

### FGN Eurobond Market

The FGN Eurobond market closed on a bearish note yesterday as a part of the market expects a 25bps policy rate hike in the US Fed meeting this week. Likewise, higher-than-expected inflation data from Spain and an unexpected decline in the German economy in the fourth quarter created uneasiness in some parts of the market. Thus, the average benchmark yield surged by 65bps, closing at 11.43%.

### FGN Bond Market

The FGN Bond market closed on a bearish note yesterday, with eclectic interests registered on selected maturities. As a result, the average benchmark yield rose by one basis point (bp) to close at 13.58%.

At yesterday's bond auction, the DMO sold NGN662.62 billion worth of bonds against the amount of NGN360.00 billion offered. The rates on 2028, 2032, 2037, and 2049 maturities were allotted at 14.00%, 14.90%, 15.80%, and 15.90%, respectively.

### Nigerian Treasury Bill (NTB)

The treasury bill market was quiet yesterday. However, sell-offs registered on "June 2023" maturity pushed the market's overall performance into a bearish region. Consequently, the average benchmark yield rose by 7bps to close at 1.68%.

### Money Market

At the money market yesterday, the interbank rates closed unchanged in the absence of any significant cash inflow amid deflated system liquidity. As a result, Open Buyback (OBB) and the Overnight (O/N) rates remained unchanged at 10.50% and 11.00%.

### Foreign Exchange Market

At the I&E window yesterday, Naira appreciated 25 kobo against the US dollar as the exchange rate settled lower at NGN461.50/\$1. On the other hand, Nigeria's foreign reserve declined to \$37.04 billion as CBN injected \$29.3 million into the foreign exchange market last Friday.

### Oil Market

**Reuters:** Oil prices extended losses on Tuesday as the threat of further interest rate increases and continued Russian crude flows cancelled out demand recovery expectations from China.

Investors expect the U.S. Federal Reserve will raise interest rates by 25 basis points on Wednesday, with a half-point increase by the Bank of England and European Central Bank the following day. Higher rates could slow the global economy and weaken oil demand. The market also turned its attention to a planned virtual meeting on Feb. 1 at 1100 GMT of the ministers of the Organization of the Petroleum Exporting Countries (OPEC) and others, including Russia, a group known as OPEC+.

The panel is expected to recommend keeping the oil producer group's current output policy unchanged when it meets this week; five OPEC+ delegates told Reuters on Monday. OPEC+ agreed in October to cut its production target by 2 million barrels per day (bpd), about 2% of world demand, from November until the end of 2023.

Russia continues to supply the global market with its oil despite a European Union ban and G7 price cap imposed over its invasion of Ukraine, which pressured prices.

Decreases were cushioned by more assertive official purchasing managers' index (PMI) data from China, pointing to potentially healthy demand going forward. The country's non-manufacturing activity broke into expansion territory for the first time since September 2022.

As of 8:30 am, this morning, the Brent Crude slipped by 11 cents to trade at \$84.90 per barrel.

### What to expect today?

We expect the Nigerian bond and T-bill markets to be bearish today due to the bond auction's higher stop rates and dwindling liquidity conditions, as DMO raised NGN662 billion yesterday.

On the other hand, the interbank rates are expected to settle higher today, barring any significant inflow.

We expect the FGN Eurobond market to close mixed today as the market takes some relief from IMF's surprising resilience outlook while anticipating a policy rate hike as the US Federal Reserve starts its policy meeting today

Nigerian Treasury Bills			
DTM	Maturity	Yield (%)	Change (%)
10	9-Feb-23	0.92	0.00
38	9-Mar-23	0.98	0.00
87	27-Apr-23	1.10	0.00
101	11-May-23	1.13	0.00
129	8-Jun-23	1.84	0.64
220	7-Sep-23	1.42	0.00
269	26-Oct-23	1.53	0.00
283	9-Nov-23	2.30	0.00
311	7-Dec-23	3.86	0.00

