

FGN Eurobond Market

Despite the interest rate hike of 25bps by the US Fed last Wednesday, the FGN Eurobond market was largely bullish last week as the Fed reassured investors about the soundness of the US banking system. However, worries over Germany's Deutsche Bank and the fear of deteriorating credit conditions in Europe raised the risk-on rally on Friday. As a result, most gains during the week were pared as the average benchmark yield declined by 4bps, closing at 13.64%.

FGN Bond Market

Last week, the FGN Bond market traded sideways most of last week as Monetary Policy Committee (MPC) delivered a 50bps increase last Tuesday. While interests in the market were primarily mixed, the market recorded some cherry-picking on selected maturities. Thus, the average benchmark yield declined by 7 basis points (bps) to close at 13.89%.

At last week's auction, the DMO sold 563.36 billion against 360 billion on offer and subscription of N 808.61 billion. The 2028, 2032, 2037, and 2049 maturities closed at 14.00%, 14.75%, 15.20%, and 15.75%, compared to previous stop rates of 14.00%, 14.90%, 15.90%, and 16.00%, respectively.

Nigerian Treasury Bill (NTB)

The treasury bill market was largely quiet last week with minimal selling activities registered on mid- to long-tenured maturities. Consequently, the average benchmark yield surged by 31bps to close at 5.94% week-on-week.

Money Market

At the money market last week, bond auction settlement and tightened monetary rate dampened market liquidity conditions, causing the interbank rates to trend higher most of the week. Likewise, the Standing Lending Facilities window registered an atypical surge in activities towards the end of the week as banks borrowed 881 billion in two days. As a result, the rates on open buyback and overnight transactions settled at 18.25% and 18.88% at the end of the week.

Foreign Exchange Market

Last week, Naira appreciated (week-on-week) against the US dollar as the exchange rate slipped by 16 kobo to settle at NGN461.67/\$1. Likewise, Naira appreciated against the US dollar at the parallel market as the exchange declined by 6 naira to NGN745/\$1, week-on-week. Meanwhile, Nigeria's foreign reserve stood at \$35.78 billion after sliding by \$37 million last Thursday.

Oil Market

Reuters: Oil prices stabilised in Asian trade this morning as investors sought cues from broader financial markets, while comments by Russian President Vladimir Putin over the weekend ratcheted up geopolitical tensions in Europe.

Brent crude futures held unchanged at \$75.20 a barrel at 6.45am after hitting a session high of \$75.64. U.S. West Texas Intermediate crude was at \$69.53 a barrel, up 27 cents, after rising to \$69.92 earlier in the session.

Russia's Deputy Prime Minister Alexander Novak said on Friday that Moscow was very close to achieving its target of cutting crude output by 500,000 barrels per day (bpd) to around 9.5 million bpd.

Despite lowering output, Russia is expected to maintain crude oil exports by cutting refinery output in April, data from industry sources and Reuters calculations showed on Friday. Exports of Russian oil products have to date been more affected than crude exports by a recent European Union embargo, with tonnes of diesel stuck on ships awaiting buyers.

Analysts said Russian crude inventories have been rising since September last year, and the country would likely want to avoid further stockbuilds during refinery maintenance season from March to June.

Investors are also watching out for China's manufacturing and services purchasing managers' indexes (PMIs) to be released later this week.

In the U.S., oil rigs rose four to 593 last week, up for the first time in six weeks, while gas rigs held steady at 162, energy services firm Baker Hughes Co (BKR.O) said in a report on Friday.

What to expect today?

We expect the FGN bond and T-bill market to start the week on a positive note, with most market activities projected to focus on mid-to long-tenured maturities.

On the other hand, we expect the interbank rates to settle lower today on the back of the anticipated FAAC allocation inflow.

We expect the FGN Eurobond market to close on a bearish note today as the banking crisis raised worries about deteriorating credit conditions.

Other Key Indices

Indicators	Current	Change
System liquidity	N58,66bn	-N75.57bn
Foreign reserve	\$35.78bn	-\$37.08mn
Nig. Crude output	1.39mbpd	+100,000bpd
OPEC Quota	1.826m bpd	+26,000bpd
Brent Crude	\$75.20	+\$0.21
FAAC Allocation	N722.68bn	-N27.49bn

Major Business Headlines

Airfares soar as foreign airlines hike exchange rate: International airfares on Nigerian routes have gone up further by over 20 per cent after [foreign airlines raised the exchange rate for ticket sale from N462 per dollar to N551 per dollar](#), findings by *The PUNCH* have revealed. International travellers on Nigerian routes have been paying higher airfares after carriers blocked their inventory of cheaper tickets in order to cushion the effects of the rising amount of trapped funds. The latest increase in the naira-dollar exchange rate for ticket sale by the International Air Transport Association, the Switzerland-based trade association of the world's airlines, is expected to worsen the plight of Nigeria travellers who are already paying higher airfares.

