

FGN Bond Market

The FGN Bond market was bearish yesterday with trading activities seen mostly on short- and mid-term maturities. The average benchmark yield rose by 10bps to close at 14.23%.

Nigerian Treasury Bill (NTB)

The treasury bill market extended its bearish trend yesterday, albeit few buying interest at the long end of the curve. The bearish sentiment seen in the market was mainly driven by selloffs on 'January 2022' maturity. At the end of trading session yesterday, the average benchmark yield surged by 37 bps to settle at 10.46%.

FGN Eurobond Market

The FGN Eurobond market sustained its bearish sentiment yesterday amid stronger dollar and heightened political risks globally especially in the UK, as prime minister Liz Truss resigned yesterday. As a result, the average yield rose by 86bps to close at 14.84%.

Elsewhere, Japanese yen tumbled past the key psychological level of 150 to the dollar for the first time since 1990, defying Japanese policymakers' repeated threats of intervention to address excessive currency market volatility.

Money Market

At the interbank space yesterday, standing lending facility transactions surged by 320.9 billion naira yesterday as banks struggle to meet their liquidity needs. The interbank rates dipped slightly yesterday as Open Buyback (OBB) rate and Overnight (O/N) slipped by 8bps and 17bps to settle at 16.25% and 16.50%, respectively.

Foreign Exchange Market

Naira appreciated marginally against the US dollar yesterday as the exchange rate fell by 37 kobo to close higher at NGN441.13/\$1. Whereas the Nigeria's foreign reserve dipped by \$35.8 million to close at \$37.76 billion on Tuesday, this week.

Oil Market

Reuters: Oil prices were near flat during a choppy trading session on Thursday, as worries about inflation dampening demand for oil contended with news that China is considering easing COVID-19 quarantine measures for visitors. Brent crude futures rose 2 cents to trade at \$92.40 a barrel as of 7:14 am, this morning. While U.S. West Texas Intermediate crude slipped 1 cent to trade at \$84.50 per barrel.

To fight inflation, the U.S. Federal Reserve is trying to slow the economy and will keep raising its short-term rate target, said Federal Reserve Bank of Philadelphia President Patrick Harker on Thursday. The U.S. dollar index pared losses after the comments, weighing on oil prices. A stronger dollar reduces demand for oil by making the fuel more expensive for buyers using other currencies.

Oil prices were near flat on Friday, as optimism about a possible rise in energy demand in China faded and the market weighed concerns about steep inflation.

Everyone is pining for a China-reopening-driven commodity boost, but we are not there yet. Beijing is considering cutting the quarantine period for visitors to seven days from 10 days, Bloomberg news reported on Thursday, citing people familiar with the matter. There has been no official confirmation from Beijing.

What to expect today?

Nigerian debt market is expected to sustain its bearish sentiment as liquidity conditions worsen. While the interbank rates are expected to remain elevated, barring any significant inflow.

The FGN Eurobond is expected to extend its bearish trend today in the absence of positive catalysts amid heightened political risks.

FGN Bond

Description	TTM (Yrs)	Yield (%)	Change (%)
^14.20 14-MAR-2024	1.40	14.10	0.00
13.53 23-MAR-2025	2.42	13.75	0.00
^12.50 22-JAN-2026	3.26	14.10	0.38
^16.2884 17-MAR-2027	4.41	14.35	0.00
^13.98 23-FEB-2028	5.34	14.26	0.36
^14.55 26-APR-2029	6.52	14.35	0.55
^12.1493 18-JUL-2034	11.74	14.34	0.00
^12.50 27-MAR-2035	12.43	14.10	0.00
^12.40 18-MAR-2036	13.41	14.00	0.00
^16.2499 18-APR-2037	14.49	15.99	0.00
^13.00 21-JAN-2042	19.26	14.60	0.00
^14.80 26-APR-2049	26.52	13.73	0.00
^12.98 27-MAR-2050	27.43	14.60	0.00

FGN Eurobond

Description	TTM (Yrs)	Yield (%)	Change (%)
6.375 JUL 12, 2023	0.73	12.17	0.19
7.625 21-NOV-2025	3.09	13.83	0.13
6.50 NOV 28, 2027	5.11	13.83	0.13
6.125 SEP 28, 2028	5.94	15.52	0.07
8.375 MAR 24, 2029	6.43	16.08	0.18
7.143 FEB 23, 2030	7.34	15.88	0.12
8.747 JAN 21, 2031	8.25	15.90	0.13
7.875 16-FEB-2032	9.32	16.02	0.06
7.375 SEP 28, 2033	10.94	15.51	0.13
7.696 FEB 23, 2038	15.34	14.99	0.16
7.625 NOV 28, 2047	25.11	14.59	0.10
9.248 JAN 21, 2049	26.25	15.20	0.20
8.25 SEP 28, 2051	28.94	15.20	0.18

Major Business Headlines

- Inflation: Nigeria, others risk political instability:** The International Monetary Fund has said Nigeria and other countries in the Sub-Saharan African region risk social and political instability and worsening food insecurity because of rising inflation. [According to the IMF, inflation has nearly doubled pre-pandemic levels in the region](#), adding that while there is a significant difference between countries, the median inflation rate in the region increased to almost nine per cent in August. It said, "And even though the rise has been less dramatic than in other parts of the world, and the drivers are different, inflation is nearly double pre-pandemic levels, risking social and political instability and worsening food insecurity."
- Siemens Deal: Buhari Assures 20 Power Transformers, Mobile Substations Ready By May:** The end appears in sight for the perennial power outage in the country as the federal government is billed to take delivery of [22 power transformers and mobile stations from Germany between November this year and May next year](#). President Muhammadu Buhari gave an indication to this effect yesterday when he played host to officials of Siemens Energy AG at State House, Abuja. Buhari expressed delight at the notable progress in implementation of the Presidential Power Initiative (PPI). He disclosed that the first batch of two power transformers already delivered by Siemens would be inaugurated in November.

Treasury Bills

DTM	Maturity	Yield (%)	Change (%)
21	10-Nov-22	5.93	0.00
35	24-Nov-22	6.05	0.00
98	26-Jan-23	11.18	3.00
112	9-Feb-23	8.54	0.00
140	9-Mar-23	9.27	0.00
189	27-Apr-23	10.62	0.00
203	11-May-23	11.03	0.00
231	8-Jun-23	11.85	0.00
322	7-Sep-23	15.26	-0.01
329	14-Sep-23	15.42	-0.01

Other Key Indices

Indicators	Current	Change
OPEC Quota	1.742 m bpd	-84,000bpd
System liquidity	N57.84bn	-99.83bn
Foreign reserve	\$37.71bn	-\$45.53mn
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$90.18	+\$0.15
FAAC Allocation	N954.09bn	+N151.68bn

Interbank

Rate (%)	change
OPR	16.17 ▼ -0.08
O/N	16.33 ▲ 0.17

Repo

Rate (%)	change
Call	9.50 ▼ -4.00
1M	8.00 ▼ -4.00
3M	8.00 ▼ -4.00
6M	8.00 ▼ -4.00

Spot

Rate (\$/N)	Chg (NGN)
CBN SMIS Window	430.00 ▼ 0.00
I&E FX Window	441.13 ▼ -0.37
NAFEX	440.90 ▲ 0.05
Parallel Market	750.00 ▲ 3.00

AAForwards

Rate (\$/N)	Chg (NGN)
1M	447.36 ▼ -0.09
2M	450.78 ▼ -0.28
3M	454.29 ▼ -0.07
6M	471.43 ▼ -0.66
1Y	497.03 ▲ 0.99