

News Update:

Nigeria plans to redeem 762.5 billion naira (\$2.5 billion) worth of treasury bills from the proceeds of a planned \$2.5 billion Eurobond, to lower borrowing costs for the government, Finance Minister Kemi Adeosun said on Wednesday. We expect to save 64 billion naira each year after it refinances the local bills with the dollar debt, she told reporters following a cabinet meeting in the capital Abuja.

[Reuters](#)

ECONOMIC INDICATORS

Inflation (YoY)	15.37%	↓
Exchange Rate (\$)	N305.85	↑
MPR	14.00%	↔
Foreign Reserves	\$40.92Bn	↑
Brent Crude	\$65.94	↓

Fixed Income | Money Market | FX | Eurobonds

Commentary

The bond market remained slightly bearish, with significant sell witnessed on the 2020 bond which rose by c.52bps to 14.44%. Yields however moderated slightly downwards by c.5bps, with some buy interests observed on the 2037s, while market players also normalized their bid - ask spreads, as they adjusted to the sharp downward trend witnessed in the previous session. We expect yields to trend downward tomorrow, as market players react to news of an expected T-bill refinancing announced today by the Finance Minister.

The T-bills market was slightly bearish as market players sold off some of their bills especially on the short end in a bid to generate liquidity for their positions. The CBN did not sell any OMO bill in today's session, as market players came with very scanty bids (total of c.N9bn), following the tight system liquidity and consequent high funding rates in the market. We expect yields to trend downwards tomorrow following news of an expected Eurobond issuance for refinancing of maturing T-bills worth N762.5bn.

The OBB and OVN rates trended upwards to 53.00% and 53.08%, following the continued funding pressures witnessed by banks in the market. System liquidity is estimated to close relatively unchanged from its opening levels at c.N10bn positive, as there were no significant outflows from the system. We expect rates to moderate slightly downwards tomorrow, barring a significant OMO sale by the CBN.

Money Market Rates

	Current (%)	Previous (%)
Open Buy Back (OBB)	53.00	35.80
Overnight (O/N)	53.08	37.42

FX Market

	Current (N/\$)	Previous (N/\$)
CBN Spot	305.85	305.80
CBN SMIS	330.00	330.00
I&E FX Window	360.21	360.31
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)
99 day	Nil	20.00	NIL	NIL
197 day	Nil	30.00	9.63	Nil

FGN Bonds

Description	Bid (%)	Offer (%)	Day Change (%)
16.00 29-Jun-19	14.12	14.05	(0.08)
15.54 13-Feb-20	14.44	14.37	0.52
14.50 15-Jul-21	13.83	13.76	(0.10)
16.39 27-Jan-22	13.65	13.58	(0.01)
14.20 14-Mar-24	13.72	13.65	0.00
12.50 22-Jan-26	13.81	13.74	(0.28)
16.29 17-Mar-27	13.73	13.66	(0.03)
12.15 18-Jul-34	13.67	13.60	(0.19)
12.40 18-Mar-36	13.66	13.59	(0.12)
16.25 18-Apr-37	13.58	13.51	(0.20)

Treasury Bills

Description	Bid (%)	Offer (%)	Day Change (%)
1-Mar-18	14.85	14.70	0.00
5-Apr-18	15.00	14.85	0.00
3-May-18	14.35	14.20	0.50
14-Jun-18	14.60	14.45	0.00
5-Jul-18	14.25	14.10	0.20
2-Aug-18	14.10	13.45	(0.10)
20-Sep-18	14.55	14.40	0.05
4-Oct-18	14.70	14.55	0.30
1-Nov-18	14.10	13.95	(0.30)
3-Jan-19	13.80	13.65	(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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