

FGN Bond Market

The FGN bond market traded sideways last week, with positive sentiments seen on short- to mid-term maturities, which was partly offset by selling interests on long term instruments. At the end of the week, the average benchmark yield declined by 2bps to close at 14.80% week-on-week.

Nigerian Treasury Bill (NTB)

The treasury bills market was relatively bullish last week, with buying interests seen in most maturities. As a result, the average benchmark plummeted by 32bp to close at 11.02% on a weekly basis.

At the mid-week treasury bills auction, the DMO sold ₦310.12 billion worth of bills as compared to ₦193.04 billion offered. The rates on the 91-day, 182-day and 364-day notes were allotted at 6.50%, 8.05%, and 13.99%, respectively. Compared to the previous auction, the rate on 91-day, and 182-day notes remained unchanged while the rate on the 364-day bills fell by 51bps. The bid-to-cover ratio across the three papers stood at 0.72x, 0.19x, and 3.59x, accordingly.

FGN Eurobond Market

The Eurobond market closed on a bullish note last week, with positive sentiment seen across maturities, supported by improved risk appetite in the global market, favourable oil prices and lower-than-expected US CPI data. Thus, the average benchmark yield plunged by 242bps to close at 11.43% on a weekly basis.

Money Market

The interbank rates were relatively stable during the week as system liquidity remained elevated. However, the rates surged on Friday as CRR debit and NTB auction lower the system liquidity. As a result, on Friday, the rates on Open Buyback (OBB) and Overnight (O/N) transactions surged by 350bps and 400bps to close at 12.00% and 12.83%, respectively.

Foreign Exchange Market

At the CBN Investors & Exporters Window on Friday, the value of naira appreciated by 35 kobo against the US dollar as the exchange rate settled lower at NGN445.75/\$1 while the rate depreciated by 25 kobo week-on-week. Nigeria's foreign reserve declined by 25 million on Thursday last week to settle at \$37.22 billion as the CBN injected a sum of 141 million into the forex market last week.

On the other hand, Naira appreciated by c.22% last week at the parallel market as the exchange fell from NGN910/\$1, a week ago to NGN700/\$1 on Friday, driven by fall in demand of dollar, speculation around US dollar policy and crackdown on BDC traders by the EFCC.

Oil Market

Oil prices settled higher on Friday but fell week-on-week after health authorities in China eased some of the country's heavy COVID-19 curbs, raising hopes for improved economic activity and demand in the world's top crude importer. Brent crude futures settled up \$2.32 at \$95.99 a barrel, extending a 1.1% rise from the previous session but falling 2.6% on the week.

The easing curbs include shortening quarantine times for close contacts of cases and inbound travelers by two days, as well as eliminating a penalty on airlines for bringing in infected passengers. The benchmark oil contracts fell during the week due to rising U.S. oil inventories, and lingering fears over capped fuel demand in China, but late-week gains limited the losses.

Earlier this morning, oil prices rose, extending gains from the previous session, after China eased some of its strict COVID-19 protocols, fuelling hopes of a recovery in economic activity and demand at the world's top crude importer. Contracts for Brent crude and U.S. West Texas Intermediate edged up nearly 1% earlier in the session but later pared some gains.

However, Leon Li, a Shanghai-based analyst at CMC Markets said that The market was too optimistic. The virus will spread faster in winter and the rapid growth of cases makes it impossible for the Chinese government to adjust the zero-COVID policy.

As of 8:00 am, this morning, the Brent oil fell by 43 cents to trade at \$95.63 per barrel.

In other news

Nigeria was downgraded by Fitch Ratings as government debt service costs and external liquidity worsen, despite higher crude prices. The firm now rates Nigeria one level lower at B-, six notches above default and on par with Ecuador and Angola.

Nigeria's inflation data for October is set to be released tomorrow.

What to expect today?

Nigerian debt market is expected to start the week on a quiet note as the FGN plans to raise 275 billion naira at the bond auction today.

