

## FGN Eurobond Market

The FGN Eurobond market was mainly bearish last week due to mixed U.S. data. In Q4 2022, US GDP grew by 2.7%, primarily driven by inventories and trade growth, while other sectors slowed, signaling deteriorating fundamentals rather than resilience. Thus, week-on-week, the average benchmark yield surged by 48bps, closing at 10.78%.

## FGN Bond Market

The FGN Bond market closed on a bullish note yesterday, with positive interests registered mostly on short-term maturities. As a result, the average benchmark yield declined by 37 basis points (bp) to close at 13.57%.

## Nigerian Treasury Bill (NTB)

The treasury bill market was quiet most of the week, however, the buying interest towards the end of the week pushed the overall performance into bullish territory, as the investors sought after the secondary market due to their unmet bids in the midweek. Consequently, the average benchmark yield plummeted by 218bps to close at 1.61% last week.

At midweek's treasury bills auction, the DMO sold NGN220.53 billion worth of bills, the same as offered. The rates on the 91-day, 182-day, and 364-day bills were allotted at 0.29%, 1.80%, and 4.78%, respectively. Compared to the previous auction, the rate on 91-day, 182-day, and 364-day bills fell by 171bp, 253bps, and 252bps, respectively. The bid-to-cover ratio across the three papers stood at 54.17x, 71.13x, and 3.96x.

## Money Market

At the money market last week, the interbank rates slipped due to coupon payments and FAAC allocation inflow at the start of the week. However, despite the improved liquidity condition, the interbank rate rose towards the end of the week due to the T-bill settlement last Thursday. At the end of the week, Open Buyback (OBB) and Overnight (O/N) rates remained unchanged at 10.50% and 11.00%, settling 50bps lower than the previous week.

## Foreign Exchange Market

Last week, Naira appreciated 25 kobo (week-on-week) against the US dollar as the exchange rate settled lower at NGN461.75/\$1. Likewise, Naira steadied against the US dollar at the parallel market as the exchange remained unchanged at NGN757/\$1, week-on-week.

Meanwhile, Nigeria's foreign reserve declined by \$27.05 million last Thursday, settling higher at \$37.07 billion.

## Oil Market

Reuters: Oil prices fell this morning, giving up earlier gains, as global producers will likely keep output unchanged during a meeting this week, and investors are cautious ahead of a U.S. Federal Reserve meeting that may spur market volatility.

Ministers from the Organization of the Petroleum Exporting Countries (OPEC) and allies, including Russia, known collectively as OPEC+, are unlikely to tweak their current oil output policy when they meet virtually on Feb. 1.

Still, an indication of a rise in crude exports from Russia's Baltic ports in early February caused Brent and WTI to post their first weekly loss in the last three weeks.

Ahead of the Federal Reserve's policy meeting scheduled on Jan. 31-Feb. 1, the market broadly expects the U.S. central bank to scale back rate hikes to 25 basis points (bps) from 50 bps announced in December, which may ease concerns about an economic slowdown that would curb fuel demand in the world's biggest oil consumer.

Oil prices earlier gained amid tensions in the Middle East following a drone attack in oil producer Iran and as China, the world's biggest crude importer, pledged over the weekend to promote a consumption recovery that would support fuel demand.

As of 8:30 am this morning, Brent crude was down 65 cents to \$86.01 per barrel, while US West Texas Intermediate (WTI) crude fell 51 cents to \$79.17 per barrel.

## What to expect today?

The Nigerian bond and T-bill markets are expected to extend their bullish sentiment into this week on the back of improved liquidity conditions in the market, with most positive sentiments expected on the short-tenured maturities.

On the other hand, the interbank rates are expected to stabilize at the lower bound of the double-digit region due to bolstered system liquidity.

We expect the Eurobond market to start the week on a lighter note as investors look forward to the outcomes of the series of central bank meetings holding this week, including the US Federal Reserve.

## Other Key Indices

Indicators	Current	Change
System liquidity	N1509.05bn	+N17.71bn
Foreign reserve	\$37.07bn	-\$27.05mn
Nig. Crude output	1.267mbpd	+97,000bpd
OPEC Quota	1.826m bpd	+26,000bpd
Brent Crude	\$86.01	-\$0.65
FAAC Allocation	N990.18bn	+N88.148bn

## Major Business Headlines

**FG sugar master plan under threat over investors' apathy:** Following the commissioning of the Lagos Blue Line rail by President Muhammadu Buhari, the Lagos State Commissioner for information, Gbenga Omotosho, has said the blue lines will generate its own electricity to power its rail transportation system. [He noted that it was the first of its kind in Africa](#), which has its own dedicated Independent Power Plant (IPP) with four power sources thereby eliminating the fear of power outage while on the train. He however assured Nigerians that the cost to use this mode of transportation isn't going to be exorbitant as transportation is not something that the government relies on to make huge revenue. "It's the comfort of Lagosians the government is looking at and not how much to charge or anything that will make anybody to complain," he said.

**IBEDC to inject N14b in Infrastructure, Says MD:** The Ibadan Electricity Distribution Company (IBEDC), has announced its commitment to inject about N14 billion into improving service delivery in its franchise areas. The Managing Director of the distribution company, Mr. Kingsley Achife, made the disclosure while speaking with journalist at the company's headquarters, in Ibadan, the Oyo state capital. He said the fund would be deployed to addressing challenges in the areas of technical infrastructures, equipment and others spheres towards ensuring effective and optimal services to its customers. According to him, [plan is underway to fix almost 500 transformers that are faulty within the its areas](#) while additional 300 would be replaced in order to relieve the suffering of existing customers who could not be served due to faulty transformers in their communities.

