

## FGN Eurobond Market

The FGN Eurobond market recorded mixed results last week but closed on a bearish note, week-on-week. Strong US retail sales and amplified risk appetite kept the market bullish most of the week. However, selling interests due to the higher-than-expected US Producer Price Index (PPI) in January and heightened global tension as the Russia-Ukraine war marked its first year offset the gains recorded during the week. Thus, week-on-week, the average benchmark yield rose slightly by 2bps, closing at 12.38%.

## FGN Bond Market

FGN Bond market closed on a bearish note last week as dampened market liquidity conditions induced selloffs on short-term maturities. As a result, the average benchmark yield rose by nine (9) basis points (bp) to close at 13.49%.

## Nigerian Treasury Bill (NTB)

The treasury bill market recorded a bearish sentiment last week as the market registered selloffs across most maturities. Consequently, the average benchmark yield surged by 258bps to close at 4.24% last week.

## Money Market

In the interbank space, weak system liquidity kept the interbank rates up most of the week as bond settlement mopped up the liquidity in the market. Likewise, the market registered increased activities at the Standing Deposit Facility window. As a result, the interbank rates surged by 175bps and 156bps to close at 17.13% and 17.81% on Friday.

## Foreign Exchange Market

Last week, Naira depreciated (week-on-week) against the US dollar as the exchange rate declined by 25 kobo to settle at NGN461.25/\$1. Likewise, Naira depreciated against the US dollar at the parallel market as the exchange rose by 13 kobos to NGN770/\$1, week-on-week. Meanwhile, Nigeria's foreign reserve declined by \$15.93 million last Thursday, settling lower at \$36.78 billion.

## Oil Market

Reuters: Oil prices rose this morning amid optimism over China's demand recovery, concerns that underinvestment will crimp future oil supply and as major producers keep output limits in place.

However, oil settled down \$2 a barrel on Friday and ended the week markedly lower, as traders worried that future U.S. interest rate hikes could weigh on demand and got nervous about mounting signs of ample crude and fuel supply.

On Thursday, two Fed officials warned additional hikes in borrowing costs are essential to curb inflation. The sentiments lifted the U.S. dollar, making oil more expensive for holders of other currencies.

Brent crude futures settled down \$2.14 or 2.5%, to \$83.00 a barrel, falling 3.9% week on week. West Texas Intermediate (WTI) U.S. crude settled down \$2.15, or 2.7%, to \$76.34, falling 4.2% from last Friday's settlement.

While last week's announcement that the U.S. will sell 26 million barrels of crude oil from its Strategic Petroleum Reserves adds some downward pressure to the market, global supply looks to be "flat to down" versus the previous corresponding period after factoring in production cuts by Russia and OPEC+, added Moore.

As of 8:45 am, Brent crude futures rose 64 cents to \$83.67 a barrel, while U.S. West Texas Intermediate (WTI) crude futures jumped by 55 cents to \$76.89.

## Data Watch

- Bloomberg: Ghana's annual inflation slowed to 53.6% in January, decelerating for the first time in 20 months.
- Ghana said private foreign creditors may have to accept less favorable terms than bilateral lenders in the country's \$30 billion debt restructuring. The government's plan to reorganize its domestic liabilities received acceptance from more than 80% of bondholders, a key step in the country's efforts to secure a \$3 billion bailout from the International Monetary Fund.
- South Africa's annual food and non-alcoholic beverage inflation quickened to 13.4% in January from 12.4% in December, the highest rate since April 2009. The headline consumer-price index rose 6.9% from a year earlier, compared with 7.2% in December.

## What to expect today?

We expect the bond and T-bill markets to extend their bearish sentiment this week due to relatively weak liquidity conditions, with most market activities focused on short-tenured maturities.

On the other hand, we expect the interbank rates to rise slightly this week as the T-bill auction in the mid-week weakens the liquidity.

We expect the Eurobond market to start the week on a bearish note due to weak risk appetite amidst heightened global tension.

## Other Key Indices

Indicators	Current	Change
System liquidity	N151.43bn	-N32.09bn
Foreign reserve	\$36.78bn	-\$15.93mn
Nig. Crude output	1.267mbpd	+97,000bpd
OPEC Quota	1.826m bpd	+26,000bpd
Brent Crude	\$83.67	-\$0.64
FAAC Allocation	N990.18bn	+N88.148bn

## Major Business Headlines

**Naira crisis worsens as currency-in-circulation tumbles to N1.54tn:** Amid the worsening naira crisis, the total amount of currency-in-circulation in the Nigerian economy has tumbled from N3.3tn to N1.54tn, a Central Bank of Nigeria document obtained by The PUNCH has revealed. This came as a bifing shortage of new naira notes amid an acute scarcity of old currency has inflicted untold hardship and [pain on millions of Nigerians](#), leaving several people stranded. The latest central bank document, obtained by one of our correspondents, showed that the total amount of currency-in-circulation fell by 53.33 per cent within three months. Specifically, the currency-in-circulation fell from N3.3tn recorded on October 31, 2022 (a few weeks before the CBN began the implementation of the naira redesign policy) to N1.54tn on January 31, 2023.

**Insurance industry premium to hit N700bn – Report:** Agosto & Co. Limited, a pan-African credit rating agency and business information provider has said Nigeria's insurance industry's 2022 gross premium will rise above N700bn from increased economic activities. It stated this in its 2023 insurance industry report titled 'The Nigerian insurance industry – [Poised to survive the weak macro economy and an election year](#)'. According to Agosto & Co, "The Nigerian insurance industry's estimated gross premium income maintained its double-digit growth trend and crossed the N700bn mark in FY 2022. The uptick in the industry's premium was driven by several factors including improved economic activities and stronger regulatory support.". The 2023 annual report showed a comprehensive review of the insurance landscape in Nigeria and the near-term expectation for the industry.



