

Daily Market Update

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

Thursday, 21 April 2022

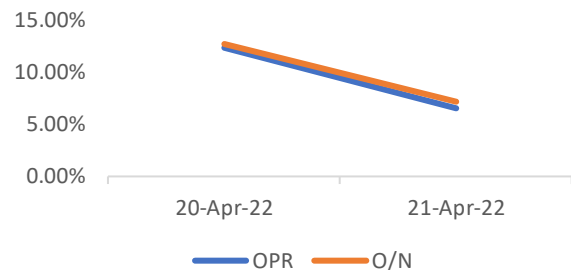
Money Market

System liquidity declined from the previous day's opening level of ₦165.84bn to open the day with a balance of ₦61bn as most Banks unwind their takings from the CBN.

Despite the drop in liquidity, The OPR and Overnight rates declined by 583 bps from the previous day's level to close at 6.5% and 7.17% as no significant funding activity occurred.

We expect the rates to hover around these levels tomorrow barring any significant funding activity.

Money Market Rate Movement



Foreign Exchange

The NAFEX appreciated by 13kobo to close at \$/₦416.62.

Surging demand for FCY was met with insufficient supply at the IEFX market, causing rates to depreciate by ₦1.17 to close at \$/₦419.50.

The results of the previous Retail SMIS auction are expected to be released by the CBN tomorrow, and rates are anticipated to trade at similar levels.

FX Rates

	Current	Previous	%Δ
I&E Closing	419.50	418.33	0.28
NAFEX	416.62	416.75	(0.03)

Treasury Bills

The Treasury bills secondary market opened with mixed sentiment as market participants exposed their bids and offers across the curve. The trend was sustained throughout the trading session. By market close, only a handful of trades were consummated across the OMO and NTB curves.

Consequently, closing rates inched up by an average of 2bps from opening levels in line with market expectation. Closing the week, we expect some bearish sentiments in the market given the level of system liquidity.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
28-Apr-22	2.81	31-May-22	3.05
09-Jun-22	3.04	16-Aug-22	3.50
11-Aug-22	3.50	04-Oct-22	3.72
13-Oct-22	3.63	14-Feb-23	4.33

Bonds

The Federal Government bond opened on a quiet note today. As market progressed, we saw bearish trend on the belly of the curve. Emphasis centered around the 2036 and 2037 bonds with bid/offer yields quoted at 12.44/12.35 and 12.60/12.48% respectively. Towards the close of market, we witnessed slight demand at the long end of the curve with bids for both the 2042 and 2050 paper hovering at sub13% levels. Consequently, average yields remained stable across the benchmark bonds.

We expect mixed sentiment tomorrow as counterparts trade cautiously ahead of next week's FGN Bond Auction.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	4.97	4.99	(0.40)
13.53 23-MAR-2025	9.21	9.12	0.99
16.2884 17-MAR-2027	10.89	10.89	-
13.98 23-FEB-2028	11.05	11.05	-
12.40 18-MAR-2036	12.30	12.30	-
16.2499 18-APR-2037	12.25	12.25	-
12.98 27-MAR-2050	12.84	12.84	-

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.92	15.70
Foreign Reserves (Gross \$'Bn)	39.78	39.74

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3046	1M	0.63157	WTI	103.73
EUR/USD	1.0845	3M	1.13629	BRENT	108.04
USD/JPY	128.68	6M	1.67457	GOLD	1,939.18
USD/CHF	0.9527	12M	2.36886	SILVER	24.62

