

Daily Market Update

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

Thursday, 28 April 2022

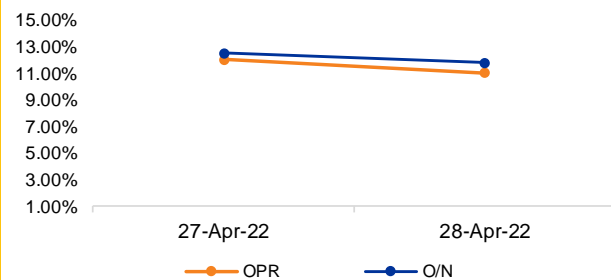
Money Market

Market liquidity opened in a repo of ₦80bn. The illiquidity in the market was further exacerbated by the net debit from yesterday's NTB Auction.

Nonetheless, OPR and Overnight rates declined by 100bps to close at 11.00% and 11.50% respectively.

We anticipate money market rates to hover around these levels closing the week as banks fund for the bi-weekly Retail SMIS Auction.

Money Market Rate Movement



Foreign Exchange

We experienced a calm trading session today as the supply of funds in the IEFX market was met with high demand today, however, we saw a day on day appreciation in rates by 83 kobo to close at \$/₦418.50.

However, the NAFEX rate, depreciated by ₦0.70 to the Dollar to close at \$/₦417.42. Naira is expected to hover around these levels tomorrow in anticipation of the holidays. We also expect CBN to conduct its bi-weekly Retail SMIS auction tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	418.50	419.33	0.20
NAFEX	417.42	416.72	-0.17

Treasury Bills

The Treasury bills secondary market opened with bearish sentiment as market participants exposed their 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 the bearish sentiments to continue given the thin level of system liquidity.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
12-May-22	2.89	31-May-22	2.99
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

The FGN bond market traded on a very calm note today. The market maintained its bearish stance as offers were seen throughout the trading session across the curve. The on-the-run 2025 paper was quoted at 10.05% while the 4-Yr paper was offered at 10.62%. As market progressed, we saw selloffs on the new 10-Yr issue with offers lifted at 1bps below auction closing levels. Also, slight activities were seen on the medium tenured bonds with emphasis on the 2034 and 2035 papers. By and large, just a few trades were consummated with yields remaining stable from opening levels.

We expect the bearish trend to be sustained tomorrow due to low system liquidity which would be worsened by the expected funding for FX Retail Auction.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	4.71	6.04	(1.33)
13.53 23-MAR-2025	9.87	9.85	0.02
16.2884 17-MAR-2027	10.82	10.82	0.00
13.98 23-FEB-2028	11.00	11.00	0.00
12.40 18-MAR-2036	12.41	12.42	(0.01)
16.2499 18-APR-2037	12.50	12.50	0.00
12.98 27-MAR-2050	12.93	12.86	(0.07)

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	1.2462	1M	0.76371	WTI	↑ 104.72
EUR/USD	1.0510	3M	1.23886	BRENT	↑ 107.11
USD/JPY	130.97	6M	1.82629	GOLD	↑ 1,889.47
USD/CHF	0.9714	12M	2.54414	SILVER	↓ 23.14

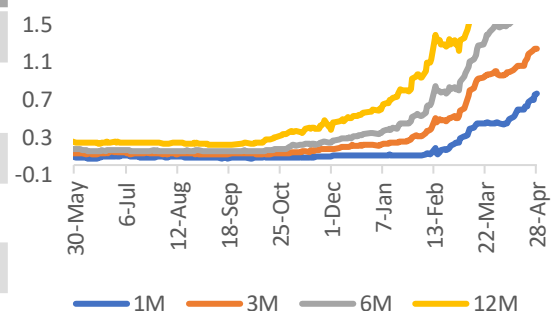
Auction Results

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	7.69	7.41	94.250	95.250
ACCESS 9.125% PERP	11.35	11.06	92.000	93.000
ECOBANK 9.5% 2024	7.14	6.67	104.250	105.125
UBA 6.75% 2026	8.02	7.74	95.250	96.250
GHANA 7.625% MAY 2029	16.45	16.11	67.125	68.125
NIGERIA 7.875% 2032	10.51	10.32	84.125	85.125

USD LIBOR Movement





DOMESTIC NEWS

NAIRA FALLS AT I&E WINDOW AS FX TRUNOVER DELINES TO 3-WEEK LOW

The exchange rate between the naira and the US dollar closed at ₦419.33/\$1 at the official Investors and Exporters (I&E) window. Naira depreciated further against the US dollar on Wednesday to close at ₦419.33 to a dollar, representing a 0.2% fall compared to ₦418.52/\$1 recorded in the previous trading session. Also, dollar supply in the official FX market dipped by 24.55% to \$82.56 million, which is the lowest in over 3 weeks of trading.

On the other hand, the exchange rate maintained stability at the parallel market at N590 to a dollar. This is according to information obtained from BDCs operating in Nigeria. Also, the exchange rate at the peer-to-peer market remained stable on Thursday morning, trading at a minimum of ₦590/\$1, which is the same as recorded on Wednesday, 27th April 2022. Nigeria's external reserve depreciated for the third day in a row, with a 0.09% decline to stand at \$39.68 billion as of 26th April 2022, compared to the \$39.71 billion recorded as of the previous day. Meanwhile, the decline in the external reserve level can be attributed to the continuous intervention by the Central Bank in the FX market in order to ensure stability of the local currency.

GLOBAL NEWS

OIL PRICE RALLY ON REPORT THAT GERMANY DROPS OPPOSITION TO RUSSIAN OIL EMBARGO

Oil prices rallied on Thursday after reports that Germany is no longer opposed to an embargo on Russian oil, which could further tighten supplies in the already stressed global crude market. German representatives to the European Union are no longer objecting a full Russian oil embargo as long as Berlin is given time to secure alternative supplies, the Wall Street Journal reported on Thursday.

Germany is heavily reliant on Russian energy imports and had previously opposed a full ban. Before the war in Ukraine, Russian oil accounted for about a third of Germany's supply. A month ago, Germany's economic minister said that Germany had reduced its dependence on Russian oil to 25% of its imports. "As a result of this, oil from the free world is going to be more expensive, and Iron Curtain oil will plunge further in value and be discounted more heavily," said John Kilduff, partner at Again Capital LLC in New York.

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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