

### Fixed Income and Money Market

#### FGN Bond Market

FGN bond market closed on a bullish note yesterday with buying interests seen on selected maturities. The average benchmark yield declined by 5 basis points (bps) to 13.08%.

At yesterday's bond auction, the DMO sold ₦261.50 billion worth of bonds, against ₦225.00 billion offered. The rates on the 2025, 2032, and 2037 maturities were allotted at 13.50%, 13.85%, and 14.50%, respectively. Compared to the previous auction, the rates on the 2025 and 2032 maturities rose by 200bps and 35bps, respectively, while the rate on the 2037 maturity fell by 142bps (the last auction for the 2037 maturity was in 2017).

#### Nigerian Treasury Bill (NTB)

The treasury bills market was quiet yesterday, with low trading activities seen across board. The average benchmark yield remained unchanged at 7.45%.

#### FGN Eurobond Market

The FGN Eurobond market recorded mixed reaction yesterday with buying interests seen on selected maturities offset by selling interests. Higher than expected inflation data for August increase the likelihood that the Federal Reserve will hike interest rates by up to 100 bps. The average benchmark yield slipped by 1bps to 12.63%.

#### Money Market

In the interbank space, system liquidity weakened slightly as banks seek NGN48.05 billion in repurchase agreement (repo) and NGN19.66 billion in Standing Lending Facility (SLF) to bolster their liquidity. The rates on Open Buyback (OBB) and Overnight (O/N) rose by 66bps each to close at 10.33% and 10.83% respectively.

#### Foreign Exchange Market

The value of naira depreciated by NGN0.25 against the US dollar at the CBN Investors & Exporters Window yesterday, as the exchange rate closed at NGN436.50/\$1. Nigeria's foreign reserve settled at \$38.69 billion as of Thursday, last week.

#### Oil Market

- Reuters: Oil prices steadied this morning after rising in the previous session on concerns that further U.S. interest rate hikes this week to tame inflation will curb economic growth and fuel demand in the world's biggest oil consumer. As of 7.00am this morning, Brent crude futures gained 8 cents to trade at \$92.08 per barrel.
- An internal document from the Organization of Petroleum Exporting Countries and allies led by Russia, known as OPEC+, showed the group fell short of its oil production target by 3.583 million barrels per day (bpd) in August. In July, the group missed its target by 2.892 million bpd.
- Reuters reported that the target date for selling 180 million barrels of crude oil from the U.S. Strategic Petroleum Reserve (SPR) appears to have been extended beyond October with the Department of Energy's announcement on Monday that it would sell up to 10 million barrels for November delivery. The 10-million-barrel sale will bring total sales to 165 million barrels out of the 180-million-barrel target to be sold by the end of next month.

#### What to expect today?

Nigerian debt market is expected to trade sideways today with cherry picking on selected maturities as stop rates settled higher at yesterday's bond auction.

Interbank rates are expected to hover in the lower band of double-digits as investors move to settle yesterday's auction.

FGN Eurobond market is expected to be relatively bearish today but less aggressive as investors adjust for higher interest rate hike from US Federal Reserve.

FGN BOND				
Description	Maturity Date	ITM (Yrs)	Yield (%)	Change(%)
14.20 14-MAR-2024	14 Mar 2024	1.48	11.03	▼ -0.02
13.53 23-MAR-2025	23 Mar 2025	2.51	13.00	▬ 0.00
12.50 22-JAN-2026	22 Jan 2026	3.34	12.77	▬ 0.00
16.2884 17-MAR-2027	17 Mar 2027	4.49	12.82	▬ 0.00
13.98 23-FEB-2028	23 Feb 2028	5.43	12.65	▼ -0.34
14.55 26-APR-2029	26 Apr 2029	6.60	12.64	▬ 0.00
12.1493 18-JUL-2034	18 Jul 2034	11.83	13.35	▬ 0.00
12.50 27-MAR-2035	27 Mar 2035	12.52	13.46	▼ -0.23
12.40 18-MAR-2036	18 Mar 2036	13.49	13.57	▬ 0.00
16.2499 18-APR-2037	18 Apr 2037	14.58	13.68	▬ 0.00
13.00 21-JAN-2042	21 Jan 2042	19.34	13.88	▬ 0.00
14.80 26-APR-2049	26 Apr 2049	26.60	13.59	▬ 0.00
12.98 27-MAR-2050	27 Mar 2050	27.52	13.65	▬ 0.00

