

FGN Eurobond Market

The FGN Eurobond market closed on a bearish note yesterday, with buying interests registered across maturities as investors worried about aggressive interest rate hikes due to recent robust economic data. However, the minutes from the last US FOMC meeting showed that most US policymakers (at the meeting) favoured rate moderation while reiterating that the inflation outlook will keep driving up the policy rate. Thus, the average benchmark yield climbed by 16bps, closing at 12.54%.

FGN Bond Market

The FGN Bond market traded sideways yesterday, with diverse interests registered on selected short-term and long-term maturities. As a result, the average benchmark yield remained unchanged at 13.48%.

Nigerian Treasury Bill (NTB)

The T-bill market was quiet yesterday, with minimal trading interests recorded across maturities as investors focused on the Treasury bill auction that took place yesterday. Consequently, the average benchmark yield remained constant at 4.30%.

At the auction yesterday, the DMO sold NGN263.5 billion as against an NGN296.75 billion subscription. The auction closed at 3.0%, 3.24%, and 9.9% on the 91-day, 182-day, and 364-day maturities compared to the previous stop rates of 0.1%, 0.3%, and 2.24%, respectively.

Money Market

System liquidity remained elevated yesterday, causing the interbank rates to fall and activities at the Standing lending facilities window to decline. As a result, Open Buyback (OBB) and the Overnight (O/N) rates dipped by 463bps and 438bps to close at 11.88% and 12.56%.

Foreign Exchange Market

Naira depreciated slightly against the US dollar at the I&E window yesterday as the exchange rate rose by 27 kobo to settle at NGN461.60/\$1. On the other hand, Nigeria's foreign reserve declined to \$36.724 billion as \$9.84 million was injected into the forex market last Tuesday.

Oil Market

Reuters: Oil edged up this morning after Brent crude posted its biggest single-day loss in seven weeks the day before, as market players reassess positions after the U.S. Federal Reserve stoked worries about the economy by suggesting further rate hikes ahead. Both benchmarks lost more than \$2 in the previous trading day on expectations of more aggressive interest rate increases.

Minutes from the latest U.S. Federal Reserve meeting on Wednesday showed that a majority of Fed officials agreed the risks of high inflation remained a key factor shaping monetary policy and warranted continued rate hikes until it was controlled. The policymakers also suggested that a shift to smaller hikes would let them calibrate more closely with incoming data.

Investors are recalibrating the energy market, weighing the prospects for China's reviving demand and tepid consumption in the U.S. and other advanced economies, analysts from Haitong Futures said. Lending some support to oil prices, Russia plans to cut oil exports from its western ports by up to 25% in March versus February, exceeding its announced production cuts of 500,000 barrels per day.

At 8:00 am, Brent Futures traded at \$80.92 after declining by \$0.32 this morning.

What to expect today?

We expect the Nigerian bond market to be bullish today, while the T-bill market is expected to be mildly bearish as investors move to settle their auctions. On the other hand, we anticipate interbank rates to close at a similar level today in anticipation of FAAC allocation.

We expect the FGN Eurobond market to remain bearish as investors project a higher interest rate environment amid reiteration by the US fed to raise the policy rate in response to the inflation outlook.

FGN Bond			
Description	TTM (Yrs)	Yield (%)	Change (%)
Λ14.20 14-MAR-2024	1.06	6.90	▼ -0.02
Λ13.53 23-MAR-2025	2.08	9.55	▬ 0.00
Λ12.50 22-JAN-2026	2.92	11.51	▲ 0.21
Λ16.2884 17-MAR-2027	4.06	13.10	▬ 0.00
Λ13.98 23-FEB-2028	5.00	13.94	▼ -0.01
Λ14.55 26-APR-2029	6.17	14.05	▬ 0.00
Λ12.1493 18-JUL-2034	11.40	14.65	▬ 0.00
Λ12.50 27-MAR-2035	12.09	14.80	▬ 0.00
Λ12.40 18-MAR-2036	13.07	14.76	▬ 0.00
Λ16.2499 18-APR-2037	14.15	15.80	▼ -0.08
Λ13.00 21-JAN-2042	18.91	15.14	▬ 0.00
Λ14.80 26-APR-2049	26.17	15.88	▼ -0.04
Λ12.98 27-MAR-2050	27.09	15.20	▬ 0.00

