

Daily Market Update

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

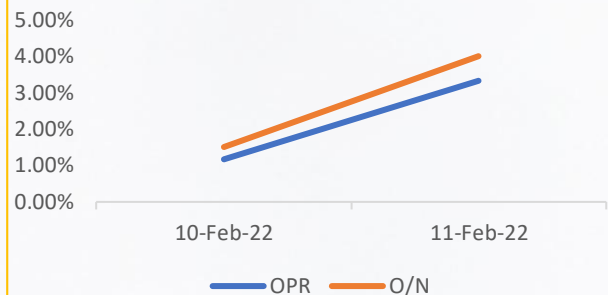
Friday, 11 February 2022

Money Market

Market liquidity declined by ₦168bn opening the day with a balance of ₦413bn as a result of the OMO auction debit by the Apex Bank yesterday. Consequently, OPR and OVN rates increased by an average of 233bps to close at 3.33% and 4.00% respectively as a result of the CRR debit by the CBN.

We expect rates to remain at these levels opening the week barring any significant funding activity.

Money Market Rate Movement



Foreign Exchange

At the close of the week, the IEFX market witnessed minimal supply of funds compared to the high demand resulting in the execution of few trades as at close of trading. However, rates appreciated by 67 Kobo, closing at \$/₦416.00.

The NAFEX depreciated by 42 Kobo to close the week at \$/₦416.79. The CBN released the result of the last Retail SMIS Auction as expected.

Rates are unlikely to change significantly next week.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.00	416.67	(0.16)
NAFEX	416.79	416.37	0.01

Treasury Bills

The Treasury Bills secondary market closed the week on a quiet note as market participants largely remained on the sidelines. As the trading day progressed, we observed some buying interest across the long end of the OMO and NTB curves with minimal trades consummated by market close. Consequently, rates remained largely unchanged from opening levels.

We expect the market to open on a quiet note next week as market players continue to trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Mar-22	2.99	01-Mar-22	5.41
09-Jun-22	3.71	16-Aug-22	5.90
11-Aug-22	4.64	04-Oct-22	5.70
13-Oct-22	5.17		

Bonds

Closing the week, the FGN Bond market traded on a quiet note despite the high liquidity in the system. We witnessed pockets of demand on the short and medium end of the curve with emphasis on both the 2026 and 2036 paper. Just a few trades were consummated across board. On the average, yields declined by an average of 2bps across the benchmark bond.

We anticipate a calm opening next week as market participants trades cautiously in lieu of the Bond auction slated for February 16, 2022.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.76	6.77	(0.01)
13.53 23-MAR-2025	10.07	10.07	0.00
16.2884 17-MAR-2027	11.50	11.50	0.00
13.98 23-FEB-2028	12.00	12.00	0.00
12.40 18-MAR-2036	12.81	12.81	0.00
16.2499 18-APR-2037	12.82	12.82	0.00
12.98 27-MAR-2050	12.97	12.97	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.63	15.40
Foreign Reserves (Gross \$'Bn)	39.87	39.89

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3602	1M	0.12371	WTI	↑ 91.44
EUR/USD	1.1406	3M	0.39486	BRENT	↑ 92.84
USD/JPY	115.93	6M	0.66443	GOLD	↑ 1841.25
USD/CHF	0.9256	12M	1.12457	SILVER	↓ 23.34

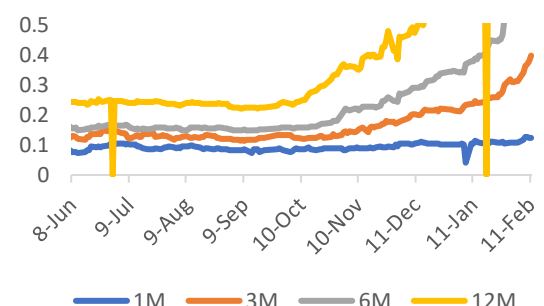
Auction Results

	NTB AUCTION – February 09, 2022			OMO AUCTION – February 10, 2022		
Tenor/Maturity	91-day	182-day	364-day	96-day	187-day	362-day
Offer / Subscription (₦'Bn)	4.12/2.17	3.75/2.63	90.15/441.52	20/72.80	20/93.80	40/271.73
Total Allotment (₦'Bn)	1.91	1.82	211.23	20	20	40
Stop Rate(%)	2.48	3.30	5.200	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.54	6.35	98.375	99.125
ACCESS 9.125% PERP	9.98	9.91	97.000	97.625
ECOBANK 9.5% 2024	5.42	4.95	108.250	109.250
UBA 6.75% 2026	6.68	6.53	100.250	100.875
GHANA 7.625% MAY 2029	13.62	13.19	75.375	76.875
NIGERIA 7.875% 2032	8.55	8.44	95.50	96.250

USD LIBOR Movement





DOMESTIC NEWS

CBN EYES \$200BN FROM FRESH NON-OIL EXPORT INITIATIVE

The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, yesterday announced a new programme to stimulate the country's non-oil exports and achieve \$200 billion repatriation of proceeds between three to five years.

Emefiele said the scheme, code-named, "Race to \$200 billion in FX Repatriation (RT200 FX Programme)," which takes immediate effect, consists of a set of policies, plans and programmes for non-oil exports which would help the country attain its goal of \$200 billion in FX repatriation, exclusively from non-oil exports transactions over the next three to five years.

He added that the initiative was a product of consultation with the banking community. Addressing journalists at the end of the 364th meeting of the Bankers' Committee in Abuja, the CBN governor also announced further extension of all the Central Bank's concessionary five per cent interest rate on its intervention facilities till March 1, 2023.

GLOBAL NEWS

GLOBAL EQUITY FUNDS SEE BIGGEST INFLOW IN SIX WEEKS

Global equity funds drew massive inflows as investors cheered strong earnings results from U.S. and European companies, shrugging off concerns over a rise in bond yields and inflation. Global equity funds lured \$24.24 billion in their biggest weekly purchase since Dec. 29, Refinitiv Lipper data showed.

A fresh batch of global companies including Amazon.com Inc (NASDAQ:AMZN), oil giant BP (NYSE:BP) and Britain's GSK reported strong earnings, although Facebook (NASDAQ:FB) owner Meta Platforms missed its profit forecasts. Investors bought U.S., European and Asian equity funds of \$14.19 billion, \$6.07 billion and \$2.03 billion respectively. Financial sector funds obtained \$1.63 billion in net buying, the biggest in three weeks, while energy and utilities sector funds received \$0.76 billion each.

Global high yield, and short- and medium-term bond funds faced net selling of \$4.01 billion and \$2.08 billion respectively, in a fifth straight week of outflows, while inflation protected funds saw outflows for a third successive week, worth \$1.55 billion.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, Nairametrics, Reuters, ThisDay, Investing

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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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