

## FGN Eurobond Market

The FGN Eurobond market was mainly bearish last week, partly due to the downgrade of Nigeria's credit rating, risk-off sentiments in anticipation of an interest rate hike, and the ECB's hawkish tone. Towards the end of the week, the market registered some positive momentum as the US Fed raised the policy rate in line with expectations. However, week-on-week, the average benchmark yield surged by 121bps, closing at 11.99%.

## FGN Bond Market

The FGN Bond market closed on a mixed note last week as the selective selloffs at the start of the week pared the gains registered in the rest of the week. As a result, the average benchmark yield rose by ten (10) basis points (bp) to close at 13.67%.

At last week'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 most of the week. However, the selloffs on selected maturities pushed the overall performance into a bearish region. Consequently, the average benchmark yield surged by 23bps to close at 1.84% last week.

## Money Market

At the money market last week, the interbank rates were stable most of the week on the back of improved liquidity conditions. Open Buyback (OBB) and Overnight (O/N) rates closed the week at 10.50% and 11.00%, settling at 38bps and 6bps higher than the previous week.

## Foreign Exchange Market

Last week, Naira appreciated 25 kobos (week-on-week) against the US dollar as the exchange rate settled lower at NGN461.50/\$1. Likewise, Naira steadied against the US dollar at the parallel market as the exchange remained unchanged at NGN757/\$1, week-on-week.

## Oil Market

Reuters: Oil prices inched up this week after falling 8% last week to more than three-week lows as concerns that slower growth in major economies may limit fuel consumption outweighed signs of a demand recovery in China, the world's top oil importer.

As of 8:00 am, Brent crude futures rose 32 cents, or 0.4%, to \$80.26 a barrel, while U.S. West Texas Intermediate (WTI) crude futures climbed 22 cents, or 0.3% higher, to \$73.61.

Last Friday, WTI and Brent slid 3% after strong U.S. jobs data raised concerns that the Federal Reserve would keep raising interest rates, which in turn boosted the dollar. The stronger greenback typically reduces demand for dollar-denominated oil from buyers paying with other currencies.

While recession fears dominated the market last week, on Sunday International Energy Agency (IEA) Executive Director Fatih Birol highlighted that China's recovery remains a key driver for oil prices.

The IEA expects half of global oil demand growth this year will come from China, where Birol said jet fuel demand was surging.

He said depending on how strong that recovery is, the Organization of Petroleum Exporting Countries (OPEC) and allies, together called OPEC+, may have to reassess their decision to cut output by 2 million barrels per day through 2023.

Price caps on Russian products also took effect on Sunday, with the Group of Seven (G7), the European Union and Australia agreeing on caps of \$100 per barrel on diesel and other products that trade at a premium to crude, and \$45 per barrel for products that trade at a discount, such as fuel oil.

## What to expect today?

We expect the bond market to extend its bullish sentiment this week on the back of improved liquidity conditions. However, we expect the T-bill market to maintain its quiet trend, with few selling interests expected on selected maturities.

On the other hand, the interbank rates are expected to remain stable at a similar range this week, barring any significant inflow.

We expect the Eurobond market to start the week on a bearish note as U.S. jobs growth data released on Friday dashed market hopes that the Fed was close to pausing its monetary policy tightening cycle.

## Other Key Indices

Indicators	Current	Change
System liquidity	N878.90bn	+N98.97bn
Foreign reserve	\$37.02bn	+\$10.20mn
Nig. Crude output	1.267mbpd	+97,000bpd
OPEC Quota	1.826m bpd	+26,000bpd
Brent Crude	\$80.26	+\$0.32
FAAC Allocation	N990.18bn	+N88.148bn

## Major Business Headlines

**Cash Crunch: Electronic Banking Platforms Collapse Under Traffic Surge:** The Nigerian banking public continues to face hardship in accessing their funds as cash scarcity persists while alternative channels have remained problematic at best. Some these platforms include internet banking, kiosks, mobile apps, Unstructured Supplementary Service Data (USSD), Point of Sale (POS) and Automated Teller Machines (ATMs). Data from the Nigeria Inter-Bank Settlement Systems (NIBSS) [suggest that transactions worth at least N30 trillion are performed monthly](#) using electronic platforms. And at a time when these electronic transactions are expected to surge due to the the Naira redesign and the shortage of physical cash, the platforms for these services are collapsing. This as experts say the downtime experienced by many of the banking applications and alternative channels has shown the lack of adequate investment in technology by the operators in the Nigerian financial industry.

**Mineral titles fall 37% as insecurity threatens sector:** The total number of mineral titles issued to mining companies has dropped by 36.63 per cent within a period of five years, according to findings by The PUNCH. A document obtained by The PUNCH, showed that while 2815 mineral titles were issued in 2016, 1438 were issued in 2021. This was contained in a presentation document by the Minister of Mines and Steel Development, Olamilekan Adegbite, at the ninth edition of the President, Major General Muhammadu Buhari's (ret'd) regime Scorecard 2015 to 2023 series organised by the Ministry of Information and Culture. The document also revealed that [2,258 mineral titles were issued in 2016, 2429 in 2017, 2124 in 2018, and 1,620 in 2019](#). It was also noted that 1,438 mineral titles were issued between January and October 2022, which is a 48.92 drop per cent from what was issued in 2016. The mineral titles included mining, exploration, quarry, and small-scale mining licences.

