

### FGN Eurobond Market

Last week, the FGN Eurobond market closed on a bullish note spurred by the easing banking crisis as the Fed's preferred inflation indicator – Personal Consumption Expenditure (PCE) Index printed lower-than-expected. As a result, the average benchmark yield declined by 124bps, closing at 12.39%, week-on-week, with buying interests registered across maturities.

### FGN Bond Market

The FGN Bond market closed bearish last week, with sell-offs concentrated on mid-to-long-term maturities as investors adjust their portfolios amidst a tighter monetary environment. Thus, the average benchmark yield rose by 28 basis points (bps) to close at 14.17%.

### Nigerian Treasury Bill (NTB)

Due to liquidity constraints last week, the treasury bill market was largely bearish, with selling interests registered across the board. Consequently, the average benchmark yield surged by 210bps to close at 8.04%, week-on-week, as stop rates at the last T-bill auction adjusted upward.

At the T-bill auction, the DMO offered and allotted N145.47 billion against a subscription of N168.53 billion. Stop rates inched 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

System liquidity remained weak last week, evidenced by the unusual large activities at the Standing lending facilities (SLF) window as banks borrowed NGN2.86 trillion last week. Despite the inflow from FAAC allocation, OMO maturities, and bond coupon payment, the rate on open buyback (OBB) transactions settled higher at 18.50% after a 25bps increase while overnight (O/N) transactions remained unchanged at 18.88%, week-on-week.

### Foreign Exchange Market

Last week, Naira appreciated (week-on-week) against the US dollar as the exchange rate slipped by 29 kobos to settle at NGN461.38/\$1. Likewise, at the parallel market, Naira depreciated against the US dollar as the exchange rose by 5 nairas to NGN750/\$1, week-on-week. Meanwhile, Nigeria's foreign reserve stood at \$35.53 billion after sliding by \$34.42 million last Thursday.

### Oil Market

Reuters: Oil prices surged this morning after Saudi Arabia and other OPEC+ producers announced a surprise round of output cuts, a potentially ominous sign for global inflation just days after a slowdown in U.S. price data had boosted market optimism.

Oil prices jumped more than \$4 a barrel after the Organization of the Petroleum Exporting Countries and their allies including Russia surprised markets by announcing production cuts of about 1.16 million barrels per day (bpd) from May to the rest of the year.

According to Vivek Dhar, an energy analyst at CBA, he said the involvement of the largest OPEC+ members suggests that adherence to production cuts may be stronger than has been the case in the past.

He further stated that oil markets may potentially see around 1% of global oil supply or more being curtailed from May. The head of investment firm Pickering Energy Partners added that the latest reductions could lift oil prices by \$10 per barrel.

The pledges will bring the total volume of cuts by OPEC+ since November to 3.66 million bpd according to Reuters calculations, equal to 3.7% of global demand. Although, OPEC+ had been expected to hold output steady through the end of this year, having cut output by 2 million bpd in November last year.

An official at a South Korean refiner said the cut was "bad news" for oil buyers and OPEC was seeking to "protect their profit" against concerns of a global economic slowdown. The surge in energy costs somewhat overshadowed Friday's slower reading for core U.S. inflation, which had seen Wall Street end the month on a strong note

Brent oil futures jumped \$3.94 to \$83.83 a barrel on news output would be cut by around 1.16 million barrels per day. U.S. crude climbed \$3.84 to \$79.51, but was off its early peak of \$81.69.

### What to expect today?

We expect the FGN bond and T-bill market to start the week on a bearish note as a tighter monetary environment is expected to induce risk-off sentiment in the market.

On the other hand, we expect the interbank rates to settle at a similar level as system liquidity thins out.

We expect the FGN Eurobond market to ride on the bullish sentiments last Friday, while the oil production cut by OPEC+ is expected to have an eccentric effect on the market.

### Other Key Indices

Indicators	Current	Change
System liquidity	N78.72bn	-53.33
Foreign reserve	\$35.53bn	-34.42
Nig. Crude output	1.39mbpd	+100,000bpd
OPEC Quota	1.826m bpd	+26,000bpd
Brent Crude	\$83.79	4.88
FAAC Allocation	N750.17bn	-N240.02bn

### Major Business Headlines

**Chinese loans rise by 209% under Buhari, hit \$4bn:** Federal Government's borrowing from China has grown by 209.15 per cent under the Major General Muhammadu Buhari (ret'd.) administration. This is as total bilateral loans rose by 219.91 per cent from \$1.58bn as of June 2015 to \$5.07bn as of December 2022. Total borrowing from [China rose from \\$1.39bn to \\$4.29bn in the period under review](#). Available data from the Debt Management Office revealed that Chinese loans make up 84.73 per cent of the total amount Nigeria owes to other countries of the world. The remaining 15.27 per cent is spread across France, Japan, India, and Germany. According to the DMO, loans from China are concessional loans with interest rates of 2.50 per cent per annum, have a tenor of 20 years, and grace period (moratorium) of seven years.

**11 Plc plans fresh investment in downstream sector:** 11Plc formerly Mobil Oil Plc has said it is considering huge investments in its operations in 2023 to shore up its performance in the downstream sector. The Managing Director of 11Plc, Adetunji Oyebojani, disclosed this during a facility tour of the company. He said the integrated oil company also aimed at increasing profitability from the business inherited from the firm it acquired, as well as the new ones with a view to competing favourably in the economic environment. According to Oyebojani, [the company is prepared to boost the distribution of petroleum products](#) in the country and launch solar systems in some of its retail outlets this year.