CBN: Credit to Private Sector Increased by N212bn in February: The Central Bank of Nigeria (CBN) has disclosed that credit to private sector increased by N212 billion or 0.51 per cent [Month-on-Month \(MoM\) in February to N41.75 trillion as against N41.54 trillion reported in January 2023](#). The apex bank disclosed this in its "money and credit" statistics posted on its website. The apex bank disclosed that credit to manufacturing, general commerce, and oil & gas are key sectors benefiting from private sector lending. It added that credit to the private sector so far in 2023 gained 16.03 per cent in its Year-on-Year (YoY) growth from a reported N35.99 trillion in February 2022 to N41.75 trillion in February 2023. Findings showed that credit to the private sector in 2022 crossed the N41 trillion mark and experts have predicted further increase, driven by government expansion in budgets, among other factors.

MARKET DAILY UPDATES – 24th March 2023



Fixed Income

FGN Bond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
^13.53 23-MAR-2025	2.00	10.19	0.00	-0.03
^12.50 22-JAN-2026	2.83	12.03	0.04	0.13
^16.2884 17-MAR-2027	3.98	12.51	0.02	0.06
^13.98 23-FEB-2028	4.92	14.00	0.00	0.00
^14.55 26-APR-2029	6.09	14.10	0.00	0.00
^12.1493 18-JUL-2034	11.32	14.40	0.00	-0.25
^12.50 27-MAR-2035	12.01	14.69	0.00	0.00
^12.40 18-MAR-2036	12.98	14.68	0.00	0.00
^16.2499 18-APR-2037	14.07	14.83	0.00	-0.57
^13.00 21-JAN-2042	18.83	14.71	0.00	0.00
^14.80 26-APR-2049	26.09	15.41	0.00	-0.34
^12.98 27-MAR-2050	27.01	15.15	0.00	0.15

FGN Eurobond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
6.375 JUL 12, 2023	0.30	14.26	1.25	-0.15
7.625 21-NOV-2025	2.66	13.73	0.41	-0.11
6.50 NOV 28, 2027	4.68	13.73	0.41	-0.11
6.125 SEP 28, 2028	5.51	12.79	0.21	-0.12
8.375 MAR 24, 2029	6.00	13.93	0.26	-0.05
7.143 FEB 23, 2030	6.91	13.70	0.29	0.05
8.747 JAN 21, 2031	7.83	13.99	0.32	0.05
7.875 16-FEB-2032	8.89	13.65	0.36	-0.09
7.375 SEP 28, 2033	10.51	13.35	0.33	-0.13
7.696 FEB 23, 2038	14.91	13.64	0.31	-0.08
7.625 NOV 28, 2047	24.68	13.21	0.33	0.00
9.248 JAN 21, 2049	25.83	13.66	0.31	0.05
8.25 SEP 28, 2051	28.51	13.50	0.33	0.09

Nigerian Treasury Bills

DTM	Maturity	Yield (%)	Change (%)	WoW (%)
34	27-Apr-23	2.87	0.00	0.00
48	11-May-23	2.51	0.00	0.00
76	8-Jun-23	3.48	0.00	0.37
167	7-Sep-23	5.25	0.00	0.41
216	26-Oct-23	6.24	0.00	0.44
230	9-Nov-23	6.54	0.00	0.44
258	7-Dec-23	7.13	0.00	0.46
307	25-Jan-24	8.22	0.00	0.49
321	8-Feb-24	8.54	0.00	0.50
349	7-Mar-24	8.66	0.00	-0.01

Commodities

Commodities	Price	Change (%)
Brent	74.98	-0.01
Bonny	73.87	-3.27
Natural Gas	2.13	-4.02
Gold	1976.70	-0.35
Silver	23.25	-0.04
Copper	4.07	0.11
Cocoa	2611.59	-0.08
Coffee	179.00	2.66
Wheat	684.50	-0.58

Money Market

Index	Amount (NGN'bn)	Chg (NGN'bn)
System liquidity	58.66	-75.57

Interbank	Rate (%)	change (bp)
OPR	18.25	-0.25
O/N	18.88	-0.12
Repo		
Call	14.00	2.00
1M	14.50	2.00
3M	14.25	1.75
6M	14.25	1.75

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	103.07	-0.04
EUR/USD	1.077	0.04
GBP/USD	1.224	0.08

Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mn)
Foreign Reserve	35.78	-37.08

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	462.00	0.00
I&E FX Window	461.67	0.00
NAFEX	461.15	0.00
Parallel Market	745.00	0.00

^^Forwards	Rate (\$/N)	Chg (NGN)
1M	467.87	-0.31
2M	475.74	-3.35
3M	484.34	-1.99
6M	511.25	-0.45
1Y	561.79	-30.71

Equities & Global Market

Indices	Points	Change (%)
NGX YTD	7.11%	
NGX All Share	54,892.53	-0.06
NGX Banking	436.95	-0.25
NGX 30	1957.63	-0.26
NGX Consumer Goods	696.17	-0.21
S&P 500	3,970.99	0.56
FTSE 100	4,130.62	-1.82
Euro STOXX 50	4,207.14	0.27
US 10-year	3.399	0.020
UK 10-year	3.288	0.007
German 10-year	2.127	0.002

Source: FMDQ, CBN, Reuters, CNBC, Business Insider

***Global Market & Commodities' quotes are as of 3:30 am (GMT+1) – 27th March 2023

**Bonny oil price is as of 24th March 2023