

FGN Bond Market

The FGN bond market closed on a bullish note last week, with buying interests concentrated mostly on short-tenured maturities. As a result, the average benchmark yield declined by 29bps (basis points) to close at 13.02% week-on-week.

Nigerian Treasury Bill (NTB)

The treasury bills market was relatively bullish last week on the back of improved liquidity conditions. The market saw an elevated market activities on mid- to long-term instruments. At the end of the week, the average benchmark plummeted by 198bp to close at 3.31% on a weekly basis.

FGN Eurobond Market

The Eurobond market started the week on a bullish note. However, the market pared some of its gain during the week, before picking up on Friday on the back of Chinese economy reopening and the hope of US economy soft landing. As a result, the average benchmark yield declined by 43bps to close at 11.47% on a weekly basis.

Money Market

At the interbank space last week, the market reregistered improved liquidity conditions, keeping the interbank rates stable most part of the week. While transactions at the Standing Lending Facility (SLF) closed at a daily average of NGN53 billion.

However, CRR debit on Friday mopped up excess liquidity driving the rate back up to double digits. Hence, the rates on Open Buyback (OBB) and Overnight (O/N) transactions surged by 350bps and 467bps to close at 13.50% and 14.50%, respectively.

Foreign Exchange Market

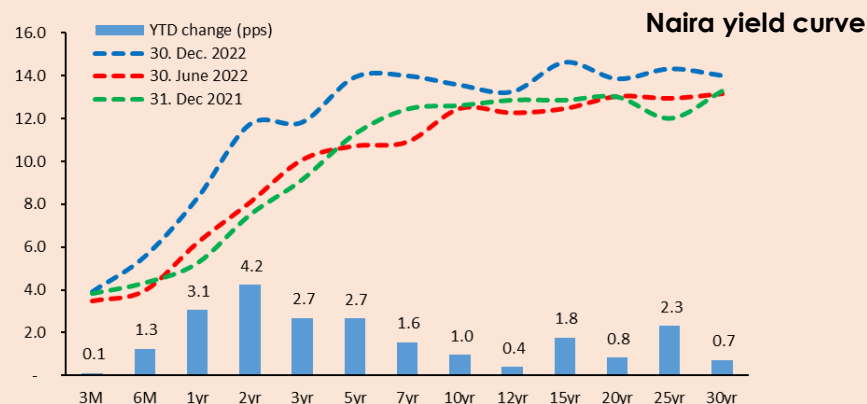
Last week, Naira depreciated by 17 kobo (week-on-week) against the US dollar as the exchange rate settled higher at NGN451.67/\$1. Likewise, Naira lost 7 naira against the US dollar at the parallel market as the exchange settled higher at NGN747/\$1 on Friday.

Meanwhile, Nigeria's foreign rose by \$43.54 million on Thursday, this week to settle higher at \$37.15 billion.

Oil Market

Reuters: Oil prices climbed on Monday as the borders reopened in China, the world's top crude importer, boosting the outlook for fuel demand growth and offsetting global recession concerns.

Hopes for less-aggressive U.S. interest rate rises are buoying financial markets and depressing the dollar. A weaker greenback makes dollar-denominated commodities more affordable for investors holding other currencies.



Both Brent and WTI tumbled more than 8% last week, their biggest weekly declines at the start of a year since 2016.

As part of a "new phase" in the fight against COVID-19, China opened its borders over the weekend for the first time in three years. Domestically, some 2 billion trips are expected during the Lunar New Year season, nearly double last year's movement and recovering to 70% of 2019 levels, Beijing says. However, there are still concerns that the massive flow of Chinese travellers may cause another surge in COVID infections.

According to aviation data provider Cirium, Over the last week, airlines have boosted their January international seat capacity to and from China by 9.5% as they ramp up flights after its border opening.

As of 7:45 am, this morning, Brent crude futures rose \$1.06, or 1.35% to trade at \$79.63 a barrel, while U.S. West Texas Intermediate crude was up \$1.06, or 1.44%, to settle at \$74.83.

What to expect this week?

The Nigerian debt is expected to extend its bullish streak this week as the liquidity conditions remains relatively elevated.

While interbank rates are expected to stay elevated this week in anticipation of NTB Auction in the mid week.

FGN Eurobond market is expected to extend its bullishness this week on the back of Chinese economy reopening and hope of soft landing in US. However, during the week, the market is expected to be influenced by the US Inflation data.

