

Weekly Money Bulletin

14 April 2009

OUTLINE

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

KEY DEVELOPMENTS

- ❖ The bi-monthly meeting of the Monetary Policy Committee (MPC) was held on 08 April 2009. Decisions reached at the meeting were: reduction of the MPR to 8.0% from 9.75%, the reduction of liquidity ratio of banks to 25.0% from 30.0% and the reduction of the Cash Reserve Requirement (CRR) of banks to 1.0% from 2.0%, all effective 14 April 2009. The CBN also indicated commitments to fully underwrite the ₦200billion Agricultural Bond. These measures are meant to ease the pressures on liquidity, curtail the seemingly uncontrolled growth of interest rates resulting from vicious competition by banks for deposits, create price stability and control the inflation rates. The CRR is the proportion of a bank's total deposit held in cash balance with the CBN while the liquidity ratio is the proportion of a bank's asset held in easily cashable form.
- ❖ The CBN has declared sanctions for violation of the agreed maximum lending and deposit rates by banks. It would be recalled that the Bankers' Committee met on 21 March 2009 and decided to place ceilings on deposit and lending rates at 15% and 22% respectively effective 01 April 2009. The CBN stated that in less than two weeks after the Bankers' Committee decision on maximum rates was made public, some banks continued vicious competition for deposits, offering rates above that which was agreed. For first time violators, a monetary penalty of ₦50 million and a warning letter will be issued to the MD/CEO. If such bank crosses the line again, it would be suspended from accessing the RDAS and Class 'A' Bureau de Change window and pay ₦50 million fine. Upon the third time of violation the MD/CEO and all bank officials that are involved will be suspended. The implementation of the sanctions takes effect immediately.
- ❖ The Debt Management Office (DMO) recently released the FGN Bond circular for April 2009. The circular states that ₦35 billion worth of 3-year FGN Bond with coupon rate of 9.92% and maturity date 30 January 2009 will be re-opened. ₦25 billion worth of 5-year FGN Bond with coupon rate of 10.50% with maturity of 28 January 2013 and ₦10 billion worth of 20-year FGN Bond with 15.00% coupon rate maturing 28 November 2028 will also be re-opened. The auction will be held on 22 April 2009 and settlement is expected on 24 April 2009.
- ❖ SEC has concluded plans to implement a 13-point agenda to restore investors' confidence in the nation's capital market. The reforms include: increase in the length of trading hours and review of the requirement for mandatory underwriting of primary offers by companies. SEC also plans to increase the breadth of the market's products to include derivatives, futures and options, also reducing Withholding Tax on Interest earned on Corporate Bond Interest to 2.5% or lower amongst others.

STANBIC IBTC WEEKLY MONEY BULLETIN

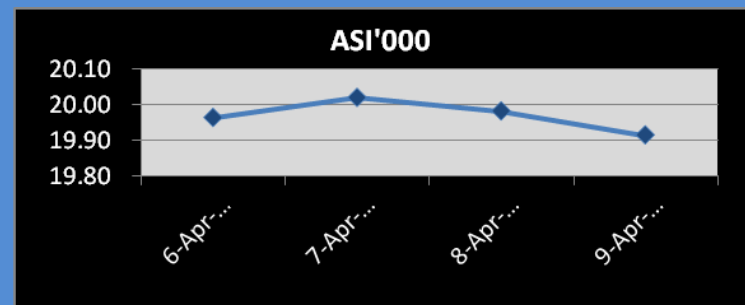
MONEY MARKET UPDATE

- ✓ Outflow through FX last week was ₦61,718.25 million as against ₦46,807.13 million the previous week.
- ✓ OBB rate opened the week at 9.75% but dropped to close the week at 7.50% in response to the newly set MPR rate.
- ✓ Overnight rate which opened last week at 15.3736%, dropped to close the week at 14.5500%
- ✓ Market experienced a net outflow of ₦60,500.00 million as against an outflow of ₦35,350.00 million the previous week.
- ✓ The Naira which closed at ₦145.75/\$1 last week closed the week at ₦145.80/\$1.

