

Fixed Income and Money Market

FGN Bond Market

The FGN Bond market was mostly bearish last week with selling interest seen mostly on long term instruments. At the end of the week, the average benchmark yield advanced by 23bps (basis points) to 14.35%.

Last week, the DMO sold NGN107.88 billion worth of notes, against NGN225.00 billion offered. The rates on the 2029, 2032, and 2037 maturities were allotted at 14.50%, 15.00%, and 16.00%, respectively. Compared to the previous auction, the rates on the 2029, 2032, and 2037 maturities rose by 380bps, 115bps, and 150bps, respectively. The bid-to-cover ratio across the three notes stood at 0.10x, 0.21x, and 1.28x, accordingly.

Nigerian Treasury Bill (NTB)

The treasury bill market started the week on a quiet note. However, towards the end of the week, the market saw an uptick in yield mainly driven by selloffs on mid and long tenured maturities. Week-on-week, the average benchmark yield surged by 316bps to 10.46%.

FGN Eurobond Market

The FGN Eurobond market was mostly bearish last week as Stocks rallied and U.S. yields fell last Friday after the Wall Street Journal reported Federal Reserve officials will likely debate the size of future hikes, fueling hopes that a Fed pivot might be near. The average yield rose by 16bps to close at 15.63% at the end of the week.

Money Market

In the interbank space last week Friday, system liquidity remained tight as banks seek 235.7 billion naira in standing lending facility to bolster their liquidity. The rates on Open Buyback (OBB) and Overnight (O/N) transactions increased by 16bps and 17bps to settle at 16.33% and 16.50%, respectively.

Foreign Exchange Market

On Friday last week, the value of Naira depreciated against the US dollar as the exchange rate rose by 54 kobo to settle at NGN441.67/\$1. The Nigeria's foreign reserve dropped by \$33.29 million to close at \$37.68 billion on Thursday, last week.

Oil Market

• *Reuters*: Oil prices fell on Monday after China released much-delayed trade data which showed that demand in the world's largest crude importer remained lackluster in September as strict COVID-19 policy and fuel export curbs depress consumption. As of 6.00am, Brent crude lost \$0.45 to trade at \$93.05 per barrel.

• China's fuel demand took a hard hit as Beijing's drastic COVID-19 curbs stifled travel and manufacturing activities. While state refineries have mostly returned from outages and planned maintenance, independent refiners, which make up about one-fifth of China's crude oil imports, have continued to hold down production.

• French President, Emmanuel Macron said last Friday that U.S. trade and energy policies have created a "double standard", with Europe left paying higher prices for its natural gas. France, the latest—and largest—country to withdraw from the Energy Charter Treaty, has switched from being a net exporter of energy last year, to being a net importer of energy this year, after problems with its nuclear fleet surfaced. To compensate for its declining nuclear fleet and Russia's complete halt of natural gas shipments into the country, France has turned to the United States for LNG.

What to expect today?

The FGN Eurobond is expected to be more bearish this week as Moody downgrade Nigerian's rating to B3 from B2.

Nigerian debt market is expected to continue its bearish trend from last week. In the absence of any significant inflow today, the interbank rates are expected to remain elevated.

FGN BOND

Description	Maturity Date	TTM (Yrs)	Yield (%)	Change (%)	W-O-W (%)
14.20 14-MAR-2024	14 Mar 2024	1.40	14.10	▬	0.00 ▼ -0.01
13.53 23-MAR-2025	23 Mar 2025	2.42	14.11	▲	0.36 ▲ 0.36
12.50 22-JAN-2026	22 Jan 2026	3.26	14.10	▬	0.00 ▲ 0.39
16.2884 17-MAR-2027	17 Mar 2027	4.40	14.35	▬	0.00 ▲ 0.63
13.98 23-FEB-2028	23 Feb 2028	5.34	14.26	▬	0.00 ▲ 0.36
14.55 26-APR-2029	26 Apr 2029	6.51	14.26	▼	-0.09 ▲ 0.45
12.1493 18-JUL-2034	18 Jul 2034	11.74	14.34	▬	0.00 ▬ 0.00
12.50 27-MAR-2035	27 Mar 2035	12.43	14.10	▬	0.00 ▲ 0.12
12.40 18-MAR-2036	18 Mar 2036	13.41	14.30	▲	0.30 ▲ 0.30
16.2499 18-APR-2037	18 Apr 2037	14.49	15.71	▼	-0.28 ▲ 0.38
13.00 21-JAN-2042	21 Jan 2042	19.25	14.60	▬	0.00 ▬ 0.00
14.80 26-APR-2049	26 Apr 2049	26.51	13.73	▬	0.00 ▬ 0.00
12.98 27-MAR-2050	27 Mar 2050	27.43	14.60	▬	0.00 ▬ 0.00