Other Key Indices

| Indicators | Current | Change |
|-------------------|------------|-------------|
| System liquidity | N1346.83bn | -N82.03bn |
| Foreign reserve | \$37.15bn | +\$43.54mn |
| Nig. Crude output | 1.237mbpd | +171,000bpd |
| OPEC Quota | 1.826m bpd | +26,000bpd |
| Brent Crude | \$79.63 | +\$1.06 |
| FAAC Allocation | N902.05bn | -N51.68bn |

Major Business Headlines

Oil production hits nine-month high: The Nigerian Upstream Petroleum Regulatory Commission, on Sunday, revealed that crude oil production in Nigeria rose to 1.235 million barrels per day in December 2022, representing the highest output since March when the country produced [1.237mbpd](#). Figures obtained from the commission in Abuja showed that oil production increased from 1.185mbpd in November to 1.235mbpd in December, indicating that the effort of the Federal Government and security agencies in curbing oil theft was paying off. Crude oil production in Nigeria had crashed to as low as 0.937mbpd in September last year, which was the lowest output recorded in Nigeria in several years..

LCCI Cautions FG Against Hasty Removal of N6trn Waivers in Oil and Gas Sector: The Lagos Chamber of Commerce and Industry (LCCI) has called on the federal government to tread cautiously with its plan to save over N6 trillion by removing tax waivers and exemptions granted to some large enterprises in the oil and gas sector. The LCCI also [told the government that the oil and gas sector required sensitive regulatory environment to avoid disrupting investments in that sector](#). It advised that the government should reposition the industry by steeply implementing the Petroleum Industry Act (PIA) in order to pave way for new investments and also encourage indigenous companies to relate the sector with required investments.

Rewane, Oyedele oppose ASUU's 10% education tax: Tax experts have faulted the Academic Staff Union of Universities' proposed increase in the Tertiary Education Tax [from three per cent to 10 per cent tax](#). According to them, toying this path would hurt private firms which were already overburdened with taxes. The ASUU President, Prof Emmanuel Osedek, recently proposed an increase in the education tax from three to 10 per cent to fund infrastructure in Nigeria's universities



Fixed Income

FGN Bond

| Description | TTM (Yrs) | Yield (%) | Change (%) | W-on-W (%) |
|----------------------|-----------|-----------|------------|------------|
| ^14.20 14-MAR-2024 | 1.18 | 10.82 | ▼ -0.01 | ▼ -0.90 |
| ^13.53 23-MAR-2025 | 2.21 | 11.11 | ▼ -0.72 | ▼ -0.73 |
| ^12.50 22-JAN-2026 | 3.04 | 11.35 | ▬ 0.00 | ▼ -0.25 |
| ^16.2884 17-MAR-2027 | 4.19 | 12.60 | ▬ 0.00 | ▼ -1.33 |
| ^13.98 23-FEB-2028 | 5.13 | 12.92 | ▬ 0.00 | ▬ 0.00 |
| ^14.55 26-APR-2029 | 6.30 | 13.50 | ▬ 0.00 | ▼ -0.49 |
| ^12.1493 18-JUL-2034 | 11.53 | 13.25 | ▬ 0.00 | ▬ 0.00 |
| ^12.50 27-MAR-2035 | 12.22 | 13.50 | ▬ 0.00 | ▬ 0.00 |
| ^12.40 18-MAR-2036 | 13.20 | 13.47 | ▬ 0.00 | ▬ 0.00 |
| ^16.2499 18-APR-2037 | 14.28 | 14.57 | ▲ 0.13 | ▼ -0.05 |
| ^13.00 21-JAN-2042 | 19.04 | 13.85 | ▬ 0.00 | ▬ 0.00 |
| ^14.80 26-APR-2049 | 26.30 | 14.16 | ▬ 0.00 | ▼ -0.16 |
| ^12.98 27-MAR-2050 | 27.22 | 14.15 | ▲ 0.15 | ▲ 0.15 |

FGN Eurobond

| Description | TTM (Yrs) | Yield (%) | Change (%) | W-on-W (%) |
|--------------------|-----------|-----------|------------|------------|
| 6.375 JUL 12, 2023 | 0.51 | 8.23 | ▼ -0.09 | ▼ -0.83 |
| 7.625 21-NOV-2025 | 2.87 | 10.40 | ▲ 0.03 | ▼ -0.54 |
| 6.50 NOV 28, 2027 | 4.89 | 10.40 | ▲ 0.03 | ▼ -0.54 |
| 6.125 SEP 28, 2028 | 5.73 | 11.31 | ▼ -0.03 | ▼ -0.40 |
| 8.375 MAR 24, 2029 | 6.21 | 12.08 | ▼ -0.01 | ▼ -0.41 |
| 7.143 FEB 23, 2030 | 7.13 | 11.92 | ▲ 0.04 | ▼ -0.28 |
| 8.747 JAN 21, 2031 | 8.04 | 12.13 | ▲ 0.02 | ▼ -0.34 |
| 7.875 16-FEB-2032 | 9.11 | 12.21 | ▲ 0.04 | ▼ -0.34 |
| 7.375 SEP 28, 2033 | 10.73 | 11.98 | ▲ 0.05 | ▼ -0.36 |
| 7.696 FEB 23, 2038 | 15.13 | 12.11 | ▬ 0.00 | ▼ -0.38 |
| 7.625 NOV 28, 2047 | 24.89 | 11.87 | ▲ 0.04 | ▼ -0.42 |
| 9.248 JAN 21, 2049 | 26.04 | 12.26 | ▲ 0.05 | ▼ -0.33 |
| 8.25 SEP 28, 2051 | 28.73 | 12.28 | ▲ 0.05 | ▼ -0.36 |

