



FMDQ SPOTLIGHT

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97th Cleared Naira-Settled Non-Deliverable Forwards Contract Matures and Settles on FMDQ Exchange

On Wednesday, July 31, 2024, the 97th Cleared Naira-Settled Non-Deliverable Forwards (“**Cleared USD/NGN NDFs**”) contract – NGUS JUL 31 2024, with a nominal value of \$0.04 billion, matured and settled on FMDQ Securities Exchange Limited (“**FMDQ Exchange**” or the “**Exchange**”). This brings the total value of matured FX Futures contracts on the Exchange, since its inception of the market in June 2016, to approximately \$67.66 billion, with a total of circa \$67.79 billion so far traded.

The matured contract was valued for settlement against the NAFEX (Nigerian Autonomous Foreign Exchange Fixing) using the FMDQ Exchange reference Spot FX rate published the same day. The associated clearing and settlement activities were carried out by FMDQ Clear Limited (“**FMDQ Clear**”) accordingly.

Additionally, FMDQ Exchange introduced a new contract, NGUS JUL 25 2029, with a rate of \$/₦4,970.97, which replaces the matured contract. The Exchange has also updated quotes for the existing 1 to 60-month contracts.

For more information on the Cleared USD/NGN NDF contracts, please visit our website at www.fmdqgroup.com/exchange/market-products/derivatives/ or contact our Derivatives Business Group at dbg@fmdqgroup.com.

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Update on Clearing and Settlement Activities

As a Central Counterparty, FMDQ Clear plays a crucial role in providing clearing services to effectively eliminate counterparty default risk, ensure settlement finality, and enhance the integrity, resilience and stability of the Nigerian financial markets.

The tables below provide an overview of the clearing and settlement activities across the derivatives (currency futures) and fixed income markets. For more information on FMDQ Clear, please click [here](#).

Table 1: Clearing and Settlement Activities in the Currency Futures (Derivatives) Market

S/N	Currency Futures	May 2024	June 2024	Change (%)
Clearing				
1	No. of Cleared Contracts	6,255	6,255	N/A
2	Value of Cleared Contracts (\$'bn)	67.79	67.79	N/A
3	Value of Open Contracts (\$'bn)	0.29	0.17	(41.38)
Settlement				
4	No. of Matured & Settled Contracts	6,227	6,236	0.14
5	Value of Matured & Settled Contracts (\$'bn)	67.50	67.62	0.18

Table 2: Clearing and Settlement Activities in the Sovereign Fixed Income Market

S/N	Sovereign Fixed Income	May 2024	June 2024	Change (%)
1	Total Value of Trades Processed (₦'bn)	15,257.40	14,730.68	(3.45)
2	Value of Trades Settled (₦'bn)	13,152.74	12,960.71	(1.46)
3	Value of Unsettled Trades (₦'bn)	2,104.66	1,769.97	(15.91)

Table 3: Clearing and Settlement Activities in the Non-Sovereign Fixed Income Market

S/N	Non-Sovereign Fixed Income	May 2024	June 2024	Change (%)
1	Total Value of Trades Processed (₦'bn)	2.19	0.71	(67.58)
2	Value of Trades Settled (₦'bn)	2.19	0.71	(67.58)
3	Value of Unsettled Trades (₦'bn)	0.00	0.00	N/A

Update on Admitted Securities on FMDQ Depository

FMDQ Depository Limited (“**FMDQ Depository**”), registered by the Securities Exchange Commission (SEC), Nigeria, is dedicated to providing a secure depository for financial markets assets and facilitating the settlement of capital market transactions.

During the period under review, FMDQ Depository successfully admitted the following securities on its platform:

- Flour Mills of Nigeria PLC ₦46.00 billion Series 2 Fixed Rate Bond under its ₦200.00 billion Multi-Instrument Issuance Programme
- Coronation Merchant Bank Limited ₦21.73 billion Series 4 Commercial Paper (“CP”) under its ₦100.00 billion CP Issuance Programme
- Daraju Industries Limited ₦2.05 billion Series 27 CP under its ₦20.00 billion CP Issuance Programme
- HillCrest Agro-Allied Industries Limited ₦3.57 billion Series 5 CP under its ₦5.00 billion CP Issuance Programme
- Asiko Power Limited ₦0.75 billion Series 1 CP under its ₦2.50 billion CP Issuance Programme

For more information on FMDQ Depository service offerings, please click [here](#).