## Fixed Income

### FGN Bond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
Λ13.53 23-MAR-2025	1.98	11.01	▲ 0.85	▲ 0.82
Λ12.50 22-JAN-2026	2.81	12.03	▬ 0.00	▬ 0.00
Λ16.2884 17-MAR-2027	3.96	12.73	▬ 0.00	▲ 0.22
Λ13.98 23-FEB-2028	4.90	14.00	▲ 0.04	▬ 0.00
Λ14.55 26-APR-2029	6.07	14.00	▼ -0.10	▼ -0.10
Λ12.50 27-APR-2032	9.07	14.75	▬ 0.00	▲ 0.48
Λ12.1493 18-JUL-2034	11.30	14.75	▬ 0.00	▲ 0.35
Λ12.50 27-MAR-2035	11.99	14.75	▬ 0.00	▲ 0.06
Λ12.40 18-MAR-2036	12.97	14.76	▬ 0.00	▲ 0.08
Λ16.2499 18-APR-2037	14.05	15.10	▲ 0.09	▲ 0.27
Λ13.00 21-JAN-2042	18.81	15.14	▬ 0.00	▲ 0.42
Λ14.80 26-APR-2049	26.07	15.69	▼ -0.04	▲ 0.28
Λ12.98 27-MAR-2050	26.99	15.47	▬ 0.00	▲ 0.32

### FGN Eurobond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
6.375 JUL 12, 2023	0.28	10.73	▼ -0.50	▼ -3.53
7.625 21-NOV-2025	2.64	12.10	▼ -0.07	▼ -1.63
6.50 NOV 28, 2027	4.66	12.10	▼ -0.07	▼ -1.63
6.125 SEP 28, 2028	5.49	11.81	▲ 0.07	▼ -0.98
8.375 MAR 24, 2029	5.98	12.80	▼ -0.11	▼ -1.13
7.143 FEB 23, 2030	6.90	12.49	▲ 0.01	▼ -1.21
8.747 JAN 21, 2031	7.81	12.87	▼ -0.07	▼ -1.12
7.875 16-FEB-2032	8.88	12.66	▼ -0.01	▼ -0.99
7.375 SEP 28, 2033	10.49	12.53	▲ 0.06	▼ -0.82
7.696 FEB 23, 2038	14.90	12.76	▲ 0.01	▼ -0.88
7.625 NOV 28, 2047	24.66	12.43	▲ 0.06	▼ -0.78
9.248 JAN 21, 2049	25.81	13.00	▲ 0.02	▼ -0.66
8.25 SEP 28, 2051	28.49	12.75	▲ 0.02	▼ -0.75

### Nigerian Treasury Bills

DTM	Maturity	Yield (%)	Change (%)	WoW (%)
27	27-Apr-23	3.57	▲ 0.70	▲ 0.70
41	11-May-23	3.91	▲ 1.41	▲ 1.40
69	8-Jun-23	4.61	▲ 1.13	▲ 1.12
160	7-Sep-23	6.95	▲ 1.71	▲ 1.70
209	26-Oct-23	8.29	▲ 2.06	▲ 2.05
223	9-Nov-23	8.69	▲ 2.16	▲ 2.15
251	7-Dec-23	9.50	▲ 2.38	▲ 2.37
300	25-Jan-24	11.01	▲ 3.67	▲ 2.79
314	8-Feb-24	11.46	▲ 3.21	▲ 2.92
342	7-Mar-24	12.39	▲ 1.72	▲ 3.73

## Commodities

Commodities	Price	Change (%)
Brent	83.79	▲ 4.88
Bonny	79.33	▲ 0.93
Natural Gas	2.08	▼ -5.96
Gold	1969.60	▼ -0.84
Silver	23.81	▼ -1.39
Copper	4.06	▼ -0.93
Cocoa	2653.34	▼ -0.34
Coffee	170.00	▲ 0.18
Wheat	697.25	▲ 0.72

## Money Market

Index	Amount (NGN'bn)	Chg (NGN'bn)
System liquidity	78.72	▼ -53.33

Interbank	Rate (%)	change (bp)
OPR	18.50	▲ 0.13
O/N	18.88	▲ 0.13
<b>Repo</b>		
Call	7.00	▼ -0.33
1M	10.00	▲ 0.50
3M	11.00	▲ 1.00
6M	11.50	▬ 0.00

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	103.01	▲ 0.5
EUR/USD	1.08	▼ -0.40
GBP/USD	1.228	▼ -0.41

## Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mn)
Foreign Reserve	35.53	▼ -34.42

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	462.00	▬ 0.00
I&E FX Window	461.38	▼ -0.17
NAFEX	461.40	▲ 0.15
Parallel Market	750.00	▬ 0.00

^^Forwards	Rate (\$/N)	Chg (NGN)
1M	467.25	▼ -0.62
2M	474.37	▼ -1.37
3M	483.08	▼ -1.26
6M	511.96	▲ 0.71
1Y	565.28	▲ 3.49

## Equities & Global Market

Indices	Points	Change (%)
NGX YTD	5.82%	
NGX All Share	54,232.34	▼ -0.33
NGX Banking	452.97	▲ 0.61
NGX 30	1933.29	▼ -0.61
NGX Consumer Goods	702.74	▲ 0.15
S&P 500	4,109.31	▲ 1.44
FTSE 100	7,631.74	▲ 0.15
Euro STOXX 50	4,315.05	▲ 0.69
US 10-year	3.522	▲ 0.032
UK 10-year	3.465	▼ -0.025
German 10-year	2.288	▼ -0.022

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

\*\*\*Global Market & Commodities' quotes are as of 6:42 am (GMT+1) – 3 April 2023

\*\*Bonny oil price is as of 31st March 2023