

## News Update:

Oil prices eased on Thursday, taking Brent crude to a 2018 low, as soaring U.S. output undermined OPEC efforts to tighten markets, although a North Sea pipeline outage and record Chinese imports offered support. The biggest market driver was U.S. production. U.S. crude oil output averaged above 10 million bpd for the first time since the early 1970s last week, reaching 10.25 million bpd.

[Reuters](#)

## ECONOMIC INDICATORS

Inflation (YoY)	15.37%	↓
Exchange Rate (\$)	N305.85	↔
MPR	14.00%	↔
Foreign Reserves	\$40.92Bn	↑
Brent Crude	\$65.19	↓

## Fixed Income | Money Market | FX | Eurobonds

### Commentary

The Bond market experienced volatile swings in today's session, with slight buy interests observed at the start of market, subsequently subsumed in a continued selloff from some offshore clients especially on the 2026 and 2027 bonds, which remained weak throughout the session. Prices however found support towards the close of trading, with yields closing at c.2bps lower than their previous levels, giving an indication of a possible flattening of the intense bearish pressures which have been witnessed since the start of the week. We consequently expect the market to close the week on a relatively calm note, as we maintain a bullish bias with expectations of a downward reversal to pre-selloff levels in the coming week.

The T-bills market remained bearish as an OMO auction announcement by the CBN further compounded the liquidity pressures in the market, with banks having to bid for clients interested in the longer tenured offering. Yields consequently rose by c.20bps from their previous levels to 15.25% average. Results released by the CBN however showed a total sale of c.N23bn which was lower than the N67bn OMO T-bill maturities. We consequently expect the market to close the week on a relatively calm note, with system liquidity improving slightly from the OMO maturity inflows.

The OBB and OVN rates moderated slightly to 46.67% and 48.00% as inflows from OMO T-bill maturities helped to offset outflows from OMO T-bill sales, resulting in a net liquidity balance of c.N42bn positive. We expect rates to close slightly lower tomorrow, as banks are not expected to bid aggressively at OMO due to tight liquidity and high funding costs.

### Money Market Rates

	Current (%)	Previous (%)
Open Buy Back (OBB)	46.67	53.00
Overnight (O/N)	48.00	53.08

### FX Market

	Current (N/\$)	Previous (N/\$)
CBN Spot	305.85	305.85
CBN SMIS	330.00	330.00
I&E FX Window	360.40	360.21
Parallel Market	361.40	361.60

### Primary Market Auction Results

#### NTB - 31 January 2018

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
91 days	12.00	6.01	6.52	6.01
182 days	13.65	69.57	70.31	69.57
364 days	13.70	177.22	69.57	177.22

#### FGN Bonds - 24 January 2018

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
Jul - 2021	13.38	50.00	55.75	45.12
Mar - 2027	13.49	60.00	94.26	64.88

#### OMO - 8 February 2018

Tenor	Rate (%)	Offer (NBn)	Sub (N'bn)	Sale (N'bn)
98 day	12.60	30.00	0.12	0.12
252 day	14.40	70.00	23.30	23.30

### FGN Bonds

Description	Bid (%)	Offer (%)	Day Change (%)
16.00 29-Jun-19	14.18	14.11	0.06
15.54 13-Feb-20	14.30	14.23	(0.14)
14.50 15-Jul-21	13.79	13.72	(0.04)
16.39 27-Jan-22	13.62	13.55	(0.03)
14.20 14-Mar-24	13.70	13.63	(0.02)
12.50 22-Jan-26	13.85	13.78	0.04
16.29 17-Mar-27	13.75	13.68	0.02
12.15 18-Jul-34	13.69	13.62	0.02
12.40 18-Mar-36	13.59	13.52	(0.07)
16.25 18-Apr-37	13.51	13.44	(0.07)

### Treasury Bills

Description	Bid (%)	Offer (%)	Day Change (%)
1-Mar-18	14.40	14.25	(0.45)
5-Apr-18	15.00	14.85	0.00
3-May-18	13.85	13.70	(0.50)
14-Jun-18	14.60	14.45	0.00
5-Jul-18	14.05	13.90	(0.20)
2-Aug-18	14.20	13.45	0.10
20-Sep-18	14.50	14.35	(0.05)
4-Oct-18	14.40	14.25	(0.30)
1-Nov-18	14.40	14.25	0.30
3-Jan-19	13.90	13.75	0.10

### Eurobonds

Issuer	Description	Yield (%)	Day Change (%)
FGN	6.38 12-Jul-23	5.16	0.03
FGN	7.875 16-Feb-32	6.72	0.08
First Bank	8.00 23-Jul-21	9.16	0.10
Eco bank	8.75 14-Aug-21	10.14	0.17
Access Bank	10.50 19-Oct-21	6.61	0.03
Zenith Bank	7.375 30-May-22	6.06	0.01
UBA	7.75 8-Jun-22	6.60	0.03

Sources: FMDQ, CBN, Bloomberg, Rexel BDC, Zedcrest research

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