

## FGN Bond Market

The FGN bond market closed on a bearish note last week, with selling interests concentrated mostly on short- and long-tenured maturities. As a result, the average benchmark yield rose by 29bps (basis points) to close at 13.22% week-on-week.

## Nigerian Treasury Bill (NTB)

The treasury bills market started the week on a quiet note as a result of the T-bill primary auction during the week. Towards the end of the week, the market witnessed elevated market activities, as buying interests on short- to mid-tenured maturities were offset by the sell offs seen on long-term instruments. At the end of the week, the average benchmark increased by 15bp to close at 3.46% on a weekly basis.

At the treasury bills auction last week, the DMO sold ₦56.94 billion worth of bills, the same as offered. The rates on the 91-day, 182-day, and 364-day notes were allotted at 2.00%, 4.33%, and 7.30%, respectively. Compared to the previous auction, the rate on 91-day, 182-day, and 364-day notes declined by 75bp, 282bps, and 119bps respectively. The bid-to-cover ratio across the three notes stood at 14.45x, 37.72x, and 5.76x, accordingly.

## FGN Eurobond Market

The Eurobond market registered another bullish streak last week on the back of easing US Inflation and strengthened labor market. On the other hand, investors look forward to global inflation data due this week to underscore inflation expectations which could signal that the worst of the global price squeeze is over. As a result, the average benchmark yield declined by 114bps to close at 10.33% on a weekly basis.

## Money Market

At the interbank space last week, system liquidity was relatively stable as the interbank rates stayed constant during the most part of the week. On the other hand, Banks completed NGN172 billion (an average of NGN34.5 billion) worth of Standing Lending Facility (SLF) transactions last week.

Hence, the rates on Open Buyback (OBB) and Overnight (O/N) transactions surged by 17bps each to close at 9.67% and 10.00%, respectively.

## Foreign Exchange Market

Last week, Naira depreciated by 23 kobo (week-on-week) against the US dollar as the exchange rate settled higher at NGN461.90/\$1. Likewise, Naira gained 2 naira against the US dollar at the parallel market as the exchange settled lower at NGN745/\$1 on Friday.

Meanwhile, Nigeria's foreign rose by \$1.11 million on Thursday, last week to settle higher at \$37.206 billion.

## Oil Market

Reuters: Oil prices dipped on Monday, but optimism that China's reopening from COVID restrictions will lift fuel demand in the world's top crude importer kept prices near 2023 highs, reached after a surge in prices last week.

Both contracts rose more than 8% last week, the biggest weekly gains since October and that may have spurred some short-term selling to lock in the profits from the move higher.

Prices continued to hover near 2023 highs on Monday. China's crude imports rose 4% year-on-year in December, while an expected resurgence in travel for the Lunar New Year holiday at the end of the week is brightening the outlook for transportation fuels.

Iranian oil exports hit new highs in the last two months of 2022 and are making a strong start to 2023 despite U.S. sanctions, amid higher shipments to China and Venezuela.

The Organization of the Petroleum Exporting Countries and the International Energy Agency will release their monthly reports this week, closely watched by investors for global demand and supply outlooks. Also, investors will also be watching for a key Bank of Japan (BOJ) meeting this week to determine if it would defend its super-sized stimulus policy.

As of 8:16 am, this morning, U.S. West Texas Intermediate crude decline by 0.59, or 0.79% to trade at \$79.27 a barrel, while Brent crude futures was down 67 cents, or 0.79%, to settle at \$84.60.

## What to expect this week?

The Nigerian debt is expected to be mostly bearish this week as the liquidity conditions thin out in the market and market anticipate borrowing from both private entities and a Federal government.

While interbank rates are expected to soar higher this week as system liquidity dived lower.

FGN Eurobond market is expected to extend its bullish streak this week on optimism about China's reopening while the investors monitor development in global inflation as countries set to release their inflation data this week.

