

## Weekly Money Bulletin 09 JANUARY 2009

### OUTLINE

- ❑ Key Developments
- ❑ Fixed Income & Capital Market Update
- ❑ Market Outlook for Next Week

### KEY DEVELOPMENTS

- ❖ Nigerian banks are beginning to feel the pulse of the global financial turmoil as banks have commenced cut-back on spending as a strategic means to stay afloat amidst the credit crunch. Some Nigerian banks have; grossly reduced the monthly expense run rate allowable for branches and business units, curtailed travel and telecommunication costs, decided to fill many vacancies through internal restructuring rather than hiring new employees.
- ❖ The currency in circulation as at the end of December 2008 currently stands at ₦1.2 trillion. This represents an increase of ₦212 billion against the recorded figure of ₦988 billion as at the end of November 2008. This increment in the volume of currency in circulation would have an effect on the nation's economy as this would lead to continuous rise in the prices of goods and services.
- ❖ The Central Bank of Nigeria (CBN) has commenced daily sale of foreign exchange to banks and other authorized dealers as against the usual practice of selling on Mondays and Wednesdays under the Wholesale Dutch Auction System (WDAS). This daily sales became necessary due to the temporary squeeze experienced in the foreign exchange market, which was caused by dwindling crude oil prices that had reduced forex inflow into the Nigerian economy. The apex bank is currently the largest supplier of foreign exchange in the domestic market, controlling 90 percent of the total supply as against 10 percent in the first quarter of last year.
- ❖ The Federal Government of Nigeria recently proposed the reintroduction of fuel tax in order to address issues surrounding the uncertainty in the international crude oil market. This move would help the government maintain stability in crude oil pricing and recover its cost whenever there is a drop in its price. Also, price per litre of oil is not expected to rise astronomically when crude oil prices go up and will also not drop dramatically if crude oil prices plummet. The proposed tax rate is ₦3 per litre. This fuel tax is referred to as price modulator.

## STANBIC IBTC PENSION WEEKLY MONEY BULLETIN

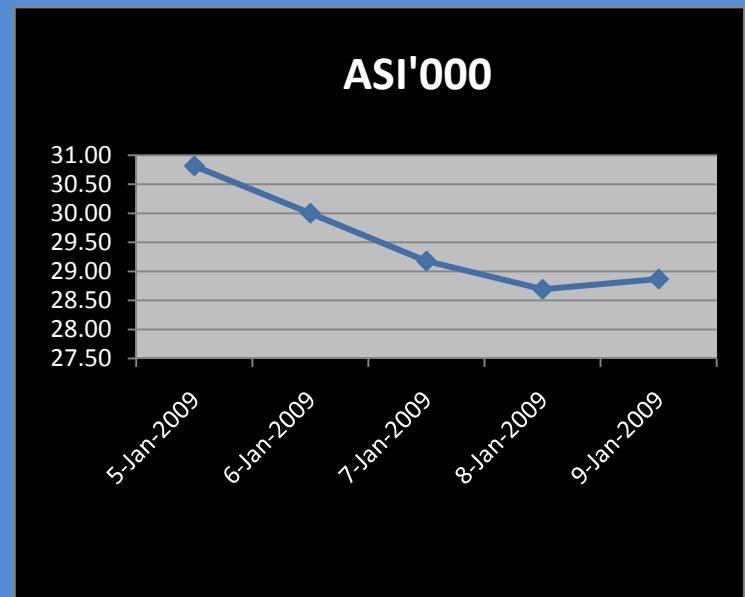
### MONEY MARKET UPDATE

- ✓ The OBB dropped to 2% this week from last week's 8% while the overnight rates plunged to 2.75% over the week from 12%, which it closed the previous week.
- ✓ No net inflow or outflow was witnessed in the FX market.
- ✓ There was no activity in the Treasury bills market as CBN has changed its issuance mode from weekly to every fortnight.

### THE CAPITAL MARKET UPDATE

- ✓ The All Share Index (ASI) ended the week on a positive note to close at 28,866.80, which was the first positive index for the year. The 6-day year-to-date performance stands at -8.22%.

### NSE INDEX FOR THE WEEK ENDED 09 JANUARY 2009



### MARKET OUTLOOK FOR THE NEW WEEK

We foresee a bull-run in the new week owing to the positive nature with which the All Share Index closed the week. This could then be followed by a bear trend as speculators would want to take profit from the short bull-run period.

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#### Board of Directors

A N A Peterside (Chairman). Yinka Sanni (Chief Executive Officer). Sola David-Borha. Chris Newson. Mallam Ahmed Dasuki. Okey Nwuke. Obinnia Abajue.

