

News Update:

A closely watched section of the Treasury yield curve on Friday turned negative for the first time since the crisis more than a decade ago, underscoring concern about a possible economic slump and the prospect that the Federal Reserve will have to cut interest rates. The gap between the 3-month and 10-year yields vanished on Friday as a surge of buying pushed long-end rates sharply lower. Inversion is widely considered a reliable harbinger of recession in the U.S. The 10-year slipped to as low as 2.439 percent.

[Bloomberg](#)
ECONOMIC INDICATORS

Inflation (YoY)	11.31%	↓
Exchange Rate (\$)	₦306.90	↔
MPR	14.00%	↔
Foreign Reserves	\$43.51Bn	↑
Brent Crude	\$66.72pb	↓

Fixed Income | Money Market | FX
Commentary

The FGN Bond market traded on a relatively flat note, with slight demand on the short end of the curve compressing yields marginally by c.2bps on the day. We also witnessed slight buys on the 2037s with trades at c.14.14%. *We expect the market to remain relatively muted ahead of the FGN Bond auction scheduled for the 27th whilst we expect the CBN to keep rates unchanged at its MPC meeting scheduled for the 25th and 26th next week.*

The T-bills market traded on a relatively flat note as buying interests were constrained by the tight system liquidity levels from the significant OMO sale in the previous session. Market players are also trading on a slightly cautious tone in anticipation of continued OMO auctions by the CBN. *We expect the market to remain constrained by system liquidity pressures opening the new week, with the CBN expected to resume its weekly wholesale FX auction. We also expect the CBN to maintain its spate of OMO interventions to mop up increased inflows from FAAC payments and OMO maturities expected towards the next weekend.*

Rates in the money market remained slightly elevated as system liquidity fell into negative territory of c.N20bn following the significant OMO sale by the CBN in the previous session. The OBB and OVN rates consequently ended the session at 14.25% and 14.83% respectively. *We expect rates to remain elevated opening the new week, with System liquidity expected to be further compressed by a wholesale FX auction by the CBN.*

At the Interbank, the Naira/USD rate remained unchanged at N305.90/\$ in the Spot market, while the SMIS rate was strengthened by c.0.32% to N355.78/\$. The NAFEX closing rate in the I&E window appreciated marginally by 0.01% to N360.43/\$, whilst the cash and transfer rates at the parallel market remained unchanged at N358.00/\$ and N364.00/\$ respectively.

Money Market Rates

	Current (%)	Previous (%)
Open Buy Back (OBB)	14.25	16.00
Overnight (O/N)	14.83	17.25

FX Market

	Current (₦/\$)	Previous (₦/\$)
CBN Spot	306.90	306.90
CBN SMIS	355.78	356.92
I&E FX Window	360.43	360.47
Cash Market	358.00	358.00
Transfer Market	364.00	364.00

FGN Bonds

Description	Bid (%)	Offer (%)	Day Change (%)
14.50 15-Jul-21	14.73	14.31	0.10
16.39 27-Jan-22	14.31	142.21	(0.11)
12.75 27-Apr-23	14.61	14.30	(0.10)
14.20 14-Mar-24	14.48	13.92	(0.01)
13.53 23-Mar-25	14.45	14.37	(0.08)
12.50 22-Jan-26	14.59	14.34	0.04
16.29 17-Mar-27	14.52	14.27	0.02
13.98 23-Feb-28	14.30	14.24	0.00
12.15 18-Jul-34	14.41	14.20	(0.02)
12.40 18-Mar-36	14.31	14.12	(0.08)
16.25 18-Apr-37	14.23	14.12	(0.03)

Treasury Bills

Description	Bid (%)	Offer (%)	Day Change (%)
4-Apr-19	12.00	10.00	0.00
2-May-19	11.00	9.00	0.00
13-Jun-19	12.00	11.00	0.00
18-Jul-19	12.50	12.00	0.00
1-Aug-19	12.85	11.85	(0.15)
12-Sep-19	13.30	13.00	0.00
3-Oct-19	13.25	13.00	0.05
14-Nov-19	13.25	13.05	0.05
5-Dec-19	13.25	13.05	(0.05)
2-Jan-20	13.15	13.05	0.00
6-Feb-20	13.10	12.85	(0.10)

