



# Fixed Income Market Monitor

Monday, 02 July - Friday, 06 July 2018

## Money Market

The money market rate decreased slightly last week as the Overnight rate (OVN) and Open Buy Back rate (OBB) fell to 12.92% and 11.33% respectively. Consequently, the average money market rate decreased marginally by 1.50% to settle at 12.13% as system liquidity is estimated to have increased to c.N200bn, following OMO T-bill maturities and Net PMA repayments (c.N309.85bn) and inflow from refund of last auction (c.N80bn).

We expect rates to inch up slightly next week barring inflow from FAAC and FX sales in Wholesale, Invisibles and SME on Monday.

Instrument	29/06/2018	06/07/2018	Change
OBB	13.17%	11.33%	-1.84%
OVN	14.08%	12.92%	-1.16%

## Forex: USD/NGN

The CBN Official rate fell by 0.02% during the week to close at N305.70/\$ while the rate in the Investors and Exporters' FX Window rose by 0.35% to close at N362.58/\$. Naira at the parallel market remained unchanged to close at N361.00/\$ (using the Everdon BDC Rate).

We expect rates in the parallel market to remain constant as the apex bank continues to supply FX into the market at a reduced rate and funds remain easily accessible through the NAFEX window.

	29/06/2018	06/07/2018	Change
CBN Official	305.75	305.70	-0.02%
I&E FX Window	361.32	362.58	+0.35%
Everdon Rate	361.00	361.00	+0.00%

## Commodities:

Following the 20-cent reduction during the week under review by Saudi Aramco, (Saudi Arabia's State-owned Oil company), in key crude oil grade to Asian, European and US markets, the WTI Crude Oil fell by 0.47% to close at \$73.80 per barrel.

This is the first cut in four months since the crude oil price reached its peak in July 2014 and matched the expectations of four traders in a Bloomberg Survey.

## Fixed Income Bond

Bearish sentiments were witnessed in the bond market last week as yields increased across all tenors with sell off more pronounced on the 2034 and 2037 bonds. The average yield in the bond market rose by 25bps to close the week at 13.91%.

However, the bond market was relatively quiet last week as the total number of transactions and value fell to 382 and N150.7 billion respectively from 399 and N202.3 billion respectively in the previous week.

## Secondary Market

Description	Maturity Date	29/06/2018	06/07/2018	% Change
16.00 29-JUN-2019	29-Jun-19	13.17	13.25	+0.08
15.54 13-FEB-2020	13-Feb-20	12.33	13.43	+1.10
14.50 15-JUL-2021	15-Jul-21	13.30	13.46	+0.16
16.39 27-JAN-2022	27-Jan-22	13.66	13.80	+0.14
14.20 14-MAR-2024	14-Mar-24	13.40	13.83	+0.43
12.50 22-JAN-2026	22-Jan-26	13.96	13.96	+0.00
16.2884 17-MAR-2027	17-Mar-27	13.80	14.12	+0.32
13.98 23-FEB-2028	23-Feb-28	14.02	14.21	+0.19
10.00 23-JUL-2030	23-Jul-30	14.07	14.09	+0.02
12.1493 18-JUL-2034	18-Jul-34	14.16	14.20	+0.04
12.40 18-MAR-2036	18-Mar-36	14.10	14.34	+0.24
16.2499 18-APR-2037	18-Apr-37	13.96	14.26	+0.30

## Treasury Bills

Due to relatively buoyant system liquidity during the week, the treasury bills market traded on a bullish note. Consequently, the average yield fell by 58 bps to close the week at 12.39%. Market activities was relatively active as value of transactions rose to N1.01 trillion from N807.7 billion in the previous week.

The Treasury Bill Primary Market Auction held during week witnessed 89.35% subscription as the 364 days bill was undersubscribed by 21.80% while 91 days and 182 days bills witnessed 197.01% and 100.18% subscription respectively.

## Primary Market Auction Result - 04 July 2018

	Offer Amount (N)	Total Subscription (N)	Allotment (N)	Stop Rates
91 days	9.52bn	18.76bn	9.52bn	10.00%
182 days	33.92bn	33.99bn	33.92bn	10.50%
364 days	127.05bn	99.36bn	58.86bn	11.51%

## Secondary Market

DTM	Maturity Date	29/06/2018	06/07/2018	% Change
13	19-Jul-18	13.08	12.06	-1.02
27	02-Aug-18	12.87	11.98	-0.89
62	06-Sep-18	12.76	12.17	-0.59
90	04-Oct-18	12.79	11.36	-1.43
118	01-Nov-18	13.05	12.23	-0.82
153	06-Dec-18	13.09	12.91	-0.18
181	03-Jan-19	13.10	12.97	-0.13
223	14-Feb-19	13.43	12.85	-0.58
258	21-Mar-19	12.98	13.43	+0.45
272	04-Apr-19	13.90	13.40	-0.50