

Fixed Income and Money Market

FGN Bond Market

The FGN bond market recorded mixed session yesterday with buying interests seen on selected short-term maturities offset by selling interests on long-term maturities. Thus, the average benchmark yield remained unchanged at 12.20%.

Nigerian Treasury Bill (NTB)

The treasury bills market was quiet yesterday as investors anticipate primary auction today. The average benchmark yield remained unchanged at 7.22%.

FGN Eurobond Market

FGN Eurobond market closed bearish yesterday with interests seen across board as the U.S. central bank is widely expected to raise interest rates by 75 basis points at the conclusion of its policy meeting later today. The average benchmark yield rose by 20bps to 13.18%.

Money Market

In the interbank space, the system liquidity remained significantly low as banks continue to seek repurchase agreement (repo) and Standing Lending Facility (SLF) to elevate their liquidity. The rates on Open Buy back (OBB) increased by 17bps to 15% while Overnight (O/N) transaction maintained constant value at 15.00%.

Foreign Exchange Market

At the CBN Investors & Exporters Window yesterday, the value of naira depreciated by NGN3.83 against the US dollar as the exchange rate closed higher at NGN431.00/\$1. Nigeria's foreign reserve declined by \$56.091 million to settle at \$39.445 billion on Friday last week.

Oil Market

- *Reuters*: Oil prices held steady earlier this morning as concerns about weaker demand offset industry data that showed a larger-than-expected drawdown in U.S. crude stockpiles. As of 7.00am this morning, Brent crude futures gained 18 cents to trade at \$104.6 a barrel.
- The Biden Administration has announced that it is releasing the next Notice of Sale for crude oil from the nation's Strategic Petroleum Reserve (SPR) for 20 million barrels. The administration said in late March it would release a record 1 million barrels of oil per day for six months from the SPR. The United States has already sold 125 million barrels from the reserve with nearly 70 million barrels delivered to purchasers. The proposal for the fixed price is yet to be finalized, but the Department of Energy is proposing rulemaking this week to allow for these purchases.
- The American Petroleum Institute (API) reported a large draw this week for crude oil of 4.037 million barrels, while analysts predicted a draw of 1.121 million barrels. The build comes as the Department of Energy released 5.6 million barrels from the Strategic Petroleum Reserves in Week Ending July 22, to 474.5 million barrels. U.S. crude inventories have shed some 65 million barrels since the start of 2021, with a 2 million barrel loss since the start of 2020, according to API data. In the week prior, the API reported a build in crude oil inventories of 1.860 million barrels after analysts had predicted a much smaller build of 333,000 barrels.

FGN Bond Yields

Tenor	Open	Close	Change
^12.75 27-APR-2023	7.41%	7.43%	+0.02
^16.29 17-MAR-2027	11.79%	11.79%	0.00
^12.15 18-JUL-2034	12.40%	12.40%	0.00

Nigerian Treasury Bills Yields

13-OCT-2022 (79 days)	9.18%	9.18%	0.00
26-JAN-2023 (184 days)	7.80%	7.79%	-0.01
08-JUN-2023 (317 days)	6.37%	6.37%	0.00

Nigerian Eurobond Yields

6.375 JUL 12, 2023	9.07%	8.98%	-0.09
6.50 NOV 28, 2027	12.39%	12.63%	+0.24
7.875 16-FEB-2032	13.58%	13.82%	+0.24

Forex Spot rates

I&E Market	427.17	431.00	+3.83
SMIS Market	430.00	430.00	0.00
Parallel Market	665.00	665.00	0.00

Forex Forward rates

1 month	427.19	427.53	+0.34
6 months	442.34	447.80	+5.46
12 months	470.83	471.31	+0.48

Other Key Indices

Indicators	Current	Change
OBB	15.00%	+0.17ps
O/N	15.00%	0.00bps
System liquidity(<i>op. bal</i>)	N94.94bn	0.00bn
Foreign reserve	\$39.445bn	-56.091mn
OPEC Quota	1.826m bpd	+26,000bpd
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$104.6	+0.18
FAAC Allocation	N802.407bn	+N145.805bn

Major Business Headlines

- **FAAC allocation rises 18%, FG, states share N802bn:** The federal, state and local governments shared [N802.407bn as federation allocation for the month of June, 2022](#). This represents 18 per cent increase from N681bn shared in May. The sharing decision was reached at Federation Account Allocation Committee (FAAC)'s meeting, according to a statement sent to The Punch on Tuesday night by the Director of Press/Information, Federal Ministry of Finance, Mrs. Phil Abiamuwe-Mowete. "From this stated amount, inclusive of Gross Statutory Revenue and Value Added Tax (VAT), the Federal Government received N321.859 billion, the States received N245.418 billion, the Local Government Councils got N182.330 billion, while the Oil producing states received N52.799 billion as derivation, (13% of Mineral Revenue)," the statement noted.
- **Nigeria's Excess Crude Account Shrinks from \$35.37m to \$376.655:** The balance in Nigeria's Excess Crude Account (ECA) has reduced significantly from the [\\$35.7 million it was as of June 2022 to \\$376.655.09 as at July 25, 2022](#). A communiqué issued at the end of the Federation Account Allocation Committee (FAAC) meeting for July 2022, held in Abuja yesterday disclosed this. However, no explanation was given for the huge drop in the ECA. Meanwhile, IMF has advised Nigeria and other African countries to as a matter of urgency take proactive measures to restructure their debts.
- **Govt invites investors for bitumen development:** The Federal Government has [beckoned on national and international investors interested in the development of the nation's 42 billion barrels of bitumen reserves](#). Speaking at a virtual event organised by the Ministry of Mines and Steel Development, the Director-General, Nigerian Geological Survey Agency, Dr. Abdulrasaq Garbar, said Nigeria holds the sixth largest reserves of bitumen in the world. He, therefore, said only suitably qualified local and international investors will be chosen to execute Bitumen development to a meaningful extraction level.