

News Update:

The CBN has released its PMI Report for the Month of December 2017, showing a continued expansion in the manufacturing and non-manufacturing sector indices. The Manufacturing PMI in the month of December stood at 59.3 index points indicating expansion in the manufacturing sector for the ninth consecutive months. The composite PMI for the non-manufacturing sector stood at 62.1 points in December 2017, indicating expansion in the Non-manufacturing PMI for the eighth consecutive month

[CBN PMI Report](#)

ECONOMIC INDICATORS

Inflation (YoY)	15.90%	↓
Exchange Rate (\$)	N305.95	↑
MPR	14.00%	↔
Foreign Reserves	\$38.77Bn	↑
Brent Crude	\$67.50	↑

Fixed Income | Money Market | FX | Eurobonds

Commentary

The bond market traded on a bullish note with slight buys by market players across the curve. Average bond yields consequently declined by 16bps as yields across the curve fell below the 14% mark. We expect a further decline in yields tomorrow, with some buys expected on the short end of the curve.

The T-bills market traded on a relatively quiet note as market players were focused on the T-bills PMA by the CBN today. We however witnessed slight demand for the Apr, Jul. and Nov maturities, as some market players speculated on the outcome of the auction. The T-bills PMA was significantly oversubscribed, especially on the 364-day maturity. Stop rates consequently declined considerably from their previous auction levels to clear at 12.55%, 13.93% and 14.30% on the 91-, 182-, and 364-day bills respectively. We expect the T-bills market to be slightly bullish tomorrow, with significant subscriptions expected at the OMO auction to be conducted by the CBN.

The OBB and OVN rates remained stable to close today at 4.75% and 5.17%, as there were no significant outflows from the system. System liquidity is consequently estimated to remain relatively unchanged from its opening levels of N462billion positive. We expect rates to remain stable at these levels tomorrow, due to anticipated inflows of c.N193bn OMO maturities. This is however barring a significant sale above the OMO maturity volume by the CBN.

Money Market Rates

	Current (%)	Previous (%)
Open Buy Back (OBB)	4.75	4.67
Overnight (O/N)	5.17	5.50

FX Market

	Current (N/\$)	Previous (N/\$)
CBN Spot	305.95	305.50
CBN SMIS	330.00	330.00
I&E FX Window	361.00	361.00
Parallel Market	360.60	361.00

NTB - 4 January 2018

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
91 days	12.549	11.77	24.32	11.77
182 days	13.925	33.93	44.99	33.93
364 days	14.300	115.85	319.19	115.85

FGN Bonds - 13 December 2017

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
Jul-2021	13.19	50.00	89.95	24.77
Mar-2027	13.21	50.00	190.14	52.81

OMO - 2 January 2018

Tenor	Rate (%)	Offer (NBn)	Sub (N'bn)	Sale (N'bn)
79 day	12.75	100.00	0.87	0.87
198 day	14.55	200.00	57.50	57.50

FGN Bonds

Description	Bid (%)	Offer (%)	Day Change (%)
16.00 29-Jun-19	13.84	13.77	(0.23)
15.54 13-Feb-20	13.88	13.81	(0.20)
14.50 15-Jul-21	13.62	13.55	(0.11)
16.39 27-Jan-22	13.89	13.82	(0.06)
14.20 14-Mar-24	13.93	13.86	(0.03)
12.50 22-Jan-26	13.91	13.84	(0.06)
16.29 17-Mar-27	13.88	13.81	(0.22)
12.15 18-Jul-34	13.85	13.78	(0.18)
12.40 18-Mar-36	13.75	13.68	(0.30)
16.25 18-Apr-37	13.72	13.65	(0.19)

Treasury Bills

Description	Bid (%)	Offer (%)	Day Change (%)
11-Jan-18	13.50	13.25	0.00
1-Feb-18	13.00	12.75	0.25
1-Mar-18	13.10	12.85	0.25
5-Apr-18	13.60	13.35	(0.25)
3-May-18	14.00	13.75	0.25
14-Jun-18	14.40	14.15	0.25
5-Jul-18	13.90	13.65	(0.25)
2-Aug-18	14.25	14.00	(0.10)
20-Sep-18	14.20	13.95	(0.15)
4-Oct-18	14.35	14.10	(0.10)
1-Nov-18	14.25	14.00	(0.05)

Eurobonds

Issuer	Description	Yield (%)	Day Change (%)
FGN	6.38 12-Jul-23	5.02	(0.06)
FGN	7.875 16-Feb-32	6.41	(0.04)
First Bank	8.00 23-Jul-21	9.47	0.00
Eco bank	8.75 14-Aug-21	10.04	(0.01)
Access Bank	10.50 19-Oct-21	6.68	(0.01)
Zenith Bank	7.375 30-May-22	6.18	(0.07)
UBA	7.75 8-Jun-22	6.90	(0.03)

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

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