

Daily Market Update

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

Wednesday, 27 April 2022

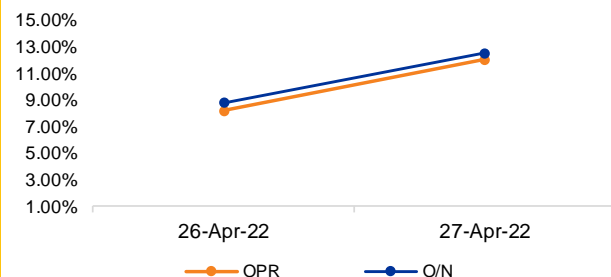
Money Market

System liquidity opened the day with a balance of ₦97.57bn, a slight improvement from yesterday's levels of ₦96.1bn. The improvement was due to bridge financing to various States by the CBN.

Nevertheless, the OPR and Overnight rates increased by 383bps from the previous days level to close at 12.00% and 12.50% as Banks continue to fund their positions.

We expect the rates to decline tomorrow in anticipation of previous Retail SMIS refund as well as a possible FAAC payment for March 2022.

Money Market Rate Movement



Foreign Exchange

The demand for USD at the IEFX market remained high following the NGUS APR 27 2022 Futures maturity. Consequently, Naira depreciated by ₦0.83 to close the day at \$/₦419.33

NAFEX, on the other hand, appreciated by 46 kobo to close at \$/₦416.72

Rates are expected to trade at these levels tomorrow barring any significant market activity.

FX Rates

	Current	Previous	%Δ
I&E Closing	419.33	418.50	-0.20
NAFEX	416.72	417.18	0.11

Treasury Bills

The Treasury Bills secondary market opened on a quiet note as market players focused on the NTB Auction conducted by the DMO. Despite this, we witnessed some mixed sentiments particularly at the mid to long end of the OMO and NTB curves with minimal trades consummated by market close. Consequently, closing rates remained largely unchanged from opening levels.

At the Auction, a total of ₦120.97bn was offered. Despite the level of subscription of ₦249.53bn, the DMO allotted slightly above what was offered ₦130.05bn across the standard maturities, with demand skewed toward the new 1-year paper. The stop rate for 91-day, 182-day and 364-day was maintained at 1.74%, 3.00% and 4.79% respectively. We expect the market to trade with some bearish sentiments amid the level of system liquidity.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
12-May-22	2.89	31-May-22	3.05
09-Jun-22	3.04	16-Aug-22	3.50
11-Aug-22	3.50	04-Oct-22	3.82
13-Oct-22	3.46	14-Feb-23	4.70

Bonds

Contrary to post-auction expectation, the FGN Bond market opened on a quiet note. As the trading day progressed, we saw market participants lean towards the right side of the quote with most offers centered on the 2025 bonds at circa 9.90%.

Towards the close of the trading session, we saw renewed interest on the belly of the curve with emphasis on the 2036 paper. These papers were offered at 12.37%. By and large, just a few trades were consummated as bid/offer spreads remained wide. Closing the market, average benchmark bond yields inched up by 3bps spurred by the uptick in yields on the shorter end of the curve.

Tomorrow, we anticipate slight bearish sentiment as market participants try to sell their auction winnings to fund for the Nigerian Treasury Bills Primary market Auction debit.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.04	6.05	(0.01)
13.53 23-MAR-2025	9.85	9.19	(0.66)
16.2884 17-MAR-2027	10.82	10.88	(0.06)
13.98 23-FEB-2028	11.00	11.05	(0.05)
12.40 18-MAR-2036	12.42	12.40	0.02
16.2499 18-APR-2037	12.50	12.49	0.01
12.98 27-MAR-2050	12.86	12.99	(0.13)

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.92	15.70
Foreign Reserves (Gross \$'Bn)	39.68	39.71

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2546	1M	0.74871	WTI	↓ 101.16
EUR/USD	1.0549	3M	1.23814	BRENT	↓ 104.37
USD/JPY	128.50	6M	1.82771	GOLD	↓ 1,885.70
USD/CHF	0.9694	12M	2.54629	SILVER	↓ 23.40

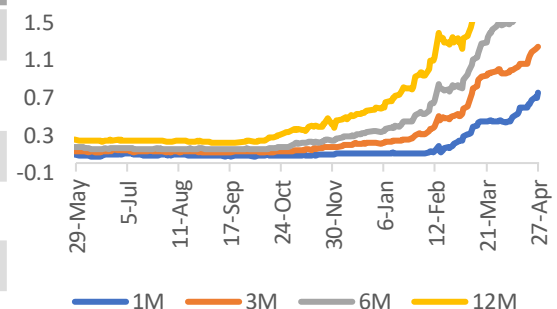
Auction Results

BOND AUCTION – April 25, 2022				PMA AUCTION – April 27, 2022		
Tenor/Maturity	3-year	10-year	20-year	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	75/108.43	75/78.22	75/222.76	2.68/2.66	2.02/13.58	116.29/233.28
Total Allotment (₦'Bn)	74.27	65.92	79.68	2.22	8.23	119.61
Stop Rate(%)	10.00	12.50	12.90	1.74	3.00	4.79

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.58	7.30	94.625	95.625
ACCESS 9.125% PERP	11.28	11.02	92.250	93.125
ECOBANK 9.5% 2024	7.01	6.48	104.500	105.500
UBA 6.75% 2026	7.91	7.64	95.625	96.625
GHANA 7.625% MAY 2029	16.45	16.11	67.125	68.125
NIGERIA 7.875% 2032	9.94	9.76	87.250	88.250

USD LIBOR Movement





DOMESTIC NEWS

CURRENCY IN CIRCULATION DROPS BY N4.59BN TO N3.24TRN IN MARCH

The Central Bank of Nigeria (CBN) has disclosed that currency in circulation dropped Month-on-Month (MoM) by N4.59 billion or 0.14 per cent in March 2022 to N3.24 trillion from N3.25 trillion in February 2022. The apex bank in its Money and Credit Statistics had reported N3.29 trillion, money in circulation in January 2022.

Nigeria's currency circulating in the economy has recorded significant growth since the Central Bank maintained its dovish monetary approach as a means to ensure the recovery of the nation's economy, following the recession recorded in 2020, caused by the covid-19 pandemic. Several intervention policies pushed currency in circulation to its highest level in history in December 2021. However, it has recorded a decline in three consecutive months, dropping by N37.13 billion in January and N37.84 billion in February 2022. According to CBN, banks' credit to the private sector rose MoM, by 1.07 per cent to N36.37 trillion in March from N35.18 trillion in January 2022.

GLOBAL NEWS

OIL PRICE TO AVERAGE \$100, SAYS WORLD BANK

The price of Brent crude oil is expected to average \$100 a barrel in the year, a new World Bank report released yesterday in Washington, D.C. has said. The report, known as Commodity Markets Outlook, attributed this to war-related trade and production disruptions.

The report said the development represents the highest level of crude oil price since 2013 and an increase of more than 40 per cent compared to 2021. "Prices are expected to moderate to \$92 in 2023-well above the five-year average of \$60 a barrel. Natural-gas prices (European) are expected to be twice as high in 2022 as they were in 2021, while coal prices are expected to be 80 percent higher, with both prices at all-time highs," the report said.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, Reuters, CBN, Nairametrics, ThisDay, The Nation.

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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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