FGN Eurobond			
Description	TTM (Yrs)	Yield (%)	Change (%)
6.375 JUL 12, 2023	0.39	12.06	▲ 0.27
7.625 21-NOV-2025	2.75	12.21	▲ 0.21
6.50 NOV 28, 2027	4.77	12.21	▲ 0.21
6.125 SEP 28, 2028	5.60	11.92	▲ 0.12
8.375 MAR 24, 2029	6.09	13.04	▲ 0.12
7.143 FEB 23, 2030	7.00	12.96	▲ 0.13
8.747 JAN 21, 2031	7.91	13.03	▲ 0.12
7.875 16-FEB-2032	8.98	12.93	▲ 0.12
7.375 SEP 28, 2033	10.60	12.58	▲ 0.12
7.696 FEB 23, 2038	15.00	12.56	▲ 0.13
7.625 NOV 28, 2047	24.77	12.25	▲ 0.15
9.248 JAN 21, 2049	25.91	12.63	▲ 0.13
8.25 SEP 28, 2051	28.60	12.58	▲ 0.17

Major Business Headlines

New project will raise transmission capacity to 25,000MW – FG: The Federal Government has commenced the construction of [a 2x30/40MVA, 123/33kv electricity substation with six feeders and stated](#) that the project would help grow the country's power transmission capacity to 25,000 megawatts. Nigeria's power transmission capacity currently hovers around 7,500MW and 8,000MW, though electricity generation on the national grid has been fluctuating between 4,000MW and 5,000MW for several years. Electricity produced by generation companies is transmitted to distribution companies by the Federal Government-owned Transmission Company of Nigeria. The government's new transmission project is being constructed to boost the evacuation capacity of TCN.

Universal Energy to Launch Grants for Solar Projects across Nigeria: The Universal Energy Facility (UEF) – a results-based financing facility managed by Sustainable Energy for All – has announced that [it will provide grants to renewable energy companies who applied](#) to have their projects financed as part of the facility's Stand-alone Solar for Productive Use programme in Nigeria. The companies, it said in a statement, will now begin construction on their proposed solar projects, all of which are designed to connect businesses and services to a clean, affordable and reliable electricity source. "With this programme in Nigeria, the Universal Energy Facility will demonstrate the enabling power that sustainable energy can have on local economic development and climate action," said CEO and Special Representative of the UN Secretary-General for Sustainable Energy for All, Damilola Ogunbiyi.

Nigerian Treasury Bills			
DTM	Maturity	Yield (%)	Change (%)
15	9-Mar-23	4.53	▬ 0.00
64	27-Apr-23	4.54	▬ 0.00
78	11-May-23	3.85	▬ 0.00
106	8-Jun-23	4.16	▬ 0.00
197	7-Sep-23	4.50	▬ 0.00
246	26-Oct-23	4.62	▬ 0.00
260	9-Nov-23	4.65	▬ 0.00
288	7-Dec-23	4.39	▬ 0.00
337	25-Jan-24	3.93	▬ 0.00
351	8-Feb-24	3.79	▬ 0.00

Other Key Indices		
Indicators	Current	Change
OPEC Quota	1.830mbpd	31,000bpd
System liquidity	N201.72bn	+N64.96
Foreign reserve	\$36.72bn	-\$9.84mn
Nig. Crude output	1.267m bpd	+92,000bpd
Brent Crude	\$80.92	-\$0.32
FAAC Allocation	N750.17bn	+N240.02bn

Interbank	Rate (%)	change
OPR	11.88	▼ -463
O/N	12.56	▼ -438
Repo		
Call	6.00	▬ 0.00
1M	8.00	▬ 0.00
3M	8.00	▬ 0.00
6M	8.00	▬ 0.00

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	462.00	▬ 0.00
I&E FX Window	461.60	▲ 0.27
NAFEX	461.32	▲ 0.07
Parallel Market	770.00	▬ 0.00
AAForwards		
	Rate (\$/N)	Chg (NGN)
1M	491.82	▲ 1.14
2M	490.62	▲ 1.88
3M	499.23	▬ 0.00
6M	542.62	▲ 0.32
1Y	611.38	▲ 2.63