

Fixed Income and Money Market

FGN Bond Market

The FGN bond market was quiet yesterday as investors focus on primary action. The average benchmark yield remained unchanged at 12.89%.

At yesterday's bond auction, the DMO sold NGN247.084 billion worth of bonds, as against ₦225.00 billion offered. The rates on the 2025, 2032 and 2042 maturities were allotted at 12.50%, 13.50%, and 14.00%, respectively. Compared to the previous auction, the rates on the 2025, 2032, and 2042 maturities rose by 150bps, 50bps and 85bps, respectively.

Nigerian Treasury Bill (NTB)

The treasury bills market recorded minimal trading activities yesterday, with buying interests seen on few maturities. The average benchmark yield reduced fractionally by 1bp to 8.07%.

FGN Eurobond Market

FGN Eurobond Market closed bearish yesterday, with selling interests seen across several maturities, however, offset mildly by buying interest on "12 July 2023" instrument. Thus, the average benchmark yield increased by 3bps to 10.57%.

Money Market

In the interbank space, the system liquidity remained significantly low as banks continue to seek repurchase agreement (repo) and Standing Lending Facility (SLF) to elevate their liquidity. Thus, Open Buy back (OBB) and Overnight (O/N) rates soared by 200bps and 150bps to close at 14.00% and 14.50% respectively.

Foreign Exchange Market

At the CBN Investors & Exporters Window yesterday, the value of naira depreciated by 37 kobo against the US dollar as the exchange rate closed higher at NGN430.00/\$1. Nigeria's foreign reserve stood at \$38.88 billion as of Friday last week.

Oil Market

- Oilprices: Oil prices fell this morning as bleak economic data from top crude buyer China renewed fears of a global recession. Brent crude futures fell by \$1.14 cents to \$93.96 a barrel as of 7.15am this morning.
- Swiss Energy Minister Simonetta Sommaruga told local newspaper SonntagsZeitung last weekend that Switzerland could turn to oil for electricity production in the winter in case of an emergency, amid a looming energy crisis. Sommaruga, who has backed more renewable energy use in Switzerland, admitted that the country might have to resort to using oil for electricity generation this winter as Europe faces low Russian natural gas supply, which could be cut even further or cut off altogether.
- According to the Energy Information Administration (EIA), the largest shale basin in the United States, the Permian, is on track to hit a record 5.408 million barrels per day next month, with production set to rise by 79,000 bpd. In its latest drilling productivity report released yesterday, the EIA said total output among all the big shale basins in the country would increase to 9.049 million bpd in September, representing a 141,000-bpd boost in production. Natural gas production is also on track to increase to a record of nearly 94 billion cubic feet per day in September.

FGN Bond Yields			
Tenor	Open	Close	Change
^12.75 27-APR-2023	9.30%	9.30%	0.00
^16.29 17-MAR-2027	12.72%	12.72%	0.00
^12.15 18-JUL-2034	13.26%	13.26%	0.00
Nigerian Treasury Bills Yields			
10-NOV-2022 (87 days)	3.94%	3.94%	0.00
9-FEB-2023 (178 days)	10.52%	10.51%	-0.01
08-JUN-2023 (297 days)	6.81%	6.81%	0.00
Nigerian Eurobond Yields			
6.375 JUL 12, 2023	7.35%	7.00%	-0.35
6.50 NOV 28, 2027	9.79%	9.94%	+0.15
7.875 16-FEB-2032	10.85%	10.95%	+0.10
Forex Spot rates			
I&E Market	429.63	430.00	+0.37
SMIS Market	430.00	430.00	0.00
Parallel Market	680.00	680.00	0.00
Forex Forward rates			
1 month	429.51	427.72	-1.79
6 months	452.54	453.34	+0.80
12 months	482.24	482.15	-0.09

What to Know

Monetary Policy Committee of the Central Bank of Nigeria (CBN) would most likely announce a tightening in the Monetary Policy Rate.

Coming Up

Today: Market participants await industry data on U.S. crude stockpiles.

What to Expect?

The Nigerian debt market is expected to be influenced by the inflation data released yesterday. Thus, we expect some bearish tread as investors seek higher returns.

Given the weak liquidity condition in the market, the interbank rate is to remain double-digit in the absence of any significant inflow.

Other Key Indices

Major Business Headlines

- Fuel subsidy hits N1.593tn, refinery rehabilitation gulps N54.66bn:** Latest data on the amount spent in subsidising Premium Motor Spirit, popularly called petrol, seen in Abuja yesterday showed that the government subsidised the commodity with [N1.593tn between January and June 2022](#). It was also gathered that the NNPC Limited pumped N54.66bn into refinery rehabilitation during the six months period.
- CBN: Budget Deficit, Public Debt Hamper Fiscal Sustainability:** The Central Bank of Nigeria (CBN) yesterday said [budget deficit and public debt could exert direct and negative consequences on fiscal sustainability](#), adding that these remained essential factors in assessing macroeconomic policies' credibility.
- Power intervention fund jumps to N2.9trn:** The Federal Government's intervention fund to the electricity distribution companies has risen to [N2.9trn, from N2trn recorded as of May this year](#). This indicates a 45 per cent increase over the period. By estimation, the N2.9trn is the total funding extended to the sector since privatisation in 2013.

Indicators	Current	Change
OBB	14.00%	+200bps
O/N	14.50%	+150bps
System liquidity	N71.22bn	+29.68bn
Foreign reserve	\$38.88bn	0.00mn
OPEC Quota	1.826m bpd	+26,000bpd
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$93.96	-\$1.14
FAAC Allocation	N802.407bn	+N145.805bn