

Dear Esteemed Client:

Good evening

At the close of trading today, the Nigerian one-year forward exchange rate of Naira/USD depreciated day-on-day to close at a strike price of ₦395.08/US\$1 relative to Friday's close of ₦394.98/US\$1. The gap between the forward and the spot rate at the Nigerian Autonomous Foreign Exchange (NAFEX), which closed the day at ₦361.70, is ₦33.38/US\$1. This signifies a ca 9.23% spread between spot and forward strike price and may be indicative of a currency depreciation over the next one-year. This pricing also reflects the recent continuous pressure on the reserves which declined 11.89% to US\$39.803bn (29/11/2019) from the high of US\$45.18bn (10/06/2019). As at the end of November, Year-to-Date intervention sales by the CBN amounted to US\$16.59bn; wholesale: US\$4700mn, SME & invisibles: US\$5165mn and retail: US\$6592mn (incl. yuan: ¥723mn).

In our view, the Central Bank of Nigeria (CBN) remains committed to stabilizing the exchange rate at all available official windows and we believe the stable outlook on oil prices and outputs provides sufficient headroom for the apex bank to achieve this objective. However, given the recent decline in reserves and the two quarters of negative current account balance recorded, if the trend is sustained, especially with the reserves falling below the US\$30.00bn levels, we may see the exchange rate falling by close to 10.00% in the medium to long term.

1. Money Markets

Banking system liquidity opened the week on a moderate level at ca ₦343.33bn. The OBB and OVN rate closed the day lower at 3.43% and 4.29% relative to yesterday's close of 3.79% and 4.50% respectively.

Treasury Bills

The Nigerian treasury bills secondary market opened the week on a bearish note, with profit taking activities seen at the short end of the yield curve. Average rates gained 9bps day-on-day with the 01 October 2020 maturity closing at 8.50%.

Bank Placements

Average fixed deposit rates amongst banks monitored showed:

- tier-1 rated banks at 3.00% for 30 - 60 days tenor on ₦10mln - ₦100mln.
- tier-2 rated banks at 6.00% for 30 - 60 days tenor on ₦10mln - ₦100mln.

2. Capital Markets

Bonds
The secondary segment of the domestic bonds opened the week on a bearish note, with sell-off activities seen at the long end of the curve. Average yield marginally gained 5bps day-on-day, with the April 2049 maturity closing at 13.32%.

Eurobonds

The nation's Eurobonds market opened the week on a bearish note, with sell-offs seen mostly at the long end of the yield curve. Average yield marginally gained 2bps day-on-day, with the January 2049 maturity closing at 8.51% from 8.48%.

Equities

Trading activities in the domestic equities market opened the week on a bearish note, with the Nigerian Stock Exchange All Share Index (NSE ASI) losing 4bps day-on-day to close at 26,990.59 pts, while year-to-date loss heightened to -14.13%. This was mainly due to losses posted by CCNN (5.00%), UACN (8.75%) and GLAXOSMITH (4.00%).

The NSE Consumer Goods index was the lone gainer with ca +71bps while the NSE Oil & Gas, Banking and Industrial Goods Indices lost ca 15bps, 16bps and 120bps day-on-day respectively. FCMB led the volume chart with 97.77m units while Nigerian Breweries Plc led the value chart with trades worth ca ₦614.94m.

3. Foreign Exchange

The Naira remained stable against the dollar day-on-day at the interbank and parallel markets to close at ₦307.00/\$1 and ₦360/\$1 respectively. At the parallel market, Naira appreciated against the Pound Sterling and the Euro day-on-day to close at ₦465/£1 and ₦395/€1 from ₦466/£1 and ₦397/€1 respectively. The FMDQ Nigerian Autonomous Foreign Exchange (NAFEX) rate appreciated day-on-day to close at ₦362.70/\$1 from ₦362.81/\$1.

