

FGN Eurobond Market

The FGN Eurobond market extended its bullish run yesterday with positive sentiment registered across maturities as investors switched attention from the global banking crisis to the US Fed fight against inflation. Thus, the average benchmark yield dipped by 45bps, closing at 12.92%.

FGN Bond Market

The FGN Bond market was tepid yesterday, with minimal trading activities seen on selected trading amidst weakened liquidity conditions. Thus, the average benchmark yield remained unchanged at 13.97%.

Nigerian Treasury Bill (NTB)

The T-bill market was quiet yesterday as investors shifted focus to yesterday's T-bill auction. Consequently, the average benchmark yield remained constant at 5.97%.

At yesterday's auction, the DMO raised N145.47 billion against a subscription of N168.53 billion. Stop rates rose across the offered maturities as the 91-, 182- and 364-day bills closed at 6.00%, 8.00% and 14.74% from previous rates of 2.55%, 5.00% and 9.49%. The bid-to-cover ratio across the three papers stood at 1.00x, 1.00x, and 1.16x, accordingly.

Money Market

The market liquidity remained weak as banks borrowed an additional 680.6 billion at the standing lending facility (SLF) window yesterday, causing the interbank rates to rise further. As a result, Open Buyback (OBB) and the Overnight (O/N) rates rose by 175bps and 100bps to close at 18.50% and 19.00%, respectively.

Foreign Exchange Market

Naira appreciated slightly against the US dollar at the I&E window yesterday as the exchange rate declined by 51 kobo to settle at NGN461.24/\$1. On the other hand, Nigeria's foreign reserve stood at \$36.67 billion as of last Tuesday.

Oil Market

Reuters: Oil was nearly steady on Thursday as a surprise drop in U.S. crude stockpiles offset a smaller-than-expected cut to Russian supplies, while investors closely watched developments on Iraqi Kurdistan oil exports.

Producers have shut in or reduced output at several oilfields in the semi-autonomous Kurdistan region of northern Iraq following a halt to the northern export pipeline, with more outages on the horizon, company statements showed.

But the Kurdistan-Iraq premium in oil prices could vanish sooner than expected, analysts from Citi said Thursday. The "changes in Iraq's domestic politics may lead to a durable political settlement very soon", said Citi, estimating that pipeline flows could grow by some 200,000 barrels per day (bpd).

Meanwhile, an unexpected drop in U.S. crude oil stockpiles limited price declines, with imports sliding to a two-year low, based on U.S. Energy Information Administration. Crude inventories fell by 7.5 million barrels to 473.7 million barrels in the week to March 24, while analysts' expectations in a Reuters poll were for a rise of 100,000 barrels. However, gasoline stocks fell by 2.9 million barrels to 226.7 million barrels, compared with analysts' expectations for a 1.6 million-barrel drop.

Also, Russian crude production fell by around 300,000 bpd in the first three weeks of March, less than targeted cuts of 500,000 bpd, sources familiar with the data told Reuters.

Brent crude futures fell 5 cents, or 0.1%, to \$78.23 a barrel at 7:30 am, while West Texas Intermediate crude rose 12 cents, or 0.2%, to \$73.09 a barrel.

What to expect today?

We expect the Nigerian bond and T-bill market to close bearish today amidst weak liquidity.

On the other hand, the interbank rates are expected to settle at a similar level today amidst tighter liquidity.

We expect the Eurobond Market to close on a bullish note as anxiety about the widespread banking crisis fades away.

FGN Bond			
Description	TTM (Yrs)	Yield (%)	Change (%)
Λ13.53 23-MAR-2025	1.98	10.17	0.00
Λ12.50 22-JAN-2026	2.82	12.03	0.00
Λ16.2884 17-MAR-2027	3.97	12.73	0.00
Λ13.98 23-FEB-2028	4.91	14.00	0.00
Λ14.55 26-APR-2029	6.08	14.10	0.00
Λ12.1493 18-JUL-2034	11.30	14.40	0.00
Λ12.50 27-MAR-2035	12.00	14.54	0.00
Λ12.40 18-MAR-2036	12.97	14.76	0.00
Λ16.2499 18-APR-2037	14.06	15.01	0.00
Λ13.00 21-JAN-2042	18.82	15.14	0.00
Λ14.80 26-APR-2049	26.08	15.34	0.00
Λ12.98 27-MAR-2050	27.00	15.47	0.00

