

FGN Bond Market

The FGN bond market closed on a bearish note last week, driven by selling interests seen on mid- and long-term instruments. Positive sentiments seen on short-tenured maturities at the start of the week, partly offset the bearish sentiment recorded towards the end of the week. Thus, the average benchmark yield surged by 12bps to close at 14.12% week-on-week.

Nigerian Treasury Bill (NTB)

The treasury bills market was relatively quiet last week as most of the activities were directed toward the mid-week NTB refinancing. At the end of the week, the average benchmark declined by 1bp to close at 7.30% on a weekly basis.

At the mid-week treasury bills auction, the DMO sold ₦34.83 billion worth of bills as compared to ₦190.88 billion offered. The rates on the 91-day, 182-day and 364-day notes were allotted at 6.47%, 7.90%, and 13.00%, respectively. Compared to the previous auction, the rate on 91-day, 182-day and 364-day notes rose by 2bps, 40bps, and 100bps, respectively. The bid-to-cover ratio across the three papers stood at 0.12x, 0.10x, and 0.71x, accordingly.

FGN Eurobond Market

The US Inflation for September printed higher-than-expected while the labour market remained tight, giving the U.S. Federal Reserve the green light to stay aggressively hawkish, hence, putting another jumbo rate hike on the table at the next FOMC meeting.

Partly because of this, the Eurobond Market closed on a bearish note last week with selling interests seen across maturities. However, on Friday, the market saw an improved sentiments on most maturities. The average benchmark yield surged by 88bps to close at 13.95% on a weekly basis.

Money Market

The interbank rates remained elevated throughout last week as banks utilized more standing lending facilities (SLF) to boost their liquidity. SLF transactions at the interbank space surged by 907 billion last week, while banks completely stayed away from Repurchase Agreement (Repo). On Friday, the rates on Open Buyback (OBB) and Overnight (O/N) transactions declined by 8bps and 25bps to close at 16.17% and 16.25%, respectively.

Foreign Exchange Market

At the CBN Investors & Exporters Window on Friday, the value of naira appreciated by 45 kobo against the US dollar as the exchange rate settled lower at NGN438.25/\$1. Last week, Nigeria's foreign reserve declined by \$125 million and \$40.7 million on Wednesday and Thursday, respectively to settle at \$37.91 billion.

Oil Market

OPEC, in its monthly oil market report, revealed that Nigeria's oil output in September dipped further to 936,000bpd from 972,000bpd in the preceding month as oil pipeline vandalism and oil bunkering persist in Niger Delta region.

Reuters: Oil prices rose on Monday after China rolled over liquidity measures to help its pandemic-hit economy, igniting hopes for a better fuel demand outlook from the world's top crude importer.

Brent crude futures rose 83 cents to trade at \$92.46 a barrel as of 7:48am this morning, recovering from a 6.4% fall last week. Whereas U.S. West Texas Intermediate crude was at \$86.32 a barrel, up 71 cents, after a 7.6% decline last week.

China's central bank rolled over maturing medium-term policy loans while keeping the interest rate unchanged for a second month on Monday. Analysts said the full rollover is a signal that the central bank would continue to maintain loose monetary policy. A senior National Energy Administration official said on Monday that the country also vowed to greatly increase domestic energy supply capacity and step-up risk controls in key commodities including coal, oil and gas, and electricity

Looking ahead, oil prices are expected to remain volatile as production cuts by OPEC+ will tighten supplies ahead of the European Union embargo on Russian oil, while a strong U.S. dollar and further interest rate increases from the U.S. Federal Reserve limit price gains

What to expect this week?

FGN Bond market is expected to start the week on a quiet note as the FGN plans to raise 275 billion naira at the bond auction today while the NTB market is expected to be relatively bearish this week due to increase in stop rates at the mid-week auction.

Interbank rates are expected to remain elevated, barring any major inflow this week as liquidity conditions remain weak

The FGN Eurobond market is expected to sustain its bullish sentiments, barring any negative catalyst.

