

Fixed Income and Money Market

FGN Bond Market

The FGN bond market closed slightly bearish yesterday driven by selloffs on selected short-tenured and mid-term maturities. The market also recorded few buying interests at the belly of the curve, lessening the impact of the selling interests as the average benchmark yield soared by 5bps to close at 12.25%.

Nigerian Treasury Bill (NTB)

The treasury bills market registered minimal trading activities in the secondary market with few buying interest on selected maturities yesterday as the investors shifted focus to the primary market auction yesterday. The average benchmark yield remained unchanged at 7.22%.

At the treasury bills auction yesterday, the DMO sold ₦264.28 billion worth of bills, which was the same amount offered. The rates on the 91-day, 182-day and 364-day bills were allotted at 2.80%, 4.10%, and 7.00%, respectively. While the rate on the 364-day paper remained unchanged, the rates on the 91-day and 182-day paper rose by 5bps and 10bps, respectively

FGN Eurobond Market

FGN Eurobond market closed on a bearish note yesterday with interests seen across maturities as the US Federal Reserve raised its benchmark rate by 75bps, the fourth time this year. The average benchmark yield rose by 48bps to 13.56%.

Money Market

In the interbank space, the system liquidity remained significantly weak while banks leverage on repurchase agreement (repo) and Standing Lending Facility (SLF) to bolster their liquidity, keeping the interbank rates elevated. The rates on Open Buy back (OBB) decreased by 15bps to 14.75% while Overnight (O/N) transaction remained unaltered at 15.00%.

Foreign Exchange Market

At the CBN Investors & Exporters Window yesterday, the value of naira appreciated by 1 naira against the US dollar as the exchange rate closed lower at NGN430.00/\$1. On Tuesday, this week, Nigeria's foreign reserve declined by \$32.23 million to settle at \$39.273 billion.

Oil Market

- **Reuffers:** Oil settled higher yesterday as a report of lower inventories in the United States and cuts in Russian gas flows to Europe offset concern about weaker demand and a U.S. interest rate hike. Thus, Brent crude rose \$2.22 to \$106.62 a barrel while West Texas Intermediate crude gained \$2.28 to close at \$97.26.
- According to Energy Information Administration, U.S. crude oil stockpiles dropped 4.5 million barrels last week as exports surged to an all-time high due to U.S. crude's big discount to international benchmark Brent. After a sharp drop in the last two weeks, U.S. gasoline demand rebounded by 8.5% week on week, according to the data.
- Oil gained more than \$1 a barrel on Thursday, extending gains from the previous session, buoyed by improved risk appetite among investors while lower crude inventories and a rebound in gasoline demand in the United States supported prices. CMC Markets analyst Tina Teng said that Risk sentiment has recovered from recession fears due to the ongoing U.S. earnings optimism and a less aggressive Fed's rhetoric on rate hikes, which supported a rally in the crude market coupled with a weakened U.S. dollar has also lifted commodities prices. As of 7.47am this morning, Brent crude futures gained \$1.08 to trade at \$107.7 a barrel.

FGN Bond Yields

Tenor	Open	Close	Change
^12.75 27-APR-2023	7.43%	7.44%	+0.01
^16.29 17-MAR-2027	11.79%	11.74%	-0.05
^12.15 18-JUL-2034	12.40%	12.56%	+0.16

Nigerian Treasury Bills Yields

13-OCT-2022 (78 days)	9.18%	9.18%	0.00
26-JAN-2023 (183 days)	7.79%	7.79%	0.00
08-JUN-2023 (316 days)	6.37%	6.36%	-0.01

Nigerian Eurobond Yields

6.375 JUL 12, 2023	8.98%	9.33%	+0.35
6.50 NOV 28, 2027	12.63%	13.03%	+0.40
7.875 16-FEB-2032	13.82%	14.23%	+0.41

Forex Spot rates

I&E Market	431.00	430.00	-0.01
SMIS Market	430.00	430.00	0.00
Parallel Market	665.00	710.00	+45.00

Forex Forward rates

1 month	427.53	427.38	-0.15
6 months	447.80	447.72	-0.08
12 months	471.31	471.90	+0.59

Other Key Indices

Indicators	Current	Change
OBB	14.75%	-0.15ps
O/N	15.00%	0.00bps
System liquidity (op. bal)	N99.229bn	4.28bn
Foreign reserve	\$39.273bn	-32.233mn
OPEC Quota	1.826m bpd	+26,000bpd
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$107.7	+1.08
FAAC Allocation	N802.407bn	+N145.805bn

Major Business Headlines

- **FG says it used \$35 million from Excess Crude Account to purchase Offshore Patrol Vessels:** The Federal Government has responded to reports that the Excess Crude Account has dropped from \$35.7 million to \$376.655. The government disclosed that the \$35million disbursement from the Excess Crude Account (ECA) in June 2022, was an advance payment for [the purchase of brand-new Offshore Patrol Vessels \(OPVs\) for the Nigerian Navy](#). The ECA is a savings account retained by the Federal Government and is funded by the difference between the market price of crude oil and the budgeted price of crude oil as contained in the appropriation bill, however, despite higher oil revenues, Nigeria has not added to the ECA this year.
- **FG links CAC register to NIMC to check \$15b illicit flows via beneficial owners:** The global Chief Executive Officer of Open Government Partnership (OGP) Sanjay Pradhan has said Nigeria can save over \$15billion illicit financial flows if it is able to eliminate anonymous ownership of companies through the implementation of Beneficial Ownership register by the Corporate Affairs Commission Sanjay disclosed that findings by [the World Bank revealed that between 1980-2010, 70 percent of corruption](#) cases involved anonymous shell companies, adding that it is estimated that elimination of anonymous companies will help put a stop to \$15billion illicit funds that flows out of Nigeria yearly.
- **Subsidy probe: Reps say 23 oil firms unknown:** The House of Representatives' Ad Hoc Committee to Investigate the Petroleum Products Subsidy Regime from 2013 to 2021 has said it [does not know the profile of 23 oil and gas companies trading in Nigeria](#). The panel is investigating payments made by the Federal Government through the Nigerian National Petroleum Corporation (now Nigerian National Petroleum Company Limited) for the subsidy on Premium Motor Spirit, popularly known as petrol, within eight years. The Chairman of the committee, Ibrahim Aliyu, at the resumption of the investigative hearing on subsidy payments on Wednesday, stated that the firms had major serious questions to answer.