

Summary:

Inflation Rate (As at May, 2021) 17.93%

Exch. Rate (USD) (NAFEX as at Thursday, July 2, 2021) ₦ 410.16

Exch. Rate (USD) (Parallel market as at Friday, June 25, 2021) ₦503

Monetary Policy Rate, MPR (As at Thursday, June 17, 2021) 11.5%

Crude Oil Price in USD (As at Tuesday, July 2, 2021) \$75.43

FGN BOND

The FGN Bonds market opened quietly to the new month, with scarce offers as market participants continue to strategize ahead of the 15th July-2021 Bond maturity. Trading activity picked up later in the session at the mid and long-ends of the curve. At the mid-end, the saw the 2027s and 2028s papers change hands around the 12.10% range albeit in small trade volumes. The 2050s was the most active paper, as the only bond offered at 13.00% levels, and demand on the paper brought yields down by 15bps D/D. Consequently, yields compressed by an average of c.3bps across the benchmark curve.

The market expect trade activity to pick up as participants settle in for the month, with a continued bullish bias ahead of the bond maturity

TREASURY BILLS

The Treasury bills market resumed on a whimper at the beginning of the month, despite improved supply from the previous day's primary auction. The newly issued 1-year paper (i.e. 30Jun2022) opened the day with a lot of demand as interested investors looked to cover lost auction bids. However, trades on the paper were sparse as the bid/ask spread refused to close for most of the trading session as the bill remained quoted at 8.85/50 with neither side willing to budge. We also noted the supply of OMO papers from local banks, with offshore investors opting for shorter-dated papers like the Special CRR Bills.

Trading activities is expected to remain tepid in the treasury bills space as banks continue to offload their OMO/NT Bills holdings in the quest to raise cash to fund their obligations.

MONEY MARKETS

Money market rates remained stable for a consecutive session, as the system liquidity opened in positive territory of (c.N25bn+) despite net negative debits from the NTB auction settlements. Local banks camped at the CBN Lending and Repo windows to fund their daily operations, increasing borrowing from the Apex bank by c.N48Bn D/D. OBB and Overnight rates closed unchanged at 11.50% and 12.00%, respectively.

Interbank rates is expected to remain stable till the end of the week, as funding pressure eases on banks positions.

FX MARKET

The FX space opened on a sluggish note as traders continued to scramble for funds amidst the poorly supplied FX market. Traded volumes dipped by 62% from the previous day while the Naira appreciated by N0.80k to close at N410.70/\$, The bided range amongst banks remained wide between N400/\$ and N420.95/\$.

At the parallel market, the cash and transfer market remained unchanged for another consecutive session.

NIGERIAN SENATE PASSES OIL OVERHAUL BILL

In a plenary session witnessed by Reuters on Thursday, *'The Nigerian Senate'* passed a long-awaited oil industry reform bill which will overhaul nearly every aspect of oil and gas production in the West African country. The said Bill had initially been passed by *'The House of Representatives'*. This Bill passage by both chambers is the first step towards the bill being signed into law by President Muhammadu Buhari.