

## Coronation Fixed Income and Exchange Rate (CFEX) Update

02, July '24

### Summary

- Opening market liquidity was reported at N514.2bn on Friday (28, June '24). Call, overnight, and repo rates closed within the range of 6% - 25%, as rates in the money market moderated.
- Last week, the average NTB yield increased by +7bps to close at 22.1% w/w. At the latest primary market NTB auction held last week, the CBN offered N228.7bn, but offered N284.2bn worth of NTBs to market participants. The stop rates stood at 91-day: 16.3%, 182-day: 17.44%, and 364-day: 20.68%.
- The average yield for OMO bills increased by +175bps to close at 23.5% w/w.
- Meanwhile, in the secondary market for FGN bonds, the average yield declined by -5bps to close at 18.8% w/w.
- In the Eurobond market, the average yield declined by -11bps at 10.2% w/w.
- The US Manufacturing PMI rose to 51.7 in June '24 compared with 51.3 in May '24. This growth was largely driven by improved manufacturing activities. Services PMI increased to 55.1 in June '24 vs 54.8 recorded in May '24. Overall, the composite PMI increased slightly to 54.6 in June '24 vs 54.5 in May '24.

#### FGN bonds and Eurobonds

Security	Price (close)	Yield (close, %)	Change (bps)
12.50% FGN Jan'26	92.07	18.54	+7
16.29% FGN Mar'27	95.00	18.67	+1
13.98% FGN Feb'28	87.48	18.85	+2
12.15% FGN Jul'34	68.77	19.29	+1
12.50% FGN Mar'35	70.67	18.97	0
12.40% FGN Mar'36	70.87	18.56	0
16.25% FGN Apr'37	88.38	18.64	0
12.98% FGN Mar'50	74.43	17.50	0
18.50% FGN FEB '31	94.50	20.00	0
19.00% FGN FEB '34	92.95	20.69	+82
7.63% FGN '25 USD	100.1	7.56	+16
7.14% FGN '30 USD	86.52	10.35	-16
8.75% FGN '31 USD	92.2	10.42	-10
7.69% FGN '38 USD	77.09	10.97	-15

Source: FMDQ, Coronation MB Economic Research

Indicators	NG
Inflation rate (May '24, %)	33.95
GDP (Q1 '24, %)	2.98
Gross Official Reserves (27, June '24, USD 'bn)	34.14

Source: NBS, CBN, Coronation MB Economic Research

#### Crude oil prices (02, July '24, USD/b)

UK Brent	87.2
WTI	84.1

#### Chinwe Egwim

Chief Economist

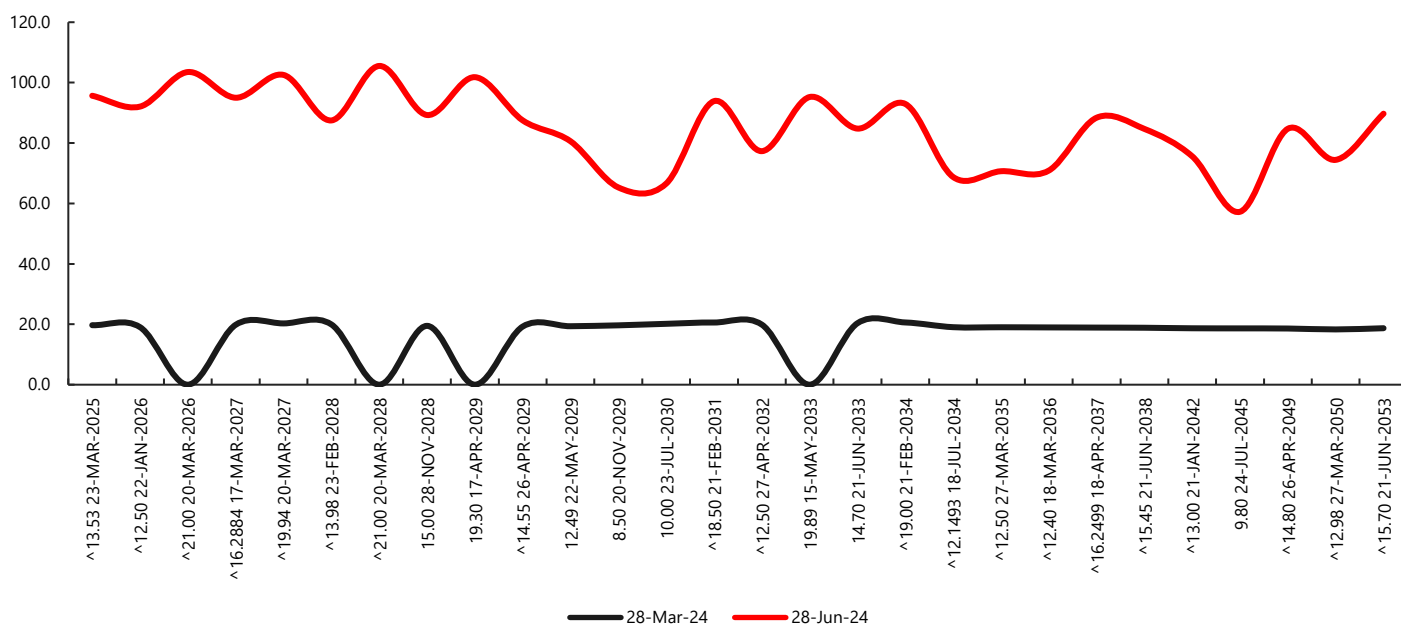
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FGN Bond yields (%) (28, Mar '24 vs 28, June '24)



