

## Money Market

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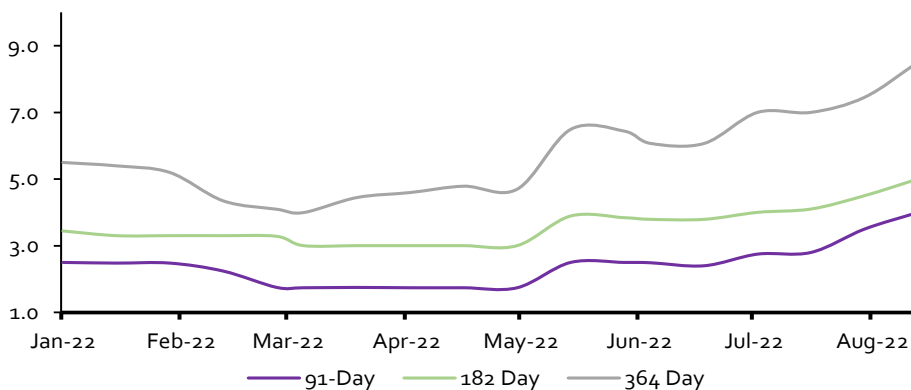
### CBN auctions N446.15bn at higher cost in August 2022

In the month of August 2022, the Central Bank of Nigeria (CBN) sold a total of N446.15bn in Treasury bill auctions. This was 9.47% higher than the N407.55bn allotted in June. Specifically, for the 91-day tenor, the CBN sold a total of N3.43bn in August 2022 compared to N5.97bn sold in July 2022, a decline of 43%. For the 182-day tenor, the amount sold increased by 319% to N11.52bn in August 2022 from N2.75bn in July 2022 while for the 364-day tenor, the amount sold increased by 8% to N431.19bn from N398.83bn in the previous month. The 364-day bills made up 94.21% of total sales as investors continued to seek higher yield investment opportunities. Year-to-date, the CBN has sold a total of N3.34trn in Treasury bills, 34% over the N2.5trn offered for sale.

As expected, the sales in August were at higher costs as stop rates increased steadily. The 91-day stop rate increased to 4.0% at the August 24 auction from 3.5% at the August 10 auction, 2.8% (July 27), and 2.75% (July 13). Similarly, the 182-day stop rate increased to 5% as of 24 August from 4.5% (August 10), 4.1% (July 27), and 4% (July 13) while the 364-day stop rate increased to 8.5% as of August 24, 2022, from 7.45% (August 10), 7.0% (July 27), and 7.0% (July 13).

Additionally, year-to-date, the Central Bank of Nigeria has sold a total of N800bn via the Open Market Operations (OMO), 13% over the N710bn offered. However, there were no OMO auctions in the April, July, and August. Beyond, the short-term instruments, the Federal Government sold a total of N1.72trn in FGN Bonds, 9.41% over the N1.58trn offered for sale. In all, the Federal Government sold a total of N5.86trn ytd, 22.58% over the N4.78trn offered for sale as. While the increase in Treasury bill yields on the back of the steady increase in inflation and hike in the Monetary Policy Rate (MPR) is expected, we however note that the Federal Government currently has limited capacity to accommodate any significant increase in cost of borrowing. The Minister of Finance, Budget & National Planning, Zainab Ahmed, had earlier noted that debt servicing cost of N1.94trn as of April surpassed federal total revenue of N1.63trn for the same period.

### T-Bills Stop Rates (%)



Source: CBN, CSL Research

### MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	39,326.67	42,716.44	49,642.69
Naira / US\$	411.63	435.00	430.33
Brent, US\$/bbl	73.41	77.78	99.31
MPR %	11.50	11.50	14.00

Source: Nigerian Stock Exchange, Central Bank of Nigeria, Bloomberg. \*Nigerian Stock Exchange All-Share Index.

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## Today's news headlines:

**N46bn debt: NCAA threatens to withdraw airlines' licences:** The Nigerian Civil Aviation Authority, on Tuesday, said it would withdraw the licenses of domestic airlines within 30 days beginning from August 30, 2022, if the airlines fail to sign a Memorandum of Understanding on how to clear the about N46bn debt which they owe aviation agencies. It said this in response to a letter written by the Airline Operators of Nigeria to the Ministers of Finance and Aviation, where the airlines accused aviation agencies of stifling the growth of the sector through multiple charges. Speaking at a stakeholders' meeting in Abuja, the Director-General, NCAA, Musa Nuhu, described the letter as false, saying the charges had remained the same since 2009 but would be reviewed soon, a development that might trigger another hike in airfares. Source: [punchng.com](https://punchng.com)

<https://punchng.com/n46bn-debt-ncaa-threatens-to-withdraw-airlines-licences/>

**FG Inaugurates Gas Infrastructure Fund, Says \$200bn Needed to Bridge Deficit:** The federal government yesterday formally floated the governing council of the Midstream & Downstream Gas Infrastructure Fund (MDGIF) in line with the dictates of the new Petroleum Industry Act (PIA). The government stated that over \$20 billion will be needed yearly in the next 10 years to bridge the gas infrastructure gap in the country, which could exceed \$200 billion in a decade. At the inauguration of the nine-member council, which took place in Abuja, the Minister of State for Petroleum Resources, Chief Timipre Sylva, explained that the move would help fix the critical missing link in the government's effort to develop the country's gas sector. Source: [thisdaylive.com](https://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2022/08/31/fg-inaugurates-gas-infrastructure-fund-says-200bn-needed-to-bridge-deficit/>

**FG projects N120tn as three-year consumption expenditure:** The Federal Government has projected an average of N120tn as consumption expenditure by Nigerians on which value-added tax will be charged between 2023 and 2025. This is according to the Medium Term Expenditure Framework and Fiscal strategy paper developed by the Ministry of Finance, Budget and National Planning. According to the report, consumption expenditure on which VAT will be charged will likely increase from an average of N35tn in 2023 to N40tn in 2024 and N45tn in 2025 after adjusting for exemptions, zero-rated items, and companies whose turnover falls below the N25m threshold. This means that the consumption expenditure in the three-year period will stand at N120tn. In an exclusive interview with The PUNCH, former Vice-chancellor of the University of Uyo and Professor of Economics and Public Policy, Akpan Ekpo, noted that if the consumption expenditure being forecast hovered on the consumption of capital goods, then it was good news. Source: [punchng.com](https://punchng.com)

<https://punchng.com/fg-projects-n120tn-as-three-year-consumption-expenditure/>

**To curb oil theft, NNPC adopts Saudi Aramco's model:** With losses from pipeline vandalism and theft overwhelming Nigeria's oil business in recent weeks, the Nigerian National Petroleum Company Limited has said it is adopting Saudi Aramco's model of using video surveillance to monitor its pipelines carrying crude oil from wells to flow stations in the Niger Delta. "We have put up a control centre, it started in April 2022; it's not yet on the level of the Saudi Aramco control center that's circulating in a viral video, but we are on our way there," Mele Kyari, group chief executive officer (GCEO) of NNPC Limited said at a press briefing at the state house in Abuja on Tuesday. Kyari noted that NNPC Limited currently has some video visibility around the country's Niger delta pipeline networks, where more than 90 percent of the country's crude are explored. Source: [businessday.ng](https://businessday.ng)

<https://businessday.ng/energy/article/to-curb-oil-theft-nnpc-adopts-saudi-aramcos-model/>

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	Buy	Hold	Sell	Not Rated	Total
Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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