

Fixed Income and Money Market

FGN Bond Market

FGN bond market extended its bullish session yesterday with buying interests seen on few maturities. The average benchmark yield reduced by 3 basis points (bps) to 13.12%.

Nigerian Treasury Bill (NTB)

The treasury bills market was relatively quiet yesterday with low trading activities seen. The average benchmark yield slipped fractionally by 1bp to 8.04%.

FGN Eurobond Market

FGN Eurobond extended its bearish session yesterday with selling interests seen across board. Investors anticipate a more aggressive monetary tightening from the US Federal Reserve amidst CPI data coming from Euro zone today. The average benchmark yield increased by 38bps to 12.51%.

Money Market

Interbank rates reduced further yesterday as FAAC continue to create a short-term relief in the money market, evident by a reduction in credit facility accessed by the banks from the CBN. The rates on Open Buy back (OBB) and Overnight (O/N) transactions declined by 50bps and 33bps to 9.00% and 9.67% respectively.

Foreign Exchange Market

At the CBN Investors & Exporters Window yesterday, the value of naira depreciated against the US dollar by NGN0.67 as the exchange rate closed higher to NGN431.00/\$1. Nigeria's foreign reserve settle at \$39.18billion as of Monday this week.

Oil Market

- *Reuters*: Oil prices recovered slightly this morning as data pointed to firm fuel demand in the United States, providing respite after a 5% drop yesterday on fear of demand suffering from increased China COVID-19 curbs and central bank interest rate hikes.
- The main factor supporting prices at the moment is talk from members of the Organization of the Petroleum Exporting Countries (OPEC) and allies, together called OPEC+, that they might cut output to stabilise the market. OPEC+ is next due to meet on Sept. 5.
- The American Petroleum Institute (API) reported a slight build this week for crude oil of 593,000 barrels, while analysts predicted a draw of 633,000 barrels. The build comes as the Department of Energy released a massive 8.1 million barrels from the Strategic Petroleum Reserves in the week ending August 26, leaving the SPR with just 450 million barrels. In the week prior, the API reported a draw in crude oil inventories of 5.632 million barrels after analysts had predicted a draw of 448,000 barrels.
- As of 6.45am this morning, Brent crude futures gained 70 cents to trade at \$100 a barrel.

| FGN Bond Yields | | | |
|--------------------------------|--------|--------|--------|
| Tenor | Open | Close | Change |
| ^12.75 27-APR-2023 | 7.02% | 7.02% | 0.00 |
| ^16.29 17-MAR-2027 | 13.05% | 13.05% | 0.00 |
| ^12.15 18-JUL-2034 | 11.89% | 13.26% | +1.37 |
| Nigerian Treasury Bills Yields | | | |
| 24-NOV-2022 (86 days) | 11.56% | 11.56% | 0.00 |
| 9-FEB-2023 (163 days) | 10.47% | 10.47% | 0.00 |
| 08-JUN-2023 (282 days) | 6.79% | 6.79% | 0.00 |
| Nigerian Eurobond Yields | | | |
| 6.375 JUL 12, 2023 | 9.50% | 10.18% | +0.68 |
| 6.50 NOV 28, 2027 | 11.48% | 11.84% | +0.36 |
| 7.875 16-FEB-2032 | 12.58% | 12.95% | +0.37 |
| Forex Spot rates | | | |
| I&E Market | 430.33 | 431.00 | +0.67 |
| SMIS Market | 430.00 | 430.00 | 0.00 |
| Parallel Market | 697.00 | 698.00 | +1.00 |
| Forex Forward rates | | | |
| 1 month | 433.89 | 433.76 | +0.13 |
| 6 months | 437.74 | 451.47 | +13.73 |
| 12 months | 478.28 | 476.35 | +1.93 |

| Other Key Indices | | |
|-------------------|------------|-------------|
| Indicators | Current | Change |
| OBB | 9.00% | -50bps |
| O/N | 9.67% | -33bps |
| System liquidity | N97.35bn | -77.98bn |
| Foreign reserve | \$39.18bn | 0.00mn |
| OPEC Quota | 1.826m bpd | +26,000bpd |
| Nig. Crude output | 1.158m bpd | +134,000bpd |
| Brent Crude | \$100.0 | +\$0.70 |
| FAAC Allocation | N954.09bn | +N151.68bn |

Major Business Headlines

- **Dangote refinery gets 300,000 barrels/day from NNPC:** The NNPC Limited will have the first right of refusal to supply the Dangote refinery with about [300,000 barrels of crude oil per day for the next 20 years](#). The Group CEO, NNPC Ltd, Mele Kyari, disclosed this to journalists at the 49th Session of the State House Ministerial Briefing organised by the Presidential Communications Team, at the Presidential Villa, Abuja. "We have secured the right to sell up to 300,000 barrels of crude oil to the Dangote refinery for the next 20 years. Not only that, by right, we also have access to 20 per cent production from that plant," he said.
- **Japan, AfDB Pledge \$5bn To Support Indebted African Countries:** The Japanese government and the African Development Bank (AfDB) have announced a [\\$5 billion financial cooperation to support countries facing debt challenges in the region](#). The bank made the pledge on Sunday, at the eighth Tokyo international conference on African development (TICAD8) held in Tunisia, according to a statement on AfDB's website. AfDB said the support was under the fifth phase of the enhanced private sector assistance for Africa initiative (EPSA 5) from 2023 to 2025.
- **Domestic Airlines Owe NCAA N22.7bn Ticket, Cargo Service Charges:** The Nigerian Civil Aviation Authority (NCAA) yesterday revealed it is being owed ticket and cargo service charges put at [about N22.7 billion by the domestic airlines as at July 2022](#). Precisely, the regulatory authority is owed N19 billion and \$7.8 million by the airlines. As a result of this, the agency has issued a one-month ultimatum to the airlines to settle the debts.

What to expect today?

The Nigerian debt market is expected to sustain its bullish sentiment, while the FGN Eurobond market is expected to follow yesterday's trend in the absence of any bullish catalyst.

FAAC is expected to continue to give short-term relief in the money market. Thus, interbank rates are envisioned to be relatively moderate, overing between the higher band of single digit and lower band of double digit.