## Fixed Income

### FGN Bond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
^14.20 14-MAR-2024	1.07	6.98	▼ -0.02	▲ 0.40
^13.53 23-MAR-2025	2.09	9.29	▬ 0.00	▲ 0.17
^12.50 22-JAN-2026	2.93	11.38	▲ 0.03	▲ 0.27
^16.2884 17-MAR-2027	4.08	13.20	▬ 0.00	▲ 0.09
^13.98 23-FEB-2028	5.01	13.98	▬ 0.00	▬ 0.00
^14.55 26-APR-2029	6.19	14.05	▬ 0.00	▬ 0.00
^12.1493 18-JUL-2034	11.41	14.65	▲ 0.16	▲ 0.16
^12.50 27-MAR-2035	12.10	14.80	▬ 0.00	▬ 0.00
^12.40 18-MAR-2036	13.08	14.75	▬ 0.00	▬ 0.00
^16.2499 18-APR-2037	14.16	15.88	▲ 0.04	▼ -0.01
^13.00 21-JAN-2042	18.93	15.15	▬ 0.00	▬ 0.00
^14.80 26-APR-2049	26.19	15.97	▲ 0.03	▼ -0.02
^12.98 27-MAR-2050	27.10	15.26	▬ 0.00	▲ 0.01

### FGN Eurobond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
6.375 JUL 12, 2023	0.40	11.76	▲ 0.39	▲ 0.36
7.625 21-NOV-2025	2.76	11.95	▲ 0.21	▼ -0.05
6.50 NOV 28, 2027	4.78	11.95	▲ 0.21	▼ -0.05
6.125 SEP 28, 2028	5.61	11.74	▲ 0.15	▼ -0.16
8.375 MAR 24, 2029	6.10	12.86	▲ 0.21	▼ -0.05
7.143 FEB 23, 2030	7.02	12.80	▲ 0.28	▼ -0.09
8.747 JAN 21, 2031	7.93	12.90	▲ 0.22	▼ -0.08
7.875 16-FEB-2032	9.00	12.76	▲ 0.26	▼ -0.08
7.375 SEP 28, 2033	10.61	12.42	▲ 0.24	▼ -0.07
7.696 FEB 23, 2038	15.02	12.39	▲ 0.21	▲ 0.04
7.625 NOV 28, 2047	24.78	12.05	▲ 0.27	▲ 0.04
9.248 JAN 21, 2049	25.93	12.45	▲ 0.20	▼ -0.04
8.25 SEP 28, 2051	28.61	12.38	▲ 0.25	▼ -0.03

## Money Market

//	Amount (NGN'bn)	Chg (NGN'bn)
System Liquidity	151.43	▼ -32.09

Interbank	Rate (%)	change (bp)
OPR	15.38	▲ 175
O/N	16.25	▲ 156
<b>Repo</b>		
Call	6.00	▲ 0.50
1M	8.00	▬ 0.00
3M	8.00	▬ 0.00
6M	8.00	▬ 0.00

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	103.89	▲ 0.3
EUR/USD	1.069	▼ -0.05
GBP/USD	1.204	▲ 0.02

## Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mn)
Foreign Reserve	36.78	▼ -15.93

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	462.00	▬ 0.00
I&E FX Window	461.25	▲ 0.75
NAFEX	461.29	▼ -0.09
Parallel Market	770.00	▼ -10.00

^^Forwards	Rate (\$/N)	Chg (NGN)
1M	481.71	▲ 5.17
2M	479.61	▲ 6.27
3M	486.84	▲ 7.13
6M	518.38	▲ 15.42
1Y	588.62	▲ 30.08

## Nigerian Treasury Bills

DTM	Maturity	Yield (%)	Change (%)	WoW (%)
20	9-Mar-23	3.91	▬ 0.00	▲ 2.92
69	27-Apr-23	4.54	▬ 0.00	▲ 3.44
83	11-May-23	3.85	▬ 0.00	▲ 2.72
111	8-Jun-23	4.17	▬ 0.00	▲ 3.95
202	7-Sep-23	4.51	▬ 0.00	▲ 3.09
251	26-Oct-23	4.62	▬ 0.00	▲ 3.09
265	9-Nov-23	4.65	▬ 0.00	▲ 1.58
293	7-Dec-23	4.39	▬ 0.00	▲ 0.53
342	25-Jan-24	3.93	▬ 0.00	▬ 0.00
356	8-Feb-24	3.79	▬ 0.00	▬ 0.00

## Commodities

Commodities	Price	Change (%)
Brent	83.65	▲ 0.78
Bonny	82.87	▼ -2.85
Natural Gas	2.21	▼ -2.98
Gold	1,854.20	▲ 0.20
Silver	21.79	▲ 0.35
Copper	4.13	▲ 0.41
Cocoa	2,529.81	▲ 0.10
Coffee	190.00	▲ 0.53
Wheat	776.25	-

## Equities & Global Market

Indices	Points	Change (%)
NGX YTD	4.95%	
NGX All Share	53,804.46	▼ -1.31
NGX Banking	446.97	▼ -1.27
NGX 30	1932.08	▼ -1.29
NGX Consumer Goods	619.25	▲ 0.13
S&P 500	4,079.09	▼ -0.28
FTSE 100	8,004.36	▼ -0.10
Euro STOXX 50	4,274.92	▼ -0.52
US 10-year	3.817	-
UK 10-year	3.533	▲ 0.017
German 10-year	2.438	▼ -0.022

Source: FMDQ, CBN, Reuters, CNBC, Business Insider

\*\*\*Global Market & Commodities' quotes are as of 7:21 am (GMT+1) – 20th February 2023

\*\*Bonny oil price is as of 18th February 2023