Nigeria's inflation data for September is set to be released today

Other Key Indices

Indicators	Current	Change
System liquidity	₦262.38bn	+22.69bn
Foreign reserve	\$37.905bn	-40.7mn
Nig. Crude output	936,000 bpd	-37,398bpd
OPEC Quota	1.826m bpd	+26,000bpd
Brent Crude	\$92.46	\$0.83
FAAC Allocation	₦954.09bn	+₦151.68bn

Major Business Headlines

FG mulls special FX window for manufacturers: The Federal Government has said it will begin steps towards creating a separate and special foreign exchange window for exporting manufacturers. The Minister of Trade and Investment, Niyi Adebayo, dropped the hint during the Manufacturers Association of Nigeria Export Promotion Group's Annual General Conference in Lagos on Thursday. The minister was reacting to a plea by [the manufacturers asking the Federal Government to support](#) the sector by allowing operators to access forex through a special window to be created by the Central Bank of Nigeria. This, according to the manufacturers, will put an end to a situation where operators go to the parallel market to source forex.

Nigeria hasn't requested debt restructuring — World Bank boss: Nigeria has not requested debt restructuring from international financial institutions as allowed under the Common Framework for debt treatment beyond the Debt Service Suspension Initiative, DSSI, the World Bank has said. World Bank President, David Malpass, stated this in Washington, [at his opening press briefing of the ongoing annual meetings of the World Bank and IMF](#). He, however, added that any request for debt relief from Nigeria would be subjected to assessment of the country's debt sustainability.

NBS: States Raked in ₦5.10 Trillion IGR in Three Years: The 36 states of the federation including the Federal Capital Territory (FCT) generated a total sum of ₦5.10 trillion in Internally Generated Revenue (IGR) between 2019, 2020, and 2021, [according to the National Bureau of Statistics \(NBS\). Total domestic revenue mobilisation stood at ₦1.64 trillion in 2019](#), with tax revenue accounting for 64.65 per cent of the total share, while tax revenue rose to 66.16 per cent out of the ₦1.56 trillion revenue recorded in 2020.



MARKET DAILY UPDATES – 16th September 2022

Fixed Income

FGN Bond

Description	TTM (Yrs)	Yield (%)	W-on-W (%)	Change (%)
^14.20 14-MAR-2024	1.42	14.10	▲ 0.21	▼ -0.15
13.53 23-MAR-2025	2.44	13.75	▼ -0.34	▬ 0.00
^12.50 22-JAN-2026	3.27	13.71	▲ 0.01	▬ 0.00
^16.2884 17-MAR-2027	4.42	13.72	▼ -0.01	▬ 0.00
^13.98 23-FEB-2028	5.36	13.90	▬ 0.00	▬ 0.00
^14.55 26-APR-2029	6.53	13.80	▲ 0.55	▲ 0.56
^12.1493 18-JUL-2034	11.76	14.34	▲ 0.37	▬ 0.00
^12.50 27-MAR-2035	12.45	13.98	▬ 0.00	▬ 0.00
^12.40 18-MAR-2036	13.43	14.00	▬ 0.00	▬ 0.00
^16.2499 18-APR-2037	14.51	15.33	▬ 0.00	▬ 0.00
^13.00 21-JAN-2042	19.27	14.60	▲ 0.55	▲ 0.55
^14.80 26-APR-2049	26.53	13.73	▬ 0.00	▬ 0.00
^12.98 27-MAR-2050	27.45	14.60	▲ 0.26	▬ 0.00

