

FGN Eurobond Market

The FGN Eurobond market traded largely bullish, with buying sentiments registered across maturities, coming as the U.S. consumer prices barely rose in May, posing the smallest increase in two years. Furthermore, the market experienced positive reinforcement due to the ongoing commitment of the current administration toward implementing economic reforms. Consequently, the average benchmark yield dipped by 66bps to settle at 11.29%.

FGN Bond Market

The FGN Bond market close flat yesterday, with minimal buying interests recorded on selected maturities. As a result, the average benchmark yield remained steady at 14.10%.

Nigerian Treasury Bill (NTB)

Yesterday, the T-bill market experienced a predominantly calm atmosphere, with some cherry-picking on some maturities. As a result, the average benchmark yield slipped by 1bps to close at 5.72%.

Money Market

Yesterday, System liquidity remained moderately elevated at the money market, causing the interbank rates to be relatively stable. Consequently, the Open Buy Back (OBB) and the Overnight (OVN) rates rose 20bps to settle at 11.90% and 12.30%, respectively.

Foreign Exchange Market

At the I&E window yesterday, Naira gained 83 kobo against the US dollar as the exchange rate closed at NGN471.67 per dollar, while it gained 14 naira at the parallel market to close at NGN755 per dollar. On the other hand, Nigeria's foreign reserve slipped to \$34.85 billion after a decrease of \$33.47 million last Thursday.

Oil Market

Reuters: Oil prices rose slightly in Asian trade this morning as investors awaited the outcome of the U.S. Federal Reserve's June meeting, key economic data from China, and government data on U.S. crude stockpiles.

At 7:45 am, Brent crude futures were up 9 cents, or 0.1%, at \$74.38 a barrel, while U.S. West Texas Intermediate (WTI) crude was at \$69.43 a barrel, up 1 cent. Both benchmarks climbed more than 3% on Tuesday on hopes of rising fuel demand after China's central bank lowered a short-term lending rate.

Market participants expect the U.S. central bank's Federal Open Market Committee (FOMC) will pause rate hikes amid uncertainty on both the economic outlook and the lagged effects of 10 rate hikes since March 2022.

Rate hikes strengthen the dollar, making commodities denominated in the U.S. currency more expensive for holders of other currencies, weighing on oil prices. A pause in hikes would spur economic growth and oil demand, supporting prices.

The European Central Bank is also expected to hike interest rates by another quarter percentage point on Thursday to tame stubborn inflation. But the Bank of Japan, which will announce its plan on Friday, is expected to maintain its ultra-loose policy.

On the supply side, U.S. crude oil stocks rose by about 1 million barrels in the week ended June 9, according to market sources citing American Petroleum Institute figures, contrary to an average estimate for a 500,000 barrel decline from analysts polled by Reuters.

What to expect today?

We expect the Nigerian bond and T-bill market to sustain a calm atmosphere, with buying interests on selected maturities. On the other hand, the interbank rates are expected to settle at a similar level as the market is expected to focus on today's NTB auction.

The FGN Eurobond Market is anticipated to sustain its bullish trend today as the market awaits US FOMC monetary decision.

FGN Bond			
Description	TTM (Yrs)	Yield (%)	Change (%)
Λ13.53 23-MAR-2025	1.78	11.43	▼ -0.01
Λ12.50 22-JAN-2026	2.61	12.00	▬ 0.00
Λ16,2884 17-MAR-2027	3.76	12.09	▼ -0.01
Λ13.98 23-FEB-2028	4.70	13.48	▬ 0.00
Λ14.55 26-APR-2029	5.87	13.89	▬ 0.00
Λ12.50 27-APR-2032	8.87	14.70	▼ -0.03
Λ12.1493 18-JUL-2034	11.10	14.61	▬ 0.00
Λ12.50 27-MAR-2035	11.79	14.68	▬ 0.00
Λ12.40 18-MAR-2036	12.76	14.78	▬ 0.00
Λ16,2499 18-APR-2037	13.85	15.41	▬ 0.00
Λ13.00 21-JAN-2042	18.61	15.30	▬ 0.00
Λ14.80 26-APR-2049	25.87	15.31	▬ 0.00
Λ12.98 27-MAR-2050	26.79	15.57	▼ -0.05

