

Standard Chartered Bank Nigeria

Daily Market Commentary, Tuesday October 27, 2009



International News

- **USD:** The dollar kept its footing on Tuesday after sharp gains the previous day, but made little progress higher as investor selling of stretched higher-yielding currencies and the euro paused. The euro had its steepest drop since early August on Monday, falling nearly 1 percent, and the dollar index posted its best daily gain since September as investors unwound short dollar positions after a sharp fall in stocks and commodities.
- **EUR:** The euro was steady from late U.S. levels at \$1.4864 but fell down from a 14-month peak of \$1.5064 hit on Monday after an opinion article from China suggested the Asian giant should lift the share of the euro and yen in its foreign exchange reserves. Traders expected chart support for the euro at \$1.4850 and \$1.4830, with a break of the latter opening the way to \$1.4675.
- **JPY:** The dollar hit its highest in a month against the yen, touching 92.33 yen before edging back to stand flat yesterday at 92.10 yen. It hit an eight-month low of 88.01 early in October, not far off last January's 13-year low of 87.10. A trader at a Japanese bank said there was talk of dollar selling ready at 92.30-50, capping it for now.

COMMODITIES:

- WTI settled 2.26% lower at \$78.68 on the back of a strengthening USD
- API and DOE Expectations: Crude: +1.4 mio; Distillates: -0.9 mio; Gasoline: -0.3 mio. (Reuters)
- OPEC ministers will raise output in December if oil prices rise to \$100/bbl
- China used nearly 8.17 million bpd of oil last month, 460,000 bpd or 5.8% higher than August.

Source: Reuters

Local & Regional News

- **FX: NGN:** Yesterday's open was 150.95/05, high 152.10/20, low 150.90/00 and closed at 151.55/65. Cenbank offered \$200mio at Monday's WDAS auction. Total demand was \$286mio while amount sold was \$200mio. Lowest intervention rate was 150.6819 signifying 58 points depreciation between auctions.
- **MONEY MARKETS:** O/N rates are still flat at 4.00%, as the market continues to be liquid.
- **BONDS:** The shorter end of the curve is showing some recovery with yields coming up 62bps yesterday while the long end also saw yields up slightly. The bullish trend appears to have softened with the buying slowed dramatically in comparison to last weeks open. Trade volumes have also sipped to coincide with the reduction in volatility today.
- **T-BILLS:** Rates continue to inch up again yesterday though only a few trades went through.
- **.QUOTE OF THE DAY:** *One needs to be slow to form convictions, but once formed they must be defended against the heaviest odds.* - Mahatma Gandhi

Source: SCB GM Sales

Market Rates (Source: Reuters)

	BID	OFFER
EUR/USD	1.4900	1.4910
GBP/USD	1.6340	1.6350
USD/JPY	91.95	92.05
USD/CHF	1.0165	1.0265
GBP/EUR	1.0960	1.0970
USD/ZAR	7.5490	7.5690

Indicative Cross Rates

	BID	OFFER
USD/NGN	152.00	152.50
JPY/NGN	1.631	1.7121
CHF/NGN	149.90	153.45
EUR/NGN	224.46	228.91
GBP/NGN	243.55	251.47
ZAR/NGN	19.30	22.39

Commodities

	23 OCT	CHANGE
WTI NYMEX OCT9 (USD/barrel)	78.68	-2.26%
BRENT ICE NOV9 (USD/barrel)	77.26	-2.18%
DUBAI CRUDE (USD/Barrel)	77.82	-1.14%

Interest Rates

INSTRUMENT	RATES	CHANGE
91-d T Bills	4.50%	-0.36%
182-d T Bills	4.97%	0.00%
364-d T Bills	5.37%	0.22%
3-yr FGN Bonds	7.08%	-0.01%
5-yr FGN Bonds	7.56%	0.03%
7-yr FGN Bonds	7.28%	-0.05%
10-yr FGN Bonds	7.44%	0.01%
20-yr FGN Bonds	8.81%	-0.01%

NIBOR (%)		LIBOR (%)	
O/N	4.3083	USD 1Mth	0.24375
7-Day	6.8333	USD 2Mth	0.25400
30-Day	11.6250	USD 3Mth	0.28603
90-Day	14.0833	USD 6Mth	0.58063

Y/Y Consumer Inflation: Aug 2009	11.0%
12 month av. Inflation: Aug 2009	13.3%
FX Reserve: July 2009	\$43.2bn