

**News Update:**

In a mark of rising confidence in the Nigerian economy, aggregate foreign exchange (FX) inflow into the economy grew to \$30.45 billion in the fourth quarter (Q4) of 2017, indicating an increase by 14.5 per cent, compared to the preceding quarter. This also represented a significant increase by 86.9 per cent over the corresponding quarter of 2016.

[Thisday](#)
**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 remained bearish in today's session, with continued sell off from offshore players lifting yields by c.8bps across the curve, consequently marking a 45bps w/w rise in average bond yields. This came on the backdrop of the weakness in global financial markets caused by rising fears of inflation and monetary policy tightening, especially in the US. FGN bond Yields have however been resistant at sub-14% and we do not see them going significantly above these levels, whilst also noting the weakness in local demand observed in recent sessions.

The T-bills market traded on a slightly bullish note, as market players cherry picked some high yielding bills in anticipation of inflows from retail FX refunds expected on Monday. The CBN also conducted an OMO auction, selling a total of c.N14bn of the 111-day and 251-day bills on offer, at 12.60% and 14.40% respectively. We expect average T-bill yields to remain slightly elevated above 15% due to the tight system liquidity and continued OMO interventions by the CBN.

The OBB and OVN rates declined slightly to 43.33% and 45.50%, as banks were less aggressive in their OMO auction demand whilst also anticipating inflows from retail FX refunds. System liquidity is estimated to close at c.N33bn long, following debits for today's OMO auction. We expect rates to decline slightly on Monday, with inflows from retail FX refunds expected to ease funding pressures, barring a significant OMO T-bill sale by the CBN.

**Money Market Rates**

	Current (%)	Previous (%)
Open Buy Back (OBB)	43.33	46.67
Overnight (O/N)	45.50	48.00

**FX Market**

	Current (N/\$)	Previous (N/\$)
CBN Spot	305.85	305.85
CBN SMIS	330.00	330.00
I&E FX Window	360.27	360.40
Parallel Market	361.50	361.40

**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 - 9 February 2018**

Tenor	Rate (%)	Offer (NBn)	Sub (N'bn)	Sale (N'bn)
111 day	12.60	10.00	3.12	3.12
251 day	14.40	20.00	11.24	11.24

**FGN Bonds**

Description	Bid (%)	Offer (%)	Day Change (%)
16.00 29-Jun-19	14.18	14.11	0.00
15.54 13-Feb-20	14.06	13.99	(0.24)
14.50 15-Jul-21	13.96	13.89	0.17
16.39 27-Jan-22	13.84	13.77	0.22
14.20 14-Mar-24	13.81	13.74	0.11
12.50 22-Jan-26	13.88	13.81	0.03
16.29 17-Mar-27	13.90	13.83	0.15
12.15 18-Jul-34	13.77	13.70	0.08
12.40 18-Mar-36	13.76	13.69	0.17
16.25 18-Apr-37	13.65	13.58	0.14

**Treasury Bills**

Description	Bid (%)	Offer (%)	Day Change (%)
1-Mar-18	14.40	14.25	0.00
5-Apr-18	14.50	14.35	(0.50)
3-May-18	14.20	14.05	0.35
14-Jun-18	14.70	14.55	0.10
5-Jul-18	14.50	14.35	0.45
2-Aug-18	14.50	13.45	0.30
20-Sep-18	14.50	14.35	0.00
4-Oct-18	14.60	14.45	0.20
1-Nov-18	14.30	14.15	(0.10)
3-Jan-19	13.65	13.50	(0.25)

**Eurobonds**

Issuer	Description	Yield (%)	Day Change (%)
FGN	6.38 12-Jul-23	5.32	0.16
FGN	7.875 16-Feb-32	6.87	0.15
First Bank	8.00 23-Jul-21	9.14	(0.02)
Eco bank	8.75 14-Aug-21	10.09	(0.05)
Access Bank	10.50 19-Oct-21	6.70	0.09
Zenith Bank	7.375 30-May-22	6.18	0.12
UBA	7.75 8-Jun-22	6.69	0.09

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

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