

Fixed Income and Money Market

FGN Bond Market

The local bond market was mostly bearish last week, with selling seen across several maturities. The average benchmark yield inched up by 6bps to 10.45%.

At last week's bond auction, the DMO offered N150.00 billion worth of FGN JAN 2026 and FGN JAN 2042, with stop rates of 10.15% and 12.70%, respectively. The subscription stood at N598.42 billion, while N296.37 was allotted.

Nigerian Treasury Bill (NTB)

The treasury bills market saw some mixed sentiments last week, with more interest seen on mid- and long-term maturities. The average benchmark yield declined by 6bps to 3.23%.

FGN Eurobond Market

The Eurobond market was mostly bearish throughout last week. While Russia-Ukraine Crisis and unsettled crude oil market increased the uncertainties in the market, increasing in US Treasury yield led to selloffs across board. The average yield surged by 40bps to close at 8.49%.

Money Market

System liquidity was weakened most part of last week, however, inflow of FAAC allocation elevated the liquidity in the system, causing interbank rates to nosedive. The Open Buy Back (OBB) and Overnight (O/N) rates fell by 671bps and 633bps to close at 5.67% and 6.17% respectively.

Foreign Exchange Market

Naira maintained depreciated against the US dollar at the CBN's Investors and Exporters Window on Friday, as the exchange rate declined by 33 kobo to close at N416.33/\$1. The Central bank injected \$25.52 million into the forex market on Wednesday, this week, leading to a fall in Nigerian's foreign reserve to close at \$39.52 billion.

Oil Market

- Global benchmark Brent crude rose 9% last week, settling around \$117 a barrel after two consecutive weeks of declines. However, Oil prices tumbled more than \$4, earlier this morning, as fears over weaker fuel demand in China grew after financial hub Shanghai launched a two-stage lockdown to contain a surge in COVID-19 infections, Reuters reported. As of 8:05 am, this morning, Brent Crude oil declined by \$4.79 to trade at \$115.9
- UBS estimates that around 2 million barrels a day, or about a fourth of the Russian output, has been disrupted. Likewise, the International Energy Agency forecasts that the level could reach 3 million by next month, warning of a potential spark in the worst energy-supply crisis in decades.
- The already month-long Russian war in Ukraine has upended analyst outlooks of the global economy this year. Forecasts quickly shifted from a robust post-COVID rebound to rising chances of a full-blown global recession due to spiking energy prices, broken supply chains, and tight global oil supplies. Even though recession is not the base-case scenario of most economists, the odds of a downturn are growing, they say, especially if more Russian energy exports come off the market in the coming weeks and months, OilPrice reported.

FGN Bond Yields

Tenor	Open	Close	Change
^12.75 27-APR-2023	4.47%	4.45%	-0.02
^16.29 17-MAR-2027	10.26%	10.26%	0.00
^12.15 18-JUL-2034	11.66%	11.66%	0.00

Nigerian Treasury Bills Yields

9-JUN-2022 (76 days)	1.88%	1.89%	+0.01
8-SEP-2022 (167 days)	3.04%	3.04%	0.00
9-MAR-2023 (349 days)	4.02%	4.02%	0.00

Nigerian Eurobond Yields

6.375 JUL 12, 2023	5.29%	5.29%	0.00
6.50 NOV 28, 2027	8.01%	7.97%	-0.04
7.875 16-FEB-2032	9.27%	9.16%	-0.11

Forex Spot rates

I&E Market	416.00	416.33	+0.33
SMIS Market	430.00	430.00	0.00
Parallel Market	585.00	590.00	+5.00

Forex Forward rates

1 month	418.35	418.19	-0.16
6 months	432.88	432.94	+0.06
12 months	448.81	448.75	-0.06

Other Key Indices

Indicators	Current	Change
OBB	5.67%	-671bps
O/N	6.17%	-633bps
System liquidity (op. bal)	N75.11bn	-N19.21bn
Foreign reserve	\$39.52bn	-\$25.52mn
Nig. Crude output	1.258m bpd	-140,000bpd
Brent Crude	\$119.30	+\$0.26
FAAC Allocation	N695.03bn	+N120.37bn

Major Business Headlines

- Petrol theft:** A total of 116.46 million litres of Premium Motor Spirit, popularly called [petrol, valued at N18.88bn was stolen in 2021](#), data from different reports obtained from the Nigerian National Petroleum Company Limited showed. Figures contained in various NNPC reports on Product Pipeline Performance for PMS showed that from January 2021 till December last year, huge volumes of petrol imported into Nigeria by the national oil company did not get to their targeted destinations.
- Gas Production:** The European Union (EU) has urged Nigeria to take advantage of the opportunity offered by the [present crisis in Europe](#) to shore up gas supplies to it. With oil exports from a critical pipeline on Russia's Black Sea Coast fully halted last Wednesday, the United States and the EU quickly moved in by creating a task force committed to reducing dependence on Russian energy supplies.
- BDCs seek CBN to meet retail FX demand:** The Association of Bureau De Change Operators of Nigeria (ABCON) has solicited the Central Bank of Nigeria's (CBN) support in ensuring that Bureau De Change (BDCs) continue to sell dollars to retail end forex buyers. In a notice to its members nationwide, ABCON National Executive Council (NEC), appealed to the regulator to [revisit the stoppage of dollar sales to BDCs](#), to bring lasting stability to the naira.