4. Commodities

Crude Oil prices resumed gains on Monday, on the back of reports that the Organization of the Petroleum Exporting Countries (OPEC) and Russia are expected to extend production cuts this week. The group is expected to extend supply curb deal beyond March 2020 in a bid to support oil prices. Brent crude oil price gained ca 0.98% day-on-day at \$61.08pb, while WTI lost ca 1.41% day-on-day at \$55.86pb, as at report time. Spot Gold also lost ca 0.217% at \$1,467.50 per ounce as at report time.

Top 5 Equity Advancers

Name (Symbol)	Closing Price	Gain(N)	% Change
UNILEVER	17.70	1.60	+9.94%
LAWUNION	0.71	0.06	+9.23%
CHAMS	0.38	0.03	+8.57%
COURTVILLE	0.26	0.02	+8.33%
INTBREW	10.00	0.60	+6.38%

Top 5 Equity Decliners

Name (Symbol)	Closing Price	Loss(N)	% Change
SOVRENINS	0.20	-0.02	-9.09%
UACN	7.30	-0.70	-8.75%
UNITYBNK	0.65	-0.06	-8.45%
CORNERST	0.73	-0.06	-7.59%
FCMB	1.90	-0.11	-5.47%

Benchmark T-Bills Discount Rates			
	02-Dec-19	29-Nov-19	Change in Rates
87 days	7.00%	7.00%	0.00%
150 days	6.44%	8.50%	-2.06%
318 days	8.50%	7.50%	1.00%

Source: FMDQ DQL for 02 December 2019

Benchmark FGN Bond Yields			
	02-Dec-19	29-Nov-19	Change in Yield
3 yrs: 16.00% 15-Jul-2021	10.83%	10.95%	-0.12%
5 yrs: 15.54% 27-Apr 2023	11.93%	11.99%	-0.06%
10 yrs: 13.98% 23 Feb 2028	12.70%	12.55%	0.15%
20 yrs: 16.25% 18-Apr 2037	12.87%	12.85%	0.02%
30 yrs: 14.80% 26-Apr 2049	13.32%	13.31%	0.01%

Source: FMDQ DQL for 02 December 2019

Benchmark FGN Eurobond Yields			
	02-Dec-19	29-Nov-19	Change in Yield
3 yrs: NGERIA 6 3/4 01/28/21	3.68%	3.68%	0.00%
5 yrs: NGERIA 6 3/8 07/12/23	4.73%	4.72%	0.01%
10 yrs: NGERIA 6 1/2 11/28/27	6.56%	6.54%	0.02%
20 yrs: NGERIA 7.696 02/23/38	7.97%	7.94%	0.03%
30 yrs: NGERIA 9.248 01/21/49	8.51%	8.48%	0.03%

Source: FMDQ DQL for 02 December 2019

AIICO Money Market Fund (AMMF)	
Net Yield (As at current date)	11.42%
Added Benefit	Personal accident insurance cover

AIICO Capital Guaranteed Income Note (GIN) Rates p.a.					
Amount (NGN)	30 Days	60 Days	90 Days	180 Days	364 Days
10,000,001 - 50,000,000	10.00	10.50	11.00	12.00	13.00
50,000,001 - 100,000,000	11.00	11.25	11.50	12.50	14.00
100,000,001 - 400,000,000	12.00	12.25	12.50	13.00	14.50

Select Macro-economic Indices	
Inflation % (October 2019)	11.61 (+2.11% ytd)
PMI (October 2019)	58.20
MPR (%)	13.5 (-5%/+2% around mid-point)
CRR (%)	22.5
Brent Crude Price US\$ pbbl	61.08 (+0.98% d/d)
External Reserve (US\$'billion)	39.803 (-7.69% ytd)
GDP % (Q3 2019)	+2.28% (Q2 2019: +2.12% y/y)
NSE All Share Index (ASI)	26,990.59 (-0.04% d/d; -14.13% ytd)
Market Capitalisation (₦Trillion)	13.03

