

### FGN Eurobond Market

The FGN Eurobond market was mostly bearish last week as moderate selloffs were registered across maturities. The unease in the market was largely driven by the heightened worries around the likelihood of global recession after Federal Reserve's minutes at its last policy meeting indicated that banking sector stress could tip the economy into a recession.

The anxiety in the market was intensified by the sticky inflation data reported during the midweek, pointing to a possibility of a 25bps hike by the US Fed in its next policy meeting in May. Thus, due to the bearish sentiment, the average benchmark yield surged by 35bps, closing at 12.89%, week-on-week.

### FGN Bond Market

The FGN Bond market traded sideways last week, with variegated interests recorded along the short- and long-end of the curve as market liquidity conditions remained weak. Thus, the average benchmark yield rose by seven basis points (bps) to close at 14.33%.

### Nigerian Treasury Bill (NTB)

Due to liquidity constraints last week, the treasury bill market was largely bearish, with selling interests registered across the board. Consequently, the average benchmark yield surged by 8bps to close at 8.17%, week-on-week, as stop rates at the last T-bill auction remained constant, besides the 364-day bill, which registered a decline.

At the NTB auction last week, the DMO raised NGN149.64 billion, while the total subscription stood at NGN280.352 billion. The stop rates for the 91- and 182-day papers remained unchanged from the previous auction levels, standing at 6.00% and 8.00%, respectively, whereas the 364-day bill saw a dip of 4bps to close at 14.70%. The bid-to-cover ratio for the three notes stood at 0.88x, 1.20x, and 0.99x, respectively.

### Money Market

System liquidity remained weak last week, evidenced by the increased activities at the Standing Lending Facilities (SLF) window as banks borrowed NGN888 billion last week. As a result, the rate of open buyback (OBB) and Overnight (O/N) transactions remained elevated throughout the week as OBB and O/N closed at 18.63% and 19%, respectively.

### Foreign Exchange Market

Last week, Naira depreciated (week-on-week) against the US dollar as the exchange rate rose by 75 kobos to settle at NGN463.25/\$1. At the parallel market, Naira appreciated against the US dollar as the exchange declined by 4 nairas to NGN741/\$1, week-on-week. Meanwhile, Nigeria's foreign reserve stood at \$35.43 billion after an increase of \$1.14 million last Thursday.

### Oil Market

Reuters: Oil prices edged up slightly this morning, supported by OPEC+'s plans to cut more output, while investors eyed Chinese economic data for signs of demand recovery in the world's second-largest oil consumer.

As of 7:50 am, Brent crude futures nudged 6 cents higher to \$86.37 a barrel, while U.S. West Texas Intermediate crude was at \$82.55 a barrel, up 3 cents.

Both contracts notched their fourth weekly gains last week - the longest-such streak since mid-2022 - after the International Energy Agency (IEA) forecast record demand in 2023 of 101.9 million barrels per day (bpd), up 2 million bpd on last year.

However, the IEA warned in its monthly report that the output cuts announced by OPEC+ producers risked exacerbating an oil supply deficit expected in the second half of the year and could hurt consumers and a global economic recovery.

Rising costs for Middle East crude supplies, which meet more than half of Asia's demand, are already squeezing refiners' margins, prompting them to secure supplies from other regions.

Refiners are also ramping up gasoline output ahead of peak summer demand, while cutting diesel production amid worsening margins.

CMC Markets analyst Tina Teng said that Investors will be watching for the release of China's first-quarter gross domestic product (GDP) data this week, which is expected to be positive for commodity prices,

Traders are betting that the Fed will raise its lending rate in May by another quarter of a percentage point and pushed out to late this year expectations of a rate cut, as typically occurs in a slowdown.

### What to expect today?

We expect the FGN bond and T-bill market to extend their bearish sentiments into this week as market liquidity constraints linger. On the other hand, we expect the interbank rates to remain elevated, barring any significant inflow this week.

The market expectation for the FGN Eurobond market this week is still gloomy. However, while we expect the market to sustain a bearish sentiment, S&P global manufacturing PMI and unemployment claims are expected to shape the direction of the yield curve as inflation data printed strong as expected.

### Other Key Indices

Indicators	Current	Change
System liquidity	N244.82	unchanged
Foreign reserve	\$35.43bn	\$1.14
Nig. Crude output	1.39mbpd	+100,000bpd
OPEC Quota	1.826m bpd	+26,000bpd
Brent Crude	\$86.42	0.36
FAAC Allocation	N750.17bn	-N240.02bn

### Major Business Headlines

**Why global value chain is important for job creation – Okonjo-Iweala:** At the ongoing World Bank/International Monetary Fund Spring meetings in Washington DC, the Director-General of the World Trade Organisation, explained that the coronavirus pandemic taught the world how important global value chains have become for job creation and inclusion. Speaking, the WTO DG, Ngozi Okonjo-Iweala said the COVID-19 vaccine supply chain gave a lot of insight as to how the redistribution of the global supply chain can be structured for more inclusive jobs across the developing world. According to her global value chains are the backbone of trade. They [make up to 45 to 55 percent of world trade](#). They are forces for inclusion, creation of jobs and also helps to increase incomes. "Actually, studies have shown that when you have global value chains spreading, per capita incomes go up.

