

Fixed Income and Money Market

FGN Bond Market

The FGN bond market saw mixed reaction yesterday, with selling interests seen on selected maturities offset by positive sentiments on "March 2050" instrument. The average benchmark yield remained unchanged at 11.55%.

Nigerian Treasury Bill (NTB)

The treasury bills market closed bearish yesterday with interests seen on mostly short-term maturities. The average benchmark yield rose by 75 bps to 6.48%.

FGN Eurobond Market

FGN Eurobond market closed bullish yesterday with buying interests seen across board. Thus, the average benchmark yield reduced by 7 bps to 12.75%.

Money Market

In the interbank space, despite inflow from repurchase agreement (repo) to boost the system liquidity, the rates continue to linger in the double-digit region. The rates on Open Buy back (OBB) increased by 17 bps to 14.00% while Overnight (O/N) remained unchanged at 14.00%.

Foreign Exchange Market

At the CBN Investors & Exporters Window yesterday, the value of naira depreciated further by NGN4.25 against the US dollar as the exchange rate closed higher to NGN430.00/\$1. Nigeria's foreign reserve increased by \$18.67million on Friday last week and \$80.07million on Monday this week to settle at \$39.254billion.

Oil Market

- *Reuters*: Oil prices rose as much as nearly 3% earlier this morning before paring some gains as investors piled back into the market amidst supply concerns returning to the market even as worries about a global recession linger. As of 7.30am this morning, Brent crude futures gained 96 cents to trade at \$103.7 a barrel.
- Austria's energy minister, Leonore Gewessler said it intends to order industry and utilities to switch from using natural gas as it looks to stockpile more natural gas to help insulate it from being cut off from Russian supplies, Reuters reported yesterday. Austria will encourage industry and utilities to use alternate fuels such as crude oil, Austrian energy minister said. Austria gets 80% of its natural gas from Russia. And while its electricity is generated mostly from hydropower, its industrial sector and utilities, however, use a significant amount of natural gas.
- During the oil and gas industry conference yesterday in Lagos, OPEC Secretary General Mohammad Barkindo said that the oil and gas industry is "under siege". Furthermore, he emphasized that after years of underinvestment on a global scale, the industry is now "facing huge challenges along multiple fronts". Consequentially, "these threaten our investment potential now and in the long term", citing geopolitical developments in Europe. Barkindo also suggested that the supply shortage that would eventually come for the industry as a result of that underinvestment—and as a result of some country's attempted shift away from fossil fuels—could be mitigated if more oil were allowed to be exported from OPEC members Iran and Venezuela.

FGN Bond Yields

Tenor	Open	Close	Change
^12.75 27-APR-2023	6.44%	6.35%	-0.09
^16.29 17-MAR-2027	10.73%	10.72%	-0.01
^12.15 18-JUL-2034	12.30%	12.30%	0.00

Nigerian Treasury Bills Yields

29-SEPT-2022 (86 days)	6.31%	7.48%	+1.17
26-JAN-2023 (205 days)	5.45%	5.84%	+0.39
08-JUN-2023 (338 days)	6.92%	6.39%	-0.53

Nigerian Eurobond Yields

6.375 JUL 12, 2023	8.82%	8.72%	-0.10
6.50 NOV 28, 2027	12.70%	12.62%	-0.08
7.875 16-FEB-2032	13.51%	13.50%	-0.01

Forex Spot rates

I&E Market	425.75	430.00	+4.25
SMIS Market	430.00	430.00	0.00
Parallel Market	608.00	608.00	0.00

Forex Forward rates

1 month	423.47	427.90	+4.43
6 months	443.73	447.42	+3.69
12 months	466.30	470.16	+3.86

Other Key Indices

Indicators	Current	Change
OBB	14.00%	+17bps
O/N	14.00%	0.00bps
System liquidity(<i>op. bal</i>)	N149.04bn	+148.81bn
Foreign reserve	\$39.254bn	+80.07mn
OPEC Quota	1.826m bpd	+26,000bpd
Nig. Crude output	1.024m bpd	-80,000bpd
Brent Crude	\$103.7	+\$0.96
FAAC Allocation	N656.602bn	+N24.18bn

Major Business Headlines

- **Banks' Borrowing from CBN Decline by 42% in H1 on MPR Hike, Others:** Banks borrowings from the Central Bank of Nigeria (CBN) declined by 42 per cent in the first half of 2022 compared to the previous year following the increase in Monetary Policy Rate (MPR), improved business activities post-covid-19 and other factors, financial data released by the CBN has revealed. According to the data, [Nigerian banks as of June 2022 borrowed N3.58 trillion from the CBN to meet their short-term liquidity needs](#). The CBN data showed that banks' borrowing through SLF and Repo stood at N1.93 trillion and N1.65 trillion as at June 2022, respectively.
- **CBN's rate hike, rising energy cost may hamper Q3 growth, says LCCI:** The Lagos State Chamber of Commerce and Industry (LCCI) has predicted that the [interest rate hike by the Central Bank of Nigeria \(CBN\) and rising energy costs will constrain the growth of the country's economy](#) in the third quarter (Q3) of this year. The LCCI President, Dr Michael Olawale-Cole, said this at a media parley on the state of the Nigerian economy, held in Lagos, yesterday. According to Olawale-Cole, the Chamber had pointed out earlier that rate hikes alone would not curb the inflationary pressures facing the economy, stressing the need to pay attention to supply-side support to reduce rising production costs caused by the high cost of energy and raw materials.
- **FG approves concession of 700MW Zungeru power plant:** The Federal Government on Tuesday announced that it had approved the strategy work plan to speed up the [concession process for the 700 megawatts Zungeru Hydroelectric Power Plant in Niger State](#). It announced this in a statement issued in Abuja by the Head, Public Communications, Bureau of Public Enterprises, Ibeh Chidi, and stated that the approval was given by the National Council on Privatisation. The statement read in part, "The National Council on Privatisation at its 3rd meeting for 2022 held at the Presidential Villa, Abuja recently, approved the strategy and workplan to fast-track the concession of Zungeru Hydroelectric Power Plant in Wushishi Local Government Area of Niger State subject to any further development from the Ministry of Power."