



# Fixed Income Market Monitor

Monday, 10 December - Friday, 14 December 2018

## Money Market

The money market rate increased last week as the Overnight rate (OVN) and Open Buy Back (OBB) rose to 27.21% and 24.57% respectively. Consequently, the average money market rate rose by 0.69% to settle at 25.89% as the CBN continued its aggressive liquidity mop up during the week. The System liquidity is estimated at N16bn from N438.7bn in the previous week. Major inflow for the week included: OMO maturity and PMA repayment of cN550bn.

Major outflow for the week included: OMO sales of cN63.38bn on Monday, cN38.84bn on Tuesday, cN25.96bn on Wednesday, cN295.81bn on Thursday and cN78.23bn on Friday; and weekly Wholesale, Invisible and SME FX auction of \$210mn.

We expect the CBN to continue its aggressive mop up activities this week, hence anticipated increase in money market rate.

Instrument	07/12/2018	14/12/2018	Change
OBB	24.33%	24.57%	+0.24%
OVN	26.08%	27.21%	+1.13%

Source: Anchoria AM Research, FMDQ OTC

## Forex: USD/NGN

The CBN Official rate continued on its upward trend to close at N306.90/\$, a 0.02% increase while the rate in the Investors and Exporters' FX Window fell by 0.03% to close at N365.23/\$.

We saw a continued appreciation in the country's currency at the parallel market last week with a decline in rate by 0.27% to close at N365.00/\$.

Despite an increased festive demand for dollars as we approach the close of the year, we expect the dollar remain stable in short term.

	07/12/2018	14/12/2018	Change
CBN Official Rate	306.85	306.90	+0.02%
I&E FX Window	365.33	365.23	-0.03%
Everdon BDC Rate	366.00	365.00	-0.27%

Source: Anchoria AM Research, FMDQ OTC

## Commodities

The Brent Crude and WTI Crude Oil fell by 2.25% and 2.68% to close at \$60.28 and \$51.20 per barrel despite recent oil supply cut by OPEC and non-OPEC producers and decline in US crude oil inventories.

Factor that contributed to the decline included weak economic data from China pointed to lower fuel demand in the world's biggest oil importer.

## Fixed Income

### Bond

The Bond Market closed on a bullish note last week with yields compressing across most maturities with the demand more pronounced on 2028 and 2037 bonds. Average yield fell by 5bps to close the week at 15.55%.

We expect the market to trade bearish this week as market participants are expected to remain cautious ahead of December Bond Auction and Expected FGN Sukuk Bond Issuance.

### Secondary Market

Description	Maturity Date	Yield 07/12/2018	Yield 14/12/2018	%Change
16.00 29-JUN-2019	29-Jun-19	14.87	14.66	-0.21
7.00 23-OCT-2019	23-Oct-19	16.09	15.99	-0.10
15.54 13-FEB-2020	13-Feb-20	15.27	15.26	-0.01
14.50 15-JUL-2021	15-Jul-21	15.76	15.78	+0.02
16.39 27-JAN-2022	27-Jan-22	15.01	15.06	+0.05
12.75 27-APR-2023	27-Apr-23	15.16	15.19	+0.03
14.20 14-MAR-2024	14-Mar-24	15.27	15.28	+0.01
13.53 23-MAR-2025	23-Mar-25	15.56	15.54	-0.02
12.50 22-JAN-2026	22-Jan-26	15.80	15.76	-0.04
16.2884 17-MAR-2027	17-Mar-27	15.67	15.66	-0.01
13.98 23-FEB-2028	23-Feb-28	15.97	15.81	-0.16
15.00 28-NOV-2028	28-Nov-28	15.79	15.74	-0.05
12.49 22-MAY-2029	22-May-29	15.79	15.74	-0.05
8.50 20-NOV-2029	20-Nov-29	15.79	15.74	-0.05
10.00 23-JUL-2030	23-Jul-30	15.79	15.73	-0.06
12.1493 18-JUL-2034	18-Jul-34	15.78	15.71	-0.07
12.40 18-MAR-2036	18-Mar-36	15.77	15.66	-0.11
16.2499 18-APR-2037	18-Apr-37	15.65	15.53	-0.12

Source: Anchoria AM Research, FMDQ OTC

### Treasury Bills

Due to CBN's aggressive mop up of the system liquidity during the week, the treasury bills market traded on a bearish note. Consequently, the average yield rose by 8bps to close the week at 15.60%. Market activities were relatively quiet as the value of transactions fell to N1.49 trillion from N1.56 trillion in the previous week.

### Friday OMO Auction Results

	90-Day	181-Day	363-Day
Offer Amount	20 bn	30 bn	80 bn
Total Subscription	0.02 bn	2.04 bn	36.67 bn
Allotment	0.02bn	2.04bn	76.19bn
Stop Rates (%):	11.90	13.50	15.00

### Secondary Market

DTM	Maturity Date	Yield 07/12/2018	Yield 14/12/2018	%Change
20	03-Jan-19	15.04	15.05	+0.01
62	14-Feb-19	14.93	15.13	+0.20
83	07-Mar-19	15.11	14.79	-0.32
90	14-Mar-19	14.62	14.30	-0.32
97	21-Mar-19	14.70	13.54	-1.16
111	04-Apr-19	15.05	14.74	-0.31
125	18-Apr-19	13.90	13.63	-0.27
139	02-May-19	14.53	13.68	-0.85
216	18-Jul-19	15.13	15.55	+0.42
230	01-Aug-19	16.21	16.06	-0.15
272	12-Sep-19	16.75	16.93	+0.18
279	19-Sep-19	16.95	17.02	+0.07
286	26-Sep-19	16.63	17.09	+0.46
293	03-Oct-19	16.97	16.98	+0.01
328	07-Nov-19	17.34	17.38	+0.04
335	14-Nov-19	17.28	17.05	-0.23

Source: Anchoria AM Research, FMDQ OTC