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FMDQ LISTINGS & QUOTATIONS

FMDQ Exchange Announces the Successful Registration of Emzor Pharmaceutical Industries Limited ₦10.00 billion Commercial Paper Programme on its Platform

FMDQ Exchange is pleased to announce the **registration of Emzor Pharmaceutical Industries Limited's ₦10.00 billion CP Issuance Programme** on its platform, in June 2024. The successful registration of this CP Programme on FMDQ Exchange underscores the importance of the Nigerian debt markets in providing efficient and reliable funding solutions for corporates and government entities alike. This milestone also demonstrates the Exchange's commitment to supporting the growth and development of the pharmaceutical sector, which is critical to the health and well-being of our nation.

Emzor Pharmaceutical Industries Limited (the "Issuer") is a wholly owned Nigerian Company manufacturing over one hundred and forty (140) high-quality pharmaceutical products and medical consumables, including analgesics, vitamins, and cardio-protective drugs, amongst others. This CP programme, sponsored by Renaissance Securities (Nigeria) Limited – a Registration Member (Quotations) of the Exchange, enables the Issuer to raise short-term finance from the Nigerian debt markets easily, through CP issues within its CP Programme limit.

FMDQ Exchange remains steadfast in its commitment to enhancing the depth and vibrancy of the Nigerian financial markets. By providing a robust and secure platform for the issuance and trading of commercial papers among other debt securities, FMDQ Exchange facilitates efficient capital formation and allocation, thereby fostering the growth of the Nigerian economy. As Nigeria's largest securities exchange by market turnover, FMDQ Exchange empowers corporates across various sectors to bridge funding gaps and realise their full potential.

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Zeenab Foods Limited Successfully Registers ₦20.00 billion Commercial Paper Programme on FMDQ Exchange

The Nigerian CP market is critical to corporate institutions prioritising capital acquisition to meet short-term obligations such as working capital needs, funding expansion plans, and settling existing debts. By offering competitive and timely capital access, FMDQ Exchange, through the Nigerian CP market, aids corporates in diversifying their funding sources. In this regard, following approval by the Board

Listings and Markets Committee, the Exchange is pleased to announce the **registration of the Zeenab Foods Limited ₦20.00 billion CP Programme** on its platform.

Zeenab Foods Limited (the “**Issuer**”) is an indigenous agro-allied company in Nigeria specialising in the production, processing, packaging, and trading of various agro commodities (grains, pulses, and edible oil) for both local and international customers. This CP programme, sponsored by Pathway Advisors Limited – a Registration Member (Quotations) of the Exchange, positions the Issuer to efficiently raise short-term finance from the Nigerian debt markets through CP issues within its CP Programme limit.

The successful registration of this CP Programme is a testament to the critical role FMDQ Exchange plays as a market organiser, providing an efficient platform for capital formation and allocation. By offering a source of funding for agribusinesses, FMDQ Exchange supports the growth and development of individual companies and contributes to the strengthening of Nigeria’s food sector and overall economy..

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Valency Agro Nigeria Limited Registers Another Commercial Paper Programme on FMDQ Exchange

FMDQ Exchange, steadfast in its mission to support capital formation, plays a pivotal role in the Nigerian debt markets by providing a reliable and efficient platform for the registration, listing, quotation, trading and reporting of financial securities. Leveraging its robust Securities Admission Service, the Exchange enables corporates to access essential financing through the Nigerian debt markets, ensuring they can sustain operations and address capital shortfalls. In alignment with this mandate, FMDQ Exchange, following approval by the Board Listings and Markets Committee, has approved the **registration of the Valency Agro Nigeria Limited ₦40.00 billion CP Issuance Programme** on its platform.

Valency Agro Nigeria Limited (the “**Issuer**”) is a subsidiary of Valency International Pte Limited – an international commodity trading house with presence in over fifteen (15) countries, specialising in the sourcing, production, and trading of agro and consumer food products. This CP programme, sponsored by FBNQuest Merchant Bank Limited – a Registration Member (Quotations) of the Exchange, positions the Issuer to efficiently raise short-term finance from the Nigerian debt markets through CP issues within its CP Programme limit.