Interbank rates are expected to remain elevated, as the bond auction is expected to partly mop up liquidity in the system.

The FGN Eurobond market is expected to be less bullish as investors are expected to respond to the downward review of Nigeria's credit rating by Fitch rating.

Other Key Indices

Indicators	Current	Change
System liquidity	₦326.575bn	-₦136.74bn
Foreign reserve	\$37.222bn	-25.04mn
Nig. Crude output	1.014mbpd	+78,398bpd
OPEC Quota	1.826m bpd	+26,000bpd
Brent Crude	\$95.63	-\$0.43
FAAC Allocation	₦954.09bn	+₦151.68bn

Major Business Headlines

- Domestic airlines ask court to terminate FG-Ethiopian deal:** The national carrier project may be stopped by the court as domestic airlines have taken the Federal Government and its foreign technical partner and majority shareholders to court. About eight local airlines and their association took the government to court on Friday, listing Nigerian Air, Ethiopian Airlines, Minister of Aviation, Hadi Sirika, and Attorney-General of the Federation, Abubakar Malami, as defendants. Among other prayers, the indigenous airlines want the court to stop the national carrier deal and withdraw the [Air Transport Licence already issued to Nigeria Air by the Federal Government/Nigerian Civil Aviation Authority](#). They also claimed that the firm which served as Transaction Adviser for the transaction, was incorporated in March last year and alleged that the company was linked to the aviation minister.
- Forex inflows hit 19-month low as investors shun CBN's incentives:** Foreign exchange inflows into the official forex market have dropped to their lowest level in the past 19 months as investors remain unimpressed by the efforts of the Central Bank of Nigeria (CBN). Foreign exchange (forex) inflows into the official Investors and Exporters Window (IEW) of the Central Bank of Nigeria (CBN) dropped by 41.2 per cent [from \\$1.15 billion in September 2022 to \\$676.80 million in October 2022](#), its lowest level since April 2021. Inflows from foreign investors had declined for the fourth consecutive month to \$72.0 million, the lowest in 19 months, while inflows from domestic investors dropped by 42.5 per cent in October 2022 to \$604.80 million.



MARKET DAILY UPDATES – 14th November 2022

Fixed Income

FGN Bond

Description	TTM (Yrs)	Yield (%)	W-o-W (%)	Change (%)
^14.20 14-MAR-2024	1.34	15.15	▲ 0.01	▬ 0.00
^13.53 23-MAR-2025	2.36	14.30	▼ -0.21	▬ 0.00
^12.50 22-JAN-2026	3.20	14.45	▼ -0.35	▼ -0.05
^16.2884 17-MAR-2027	4.35	14.59	▼ -0.01	▬ 0.00
^13.98 23-FEB-2028	5.28	14.62	▼ -0.09	▬ 0.00
^14.55 26-APR-2029	6.46	14.67	▼ -0.18	▬ 0.00
^12.1493 18-JUL-2034	11.68	14.63	▬ 0.00	▬ 0.00
^12.50 27-MAR-2035	12.37	14.80	▲ 0.10	▲ 0.15
^12.40 18-MAR-2036	13.35	14.67	▲ 0.37	▬ 0.00
^16.2499 18-APR-2037	14.43	15.96	▲ 0.21	▲ 0.06
^13.00 21-JAN-2042	19.20	14.75	▼ -0.05	▬ 0.00
^14.80 26-APR-2049	26.46	14.93	▬ 0.00	▬ 0.00
^12.98 27-MAR-2050	27.37	14.95	▬ 0.00	▬ 0.00