## Other Key Indices

Indicators	Current	Change
System liquidity	N425.26bn	-N38.62bn
Foreign reserve	\$37.206bn	+\$1.11mn
Nig. Crude output	1.237mbpd	+171,000bpd
OPEC Quota	1.826m bpd	+26,000bpd
Brent Crude	\$84.60	-\$0.67
FAAC Allocation	N902.05bn	-N51.68bn

## Major Business Headlines

**World Bank blames technical problems for oil production decline:** The World Bank has stated that technical problems, insecurity, rising production costs, theft, lack of payment discipline in joint ventures, etc. were responsible for the 40 per cent decline of Nigeria's oil production last year. The apex bank said in its January global economic prospects report that the fall, when compared to its 2019 level, lowered economic growth to 3.1 per cent from 3.6 per cent the prior year. "[Oil output dropped to 1 million barrels per day, down by over 40 percent compared to its 2019 level](#), reflecting technical problems, insecurity, rising production costs, theft, lack of payment discipline in joint ventures, and persistent underinvestment, partly because of the diversion of oil revenues to petrol subsidies, estimated at over 2 per cent of GDP in 2022," the report said.

**Bank borrowing from CBN rises 260% to N21.87tn:** Deposit Money Banks borrowed the sum of [N21.87tn from the Central Bank of Nigeria via the Standing Lending Facility window](#) and Repurchase Lending platform in 2020, according to the CBN financial data. This represents a 260 per cent increase when compared to the N5.744tn recorded via the same windows in 2022. It, however, represents a 19.3 per cent decrease when compared to the N27.08tn the banks borrowed from the apex bank in 2021. The apex bank has two short-term lending windows for banks and merchant banks namely Standing Lending Facility (SLF) and Repurchase (Repo) lending. While the CBN lends money to banks and merchant banks through the SLF at interest rate of 100 basis points above the Monetary Policy Rate (MPR), it also lends money to banks through Repo arrangement, which involves the purchase of banks' securities with the agreement to sell back at a specific date and usually for a higher price.

# MARKET DAILY UPDATES – 13th January 2023



## Fixed Income

### FGN Bond

Description	TTM (Yrs)	Yield (%)	Change (%)	W-on-W
Λ14.20 14-MAR-2024	1.17	11.02	▼ -0.01	▲ 0.20
Λ13.53 23-MAR-2025	2.19	11.71	▲ 0.11	▲ 0.60
Λ12.50 22-JAN-2026	3.03	11.98	▼ -0.02	▲ 0.62
Λ16.2884 17-MAR-2027	4.17	12.24	▲ 0.00	▼ -0.36
Λ13.98 23-FEB-2028	5.11	12.50	▲ 0.00	▼ -0.42
Λ14.55 26-APR-2029	6.28	13.50	▲ 0.00	▲ 0.00
Λ12.1493 18-JUL-2034	11.51	13.54	▲ 0.00	▲ 0.29
Λ12.50 27-MAR-2035	12.20	13.50	▲ 0.00	▲ 0.00
Λ12.40 18-MAR-2036	13.18	13.71	▲ 0.00	▲ 0.23
Λ16.2499 18-APR-2037	14.26	14.93	▲ 0.15	▲ 0.36
Λ13.00 21-JAN-2042	19.02	14.20	▼ -0.44	▲ 0.35
Λ14.80 26-APR-2049	26.28	14.45	▲ 0.00	▲ 0.29
Λ12.98 27-MAR-2050	27.20	14.55	▲ 0.00	▲ 0.40

