

FGN Eurobond Market

The FGN Eurobond market was largely bearish last week as hawkish comments from Federal Reserve Chair Jerome Powell raised worries that the US Fed will keep hiking its policy rates to curb the sticky inflation. Thus, week-on-week, the average benchmark yield surged by 25bps, closing at 12.52%.

FGN Bond Market

Last week, the FGN Bond market closed bullish with positive sentiments on short- and long-term maturities. As a result, the average benchmark yield plummeted by 24 basis points (bps) to close at 13.52%.

Nigerian Treasury Bill (NTB)

The treasury bill market registered a bullish close last week, with buying interest recorded on short-tenured maturities. Consequently, the average benchmark yield declined fractionally by 60bps to close at 3.67% week-on-week.

At last week's auction, the DMO sold NGN324.5 billion worth of bills against NGN224.5 billion on offer. The rates on the 91-day, 182-day, and 364-day bills were allotted at 1.44%, 6.00%, and 10.0%, respectively. Compared to the previous auction, the rate on the 91-day edged lower by 156bps, while the rates on the 182-day and 364-day notes rose by 276bps and 10bps, consecutively. The bid-to-cover ratio across the three papers was 4.23x, 1.07x, and 2.85x, respectively.

Money Market

Interbank rates trended downward most of last week despite auction settlement which dampened the system liquidity. Meanwhile, the market registered increased activities at the Standing Deposit Facility window. On Friday, the open buyback rate remained unchanged at 10.50%, falling 163bps WoW, while the overnight rate settled at 10.81% after declining by 162bps WoW.

Foreign Exchange Market

Last week, Naira appreciated (week-on-week) against the US dollar as the exchange rate fell by 25 kobo to settle at NGN461.50/\$1. Likewise, Naira depreciated against the US dollar at the parallel market as the exchange declined by NGN5 to NGN750/\$1, week-on-week. Meanwhile, Nigeria's foreign reserve declined by \$28.14 million last Thursday, settling lower at \$36.41 billion.

Oil Market

Reuters: Oil prices ticked up in this morning, reversing a weak start as a recovery in Chinese demand and a weaker dollar provided support to a market rattled by the prospect of possible further U.S. interest rate increases.

After initially slipping in early trading, Brent crude futures were up 25 cents, or 0.30%, to \$83.03 per barrel by 8:00 am. West Texas Intermediate crude futures (WTI) ticked up by 23 cents, or 0.30%, to \$76.91 a barrel.

Market sentiment was fragile as worries about further monetary tightening by the Fed have been exacerbated by high crude oil inventories in the U.S., analysts from ANZ Bank said in a note on Monday morning.

The failure of Silicon Valley Bank and New York-based Signature Bank and concerns about possible contagion led to a selloff in U.S. assets at the end of last week, which has also put downward pressure on the dollar. Comments on Sunday from Saudi Aramco CEO Amin Nasser on crude demand from China also provided some support.

The comments come in the wake of the announcement that Riyadh and Tehran had agreed to restore diplomatic relations in a China-brokered deal, potentially paving the way to the revival of a nuclear deal that would allow exports of currently-sanctioned Iranian crude.

Oil's fluctuating start to the week follows positive momentum on Friday, when U.S. employment data surprised to the upside. Data for February beat expectations, with nonfarm payrolls rising by 311,000, compared with expectations of 205,000 jobs added, according to a Reuters survey.

What to expect today?

We expect the bond and T-bill markets to sustain their bullish sentiment today, with most market activities projected to focus on short- and long-tenured maturities.

On the other hand, we expect the interbank rates to settle higher today on the back of weakened market liquidity conditions.

We expect the Eurobond market to trade sideways today as a weaker dollar is expected to boost positive sentiment in the global market while a possible contagion from Silicon Valley Bank and Signature Bank is expected to create a negative attitude toward riskier assets.

Nigeria is expected to release its February inflation data on Wednesday.

Other Key Indices

Indicators	Current	Change
System liquidity	N171.16bn	-N119.34bn
Foreign reserve	\$36.41bn	-\$28.14mn
Nig. Crude output	1.39mbpd	+100,000bpd
OPEC Quota	1.826m bpd	+26,000bpd
Brent Crude	\$85.07	-\$0.75
FAAC Allocation	N750.17bn	-N240.02bn

Major Business Headlines

Economy loses N20tn on CBN's 70% cash mop-up – Report: Nigeria's economy is grinding to a halt and has lost about N20tn following the over 70 per cent mop-up of cash by the Federal Government through the Central Bank of Nigeria, a new report by an economic think tank, Centre for the Promotion of Private Enterprise said on Sunday. It said the protracted acute cash scarcity had not only crippled economic activities across the country, **but was now a major risk to the livelihoods of most Nigerians.** "Millions of citizens have slipped into penury and destitution as a result of the disruptions and tribulations perpetrated by the currency redesign policy, especially the mopping up of over 70 per cent of cash in the economy," the Director, CPPE, Dr. Muda Yusuf, stated, while reacting to the currency redesign policy. The CPPE boss noted that curiously, there was an apparent reluctance or unwillingness by the Federal Government and the CBN to comply with the Supreme Court judgment, describing this as very disturbing and inexplicable.

