

Fixed Income and Money Market

FGN Bond Market

FGN bond market started last week relatively tepid due to the primary auction that took place last Monday. However, the market registered slightly bearish sessions during the rest of the week, with few buying interests on selected maturities. As a result, the average benchmark yield increased by 41 basis points (bps) to 12.20%, week-on-week.

Nigerian Treasury Bill (NTB)

Nigerian treasury bill market started last week on a bearish note. However, the market registered quiet sessions towards the end of the week as the market saw low trading activities with slight buying interest seen on few maturities. Overall, the average benchmark yield rose by 8bps to close at 7.23% week-on-week.

FGN Eurobond Market

FGN Eurobond market was bullish throughout last week as the market registered buying interests across maturities, recovering from the bearish sentiments recorded in the previous week. Thus, the average benchmark yield plunged by 181bps to 13.04%, week-on-week.

Money Market

In the interbank space on Friday, System liquidity remained low as banks seek additional repurchase agreement (repo), keeping the interbank rates elevated. The rates on Open Buy back (OBB) transactions rose by 8bps to close at 14.85% while Overnight (O/N) transactions remained unchanged at 15.00% respectively.

Foreign Exchange Market

The value of naira depreciated by 4 naira against the US dollar at the CBN Investors & Exporters Window yesterday, as the exchange rate closed higher at NGN430.00/\$1. The Nigeria's foreign reserves stands at \$39.440 billion.

Oil Market

- Reuters: U.S. crude prices settled below \$95 a barrel for the first time since April in choppy trading on Friday after the European Union said it would allow Russian state-owned companies to ship oil to third countries under an adjustment of sanctions agreed by member states this week. U.S. West Texas Intermediate crude (WTI) settled \$1.65, or 1.7%, lower at \$94.70 a barrel, while Brent crude futures fell 66 cents, or 0.6%, to \$103.20
- WTI closed lower for the third straight week, pummeled over the past two sessions after data showed that U.S. gasoline demand had dropped nearly 8% from a year earlier amid the peak summer driving season, hit by record prices at the pump. In contrast, signs of strong demand in Asia propped up the Brent benchmark, which settled higher for the first time in six weeks.
- Oil prices dropped on Monday, extending a recent losing streak on concerns that an expected rise in U.S. interest rates would weaken fuel demand. Oil prices dropped on Monday, extending a recent losing streak on concerns that an expected rise in U.S. interest rates would weaken fuel demand. Brent crude prices rose by \$1.12 to trade at \$105.00 a barrel as of 7.10 am this morning.
- Officials at the Fed have indicated that the central bank would likely raise rates by 75 basis points at its July 26-27 meeting. On the other hand, China, the world's second-biggest economy, narrowly missed a contraction in the second quarter, growing just 0.4% year-on-year, weighed down by COVID-19 lockdowns, a weak property sector and cautious consumer sentiment

FGN Bond Yields

Tenor	Open	Close	Change
^12.75 27-APR-2023	7.25%	7.35%	+0.10
^16.29 17-MAR-2027	10.72%	11.79%	+0.07
^12.15 18-JUL-2034	12.40%	12.40%	0.00

Nigerian Treasury Bills Yields

13-OCT-2022 (83 days)	9.19%	9.19%	0.00
26-JAN-2023 (188 days)	7.80%	7.80%	0.00
08-JUN-2023 (322 days)	6.37%	6.37%	0.00

Nigerian Eurobond Yields

6.375 JUL 12, 2023	9.49%	9.44%	-0.05
6.50 NOV 28, 2027	12.63%	12.42%	-0.21
7.875 16-FEB-2032	13.88%	13.65%	-0.23

Forex Spot rates

I&E Market	426.00	430.00	+4.00
SMIS Market	430.00	430.00	0.00
Parallel Market	641.00	641.00	0.00

Forex Forward rates

1 month	427.46	427.40	-0.06
6 months	447.95	448.09	-0.14
12 months	471.25	471.71	-0.46

Other Key Indices

Indicators	Current	Change
OBB	14.83%	+8bps
O/N	15.00%	00bps
System liquidity (op. bal)	N211.14bn	+134.88bn
Foreign reserve	\$39.44bn	+10.91mn
OPEC Quota	1.826m bpd	+26,000bpd
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$102.30	-\$0.90
FAAC Allocation	N656.602bn	+N24.18bn

Major Business Headlines

- Operators may earn N4.37tn from marginal oil fields:** Proposed crude oil exploration from 57 marginal oil fields is expected to boost Nigeria's oil production by at least 8.835 million barrels monthly, an analysis by *The PUNCH* has shown. With the newly issued marginal field licences, the country's oil production is [expected to grow by 285,000 barrels per day](#), going by the estimated 5,000bpd output projected for each field. As a result, operators of the new marginal oil field licences are estimated to rake in at least N364bn (\$883,500,000) monthly if the oil price remains stable above \$100/barrel for a long time
- African economies face prohibitively expensive bond market:** The perfect storm of inflationary pressures, aggressive monetary tightening from central banks, combined with a deepening of the Russia/Ukraine crisis, [have made capital raising via traditional bond markets](#), particularly, expensive for African countries whose governments have been forced to find innovative ways to raise capital. Co-Head of Loan Syndication at Rand Merchant Bank, Miranda Abraham, has said. Abraham said: "While the quality of African sovereigns hasn't declined, risk appetite amongst typical bond investors certainly has and this has pushed pricing up to prohibitively high levels."
- African economies face prohibitively expensive bond market:** The African Development Bank (AfDB) Group has approved a Risk Participation Agreement of \$50 million with Crédit Agricole Corporate and Investment Bank. The Bank said the deal will enable African banks and their small and [medium-sized enterprise \(SME\) clients to participate more in regional and international trade](#), aims at supporting a cumulative trade transaction volume of \$450 million over the next three years. The African Development Bank's Director General for North Africa, Mohamed El Azzí, said "This agreement strengthens confidence among various African actors to encourage a new trade dynamic on the continent."