

News Update:

The International Monetary Fund (IMF), says Nigeria is expected to grow by 1.9 per cent in 2018, up from 0.8 per cent in 2017, mostly owing to fewer disruptions in oil production. Mr Amine Mati, the IMF Senior Resident Representative for Nigeria, said this while presenting the "Fall 2018 Regional Economic Outlook for Sub-Saharan Africa" on Thursday in Abuja. Mati said that some pick-up in the non-oil economy was also responsible for the predicted growth.

[THE SUN](#)
ECONOMIC INDICATORS

Inflation (YoY)	11.28%	↑
Exchange Rate (\$)	N306.65	↔
MPR	14.00%	↔
Foreign Reserves	\$41.77Bn	↓
Brent Crude	\$71.60pb	↓

Fixed Income | Money Market | FX
Commentary

The Bond Market remained largely order driven in today's session, with some picks on the 24s and 26s, while sentiments remained weak on the longer tenured bonds, except for the 2037s which witnessed some buying interests during the session. **Overall, sentiments point towards a further uptrend in yields, mostly due to risk off sentiments from market players and RM clients who have begun to price in possibilities for yields at 16% levels. We however note the possibility for an FGN Eurobond floatation later this month, which could bolster the Govt's fiscal position and alleviate domestic funding pressures to some extent.**

Despite the c.N367bn OMO Sale by the CBN in today's session, the secondary T-bills market remained relatively calm, due to the significantly robust system liquidity levels (c.N485bn) which was further bolstered by inflows from OMO maturities (c.N376bn) and Retail FX refunds by the CBN (c.N150bn est). Yields were consequently flat on the day, except for slight uptick seen on the Feb - Apr maturities. **We expect the market to close the week on a relatively stable note, with a marginal uptick in yields expected on the shorter end of the curve, due to expected outflows for a Retail FX Auction by the CBN.**

The OBB and OVN rates remained relatively unchanged to close the day at 3.67% and 4.25% respectively, as system liquidity was further bolstered by inflows from OMO maturities and retail FX refunds which mitigated outflows for the OMO sale in today's session. System liquidity is consequently estimated to advance to c.N600bn as at COB today. **We expect rates to inch slightly higher tomorrow, due to expected outflows for the Retail FX auction by the CBN.**

At the Interbank, the Naira/USD spot rate remained unchanged at N306.65/\$, while the CBN strengthened its SMIS rate to N360.85/\$ from N361.45/\$ previously. However, at the I&E FX window the NAFEX closing rate depreciated further by c.0.02% to N363.65/\$ from N363.58/\$ previously. At the parallel market segment, the cash rate depreciated by 60k to N361.80/\$, while the transfer rate remained unchanged at N364.50/\$.

Money Market Rates

	Current (%)	Previous (%)
Open Buy Back (OBB)	3.67	3.83
Overnight (O/N)	4.25	4.58

FX Market

	Current (N/\$)	Previous (N/\$)
CBN Spot	306.65	306.65
CBN SMIS	360.85	361.45
I&E FX Window	363.65	363.58
Cash Market	361.80	361.20
Transfer Market	364.50	364.50

FGN Bonds

Description	Bid (%)	Offer (%)	Day Change (%)
15.54 13-Feb-20	14.58	14.13	0.00
14.50 15-Jul-21	15.27	15.03	(0.02)
16.39 27-Jan-22	15.03	14.17	(0.08)
14.20 14-Mar-24	15.26	15.02	(0.05)
12.50 22-Jan-26	15.61	15.42	(0.02)
16.29 17-Mar-27	15.64	15.43	0.02
13.98 23-Feb-28	15.82	15.69	(0.01)
12.15 18-Jul-34	15.80	15.68	(0.05)
12.40 18-Mar-36	15.69	15.53	0.00
16.2499 18-Apr-37	15.39	15.30	(0.01)