The Exchange's innovative approach to market operations is exemplified by its streamlined registration, listing, and quotation processes, providing issuers with a reliable and efficient pathway to access funding. This commitment to excellence bolsters market liquidity and instils confidence

among diverse market stakeholders. As the corporate landscape evolves, FMDQ Exchange remains a pivotal force in the efficient allocation of capital, empowering corporates to achieve their strategic objectives and contribute to the nation's economic development.

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FMDQ Exchange Admits TGI Foods SPV PLC Limited ₦100.00 billion Commercial Paper on its Platform

In its ongoing commitment to the development of the Nigerian financial markets, FMDQ Exchange, a wholly owned subsidiary of FMDQ Group PLC (“**FMDQ Group**”), through its Board Listings and Markets Committee, has approved the **registration of TGI Foods SPV PLC ₦100.00 billion CP Programme** on its platform.

TGI Foods SPV PLC (the “**Issuer**”) is a special purpose vehicle established by WACOT Rice Limited and West African Soy Industries Limited to raise finance through the Nigerian debt markets. Tropical General Investments (“**TGI**”) Group is an international investment and holding company with diversified interests and investments across Africa, the Middle East, Asia and other emerging markets. It owns over a hundred leading brands in sectors including fast-moving consumer goods, agricultural inputs, industrial chemicals, homecare products, and pharmaceuticals. This CP programme, sponsored by Chapel Hill Denham Advisory Limited, a Registration Member (Quotations) of the Exchange, enables the Issuer to efficiently raise short-term finance from the Nigerian debt markets, within its CP Programme limit.

In fulfilment of its responsibility to regulate and oversee markets within its purview and to align the Nigerian debt markets with global best practices, FMDQ Exchange is dedicated to enhancing the credibility of securities listed on its platform through streamlined registration, listing, and quotation services. By implementing international standards, the Exchange promotes transparency, governance, market oversight, and liquidity, contributing to the growth of the Nigerian financial markets.

Other securities admitted on the Exchange platform for June 2024, include:

- MeCure Industries PLC ₦6.50 billion Series 12 CP under its ₦20.00 billion CP Issuance Programme
- HillCrest Agro-Allied Industries Limited ₦3.57 billion Series 5 CP under its ₦5.00 billion CP Issuance Programme
- Nosak Distilleries Limited ₦3.49 billion Series 4 Tranche A CP under its ₦20.00 billion CP Issuance Programme
- Asiko Power Limited ₦0.75 billion Series 1 CP under its ₦2.50 billion CP Issuance Programme

FMDQ Group is Africa's first vertically integrated FMI group, strategically positioned to provide registration, listing, quotation and noting services; integrated trading platform, clearing & central counterparty, and settlement services for financial markets transactions; depository of securities, as well as data and information services, across the debt capital, foreign exchange, derivatives and equity markets, through its wholly owned subsidiaries – FMDQ Exchange, FMDQ Clear, FMDQ Depository and FMDQ Private Markets Limited. As a sustainability-focused FMI group, FMDQ Group, through FMDQ Exchange, operates Africa's premier Green Exchange – FMDQ Green Exchange – positioned to lead the transition towards a sustainable future.

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FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

FMDQ Turnover & Dealing Member (Banks)' League Table Report

The FMDQ Market Turnover Report shows the turnover on all products traded in the FMDQ secondary market – Foreign Exchange (FX), Treasury Bills (T.bills), OMO Bills, Central Bank of Nigeria (“CBN”) Special Bills, Promissory Notes, Bonds (FGN Bonds, other Bonds (Agency, Sub-national, Corporate & Supranational), Sukuk & Eurobonds) Commercial Papers and Money Market Transactions (Repurchase Agreements and Unsecured Placements/Takings). These figures exclude primary market auctions in T.bills and Bonds.

The data, collated from the weekly trade data submissions by FMDQ Exchange Dealing Member (Banks), represents trades executed amongst the Dealing Member (Banks), Dealing Member (Banks) & Clients, and Dealing Member (Banks) & the CBN.

