

News Update:

At least five oil consortiums said they were considering a proposal from the state-run Nigeria National Petroleum Corp. to prolong a crude-for-fuels swap program until the middle of next year, people familiar with the matter said. Extending the swap would allow the West African country to ensure a vital, steady inflow of products like gasoline and diesel since the program accounts for more than half the nation's imports. The consortiums have yet to agree the terms NNPC offered, the people said.

[Bloomberg](#)
ECONOMIC INDICATORS

Inflation (YoY)	11.28%	↑
Exchange Rate (\$)	N306.50	↔
MPR	14.00%	↔
Foreign Reserves	\$42.84Bn	↓
Brent Crude	\$79.76pb	↓

Fixed Income | Money Market | FX
Commentary

The bond market remained relatively flat, but spreads tightened as offers improved slightly across most maturities, due to expectations of a hike in OMO rates by the CBN. Yields ticked higher on the longer end of the curve, while they compressed slightly on the shorter end, save for the 24s which ticked higher for the second consecutive session. On the average, yields were down by c.1bp on the day. **We expect a continued bearish positioning by market players as yields become gradually more attractive on T-bills, whilst we look forward to the FGN bond auction, where the DMO expects to raise N115bn in 5, 7 and 10yr bonds.**

The T-bills market traded on a significantly bearish note, with yields trending higher by c.20bps. Selloffs were mostly on the longer tenured bills (Sep – Oct), as news of a higher than expected OMO clearing rate filtered into the market early into the trading session. The expectations for higher OMO rates were confirmed by the OMO auction result released later in the day, as the CBN sold a total of c.275bn at +25bps higher on the 105 and 182 day bills and +50bps higher on the 329 day bill. With the effective yield on the long tenor OMO now at c.16%, yields on the long end of the curve have now hit levels last seen at the start of the year. **We expect the market to close the week on a relatively flat note. Market players should however cherry pick on some attractive bills on the shorter end of the curve.**

In line with our expectations, the OBB and OVN rates, dipped below the 20% mark, closing today at 13.33% and 14.58%, as system liquidity was slightly bolstered by the net OMO and bond coupon payments (+104bn) today. System liquidity is consequently estimated at c.N76bn positive from a negative position of c.N28bn opening the day. **We expect rates to close the week at these levels, as there are no significant outflows expected tomorrow.**

At the Interbank, the Naira/USD rate remained stable at N306.50/\$ (spot) and N362.52/\$ (SMIS). At the I&E FX window a total of \$70.74mn was traded in 284 deals, with rates ranging between N358.00/\$ - N365.30/\$. The NAFEX closing rate depreciated by c.0.10% to N364.33/\$ from N363.96/\$ previously. At the parallel market, the cash rate and transfer rates depreciated by 40k and 50k to N360.50/\$ and N364.00/\$ respective-

Money Market Rates

	Current (%)	Previous (%)
Open Buy Back (OBB)	13.33	22.67
Overnight (O/N)	14.58	24.79

FX Market

	Current (N/\$)	Previous (N/\$)
CBN Spot	306.50	306.50
CBN SMIS	362.52	362.52
I&E FX Window	364.33	363.96
Cash Market	360.50	360.10
Transfer Market	364.00	363.50

FGN Bonds

Description	Bid (%)	Offer (%)	Day Change (%)
15.54 13-Feb-20	14.11	13.60	0.04
14.50 15-Jul-21	14.93	14.70	(0.11)
16.39 27-Jan-22	14.66	14.20	(0.12)
14.20 14-Mar-24	15.16	14.99	0.06
12.50 22-Jan-26	14.93	14.87	(0.06)
16.29 17-Mar-27	15.10	15.07	(0.03)
13.98 23-Feb-28	15.29	15.25	0.01
12.15 18-Jul-34	15.30	15.24	0.03
12.40 18-Mar-36	15.29	15.11	0.01
16.2499 18-Apr-37	15.18	15.02	0.03

