



# Fixed Income Market Monitor

Monday, 26 November - Friday, 30 November 2018

## Money Market

The money market rate increased significantly last week as the Overnight rate (OVN) and Open Buy Back (OBB) rose to 17.36% and 16.57% respectively. Consequently, the average money market rate rose by 10.76% to settle at 16.97% due to decreased system liquidity to close at cN32bn as CBN aggressively mopped up liquidity during the week with three OMO auctions.

Inflow for the week included: OMO bills maturity of cN443.76bn. Outflow included: OMO sales of cN161.08bn on Monday, cN371.56bn on Thursday, cN119.92bn on Friday and Wholesale, Invisible and SME FX auction of \$210mn.

We expect rates to drop significantly this week as anticipated inflow from October FAAC payments and OMO maturities is expected to hit the system.

Instrument	23/11/2018	30/11/2018	Change
OBB	5.83%	16.57%	+10.74%
OVN	6.58%	17.36%	+10.78%

Source: Anchoria AM Research, FMDQ OTC

## Forex: USD/NGN

The CBN Official rate continued on its upward trend to close at N306.80/\$, a 0.02% increase while the rate in the Investors and Exporters' FX Window fell by 0.16% to close at N364.10/\$. The rate at the Bureau De Change rose significantly to close at N370.50/\$ from N364.50/\$ last week as demand pressure was more pronounced in the market.

In response to the demand pressure, the Central Bank of Nigeria introduced a special intervention FX Cash Sales to Bureau De Change. In addition to existing market days (Monday, Wednesday and Friday), the CBN will sell \$15,000 per BDC on Thursday, commencing from Thursday, 06 December, 2018.

	23/11/2018	30/11/2018	Change
CBN Official Rate	306.75	306.80	+0.02%
I&E FX Window	364.70	364.10	-0.16%
Everdon BDC Rate	364.50	370.50	+1.65%

Source: Anchoria AM Research, FMDQ OTC

## Commodities

The Brent Crude oil rose by 0.15% to close at \$58.50 per barrel after a report that Russia accepts the need to cut production in conjunction with OPEC while the WTI Crude Oil fell by 1.00% to close at \$50.93 per barrel. This represents eight weeks of a consecutive fall in the prices of the Crude Oil futures (WTI).

## Fixed Income

### Bond

Following the OMO auction that witnessed a hike in rates to a year high of 15.00%, the Bond market traded on a bearish note to close the week at an average yield of 15.47%, 7bps higher than the previous week yield. The sell offs were well pronounced across the long maturities, especially 2034s.

We expect the bearish sentiments to persist in the Bond markets as market adjusts to the new rates from the T-bills and OMO auction last week.

### Secondary Market

Description	Maturity Date	Yield 23/11/2018	Yield 30/11/2018	%Change
16.00 29-JUN-2019	29-Jun-19	14.02	13.85	-0.18
7.00 23-OCT-2019	23-Oct-19	15.55	15.88	+0.33
15.54 13-FEB-2020	13-Feb-20	14.91	15.38	+0.47
14.50 15-JUL-2021	15-Jul-21	15.42	15.44	+0.02
16.39 27-JAN-2022	27-Jan-22	14.95	14.80	-0.16
12.75 27-APR-2023	27-Apr-23	15.15	15.00	-0.15
14.20 14-MAR-2024	14-Mar-24	15.29	15.14	-0.15
13.53 23-MAR-2025	23-Mar-25	15.50	15.46	-0.04
12.50 22-JAN-2026	22-Jan-26	15.67	15.72	+0.06
16.2884 17-MAR-2027	17-Mar-27	15.66	15.84	+0.18
13.98 23-FEB-2028	23-Feb-28	15.84	15.89	+0.05
15.00 28-NOV-2028	28-Nov-28	15.64	15.74	+0.10
12.49 22-MAY-2029	22-May-29	15.63	15.74	+0.11
8.50 20-NOV-2029	20-Nov-29	15.63	15.75	+0.12
10.00 23-JUL-2030	23-Jul-30	15.62	15.75	+0.13
12.1493 18-JUL-2034	18-Jul-34	15.59	15.78	+0.19
12.40 18-MAR-2036	18-Mar-36	15.65	15.74	+0.09
16.2499 18-APR-2037	18-Apr-37	15.55	15.60	+0.05

Source: Anchoria AM Research, FMDQ OTC

### Treasury Bills

Due to decrease in the system liquidity and increase in the spot rate during the week, the treasury bills market traded on a bearish note. Consequently, the average yield rose by 68bps to close the week at 14.75%. Market activities were relatively active as the value of transactions rose to N1.26 trillion from N1.10 trillion in the previous week.

### Primary Market Auction Result

	91-Day	182-Day	364-Day
Offer Amount (N'000)	22,727,507	24,802,939	103,071,723
Total Subscription (N'000)	24,519,086	45,326,600	202,195,181
Allotment (N'000)	24,372,790	23,157,656	103,071,723
Range of Bid Rates (%):	10.80 - 11.00	12.50 - 14.00	13.50 - 16.43
Stop Rates (%):	10.90	13.10	14.45

### Secondary Market

DTM	Maturity Date	Yield 23/11/2018	Yield 30/11/2018	%Change
13	13-Dec-18	11.16	12.12	+0.96
55	24-Jan-19	12.83	13.67	+0.83
62	31-Jan-19	12.68	12.85	+0.18
83	21-Feb-19	13.32	13.53	+0.21
111	21-Mar-19	13.40	13.60	+0.20
139	18-Apr-19	13.36	13.70	+0.34
160	09-May-19	13.55	13.77	+0.23
230	18-Jul-19	14.50	14.91	+0.41
244	01-Aug-19	15.45	15.49	+0.04
286	12-Sep-19	16.35	16.78	+0.43
307	03-Oct-19	16.42	16.67	+0.25
321	17-Oct-19	16.62	16.91	+0.29
328	24-Oct-19	16.63	16.62	-0.01
335	31-Oct-19	16.65	16.77	+0.12
342	07-Nov-19	16.78	17.36	+0.58
349	14-Nov-19	16.69	17.13	+0.45