THE CAPITAL MARKET UPDATE

- ✓ The ASI closed last week at -0.24% compared to 0.65% the ASI returned the previous week. The month of April is currently at 0.32%. Year – to – date performance now stands at -36.68%.
- ✓ NAHCo Plc declared its result for the financial year ended 31 December 2008. A final dividend of ₦0.55k per share was declared with a closure date of 27-30 April 2009 and payment date 08 May 2009.

ASI FOR THE WEEK ENDED 10 APRIL 2009



MARKET OUTLOOK FOR THE NEW WEEK

Money market rates are not expected to exceed 15% as the CBN has made binding the maximum lending and deposit rates for all banks.

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IBTC RSA FUND PRICE FOR THE WEEK ENDED 10 APRIL 2009

Date	Current Price (₦)
09 April 09	1.3540

DAILY OMO AUCTION FOR THE WEEK ENDED 10 APRIL 2009

Week 12	Stop Rates (% p.a.)	Tenor (Days)	Bids Received (₦) Billion	Amount Sold (₦) Billion
20 Mar 09	2.85	147	35.50	20.00

KEY TO ABBREVIATIONS

ASI	All Share Index
CBN	Central Bank of Nigeria
SEC	Securities and Exchange Commission
DMO	Debt Management Office
FX	Foreign Exchange
ATM	Automated Teller Machine
MPC	Monetary Policy Committee
FG	Federal Government of Nigeria
RDAS	Retail Dutch Auction System
ATMC	Automated Teller Machine Consortium
MPR	Monetary Policy Rate
RSA	Retirement Savings Account
CRR	Cash Reserve Requirement
OMO	Open Market Operations

FOREX DEALS FOR THE WEEK ENDED 10 APRIL 2009

RDAS	Marginal Rate (₦/\$1)	No. of Banks	Amount on Offer (\$Mn)	Demand (\$Mn)	Amount Sold (\$Mn)
06 Apr 09	145.85	N/A	100.00	71.14	67.90
07 Apr 09	145.70		100.00	187.98	167.24
08 Apr 09	145.80		100.00	203.41	188.27
09 Apr 09	145.80		100.00	0.00	0.00
Total	583.15		400.00	462.53	423.41
Average	145.79	N/A	100.00	115.63	105.85

TREASURY BILLS PRIMARY MARKET AUCTION FOR THE WEEK ENDED 10 APRIL 2009

Week 09	Stop Rate (% p.a.)	Tenor	Bids Received (₦)Billion	Amount Sold (₦)Billion
08 Apr-09	3.1500	91	15.0000	0000
08 Apr-09	4.5800	182	15.5500	0000
08 Apr-09	6.5000	364	30.0000	0000

STOP RATES ON THE 3RD, 4TH & 5TH FGN BONDS

Issue Date	Tenor/ Years	Amt Offered (₦)Bn	Allotment (₦)Bn	Stop Rate (%)
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
30 Jan 2009	3	36.570	10.000	9.92
30 Jan 2009	5	26.580	20.000	11.40
30 Jan 2009	20	20.000	20.000	13.24
27 Feb 2009	3	20.000	20.000	10.25
27 Feb 2009	5	20.000	20.000	11.64
27 Feb 2009	20	10.000	10.000	13.21
20 Mar 2009	3	20.000	20.000	10.95
20 Mar 2009	5	20.000	20.000	12.00
20 Mar 2009	20	20.000	10.000	13.50

TENOR	10 - Apr	09 - Apr	08 - Apr	07 - Apr	06 - Apr
Call	-	14.5500	16.0000	15.5617	15.3736
7-Day	-	15.7917	16.6700	16.0217	15.8842
30-Day	-	17.5833	18.6467	18.1317	18.0400
60-Day	-	18.0000	19.0050	18.5367	18.4720
90-Day	-	18.0833	18.8433	19.0650	18.8950
180-Day	-	18.3333	19.0483	19.5450	19.0220
360-Day	-	18.7917	19.1200	19.2217	19.3280



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