Treasury Bills

Description	Bid (%)	Offer (%)	Day Change (%)
1-Nov-18	13.65	13.30	(0.40)
6-Dec-18	13.10	12.90	0.20
3-Jan-19	13.50	12.85	0.95
14-Feb-19	13.10	12.70	0.30
14-Mar-19	13.00	12.85	0.20
4-Apr-19	12.75	12.40	0.20
18-Jul-19	13.50	12.70	0.50
1-Aug-19	13.50	13.00	0.20
12-Sep-19	13.90	13.50	0.40
3-Oct-19	13.65	13.50	0.15

Primary Market Auction Results
NTB - 17 October 2018

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
91 days	10.96	5.85	5.92	5.85
182 days	12.69	29.25	30.49	29.25
364 days	13.45	112.54	167.59	112.54

FGN Bonds - 26 September 2018

Maturity	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
Apr-23	15.00	25.00	20.68	17.48
Mar-25	15.15	25.00	12.48	7.38
Feb-28	15.25	40.00	125.35	71.88

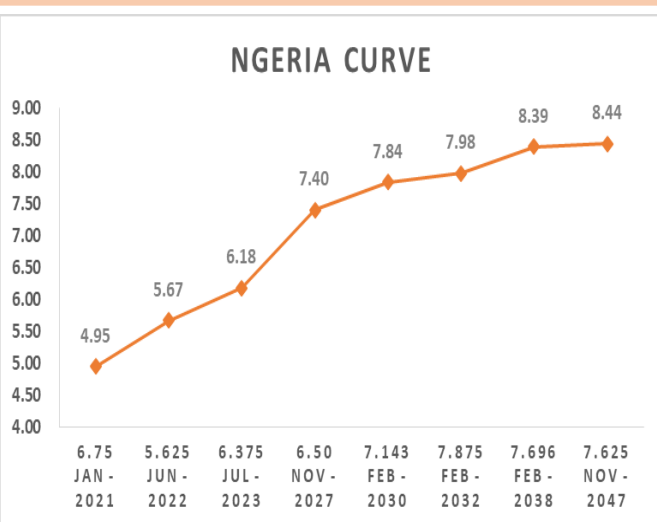
OMO - 18 October 2018

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
105 day	11.25	50.00	0.12	0.12
182 day	12.75	100.00	45.70	45.70
329 day	14.00	200.00	229.52	229.52

Eurobonds

The **NGERIA Sovereigns** remained firmly bearish in today's session, on the back of the approval of a New Eurobond issuance by the Nigerian senate yesterday. Yields were higher by c.10bps d/d, with the most selloffs still on the 20-yr (2038).

In the **NGERIA Corps**, the DIAMBK 19s gave up some gains, while interests remained strong on the SEPLLN 23s.



NIGERIAN SOVEREIGNS

Description	Price	Mid (YTM)	Change (%)
6.75 Jan - 2021	103.78	4.95	0.07
5.625 Jun - 2022	99.81	5.67	0.06
6.38 Jul - 2023	100.81	6.18	0.07
6.50 Nov - 2027	94.07	7.40	0.11
7.143 Feb - 2030	94.86	7.84	0.11
7.875 Feb - 2032	99.04	7.98	0.12
7.696 Feb - 2038	93.40	8.39	0.13
7.625 Nov - 2047	91.22	8.44	0.11

NIGERIAN CORPORATES

Description	Bid Price	Bid Yield (%)	Change (%)
6.00 GTBANK 2018	99.90	7.97	0.55
6.25 ZENITH 2019	100.37	5.48	0.01
8.75 DIAMBK 2019	97.17	13.95	0.32
9.25 ACCESS 2021	99.79	10.51	0.05
8.00 FBNNL 2021	99.95	9.13	0.00
8.75 ECOTRA 2021	99.54	10.00	0.04
10.50 ACCESS 2021	106.92	7.86	0.00
7.375 Zenith 2022	101.03	7.04	0.00
7.75 UBANL 2022	100.10	7.71	0.02
10.5 FIDBAN 2022	102.25	9.80	0.00
9.25 SEPLLN 2023	100.98	8.98	(0.06)

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

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