

Fixed Income and Money Market

FGN Bond Market

The FGN bond market was relatively mixed yesterday with buying interests seen on several maturities. However, the bearish move in "March 2024" edged the market into a bearish region. Thus, the average benchmark yield inched up by 1basis point (bp) to 11.55%.

Nigerian Treasury Bill (NTB)

The treasury bills market closed on a bullish note yesterday with buying interests seen on several maturities. The average benchmark yield declined by 10bps to 4.67%.

FGN Eurobond Market

FGN Eurobond closed on a bearish note yesterday as investors digest the US hawkish policy leading to selling interests across all maturities while investors move their fund in US treasury bills amidst lower expectation about the future GDP growth. The average benchmark yield surged by 19bps to close at 12.49%.

Money Market

The interbank rates remained elevated as banks seek additional standing lending facility amidst inflow from repurchase agreement. The rate on Open Buyback (OBB) transaction rose by 8bps to settle at 13.83% while Overnight (O/N) transactions remained unchanged at 14.00%.

Foreign Exchange Market

Naira depreciated against the US dollar at the CBN Investors & Exporters Window yesterday as the exchange rate rose by 50 kobo to close at NGN420.50/\$1. On Wednesday, this week, Nigeria's foreign reserve rose by \$17 million to settle at \$38.633 billion.

Oil Market

- Reuters: Oil prices rose yesterday in topsy-turvy trading after the United States announced new sanctions on Iran, and as energy markets stayed focused on supply concerns that have sent prices soaring this year. The market slipped earlier as interest rate hikes in the United States, Britain and Switzerland fed worries about global economic growth. After the early selloff, buyers jumped back into the market as most forecasters expect supply to remain tight for several months. However, as of 7:20am, this morning, Brent futures slipped by 38 cents to trade at \$119.40
- Analysts said prices got a boost from Washington's decision to impose sanctions on Chinese, Emirati and Iranian firms that help export Iran's petrochemicals. The U.S. Treasury department said it had imposed penalties on two companies based in Hong Kong, three in Iran, and four in the United Arab Emirates, as well as on Chinese citizen Jinfeng Gao and Indian national Mohammed Shaheed Ruknoddin-Bhore, a step that may raise pressure on Tehran to revive the 2015 Iran nuclear deal.
- In addition, Libya's oil output has collapsed to 100,000-150,000 bpd, a fraction of the 1.2 million bpd seen last year, and analysts remain concerned that country could have ongoing problems delivering oil amid unrest. The International Energy Agency said it expects demand to rise further in 2023, growing by more than 2% to a record 101.6 million barrels per day. Optimism that China's oil demand will rebound as it eases COVID-19 restrictions is also supporting prices.

Bank of England MPC Meeting Outcome: The Bank of England has raised interest rates for a fifth time in succession to tackle an inflation rate that is heading towards 11% amid soaring household energy bills. In a move widely expected by City economists, the Bank's monetary policy committee (MPC) voted by a majority to increase its key base rate by [0.25](#) percentage points to 1.25% in response to living costs rising at the fastest annual rate for four decades.

FGN Bond Yields

Tenor	Open	Close	Change
^12.75 27-APR-2023	6.20%	6.05%	-0.15
^16.29 17-MAR-2027	10.74%	10.74%	0.00
^12.15 18-JUL-2034	12.27%	12.27%	0.00

Nigerian Treasury Bills Yields

8-SEPT-2022 (84 days)	3.48%	3.48%	0.00
24-NOV-2022 (162 days)	4.72%	5.39%	+0.57
11-MAY-2023 (330 days)	6.59%	6.10%	+0.49

Nigerian Eurobond Yields

6.375 JUL 12, 2023	8.57%	8.68%	+0.11
6.50 NOV 28, 2027	12.21%	12.49%	+0.28
7.875 16-FEB-2032	13.10%	13.22%	+0.12

Forex Spot rates

I&E Market	420.00	420.50	+0.50
SMIS Market	430.00	430.00	0.00
Parallel Market	610.00	609.00	+1.00

Forex Forward rates

1 month	419.51	419.49	-0.02
6 months	437.57	437.53	-0.04
12 months	460.71	460.46	-0.05

Other Key Indices

Indicators	Current	Change
OBB	13.83%	+8bps
O/N	14.00%	00bps
System liquidity (op. bal)	N208.08bn	-79.06bn
Foreign reserve	\$38.633bn	+16.99mn
Nig. Crude output	1.2m bpd	-40,000bpd
Brent Crude	\$119.40	-\$0.38
FAAC Allocation	N656.60bn	+N90.56bn

Major Business Headlines

- FG plans 17 airports' concession, to unbundle aviation regulations:** At least 17 airports under the management of the Federal Airports Authority of Nigeria that are currently not up for concession are going to be given to concessionaires, the Federal Government announced on Thursday. It also announced that the country's civil aviation regulations were currently being reviewed for unbundling in order [to make the entry requirements for aviation investors much easier](#). The Minister of Aviation, Hadi Sirika, who disclosed this at the ongoing National Aviation Conference in Abuja, stated that aside from the current concession of Nigeria's major international airports, other airports would follow suit.
- High inflation, fiscal deficit to persist in Nigeria:** The International Monetary Fund has said that the rate of inflation in Nigeria is expected to remain elevated in 2022. According to the lender, the fiscal deficit of the consolidated government is [expected to remain high at 6.1 per cent of the nation's Gross Domestic Product](#) majority due to costly petrol subsidies and limited tax revenue collections. This was contained in a statement on the IMF's website issued after meetings between an IMF team and Nigerian authorities. Despite this growth, she said that the oil sector had been dragging the economy with weakening oil production driven by persistent security and technical challenges.
- Fuel Scarcity: FG raises freight rate for marketers:** The federal government announced Thursday it has approved the upward review in freight rate for transporters to help alleviate the challenges associated with distribution of petroleum products nationwide. The revised freight rate takes effect from [June 1 while the pump price of petrol remains at N165 per litre](#), a statement by the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), said Thursday. The statement said the approval was granted after due consultations with industry-wide parties. It said the review was necessitated by the upswing in the global price of petroleum products especially diesel, and its implication on the cost of transporting petrol nationwide.