**IBTC RSA FUND PRICE FOR THE WEEK ENDED 09 JANUARY 2009**

Date	Current Price (₦)
09 Jan 09	1.3503

**DAILY OMO AUCTION FOR THE WEEK ENDED 09 JANUARY 2009**

Week 02	Stop Rates (% p.a.)	Tenor (Days)	Bids Received (₦) Billion	Amount Sold (₦) Billion
09 Jan 09	0.00	91	0.00	0.00
09 Jan 09	0.00	182	0.00	0.00

**KEY TO ABBREVIATIONS**

ASI	All Share Index
MPC	Monetary Policy Committee
MPR	Monetary Policy Rate
CBN	Central Bank of Nigeria
SEC	Security and Exchange Commission
NITEL	Nigerian Telecommunications Limited
YTD	Year To Date
FX	Foreign Exchange
NSE	Nigerian Stock Exchange
CSCS	Central Securities Clearing System
FAAC	Federal Account Allocation Committee
FGN	Federal Government of Nigeria
WDAS	Wholesale Dutch Auction System
BPE	Bureau for Public Enterprises
PFA	Pension Fund Administrator
RSA	Retirement Savings Account
OBB	Open Buy Back
OMO	Open Market Operations
PPMC	Petroleum Pipelines Marketing Company
NIBOR	Nigerian Interbank Offered Rate

**FOREX DEALS FOR THE WEEK ENDED 09 JANUARY 2009**

WDAS	Marginal Rate (₦/\$1)	No. of Banks	Amount on Offer (\$Mn)	Demand (\$Mn)	Amount Sold (\$Mn)
08 Jan 09	141.00	19	-	-	211.00
09 Jan 09	144.00	16	-	-	160.00
<b>Total</b>	<b>285.00</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>371.00</b>
<b>Average</b>	<b>142.50</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>185.50</b>

**TREASURY BILLS PRIMARY MARKET AUCTION FOR THE WEEK ENDED 09 JANUARY 2009**

Week 01	Stop Rate (% p.a.)	Tenor	Bids Received (₦)Billion	Amount Sold (₦)Billion
09-Jan-09	0.0000	91 days	0.0000	0.0000
09-Jan-09	0.0000	182 days	0.0000	0.0000
<b>Total</b>	<b>0.0000</b>		<b>0.0000</b>	<b>0.0000</b>

Date	Call	7-day	30-day	60-day	90-day	180-day
05-Jan-09	12.5833	14.3750	16.6250	16.7500	16.6667	16.6250
06-Jan-09	11.2500	14.0000	16.5000	16.7500	16.4583	16.3750
07-Jan-09	10.1667	12.9167	16.0833	16.2917	16.5417	16.5417
08-Jan-09	7.0000	9.8333	14.2917	14.6667	14.8750	15.0417
09-Jan-09	5.0833	7.2500	12.7500	13.4583	12.6250	14.1250

**STOP RATES ON THE 3<sup>RD</sup>, 4<sup>TH</sup> & 5<sup>TH</sup> FGN BONDS**

Issue Date	Tenor/ Years	Amt Offered (₦)Bn	Allotment (₦)Bn	Stop Rate (%)
31 Aug 2007	5	46.000	46.000	9.50
31 Aug 2007	10	20.000	20.000	9.35
28 Sep 2007	7	30.000	37.190	9.25
28 Sep 2007	10	20.000	20.000	9.51
26 Oct 2007	3	20.000	22.810	7.00
26 Oct 2007	10	22.810	20.000	9.95
30 Nov 2007	3	30.000	30.000	9.20
30 Nov 2007	10	20.000	20.000	11.00
14 Dec 2007	3	30.000	30.000	8.99
14 Dec 2007	10	20.000	20.000	11.03
25 Jan 2008	3	30.000	30.000	9.000
25 Jan 2008	5	20.000	20.000	9.450
29 Feb 2008	3	30.000	30.000	9.50
29 Feb 2008	5	20.000	20.000	10.30
26 Mar 2008	3	30.000	30.000	9.60
26 Mar 2008	5	20.000	20.000	10.00
25 Apr 2008	5	30.000	30.000	9.65
30 May 2008	5	30.000	30.000	10.50
30 May 2008	10	20.000	20.000	10.70
27 June 2008	5	30.000	30.000	10.70
27 June 2008	10	20.000	18.540	12.75
25 July 2008	3	25.000	15.820	10.50
25 July 2008	10	20.000	9.8200	12.75
29 Aug 2008	3	30.000	30.000	11.40
29 Aug 2008	10	20.000	20.000	12.75
26 Sept 2008	3	30.000	30.000	11.00
26 Sept 2008	10	20.000	20.000	12.45
29 Oct 2008	3	30.000	30.000	10.00
29 Oct 2008	10	20.000	20.000	11.99
26 Nov 2008	5	25.890	10.000	10.50
26 Nov 2008	20	23.520	10.000	15.00
26 Nov 2008	3	34.980	20.000	10.00

