

Key Indicators:

Inflation Rate (As at March, 2021) 18.17%

Exch. Rate (USD) (As at Tuesday, May 11, 2021) ₦411.25

Exch. Rate (USD) (Parallel market as at Friday, May 07, 2021) ₦483

Monetary Policy Rate, MPR (As at Friday, May 07, 2021) 11.5%

Crude Oil Price in USD (As at Friday, May 07, 2021) \$67.69

CBN removes N379/\$1 exchange rate from website

The Central Bank of Nigeria has removed the exchange rate of N379/\$1 from its website homepage conforming with the bank's policy that the Nigerian Autonomous Foreign Exchange (NAFEX) rate is now the default reference exchange rate for official and legitimate transactions. Since the Central Bank last adjusted the exchange rate in August 2020, it has retained the exchange rate of N379/\$1 on its website homepage which in the past, represented the official exchange rate. The exchange rate displayed on the website has historically been referenced as the official exchange rate of the country. However, all government transactions since 2021 have been converted using the prevailing exchange rate at the official NAFEX window confirming that the erstwhile official exchange rate of N379/\$1 is dead.

Nigeria responsible for over 40 percent diaspora remittances in Sub Saharan Africa

The World Bank says Nigeria is responsible for over 40 percent of diaspora remittances in Sub Saharan Africa (SSA). In a statement on Wednesday, the Washington-based financial institution said remittances to SSA declined by an estimated 12.5 percent in 2020 to \$42 billion. The decline was almost entirely due to a 27.7 percent decline in remittance flows to Nigeria, "Remittances to Sub-Saharan Africa declined by an estimated 12.5 percent in 2020 to \$42 billion," the statement read. "The decline was almost entirely due to a 27.7 percent decline in remittance flows to Nigeria, which alone accounted for over 40 percent of remittance flows to the region. "Excluding Nigeria, remittance flows to Sub-Saharan African increased by 2.3 percent.

FX

The naira weakened against the U.S dollar at the Investors & Exporters (I&E) window of the foreign exchange market on Tuesday as foreign exchange supply rose significantly. However, the local currency remained stable for two successive sessions at the parallel market. According to data posted on the FMDG Security Exchange window where forex is officially traded, the

local currency closed at N411.25 at the trading session of Nigerian Autonomous Foreign Exchange (NAFEX) window on Tuesday. Tuesday's performance represents N0.58 or 0.14 percent decrease from N410.67, the rate it traded in the previous session on Monday.

Treasury Bills

The Nigerian Treasury Bills ("NT-Bills") secondary market resumed last week on a quiet note as activities remained minimal for most trading sessions of the week. However, by Wednesday the overall sentiment in the market turned slightly bearish due to tightened liquidity which furthered deepened to N167.9bn (negative as at Thursday, 6th May, 2021). Consequently, average yield across all maturities inched 1bp higher week-on-week (W-o-W) to settle at 4.86% from 4.85% the previous week. Particularly, all instruments at the short and mid-end of the curve closed fairly flat as market participants shifted their attention to the long-end of the curve, expanding 3bps W-o-W, especially on the 28-Oct-21 instrument advanced 76bps and 11-Nov-21 dipped by 44bps W-o-W respectively. At the Open Market Operations ("OMO") auction during the week, there were no changes in the Stop rates of 7.00%, 8.50% and 10.10% for 89-Day, 180-Day and 348-Day OMO bills respectively as pressured liquidity levels continued to impact the subscription levels (total of N22.4bn). The Central Bank of Nigeria ("CBN") sold a low volume of N17.0bn across the tenors on total offer of N20.0bn, recording a total bid-to-cover ratio of 1.31x (N22.4bn subscribed).

FGN BONDS

The FGN bond secondary market sustained its bearish momentum last week, as expected optic in inflation and liquidity levels which was N407.5bn (negative as at Wednesday) continued to affect activities in this space. Consequently, average yield across all maturities advanced 44bps W-o-W to settle at 12.37% from 11.93% the previous week. Particularly, average yields on the short-, medium-, and long-term instruments expanded by 38bps, 62bps and 10bps respectively. The most sold instruments were 14-Mar-24, 23-Mar-25 and 22-May-29 with 1.10%, 0.75% and 0.71% respectively.