

Fixed Income and Money Market

FGN Bond Market

The FGN bond market closed bearish yesterday, with interests seen on few maturities. The average benchmark yield increased by 7bps to 11.86%.

Nigerian Treasury Bill (NTB)

The treasury bills market saw aggressive selloffs on 'February 23' maturity yesterday causing the market to close bearish. The average benchmark yield rose by 8bps to 7.23%.

FGN Eurobond Market

FGN Eurobond market continued its bullish trend yesterday with buying interests seen on most maturities offset by selling interest on 'July 2023' instrument. Thus, the average benchmark yield declined by 2bps to 14.06%.

Money Market

In the interbank space, 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) and Overnight (O/N) increased by 38bps and 50bps to settle at 14.38% and 14.50% respectively.

Foreign Exchange Market

At the CBN Investors & Exporters Window yesterday, the value of naira appreciated by NGN4.96 against the US dollar as the exchange rate closed at NGN424.17/\$1. Nigeria's foreign reserve increased by \$10.91 million on Friday last week to settle at \$39.440 billion.

Oil Market

- *Reuters:* Oil prices edged down on this morning, pressured by global central bank efforts to tame inflation and ahead of expected builds in U.S. crude inventories as product demand weakens. Brent crude prices fell by \$1.34 to \$106.0 a barrel as of 7.15am this morning.
- *Reuters:* The European Union will set out emergency plans today to reduce gas demand within months, warning countries that without deep cuts now they could struggle for fuel during winter if Russia cuts off deliveries. Europe is racing to fill its gas storage ahead of winter and build a supply buffer in case Moscow further restricts supplies in retaliation for European support for Ukraine in its war with Russia. Russia's Gazprom has already halted deliveries to some EU states and EU officials have warned that further cuts are likely.
- The American Petroleum Institute (API) reported a build this week for crude oil of 1.860 million barrels, while analysts predicted a build of 333,000 barrels. The build comes as the Department of Energy released 5 million barrels from the Strategic Petroleum Reserves in Week Ending July 15, to 480.1 million barrels. U.S. crude inventories have shed some 61 million barrels since the start of 2021, with a 1.83 million barrel gain since the start of 2020, according to API data. In the week prior, the API reported a build in crude oil inventories of 4.762 million barrels after analysts had predicted a draw of 1.933 million barrels.

FGN Bond Yields

Tenor	Open	Close	Change
^12.75 27-APR-2023	7.24%	7.25%	+0.01
^16.29 17-MAR-2027	10.70%	11.72%	0.00
^12.15 18-JUL-2034	12.40%	12.40%	0.00

Nigerian Treasury Bills Yields

13-OCT-2022 (86 days)	9.20%	9.19%	-0.01
26-JAN-2023 (191 days)	7.81%	7.81%	0.00
08-JUN-2023 (324 days)	6.37%	6.37%	0.00

Nigerian Eurobond Yields

6.375 JUL 12, 2023	10.11%	10.31%	+0.20
6.50 NOV 28, 2027	13.57%	13.50%	-0.07
7.875 16-FEB-2032	14.66%	14.66%	0.00

Forex Spot rates

I&E Market	429.13	424.17	-4.96
SMIS Market	430.00	430.00	0.00
Parallel Market	620.00	619.00	-1.00

Forex Forward rates

1 month	427.84	427.39	-0.45
6 months	448.84	448.63	-0.21
12 months	472.38	470.80	-1.58

Other Key Indices

Indicators	Current	Change
OBB	14.38%	+38bps
O/N	14.50%	+50bps
System liquidity(<i>op. bal</i>)	N176.80bn	+7.24bn
Foreign reserve	\$39.44bn	+10.91mn
OPEC Quota	1.826m bpd	+26,000bpd
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$106.0	-\$1.34
FAAC Allocation	N656.602bn	+N24.18bn

Major Business Headlines

- **Outcry as CBN raises interest rate again:** The Monetary Policy Committee of the Central Bank of Nigeria yesterday again [raised the Monetary Policy Rate from 13 per cent to 14 per cent](#). This came barely two months after the MPC, during its bi-monthly meeting in May, raised the benchmark interest rate from 11.5 per cent to 13 per cent. The interest rate hike came barely one week after the National Bureau of Statistics put its June inflation figure for the economy at 18.6 per cent, the highest in five years. Inflation had hit 17.71 per cent in May, 2022. The Governor, CBN, Mr. Godwin Emefiele, argued that a new rate hike was necessary to put the economy on track.
- **Buhari unveils NNPC Limited, agency halts FAAC remittances:** The Nigerian National Petroleum Company Limited yesterday made it clear that [it would no longer remit any money to the Federation Accounts Allocation Committee for sharing to the three tiers of government monthly](#). It said this was based on its latest transition from a public corporation to a limited liability company and that it currently owed no money to FAAC, as all monetary arrears to the committee were owed by the old corporation and not the new oil company. This came as the President, Major General Muhammadu Buhari (ret'd.), officially unveiled the NNPC Limited and declared that the new entity was henceforth free from institutional regulations. The Chief Executive Officer, NNPC Limited, Mele Kyari, stated that the firm is now a private outfit and had nothing to do with FAAC anymore.
- **\$10b spent on education, medical tourism yearly, says Emefiele:** The Central Bank of Nigeria (CBN) Governor, Godwin Emefiele yesterday said [\\$10 billion is spent annually on medical and education tourism](#). Speaking during the Monetary Policy Committee (MPC) meeting in Lagos, he said education and health sectors are critical sectors that the CBN will continue to support. He said Nigeria cannot afford to relegate both sectors to the background. "We need to do our best to ensure we stop medical and educational tourism and use the forex for other critical sectors of the economy," he said.