

FGN Bond Market

FGN bond market registered a mixed result last week. While the market started on a quiet note, during the week, the market saw improved interests on short-term maturities. However, the positive sentiments were offset by selloffs recorded on some selected mid- and long-termed instruments. Overall, week-on-week, the average benchmark yield rose by 5bps to close at 13.20%.

Nigerian Treasury Bill (NTB)

The treasury bills market was mostly tepid last week due to a primary auction that took mid-week. Thus, the market recorded minimal trading activities across board with buying interests seen on several maturities. At the end of the week, the average benchmark declined by 1bp to close at 7.81% on a weekly basis.

At the treasury bills auction last week, the DMO sold NGN214.74 billion worth of bills, which was the same amount offered. The rates on the 91-day, 182-day, and 364-day notes were allotted at 5.50%, 5.85%, and 10.00%, respectively. Compared to the previous auction, the rates on the 91-day, 182-day, and 364-day paper rose by 150bps, 85bps, and 150bps, respectively. The bid-to-cover ratio across the three papers stood at 0.05x, 0.34x, and 1.28x, accordingly.

FGN Eurobond Market

Investors jumped into riskier corners of the market last week as FGN Eurobond market recorded buying interests across most maturities amid slumping dollar, seemingly unstoppable surge that upset global currencies and stoked fears of more headwinds for global economy. The average benchmark yield slipped by 65bps to close at 12.26% on a weekly basis.

Money Market

At the interbank space, the system liquidity was bolstered slightly by primary market repayment during the week as interbank rates closed in the single-digit region on Friday. Likewise, banks seeks lesser credit facilities from the central bank last week as the accumulated credit transaction at the money market stood at 164 billion naira. The rates on Open Buyback (OBB) and Overnight (O/N) transactions declined by 117bps each to close at 8.50% and 9.00% on Friday, respectively.

Foreign Exchange Market

At the CBN Investors & Exporters Window on Friday, the value of naira steadied against the US dollar as the exchange rate remained unchanged at NGN436.33/\$1. As of Thursday, last week, Nigeria's foreign reserve declined by \$0.72 million to settle at \$38.92billion.

Oil Market

Bloomberg: Oil opened the week with a slump on mounting speculation that global demand is weakening, and as investors assessed a welter of details about an ambitious US-led plan to try to cap the price of Russian crude

Brent crude futures dropped \$1.26 to \$91.58 a barrel by 7:00 am this morning, after settling 4.1% higher on Friday. U.S. West Texas Intermediate crude was down \$1.35 at \$85.44 a barrel, after a 3.9% gain in the previous session. There are concerns the outlook for consumption is worsening as global growth slows and China maintains its strategy of controlling Covid-19 by curbing activity.

In the US late Friday, the Treasury issued rough compliance guidelines for the proposed cap on Russian oil, focusing on the documentation needed by the private sector to adhere to the program, which is meant to kick in from December as Europe tightens sanctions on flows. Deputy Treasury Secretary Wally Adeyemo said that Moscow would have no choice but to participate

Crude has sunk by nearly a third since June, shedding all the gains since Russia's invasion of Ukraine. The reversal has come as central banks tighten policy to quell inflation.

What to know

Zambia's Eurobonds tumbled after the International Monetary Fund said the nation is seeking as much as \$8.4 billion in debt relief as it prepares to start discussing restructuring foreign liabilities. Zambia, which in 2020 became Africa's first pandemic-era sovereign defaulter, finalized a deal with the IMF two week ago for a \$1.3 billion bailout and economic program. Zambia's external debt reached \$17.3 billion last year.

What to expect this week?

The Nigerian debt market is expected to be mostly bearish this week as uptick in yields at the NTB auction last week is expected to drive some selloffs in the market. While FGN bond coupon inflows today is expected to keep interbank rates low.

The Eurobond market is anticipated to start the week in the green zone on the back of improved risk appetite as investors favoured riskier asset ahead of US FOMC meeting holding later in the month.

Other Key Indices

Indicators	Current	Change
OPEC Quota	1.826m bpd	+26,000bpd
System liquidity	N350.37bn	-402.48bn
Foreign reserve	\$39.02bn	+9.56mn
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$91.58	-\$1.35
FAAC Allocation	N954.09bn	+N151.68bn

Major Business Headlines

- Nigeria's Crude Oil Underproduction Persists over Prolonged Repairs at Forcados Terminal:** Nigeria's underproduction of crude oil will persist as repair work on Forcados, a key oil terminal, will drag till the end of September, after months of halted flows contributed to hobbling the country's supply performance in August. [The repairs to a subsea hose have stopped exports of Forcados crude](#), which is the single largest export grade. This is coming as African ministers meeting in Cairo two months ahead of the COP27 climate summit, have called for a sharp expansion of climate financing for their continent while pushing back against an abrupt move away from fossil fuels.
- Manufactured goods fall 36% to N2.87tn, inflation looms:** The value of manufactured goods traded tumbled by 36 per cent from N4.51tn in the second quarter of 2021 [to N2.87tn in the corresponding period of 2022, findings by The PUNCH have shown](#). This is according to the foreign trade report by the National Bureau of Statistics for the second quarter of the year and its corresponding quarter of 2021. Foreign trade statistics measure goods traded between an economic entity and its economic counterparts within a given period.
- CBN injects \$7.6bn into FX market in 5 months to stabilise naira:** The apex bank which said this in its monthly economic reports for May 2022, explained it intervened in the FX markets to stabilise the value of the naira with \$1.65 billion and \$1.39 billion in January and February, respectively. The apex bank added that [it pumped \\$1.82 billion in March, \\$1.56 billion in April and \\$1.18 billion in May 2022](#). Despite these interventions, the naira depreciated 0.7 percent to N415 a dollar in the official market within the period. "Total foreign exchange sales to authorised dealers by the bank were \$1.18 billion, a decline of 24.4 percent below \$1.56 billion in April," the report reads.