FMDQ Exchange Market Turnover (January – June 2024)

Product Category	(N'mm)	(\$'mm)
Foreign Exchange	73,600,267	52,800
Foreign Exchange Derivatives	22,300,291	16,849
Treasury Bills	21,939,316	16,212
OMO Bills	19,713,417	14,513
CBN Special Bills	2,929,215	2,337
FGN Bonds	12,205,921	9,304
Promissory Notes	16,728	15
Other Bonds*	8,318	7
Eurobond	278,417	202
Repurchase Agreements/Open Repos	54,593,830	40,036
Unsecured Placements/Takings	274,470	213
Money Market Derivatives	-	-
Commercial Papers	-	-
Sukuk Bonds	392,662	341
Total	208,252,853	152,827
No. of Business Days	120	120
Average Daily Turnover	1,735,440	1,274

Average Year-to-Date (YTD) \$/₦ @ 1,362.67

mm - million

*Other Bonds include Agency, Sub-national, Corporate & Supranational Bonds

Note: Figures may be subject to change due to potential adjustments from Dealing Member (Banks) or CBN

Source: FMDQ Data Portal as @ July 5, 2024; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for Jan. – Jun. 2024 period amounted to ₦208.25 trillion. Trading activities in the FX market (including Spot FX and FX Derivatives) had the largest contribution, accounting for 45.57% of overall market turnover. Repurchase Agreements (Repos) accounted for 26.20%, while transactions in OMO Bills made up 9.50%. Bonds, T.bills, CBN Special Bills, Promissory Notes and Unsecured Placements & Takings accounted for 6.45%, 10.61%, 1.53%, 0.01% and 0.13% of overall market turnover, respectively.

FMDQ Dealing Member (Banks) League Table (January – June 2024)

The FMDQ Exchange Dealing Member (Banks) League Table shows the rankings of the top ten (10) Dealing Member (Banks) in the FMDQ Exchange markets by overall market turnover, respectively.

RANK	DEALING MEMBER (BANKS)
1	Stanbic IBTC Bank PLC
2	United Bank for Africa PLC
3	First Bank of Nigeria Limited
4	Access Bank PLC
5	Standard Chartered Bank Nigeria Limited
6	Citibank Nigeria Limited
7	Wema Bank PLC
8	Zenith Bank PLC
9	First City Monument Bank Limited
10	Rand Merchant Bank Nigeria Limited

Stanbic IBTC Bank PLC, United Bank for Africa PLC, and First Bank of Nigeria Limited ranked 1st, 2nd and 3rd respectively, based on value traded during the review period. The top ten (10) Dealing Member (Banks) accounted for 71.47% (₦148.83 trillion), while the top three (3) accounted for 54.01% (₦80.39 trillion) of the overall turnover of trades in the secondary market.

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FMDQ Fixed Income Primary Markets Sponsors' League Table (January – June 2024)

The FMDQ Fixed Income Primary Markets Sponsors' League Table shows the rankings of sponsors of fixed income securities (excluding FGN Bonds and T.bills) on FMDQ Exchange. The Registration Member (Listings) and Registration Member (Quotations) are the authorised sponsors of securities listed and quoted on the Exchange.

Rank	Bonds	Rank	Commercial Papers
	Registration Member (Listings)		Registration Member (Quotations)
1 st	Stanbic IBTC Capital Limited	1 st	Cordros Capital Limited
2 nd	Greenwich Merchant Bank Limited	2 nd	Quantum Zenith Capital & Investments Limited
2 nd	Vetiva Capital Management Limited	3 rd	FCMB Capital Markets Limited
3 rd	CardinalStone Partners Limited	4 th	Stanbic IBTC Capital Limited
3 rd	FCMB Capital Markets Limited	5 th	Coronation Merchant Bank Limited
4 th	Chapel Hill Denham Advisory Limited	6 th	Rand Merchant Bank Limited
		7 th	Meristem Capital Limited
		8 th	Comercio Partners Capital Limited
		9 th	United Capital PLC
		10 th	Greenwich Merchant Bank Limited
		11 th	CardinalStone Partners Limited
		12 th	Vetiva Advisory Services Limited
		13 th	FBNQuest Merchant Bank Limited
		13 th	Absa Capital Markets Nigeria Limited
		14 th	Kairos Capital Limited
		15 th	FSDH Capital Limited
		16 th	Chapel Hill Denham Advisory Limited
		17 th	Tiddo Securities Limited
		18 th	Futureview Financial Services Limited
		19 th	Afrinvest Capital Limited
		20 th	Iron Global Markets Limited
		21 st	Vetiva Capital Management Limited
		22 nd	AVA Capital Partners Limited
		23 rd	ARM Securities Limited
		24 th	Constant Capital Markets and Securities Limited
		25 th	SCM Capital Limited
		26 th	UCML Capital Limited
		27 th	SFS Financial Services Limited

