

**News Update:**

President Muhammadu Buhari has finally signed the 2018 Appropriation Act. The President, however, raised concerns over some of the changes made by the National Assembly in the budget. Buhari regretted that the federal lawmakers made reductions amounting to N347bn in the allocations to 4,700 projects submitted to them for consideration and introduced 6,403 projects of their own amounting to N578bn.

[The Punch](#)

**ECONOMIC INDICATORS**

Inflation (YoY)	11.61%	↓
Exchange Rate (\$)	N305.85	↔
MPR	14.00%	↔
Foreign Reserves	\$47.63Bn	↑
Brent Crude	\$75.18	↑

**Fixed Income | Money Market | FX**
**Commentary**

Bond yields rose significantly higher by c.20bps, largely driven by offshore selloffs especially on the 2026 and 2037 bonds. We expect the long end of the curve to remain pressured as market players remain significantly risk off on the longer duration bonds. Barring continued offshore selloff, we expect renewed buying interests from local clients on the medium tenured bonds at c.13.50 - 13.70% levels.

The T-bills market traded on a relatively flat note, with yields ticking slightly higher by c.3bps on average. We witnessed relatively weaker subscriptions at the NTB PMA Auction today, which we presume was mostly filled from non-competitive client orders, as market players remain relatively unattracted by the lower PMA rates. The auction stop rates however printed marginally lower by c.20bps on the 91 and 182-day bills, while the 364-day remained unchanged at 11.50% after being undersubscribed by c.N27bn. We expect yields to trend slightly lower tomorrow, as market players look to re-invest c.N377bn Maturing OMO bills.

The OBB and OVN rates rose higher to 12.50% and 14.25%, with system liquidity published lower at c.N200bn from c.N500bn previously. We expect rates to trend slightly lower tomorrow due to the expected inflows from OMO T-bill maturities. We however expect this to be moderated by a further OMO auction by the CBN.

The Interbank rate remained stable at its previous rate of N305.85/\$. The I&E FX rate appreciated slightly by 0.02% to N361.18/\$. In the parallel market, cash rates remained stable at N360.00/\$, while the transfer market rate appreciated slightly by 20k to N364.30/\$.

**Money Market Rates**

	Current (%)	Previous (%)
Open Buy Back (OBB)	12.50	9.83
Overnight (O/N)	14.25	10.75

**FX Market**

	Current (N/\$)	Previous ( N/\$)
CBN Spot	305.85	305.85
CBN SMIS	330.00	330.00
I&E FX Window	361.18	361.25
Cash Market	360.00	360.00
Transfer Market	364.30	364.50

**FGN Bonds**

Description	Bid (%)	Offer (%)	Day Change (%)
16.00 29-Jun-19	12.76	12.23	0.62
15.54 13-Feb-20	12.93	12.80	0.03
14.50 15-Jul-21	13.87	13.43	0.33
16.39 27-Jan-22	13.82	13.22	0.32
14.20 14-Mar-24	13.78	13.29	0.40
12.50 22-Jan-26	14.00	13.57	0.43
16.29 17-Mar-27	13.77	13.51	0.26
13.98 23-Feb-28	13.82	13.35	0.26
12.15 18-Jul-34	13.96	13.58	0.26
12.40 18-Mar-36	13.98	13.65	0.26
16.2499 18-Apr-37	13.93	13.83	0.24

**Treasury Bills**

Description	Bid (%)	Offer (%)	Day Change (%)
5-Jul-18	12.00	10.50	0.00
2-Aug-18	13.00	12.00	0.00
13-Sep-18	12.50	12.00	0.00
4-Oct-18	12.30	11.90	0.00
1-Nov-18	12.60	12.00	0.00
6-Dec-18	12.20	11.90	0.00
3-Jan-19	12.25	12.00	0.00
14-Feb-19	12.30	10.00	0.00
14-Mar-19	12.30	10.00	0.00
4-Apr-19	12.30	10.00	0.00

**Primary Market Auction Results**
**NTB - 20 June 2018**

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
91 days	10.00	5.40	5.40	5.40
182 days	10.30	20.00	20.16	20.16
364 days	11.50	41.29	37.58	14.61

