

# Daily Market Update

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

Tuesday, 01 February 2022

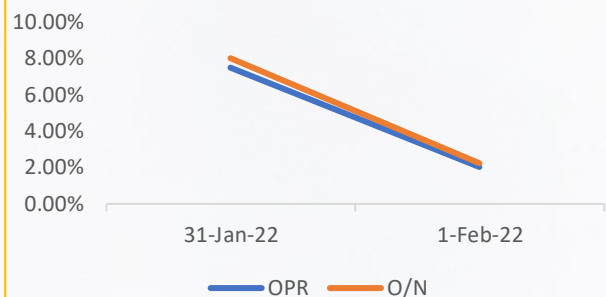
## Money Market

System liquidity opened the day with a credit balance of ₦245bn and was further boosted by the OMO repayment of ₦102.22bn.

Consequently, the Open Repo and Overnight rates dipped by 550bps to close the day at 2.00% and 2.50% respectively as no significant funding activity was recorded.

We expect the rates to hover around this level tomorrow barring any funding needs.

### Money Market Rate Movement



## Foreign Exchange

The market remained illiquid as demand continue to outweigh the supply at the Investors and Exporters' window. However, the Apex Bank intervened in the market to provide FX for Small and Medium Enterprises, Business Travel Allowance, Personal Travel Allowance, School fees, Medical fees, etc. Nevertheless, the Naira lost 42kobo against the Dollar to close at \$/₦415.75.

The NAFEX rate appreciated against the Greenback by 13kobo to close at \$/₦415.90 during today's trading session and we anticipate that rates will trade at similar levels tomorrow.

### FX Rates

	Current	Previous	%Δ
I&E Closing	415.75	415.33	(0.10)
NAFEX	415.90	416.03	(0.03)

## Treasury Bills

Following the OMO maturity of ₦102.22bn today, the Treasury Bills secondary market opened on a slightly bullish note as market participants selectively exposed their bids across the curve. This trend persisted for most of the trading day with pockets of demand observed throughout the session. Only a few trades were consummated. Consequently, closing rates remained largely unchanged from opening levels.

Tomorrow, we expect the market to trade with mixed sentiments as market participants continue to trade cautiously.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Mar-22	2.98	01-Mar-22	5.40
09-Jun-22	3.67	16-Aug-22	5.73
11-Aug-22	5.36	04-Oct-22	5.50
13-Oct-22	5.00		

## Bonds

The FGN Bond opened on a calm note today. Activity was centered around the mid-tenured bonds with emphasis on the 2036 bond, which traded at 12.75%. Just a few trades were consummated on the 4-Yr paper as most bid/offer spread remain c.15bps wide. As market progressed, we saw some demand on the short and long end of the curve. Yields for the 2023, 2025 and 2042 bonds hovered around the 6.75%, 10.15% and 13% handle, respectively. At the close of market, yields remained stable across the traded papers.

We expect similar trend to persist tomorrow barring any significant information disseminated to the market.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.88	6.85	0.44
13.53 23-MAR-2025	9.99	9.99	-
16.2884 17-MAR-2027	11.64	11.64	-
13.98 23-FEB-2028	11.78	11.78	-
12.40 18-MAR-2036	12.78	12.77	0.00
16.2499 18-APR-2037	12.81	12.81	-
12.98 27-MAR-2050	12.98	12.98	-

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.63	15.40
Foreign Reserves (Gross \$'Bn )	40.12	40.15

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3501	1M	0.10686	WTI	87.47
EUR/USD	1.1260	3M	0.30886	BRENT	88.59
USD/JPY	114.82	6M	0.54400	GOLD	1801.25
USD/CHF	0.9229	12M	0.96229	SILVER	22.74

