

FGN Bond Market

The FGN bond market was mostly bearish last week with selling interests seen mostly on short-term and long-term maturities. Overall, week-on-week, the average benchmark yield rose by 31bps (basis points) to close at 13.66%.

Nigerian Treasury Bill (NTB)

The treasury bills market was quiet for the most part of last week due to a primary auction that took place at the middle of the week. The market recorded buying interests which overshadowed the selling interests seen. At the end of the week, the average benchmark declined by 47bps to close at 7.14% on a weekly basis.

At the primary auction last week, the DMO sold N179.32 billion worth of bills as compared to N141.34 billion offered. The rates on the 91-day, 182-day, and 364-day notes were allotted at 6.49%, 7.50%, and 12.00%, respectively. Compared to the previous auction, the rate on 91-day, 182-day, and 364-day notes rose by 99bps, 150bps, and 225bps, respectively. The bid-to-cover ratio across the three papers stood at 0.20x, 0.17x, and 2.15x, accordingly.

FGN Eurobond Market

The FGN Eurobond market started the week on a bearish note however, the market saw an improved sentiment towards the end of the week with buying interests seen on most maturities, as worries about global recession grows. In another news, the U.S. Federal Reserve is determined to keep interest rates elevated to tame inflation pressure. Week-on-week, the average benchmark yield rose by 132bps to 14.32%.

Money Market

On Friday, the market saw an improved liquidity condition on the back of inflow from FAAC. However, banks seek higher credit facilities from the central bank last week Friday as the accumulated credit transaction at the money market stood at 531 billion naira. The rates on Open Buyback (OBB) and Overnight (O/N) transactions dropped by 100bps and 50bps to close at 15.50% and 16.00% on Friday, respectively.

Foreign Exchange Market

At the CBN Investors & Exporters Window on Friday, the value of naira steadied against the US dollar as the exchange rate remained unchanged at NGN437.03/\$1 although naira depreciated by 70 kobo on a weekly basis. As of Friday, last week, Nigeria's foreign reserve declined by \$34.2 million to settle at \$38.28billion.

Oil Market

- **Reuters:** Oil prices edged higher this morning as expectations that OPEC+ may agree to a large cut in crude output when it meets on Wednesday offset concerns about the global economy. As of 8.15am this morning, Brent crude futures gained 49 cents to trade at \$89.35 per barrel.
- After several weeks of declines, oil began October trade with a gain driven by plans by OPEC+ to reduce production by a substantial amount. At the end of last month, the media reported that Russia had proposed a production cut of 1 million bpd. Later reports said discussions are underway for an even bigger production cut.
- The International Energy Agency (IEA) has predicted that global gas markets will remain tight next year as Russian piped gas supplies dwindle despite gas demand falling in Europe in response to high prices and energy saving measures. According to the agency, global natural gas markets have been tightening since 2021 despite global gas consumption declining by 0.8% this year as a result of a record 10% contraction in Europe and flat demand in the Asia Pacific region. However, global gas consumption is forecast to inch up by 0.4% next year.

What to expect today?

The FGN Bond market is expected to sustain its bearish trend on the back of MPR hike and dampened liquidity conditions while the NTB is expected to trade sideways.

The interbank rates are expected to remain elevated barring any major inflows coupled with new CRR regime as the CBN debit 6.9 trillion for CRR last week.

Given, the Gloomy global outlook, the FGN Eurobond market is expected to see mixed results this week as investors readjust their portfolio while taking advantage of the oversold assets.

FGN Bond					
Description	Maturity Date	TTM (Yrs)	Yield (%)	Change (%)	WOW (%)
▲14.20 14-MAR-2024	14 Mar 2024	1.45	12.12	0.00	-0.03
13.53 23-MAR-2025	23 Mar 2025	2.48	13.72	0.47	0.37
▲12.50 22-JAN-2026	22 Jan 2026	3.31	13.70	0.50	0.50
▲16.2884 17-MAR-2027	17 Mar 2027	4.46	13.07	0.00	-0.01
▲13.98 23-FEB-2028	23 Feb 2028	5.40	13.75	0.52	0.52
▲14.55 26-APR-2029	26 Apr 2029	6.57	13.25	0.00	0.61
▲12.1493 18-JUL-2034	18 Jul 2034	11.80	13.60	0.00	0.25
▲12.50 27-MAR-2035	27 Mar 2035	12.49	13.46	0.00	0.00
▲12.40 18-MAR-2036	18 Mar 2036	13.46	13.57	0.00	0.00
▲16.2499 18-APR-2037	18 Apr 2037	14.55	15.27	0.85	0.83
▲13.00 21-JAN-2042	21 Jan 2042	19.31	14.05	0.00	0.17
▲14.80 26-APR-2049	26 Apr 2049	26.57	13.73	0.00	0.13
▲12.98 27-MAR-2050	27 Mar 2050	27.49	14.34	0.69	0.69

