

FGN Eurobond Market

The Eurobond market closed bearish yesterday, with selling interests seen across most maturities as investors digested another round of corporate earnings, while the dollar and U.S. Treasuries yields rose after economic data further cemented expectations of a rate hike from the Federal Reserve in May. The average benchmark yield rose by 5bps (basis points) to 12.94%.

FGN Bond Market

The FGN bond market was tepid yesterday, with buying interests concentrated on short term maturities. At the end of the trading session, the average benchmark yield remained unchanged at 14.33%.

Nigerian Treasury Bill (NTB)

The treasury bills market was relatively quiet yesterday, with buying interests seen on selected mid- and long-term maturities. The average benchmark yield declined fractionally by 1bp to 8.16%.

Money Market

In the Interbank space, system liquidity weakened, causing the interbank rates to remain elevated. Also, SLF window recorded additional NGN400 billion from the apex bank. Thus, the rates on Open Buyback (OBB) and Overnight (O/N) maintained constant values at 18.63% and 19.00% respectively.

Foreign Exchange Market

At the I & E window, the value of naira appreciated against the US dollar, by NGN1.75 as the exchange rate settled lower to N462.25/\$1. As of Friday, last week, Nigeria's foreign reserve declined by \$14.3 million to settle at \$35.41 billion.

Oil Market

- Reuters: Oil prices firmed slightly this morning, after falling 2% in the previous session, as stronger economic data from the world's largest crude importer China underpinned the demand outlook. Brent crude futures gained 37 cents to trade at \$85.13 a barrel as of 8.00am, this morning.
- China's economy grew at a faster-than-expected clip in the first quarter, official data showed, expanding 4.5% year-on-year as policymakers move to bolster growth following the end of strict COVID-19 curbs in December. "The remarkable recovery of the Chinese economy has supported the recent rebound in oil prices," CMC Markets analyst Leon Li said. Furthermore, May is the seasonal peak travel period in China and demand for fuel is expected to post a very large year-on-year increase, he said.
- Chinese refinery throughput surged to record levels in March, signaling robust demand for fuel, as refiners stepped up runs to capture strong export demand and build up inventories ahead of planned maintenance. The International Energy Agency (IEA) has forecast that China will account for most of 2023 crude oil demand growth. However, the agency also has warned that output cuts announced by OPEC+ producers risk exacerbating a supply deficit expected in the second half of the year and could hurt consumers and set back global economic recovery.
- Oil prices also remain under pressure due to a stronger dollar and a rise in treasury yields, National Australia bank analysts said in a client note.

What to expect today?

We expect the Nigerian bond market to close bearish, with activities seen on the long end of the curve. Meanwhile, we expect the interbank rates to remain elevated barring any major inflow.

The FGN Eurobond market is expected to follow yesterday's bearish trend as investors continue to gauge the health of the global economy.

NIGERIAN TREASURY BILLS				
DTM	Maturity	Yield (%)	Change (%)	
10	27-Apr-2023	3.56	0.00	
24	11-May-2023	3.91	0.00	
52	8-Jun-2023	5.54	0.00	
143	7-Sep-2023	6.93	0.00	
192	26-Oct-2023	8.26	-0.01	
206	9-Nov-2023	8.65	-0.01	
234	7-Dec-2023	9.46	-0.01	
283	25-Jan-2024	10.95	-0.01	
297	8-Feb-2024	11.40	-0.01	
325	7-Mar-2024	12.93	-0.01	

Other Key Indices		
Indicators	Current	Change
OPEC Quota	1.830mbpd	+31,000bpd
System liquidity	N134.87bn	+N30.367bn
Foreign reserve	\$35.41bn	-\$14.3mn
Nig. Crude output	1.39m bpd	+100,000bpd
Brent Crude	\$85.13	+\$0.37
FAAC Allocation	N722.684bn	-N27.49bn

Interbank	Rate (%)	Change (%)
OPR	18.63	0.00
O/N	19.00	0.00
REPO		
Call	6.25	0.00
1M	11.00	0.00
3M	11.50	0.00
6M	12.00	0.00

