

Locking in Attractive Yields: Positioning for Opportunities in FGN Bonds

In fixed income markets, timing matters. Periods of elevated yields create opportunities to secure income streams. In Nigeria's sovereign debt market, that window is increasingly visible.

Yields on Federal Government of Nigeria Bonds have remained **elevated even with conscious easing of the monetary policy** and broader macroeconomic pressures.

According to [Coronation Research](#), Nigeria's domestic fixed-income market has remained active entering 2026, supported by government borrowing and liquidity management by the Central Bank of Nigeria.

For investors focused on income stability and capital preservation, this environment offers an opportunity to lock in attractive yields through government securities.

The key question for investors is how best to position portfolios before the interest-rate cycle shifts.

Why Government Bonds Are Back in Focus

Government bonds have long served as the foundation of many diversified investment portfolios. In Nigeria, they represent one of the most established channels for earning predictable income while maintaining exposure to sovereign-backed assets.

Issued by the Debt Management Office on behalf of the Federal Government of Nigeria, these securities allow investors to lend funds to the government for a specified period in exchange for interest payments and the repayment of principal at maturity.

FGN bonds are widely regarded as among the safest instruments in Nigeria's domestic debt market because they are backed by the full faith and credit of the federal government.

In a high-yield environment, the appeal of these securities becomes even more pronounced. Investors who enter the market at such moments can secure attractive coupon rates that remain fixed throughout the life of the bond, providing stability even if interest rates decline later.

Why Government Bonds Are Back in Focus

Bond yields typically move in response to broader macroeconomic conditions. In Nigeria, key drivers include inflation trends, fiscal funding needs, and monetary policy decisions from the Central Bank of Nigeria.

When policy rates rise to address inflationary pressures, yields on government securities tend to adjust upward as well and vice versa. Periods of elevated yields therefore create opportunities for investors to secure higher income streams for longer durations.

Recent bond issuances have reflected this high-yield environment. For example, FGN bonds issued by the DMO have carried coupon rates around 17.9%–19%, with some longer-dated instruments exceeding 19%, while interest payments are made semi-annually to investors ([DMO.Gov.NG](#)).

For long-term investors, purchasing bonds during such periods allows them to lock in these elevated yields.

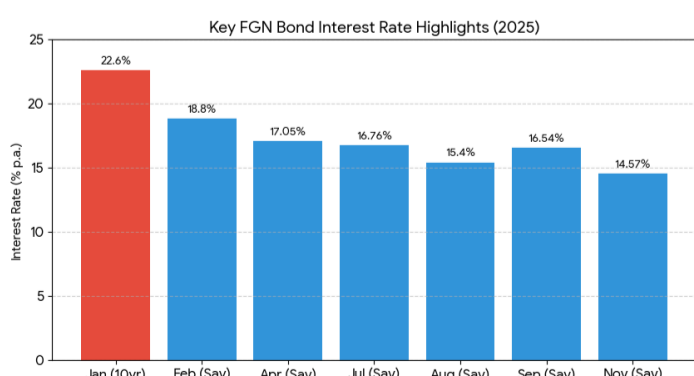


Chart Source: Debt Management Office (DMO) of Nigeria

Strategies for Locking in Attractive Yields

Experienced investors rarely approach fixed income markets passively. Instead, they often adopt deliberate strategies designed to balance income generation with flexibility.

Investing Across Multiple Tenors

Holding bonds with different maturity dates allows investors to balance liquidity and yield opportunities.

In Nigeria, FGN bonds are issued across several tenors, including three-, five-, seven- and ten-year maturities, with longer maturities also available.

Building a Bond Ladder

A laddering strategy involves spreading investments across bonds with staggered maturity dates. As each bond matures, investors can reinvest proceeds based on prevailing market conditions, allowing portfolios to adjust gradually to changing interest-rate environments.

Combining Primary and Secondary Market Opportunities

Investors may participate in new bond issuances through auctions organised by the DMO. They may also purchase bonds in the secondary market, where prices fluctuate based on demand, supply, and expectations about future interest rates.

Both channels can provide opportunities to access attractive yields.

Key Considerations for Investors

Although government bonds are widely considered stable investments, investors should remain mindful of several factors.

Interest rate movements can affect bond prices in the secondary market. Inflation may also influence the real value of future income streams, particularly in periods of sustained price increases.

Liquidity conditions may vary as well, although FGN bonds are listed on the Nigerian Exchange and the FMDQ securities market, helping to support trading activity.

Understanding these factors allows investors to approach fixed income allocation with greater confidence.

Accessing Opportunities in Nigeria's Bond Market

To learn more about investing in FGN bonds and how Coronation Securities can help you seize these opportunities, please email coronationsecuritiesfidesk@coronationsl.com.

Our expert team is ready to provide personalized guidance and support to help you achieve your investment goals.

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