# MARKET DAILY UPDATES – 3rd February 2023



## Fixed Income

### FGN Bond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
^14.20 14-MAR-2024	1.11	8.05	▲ 0.08	▲ 0.25
^13.53 23-MAR-2025	2.13	10.63	■ 0.00	▼ -0.21
^12.50 22-JAN-2026	2.97	12.08	▲ 0.51	▼ -0.17
^16.2884 17-MAR-2027	4.12	13.41	▲ 0.04	▲ 0.04
^13.98 23-FEB-2028	5.05	13.76	■ 0.00	▲ 0.14
^14.55 26-APR-2029	6.23	14.05	■ 0.00	▲ 0.27
^12.1493 18-JUL-2034	11.45	14.49	■ 0.00	■ 0.00
^12.50 27-MAR-2035	12.14	14.58	■ 0.00	■ 0.00
^12.40 18-MAR-2036	13.12	14.75	■ 0.00	▼ -0.17
^16.2499 18-APR-2037	14.20	15.60	■ 0.00	▲ 0.30
^13.00 21-JAN-2042	18.97	15.15	■ 0.00	■ 0.00
^14.80 26-APR-2049	26.23	16.02	▲ 0.19	▲ 0.65
^12.98 27-MAR-2050	27.14	15.10	▲ 0.14	▲ 0.14

### FGN Eurobond

Description	TTM (Yrs)	Yield (%)	Change (%)	WoW (%)
6.375 JUL 12, 2023	0.44	10.84	▲ 0.92	▲ 2.50
7.625 21-NOV-2025	2.80	11.26	▲ 0.44	▲ 1.84
6.50 NOV 28, 2027	4.82	11.26	▲ 0.44	▲ 1.84
6.125 SEP 28, 2028	5.65	11.69	▲ 0.35	▲ 1.29
8.375 MAR 24, 2029	6.14	12.53	▲ 0.57	▲ 1.42
7.143 FEB 23, 2030	7.06	12.43	▲ 0.49	▲ 1.36
8.747 JAN 21, 2031	7.97	12.53	▲ 0.43	▲ 1.12
7.875 16-FEB-2032	9.04	12.49	▲ 0.44	▲ 1.08
7.375 SEP 28, 2033	10.65	12.15	▲ 0.41	▲ 0.91
7.696 FEB 23, 2038	15.06	12.17	▲ 0.54	▲ 0.68
7.625 NOV 28, 2047	24.82	11.87	▲ 0.43	▲ 0.48
9.248 JAN 21, 2049	25.97	12.28	▲ 0.45	▲ 0.59
8.25 SEP 28, 2051	28.65	12.33	▲ 0.52	▲ 0.58

### Nigerian Treasury Bill

DTM	Maturity	Yield (%)	Change (%)	WoW (%)
34	9-Mar-23	0.98	■ 0.00	■ 0.00
83	27-Apr-23	1.10	■ 0.00	■ 0.00
97	11-May-23	1.13	■ 0.00	■ 0.00
125	8-Jun-23	1.61	▼ -0.23	▲ 0.41
216	7-Sep-23	1.42	■ 0.00	■ 0.00
265	26-Oct-23	1.53	■ 0.00	■ 0.00
279	9-Nov-23	3.07	■ 0.00	▲ 0.77
307	7-Dec-23	3.86	■ 0.00	■ 0.00

## Commodities

Commodities	Price	Change (%)
Brent	80.25	▲ 0.38
Bonny	81.96	▼ -0.19
Natural Gas	2.47	▲ 2.32
Gold	1,876.60	▲ 0.74
Silver	22.50	▲ 0.42
Copper	4.07	▲ 0.36
Cocoa	2,416.82	▲ 0.20
Coffee	174.00	▲ 0.58
Wheat	761.00	▲ 0.56

## Money Market

//	Amount (NGN'bn)	Chg (NGN'bn)
System Liquidity	878.90	▲ 98.97

Interbank	Rate (%)	change
OPR	10.88	▲ 38
O/N	11.06	▲ 31
<b>Repo</b>		
Call	5.50	■ 0.00
1M	8.00	■ 0.00
3M	8.00	■ 0.00
6M	8.00	■ 0.00

Currencies/Index	Rate (%)	Chg (%)
US Dollar Index	103.04	▲ 0.13
EUR/USD	1.079	▼ -0.02
GBP/USD	1.206	▲ 0.08

## Foreign Exchange

Index	Amount (\$'bn)	Chg (\$'mn)
Foreign Reserve	37.02	▲ 10.20

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	445.00	■ 0.00
I&E FX Window	461.50	▼ -0.50
NAFEX	461.30	▼ -0.10
Parallel Market	757.00	▲ 2.00

^^Forwards	Rate (\$/N)	Chg (NGN)
1M	483.43	▲ 1.24
2M	487.39	▲ 1.32
3M	489.61	■ 0.00
6M	506.18	■ 0.00
1Y	487.41	■ 0.00

## Equities & Global Market

Indices	Points	Change (%)
NGX YTD	5.36%	
NGX All Share	54,213.09	▲ 0.40
NGX Banking	457.14	▲ 1.06
NGX 30	1946.01	▲ 0.46
NGX Consumer Goods	619.06	▼ -0.39
S&P 500	4,136.48	▼ -1.04
FTSE 100	7,901.80	▲ 1.04
Euro STOXX 50	4,257.98	▲ 0.40
US 10-year	3.554	▲ 0.022
UK 10-year	3.069	▲ 0.013
German 10-year	2.185	▼ -0.010

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

\*\*\*Global Market & Commodities' quotes are as of 6:44am (GMT+1) – 6th February 2023

\*\*Bonny oil price is as of 3rd February 2023