Source: FMDQ, Coronation MB Economic Research

## FX DYNAMICS

The NAFEM rate traded within the range of N1,401/USD - N1,577/USD, closing at N1,505.3/USD in the spot market. This points towards a depreciation of -1.3% or N19.8 w/w. In the forwards market, fx traded within the range of N1,490/USD – N1,492/USD. In the 1-month contract, fx depreciated by -1% w/w to close at N1,521.3/USD, while in the 3-month contract, fx depreciated by -1.8% w/w to close at N1,577.9/USD.

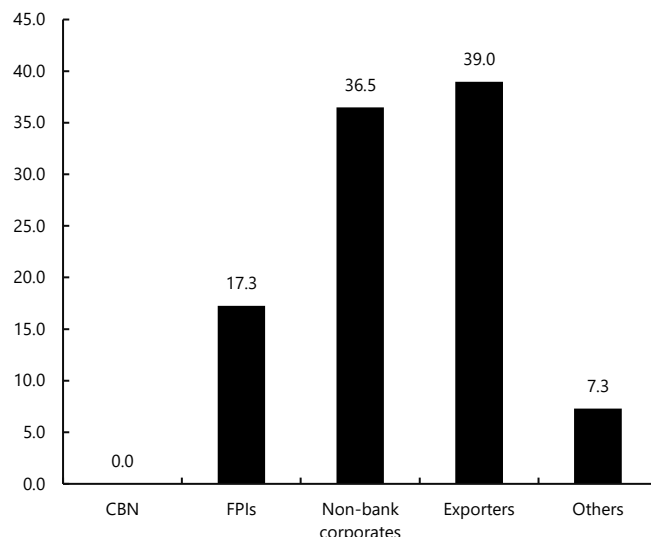
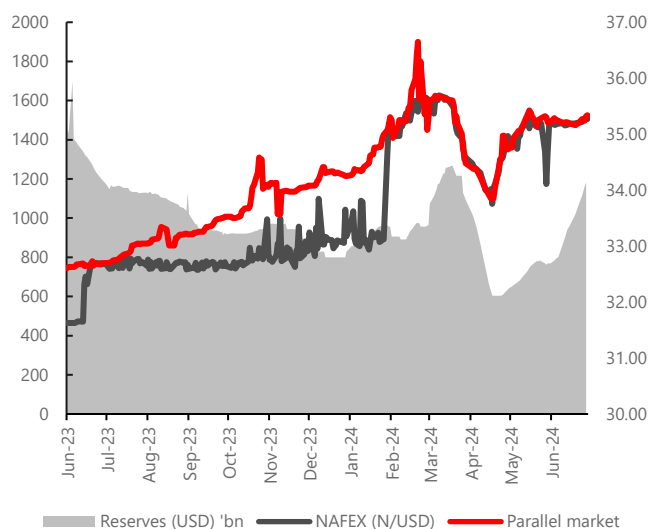
Based on our channel checks, in the parallel market, the Naira closed at an average of N1,506/USD on Friday (28, June '24). Therefore, the current gap between the NAFEM and the parallel market rate is 1.3%. According to data from FMDQ, total NAFEM turnover increased by +57.8% or USD378.4m w/w to close at USD1bn on Friday (28, June '24). Meanwhile, the NAFEM window recorded an inflow of USD336.4m. It is worth noting that there was no inflow from the CBN for the third consecutive week. Meanwhile, FPIs accounted for 17.3%, non-bank corporates 36.5%, exporters 39%, and others accounted for 7.3%.

Nigeria's external reserves increased by +1.3% w/w to close at USD34.1bn (as at 27, June '24).

Turning to the Chinese Yuan (CNY), according to data from the CBN, the Naira depreciated by -0.7% w/w to close at N202.4/CNY.

**External reserves, NAFEM vs Parallel Mkt FX rate (N/USD).**

**NAFEM (% of total inflows, 21, June '24 to 28, June '24)**



Source: FMDQ, Coronation Merchant Bank Economic Research

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