Nigerian Treasury Bills

| DTM | Maturity | Yield (%) | Change (%) | W-on-W (%) |
|-----|-----------|-----------|------------|------------|
| 20 | 26-Jan-23 | 3.01 | ▬ 0.00 | ▬ 0.00 |
| 34 | 9-Feb-23 | 3.02 | ▬ 0.00 | ▬ 0.00 |
| 62 | 9-Mar-23 | 2.22 | ▼ -1.71 | ▼ -1.71 |
| 111 | 27-Apr-23 | 3.23 | ▬ 0.00 | ▼ -0.31 |
| 125 | 11-May-23 | 3.27 | ▬ 0.00 | ▼ -1.85 |
| 153 | 8-Jun-23 | 3.33 | ▬ 0.00 | ▼ -2.25 |
| 244 | 7-Sep-23 | 3.54 | ▬ 0.00 | ▼ -3.59 |
| 293 | 26-Oct-23 | 3.65 | ▬ 0.00 | ▼ -4.37 |
| 307 | 9-Nov-23 | 4.49 | ▬ 0.00 | ▼ -3.79 |

Commodities

| Commodities | Price | Change (%) |
|-------------|----------|------------|
| Brent | 79.55 | ▲ 1.27 |
| Bonny | 79.57 | ▲ 0.64 |
| Natural Gas | 3.80 | ▲ 2.48 |
| Gold | 1,875.00 | ▲ 0.13 |
| Silver | 23.99 | ▲ 0.76 |
| Copper | 3.96 | ▲ 1.30 |
| Cocoa | 2,491.55 | ▲ 0.20 |
| Coffee | 158.30 | ▲ 0.88 |
| Wheat | 744.25 | ▲ 0.10 |

Money Market

| // | Amount (NGN'bn) | Chg (NGN'bn) |
|------------------|-----------------|--------------|
| System Liquidity | 1,346.83 | ▼ -82.03 |

| Interbank | Rate (%) | change |
|-------------|----------|--------|
| OPR | 13.00 | ▲ 350 |
| O/N | 14.50 | ▲ 467 |
| Repo | | |
| 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 | 103.56 | ▼ -0.31 |
| EUR/USD | 1.0675 | ▲ 0.29 |
| GBP/USD | 1.214 | ▲ 0.40 |

Foreign Exchange

| Index | Amount (\$'bn) | Chg (\$'mn) |
|-----------------|----------------|-------------|
| Foreign Reserve | 37.152 | ▲ 43.54 |

| Spot | Rate (\$/N) | Chg (NGN) |
|-----------------|-------------|-----------|
| CBN SMIS Window | 445.00 | ▬ 0.00 |
| I&E FX Window | 461.67 | ▲ 0.17 |
| NAFEX | 461.15 | ▬ 0.00 |
| Parallel Market | 747.00 | ▲ 4.00 |

| ^^Forwards | Rate (\$/N) | Chg (NGN) |
|------------|-------------|-----------|
| 1M | 470.35 | ▼ -0.73 |
| 2M | 475.11 | ▼ -0.83 |
| 3M | 479.54 | ▼ -0.58 |
| 6M | 497.58 | ▲ 9.33 |
| 1Y | 530.67 | ▼ -1.33 |

Equities & Global Market

| Indices | Points | Change (%) |
|-------------------|-----------|------------|
| NGX YTD | 0.79% | |
| NGX All Share | 51,222.34 | ▲ 0.70 |
| NGX Banking | 435.34 | ▲ 0.23 |
| NGX 30 | 1844.44 | ▲ 0.66 |
| NGX Consumer Good | 626.84 | ▼ -0.68 |
| S&P 500 | 3,895.08 | ▲ 2.28 |
| FTSE 100 | 7,699.49 | ▲ 0.87 |
| Euro STOXX 50 | 4,017.83 | ▲ 1.47 |
| US 10-year | 3.56 | ▼ -0.011 |
| UK 10-year | 3.471 | ▼ -0.003 |
| German 10-year | 2.199 | ▼ -0.009 |

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

***Global Market & Commodities' quotes are as of 7:33 am (GMT+1) – 9th January 2023

**Bonny oil price is as of 5th January 2023