Treasury Bills

Description	Bid (%)	Offer (%)	Day Change (%)
6-Dec-18	12.50	11.85	0.00
3-Jan-19	12.80	12.25	0.00
14-Feb-19	13.00	12.50	0.40
14-Mar-19	13.00	12.20	0.20
4-Apr-19	13.00	12.50	0.25
18-Jul-19	13.00	12.70	0.00
1-Aug-19	13.70	13.00	0.00
12-Sep-19	14.40	14.30	0.05
3-Oct-19	14.50	14.30	0.00

Primary Market Auction Results
NTB - 31 October 2018

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
91 days	10.98	9.54	7.91	7.85
182 days	13.49	47.71	43.52	43.52
364 days	14.40	88.04	212.00	93.92

FGN Bonds - 24 October 2018

Maturity	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
Apr-23	15.00	35.00	16.50	12.65
Mar-25	15.15	35.00	24.90	20.14
Feb-28	15.32	45.00	102.08	55.29

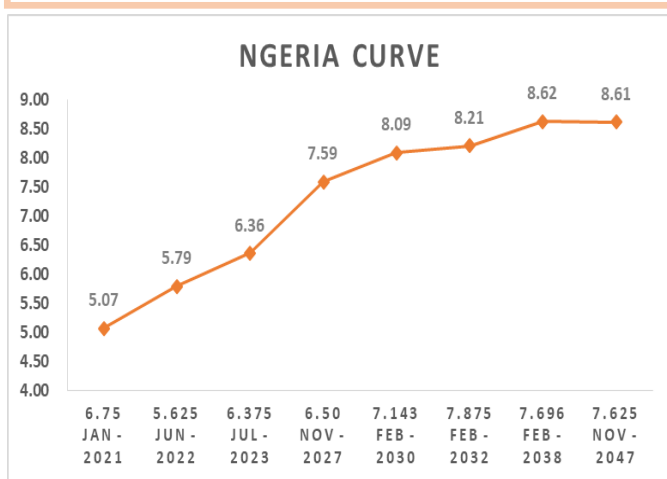
OMO - 8 November 2018

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
91 day	11.50	100.00	0.23	0.23
182 day	13.00	150.00	79.67	78.67
357 day	14.50	350.00	287.08	286.08

Eurobonds

The **NGERIA Sovereigns** witnessed some gains, mostly on the shorter end of the curve, this was however to the exception of the Nov 2047s, which lost some ground gained in the previous session. Yields were consequently lower by c.5bps on the day, following consensus expectations for a hold in rates by the US FED at its MPC meeting today.

In the **NGERIA Corps**, clients continued to buy into the dip on the DIAMBK 19s (+1pct), whilst also favoring the FIDBAN 22s and SEPLLN 23s. Investors were however slightly bearish on the FBNNL 21s which lost c.0.35pct on the day.



NIGERIAN SOVEREIGNS

Description	Price	Mid (YTM)	Change (%)
6.75 Jan - 2021	103.37	5.07	(0.22)
5.625 Jun - 2022	99.39	5.79	(0.03)
6.38 Jul - 2023	99.94	6.36	(0.04)
6.50 Nov - 2027	92.86	7.59	(0.04)
7.143 Feb - 2030	92.88	8.09	(0.06)
7.875 Feb - 2032	97.11	8.21	(0.01)
7.696 Feb - 2038	91.11	8.62	(0.02)
7.625 Nov - 2047	89.16	8.61	0.05

NIGERIAN CORPORATES

Description	Bid Price	Bid Yield (%)	Change (%)
6.25 ZENITH 2019	100.38	5.36	(0.03)
8.75 DIAMBK 2019	91.50	27.27	(1.94)
9.25 ACCESS 2021	100.38	10.27	0.01
8.00 FBNNL 2021	100.00	9.16	0.18
8.75 ECOTRA 2021	99.75	9.96	0.02
10.50 ACCESS 2021	107.75	7.50	(0.01)
7.375 Zenith 2022	101.50	6.89	0.00
7.75 UBANL 2022	101.12	7.39	0.00
10.5 FIDBAN 2022	101.50	10.02	(0.01)
9.25 SEPLLN 2023	101.40	8.85	(0.04)

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

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