

Fixed Income and Money Market

FGN Bond Market

FGN Bond market closed slightly bullish yesterday with buying interests seen mostly on short-term maturities. While the market recorded low trading activities, the average benchmark yield declined by 3bps to close at 13.16%.

Nigerian Treasury Bill (NTB)

The treasury bills market closed relatively flat yet with minimal trading activities seen across board. The benchmark yield remained unchanged at 7.80%.

FGN Eurobond Market

While US market received some support from the US producer price index which was released yesterday as the index fell for a second month in August. Other part of the world closed in the bearish region yesterday, sparked by a higher-than-anticipated inflation report on Tuesday. The FGN Eurobond market registered selloffs across maturities. As a result, the average benchmark yield rose by 39bps to close at 12.34%.

Money Market

System liquidity was elevated yesterday on the back of an FGN bond coupon inflow of N57 billion yesterday, keeping the interbank rates in single digits. Thus, the rates on Open Buyback (OBB) and Overnight (O/N) slipped by 50bps each to close at 7.00% and 7.50% respectively.

Foreign Exchange Market

At the CBN Investors & Exporters Window yesterday, the value of naira depreciated by 46 kobo against the US dollar, as the exchange rate closed higher at NGN436.50/\$1. As of Tuesday, this week, Nigeria's foreign reserve decreased by \$33.95 million to settle at \$38.782 billion.

Oil Market

Bloomberg: Oil climbed on optimism that demand prospects in China may brighten as one of its megacities loosens lockdown restrictions. Brent rose 1% to settle at just over \$94 as Chengdu is easing Covid restrictions gradually, lifting the demand outlook in one of the world's largest crude consumers.

Likewise, the understanding that the US will consider refilling the Strategic Petroleum Reserve if prices fall below \$80 a barrel further supported the rally. On the other hand, The Energy Information Administration report provided a mixed bag of signals for the market to digest as US crude stockpiles rose 2.44 million barrels thought inventories in Cushing fell while a measure of fuel demand fell below 2020 levels, a dour signal for the national economy.

The Organization of the Petroleum Exporting Countries (OPEC) on Tuesday said global oil demand in 2022 and 2023 will come in stronger than expected, citing signs that major economies are faring better than expected despite challenges such as surging inflation. As of 6:00am this morning, Brent slipped by 15 cents to trade at \$93.95

What to expect today?

Nigerian debt market is expected to be quiet at the start of the market today as the market awaits inflation data to be released by National Bureau of Statistics today. On the other hand, the interbank rates are expected to inched up slightly today, barring any significant inflow.

The FGN Eurobond market is expected to extend its bearish sentiment today but less aggressive as positive sentiment in US market is expected to influence risk appetite of investors around the world.

FGN Bond			
Description	TTM (Yrs)	Yield (%)	Changes (%)
^14.20 14-MAR-2024	1.50	11.50	0.00
13.53 23-MAR-2025	2.52	13.00	0.00
^12.50 22-JAN-2026	3.36	12.77	-0.10
^16.2884 17-MAR-2027	4.50	12.78	-0.27
^13.98 23-FEB-2028	5.44	13.00	0.00
15.00 28-NOV-2028	6.21	12.76	0.00
^14.55 26-APR-2029	6.61	12.64	0.00
^12.1493 18-JUL-2034	11.84	13.35	0.00
^12.50 27-MAR-2035	12.53	13.68	0.00
^12.40 18-MAR-2036	13.51	13.57	0.00
^16.2499 18-APR-2037	14.59	13.68	0.00
^13.00 21-JAN-2042	19.35	13.88	0.00
^14.80 26-APR-2049	26.61	13.59	0.00
^12.98 27-MAR-2050	27.53	13.65	0.00

FGN Eurobond			
Description	TTM (Yrs)	Yield (%)	Changes (%)
6.375 JUL 12, 2023	0.83	9.44	0.06
7.625 21-NOV-2025	3.19	11.46	0.28
6.50 NOV 28, 2027	5.21	11.46	0.28
6.125 SEP 28, 2028	6.04	12.36	0.43
8.375 MAR 24, 2029	6.53	13.10	0.40
7.143 FEB 23, 2030	7.44	12.69	0.42
8.747 JAN 21, 2031	8.35	12.98	0.42
7.875 16-FEB-2032	9.42	12.92	0.43
7.375 SEP 28, 2033	11.04	12.61	0.32
7.696 FEB 23, 2038	15.44	12.72	0.44
7.625 NOV 28, 2047	25.21	12.61	0.49
9.248 JAN 21, 2049	26.35	12.99	0.48
8.25 SEP 28, 2051	29.04	13.03	0.58

Treasury Bills				
DTM	Maturity	Yield (%)	Chage (%)	
29	13-Oct-22	9.06	0.00	
57	10-Nov-22	3.92	0.00	
134	26-Jan-23	10.17	0.00	
148	9-Feb-23	10.42	0.00	
225	27-Apr-23	5.05	0.00	
239	11-May-23	6.44	0.00	
267	8-Jun-23	6.77	0.00	

Spot	Rate (\$/N)	Chg (NGN)	AAForwards	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	430.00	0.00	1M	435.62	0.00
I&EFX Window	436.50	0.46	2M	437.72	-0.04
NAFEX	435.50	0.20	3M	439.98	-0.20
Parallel Market	710.00	2.00	6M	461.69	9.05
			1Y	476.36	0.16

Interbank	Rate (%)	change
OPR	7.00	-0.50
O/N	7.50	-0.50
Repo		
Call	6.00	0.00
1M	10.00	0.00
3M	10.00	0.00
6M	10.00	0.00

Other Key Indices		
Indicators	Current	Change
OPEC Quota	1.826m bpd	+26,000bpd
System liquidity	N251.65bn	-67.10bn
Foreign reserve	\$38.782bn	-33.95mn
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$93.72	-\$0.28
FAAC Allocation	N954.09bn	+N151.68bn

Major Business Headlines

- Nigeria, Morocco Sign 7,000km Gas Pipeline Deal Today:** Nigeria, through the Nigerian National Petroleum Company Ltd, will on September 15 sign a memorandum of understanding with Morocco with [supervision from ECOWAS for a 7,000km gas pipeline project](#). NNPC stated this in a statement on Tuesday citing its Group Chief Executive Officer, Mele Kyari, saying so when he paid a visit to the President of the ECOWAS Commission, Dr Omar Touray, in Abuja
- FG, EU, AFD complete N104bn electricity agreement:** The Federal Government and the French Development Agency, on Thursday, signed a grant agreement of €25m for the Northern Corridor Project, an electricity scheme jointly funded by the European Union, AFD and the Transmission Company of Nigeria. It was gathered that the [€25m grant agreement](#) of Thursday was the contribution of the EU to the €238m (N103.76bn at the official exchange rate of N435.97/€) required for the project.
- Senate to scrap over 400 MDAs in 2023:** The Chairman of the Senate Committee on Finance, Senator Olamilekan Adeola, said on Wednesday that over 400 out of 541 Federal Government's Ministries, Departments and Agencies are to be scrapped as recommended by [Stephen Orosanye-led Presidential Committee on agencies' rationalisation](#). Olamilekan, who made the declaration on the second day of the ongoing interface between the committee and heads of MDAs on revenue drive for the implementation of the proposed N19.76trillion 2023 budget, said Orosanye panel recommended the retention of 106 of the MDA.