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	462.00	0.00
I&E FX Window	462.25	-1.75
NAFEX	462.23	0.02
Parallel Market	742.00	0.00
AAForwards		
1M	469.79	0.59
2M	479.17	0.73
3M	488.20	2.31
6M	514.09	0.87
1Y	562.62	0.13

FGN Bond				
Description	Maturity Date	TTM (Yrs)	Yield (%)	Change (%)
^13.53 23-MAR-2025	23 Mar 2025	1.93	11.14	-0.01
^12.50 22-JAN-2026	22 Jan 2026	2.77	12.62	0.00
^16.2884 17-MAR-2027	17 Mar 2027	3.92	13.49	-0.01
^13.98 23-FEB-2028	23 Feb 2028	4.85	14.00	0.00
^14.55 26-APR-2029	26 Apr 2029	6.03	14.27	0.00
^12.50 27-APR-2032	27 Apr 2032	9.03	14.76	0.00
^12.1493 18-JUL-2034	18 Jul 2034	11.25	14.75	0.00
^12.50 27-MAR-2035	27 Mar 2035	11.94	14.75	0.00
^12.40 18-MAR-2036	18 Mar 2036	12.92	14.76	0.00
^16.2499 18-APR-2037	18 Apr 2037	14.00	15.40	0.00
^13.00 21-JAN-2042	21 Jan 2042	18.77	15.14	0.00
^14.80 26-APR-2049	26 Apr 2049	26.03	15.61	0.00
^12.98 27-MAR-2050	27 Mar 2050	26.94	15.60	0.00

FGN Eurobond			
Description	Maturity Date	Yield (%)	Change (%)
6.375 JUL 12, 2023	12-Jul-2023	13.48	0.34
7.625 21-NOV-2025	21-Nov-2025	11.99	0.03
6.50 NOV 28, 2027	28-Nov-2027	11.99	0.03
6.125 SEP 28, 2028	28-Sep-2028	12.34	0.08
8.375 MAR 24, 2029	24-Mar-2029	13.24	0.03
7.143 FEB 23, 2030	23-Feb-2030	12.99	0.03
8.747 JAN 21, 2031	21-Jan-2031	13.39	0.01
7.875 16-FEB-2032	16-Feb-2032	13.05	0.03
7.375 SEP 28, 2033	28-Sep-2033	12.94	0.02
7.696 FEB 23, 2038	23-Feb-2038	13.17	0.02
7.625 NOV 28, 2047	28-Nov-2047	12.88	0.01
9.248 JAN 21, 2049	21-Jan-2049	13.48	0.00
8.25 SEP 28, 2051	28-Sep-2051	13.25	0.05

Major Business Headlines

- Nigeria, Other African Countries to Benefit from AfDB's Six-year Fertilizer Strategic Plan:** The African Development Bank (AfDB) has stated that its Africa Fertilizer Financing Mechanism (AFFM) strategic plan 2022-2028 is committed [to mobilising funds to support the availability and appropriate use of fertilizer on the continent](#). The move is apt especially at a time when Small Holder Farmers (SHFs) are grappling with high cost of farm inputs as a result of the unending Russia-Ukraine conflict. The AFFM strategic plan 2022-2028 prioritises broadening access to finance through capital investments and policy reforms where technical assistance will also be provided to boost smallholder farmers' access and appropriate fertilizer.
- Nigeria Produces 115m Barrels, 75% of Budget Benchmark in Q1 Amid Struggling Oil Output:** Amid Nigeria's crude oil production struggle, [the country managed to drill 1.15 million barrels of the commodity in the first quarter of 2023](#), a THISDAY review of industry data has shown. In all the country's output was 39 million barrels in January, 36.5 million barrels in February and 39.3 million barrels in March, data sourced from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) indicated. However, when condensate which is excluded from the Organisation of Petroleum Exporting Countries (OPEC) computation is added, the country's total production for the period jumped to 136.6 million barrels in the first three months of 2023.