

### Fixed Income and Money Market

#### FGN Bond Market

FGN bond market closed on a bearish note yesterday as the market ended the short bullish trend driven by positive GDP growth rate recorded in Q2'2022. While the market closed on a negative note yesterday on the back of selling interests on selected short- and long-dated maturities, buying interests were recorded on few short-term maturities. Consequently, the average benchmark yield rose by 3 basis points (bps) to 13.15%.

#### Nigerian Treasury Bill (NTB)

The treasury bills market was relatively tepid yesterday with minimal buying interests seen across several maturities. However, the average benchmark yield remained unaltered at 8.04%.

#### FGN Eurobond Market

Euro zone inflation is at record highs as FGN Eurobond extended its bearish session yesterday with selling interests seen across maturities. The global market remains volatile while the tension between US and China hits a new level as US bans the sales of chips to China. The average benchmark yield soared by 21bps to settle at 12.75%.

#### Money Market

The interbank rates depressed further yesterday on the back of improved system liquidity as the liquidity balance stands at NGN752.8 billion. Thus, the rates on Open Buy back (OBB) and Overnight (O/N) transactions declined by 100bps each to settle at 8.00% and 8.67% respectively.

#### Foreign Exchange Market

At the CBN Investors & Exporters Window yesterday, the value of naira appreciated by N1.56 against the US dollar as the exchange rate closed lower to NGN429.44/\$1. As of Tuesday, this week, Nigeria's foreign reserve rose by \$13.26 million to stand at \$39.02billion.

#### Oil Market

- *Reuters*: Oil prices fell in early Asian trade on Thursday, led lower by increased supply and worries that the global economy could slow further with renewed restrictions to curb COVID-19 in China. As of 8:10 am this morning, Brent crude futures slopped 77 cents to trade at \$94.87 a barrel.
- Recent market volatility has followed concerns about inadequate supply in the months after Russia's invasion of Ukraine and as OPEC struggled to increase output. However, production in both OPEC and the United States has risen to its highest level since the early days of the coronavirus pandemic. OPEC's output hit 29.6 million barrels per day (bpd) in the most recent month, according to a Reuters survey, while US output rose to 11.82 million bpd in June. Both are at their highest levels since April 2020.
- Meanwhile, China's factory activity extended declines in August due to new COVID infections, the worst heat wave in decades and an embattled property sector that weighed on production, suggesting the economy will struggle to sustain momentum.

Other Key Indices		
Indicators	Current	Change
OBB	8.00%	-100bps
O/N	8.67%	-100bps
System liquidity	N752.85bn	+655.49bn
Foreign reserve	\$39.02bn	\$13.26mn
OPEC Quota	1.826m bpd	+26,000bpd
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$94.87	-\$0.77
FAAC Allocation	N954.09bn	+N151.68bn

#### Major Business Headlines

- **32 states fail to attract investment in Q2:** Thirty-two states failed to attract capital importation in the second quarter of 2022, according to a Foreign Direct Investment data released by the National Bureau of Statistics on Wednesday. Of the 36 states and the Federal Capital Territory, only Lagos, Abuja, Anambra, Ekiti, and Kogi witnessed capital inflows. [Cumulative capital inflows totalled \\$1.54bn. Lagos \(\\$1.05bn\)](#) attracted the most capital in the period under review, followed by Abuja at \$453.95m, Anambra at \$24.71m, Kogi at \$2m, and Ekiti at \$500,000.
- **Osinbajo to meet Harris for Nigeria's energy plan:** Vice President Yemi Osinbajo, on Wednesday, [departed Abuja for the United States of America to seek global partnerships and support for Nigeria's recently](#) launched Energy Transition Plan. According to a statement signed by his Senior Special Assistant on Media and Publicity, Laolu Akande, Prof. Osinbajo would lead Nigeria's Energy Transition Implementation Working Group on the US mission with meetings starting from September 1, 2022, to promote the plan and secure global support from the US government, the private sector, and other development partners.

FGN Bond Yields			
Tenor	Open	Close	Change
^12.75 27-APR-2023	7.02%	7.05%	0.00
^16.29 17-MAR-2027	13.05%	13.05%	0.00
^12.15 18-JUL-2034	13.26%	13.38%	+0.12
Nigerian Treasury Bills Yields			
24-NOV-2022 (85 days)	11.56%	11.55%	+0.01
9-FEB-2023 (162 days)	10.47%	10.46%	0.00
08-JUN-2023 (281 days)	6.79%	6.79%	0.00
Nigerian Eurobond Yields			
6.375 JUL 12, 2023	10.18%	10.69%	+0.51
6.50 NOV 28, 2027	11.84%	12.04%	+0.20
7.875 16-FEB-2032	12.95%	13.13%	+0.18
Forex Spot rates			
I&E Market	431.00	429.44	-1.56
SMIS Market	430.00	430.00	0.00
Parallel Market	690.00	698.00	0.00
Forex Forward rates			
1 month	433.76	434.01	+0.25
6 months	451.47	451.89	+0.42
12 months	476.35	476.03	-0.32

#### What to expect today?

The Nigeria market is expected to be sideways today as the impacts of positive GDP growth rate fade in the market amid improved liquidity condition while the interbank rates are expected to remain in the upper band of the single digit.

The FGN Eurobond Market is expected to sustain its bearish sentiment as the global market remains volatile amid high inflation and slowing economic activities in China.