

FGN Bond Market

The FGN bond market was mostly bullish last week with buying interests seen across maturities. While the market registered few selling interests during the week, at the end of the week, the average benchmark yield declined by 13bps (basis points) to close at 14.67% week-on-week.

At last week's bond auction, the DMO sold NGN269.16 billion worth of bonds, against NGN225.00 billion offered. The rates on the 2029, 2032, and 2037 maturities were allotted at 14.75%, 15.20%, and 16.20%, respectively. Compared to the previous auction, the rates on the 2029, 2032, and 2037 maturities rose by 25bps, 20bps and 20bps, respectively.

Nigerian Treasury Bill (NTB)

The treasury bills market was relatively bullish last week, with buying interests seen on most maturities. As a result, the average benchmark plummeted by 3bp to close at 10.99% on a weekly basis.

FGN Eurobond Market

The Eurobond market closed on a bearish note last week, with selling interests seen across board driven partly by the downgrade of Nigeria's credit rating to B-, robust US retail sales – dowsing the hope of downshift in US interest rate next month – and weak oil demand. As a result, the average benchmark yield surged by 49bps to close at 11.92% on a weekly basis.

Money Market

The interbank rates remained highly elevated last week as CRR debit and Bond Auction at the start of the week further dampened the liquidity conditions in the market. As a result, the market recorded an uptick in Standing lending facility (SLF) transactions as the banks moved to boost their liquidity. SLF transaction rose by NGN633 billion last week, while banks kept away from Repo transaction.

On Friday, the rates on Open Buyback (OBB) and Overnight (O/N) transactions remained unchanged at 16.25% and 16.50%, respectively.

Foreign Exchange Market

Naira remained stable at the CBN Investors & Exporters Window as it appreciated by 8 kobo against the US dollar both on Friday and Week-on-week. The exchange rate settled lower at NGN445.67/\$1. Nigeria's foreign reserve rose by \$7.2 million on Wednesday last week to settle at \$37.188 billion.

On the other hand, Naira depreciated by c.12% or 85-naira, last week at the parallel market as the exchange rose from NGN700/\$1, a week ago to NGN785/\$1 on Friday.

Based on the survey of investors and analysts conducted by Bloomberg, Nigeria is expected to devalue its currency after elections in February by the steepest margin in six years to align it with market perceptions.

Oil Market

Reuters: Oil dropped by about 2% on Friday last week, logging a second weekly decline, due to concern about weakened demand in China and further increases to U.S. interest rates. Brent crude settled at \$87.62 a barrel, falling \$2.16, or 2.4%. U.S. West Texas Intermediate (WTI) crude settled at \$80.08 a barrel, losing \$1.56, or 1.9%. Both benchmarks posted weekly losses, with Brent down about 9% and WTI roughly 10%.

Oil prices dropped to near two-month lows on earlier this morning, sliding around \$1 a barrel, as supply fears receded while concerns over fuel demand from China and U.S. dollar strength weighed on prices.

Tina Teng, a CMC Markets analyst said that Risk sentiment has become fragile as all the recent major countries' economic data point to a recessionary scenario, especially in the U.K. and euro zone. She added that hawkish comments from the U.S. Federal Reserve last week also sparked concerns over the U.S. economic outlook.

Meanwhile, tight crude supplies in Europe have eased as refiners have piled up stocks ahead of the Dec. 5 European Union embargo on Russian crude, putting pressure on physical crude markets across Europe, Africa and the United States.

The EU's energy policy chief told Reuters the EU expected to have its regulations completed in time for the introduction of a G7 plan to cap the price of Russian crude on Dec. 5.

As of 7:40 am, this morning, the Brent oil fell by 57 cents to trade at \$87.05 per barrel as oil prices hit two-month lows.

What to expect this week?