### FGN Eurobond

Description	TTM (Yrs)	Yield (%)	Change (%)	W-on-W
6.375 JUL 12, 2023	0.49	7.41	▼ -0.07	▼ -0.82
7.625 21-NOV-2025	2.85	9.15	▼ -0.27	▼ -1.25
6.50 NOV 28, 2027	4.87	9.15	▼ -0.27	▼ -1.25
6.125 SEP 28, 2028	5.71	10.06	▼ -0.40	▼ -1.25
8.375 MAR 24, 2029	6.19	10.95	▼ -0.15	▼ -1.13
7.143 FEB 23, 2030	7.11	10.63	▼ -0.28	▼ -1.29
8.747 JAN 21, 2031	8.02	10.93	▼ -0.29	▼ -1.20
7.875 16-FEB-2032	9.09	10.90	▼ -0.29	▼ -1.31
7.375 SEP 28, 2033	10.71	10.73	▼ -0.36	▼ -1.25
7.696 FEB 23, 2038	15.11	11.07	▼ -0.19	▼ -1.04
7.625 NOV 28, 2047	24.87	10.77	▼ -0.15	▼ -1.10
9.248 JAN 21, 2049	26.02	11.29	▼ -0.12	▼ -0.97
8.25 SEP 28, 2051	28.71	11.22	▼ -0.17	▼ -1.07

## Nigerian Treasury Bills

DTM	Maturity	Yield (%)	Change (%)	W-on-W
13	26-Jan-23	1.53	▲ 0.00	▼ -1.48
27	9-Feb-23	1.54	▲ 0.00	▼ -1.48
55	9-Mar-23	1.84	▲ 0.00	▼ -0.38
104	27-Apr-23	2.44	▼ -0.30	▼ -0.79
118	11-May-23	2.72	▼ -0.54	▼ -0.54
146	8-Jun-23	3.29	▼ -0.03	▼ -0.03
237	7-Sep-23	5.21	▲ 1.67	▲ 1.67
286	26-Oct-23	6.30	▲ 2.64	▲ 2.64
300	9-Nov-23	6.26	▲ 1.77	▲ 1.76

## Commodities

Commodities	Price	Change (%)
Brent	84.54	▼ -0.87
Bonny	84.99	▲ 0.81
Natural Gas	3.61	▲ 5.56
Gold	1,920.10	▲ 0.09
Silver	24.55	▲ 0.71
Copper	4.18	▼ -0.82
Cocoa	2,655.00	▲ 0.57
Coffee	150.60	▲ 0.80
Wheat	743.75	▲ 0.09

## Money Market

Index	Amount (NGN'bn)	Chg (NGN'bn)
System Liquidity	425.26	▼ -38.62

Interbank	Rate (%)	change
OPR	9.67	▲ 17
O/N	10.00	▲ 17
<b>Repo</b>		
Call	5.50	▲ 0.00
1M	8.00	▲ 0.00
3M	8.00	▲ 0.00
6M	8.00	▲ 0.00

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	102.1	▲ 0.11
EUR/USD	1.084	▲ 0.12
GBP/USD	1.224	▲ 0.09

## Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mln)
Foreign Reserve	37.21	▲ 1.11

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	445.00	▲ 0.00
I&E FX Window	461.90	▲ 0.73
NAFEX	461.29	▲ 0.00
Parallel Market	745.00	▲ 3.00

Forwards	Rate (\$/N)	Chg (NGN)
1M	476.61	▲ 2.50
2M	480.84	▲ 5.13
3M	482.30	▲ 4.83
6M	509.77	▲ 17.38
1Y	524.22	▲ 3.59

## Equities & Global Market

Indices	Points	Change (%)
NGX YTD	1.56%	
NGX All Share	52,512.48	▲ 0.89
NGX Banking	450.51	▲ 1.50
NGX 30	1895.52	▲ 0.95
NGX Consumer Goods	631.10	▼ -0.18
S&P 500	3,999.09	▲ 0.40
FTSE 100	7,844.07	▲ 0.64
Euro STOXX 50	4,150.80	▲ 0.58
US 10-year	3.498	▲ 0.051
UK 10-year	3.349	▼ -0.019
German 10-year	2.169	▲ 0.026

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

\*\*\*Global Market & Commodities' quotes are as of 7:22 am (GMT+1) – 16th January 2023

\*\*Bonny oil price is as of 13th January 2023