

Fixed Income and Money Market

FGN Bond Market

The FGN bond market was mostly bearish last week, after the release of FGN Bond Issuance Calendar for second quarter. Most interests were on short- and mid-term maturities. Week-on-week, the average benchmark yield rose by 27bps (basis points) to settle at 10.94%.

Nigerian Treasury Bill (NTB)

The treasury bills market was quiet most part of last week with a lone bearish session, propelled by aggressive selloffs in some selected mid-term maturities. On a weekly basis, the average benchmark yield surged by 7bps to close at 3.38% at the end of the week.

FGN Eurobond Market

FG Eurobond market registered a mixed outcome last week, after starting the week on a bullish note but ended it on the bearish side of the market. The activities in the market were largely driven by Russia-Ukraine crisis, the US Fed hawkish policies and the global inflationary environment. Week-on-week, The average yield soared by 15bps to close at 8.26%

Money Market

In the interbank space, the system liquidity remained elevated most part of last week on the back of inflow from Repurchase Agreement (Repo) and improved bank's balance, keeping the interbank rates in a single digit environment. On Friday, The Open Buyback (OBB) and Overnight (O/N) rate advanced by 50bps to close at 5.75% and 6.25%, respectively.

Foreign Exchange Market

At the CBN's Investors and Exporters Window on Friday, Naira closed flat against the US dollar as exchange rate remained unchanged at N416.67/\$1. Nigeria's foreign reserve grew by \$16.85 million on Thursday, last week, to settle at \$39.648 billion.

Oil Market

- Bearish news dominated the market as the Oil prices were lower in the earlier this morning, with international benchmark Brent crude futures down \$2 to \$100.6 per barrel, recording second week of decline. The bearish trends are largely driven by dwindling oil demand by China as the largest oil importing country move to curb a resurgence of COVID-19 cases, with authorities keeping Shanghai, a city of 26 million people, locked down under its "zero tolerance" for COVID-19.
- In addition to agreement made by International Energy Agency member states to release 60 million barrels on top of a 180-million-barrel release announced by the US last week to help drive down prices in a tight market with the United States matching that amount as part of its 180-million-barrel release announced in March. The moves are aimed at offsetting a shortfall in Russian crude after Moscow was hit with heavy sanctions following its invasion of Ukraine.
- As of 8:00 am, this morning, the Brent Crude future trades \$2.10 below its last closing price as the international benchmark price trade at \$100.39 as bearish news takes charge in the market.
- In a recent letter to lawmakers, President Muhammadu Buhari said that the rising cost of crude oil will increase the cost of Nigeria's gasoline subsidy by nearly ten times what it had originally budgeted. Nigeria's Petroleum Motor Spirit subsidy is now set to cost N4 trillion this year, or \$9.6 billion. This compares to Nigeria's previous projections, which called for just N443 billion in gasoline subsidies.

FGN Bond Yields

Tenor	Open	Close	Change
^12.75 27-APR-2023	4.94%	4.92%	-0.02
^16.29 17-MAR-2027	10.45%	10.76%	+0.31
^12.15 18-JUL-2034	12.07%	12.15%	+0.08

Nigerian Treasury Bills Yields

30-JUN-2022 (83 days)	2.49%	2.49%	0.00
29-SEP-2022 (174 days)	3.15%	3.15%	0.00
9-MAR-2023 (335 days)	4.42%	4.42%	0.00

Nigerian Eurobond Yields

6.375 JUL 12, 2023	4.93%	4.93%	0.00
6.50 NOV 28, 2027	7.83%	7.83%	0.00
7.875 16-FEB-2032	8.93%	8.96%	+0.03

Forex Spot rates

I&E Market	416.67	416.67	0.00
SMIS Market	430.00	430.00	0.00
Parallel Market	587.00	587.00	0.00

Forex Forward rates

1 month	418.50	418.00	-0.50
6 months	432.64	432.61	-0.03
12 months	447.91	448.85	+0.94

Other Key Indices

Indicators	Current	Change
OBB	5.75%	+50bps
O/N	6.25%	+50bps
System liquidity (op. bal)	N117.69bn	-N114.94bn
Foreign reserve	\$39.648bn	\$16.85mn
Nig. Crude output	1.258m bpd	-140,000bpd
Brent Crude	\$101.30	-\$0.72
FAAC Allocation	N695.03bn	+N120.37bn

Major Business Headlines

- FAO's Agricultural Initiative Policy:** The Food and Agriculture Organisation (FAO) weekend launched a new phase of its key agricultural policy monitoring and analysis initiative, focused on [supporting reforms in eight sub-Saharan African countries](#), as they face an array of global challenges. The programme has become even more crucial as governments grapple with tighter budgets in the wake of COVID-19 and the impact of the war in Ukraine and seek data-driven ways to guide their reforms towards inclusive agricultural transformation and economic recovery.
- Nigeria's Non-Oil Export:** NIGERIA'S non-oil exports have fallen by 39 per cent from N6.914tn to N4.194tn in 10 years, according to data from National Bureau of Statistics. Specifically, figures show that the N4.194tn non-oil exports recorded in 2021 is [39.34 per cent lower than the N6.914tn non-oil exports recorded in 2012](#). In 2012, Nigeria's total exports amounted to N22.446tn. Out of this number, N15.531tn was crude oil export while N6.914tn was non-oil exports. The non-oil exports comprised 30.8 per cent of the total exports that year.
- InfraCorp to dedicate capital to selected uncompleted projects:** Governor of the Central Bank of Nigeria, Godwin Emefiele, who dropped the hint at the weekend in Lagos during the InfraCorp Term Sheet Signing with Independent Asset Managers, said in collaboration with the asset managers, InfraCorp [would pick up public and private infrastructure](#) considered commercially viable for execution with its N15 trillion capitalisation.