FGN Eurobond				
Description	Maturity Date	Yield (%)	Change (%)	WOW (%)
6.375 JUL 12, 2023	12 Jul 2023	10.78	-0.20	1.31
7.625 21-NOV-2025	21 Nov 2025	13.1	-0.08	1.27
6.50 NOV 28, 2027	28 Nov 2027	13.1	-0.08	1.27
6.125 SEP 28, 2028	28 Sep 2028	14.89	0.03	1.83
8.375 MAR 24, 2029	24 Mar 2029	15.54	-0.06	1.61
7.143 FEB 23, 2030	23 Feb 2030	15.23	0.13	1.64
8.747 JAN 21, 2031	21 Jan 2031	15.28	0.06	1.52
7.875 16-FEB-2032	16 Feb 2032	15.19	0.03	1.52
7.375 SEP 28, 2033	28 Sep 2033	14.85	0.05	1.39
7.696 FEB 23, 2038	23 Feb 2038	14.54	-0.13	0.97
7.625 NOV 28, 2047	28 Nov 2047	14.12	-0.16	0.80
9.248 JAN 21, 2049	21 Jan 2049	14.63	-0.10	0.92
8.25 SEP 28, 2051	28 Sep 2051	14.85	-0.14	1.09

Major Business Headlines

- **N3.92tn fuel subsidy topples defence, health, education budgets:** The N3.92tn spent as subsidy on Premium Motor Spirit, popularly called petrol, [from January 2020 to June 2022 is higher than the cumulative individual federal budgets for health, education and defence](#) during the 30-month period. Findings show that over the last 30 months, Nigeria has spent more on fuel subsidy than on either the health, defence or education ministries. An analysis of petrol subsidy expenditure and ministerial budgets from January 2020 to the first half of 2022 indicated that while the Federal Government spent N3.92tn to subsidise PMS during the period, its budgets for education, health and defence during the same period were N2.28tn, N1.68tn and N3.06tn respectively.
- **Debt servicing on Nigeria's Eurobonds rises by 86%:** The amount spent by Nigeria on servicing [Eurobonds and Diaspora bonds has risen by 85.67 per cent between the first and the second quarter of 2022](#). An analysis of data on actual external debt service payments from the Debt Management Office showed that Nigeria spent a total of \$246.16m on servicing its foreign bonds in the first quarter of 2022. By the second quarter of the same year, the total debt service cost on these loans rose to \$457.01m.
- **IMF tackles food, payment crisis globally:** The International Monetary Fund (IMF) has reiterated its [commitment to tackling food crisis and payment challenges facing the global economy](#). Its Managing Director, Ms. Kristalina Georgieva, made this known at the weekend after the IMF's Executive Board approved a new Food Shock Window under its emergency financing instruments, the Rapid Credit Facility and Rapid Financing Instrument. "The new financing window will provide additional access to emergency financing to countries that have urgent balance of payments needs and are suffering from acute food insecurity, a sharp food imports shock, or from a cereals export shock."

NIGERIAN TREASURY BILLS				
DTM	Maturity	Yield (%)	Change (%)	WOW (%)
13	13 Oct 2022	5.70	0.00	-3.34
41	10 Nov 2022	5.95	0.00	2.03
118	26 Jan 2023	6.65	0.00	-3.49
132	9 Feb 2023	6.78	0.00	-3.62
160	9 Mar 2023	7.05	0.00	-0.76
209	27 Apr 2023	7.53	0.00	2.48
223	11 May 2023	7.67	0.00	1.24
251	8 Jun 2023	7.96	0.00	1.20
342	7 Sep 2023	8.95	0.00	0.00

Other Key Indices		
Indicators	Current	Change
OPEC Quota	1.826m bpd	+26,000bpd
System liquidity	N1.096tn	+744.66bn
Foreign reserve	\$38.28bn	-\$34.2mn
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$89.35	+\$0.49
FAAC Allocation	N954.09bn	+N151.68bn

Interbank	Rate (%)	change
OPR	15.50	-1.00
O/N	16.00	-0.50
Repo		
Call	16.00	1.00
1M	16.50	0.50
3M	18.00	0.00
6M	20.00	0.00

Spot	Rate (\$/N)	Chg (NGN)
CBN SMS Window	430.00	0.00
I&E FX Window	437.03	0.70
NAFEX	435.58	0.03
Parallel Market	742.00	7.00
^^Forwards		Chg (NGN)
1M	446.77	0.72
2M	448.03	1.02
3M	453.14	1.91
6M	467.92	1.28
1Y	495.21	4.34