

News Update:

Federal Government officials and their World Bank counterparts on Wednesday agreed on the necessary steps to be taken before the presentation of Nigeria's request for \$1bn for consideration by the executive board of the institution. In a statement issued after a meeting in Abuja, the World Bank said it was committed to supporting the Federal Government's Power Sector Recovery Programme on which the money would be spent.

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ECONOMIC INDICATORS

Inflation (YoY)	15.91%	↓
Exchange Rate (\$)	N306.50	↓
MPR	14.00%	↔
Foreign Reserves	\$38.20Bn	↑
Brent Crude	\$61.87	↔

Fixed Income | Money Market | FX | Eurobonds

Commentary

The Bond market maintained its bullish run in today's session with sustained demand witnessed especially on the 5-, 10- and 20-yr bonds. This was as market players continued to speculate a further decline in the sovereign yield curve, owing to the discontinuance of OMO T-bill issuance by the CBN. Average bond yields consequently declined by a further 6bps to close today at 14.45%. We expect this trend to persist, but at a slower pace, as market players are expected to trade cautiously in anticipation of the bond auction next week.

The T-bills market remained aggressively bullish in today's session, with rates on most of the medium and long tenured maturities trading below 16% and 15% respectively. Market volumes were however lower than in the previous session as most market players preferred to hold on to their long positions due to the significant decline in supply of T-bills to the market. Average T-bill yields consequently declined by 25bps to close today at 16.56%. We expect the market to be scantily traded tomorrow, but with a sustained decline in yields as market players continue to trade on the "NO OMO" trend.

The OBB and OVN rates crashed by 750bps to 6.33% and 7.33% due to c.N110bn OMO maturity inflows which improved system liquidity to c.N100bn long, from a negative opening figure of c.N10bn. We expect rates to remain stable at single digit levels tomorrow, barring any significant OMO T-bill or FX intervention by the CBN.

Money Market Rates

	Current (%)	Previous (%)
Open Buy Back (OBB)	6.33	13.83
Overnight (O/N)	7.33	14.83

FX Market

	Current (N/\$)	Previous (N/\$)
CBN Spot	306.45	306.50
CBN SMIS	330.00	330.00
I&E FX Window	360.31	360.93
Parallel Market	361.40	361.50

Primary Market Auction Results

NTB - 29 November 2017

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
91 days	12.95	26.14	7.89	7.89
182 days	15.00	11.00	6.21	6.21
364 days	15.57	80.03	119.69	103.07

FGN Bonds - 22 November 2017

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
Jul - 21	14.79	50.00	23.00	14.60
Mar - 27	14.80	50.00	82.39	73.17

OMO - 30 November 2017

Tenor	Rate (%)	Offer (NBn)	Sub (N'bn)	Sale (N'bn)
91 day	NIL	50.00	2.08	No Sale
189 day	NIL	150.00	59.72	No Sale

FGN Bonds

Description	Bid (%)	Offer (%)	Day Change (%)
16.00 29-Jun-19	14.49	14.42	(0.05)
15.54 13-Feb-20	14.40	14.33	(0.09)
14.50 15-Jul-21	14.61	14.54	(0.09)
16.39 27-Jan-22	14.35	14.28	0.08
14.20 14-Mar-24	14.60	14.53	(0.03)
12.50 22-Jan-26	14.55	14.48	(0.09)
16.29 17-Mar-27	14.61	14.54	(0.11)
12.15 18-Jul-34	14.31	14.24	(0.07)
12.40 18-Mar-36	14.31	14.24	(0.01)
16.25 18-Apr-37	14.28	14.21	(0.12)

Treasury Bills

Description	Bid (%)	Offer (%)	Day Change (%)
4-Jan-18	16.00	15.75	0.00
1-Feb-18	16.00	15.75	(0.50)
1-Mar-18	14.00	13.75	0.00
5-Apr-18	15.45	15.20	(0.15)
3-May-18	15.65	15.40	(0.60)
14-Jun-18	15.50	15.25	(0.25)
5-Jul-18	15.60	15.35	(0.20)
2-Aug-18	15.50	15.25	0.00
20-Sep-18	14.85	14.60	(0.15)
4-Oct-18	14.75	14.50	(0.25)
1-Nov-18	14.25	14.00	(0.75)

Eurobonds

Issuer	Description	Yield (%)	Day Change (%)
FGN	6.38 12-Jul-23	5.25	0.02
FGN	7.875 16-Feb-32	6.63	0.01
First Bank	8.00 23-Jul-21	9.58	(0.06)
Eco bank	8.75 14-Aug-21	10.63	0.01
Access Bank	10.50 19-Oct-21	6.77	0.00
Zenith Bank	7.375 30-May-22	6.40	0.00
UBA	7.75 8-Jun-22	7.09	0.01

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

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