

FGN Bond

Last week, FGN bond market extended its bearish momentum throughout the week. While the selloffs in the market were mostly concentrated at the belly and long end of the curve, the market also registered few buying interests on selected short-term and long-term maturities. As a result, the average benchmark yield soared by 26 basis points (bps) to close at 12.53% and 5-year bond yield rose by 11bps to close at 11.90, week-on-week.

Nigerian Treasury Bill (NTB)

The treasury bills market closed on a positive sentiment last week. The market was mostly quiet most part of the week, however, buying interests at the end of the week pushed the weeklong market activities into the bullish region. The bullish sentiment in the market was driven largely by buying interests on short-dated maturities and selected long-tenured maturities, albeit some selling interests on 'November 2022' and 'February 2023' maturities. Week-on-week, the average benchmark rate declined by 21bps to close at 7.49%.

FGN Eurobond Market

While the FGN Eurobond started the week on a positive note, the market experienced some moderate selloffs at the mid-week and ended the week on a bullish sentiments, leveraging on optimistic in the US labour market, as unemployment rate falls to its half-century low. Week-on-week, the average benchmark yield plunged by 75bps to close at 12.00%.

Money Market

Inflow from FAAC allocation resulted into a momentum relief in the money market at the start of the week as Open Buyback (OBB) and Overnight (O/N) rates fell to 10% and 10.50%, respectively. However, weak liquidity conditions pushed up the interbank rates as OBB and O/N rates remained elevated throughout the week. In the absence of any material inflow during the week, the banks seek additional repurchase agreement (repo) and Standing Lending Facility (SLF) to bolster their liquidity. Last Friday, the rate on Open Buy back (OBB) transactions declined by 25bps to close at 14.50% while the rate on overnight (O/N) transactions remained unaltered at 15.00%.

Foreign Exchange Market

Naira recovered some of its gain at the parallel market last week as the exchange fell by NGN76 week-on-week, to close at NGN649/\$1. At the CBN Investors & Exporters Window last week, the value of naira appreciated further by 87 kobo, week-on-week, against the US dollar as the exchange rate closed lower at NGN428.13/\$1 on Friday. Last week, Nigeria's foreign reserve declined by \$147.24 million, before adding \$13.72 million towards the end of the week as the balance settle at lower at \$39.085 billion, week-on-week.

Oil Market

- Reuters: Oil prices bounced higher from multi-month lows earlier today as investors' appetite improved following data on U.S. jobs and Chinese exports data that eased recession concerns. Brent crude futures were up \$1.07 to trade at \$95.99 a barrel as of 8.22am this morning while U.S. West Texas Intermediate crude was at \$90.03 a barrel, up \$1.02.
- Both contracts settled higher on Friday after jobs growth in the United States, the world's top oil consumer, unexpectedly accelerated in July. On Sunday, China also surprised markets with faster-than-expected growth in exports. The Labor Department's closely watched employment report on Friday also showed employers continuing to raise wages at a strong clip and generally maintaining longer hours for workers. The sustained labor market strength could give the Federal Reserve the latitude to keep aggressively hiking interest rates.
- China, the world's top crude importer, imported 8.79 million barrels per day (bpd) of crude in July, up from a four-year low in June, but still 9.5% less than a year earlier, customs data showed. Also, Exports rose 18.0% in July from a year earlier, the fastest pace this year, official customs data showed on Sunday, compared with a 17.9% increase in June and beating analysts' expectations for a 15.0% gain.

FGN Bond Yields

Tenor	Open	Close	Change
^12.75 27-APR-2023	7.65%	7.67%	+0.02
^16.29 17-MAR-2027	11.91%	11.90%	-0.01
^12.15 18-JUL-2034	13.26%	13.26%	0.00

Nigerian Treasury Bills Yields

13-NOV-2022 (97 days)	3.94%	3.97%	+0.03
26-JAN-2023 (174 days)	7.78%	7.78%	0.00
08-JUN-2023 (307 days)	6.82%	6.82%	0.00

Nigerian Eurobond Yields

6.375 JUL 12, 2023	8.32%	7.98%	-0.34
6.50 NOV 28, 2027	11.30%	11.07%	-0.23
7.875 16-FEB-2032	12.89%	12.51%	-0.38

Forex Spot rates

I&E Market	428.13	428.13	0.00
SMIS Market	430.00	430.00	0.00
Parallel Market	665.00	649.00	-16.00

Forex Forward rates

1 month	430.70	429.31	-1.39
6 months	453.93	461.49	+7.56
12 months	480.15	479.17	-0.98

Other Key Indices

Indicators	Current	Change
OBB	14.50%	+25bps
O/N	15.00%	00bps
System liquidity (op. bal)	N207.54bn	+94.15bn
Foreign reserve	\$39.085bn	-133.52mn (w)
OPEC Quota	1.826m bpd	+26,000bpd
Nig. Crude output	1.158m bpd	+134,000bpd
Brent Crude	\$95.99	+\$1.07
FAAC Allocation	N802.407bn	+N145.805bn

Major Business Headlines

- FG to implement telecoms, beverage taxes in 2023:** The Federal Government through the Budget Office of the Federation has revealed that it will begin the implementation of its proposed excise duties on telecommunication services and beverages in 2023. This is despite backlashes from the Minister of Communications and Digital Economy, Isa Pantami, and the Manufacturers Association of Nigeria. Pantami [had during the maiden edition of the Nigerian Telecommunications Indigenous Content Expo organised by the Nigeria Office](#) for Developing the indigenous Telecom Sector, slammed the five per cent tax on telecoms services. He said, "The Ministry of Communications and Digital Economy is not satisfied with any effort to introduce excise duty on telecommunication services."
- Lagos State Red Rail Line Now at Completion Stage, Says Sanwo-Olu:** Lagos State Governor, Mr. Babajide Sanwo-Olu yesterday once more went on an extensive inspection of the ongoing construction activities around the Lagos Rail Mass Transit (LRMT) Red Line project. It was the fourth time in a year the governor would be inspecting the pace of work on the [37-kilometre-long rail infrastructure wholly started by his administration](#), with Sanwo-Olu assuring Lagosians that the rail project would be delivered on its scheduled completion date. The entire construction, the governor said, has moved into the finishing phase in which precast beams and other concrete fittings are being coupled to the constructed structures.
- NPA may grant 30% tariff relief on shipments to eastern ports:** The Nigerian Ports Authority (NPA) has indicated its intention to increase tariff relief by as much as 30 percent for service providers, as part of a multi-pronged approach to attract more vessel and cargo traffic to the Eastern ports. [NPA's Managing Director, Mohammed Bello Koko, disclosed this while addressing a stakeholders' forum on an assessment tour of facilities in Port Harcourt and Onne Ports](#), in company of his Management Team and other senior NPA officers.