Pension investments in FGN securities rise to N9.64tr: According to the National Pension Commission (PenCom), the increase in the value of investments in FGN Securities was majorly due to additional investments in this asset class during the quarter. PenCom made this known in its Fourth Quarter 2022 Report. The report showed that the total value of pension fund assets as at December 31, 2022 was N14.99 trillion, which comprised of N10.72 trillion RSA 'Active' Funds I, II III and V; N1.19 trillion RSA Retiree Fund IV; **[N1.57 trillion Closed Pension Fund Administrators \(CPFAs\); and N1.48 trillion](#)** Approved Existing Schemes. Fund VI Active and Retiree Fund amounted to N36.20 billion. A breakdown of the fund further showed that pension fund assets were mainly invested in Federal Government Securities (FGN), which accounted for 64.33 per cent of total assets.



Fixed Income

FGN Bond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
^14.20 14-MAR-2024	1.01	6.58	0.00	-0.88
^13.53 23-MAR-2025	2.04	10.24	0.00	-0.02
^12.50 22-JAN-2026	2.87	11.15	0.00	-0.26
^16.2884 17-MAR-2027	4.02	12.36	0.00	-0.57
^13.98 23-FEB-2028	4.96	13.61	0.00	-0.19
^14.55 26-APR-2029	6.13	14.10	0.00	0.00
^12.1493 18-JUL-2034	11.36	14.65	0.00	0.00
^12.50 27-MAR-2035	12.05	14.68	0.00	0.00
^12.40 18-MAR-2036	13.02	14.68	0.00	-0.17
^16.2499 18-APR-2037	14.11	15.35	0.00	-0.39
^13.00 21-JAN-2042	18.87	14.71	0.00	-0.21
^14.80 26-APR-2049	26.13	15.47	0.02	-0.25
^12.98 27-MAR-2050	27.05	15.00	0.00	-0.20

FGN Eurobond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
6.375 JUL 12, 2023	0.34	13.31	0.23	0.85
7.625 21-NOV-2025	2.70	12.76	0.12	0.31
6.50 NOV 28, 2027	4.72	12.76	0.12	0.31
6.125 SEP 28, 2028	5.55	11.66	0.05	0.08
8.375 MAR 24, 2029	6.04	12.70	0.06	0.29
7.143 FEB 23, 2030	6.95	12.45	0.05	0.15
8.747 JAN 21, 2031	7.86	12.76	0.05	0.25
7.875 16-FEB-2032	8.93	12.53	0.06	0.08
7.375 SEP 28, 2033	10.55	12.29	0.03	0.19
7.696 FEB 23, 2038	14.95	12.51	0.05	0.24
7.625 NOV 28, 2047	24.72	12.11	0.04	0.22
9.248 JAN 21, 2049	25.86	12.55	0.02	0.18
8.25 SEP 28, 2051	28.55	12.38	0.03	0.09

Nigerian Treasury Bills

DTM	Maturity	Yield (%)	Change (%)	WoW (%)
48	27-Apr-23	2.87	0.00	-1.66
62	11-May-23	2.51	0.00	-1.34
90	8-Jun-23	1.78	0.00	-2.38
181	7-Sep-23	4.50	0.00	0.00
230	26-Oct-23	4.61	0.00	0.00
244	9-Nov-23	4.64	0.00	0.00
272	7-Dec-23	4.38	0.00	0.00
321	25-Jan-24	3.92	0.00	0.00
335	8-Feb-24	3.79	0.00	0.00

Commodities

Commodities	Price	Change (%)
Brent	83.07	0.33
Bonny	82.83	-0.68
Natural Gas	2.46	1.23
Gold	1884.90	0.95
Silver	20.84	1.60
Copper	4.06	0.66
Cocoa	2489.86	0.46
Coffee	187.00	0.14
Wheat	681.25	0.29

Money Market

//	Amount (NGN'bn)	Chg (NGN'bn)
System Liquidity	171.16	-119.34

Interbank	Rate (%)	change (bp)
OPR	10.50	0.00
O/N	10.81	-0.05
Repo		
Call	6.00	0.00
1M	8.00	0.00
3M	8.00	0.00
6M	8.00	0.00

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	103.91	-0.65
EUR/USD	1.072	0.72
GBP/USD	1.211	0.71

Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mn)
Foreign Reserve	36.41	-28.14

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	462.00	0.00
I&E FX Window	461.50	0.50
NAFEX	461.46	0.17
Parallel Market	750.00	-1.00

^^Forwards	Rate (\$/N)	Chg (NGN)
1M	466.68	-1.27
2M	473.97	-0.90
3M	482.13	-1.58
6M	508.90	-3.38
1Y	542.79	2.02

Equities & Global Market

Indices	Points	Change (%)
NGX YTD	8.87%	
NGX All Share	55,794.51	-0.05
NGX Banking	453.73	-0.56
NGX 30	1991.88	-0.04
NGX Consumer Goods	693.67	-0.04
S&P 500	3,861.59	-1.45
FTSE 100	7,748.35	-1.67
Euro STOXX 50	4,229.53	-1.32
US 10-year	3.67	-0.025
UK 10-year	3.632	-0.010
German 10-year	2.475	-0.021

Source: FMDQ, CBN, Reuters, CNBC, Business Insider

***Global Market & Commodities' quotes are as of 7:10 am (GMT+1) – 13th March 2023

**Bonny oil price is as of 10th March 2023