	28 th	FSDH Merchant Bank Limited
	29 th	Emerging Africa Capital Advisory Limited
	30 th	Nova Merchant Bank Limited
	31 st	DLM Advisory Limited
	32 nd	Coronation Merchant Bank Limited
	33 rd	FSL Securities Limited
	34 th	Pathway Advisors Limited
	35 th	Mega Capital Financial Services Limited

Total Market Participation Analysis Q2 2024 (Bond and CP markets)

The top three (3) Sponsors for the review period were, in order: Quantum Zenith Capital & Investments Limited, Cordros Capital Limited and FCMB Capital Markets Limited, contributing 25.17% to total issuances in the bond and CP category. During the review period only Chapel Hill Denham Advisory Limited participated in the bond category. In the CP market, the top three (3) Sponsors were Quantum Zenith Capital & Investments Limited, Cordros Capital Limited and FCMB Capital Markets.

FMDQ Fixed Income Primary Markets Solicitors' League Table (January – June 2024)

The FMDQ Primary Market Solicitors League Table shows the rankings of solicitors of fixed income securities (excluding FGN Bonds and T.bills) listed and/or quoted on FMDQ Exchange.

RANK	BONDS SOLICITORS	RANK	COMMERCIAL PAPERS SOLICITORS
1 st	Abdulai Taiwo & Co. Solicitors	1 st	Banwo & Ighodalo
1 st	Tsedaqah Attorneys	2 nd	G. Elias & Co.
2 nd	Aluko & Oyeboode	3 rd	The New Practice
3 rd	Templars	4 th	Templars
		5 th	Aluko & Oyeboode
		6 th	Detail Commercial Solicitors
		7 th	Udo Udoma & Belo-Osagie
		8 th	Mathmer Legal Practitioners
		9 th	Wigwe & Partners
		10 th	Advocaat Law Practice
		11 th	Olaniwun Ajayi LP
		12 th	Duale Ovia and Alex Adedipe (DOA)
		13 th	Adeniji Kazeem & Co.
		14 th	Pathway Advisory Limited
		15 th	Africa Law Practice NG & Company
		16 th	Aalex Partners
		16 th	JTO Partners
		17 th	Aiden Allan & Co.

Total Market Participation Analysis Q2 2024 (Bond and CP markets)

During the review period, Abdulai Taiwo & Co. Solicitors and Tsedaqah Attorneys were the top Solicitors in the bond market. Following closely in second place was Banwo & Ighodalo, which participated exclusively in the CP market, while G. Elias & Co. secured third place, also participating exclusively in the CP market. The top three (3) solicitors for Q2 2024 contributed 71.77% to the total issuances.

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Introduction to Credit Ratings

The financial system is intricate, involving a range of participants, including individuals, private corporations, financial intermediaries, and public institutions, each with distinct transactional motives. Corporations and sovereign entities often seek funding from banks or debt capital markets to support ongoing operations or facilitate business expansion. However, this financing process entails inherent risks for both lenders and borrowers. Lenders are concerned about the potential loss of capital, while borrowers are apprehensive about high borrowing costs or restricted access to funds due to perceptions of their creditworthiness.

To address these concerns, credit risk experts have established two primary approaches, Credit ratings and Credit scores, to evaluate the creditworthiness of borrowers, whether individuals or institutions.

This article delves into definitions, types, benefits and limitations of Credit Ratings.

What are Credit Ratings?

Credit ratings are forward-looking, independent assessments of an issuer's (borrower's) ability and willingness to meet its financial obligations in full and on time. These ratings provide valuable insights into the likelihood of a borrower defaulting on debt obligations (such as bonds, CPs or loans) and assess the risk associated with specific debt instruments or transactions. Lenders typically use these ratings to determine the terms of a debt issue or to decide whether to extend credit to a borrower, making them a crucial component of risk management and decision-making.

Credit rating opinions are provided by specialised entities known as Credit Rating Agencies ("CRAs"), comprising experienced professionals who assign ratings to issuers, such as corporations and governments, as well as to specific debt issues, like bonds, CPs and other debt securities. The CRAs play a crucial role in the financial markets by evaluating credit risk using a defined methodology to measure factors such as financial performance, debt structure, cash flow, and economic conditions, among others, to determine the creditworthiness of an issuer and the specific debt issue.

