

# NTB Auction Teaser.

Treasury bills worth N162.72 billion will mature on Thursday, 20th April, 2017. This comprises N36.79 billion, N28.20 billion, and N95.73 billion of the 91-day, 182-day, and 364-day bills respectively. In its usual practice, the CBN will offer the same amount at the primary auction, which will hold tomorrow, Wednesday, 19th April, 2017.

Table 1: Auction Indicative Rates

T-Bills	91D	182D	364D
<b>Indicative Rates (%)</b>	<b>13.55-13.65</b>	<b>17.21-17.31</b>	<b>18.74-18.84</b>

Source: Cordros Forecast

Prior to the last auction, trading at the secondary market was relatively quiet, albeit with a bearish bias, as DMBs did not provide two-way quote, in continued compliance with the directive from the FMDQ, which stated that DMBs are not obliged to provide two-way quote between Friday, March 31, 2017 and, April 4, 2017, to allow for the clearance of backlog of unsettled bills. At the last auction, the apex bank fully allotted N234.89 billion across the 91-DTM (N35.00 billion), 182- DTM (N33.49 billion), and 364-DTM (N166.40 billion) bills. The stop rate on the 91-DTM (13.55% vs. 13.55%) was unchanged from the previous auction, while the stop rates on the 182-DTM (17.21% vs. 17.20%) and 364-DTM (18.74% vs. 18.69%) came in higher than the previous auction's. Noteworthy, the 91-DTM, 182-DTM, and 364-DTM bills were oversubscribed by N2.5 billion, N1.2 billion, and N0.37 billion respectively.

Selloffs continued in the secondary market post-auction, with average yield expanding by 102 bps today to 18.43%, from 17.41% at the last auction. This reflects sustained liquidity squeeze, owing to (1) constant OMO auctions, wherein the apex bank sold bills worth N76.75 billion, (2) bond sales totaling N105.32 billion, (3) and debits for FX interventions worth USD1.31 billion. In particular, the respective yields on the 91DTM, 182DTM, and 364DTM bills are currently 239 bps, 9 bps, and 62 bps, respectively above the yields that similar maturities printed two weeks ago.

Fig 1: Daily Banking System Liquidity (N'bn)

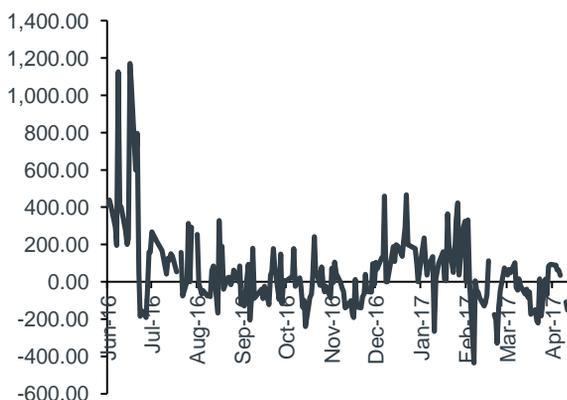
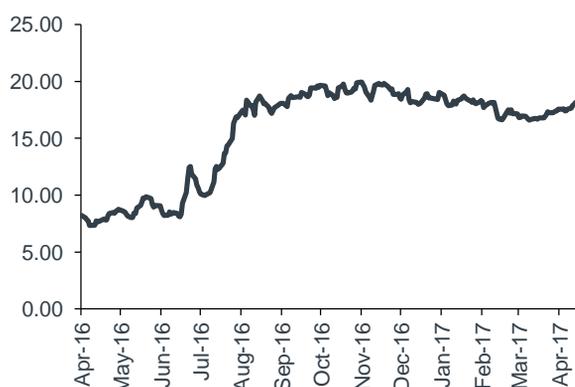


Fig 2: Average T-Bills Yield (%)



Source: CBN, FMDQ, Cordros Research

**18 April 2017**

Overall, we expect stop rates on the 91, 182 and 364-day bills to come in higher relative to the previous auction. See indicative rates above.

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