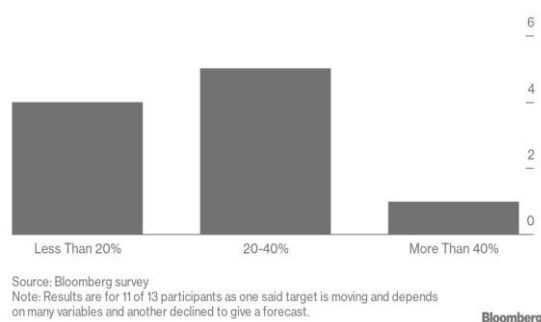
Tightened Liquidity condition in the market is expected to lower the market activities in both the local Bond and Treasury Bills market, this week. However, given the relatively high yields in the market, some cherry picking are expected on some selected mid- and long-term maturities as the market awaits CBN interest rate decision tomorrow, with the likelihood of a fourth hike. So far, the Apex Bank has raised the benchmark interest rate by 400bps accumulatively this year as the MPR settled at 15.5%, 559 basis points lower than the inflation rate (21.09%).

Due to the tight liquidity conditions, the interbank rates are expected to remain elevated, in the absence of any significant inflow this week.

FGN Bond market is expected to start the week on a bearish note as COVID cases ticked up in Beijing – dampening oil demand outlook and as investors dial back hopes of an imminent Fed pivot on interest rates, lowering risk appetite.

Most Analysts See the Naira Being Devalued by 20% or More

Currency expected to be weakened after elections in 2023



Other Key Indices

Indicators	Current	Change
System liquidity	N41.41bn	-N41.72bn
Foreign reserve	\$37.188bn	+\$7.19mn
Nig. Crude output	1.014mbpd	+78,398bpd
OPEC Quota	1.826m bpd	+26,000bpd
Brent Crude	\$87.05	-\$0.57
FAAC Allocation	N954.09bn	+N151.68bn

Major Business Headlines

- Nigeria exported 36% value-added products in H1 – NEPC:** Nigerian businesses exported 36 per cent value-added products in the first six months of 2022, according to the Nigerian Export Promotion Council. Speaking at a press conference to announce the upcoming NEPC Export Week scheduled to hold between November 21 and 26, 2022, the Chief Executive Officer, NEPC, Ezra Yakusak, said export of primary products was valued [at 33 per cent while semi-processed and manufactured products](#) constituted 36 per cent.
- Soft Drinks Makers May Cut Jobs Over 20% Excise Tax:** The carbonated soft drinks sub-sector of the Manufacturers Association of Nigeria (MAN) may cut jobs over the proposed 20 per cent Ad-Valorem excise tax on non-alcoholic beverages for the carbonated soft drinks (CSD) segment. At its meeting in Lagos, the group said its effect could be worse as a N10 per litre tax regime is already crippling the sector. The group said a study revealed that the [N10 per litre excise tax which took effect between June and August 2022 showed a – 8% revenue decline](#) as a direct result of excise tax implementation. It is projected that the decline will hit -25% by December 2022 if not reviewed.



MARKET DAILY UPDATES – 18th November 2022

Fixed Income

FGN Bond

Description	TTM (Yrs)	Yield (%)	W-on-W (%)	Change (%)
^14.20 14-MAR-2024	1.32	15.16	▲ 0.01	▬ 0.00
^13.53 23-MAR-2025	2.34	14.20	▼ -0.10	▼ -0.06
^12.50 22-JAN-2026	3.18	14.27	▼ -0.17	▼ -0.28
^16.2884 17-MAR-2027	4.33	14.59	▼ -0.01	▬ 0.00
^13.98 23-FEB-2028	5.26	14.38	▼ -0.24	▼ -0.32
^14.55 26-APR-2029	6.44	14.60	▼ -0.07	▲ 0.01
^12.1493 18-JUL-2034	11.66	14.52	▼ -0.11	▼ -0.13
^12.50 27-MAR-2035	12.35	14.75	▼ -0.05	▬ 0.00
^12.40 18-MAR-2036	13.33	14.67	▬ 0.00	▬ 0.00
^16.2499 18-APR-2037	14.41	15.97	▲ 0.01	▲ 0.04
^13.00 21-JAN-2042	19.18	14.60	▼ -0.16	▼ -0.16
^14.80 26-APR-2049	26.44	14.53	▼ -0.39	▼ -0.15
^12.98 27-MAR-2050	27.35	14.65	▼ -0.30	▬ 0.00

