

### Fixed Income and Money Market

#### FGN Bond Market

The FGN bond market was quiet yesterday with minimal trading activities seen on selected maturities. The average benchmark yield remained unchanged at 11.79% as the market shifted attention to yesterday's primary market auction.

At yesterday's bond auction, the DMO sold NGN123.84 billion worth of bonds, as against ₦225.00 billion offered. The rates on the 2025, 2032 and 2042 maturities were allotted at 11.00%, 13.00%, and 13.15%, respectively. Compared to the previous auction, the rates on the 2025, 2032, and 2042 maturities rose by 90bps, 50bps and 60bps, respectively. The bid-to-cover ratio across the three maturities were 0.16x, 0.34x, and 1.40x, accordingly.

#### Nigerian Treasury Bill (NTB)

The treasury bills market registered a tepid session yesterday with low activities across board. The average benchmark yield remained unchanged at 7.15%.

#### FGN Eurobond Market

FGN Eurobond market closed bullish yesterday with buying interests seen across board. Thus, the average benchmark yield declined by 77bps to 14.08%.

#### Money Market

In the absence of any significant inflow yesterday, the system liquidity remained relatively low as banks continue to rely on repurchase agreement (repo) and Standing Lending Facility (SLF) to bolster their liquidity. The rates on Open Buy back (OBB) increased by 17 bps to 14.00% while Overnight (O/N) remained unchanged at 14.00%.

#### Foreign Exchange Market

At the CBN Investors & Exporters Window yesterday, the value of naira rose by NGN1.20 against the US dollar as the exchange rate closed at NGN429.13/\$1. Nigeria's foreign reserve increased by \$6.88million on Thursday last week to settle at \$39.430 billion.

#### Oil Market

- **Reuters:** Oil prices gained over 4.6% yesterday as the market attempted to digest developments in the Middle East following U.S. President Joe Biden's meeting with the Crown Prince on Friday, and as the dollar weakened slightly. However, as of 8.00am this morning, Brent oil prices slipped to \$106.3 per barrel after losing 3 cents.
- The White House said yesterday that it anticipates major oil producers in the OPEC+ alliance to increase crude production following President Joe Biden's trip to the Middle East. Saudi Crown Prince had markets hedging oil lower, despite widespread doubts that anything would be accomplished in terms of increasing OPEC output. Yesterday, Iraq's oil minister told Bloomberg that oil is likely to continue trading above \$100 for the remainder of this year.
- Fatih Birol, Executive Director of the International Energy Agency (IEA) said that Europe needs to take immediate steps to conserve gas and reduce its consumption in order to prevent much more drastic cuts and curtailments later on. "Russia's latest moves to squeeze natural gas flows to Europe even further, combined with other recent supply disruptions, are a red alert for the European Union. As we get closer to next winter, we are getting a clearer sense of what Russia may do next. The next few months will be critical," he added.

### FGN Bond Yields

Tenor	Open	Close	Change
^12.75 27-APR-2023	7.23%	7.24%	+0.01
^16.29 17-MAR-2027	10.70%	10.70%	0.00
^12.15 18-JUL-2034	12.40%	12.40%	0.00

### Nigerian Treasury Bills Yields

13-OCT-2022 (87 days)	9.20%	9.20%	0.00
26-JAN-2023 (192 days)	7.81%	7.81%	0.00
08-JUN-2023 (325 days)	6.38%	6.37%	-0.01

### Nigerian Eurobond Yields

6.375 JUL 12, 2023	10.69%	10.11%	-0.58
6.50 NOV 28, 2027	14.30%	13.57%	-0.73
7.875 16-FEB-2032	15.42%	14.66%	-0.76

### Forex Spot rates

I&E Market	430.33	429.13	-1.20
SMIS Market	430.00	430.00	0.00
Parallel Market	614.00	620.00	6.00

### Forex Forward rates

1 month	427.37	427.84	-0.47
6 months	449.55	448.84	-0.71
12 months	472.81	472.38	-0.43

### Other Key Indices

Indicators	Current	Change
OBB	14.00%	+17bps
O/N	14.00%	0.00bps
System liquidity( <i>op. bal</i> )	N169.56bn	+130.122bn
Foreign reserve	\$39.43bn	+6.884mn
OPEC Quota	1.826m bpd	+26,000bpd
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$106.2	-\$0.03
FAAC Allocation	N656.602bn	+N24.18bn

### Major Business Headlines

- **Traders, buyers groan as food inflation hits 20.60%:** Traders and buyers in Lagos markets have expressed dismay over soaring prices of food items as Nigeria's food inflation figures again recorded an upward tick, [moving from 19.50 per cent recorded in May to 20.60 per cent in June](#). According to figures by the National Bureau of Statistics, the composite food index rose to 20.60 per cent in June 2022 on a year-on-year basis; the rate of changes in average price level declined by 1.23 per cent compared to 21.83 per cent in June 2021. The NBS in a report titled "Consumer Price Index May 2022", said the rate of changes in food prices compared to the same period last year was higher due to higher food prices volatility caused by COVID 19.
- **AfDB, SEC Collaborate on Market Surveillance Project With \$460,000 Grant:** In a bid to modernise Nigeria's capital markets and ensure that it is well positioned to support economic transformation driven by private sector investment, the Securities and Exchange Commission (SEC) and the African Development Bank Group (AfDB) have signed an [agreement for a grant worth \\$460,000 on market surveillance system project](#). The grant is to finance technical assistance and capacity building for capital markets development under the "Nigeria Securities Market Surveillance System Project".
- **Stakeholders express cautious optimism as NNPC transits:** Stakeholders have expressed cautious optimism as the Nigerian National Petroleum Company Limited (NNPC) transits today, insisting that most of the entities under the companies are still loss-making sub-subsidiaries. Going by the provisions of the Petroleum Industry Act (PIA), NNPC had on July 1, 2022, [legally transformed into a company that will be regulated under the Companies and Allied Matters Act \(CAMA\)](#). While President Muhammadu Buhari is expected to today officially unveil the NNPC, stakeholders are insistent that the move should bring an end to arbitrariness, heavy-handed government control and wasteful practices.