

Daily Market Update

...A daily publication of Treasury Unit of Access Bank Plc.

Friday, 01 April 2022

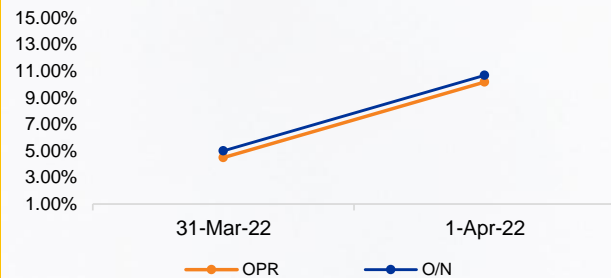
Money Market

System liquidity opened the day with a balance ₦420.00bn coming from the previous day's level of ₦324.80bn.

The rates in the market however increased by 567bps to close the day at 10.17% and 10.67% respectively as Banks made provisions for the Bi-weekly Retail SMIS debit.

We expect the rates to hover around these levels opening next week as no OMO or NTB maturity is expected.

Money Market Rate Movement



Foreign Exchange

The NAFEX appreciated day on day by ₦0.03 to close the week at \$/₦416.06

The high demand for FX as seen this week at the IEFX market was sustained during today's trading session with only a few trades executed. However, rates depreciated slightly by ₦0.45 to close the day at \$/₦416.63. The CBN conducted it's Bi-weekly Retail SMIS Auction today as expected.

We expect rates to remain at these levels in the coming week.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.625	416.17	0.11
NAFEX	416.06	416.09	(0.01)

Treasury Bills

The Treasury Bills secondary market closed the week on a quiet note as market participants focused their attention on the Retail SMIS Auction. As the trading day progressed, we observed interests across the long end of the curve, particularly on the newly issued OMO and NTB bills.

Consequently, closing rates remained largely unchanged from opening levels.

We expect the market to trade with mixed sentiments opening the new week as market players continue to trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
28-Apr-22	3.07	31-May-22	3.00
09-Jun-22	1.88	16-Aug-22	3.24
11-Aug-22	3.18	04-Oct-22	3.39
13-Oct-22	3.16	14-Feb-23	3.80

Bonds

Closing the week, the FGN Bond market traded on a quiet note and this trend was sustained throughout the trading session. We witnessed pockets of demand on the short and medium end of the curve with emphasis on both the 2026 and 2036 paper whilst the long end remained relatively muted.

By and large, just a few trades were consummated across board. On the average, yields declined by an average of 4bps from yesterday's levels..

We anticipate a calm opening next week as market participants await the release of the Q2 Bond auction calendar.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	5.05	5.07	(0.39)
13.53 23-MAR-2025	8.90	9.07	(1.87)
16.2884 17-MAR-2027	10.32	10.32	0.00
13.98 23-FEB-2028	10.60	10.48	1.15
12.40 18-MAR-2036	11.79	11.80	(0.08)
16.2499 18-APR-2037	11.97	11.97	0.00
12.98 27-MAR-2050	12.85	12.85	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.70	15.60
Foreign Reserves (Gross \$'Bn)	39,55	39,55

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3153	1M	0.45200	WTI	↓ 100.07
EUR/USD	1.1096	3M	0.96157	BRENT	↓ 104.95
USD/JPY	121.40	6M	1.46986	GOLD	↓ 1,926.04
USD/CHF	0.9212	12M	2.10143	SILVER	↓ 24.88

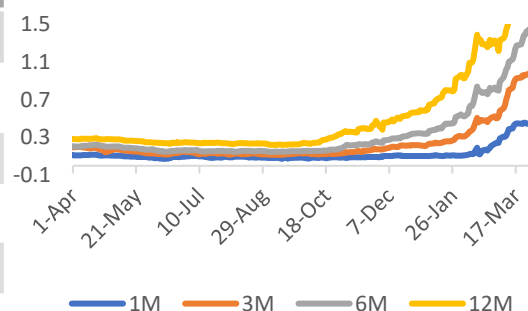
Auction Results

OMO AUCTION – March 31, 2022				PMA AUCTION – March 30, 2022		
Tenor/Maturity	110-Day	194-Day	362-Day	89-day	180-day	355-day
Offer / Subscription (₦'Bn)	10/49.90	10/54.80	30/227.97	2.49/18.38	2.09/25.40	138.711/203.83
Total Allotment (₦'Bn)	10.00	10.00	30.00	13.88	20.35	139.96
Stop Rate(%)	7.00	8.50	10.10	1.75	3.00	4.45

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.67	7.26	94.250	95.750
ACCESS 9.125% PERP	11.17	10.74	92.500	94.000
ECOBANK 9.5% 2024	7.48	6.95	103.750	104.750
UBA 6.75% 2026	8.00	7.73	95.250	96.250
GHANA 7.625% MAY 2029	15.32	14.76	70.250	72.000
NIGERIA 7.875% 2032	8.81	8.66	93.875	94.875

USD LIBOR Movement





DOMESTIC NEWS

BOI EYES \$10BN FROM FOREIGN INVESTORS, DISBURSED N1.2TRN IN SEVEN YEARS

President Muhammadu Buhari, yesterday commended the board and management of the Bank of Industry (BoI) for contributing to the growth and industrialisation of Nigeria. Buhari made the commendation when he unveiled the bank's second edifice in Abuja. He said the structure would boost BoI's Internally Generated Revenue (IGR) potential. That came as BoI said it had raised about \$4 billion from over 100 international banks/investors in over 20 countries within the past four years. The bank revealed that it was also working to increase the figure to about \$10 billion within the next few years.

Buhari pointed out that the development finance institution had disbursed over N1.4 trillion to micro, small and medium sized enterprises (MSMEs) at single-digit interest rate. This helped in making access to credit easier and affordable for Nigerians as well as supporting the diversification agenda. Buhari addressed the gathering via a video conferencing.

The President expressed optimism that with the raising of a €700 million Eurobond, the BoI would be able to provide more funding for the growth of businesses in the country.

GLOBAL NEWS

Bond Yields Surge as Jobs Bolster Rate-Hike Bets: Markets Wrap

U.S. equities reversed gains and Treasury yields surged as a solid U.S. jobs report buttressed the Federal Reserve's case to use aggressive interest-rate hikes to tackle inflation. The S&P 500 fell while the U.S. yield curve extended its recent flattening as investors evaluated the economic outlook amid tightening monetary policy and Russia's war in Ukraine. The dollar gained as U.S. payrolls slightly missed expectations and the March unemployment rate fell to 3.6%. Meanwhile, an ISM manufacturing survey disappointed, with higher-than-expected prices paid.

"Although today's job report was a little softer than expected, it still paints a picture of a steaming labor market," said Seema Shah, chief strategist at Principal Global Investors. "The final vestiges of Covid-19 are close to being fully eradicated from U.S. economic data – the unemployment rate is just a touch above the pre-pandemic level and the number of people on temporary layoff is back to where it was before March 2020."

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, CBN, Leadership, This Day

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DIVERSIFY YOUR PORTFOLIO WITH EUROBONDS

Eurobonds are international bonds that are denominated in currencies not native to the country where they are issued. Most Eurobonds issued are in USD.

Some benefits of investing in Eurobonds include:

- Higher yield on investments in foreign currency
- Capital preservation
- Hedging against foreign exchange fluctuations."

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