These agencies use a defined rating scale, usually alphabetical or alphanumerical symbols, to publish their rating, making it easier to compare the credit quality of different borrowers. In Nigeria, examples of licensed credit rating agencies include Agosto & Co., Global Credit Rating, and DataPro Limited.

Users of Credit Rating Opinions

Users	Description
Issuers	These are corporations, financial institutions, and governments that use credit ratings to provide independent assessments of their creditworthiness and the quality of their debt issues. The rating opinions help communicate their credit quality to a broader range of investors and can influence the interest rates on new debt issues.
Investors	Investors use credit ratings to assess credit risk and compare issuers and debt issues for informed investment decisions. Individual investors evaluate debt securities based on their risk tolerance, whilst institutional investors, such as mutual funds, pension funds, banks, and insurance companies, use credit ratings to supplement their own analyses and set investment guidelines.
Financial Intermediaries	These include institutions such as Investment banks that facilitate the flow of capital from investors to issuers. They use credit ratings to benchmark credit risk, set initial pricing, and determine interest rates for debt issues. They also consider rating agencies' criteria to understand their rating approaches and may arrange debt issues by packaging assets into various Asset-Backed Securities marketed to investors.
Businesses and Other Institutions	These entities use credit ratings to assess counterparty risk, the risk that a party may not fulfil financial obligations. Credit ratings help evaluate credit exposure, make lending decisions, and assess the viability of partnerships and business relationships.

Benefits and Limitations of Credit Ratings

Credit ratings are an integral part of the capital markets as they play a crucial role in shaping borrowing costs, investment decisions, and overall economic stability.

Benefits of Credit Rating Opinions	
To Investors	<ul style="list-style-type: none"> ▪ Facilitates Optimal Risk Assessment: Investors use credit ratings to assess the risk associated with debt instruments. Higher ratings indicate a lower default risk, helping investors make informed decisions based on their risk tolerance and investment goals. Institutional investors often prefer higher-rated securities for stable and reliable income generation, while those seeking higher returns may consider lower-rated securities
	<ul style="list-style-type: none"> ▪ Market Access and Liquidity: Highly rated securities are often more liquid in secondary markets, allowing investors the flexibility to adjust their investment portfolios according to market conditions or investment strategies
	<ul style="list-style-type: none"> ▪ Regulatory and Compliance Requirements: Some institutional investors have regulatory requirements regarding the credit quality of their investment portfolios, making credit ratings essential for compliance and informed investment decisions

To Issuers	<ul style="list-style-type: none"> ▪ Cost of Borrowing: Ratings influence the borrowing costs for entities as higher credit ratings are perceived as lower risks, allowing issuers to secure financing easily at lower interest rates and vice versa
	<ul style="list-style-type: none"> ▪ Market Perception and Reputation: A strong credit rating signals the financial stability of an issuer and enhances its image in the financial markets. As such, investors feel secure of their investments, and creditors can form a positive perception of the timely payments of interest and principal
	<ul style="list-style-type: none"> ▪ Recognition to Unfamiliar Companies: Credit rating provides recognition to less-familiar companies seeking access to the financial markets as it provides insights into the degree of risk and uncertainty associated with the entity and its issue
Limitations of Credit Rating Opinions	
Lag the Market Reflection	While ratings offer valuable insights, sole reliance can be risky as the market's credit risk pricing often outpaces rating adjustments. This is particularly as it is, a static study of the entity, at a specific point in time
Rating Errors	Unforeseen changes or errors in calculations can affect rating accuracy
Point-in-Time Assessment	Credit ratings can change over time as creditworthiness fluctuates over time. As such, it may not remain constant throughout the investor's investment horizon

Conclusion

Credit ratings play a pivotal role in the financial ecosystem, providing standardised measures of credit risk assessment. Understanding their nuances is essential to grasp their broader impact on financial markets. However, it is crucial to recognise that while they are valuable tools, ratings are not infallible. Economic events, potential lags in reflecting real-time financial conditions and occasional imperfections in assessment methodologies can affect a borrower's debt repayment ability. In the next article, we will explore the credit rating process, including the factors considered by rating agencies and the credit rating scale.

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