# MARKET DAILY UPDATES – 27th January 2023



## Fixed Income

### FGN Bond

Description	TTM (Yrs)	Yield (%)	Change (%)	W-o-W (%)
^14.20 14-MAR-2024	1.13	7.80	▼ -2.20	▼ -2.80
^13.53 23-MAR-2025	2.15	10.84	▼ -0.42	▼ -1.21
^12.50 22-JAN-2026	2.99	12.25	▬ 0.00	▼ -0.14
^16.2884 17-MAR-2027	4.13	13.37	▬ 0.00	▼ -0.53
^13.98 23-FEB-2028	5.07	13.62	▬ 0.00	▬ 0.00
^14.55 26-APR-2029	6.24	13.78	▬ 0.00	▬ 0.00
^12.1493 18-JUL-2034	11.47	14.49	▬ 0.00	▬ 0.00
^12.50 27-MAR-2035	12.16	14.58	▬ 0.00	▬ 0.00
^12.40 18-MAR-2036	13.14	14.92	▬ 0.00	▬ 0.00
^16.2499 18-APR-2037	14.22	15.30	▲ 0.43	▲ 0.01
^13.00 21-JAN-2042	18.98	15.15	▬ 0.00	▬ 0.00
^14.80 26-APR-2049	26.24	15.36	▬ 0.00	▬ 0.00
^12.98 27-MAR-2050	27.16	14.96	▬ 0.00	▼ -0.07

### FGN Eurobond

Description	TTM (Yrs)	Yield (%)	Change (%)	W-o-W (%)
6.375 JUL 12, 2023	0.46	8.34	▬ 0.00	▲ 0.61
7.625 21-NOV-2025	2.82	9.42	▲ 0.01	▲ 0.62
6.50 NOV 28, 2027	4.84	9.42	▲ 0.01	▲ 0.62
6.125 SEP 28, 2028	5.67	10.40	▲ 0.05	▲ 0.38
8.375 MAR 24, 2029	6.16	11.11	▲ 0.02	▲ 0.47
7.143 FEB 23, 2030	7.07	11.07	▲ 0.01	▲ 0.45
8.747 JAN 21, 2031	7.98	11.41	▲ 0.01	▲ 0.56
7.875 16-FEB-2032	9.05	11.41	▲ 0.01	▲ 0.52
7.375 SEP 28, 2033	10.67	11.24	▲ 0.02	▲ 0.37
7.696 FEB 23, 2038	15.07	11.49	▬ 0.00	▲ 0.35
7.625 NOV 28, 2047	24.84	11.39	▲ 0.02	▲ 0.46
9.248 JAN 21, 2049	25.98	11.69	▬ 0.00	▲ 0.39
8.25 SEP 28, 2051	28.67	11.75	▲ 0.01	▲ 0.44

### Nigerian Treasury Bills

DTM	Maturity	Yield (%)	Change (%)	W-o-W (%)
13	9-Feb-23	0.92	▬ 0.00	▼ -0.62
41	9-Mar-23	0.98	▬ 0.00	▼ -0.85
90	27-Apr-23	1.10	▬ 0.00	▼ -1.34
104	11-May-23	1.13	▬ 0.00	▼ -1.59
132	8-Jun-23	1.20	▬ 0.00	▼ -2.09
223	7-Sep-23	1.42	▬ 0.00	▼ -3.79
272	26-Oct-23	1.54	▬ 0.00	▼ -4.32
286	9-Nov-23	2.30	▬ 0.00	▼ -3.73
314	7-Dec-23	3.87	▬ 0.00	▼ -1.36

## Commodities

Commodities	Price	Change (%)
Brent	86.01	▼ -0.74
Bonny	86.67	▼ -1.06
Natural Gas	2.67	▼ -6.14
Gold	1,930.80	▲ 0.07
Silver	23.86	▲ 1.01
Copper	4.19	▼ -0.83
Cocoa	2,526.51	▲ 0.15
Coffee	169.00	▼ -0.59
Wheat	751.25	▲ 0.17

## Money Market

//	Amount (NGN'bn)	Chg (NGN'bn)
System Liquidity	1,509.05	▲ 17.71

Interbank	Rate (%)	change
OPR	10.50	▬ 0
O/N	11.00	▬ 0
<b>Repo</b>		
Call	5.50	▬ 0.00
1M	8.00	▬ 0.00
3M	8.00	▬ 0.00
6M	8.00	▬ 0.00

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	101.92	▬ 0
EUR/USD	1.086	▼ -0.009
GBP/USD	1.24	▼ -0.02

## Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mn)
Foreign Reserve	37.07	▼ -27.05

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	445.00	▬ 0.00
I&E FX Window	461.75	▲ 0.50
NAFEX	461.40	▲ 0.11
Parallel Market	755.00	▬ 0.00

^^Forwards	Rate (\$/N)	Chg (NGN)
1M	479.76	▲ 0.06
2M	487.37	▼ -0.02
3M	488.83	▼ -0.05
6M	506.47	▲ 0.17
1Y	532.70	▲ 0.04

## Equities & Global Market

Indices	Points	Change (%)
NGX YTD	2.74%	
NGX All Share	52,657.88	▼ -0.18
NGX Banking	446.03	▼ -0.03
NGX 30	1897.57	▼ -0.34
NGX Consumer Goods	621.70	▼ -0.39
S&P 500	4,070.56	▲ 0.25
FTSE 100	7,765.15	▲ 0.01
Euro STOXX 50	4,178.01	▲ 0.62
US 10-year	3.516	▼ -0.002
UK 10-year	3.329	▲ 0.004
German 10-year	2.224	▼ -0.021

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

\*\*\*Global Market & Commodities' quotes are as of 6:13am (GMT+1) – 30th January 2023

\*\*Bonny oil price is as of 27th January 2023