

News Update:

A new report by the Economic Confidential has shown that the federal government, 36 states and the 774 local government councils in Nigeria shared a total sum of N5.9 trillion from the Federation Account in 2017 in spite of the economic recession witnessed during the period. While the federal government and its agencies received a total sum of NN2.5 trillion, the other tiers of government shared N3.3 trillion.

[Thisday](#)

ECONOMIC INDICATORS

Inflation (YoY)	15.37%	↓
Exchange Rate (\$)	N305.80	↑
MPR	14.00%	↔
Foreign Reserves	\$40.79Bn	↑
Brent Crude	\$68.37	↓

Fixed Income | Money Market | FX | Eurobonds

Commentary

The bond market traded on a slightly bearish note due to slight sell by some offshore clients on the 10- and 20-yr bonds. Yields however recorded a substantial uptick (c.7bps) due to weak demand from domestic participants. We observe that developments in the global bond markets (the US in particular) have begun to shape offshore investors allocation to emerging market debt. This has been earlier anticipated following expectations of a rate hike by the US FED. Barring any continued sell off from offshore, we expect relative stability in the mkt, with some possible downward retracements, as some local clients are expected to begin eyeing the slightly higher yields on bonds.

The T-bills market traded on a relatively quiet note, with slight buys observed on some short tenured bills. The Medium to long end of the curve however traded on a relatively flat note, as the CBN resumed its OMO auction, selling a total c.N116bn of the 98- and 266-day bills, with rates maintained at 12.60% and 14.40% respectively. We expect this flattish trend to persist, as the CBN is expected to continue with its OMO issuance.

The OBB and OVN rates jumped higher to 18.40% and 19.33%, following debits for the OMO and wholesale FX sales by the CBN. System Liquidity is consequently estimated to close on a marginally negative note. We expect rates to however moderate slightly tomorrow, as there are no expected significant funding pressures on the banks.

Money Market Rates

	Current (%)	Previous (%)
Open Buy Back (OBB)	18.40	11.60
Overnight (O/N)	19.33	12.17

FX Market

	Current (N/\$)	Previous (N/\$)
CBN Spot	305.80	305.75
CBN SMIS	330.00	330.00
I&E FX Window	360.25	360.70
Parallel Market	361.60	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 - 5 February 2018

Tenor	Rate (%)	Offer (NBn)	Sub (N'bn)	Sale (N'bn)
98 day	12.60	40.00	20.01	20.01
266 day	14.40	70.00	95.74	95.74

FGN Bonds

Description	Bid (%)	Offer (%)	Day Change (%)
16.00 29-Jun-19	13.92	13.85	0.07
15.54 13-Feb-20	13.64	13.57	0.06
14.50 15-Jul-21	13.37	13.30	0.03
16.39 27-Jan-22	13.22	13.15	0.10
14.20 14-Mar-24	13.49	13.42	0.04
12.50 22-Jan-26	13.49	13.42	0.07
16.29 17-Mar-27	13.54	13.47	0.06
12.15 18-Jul-34	13.50	13.43	0.07
12.40 18-Mar-36	13.41	13.34	0.05
16.25 18-Apr-37	13.41	13.34	0.10

Treasury Bills

Description	Bid (%)	Offer (%)	Day Change (%)
1-Mar-18	12.50	12.35	(0.10)
5-Apr-18	13.55	13.40	0.00
3-May-18	13.40	13.25	0.25
14-Jun-18	14.30	14.15	0.00
5-Jul-18	14.05	13.90	0.00
2-Aug-18	13.60	13.45	0.00
20-Sep-18	14.20	14.05	0.00
4-Oct-18	14.30	14.15	(0.05)
1-Nov-18	13.90	13.75	0.00
3-Jan-19	13.80	13.65	0.10

Eurobonds

Issuer	Description	Yield (%)	Day Change (%)
FGN	6.38 12-Jul-23	5.12	0.08
FGN	7.875 16-Feb-32	6.59	0.12
First Bank	8.00 23-Jul-21	9.31	0.21
Eco bank	8.75 14-Aug-21	10.02	0.14
Access Bank	10.50 19-Oct-21	6.50	0.00
Zenith Bank	7.375 30-May-22	6.02	0.02
UBA	7.75 8-Jun-22	6.54	(0.01)

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

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