FGN EUROBOND

Description	Maturity Date	Yield (%)	Change (%)	W-O-W (%)
6.375 JUL 12, 2023	12 Jul 2023	13.58	▲	1.41 ▲ 3.32
7.625 21-NOV-2025	21 Nov 2025	14.46	▲	0.63 ▲ 1.78
6.50 NOV 28, 2027	28 Nov 2027	14.46	▲	0.63 ▲ 1.78
6.125 SEP 28, 2028	28 Sep 2028	16.09	▲	0.57 ▲ 1.51
8.375 MAR 24, 2029	24 Mar 2029	16.59	▲	0.51 ▲ 1.55
7.143 FEB 23, 2030	23 Feb 2030	16.51	▲	0.63 ▲ 1.63
8.747 JAN 21, 2031	21 Jan 2031	16.37	▲	0.47 ▲ 1.38
7.875 16-FEB-2032	16 Feb 2032	16.62	▲	0.60 ▲ 1.59
7.375 SEP 28, 2033	28 Sep 2033	16.08	▲	0.57 ▲ 1.52
7.696 FEB 23, 2038	23 Feb 2038	15.65	▲	0.66 ▲ 1.48
7.625 NOV 28, 2047	28 Nov 2047	15.18	▲	0.59 ▲ 1.40
9.248 JAN 21, 2049	21 Jan 2049	15.82	▲	0.62 ▲ 1.54
8.25 SEP 28, 2051	28 Sep 2051	15.83	▲	0.63 ▲ 1.46

Major Business Headlines

- **AfDB Plans \$1.5bn Green Facility to Meet Demand for Funds to Develop Clean Energy:** The African Development Bank (AfDB) is setting up a [\\$1.5 billion green finance facility to help meet surging demand for money to develop clean energy and defend infrastructure against floods, storms and rising seas](#) exacerbated by global warming. The AfDB plans to partner with commercial banks and governments to fund projects, the AfDB's principal climate officer, Audrey-Cynthia Yamadjako, told Bloomberg in an interview.
- **Domestic card scheme to become effective January – CBN:** The Central Bank of Nigeria, in line with its mandate to promote stability, inclusion and growth in the financial and payment system, says it has [introduced a national domestic card scheme that will become effective on January 16, 2023](#). A statement from the Director, Corporate Communications, CBN, Osita Nwanisobi, said Nigeria is Africa's largest and most vibrant economy and the pace of digitisation and innovation, alongside the expansion of mobile penetration and the proactive policy initiatives of the CBN, had driven the accelerated adoption of digital financial services.

NIGERIAN TREASURY BILLS

DTM	Maturity	Yield (%)	Change (%)	W-O-W (%)
20	10 Nov 2022	5.93	▬	0.00 ▼ -0.01
97	26 Jan 2023	11.17	▬	0.00 ▲ 4.54
111	9 Feb 2023	8.53	▬	0.00 ▲ 1.77
139	9 Mar 2023	9.27	▬	0.00 ▲ 2.24
188	27 Apr 2023	10.62	▬	0.00 ▲ 3.11
202	11 May 2023	11.02	▬	0.00 ▲ 3.37
230	8 Jun 2023	11.85	▬	0.00 ▲ 3.92
321	7 Sep 2023	15.25	▼	-0.01 ▲ 6.34

Other Key Indices

Indicators	Current	Change
OPEC Quota	1.742 m bpd	-84,000bpd
System liquidity	N99.06bn	+41.23bn
Foreign reserve	\$37.68bn	-\$33.29mn
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$93.05	+\$0.45
FAAC Allocation	N954.09bn	+N151.68bn

Interbank

	Rate (%)	change
OPR	16.33	▲ 0.16
O/N	16.50	▲ 0.17
Repo		
Call	10.50	▲ 1.00
1M	15.00	▲ 7.00
3M	16.00	▲ 8.00
6M	16.00	▲ 8.00

Spot

	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	430.00	▬ 0.00
I&E FX Window	441.67	▲ 0.54
NAFEX	440.76	▼ -0.03
Parallel Market	755.00	▲ 5.00
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