FGN Eurobond

Description	TTM (Yrs)	Yields (%)	W-on-W (%)	Change (%)
6.375 JUL 12, 2023	0.74	10.26	▲ 1.85	▼ -0.72
7.625 21-NOV-2025	3.10	12.68	▲ 1.08	▲ 0.03
6.50 NOV 28, 2027	5.12	12.68	▲ 1.08	▲ 0.03
6.125 SEP 28, 2028	5.96	14.58	▲ 0.83	▼ -0.19
8.375 MAR 24, 2029	6.44	15.04	▲ 0.91	▼ -0.15
7.143 FEB 23, 2030	7.36	14.88	▲ 0.67	▼ -0.16
8.747 JAN 21, 2031	8.27	14.99	▲ 0.78	▼ -0.21
7.875 16-FEB-2032	9.34	15.03	▲ 0.80	▼ -0.20
7.375 SEP 28, 2033	10.96	14.56	▲ 0.69	▼ -0.28
7.696 FEB 23, 2038	15.36	14.17	▲ 0.66	▼ -0.13
7.625 NOV 28, 2047	25.12	13.78	▲ 0.71	▼ -0.26
9.248 JAN 21, 2049	26.27	14.28	▲ 0.68	▼ -0.23
8.25 SEP 28, 2051	28.96	14.37	▲ 0.70	▼ -0.35

Treasury Bill

DTM	Maturity	Yield (%)	W-on-W (%)	Change (%)
27	10-Nov-22	5.93	▼ -0.01	▬ 0.00
104	26-Jan-23	6.63	▼ -0.01	▬ 0.00
118	9-Feb-23	6.76	▼ -0.01	▬ 0.00
132	23-Feb-23	6.89	▼ -0.01	▬ 0.00
146	9-Mar-23	7.03	▼ -0.01	▬ 0.00
195	27-Apr-23	7.51	▼ -0.01	▬ 0.00
209	11-May-23	7.65	▼ -0.01	▬ 0.00
237	8-Jun-23	7.93	▼ -0.02	▬ 0.00
328	7-Sep-23	8.92	▼ -0.01	▬ 0.00

Commodities

Commodities	Price	Change (%)
Brent	92.35	▲ 0.79
Bonny	93.84	▼ -1.28
Natural Gas	6.29	▲ 0.25
Gold	1,654.40	▲ 0.34
Silver	18.33	▲ 1.41
Copper	3.42	▼ -0.22
Cocoa	2,377.00	▼ -0.34
Coffee	196.70	▼ -2.70
Wheat	865.00	▲ 0.61

Money Market

//	Amount (NGN'bn)	Chg (NGN'bn)
System Liquidity	269.33	▲ 93.67

Interbank	Rate (%)	change
OPR	16.25	▼ -0.08
O/N	16.75	▼ -0.25
Repo		
Call	16.00	▬ 0.00
1M	12.00	▬ 0.00
3M	12.00	▬ 0.00
6M	12.00	▬ 0.00

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	112.98	▼ -0.2
EUR/USD	0.9732	▲ 0.13
GBP/USD	1.1219	▲ 0.44

Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mn)
Foreign Reserve	37.906	▼ -40.65

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	430.00	▬ 0.00
I&E FX Window	441.38	▼ -0.45
NAFEX	440.50	▲ 1.20
Parallel Market	745.00	▲ 8.00

^^Forwards	Rate (\$/N)	Chg (NGN)
1M	448.30	▬ 0.00
2M	451.66	▬ 0.00
3M	455.41	▬ 0.00
6M	473.04	▬ 0.00
1Y	498.04	▬ 0.00

Equities & Global Market

Indices	Points	Change (%)
NGX YTD	11.36%	
NGX All Share	47,569.04	▲ 0.09
NGX Banking	373.48	▲ 0.65
NGX 30	1,697.69	▲ 0.08
NGX Consumer Goc	577.12	▼ -0.52
S&P 500	3,583.07	▼ -2.370
FTSE 100	6,858.79	▲ 0.120
Euro STOXX 50	3,381.73	▲ 0.570
US 10-year	3.996	▼ -0.010
UK 10-year	4.372	▲ 0.178
German 10-year	2.341	▼ -0.016

Source: FMDQ, CBN, Reuters, CNBC

***Global Market & Commodities' quotes are as of 5:30 am (GMT+1) – 17th October, 2022

**Bonny oil price is as of 13th October 2022