FGN Eurobond

Description	TTM (Yrs)	Yield (%)	W-on-W (%)	Change (%)
6.375 JUL 12, 2023	0.65	8.90	▲ 1.07	▲ 0.07
7.625 21-NOV-2025	3.01	11.17	▲ 0.36	▲ 0.26
6.50 NOV 28, 2027	5.03	11.17	▲ 0.36	▲ 0.26
6.125 SEP 28, 2028	5.86	12.06	▼ -0.33	▲ 0.06
8.375 MAR 24, 2029	6.35	12.53	▲ 0.08	▲ 0.08
7.143 FEB 23, 2030	7.26	12.31	▲ 0.29	▲ 0.12
8.747 JAN 21, 2031	8.18	12.36	▲ 0.36	▲ 0.14
7.875 16-FEB-2032	9.24	12.31	▲ 0.23	▲ 0.12
7.375 SEP 28, 2033	10.86	12.13	▲ 0.46	▲ 0.12
7.696 FEB 23, 2038	15.26	12.42	▲ 0.72	▲ 0.14
7.625 NOV 28, 2047	25.03	12.32	▲ 1.04	▲ 0.20
9.248 JAN 21, 2049	26.18	12.68	▲ 0.81	▲ 0.23
8.25 SEP 28, 2051	28.86	12.58	▲ 0.92	▲ 0.22

Nigerian Treasury Bill

DTM	Maturity	Yield (%)	W-on-W (%)	Change (%)
69	26-Jan-23	11.83	▼ -0.03	▬ 0.00
83	9-Feb-23	8.48	▼ -0.01	▬ 0.00
111	9-Mar-23	9.21	▼ -0.02	▬ 0.00
160	27-Apr-23	8.34	▼ -0.01	▬ 0.00
174	11-May-23	8.37	▼ -0.01	▬ 0.00
202	8-Jun-23	11.74	▼ -0.03	▬ 0.00
293	7-Sep-23	14.51	▼ -0.04	▼ -0.01
342	26-Oct-23	15.45	▼ -0.05	▼ -0.01

Commodities

Commodities	Price	Change (%)
Brent	87.62	▼ -2.41
Bonny	87.07	▼ -3.67
Natural Gas	6.30	▼ -1.04
Gold	1,754.40	▼ -0.24
Silver	21.00	▼ -0.48
Copper	3.63	▼ -3.22
Cocoa	2,456	▼ -0.40
Coffee	155.1	▼ -0.36
Wheat	803.25	▲ 0.31

Money Market

//	Amount (NGN'bn)	Chg (NGN'bn)
System Liquidity	41.41	▼ -41.72

Interbank	Rate (%)	change
OPR	16.25	▬ 0.00
O/N	16.50	▬ 0.00
Repo		
Call	9.25	▬ 0.00
1M	10.00	▬ 0.00
3M	10.00	▬ 0.00
6M	10.00	▬ 0.00

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	106.97	▲ 0.04
EUR/USD	1.0322	▲ 0.03
GBP/USD	1.1886	▼ -0.01

Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mn)
Foreign Reserve	37.188	▲ 7.19

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	445.00	▬ 0.00
I&E FX Window	445.67	▼ -0.08
NAFEX	444.38	▲ 0.12
Parallel Market	785.00	▼ -5.00

^^Forwards	Rate (\$/N)	Chg (NGN)
1M	449.28	▲ 0.12
2M	452.67	▼ -0.41
3M	457.27	▼ -1.48
6M	477.02	▼ -0.14
1Y	504.37	▼ -1.17

Equities & Global Market

Indices	Points	Change (%)
NGX YTD	4.12%	
NGX All Share	44,492.73	▲ 1.09
NGX Banking	387.31	▲ 0.48
NGX 30	1608.33	▲ 1.27
NGX Consumer Good	550.89	▲ 1.27
S&P 500	3,965.34	▲ 0.48
FTSE 100	7,385.52	▲ 0.53
Euro STOXX 50	3,924.84	▲ 1.20
US 10-year	3.829	▲ 0.056
UK 10-year	3.242	▲ 0.006
German 10-year	2.019	▬ 0.001