Fixed Income

FGN Bond

Description	TTM (Yrs)	Yield (%)	Change (%)	W-o-w (%)
^14.20 14-MAR-2024	1.51	11.50	0.00	-0.13
13.53 23-MAR-2025	2.54	13.01	0.00	-0.02
^12.50 22-JAN-2026	3.37	12.98	0.00	0.03
^16.2884 17-MAR-2027	4.52	13.05	0.00	0.00
^13.98 23-FEB-2028	5.46	13.00	0.00	0.19
^14.55 26-APR-2029	6.63	12.64	0.00	0.00
^12.1493 18-JUL-2034	11.86	13.35	0.00	-0.03
^12.50 27-MAR-2035	12.55	13.68	0.52	0.52
^12.40 18-MAR-2036	13.52	13.60	0.00	0.00
^16.2499 18-APR-2037	14.61	13.68	0.00	0.23
^13.00 21-JAN-2042	19.37	13.88	0.00	-0.11
^14.80 26-APR-2049	26.63	13.59	0.00	0.00
^12.98 27-MAR-2050	27.55	13.65	0.00	0.00

FGN Eurobond

Description	TTM (Yrs)	Yield	Change (%)	W-o-w (%)
6.375 JUL 12, 2023	0.84	9.51	-0.70	-1.43
7.625 21-NOV-2025	3.19	11.47	-0.31	-0.63
6.50 NOV 28, 2027	5.21	11.47	-0.31	-0.63
6.125 SEP 28, 2028	6.05	12.52	-0.27	-0.55
8.375 MAR 24, 2029	6.54	12.93	-0.31	-0.61
7.143 FEB 23, 2030	7.45	12.53	-0.30	-0.47
8.747 JAN 21, 2031	8.36	12.94	-0.20	-0.46
7.875 16-FEB-2032	9.43	12.79	-0.24	-0.51
7.375 SEP 28, 2033	11.05	12.70	-0.35	-0.60
7.696 FEB 23, 2038	15.45	12.54	-0.52	-0.81
7.625 NOV 28, 2047	25.21	12.38	-0.23	-0.57
9.248 JAN 21, 2049	26.36	12.86	-0.23	-0.52
8.25 SEP 28, 2051	29.05	12.77	-0.29	-0.59

Nigerian Treasury Bill

DTM	Maturity	Yield (%)	Change (%)	W-o-w (%)
34	13-Oct-22	9.08	0.00	-0.02
62	10-Nov-22	3.93	0.00	0.00
139	26-Jan-23	10.18	0.00	-0.02
153	9-Feb-23	10.44	0.00	-0.02
181	9-Mar-23	10.58	0.00	-0.02
230	27-Apr-23	5.06	0.00	0.00
244	11-May-23	6.44	0.00	-0.01

Commodities

Commodities	Price	Change (%)
Brent	92.84	4.14
Bonny	93.17	2.76
Natural Gas	7.996	1.02
Gold	1,716.20	0.21
Silver	18.73	0.36
Copper	655.3	0.31
Cocoa	2,360	1.69
Coffee	228.5	-2.98
Wheat	869.5	-2.15

Money Market

//	Amount (NGN'bn)	Chg (NGN'bn)
System Liquidity	94.63	27.84

Interbank	Rate (%)	change
OPR	8.50	1.17
O/N	9.00	-1.17
Repo		
Call	7.00	1.00
1M	10.00	0.00
3M	10.00	0.00
6M	10.00	0.00

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	108.7	-0.77
EUR/USD	1.0051	0.12
GBP/USD	1.1646	0.51

Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mn)
Foreign Reserve	38.92	-0.72

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	430.00	0.00
I&E FX Window	436.33	0.00
NAFEX	435.63	-0.20
Parallel Market	706.00	0.00

^^Forwards	Rate (\$/N)	Chg (NGN)
1M	435.83	0.09
2M	437.82	0.03
3M	440.30	-0.05
6M	452.19	-0.65
1Y	476.36	0.02

Equities & Global Market

Indices	Points	Change (%)
NGX YTD	16.34%	
NGX All Share	49,695.12	0.09
NGX Banking	386.88	0.87
NGX 30	1,772.48	0.07
NGX Consumer Goods	607.70	0.06
S&P 500	4,067.36	1.53
FTSE 100	7,351.07	1.23
Euro STOXX 50	3,570.04	1.64
US 10-year	3.315	0.00
UK 10-year	3.102	0.01
German 10-year	1.702	0.00