**With \$252m Revenue in 2022, FG Moves to De-risk Cashew Value-chain to Boost Production, Export:** The federal government has taken immediate steps to maximise and harness the full economic potential inherent in cashew export. The Executive Director/Chief Executive, Nigerian Export Promotion Council (NEPC), Dr. Ezra Yakusak, [said even though Raw Cashew Nut \(RCN\) emerged as the 5th leading non-oil exportable product valued at \\$252 million](#), and accounted for 5.24 per cent of the country's non-oil export portfolio in 2022, the potential of the sector remained largely under-developed. Speaking at the launch of the Organic Cashew Certification Programme for Exports, organised by the council in collaboration with NICERT, Valency Limited and PRO-Cashew in Abuja, he said Nigeria remained the 4th leading producer of raw cashew nuts in Africa with about 19 producing states "But sadly, we have not maximized and harnessed the full economic potential inherent in cashew export."

# MARKET DAILY UPDATES – 14th April 2023



## Fixed Income

### FGN Bond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
^13.53 23-MAR-2025	1.94	11.15	0.00	-0.03
^12.50 22-JAN-2026	2.78	12.62	0.00	0.60
^16.2884 17-MAR-2027	3.92	13.50	0.00	0.49
^13.98 23-FEB-2028	4.86	14.00	0.00	0.00
^14.55 26-APR-2029	6.03	14.27	0.00	0.00
^12.50 27-APR-2032	9.04	14.76	0.00	0.00
^12.1493 18-JUL-2034	11.26	14.75	0.00	0.00
^12.50 27-MAR-2035	11.95	14.75	0.00	0.00
^12.40 18-MAR-2036	12.93	14.76	0.00	0.00
^16.2499 18-APR-2037	14.01	15.40	0.00	0.00
^13.00 21-JAN-2042	18.77	15.14	0.00	0.00
^14.80 26-APR-2049	26.03	15.61	0.03	-0.04
^12.98 27-MAR-2050	26.95	15.60	-0.03	-0.05

### FGN Eurobond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
6.375 JUL 12, 2023	0.24	13.14	-0.14	1.32
7.625 21-NOV-2025	2.60	11.96	0.05	0.21
6.50 NOV 28, 2027	4.62	11.96	0.05	0.21
6.125 SEP 28, 2028	5.46	12.26	0.03	0.21
8.375 MAR 24, 2029	5.94	13.21	0.02	0.28
7.143 FEB 23, 2030	6.86	12.96	0.03	0.31
8.747 JAN 21, 2031	7.77	13.38	0.02	0.33
7.875 16-FEB-2032	8.84	13.02	0.03	0.28
7.375 SEP 28, 2033	10.46	12.92	0.04	0.28
7.696 FEB 23, 2038	14.86	13.15	0.02	0.25
7.625 NOV 28, 2047	24.62	12.87	0.07	0.30
9.248 JAN 21, 2049	25.77	13.48	0.04	0.24
8.25 SEP 28, 2051	28.46	13.20	0.03	0.24

### Nigerian Treasury Bills

DTM	Maturity	Yield (%)	Change (%)	WoW (%)
13	27-Apr-23	3.56	0.00	0.00
27	11-May-23	3.91	0.00	0.00
55	8-Jun-23	5.55	0.95	0.94
146	7-Sep-23	6.93	0.00	-0.01
195	26-Oct-23	8.27	0.00	-0.02
209	9-Nov-23	8.66	0.00	-0.02
237	7-Dec-23	9.47	0.00	-0.02
286	25-Jan-24	10.96	0.00	-0.03
300	8-Feb-24	11.41	0.00	-0.03
328	7-Mar-24	12.94	0.00	-0.04

## Commodities

Commodities	Price	Change (%)
Brent	86.42	0.36
Bonny	86.04	-0.67
Natural Gas	2.17	2.84
Gold	2021.10	0.26
Silver	25.50	0.22
Copper	4.12	0.23
Cocoa	2740.07	0.15
Coffee	195.00	1.04
Wheat	675.50	-1.03

## Money Market

Index	Amount (NGN'bn)	Chg (NGN'bn)
System liquidity	244.82	56.97

Interbank	Rate (%)	change (bp)
OPR	18.63	-0.04
O/N	19.00	0.00
<b>Repo</b>		
Call	6.25	-3.08
1M	11.00	3.00
3M	11.50	3.50
6M	12.00	4.00

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	101.59	0.03
EUR/USD	1.099	-0.07
GBP/USD	1.242	0.03

## Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mn)
Foreign Reserve	35.43	1.14

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	462.00	0.00
I&E FX Window	464.00	0.17
NAFEX	463.50	0.11
Parallel Market	742.00	-1.00

^^Forwards	Rate (\$/N)	Chg (NGN)
1M	469.20	1.05
2M	478.44	2.77
3M	485.89	2.22
6M	513.22	4.21
1Y	562.49	1.87

## Equities & Global Market

Indices	Points	Change (%)
NGX YTD	1.25%	
NGX All Share	51,893.94	-0.10
NGX Banking	-	0.10
NGX 30	-	0.03
NGX Consumer Goods	-	-0.03
S&P 500	4,137.64	-0.21
FTSE 100	7,871.91	0.36
Euro STOXX 50	4,390.75	0.63
US 10-year	3.513	-0.009
UK 10-year	3.652	-0.010
German 10-year	2.436	0.005

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

\*\*\*Global Market & Commodities' quotes are as of 6:50 am (GMT+1) – 17th April 2023

\*\*Bonny oil price is as of 14th April 2023