Primary Market Auction Results
NTB - 20 March 2019

Tenor	Rate (%)	Offer (₦'bn)	Sub (₦'bn)	Sale (₦'bn)
91-days	10.30	3.00	7.85	3.00
182-days	12.20	8.39	30.07	8.39
364-days	12.35	37.18	220.62	37.18

FGN Bonds - 20 February 2019

Maturity	Rate (%)	Offer (₦'bn)	Sub (₦'bn)	Sale (₦'bn)
Apr-23	14.52	50.00	9.52	1.50
Mar-25	14.80	50.00	28.85	12.25
Feb-28	14.94	50.00	195.98	136.25

OMO - 21 March 2019

Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sale (N'bn)
91 day	11.80	30.00	15.04	15.04
182 day	12.98	70.00	79.47	49.95
350 day	13.04	100.00	381.95	228.39

Eurobonds

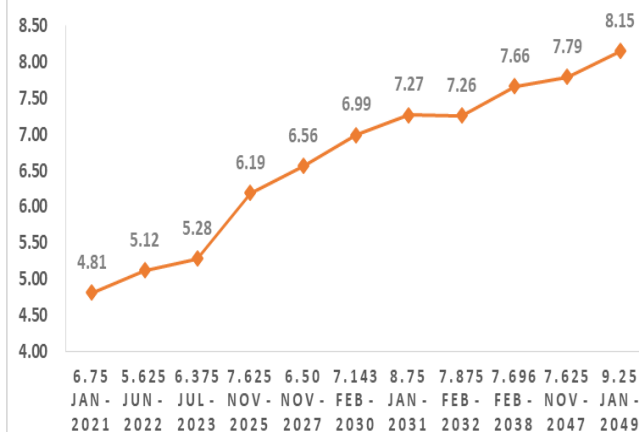
The **NGERIA Sovereigns** weakened slightly in today's sessions as fears of a slowdown in global growth following weak manufacturing data from Germany and the 3m - 10yr UST yield curve inversion weighed on risk assets. Yields were consequently higher by c.5bps on the day.

Interests were relatively muted in the **NGERIA Corps**, with slight sell on the UBANL and ZENITH 22s.

NIGERIAN SOVEREIGNS

Description	Bid (%)	Offer (%)	Change (%)
6.75 Jan - 2021	4.81	4.53	0.07
5.625 Jun - 2022	5.12	4.87	0.00
6.375 Jul - 2023	5.28	5.15	0.03
7.625 Nov - 2025	6.19	6.11	0.01
6.50 Nov - 2027	6.56	6.48	(0.02)
7.143 Feb - 2030	6.99	6.90	0.01
7.143 Feb - 2031	7.27	7.18	0.02
8.75 Jan - 2032	7.26	7.18	0.02
7.696 Feb - 2038	7.66	7.58	0.02
7.625 Nov - 2047	7.79	7.75	0.01
9.25 Jan - 2049	8.15	8.11	0.05

NGERIA CURVE



NIGERIAN CORPORATES

Description	Bid (%)	Offer (%)	Change (%)
6.25 ZENITH 2019	6.09	-0.40	0.00
8.75 DIAMBK 2019	16.50	10.08	0.00
9.25 ACCESS 2021	8.03	4.05	0.00
8.00 FBNNL 2021	7.89	4.83	0.00
8.75 ECOTRA 2021	9.99	7.34	0.00
10.50 ACCESS 2021	6.93	6.52	0.00
7.375 Zenith 2022	6.27	5.93	0.00
7.75 UBANL 2022	6.95	6.60	0.00
10.5 FIDBAN 2022	9.44	9.11	0.00
9.25 SEPLLN 2023	8.20	7.83	0.00

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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