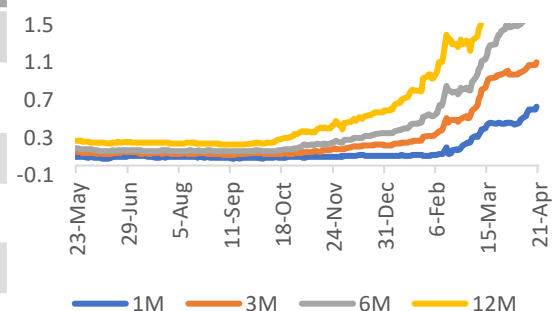
Auction Results

OMO AUCTION – March 31, 2022				PMA AUCTION – April 13, 2022		
Tenor/Maturity	110-Day	194-Day	362-Day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	10/49.90	10/54.80	30/227.97	2.19/11.88	6.95/20.91	132.12/227.57
Total Allotment (₦'Bn)	10.00	10.00	30.00	4.51	10.56	143.97
Stop Rate(%)	7.00	8.50	10.10	1.74	3.00	4.60

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.34	7.06	95.500	96.500
ACCESS 9.125% PERP	11.05	10.76	93.000	94.000
ECOBANK 9.5% 2024	7.02	6.49	104.500	105.500
UBA 6.75% 2026	7.74	7.47	96.250	97.250
GHANA 7.625% MAY 2029	15.59	15.18	69.625	70.875
NIGERIA 7.875% 2032	9.42	9.25	90.250	91.250

USD LIBOR Movement





DOMESTIC NEWS

PRELINE INVESTMENT EYES ADDITIONAL 1.3MN SHARES OF ETERNA AT PREMIUM OF N13.50 PER SHARE

Preline Investment Limited has disclosed its intention to commence the process of acquiring 1.3million ordinary shares of Eterna Plc, which represents a 0.10percent equity stake in the company. This would be bought at a price of N13.50 per share from minority shareholders. The stock closed at N5.5 as of April 20, 2022, an upside of 145.45percent to the tender offer price. On November 1, 2021, Preline Investment Limited emerged as the majority shareholder following its acquisition of 794,969,774 ordinary shares or 60.98percent equity stake in the company.

Preline Limited makes the tender offer as required by the regulation of the Securities and Exchange Commission (SEC). “We expect the price of the stock to jump significantly over the next couple of trading sessions. Clients who already have the stock are advised to HOLD. “Alternatively, such clients could realize profit by selling, depending on their respective entry levels as not all the minority shares would be bought by Preline Limited. For this same reason, we advise clients who are looking to buy the stock to trade with caution,” said Meristem analysts in their recent note to investors.

GLOBAL NEWS

STOCKS RISE ON EARNINGS BOOST; BOND YIELDS CLIMB

U.S. stocks rose as upbeat earnings allayed fears of a recession in the world’s largest economy. A selloff in Treasuries resumed, further fueling the debate around whether inflation is peaking.

The S&P 500 gained with seven of the 11 main industry groups advancing. The tech-heavy Nasdaq 100 outperformed major benchmarks, with Tesla Inc. leading gains after posting record profits that blew past estimates. Airlines rallied as American Airlines Group Inc. said corporate and international flying was coming back and projected a second-quarter profit.

The 10-year Treasury yield added 7 basis points. Bond bears returned after Wednesday’s rally in Treasuries stoked by some investors including Bank of America Corp. and Nomura Asset Management who said the panic over inflation and rate-hike bets had gone too far. The dollar gained against most of its major peers following the rise in yields. Meanwhile, equities stayed resilient to higher yields with the focus on earnings. Tesla rallied 8% after reporting better-than-expected first-quarter results and with Elon Musk predicting output will grow at a fast clip for the rest of the year. American Air jumped 5.7% as its upbeat outlook built on a first-quarter adjusted loss that was less than analysts estimated. United Airlines Holdings Inc. surged 12% after forecasting a profit this year.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, CBN, BusinessDay.

Disclaimer - This report is based on information obtained from various sources believed to be reliable and no representation is made that it is accurate or complete. Therefore, all rates shown here are mark to market rates being published for guidance purposes only. Reasonable care has been taken in preparing this document. Access Bank Plc shall not accept responsibility or liability for errors of fact, or any opinion expressed herein. This document is for information purposes and private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior written consent of Access Bank Plc.

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."

More information:

IP: 7007

Email: FixedIncome@ACCESSBANKPLC.com



more than banking

