



# Fixed Income Market Monitor

Monday, 17 September - Friday, 21 September 2018

## Money Market

The money market rate decreased last week as the Overnight rate (OVN) and Open Buy Back (OBB) fell to 4.75% and 4.00% respectively. Consequently, the average money market rate decreased by 6.96% to settle at 4.38% due to increase in system liquidity to close at cN480bn as a result of inflow from Coupon Payment on the March 2036 Bond of cN41.00bn, OMO T-bills maturity of cN218.59bn and Paris Club refunds to States of cN470.00bn despite outflow from OMO sales of cN337.59bn and Wholesale, Invisibles and SME FX auction of \$210mn.

We expect rates to inch up on Monday as banks are expected to fund for another round of FX sales in the Wholesale, Invisibles and SME Market. Barring significant inflow during the week, the rate is expected to close the week higher.

Instrument	14/09/2018	21/09/2018	Change
OBB	10.67%	4.00%	-6.67%
OVN	12.00%	4.75%	-7.25%

Source: Anchoria AM Research, FMDQ OTC

## Forex: USD/NGN

The CBN Official rate and the rate in the Investors and Exporters' FX Window continued on its upward trend to close at N306.30/\$ and N363.68/\$ with 0.02% and 0.14% increase respectively. Naira at the parallel market inched up by 0.14% 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 coupled with its frequent Wholesale and Retail SMIS programme.

	14/09/2018	21/09/2018	Change
CBN Official Rate	306.25	306.30	+0.02%
I&E FX Window	363.18	363.68	+0.14%
Everdon Rate	360.50	361.00	+0.14%

Source: Anchoria AM Research, FMDQ OTC

## Commodities

The Brent Crude oil and WTI crude oil rose by 0.91% and 2.59% to close at \$78.80 per barrel and \$70.78 per barrel respectively as effective date of US sanctions on Iran approaches and as US Oil rigs fell by 1.

During the week U.S. President Donald Trump resumed his criticism of OPEC, saying on Twitter that the cartel "must get prices down now!"

## Fixed Income

### Bond

The Bond market traded on a bullish note last week with yields falling across all maturities except 2024 and 2028 bonds. This is against the backdrop of increased buying interest from local participants (Pension Fund Administrators and Asset Managers). The APR 2037 and JUL 2034 bonds were the most traded bonds during the week with N48.05bn and N43.40bn value traded respectively. Average yield fell by 21bps to close the week at 15.06%.

The week ahead, we expect the following activities to shape investors sentiments: a) Central bank of Nigeria's Monetary Policy Committee decision (24 – 25 Sept 2018); b) US FOMC Meeting on 25 -26 Sept 2018; c) Bond Auction on 26 Sept 2018.

### Secondary Market

Description	Maturity Date	Yield 14/09/2018	Yield 21/09/2018	%Change
16.00 29-JUN-2019	29-Jun-19	14.63	14.04	-0.59
7.00 23-OCT-2019	23-Oct-19	15.00	14.63	-0.37
15.54 13-FEB-2020	13-Feb-20	15.21	14.27	-0.94
14.50 15-JUL-2021	15-Jul-21	15.33	15.03	-0.30
16.39 27-JAN-2022	27-Jan-22	15.30	14.69	-0.61
12.75 27-APR-2023	27-Apr-23	15.19	14.95	-0.24
14.20 14-MAR-2024	14-Mar-24	15.11	15.13	+0.02
13.53 23-MAR-2025	23-Mar-25	15.23	15.16	-0.07
12.50 22-JAN-2026	22-Jan-26	15.33	15.19	-0.14
16.2884 17-MAR-2027	17-Mar-27	15.21	15.13	-0.08
13.98 23-FEB-2028	23-Feb-28	15.17	15.24	+0.07
15.00 28-NOV-2028	28-Nov-28	15.39	15.29	-0.10
12.49 22-MAY-2029	22-May-29	15.40	15.31	-0.09
8.50 20-NOV-2029	20-Nov-29	15.41	15.33	-0.08
10.00 23-JUL-2030	23-Jul-30	15.43	15.35	-0.08
12.1493 18-JUL-2034	18-Jul-34	15.52	15.49	-0.03
12.40 18-MAR-2036	18-Mar-36	15.48	15.38	-0.10
16.2499 18-APR-2037	18-Apr-37	15.49	15.40	-0.09

Source: Anchoria AM Research, FMDQ OTC

### Treasury Bills

Due to increased system liquidity and increased buying interest during the week, the treasury bills market traded on a bullish note. Consequently, the average yield fell significantly by 167bps to close the week at 12.77%. Market activities were relatively active as value of transactions rose to N1.51trillion from N1.44trillion in the previous week.

### T-bill Auction result

Tenor	91-Day	182-Day	364-Day
Offer Amount	5,395,696,000	8,385,196,000	168,361,351,000
Total Subscription	8,601,351,000	11,858,049,000	419,491,647,000
Allotment	5,395,696,000	8,385,196,000	168,361,351,000
Range of Bid Rates (%):	11.00 – 13.40	11.95 – 14.40	13.00 – 15.56
Stop Rates (%):	11.00	12.20	13.48

### Secondary Market

DTM	Maturity Date	Yield 14/09/2018	Yield 21/09/2018	%Change
27	18-Oct-18	14.34	10.83	-3.51
34	25-Oct-18	14.17	10.95	-3.22
69	29-Nov-18	14.15	11.91	-2.24
97	27-Dec-18	14.33	12.77	-1.56
104	03-Jan-19	14.84	13.16	-1.68
125	24-Jan-19	14.40	13.06	-1.34
132	31-Jan-19	14.34	12.98	-1.36
139	07-Feb-19	14.39	13.20	-1.19
146	14-Feb-19	14.76	13.66	-1.10
174	14-Mar-19	14.18	13.55	-0.63
181	21-Mar-19	13.92	13.25	-0.67
195	04-Apr-19	14.84	13.84	-1.00
300	18-Jul-19	15.69	15.07	-0.62
314	01-Aug-19	15.28	15.24	-0.04

Source: Anchoria AM Research, FMDQ OTC