Other Key Indices			Interbank	Rate (%)	change
Indicators	Current	Change			
OPEC Quota	1.742 mbpd	-84,000bpd	O/N	11.00	0
System liquidity	N540.59bn	-N610.32bn	Repo		
Foreign reserve	\$37.06bn	-\$29.27mn	Call	5.50	0.00
Nig. Crude output	1.267m bpd	+92,000bpd	1M	8.00	0.00
Brent Crude	\$84.90	-\$0.11	3M	8.00	0.00
FAAC Allocation	N990.18bn	+N88.14bn	6M	8.00	0.00

### FGN Bond

Description	TTM (Yrs)	Yield (%)	Change (%)
^14.20 14-MAR-2024	1.12	8.01	0.21
^13.53 23-MAR-2025	2.14	10.83	-0.01
^12.50 22-JAN-2026	2.98	12.25	0.00
^16.2884 17-MAR-2027	4.13	13.36	-0.01
^13.98 23-FEB-2028	5.06	13.71	0.09
^14.55 26-APR-2029	6.24	13.78	0.00
^12.1493 18-JUL-2034	11.46	14.49	0.00
^12.50 27-MAR-2035	12.15	14.58	0.00
^12.40 18-MAR-2036	13.13	14.75	-0.17
^16.2499 18-APR-2037	14.21	15.3	0.00
^13.00 21-JAN-2042	18.98	15.15	0.00
^14.80 26-APR-2049	26.24	15.36	0.00
^12.98 27-MAR-2050	27.15	14.96	0.00

### FGN Eurobond

Description	TTM (Yrs)	Yield (%)	Change (%)
6.375 JUL 12, 2023	0.45	9.76	1.42
7.625 21-NOV-2025	2.81	10.41	0.99
6.50 NOV 28, 2027	4.83	10.41	0.99
6.125 SEP 28, 2028	5.66	10.96	0.56
8.375 MAR 24, 2029	6.15	11.75	0.64
7.143 FEB 23, 2030	7.06	11.64	0.57
8.747 JAN 21, 2031	7.98	11.94	0.53
7.875 16-FEB-2032	9.04	12.01	0.59
7.375 SEP 28, 2033	10.66	11.79	0.55
7.696 FEB 23, 2038	15.06	11.89	0.40
7.625 NOV 28, 2047	24.83	11.80	0.41
9.248 JAN 21, 2049	25.98	12.10	0.41
8.25 SEP 28, 2051	28.66	12.16	0.41

### Major Business Headlines

- Nigeria's economic growth to hit 3.2%, says IMF:** Nigeria's economy is set to grow from 3.0 per cent in 2022 to 3.2 per cent in 2023 due to measures made to address insecurity in the oil sector, according to the International Monetary Fund. The IMF disclosed this in its World Economic Outlook Update (January 2023) report. It stated that growth across sub-Saharan Africa will moderate at 3.8 per cent in 2023 amid prolonged fallout from the COVID-19 pandemic. South Africa's economy will fall from 2.6 per cent in 2022 to 1.2 per cent in 2023. It said, "In sub-Saharan Africa, growth is projected to remain moderate at 3.8 per cent in 2023 amid prolonged fallout from the COVID-19 pandemic, although with a modest upward revision since October, before picking up to 4.1 percent in 2024.
- Amid economic crunch, Nigeria flares N9tn gas in 11 years:** Although Nigeria's gas flare rate has been decreasing over the years, the country still has a long way to go to attain net zero by 2060. Punch writes on what gas flaring has cost the country in the last 11 years Nigeria is currently cash-strapped as it continues to struggle to meet its financial obligations. The country plans to borrow N11 trillion to fund the N21.83 trillion budget for this year. This is over half of the entire 2023 budget. Despite battling a cash crunch, the country has wasted N9tn revenue through gas flaring in the last 10 years. Between 2012 and 2022, Nigeria flared an estimated 80 billion standard cubic metres of gas worth about N9tn as part of its oil production process. A breakdown showed that in 2012, about 9.6 billion standard cubic metres worth N460m (\$1,100m) of gas was wasted.

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	445.00	0.00
I&E FX Window	461.50	-25.00
NAFEX	461.40	0.00
Parallel Market	754.00	-1.00

  

AAForwards	Rate (\$/N)	Chg (NGN)
1M	482.91	3.15
2M	488.24	0.87
3M	489.79	0.96
6M	504.90	-1.57
1Y	530.81	-1.89