

Summary

Inflation Rate (As at March, 2021) 18.17%

Exch. Rate (USD) (As at Thursday, April 29, 2021) ₦379

Exch. Rate (USD) (Parallel market as at Thursday, April 29, 2021) ₦485

Monetary Policy Rate, MPR (As at Tuesday, April 27, 2021) 11.5%

Crude Oil Price in USD (As at Tuesday, April 27, 2021) \$65.12

CBN adds VFD, a UK based firm and eight (9) other companies to the list of Money Transfer Operators in Nigeria.

The apex bank has added Ten (10) more companies to the existing 47 licensed International Money Transfer Operators (IMTO) in Nigeria. This was disclosed by the bank in a CBN Circular titled *'Updated list of International Money Transfer Operators in Nigeria as of April 01, 2021'* shared via its website. Among the Ten (10) newly listed licensed International Money Transfer Operators in the country are Swift Payment, Direkt Wire UK Limited, Gabtrans UK Limited (all United Kingdom-based) and seven others from Australia, the United States of America and Nigeria.

Naira falls at NAFEX window as CBN moves to further boost diaspora remittances

Naira depreciated on Tuesday, at the Nigerian Autonomous Foreign Exchange (NAFEX) window, as the rate closed at N411.67 to a dollar. This represents a N1.67 drop when compared to the N410/\$1 that was recorded on Monday, 26th April 2021. However, the naira remained stable at the parallel market to close at N485/\$1 on Tuesday, at a similar rate just a day after as the CBN has moved to further boost diaspora remittances with the approval of 10 additional International Money Transfer Operators (IMTO).

Rising Oil Prices: The Double-Edged Sword for Nigeria

The resurgence in the price of crude oil bodes well for the Nigerian economy, as this will boost the country's revenue needed for the implementation of the 2021 budget, improve crude oil receipts, and consequently bolster foreign exchange inflows. However, the prolonged high crude prices will ultimately feed into a climb in petrol landing cost - meaning an increase in fuel price. The Petroleum Products Pricing Regulatory Agency (PPPRA), through a petrol pricing template released in March, had announced an increase in the retail price of petrol however, template announcing the price increase was later deleted by the agency though the price increase still remains constant.

NNPC Set to Deliver Zero FAAC Remittance in May as Subsidy Payment Bites Harder

The revenue drama that dominated the public space in the past weeks does not look like it will end anytime soon. This is because the Nigerian National Petroleum Corporation (NNPC) has disclosed

that its projected monthly remittance to the Federation Accounts Allocation Committee (FAAC) for May will be zero. The corporation said this in a letter to the Accountant-General of the federation, on Tuesday, a copy of which was seen by The Cable.

FGN Bonds

The FGN bond market continued to trade on a bearish note, as yields rose across the benchmark bond curve for another consecutive trading session. We noted sellers mostly at the short to mid-dated papers, as tight system liquidity continues to squeeze banks out of holding positions. The 2023s paper was offered for most of the session at mid-10% levels, with no buying interests to match. The 2028s and 2029s papers were offered better to entice some demand, with those bonds trading around 12.50% for most of the session. Short-covering activity continued to provide support at the long-end of the curve, with the 2045s and 2049s trading just below the 14.00% mark. Yields expanded by c.13bps on the average across the benchmark curve.

Treasury Bills

The treasury bills space traded with continued selling pressure for another consecutive session as local players looked to offload positions to cover their funding positions amidst sustained tight system liquidity levels. Supply remained focused on short-dated papers, as the CBN Special Bill (31-May-2021 maturity) was offered at 6.00% as local banks looked to raise cash rather than continue overnight funding at double-digit rates.

Money Markets

Interest rates climbed higher for another consecutive session, despite OMO maturities of N40.00Bn, as local banks continued to camp at the CBN Lending window to fund their positions. System liquidity opened at c.N313Bn negative, the tightest levels seen since way back in September 2019. Funding from the CBN daily Standing Lending Facility (SLF) & Repo windows by local banks increased by c.40.81% to N480Bn. Consequently, Open Buy Back (OBB) and Overnight (O/N) rates rose to close at 14.25% and 14.75%, respectively.

FX Market

The Naira had a relatively quiet trading session at both the official and parallel markets. At the Investors and Exporters Forex (IEFX) space, we saw a slight uptick in traded volumes which increased by 2.00% D/D (c.\$48.42mio traded). The Naira appreciated by N1.67k to close at N411.67/1\$, as bids ranged between N401.10 and N436.55 to the dollar.