

## News Update:

Oil prices dropped by more than 1 percent on Tuesday, extending falls from the previous session as global financial markets tumbled lower in the wake of one of the biggest intra-day falls ever registered on Wall Street. Brent crude futures were at \$66.91 per barrel at 0530 GMT, down 71 cents, or 1.1 percent, from the previous close. That was more than \$4 below their high-point for 2018, hit last month.

[Reuters](#)

## ECONOMIC INDICATORS

Inflation (YoY)	15.37%	↓
Exchange Rate (\$)	N305.80	↔
MPR	14.00%	↔
Foreign Reserves	\$40.79Bn	↑
Brent Crude	\$66.71	↓

## Fixed Income | Money Market | FX | Eurobonds

### Commentary

The Bond market remained bearish following continued sell by local and off-shore players, especially on the 10 and 20yr bonds. We observed the selloff in today's session to have been triggered initially by some sell from offshore. Yields consequently rose by c.37bps, the highest d/d uptick in yields witnessed since the 15th of December 2017 (when the CBN released its Q1 2018 NTB calendar). We do not expect a significant rise in yields above current levels, as market players anticipate favorable results from domestic inflation and GDP figures to be published later in the month. We however note that demand in the market remains relatively weak at the moment.

The T-bills market also traded on bearish note with some selloff witnessed especially on the short tenured bills due to the squeeze in market liquidity which is estimated to close today on a marginally positive note. Average T-bill Yields consequently rose by c.33bps, even as the CBN sold N21bn of the 191-day OMO bill offered, at 14.40%. We expect slight retracements in yields as market players anticipate inflows from OMO maturities on Thursday.

The OBB and OVN rates spiked to 35.80% and 37.42% as the CBN mandated banks with balances at the SLF window to fund their positions or risk having their bills rediscounted. This put further pressure on market which opened at just c.N20bn positive. We expect rates to be relatively stable at these levels tomorrow, as there are no significant liquidity inflows expected until Thursday.

### Money Market Rates

	Current (%)	Previous (%)
Open Buy Back (OBB)	35.80	18.40
Overnight (O/N)	37.42	19.33

### FX Market

	Current (N/\$)	Previous (N/\$)
CBN Spot	305.80	305.80
CBN SMIS	330.00	330.00
I&E FX Window	360.31	360.25
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 - 6 February 2018

Tenor	Rate (%)	Offer (NBn)	Sub (N'bn)	Sale (N'bn)
93 day	12.60	10.00	NIL	NIL
191 day	14.40	30.00	20.95	20.95

### FGN Bonds

Description	Bid (%)	Offer (%)	Day Change (%)
16.00 29-Jun-19	14.20	14.13	0.28
15.54 13-Feb-20	13.92	13.85	0.28
14.50 15-Jul-21	13.93	13.86	0.56
16.39 27-Jan-22	13.66	13.59	0.44
14.20 14-Mar-24	13.72	13.65	0.23
12.50 22-Jan-26	14.09	14.02	0.60
16.29 17-Mar-27	13.76	13.69	0.22
12.15 18-Jul-34	13.86	13.79	0.36
12.40 18-Mar-36	13.78	13.71	0.37
16.25 18-Apr-37	13.78	13.71	0.37

### Treasury Bills

Description	Bid (%)	Offer (%)	Day Change (%)
1-Mar-18	14.40	14.25	1.90
5-Apr-18	15.00	14.85	1.45
3-May-18	13.85	13.70	0.45
14-Jun-18	14.60	14.45	0.30
5-Jul-18	14.05	13.90	0.00
2-Aug-18	14.20	13.45	0.60
20-Sep-18	14.50	14.35	0.30
4-Oct-18	14.40	14.25	0.10
1-Nov-18	14.40	14.25	0.50
3-Jan-19	13.90	13.75	0.10

### Eurobonds

Issuer	Description	Yield (%)	Day Change (%)
FGN	6.38 12-Jul-23	5.13	0.01
FGN	7.875 16-Feb-32	6.64	0.05
First Bank	8.00 23-Jul-21	9.06	(0.25)
Eco bank	8.75 14-Aug-21	9.97	(0.05)
Access Bank	10.50 19-Oct-21	6.58	0.08
Zenith Bank	7.375 30-May-22	6.05	0.03
UBA	7.75 8-Jun-22	6.57	0.03

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

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Dealing Desk: 01-6311667 Dayo: +2347032208237 Seyi: +2348023231396

Nnamdi: +2348133385000 Email: [research@zedcrestcapital.com](mailto:research@zedcrestcapital.com)

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