FGN Eurobond			
Description	TTM (Yrs)	Yield (%)	Change (%)
6.375 JUL 12, 2023	0.29	11.61	-1.36
7.625 21-NOV-2025	2.64	12.74	-0.68
6.50 NOV 28, 2027	4.66	12.74	-0.68
6.125 SEP 28, 2028	5.50	12.36	-0.37
8.375 MAR 24, 2029	5.99	13.49	-0.35
7.143 FEB 23, 2030	6.90	13.14	-0.37
8.747 JAN 21, 2031	7.81	13.44	-0.38
7.875 16-FEB-2032	8.88	13.13	-0.30
7.375 SEP 28, 2033	10.50	12.96	-0.29
7.696 FEB 23, 2038	14.90	13.22	-0.31
7.625 NOV 28, 2047	24.66	12.74	-0.28
9.248 JAN 21, 2049	25.81	13.35	-0.19
8.25 SEP 28, 2051	28.50	13.03	-0.30

Major Business Headlines

Govt, investors to deploy 1,000 mini-grids nationwide: The Federal Government in partnership with private sector investors, on Wednesday, commenced moves to deploy 1,000 mini-grids to electrify rural communities across the country. Deployment of mini-grids in rural areas is managed by the Federal [Government's Rural Electrification Agency](#), as the agency supports private sector mini-grid developers with funds to boost off-grid electricity development. Speaking at the Rural Electrification Fund Call-3 Bidders Workshop in Abuja on Wednesday, the Managing Director, REA, Ahmad Salihijo, announced that over 1,000 mini-grids would be built nationwide under the REF programme and other off-grid initiatives.

Shell Pays FG over \$4.5bn in Royalties, Taxes, Others to Nigeria: Shell Plc has disclosed that it paid Nigeria's federal government over \$4.521 billion in its overall production entitlements as well as taxes, royalties and fees in 2022. The oil giant which revealed this in its 2022 Sustainability Report obtained yesterday, however, pointing out that Russia's invasion of Ukraine caused huge suffering and [triggered instability in global energy markets and other sectors](#). A breakdown of the payment to Nigeria showed that the federal government received \$3,035,996,709 as its production entitlements, \$711,850,070 as taxes, \$691,648,502 as royalties and \$81,639,634 as fees. However, the total payment by Shell to governments across its operations globally in 2022 was \$68.2 billion, while \$13.4 billion was paid in corporate income taxes and \$8.2 billion in government royalties.

Nigerian Treasury Bills			
DTM	Maturity	Yield (%)	Change (%)
29	27-Apr-23	2.87	0.00
43	11-May-23	2.51	0.00
71	8-Jun-23	3.48	0.00
162	7-Sep-23	5.24	0.00
211	26-Oct-23	6.24	0.00
225	9-Nov-23	6.53	0.00
253	7-Dec-23	7.13	0.00
302	25-Jan-24	7.34	0.00
316	8-Feb-24	8.25	0.00
344	7-Mar-24	10.14	0.00

Other Key Indices		
Indicators	Current	Change
OPEC Quota	1.830mbpd	31,000bpd
System liquidity	N60.40bn	N44.26bn
Foreign reserve	\$36.67bn	-1,024.6 million
Nig. Crude output	1.39m bpd	+100,000bpd
Brent Crude	\$78.30	\$0.03
FAAC Allocation	N723bn	-N27.493bn

Interbank	Rate (%)	change
OPR	18.50	1.75
O/N	19.00	1.00
Repo		
Call	8.00	-1.33
1M	8.00	-2.50
3M	8.00	-3.00
6M	8.00	-3.50

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	462.00	0.00
I&E FX Window	461.24	-0.51
NAFEX	461.02	-0.10
Parallel Market	745.00	0.00
^^Forwards		
	Rate (\$/N)	Chg (NGN)
1M	468.13	0.06
2M	475.87	0.30
3M	485.13	-0.01
6M	512.40	0.04
1Y	563.73	-0.70