FGN Eurobond

Description	TTM (Yrs)	Yield (%)	W-o-W (%)	Change (%)
6.375 JUL 12, 2023	0.67	7.83	▼ -2.89	▼ -0.62
7.625 21-NOV-2025	3.03	10.81	▼ -2.24	▼ -0.75
6.50 NOV 28, 2027	5.04	10.81	▼ -2.24	▼ -0.75
6.125 SEP 28, 2028	5.88	12.39	▼ -2.39	▼ -0.95
8.375 MAR 24, 2029	6.37	12.45	▼ -2.55	▼ -0.98
7.143 FEB 23, 2030	7.28	12.02	▼ -2.63	▼ -0.98
8.747 JAN 21, 2031	8.19	12.00	▼ -2.60	▼ -0.83
7.875 16-FEB-2032	9.26	12.08	▼ -2.43	▼ -1.09
7.375 SEP 28, 2033	10.88	11.67	▼ -2.60	▼ -0.85
7.696 FEB 23, 2038	15.28	11.70	▼ -2.33	▼ -0.79
7.625 NOV 28, 2047	25.04	11.28	▼ -2.06	▼ -0.54
9.248 JAN 21, 2049	26.19	11.87	▼ -2.06	▼ -0.63
8.25 SEP 28, 2051	28.88	11.66	▼ -2.26	▼ -0.73

Nigerian Treasury Bill

DTM	Maturity	Yield (%)	W-o-W (%)	Change (%)
76	26-Jan-23	11.86	▼ -0.03	▬ 0.00
90	9-Feb-23	8.49	▼ -0.01	▬ 0.00
118	9-Mar-23	9.22	▼ -0.02	▬ 0.00
167	27-Apr-23	8.36	▼ -0.01	▬ 0.00
181	11-May-23	8.38	▼ -2.59	▬ 0.00
209	8-Jun-23	11.77	▼ -0.03	▬ 0.00
300	7-Sep-23	14.56	▼ -0.04	▼ -0.01
349	26-Oct-23	15.50	▲ 0.19	▼ -0.01

Commodities

Commodities	Price	Change (%)
Brent	95.88	▼ -0.23
Bonny	96.15	▲ 2.47
Natural Gas	6.06	▲ 3.08
Gold	1,763.30	▼ -0.34
Silver	21.52	▼ -0.68
Copper	3.88	▲ 3.88
Cocoa	2,518	▼ -1.45
Coffee	168.1	▲ 0.24
Wheat	813.75	▼ -0.55

Money Market

//	Amount (NGN'bn)	Chg (NGN'bn)
System Liquidity	326.58	▼ -136.74

Interbank	Rate (%)	change
OPR	12.00	▲ 3.50
O/N	12.83	▲ 4.00
Repo		
Call	8.83	▬ 0.00
1M	8.00	▬ 0.00
3M	8.00	▬ 0.00
6M	8.00	▬ 0.00

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	106.99	▲ 0.66
EUR/USD	1.0309	▼ -0.34
GBP/USD	1.1761	▼ -0.63

Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mn)
Foreign Reserve	37.222	▼ -25.04

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	445.00	▬ 0.00
I&E FX Window	445.75	▼ -0.35
NAFEX	444.10	▲ 0.30
Parallel Market	700.00	▼ -40.00

^^Forwards	Rate (\$/N)	Chg (NGN)
1M	451.06	▲ 0.23
2M	453.64	▼ -0.07
3M	460.71	▲ 5.31
6M	476.91	▼ -0.39
1Y	503.46	▲ 2.16

Equities & Global Market

Indices	Points	Change (%)
NGX YTD	2.93%	
NGX All Share	43,968.75	▲ 0.06
NGX Banking	371.61	▼ -0.19
NGX 30	1,587.30	▼ -0.02
NGX Consumer Good:	545.90	▼ -0.51
S&P 500	3,992.93	▲ 0.92
FTSE 100	7,318.04	▼ -0.78
Euro STOXX 50	3,868.50	▲ 0.57
US 10-year	3.893	▲ 0.064
UK 10-year	3.354	▬ -0.003
German 10-year	2.16	▬ 0.001

Source: FMDQ, CBN, Reuters, CNBC

**Global Market & Commodities' quotes are as of 6:02 am (GMT+1) – 14th November, 2022

**Bonny oil price is as of 10th November 2022