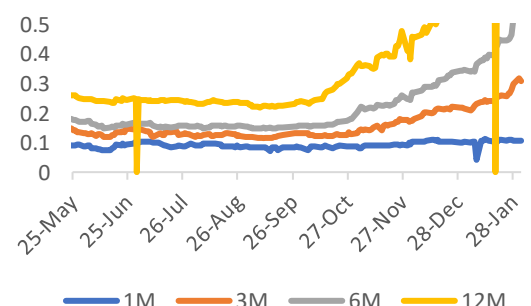
### Auction Results

Tenor/Maturity	NTB AUCTION – January 26, 2022			OMO AUCTION – January 27, 2022		
	91-day	182-day	364-day	96-day	180-day	362-day
Offer / Subscription (₦'Bn)	2.68/12.69	3.54/13.99	123.11/448.95	10/50.30	10/69.54	20/157.40
Total Allotment (₦'Bn)	2.68	3.54	217.53	10	10	20
Stop Rate(%)	2.48	3.30	5.399	7.00	8.50	10.10

### Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.44	6.25	98.750	99.500
ACCESS 9.125% PERP	9.69	9.62	97.750	98.500
ECOBANK 9.5% 2024	5.48	5.02	108.250	109.250
UBA 6.75% 2026	6.72	6.50	100.125	101.000
GHANA 7.625% MAY 2029	12.30	12.03	80.000	81.000
NIGERIA 7.875% 2032	8.25	8.13	97.500	98.250

### USD LIBOR Movement





## DOMESTIC NEWS

### FOREX TURNOVER AT I&E WINDOW FALLS BY 51% TO \$2.18 BILLION IN JANUARY 2022

Nigeria recorded forex turnover of \$2.18 billion at the Investors and Exporters window, where forex is traded officially, in the month of January 2022, representing a 50.8% decline compared to \$4.44 billion that exchanged hands in the previous month. This is according to data on the FMDQOTC collated by Nairalytics, the research arm of Nairametrics. Forex turnover at the FMDQOTC represents the total amount bought and sold at the official forex market in Nigeria.

The \$2.18 billion forex turnover in January, however, represents a 90.3% increase when compared to \$1.15 billion recorded in the corresponding period of 2021. Meanwhile, the official exchange rate appreciated by 4.5% to close the month at N415.33/\$1 as opposed to N435 to a dollar recorded as of the end of the previous month. Nigeria has endured FX shortages since the covid-19 pandemic struck in 2020, leading to multiple devaluations of the local currencies whilst the apex bank continues to intervene in the official market.

However, the country was able to raise \$4 billion last year through the issuance of Eurobond, which increased Nigeria's foreign reserve above the \$40 billion threshold in October 2021, reaching a high of \$41.83 billion as of 29th October 2021 before sliding downwards to \$40.12 billion as of 28th January 2022.

## GLOBAL NEWS

### U.S. MANUFACTURING GROWTH EASES FOR A THIRD STRAIGHT MONTH ON COVID SURGE

U.S. manufacturing growth lost a bit more steam in January amid a surge in coronavirus cases, while a measure of materials costs accelerated. The Institute for Supply Management's gauge of factory activity fell to 57.6 -- the third straight decline and the lowest since November 2020 -- from 58.8 a month earlier, according to data released Tuesday. Still, readings above 50 signal expansion and the latest figures show manufacturing remains robust.

The group's measures of production and new orders both dropped to the lowest since mid-2020, suggesting the recent wave of infections due to the omicron variant may have hampered plant operations. Prices for materials used in the production process -- already elevated amid lingering pandemic-related supply and demand imbalances -- jumped nearly 8 points last month. That was the largest advance since the end of 2020 and was probably a reflection, at least in part, of higher crude oil prices. "The U.S. manufacturing sector remains in a demand-driven, supply chain-constrained environment, but January was the third straight month with indications of improvements in labor resources and supplier delivery performance," Timothy Fiore, chair of ISM's Manufacturing Business Survey Committee, said in a statement.

**Sources:** FMDQ, Access Bank Treasury Team, Bloomberg, Nairametrics

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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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