

Fixed Income and Money Market

FGN Bond Market

FGN bond market closed in the green zone yesterday as the market recorded minimal buying interests on short-dated maturities and few selected maturities. Consequently, the average benchmark yield slipped by 1 basis points (bps) to 13.14%.

Nigerian Treasury Bill (NTB)

The treasury bills market was relatively quiet yesterday with mild buying interest seen on selected maturities. The average benchmark remained unchanged at 8.04%.

FGN Eurobond Market

FGN Eurobond extended its bearish session yesterday with selling interests seen across board. Today, market eyes are firmly on the U.S. non-farm payrolls data for August, with a strong report likely to intensify the view that rates are headed higher for longer. The average benchmark yield soared by 23bps to 12.98%.

Money Market

The interbank rates depressed further at the money market on the back of improved system liquidity driven by inflow from FAAC allocation. Thus, the rates on Open Buy back (OBB) and Overnight (O/N) transactions declined by 100bps and 117bps to close at 7.00% and 7.50% respectively.

Foreign Exchange Market

At the CBN Investors & Exporters Window yesterday, the value of naira depreciated by NGN0.56 against the US dollar as the exchange rate closed higher to NGN430.00/\$1. As of Wednesday, this week, Nigeria's foreign reserve rose by \$9.56 million to settle at \$39.02billion.

Oil Market

- *Reuters*: Oil prices tumbled more than 3% yesterday, as new COVID-19 lockdown measures in China added to worries that high inflation and interest rate hikes are denting fuel demand. As of 6.45am this morning, Brent crude futures gained \$1.45 to trade at \$93.86 a barrel.
- Group of Seven finance ministers are expected to firm up plans on Friday to impose a price cap on Russian oil aimed at slashing revenues for Moscow's war in Ukraine but keeping crude flowing to avoid price spikes, G7 officials said. A European G7 official said, a deal is likely, adding that it was unclear how much detail would be revealed, such as the per-barrel level of the price cap, above which complying countries would refuse insurance and finance to Russian crude and oil product cargoes.
- Despite Russia's falling oil export volumes, its oil export revenue in June increased by \$700 million from May due to prices pushed higher by its war in Ukraine, the International Energy Agency said last month.

Other Key Indices		
Indicators	Current	Change
OBB	7.00%	-100bps
O/N	7.50%	-117bps
System liquidity	N350.37bn	-402.48bn
Foreign reserve	\$39.02bn	+9.56mn
OPEC Quota	1.826m bpd	+26,000bpd
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$93.86	+\$1.45
FAAC Allocation	N954.09bn	+N151.68bn

Major Business Headlines

- **World Bank ready to help Nigeria phase out subsidies**: The World Bank Group President, David Malpass, has said that the bank is ready to support Nigeria in phasing out regressive fuel subsidies while increasing [social assistance for the poor and vulnerable](#). He also stressed the need for a unified exchange rate in Nigeria, which would significantly improve the business-enabling environment in Nigeria, attract foreign direct investment, and reduce inflation.
- **NNPCL hits FAAC with N448bn July subsidy deduction**: Nigerian National Petroleum Company Limited, NNPCL, deducted N448.78 billion from Federation Account revenue in August for petrol subsidy. The amount was exclusive of [the N482.57 billion incurred in the month](#) of July for petrol subsidy.
- **DMO decries growing debts, demands MDAs' budget scrutiny**: The Debt Management Office has decried Nigeria's growing debt profile, blaming it on low revenue generation and remittances as well as annual deficit budget by the Federal Government. The Director-General, DMO, Patience Oniha, on Thursday [in Abuja, said the country had been indebted to the tune of N41.6tn](#) as of March 2022, pointing out that borrowing would continue until the government addressed the issues concerning the personnel, overhead and capital costs of the ministries, departments and agencies.

FGN Bond Yields			
Tenor	Open	Close	Change
^12.75 27-APR-2023	7.05	7.04	-0.01
^16.29 17-MAR-2027	13.05	13.05	0.00
^12.15 18-JUL-2034	13.38	13.38	0.00
Nigerian Treasury Bills Yields			
24-NOV-2022 (84 days)	11.55%	11.55%	0.00
9-FEB-2023 (161 days)	10.46%	10.46%	0.00
08-JUN-2023 (280 days)	6.79%	6.79%	0.00
Nigerian Eurobond Yields			
6.375 JUL 12, 2023	10.69%	11.14%	+0.45
6.50 NOV 28, 2027	12.04%	12.20%	+0.16
7.875 16-FEB-2032	13.13%	13.35%	+0.22
Forex Spot rates			
I&E Market	429.44	430.00	+0.56
SMIS Market	430.00	430.00	0.00
Parallel Market	698.00	702.00	+3.00
Forex Forward rates			
1 month	434.01	434.13	+0.12
6 months	451.89	452.68	+0.79
12 months	476.03	477.03	+1.00

What to expect today?

The Nigeria market is expected to be sideways today as the market is expected to be less aggressive today amid improved liquidity conditions while the interbank rates are expected to remain in the single digit band.

The FGN Eurobond Market is expected to sustain its bearish sentiment as market awaits US employment data coming in today.