

News Update:

The inter-bank Foreign Exchange Market has received 210 million dollars from Central Bank of Nigeria (CBN) to meet customers' requests in various segments of the market. The CBN acting Director, Corporate Communications, Mr Isaac Okorafor, said 100 million dollars was sold to authorised dealers in the wholesale segment of the market. He said the Small and Medium Enterprises (SMEs) segment got 55 million dollars, while another 55 million dollars was allocated for customers who needed foreign exchange for tuition fees, medical payments and Basic Travel Allowance (BTA), among others.

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ECONOMIC INDICATORS

Inflation (YoY)	15.37%	↓
Exchange Rate (\$)	N305.90	↑
MPR	14.00%	↔
Foreign Reserves	\$40.92Bn	↑
Brent Crude	\$63.10	↑

Fixed Income | Money Market | FX | Eurobonds

Commentary

The bond market experienced a slight rebound in today's session, as the intense bearish pressures we witnessed in the previous week seemed to have eased, following a gradual recovery in the Global financial markets. Average bond yields consequently declined by c.9bps. We expect this trend to persist, as market players anticipate a further decline in CPI inflation results to be published by the NBS.

The T-bills market traded on a slightly bearish note due to the continued squeeze in system liquidity, following the OMO and FX sales by the CBN. The CBN sold a total of c.N18bn of the 11-Oct bill at 14.40%. Yields consequently trended higher by c.13bps to 15.38%. We expect a slow down in bearish sentiments as market players anticipate inflows from retail FX refunds.

The OBB and rates crashed to 18.00% and 20.00%, as market players priced in the anticipated release of retail refunds by the CBN. System Liquidity closed on a negative note, but is estimated to open positive tomorrow as inflows from retail refunds hit the system. We consequently expect rates to trend slightly lower, barring a significant OMO sale by the CBN.

Money Market Rates

	Current (%)	Previous (%)
Open Buy Back (OBB)	18.00	43.33
Overnight (O/N)	20.00	45.50

FX Market

	Current (N/\$)	Previous (N/\$)
CBN Spot	305.90	305.85
CBN SMIS	330.00	330.00
I&E FX Window	360.10	360.27
Parallel Market	361.20	361.50

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 - 12 February 2018

Tenor	Rate (%)	Offer (NBn)	Sub (N'bn)	Sale (N'bn)
94 day	Nil	20.00	Nil	Nil
241 day	14.40	30.00	17.96	17.96

FGN Bonds

Description	Bid (%)	Offer (%)	Day Change (%)
16.00 29-Jun-19	14.14	14.07	(0.04)
15.54 13-Feb-20	14.03	13.96	(0.03)
14.50 15-Jul-21	13.73	13.66	(0.23)
16.39 27-Jan-22	13.69	13.62	(0.15)
14.20 14-Mar-24	13.68	13.61	(0.13)
12.50 22-Jan-26	13.85	13.78	(0.03)
16.29 17-Mar-27	13.85	13.78	(0.05)
12.15 18-Jul-34	13.71	13.64	(0.06)
12.40 18-Mar-36	13.67	13.60	(0.09)
16.25 18-Apr-37	13.56	13.49	(0.09)

Treasury Bills

Description	Bid (%)	Offer (%)	Day Change (%)
1-Mar-18	15.20	15.05	0.20
5-Apr-18	14.70	14.55	0.20
3-May-18	14.80	14.65	0.60
14-Jun-18	14.85	14.70	0.15
5-Jul-18	14.30	14.15	(0.20)
2-Aug-18	14.50	13.45	0.00
20-Sep-18	14.50	14.35	0.00
4-Oct-18	14.60	14.45	0.00
1-Nov-18	14.40	14.25	0.10
3-Jan-19	13.85	13.70	0.20

Eurobonds

Issuer	Description	Yield (%)	Day Change (%)
FGN	6.38 12-Jul-23	5.35	0.03
FGN	7.875 16-Feb-32	6.89	0.02
First Bank	8.00 23-Jul-21	9.11	(0.03)
Eco bank	8.75 14-Aug-21	10.12	0.03
Access Bank	10.50 19-Oct-21	6.75	0.05
Zenith Bank	7.375 30-May-22	6.20	0.02
UBA	7.75 8-Jun-22	6.77	0.08

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

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