FGN EUROBOND				
Description	Maturity Date	Yield (%)	Change (%)	
6.375 JUL 12, 2023	12-Jul-23	9.87	▲	0.43
7.625 21-NOV-2025	21-Nov-25	11.61	▼	-0.02
6.50 NOV 28, 2027	28-Nov-27	11.61	▼	-0.02
6.125 SEP 28, 2028	28-Sep-28	12.49	▼	-0.05
8.375 MAR 24, 2029	24-Mar-29	13.45	▬	0.00
7.143 FEB 23, 2030	23-Feb-30	12.96	▼	-0.05
8.747 JAN 21, 2031	21-Jan-31	13.32	▲	0.02
7.875 16-FEB-2032	16-Feb-32	13.22	▲	0.01
7.375 SEP 28, 2033	28-Sep-33	12.98	▼	-0.01
7.696 FEB 23, 2038	23-Feb-38	13.11	▼	-0.04
7.625 NOV 28, 2047	28-Nov-47	12.94	▼	-0.03
9.248 JAN 21, 2049	21-Jan-49	13.31	▼	-0.02
8.25 SEP 28, 2051	28-Sep-51	13.38	▬	0.00

NIGERIAN TREASURY BILLS			
DTM	Maturity	Yield (%)	Change (%)
24	13 Oct 2022	9.05	▼ -0.01
52	10 Nov 2022	3.92	▬ 0.00
129	26 Jan 2023	10.15	▼ -0.01
143	9 Feb 2023	10.41	▼ -0.01
171	9 Mar 2023	7.81	▼ -0.01
220	27 Apr 2023	5.05	▬ 0.00
234	11 May 2023	6.43	▬ 0.00
262	8 Jun 2023	6.76	▬ 0.00

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	430.00	▬ 0.00
I&E FX Window	436.50	▲ 0.25
NAFEX	428.90	▬ 0.00
Parallel Market	712.00	▲ 1.00

Interbank	Rate (%)	change
OPR	10.33	▲ 66.00
O/N	10.83	▲ 66.00
Repo		
Call	8.00	▬ 0.00
1M	10.00	▬ 0.00
3M	10.00	▬ 0.00
6M	10.00	▬ 0.00

#### Other Key Indices

Indicators	Current	Change
OPEC Quota	1.826m bpd	+26,000bpd
System liquidity	₦91.14bn	-171.24bn
Foreign reserve	\$38.69bn	0.00mn
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$92.08	+\$0.08
FAAC Allocation	₦954.09bn	+₦151.68bn

#### Major Business Headlines

- Nigeria's debt hits ₦42.84tn amid revenue crisis:** Domestic debt has pushed Nigeria's total public debt stock [from ₦41.60tn as of March 2022 to ₦42.84tn as of June of the same year, showing an increase of ₦1.24tn in three months](#), according to the Debt Management Office. This was contained in a press statement published on the DMO's website on Monday. According to the DMO, the Federal Government was unable to secure any foreign loans in the second quarter of 2022.
- FG to generate ₦500bn from 5G spectrum – NCC:** The Nigeria Communication Commission has said that the Federal Government will generate over [₦500bn in 2023 fiscal year through the 5G spectrum](#). The Executive Vice Chairman of the NCC, Prof. Umar Danbatta, made this known on Monday at an interactive meeting on 2023-2025 MTEF-FSP, organised by the Senate Committee on Finance. Danbatta said the projected revenue would be realised from the auctioning of two 5G spectrums and the bidding process for auctioning of the spectrums in 2023.
- Kyari: ₦3.4trn Needed to Subsidise 66m Litres Daily Consumption of Petrol per Annum:** The Group Chief Executive Officer (GCEO) of the Nigerian National Petroleum Company Limited (NNPCL), Mr. Mele Kyari, yesterday disclosed that the sum of [₦3.4 trillion was required as fuel subsidy for the 66.7 million litre of premium motor spirit \(PMS\) daily consumption per annum as against the ₦4 trillion budgeted](#). Kyari made this known during the resumed investigative hearing into the subsidy regime from 2013 to 2021, held by the House of Representatives Ad-hoc Committee chaired by Hon. Ibrahim Mustapha.