FGN Eurobond			
Description	TTM (Yrs)	Yield (%)	Change (%)
6.375 JUL 12, 2023	0.08	13.17	▼ -3.80
7.625 21-NOV-2025	2.44	9.72	▼ -0.50
6.50 NOV 28, 2027	4.46	9.72	▼ -0.50
6.125 SEP 28, 2028	5.29	10.79	▼ -0.38
8.375 MAR 24, 2029	5.78	11.36	▼ -0.55
7.143 FEB 23, 2030	6.69	11.26	▼ -0.39
8.747 JAN 21, 2031	7.61	11.46	▼ -0.38
7.875 16-FEB-2032	8.68	11.44	▼ -0.38
7.375 SEP 28, 2033	10.29	11.32	▼ -0.39
7.696 FEB 23, 2038	14.69	11.62	▼ -0.47
7.625 NOV 28, 2047	24.46	11.48	▼ -0.25
9.248 JAN 21, 2049	25.61	11.75	▼ -0.33
8.25 SEP 28, 2051	28.29	11.63	▼ -0.34

Major Business Headlines

FG issues two oil export terminal licences, eyes \$11bn: The Federal Government, on Tuesday, issued and signed licences for the establishment of two crude oil export terminals, capable of [generating \\$1.1bn revenue annually for the country. It issued the licences through the Nigerian Midstream and Downstream Petroleum Regulatory Authority to Belema Sweet](#) Export Terminal Limited and NNPC Exploration and Production Limited in Abuja. Speaking at the event in Abuja, the Chief Executive, NMDPRA, Farouk Ahmed, said the signing of the terminal establishment licences for the two crude export terminals would lead to the addition of more than four million barrels of oil capacity to Nigeria's export storage.

FG Generated N1.18tn from VAT, Company Income Tax in Q1: The federal government raked in a total of N1.18 trillion from both Value Added Tax (VAT) and Company Income Tax (CIT) in the first quarter of the year (Q1 2023). According to figures released yesterday by the National Bureau of Statistics (NBS) for the period under review, on the aggregate, consumption tax grew by 1.75 per cent quarter-on-quarter to N709.59 billion, compared to N697.38 billion in Q4 2022. Also, companies' profit tax stood at [N469.01 billion, indicating a contraction of 37.79 per cent, compared to the N753.88 billion recorded](#) in the preceding quarter. For VAT, local payments accounted for N436.10 billion, while foreign VAT stood at N151.13 billion as well as import VAT which contributed N122.37 billion in Q1. According to the statistical agency, on quarter-on-quarter basis, the activities of households as employers, undifferentiated goods- and services-producing activities of households for own use recorded the highest growth rate with 349.86 per cent, followed by construction with 95.64 per cent.

Nigerian Treasury Bills			
DTM	Maturity	Yield (%)	Change (%)
72	24-Aug-23	2.30	▬ 0.00
86	7-Sep-23	4.49	▬ 0.00
135	26-Oct-23	5.19	▬ 0.00
149	9-Nov-23	5.39	▬ 0.00
177	7-Dec-23	5.80	▬ 0.00
226	25-Jan-24	6.54	▬ 0.00
240	8-Feb-24	6.77	▼ -0.01
268	7-Mar-24	7.21	▼ -0.01
303	11-Apr-24	7.79	▼ -0.01
331	9-May-24	7.81	▼ -0.01

Other Key Indices		
Indicators	Current	Change
OPEC Quota	1.74mbpd	90,000bpd
System liquidity	N517.58bn	N0.0bn
Foreign reserve	\$34.85bn	\$33.47million
Nig. Crude output	1.38m bpd	+100,000bpd
Brent Crude	\$74.49	\$0.20
FAAC Allocation	N638.67bn	-N141.21bn

Interbank	Rate (%)	change (bp)
OPR	11.90	▲ 0.20
O/N	12.30	▲ 0.20
Repo		
Call	4.13	▬ 0.00
1M	8.00	▲ 0.67
3M	8.17	▲ 0.67
6M	8.33	▲ 0.67

Spot	Rate (\$/N)	Chg (NGN)
CBN SMIS Window	462.00	▬ 0.00
I&E FX Window	471.67	▼ -0.83
NAFEX	471.40	▬ 0.00
Parallel Market	755.00	▼ -14.00
ΛΛForwards		
	Rate (\$/N)	Chg (NGN)
1M	484.76	▲ 4.58
2M	501.76	▲ 4.42
3M	511.23	▲ 4.46
6M	536.70	▲ 4.69
1Y	565.62	▲ 4.50