eurobonds



Source: Reuters

OTC FX futures



Source: FMDQ

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