**FGN Bonds - 23 May 2018**

Maturity	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
Apr-23	13.50	20.00	8.72	3.50
Mar-25	13.50	20.00	14.45	8.45
Feb-28	13.55	30.00	66.65	38.50

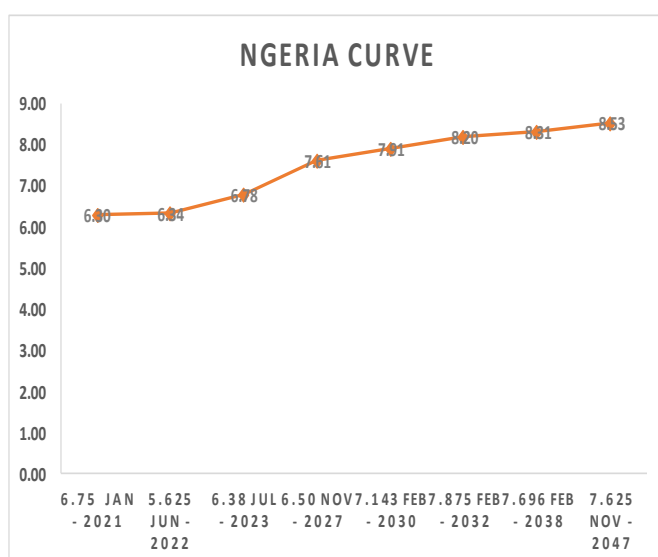
**OMO - 19 June 2018**

Tenor	Rate (%)	Offer (NBn)	Sub (N'bn)	Sale (N'bn)
93 day	11.05	150.00	3.79	3.79
219 day	12.15	200.00	135.61	133.61

## Eurobonds

The **NGERIA Sovereigns** recovered slightly from the intense selloff witnessed in the previous session. Yields retraced by c.20bps, having risen by as much as 60bps in the previous session. The 2047s were the most lifted, and are now at c.8.50%, having traded as high as c.8.70% in the previous session

We also witnessed slight recoveries in the **NGERIA Corps**, with the most buying interests seen on the ACCESS 21s snr, Zenith 22s and FIDBAN 22s. We however witnessed significant selloffs on the FBNNL 20s and slight sell on the DI-AMBK 19s, ECOTRA 21s and SEPLL 23s.



### NIGERIAN SOVEREIGNS

Description	Bid Price	Bid Yield	Change (%)
6.75 Jan - 2021	101.05	6.30	(0.15)
5.625 Jun - 2022	97.51	6.34	(0.04)
6.38 Jul - 2023	98.27	6.78	(0.20)
6.50 Nov - 2027	92.60	7.61	(0.16)
7.143 Feb - 2030	94.25	7.91	(0.31)
7.875 Feb - 2032	97.37	8.20	(0.18)
7.696 Feb - 2038	94.19	8.31	(0.27)
7.625 Nov - 2047	90.26	8.53	(0.21)

### NIGERIAN BANKS

Description	Bid Price	Bid Yield (%)	Change (%)
6.00 GTBANK 2018	100.00	5.97	(0.05)
6.25 ZENITH 2019	99.66	6.66	0.00
8.75 DIAMBK 2019	99.10	9.78	0.10
8.25 FBNNL 2020	99.35	9.92	0.36
9.25 ACCESS 2021	97.92	10.92	0.00
8.00 FBNNL 2021	98.29	9.44	(0.01)
8.75 ECOTRA 2021	98.75	9.97	0.07
10.50 ACCESS 2021	104.37	8.94	(0.22)
7.375 Zenith 2022	98.43	7.84	(0.06)
7.75 UBANL 2022	97.26	8.58	0.00
10.5 FIDBAN 2022	98.85	10.83	(0.17)
9.25 SEPLL 2023	98.75	9.57	0.02

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

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Dealing Desk: 01-6311667 Dayo: +2347032208237 Seyi: +2348023231396 Tosin: +2347039394376 Nnamdi: +2348133385000

Email : research@zedcrestcapital.com

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