



Fixed Income Market Monitor

Monday, 19 November - Friday, 23 November 2018

Money Market

The money market rate decreased marginally last week as the Overnight rate (OVN) and Open Buy Back (OBB) fell to 6.58% and 5.83% respectively. Consequently, the average money market rate fell by 0.55% to settle at cN500bn. Inflow for the week included: OMO bills maturity of cN409bn. Outflow included: OMO sales of cN199.6bn and Wholesale, Invisible and SME FX auction of \$210mn, Bond sales of cN39.52bn and biweekly retail auction

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.

Instrument	16/11/2018	23/11/2018	Change
OBB	6.33%	5.83%	-0.50%
OVN	7.17%	6.58%	-0.59%

Source: Anchoria AM Research, FMDQ OTC

Forex: USD/NGN

The CBN Official rate continued its upward trend to close at N306.75/\$, with a 0.02% increase while the rate in the Investors and Exporters' FX Window rose by 0.19% to close at N364.70/\$. The rate at the Bureau De Change remained unchanged to close at N364.50/\$.

In spite of constant intervention by the apex bank via its frequent Wholesale and Retail SMIS programme, we have seen a gradual and steady rise in the CBN official rate.

	16/11/2018	23/11/2018	Change
CBN Official Rate	306.70	306.75	+0.02%
I&E FX Window	364.01	364.70	+0.19%
Everdon BDC Rate	364.50	364.50	+0.00%

Source: Anchoria AM Research, FMDQ OTC

Commodities

The Brent Crude oil and WTI Crude oil fell by 11.92% and 10.70% to close at \$58.80 and \$50.42 per barrel respectively, ahead of the Weekend Summit in Brussels and OPEC meeting scheduled for December 6, 2018. This represents seven weeks of a consecutive fall in the prices of the Crude Oil futures.

Factors responsible for the continued bearish trend include:

- Increase in Saudi Arabia's crude oil production
- US crude inventories rose for a ninth week last week – the longest run of gains since March 2017.

Fixed Income

Bond

Following the Bond Auction and Monetary Policy Committee Meeting, the Bond market witnessed some level of activity with demand well pronounced on 2034s and 2030s maturities. Consequently, the market closed on a bullish note, average yield fell by 8bps to close the week at 15.40%.

The Bond Auction conducted during the week was undersubscribed with subscription rate of 89.30% this shows weaker appetite of participants to the auction. The FGN was able to raise N39.52 bn out of N115.00bn due to low subscription rate on 5 yrs and 7 yrs and demand for higher rate for the 10 yrs bond.

Bond Auction Results

	12.75% FGN APR 2023	13.53% FGN MAR 2025	13.98% FGN FEB 2028
Offer Amount	N35 billion	N35 billion	N45 billion
Total Subscription	N3.80 billion	N18.67 billion	N80.23 billion
Allotment	N1.10 billion	N4.27 billion	N34.15 billion
Range of Bid Rates (%):	15.00% - 15.75%	13.00% - 16.50%	13.00% - 16.70%
Stop Rates (%):	15.20%	15.50%	15.83%

Secondary Market

Description	Maturity Date	Yield 16/11/2018	Yield 23/11/2018	%Change
16.00 29-JUN-2019	29-Jun-19	14.24	14.02	-0.22
7.00 23-OCT-2019	23-Oct-19	15.87	15.55	-0.32
15.54 13-FEB-2020	13-Feb-20	15.07	14.91	-0.16
14.50 15-JUL-2021	15-Jul-21	15.39	15.42	+0.03
16.39 27-JAN-2022	27-Jan-22	15.09	14.95	-0.13
12.75 27-APR-2023	27-Apr-23	15.21	15.15	-0.06
14.20 14-MAR-2024	14-Mar-24	15.30	15.29	-0.01
13.53 23-MAR-2025	23-Mar-25	15.46	15.50	+0.03
12.50 22-JAN-2026	22-Jan-26	15.60	15.67	+0.07
16.2884 17-MAR-2027	17-Mar-27	15.69	15.66	-0.04
13.98 23-FEB-2028	23-Feb-28	15.82	15.84	+0.02
15.00 28-NOV-2028	28-Nov-28	15.68	15.64	-0.04
12.49 22-MAY-2029	22-May-29	15.69	15.63	-0.06
8.50 20-NOV-2029	20-Nov-29	15.71	15.63	-0.08
10.00 23-JUL-2030	23-Jul-30	15.73	15.62	-0.10
12.1493 18-JUL-2034	18-Jul-34	15.84	15.59	-0.25
12.40 18-MAR-2036	18-Mar-36	15.67	15.65	-0.02
16.2499 18-APR-2037	18-Apr-37	15.59	15.55	-0.04

Source: Anchoria AM Research, FMDQ OTC

Treasury Bills

Despite an increase in system liquidity during the week, the treasury bills market traded on a bearish note. Consequently, the average yield rose by 6bps to close the week at 14.06%. Market activities were relatively quiet as the value of transactions fell to N1.10 trillion from N1.41 trillion in the previous week due to public holiday observed on Tuesday.

Secondary Market

DTM	Maturity Date	Yield 16/11/2018	Yield 23/11/2018	%Change
13	06-Dec-18	12.26	12.28	+0.02
41	03-Jan-19	13.09	12.73	-0.36
83	14-Feb-19	13.38	13.43	+0.04
111	14-Mar-19	13.85	13.63	-0.22
132	04-Apr-19	13.59	13.52	-0.07
160	02-May-19	13.79	13.75	-0.04
237	18-Jul-19	15.29	14.50	-0.79
251	01-Aug-19	15.41	15.45	+0.03
293	12-Sep-19	16.39	16.35	-0.05
314	03-Oct-19	16.54	16.42	-0.12
356	14-Nov-19	16.88	16.69	-0.19

Source: Anchoria AM Research, FMDQ OTC