

Daily Market Update

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

Thursday, 19 January 2022

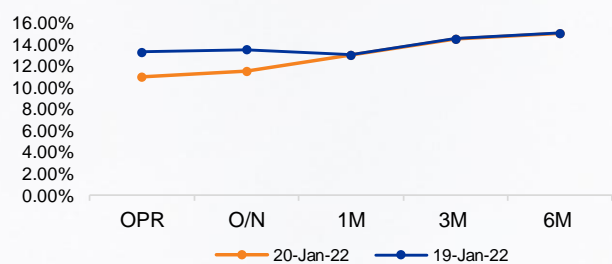
Money Market

System liquidity opened the day with a balance of ₦81.23bn, this was further boosted by the Retail SMIS refund from the previous auction.

Consequently, the OPR and O/N rates decreased by 225bps to close the day at 11.00% and 11.50%, respectively, despite the OMO Auction.

We expect an increase in the market rates tomorrow as Banks fund for the bi-weekly Retail SMIS Auction, Bond Auction and possible CRR maintenance.

Money Market Rate Movement



Foreign Exchange

During today's trade, there was no significant improvement in liquidity at the IEFX market, as players bidding for funds to meet their FCY obligations were met with limited offers. However, the Naira appreciated by ₦0.17 to close at \$/₦416.33.

The NAFEX lost 87 kobo to the Dollar today to close at \$/₦416.30.

The CBN is expected to conduct its Retail SMIS Auction tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.33	416.50	(0.04)
NAFEX	416.30	415.43	0.21

Treasury Bills

The Treasury Bills market commenced trading on a rather quiet note with mixed sentiment across most maturities. Nevertheless, we witnessed a bearish bias at intervals, as local players continued to offer select maturities across the curve.

The CBN conducted an OMO auction, offering ₦20bn across the 89-, 187- and 355-day maturities. Despite the total subscription of ₦103bn, the CBN only sold what was on offer, with stop rates remaining unchanged at 7.00%, 8.50%, and 10.10% across the short-, medium-, and long-term maturities, respectively.

Closing the week, we expect the market to trade on a quiet note as market participants continue to trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Mar-22	2.98	22-Feb-22	6.20
9-Jun-22	3.67	01-Mar-22	5.28
11-Aug-22	5.36	15-Mar-22	5.43
13-Oct-22	5.00	16-Aug-22	5.73
24-Nov-22	5.01	04-Oct-22	5.50

BONDS

The debt market opened on an active note as market participants reacted to yesterday's bond auction. Emphasis centered around the on-the-run short and long tenured papers (2026 & 2042). The rally continued throughout the trading session as auction winners sought to exit their positions in the market. Bids hovered around 11.50% and 12.90% levels for the 4-Yr and 20-Yr reopening. By close of market, many trades were consummated on these instruments. On the average, yields slightly inched up across the traded securities.

We expect slightly bearish sentiment tomorrow as participants fund for their auction winnings and expected FX auction.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	7.39	7.42	(0.41)
13.53 23-MAR-2025	10.51	10.51	0.00
16.2884 17-MAR-2027	12.11	12.11	0.00
13.98 23-FEB-2028	12.06	12.06	0.00
12.40 18-MAR-2036	12.75	12.75	0.00
16.2499 18-APR-2037	12.85	12.85	0.00
12.98 27-MAR-2050	13.11	13.06	0.38

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.63	15.40
Foreign Reserves (Gross \$'Bn)	40.40	40.42

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3640	1M	0.10914	WTI	↑ 87.65
EUR/USD	1.1333	3M	0.25514	BRENT	↑ 89.37
USD/JPY	114.08	6M	0.44714	GOLD	↑ 1,841.39
USD/CHF	0.9158	12M	0.80357	SILVER	↑ 24.57

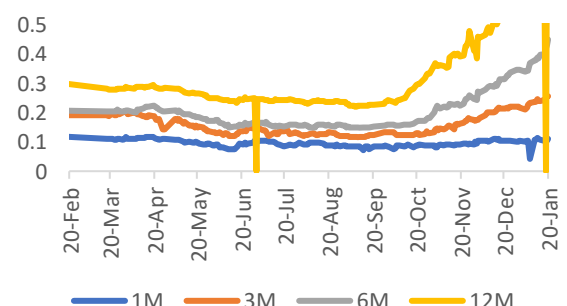
Auction Results

Tenor/Maturity	OMO AUCTION – January 20, 2022			BOND AUCTION – January 19, 2022	
	89-day	187-day	355-day	12 ½ 01/22/26	12 01/21/42
Offer / Subscription (₦'Bn)	5.00/19.50	5.00/26.70	10.00/56.82	75.00/111.19	75.00/214.05
Total Allotment (₦'Bn)	5.00	5.00	10.00	81.72	88.92
Stop Rate(%)	7.00	8.50	10.10	11.50	13.00

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.35	6.13	99.099	99.978
ACCESS 9.125% PERP	9.88	9.61	97.124	98.101
ECOBANK 9.5% 2024	5.76	5.25	107.715	108.841
UBA 6.75% 2026	6.77	6.57	99.902	110.703
GHANA 7.625% MAY 2029	14.19	13.79	73.273	74.631
NIGERIA 7.875% 2032	8.74	8.59	94.257	95.219

USD LIBOR Movement





DOMESTIC NEWS

FG TO ESTABLISH 18 MODULAR REFINERIES IN OIL-PRODUCING STATES

The Federal Government on Wednesday said it was working to establish three modular refineries in each of the oil producing states, particularly in the Niger Delta region. Going by the plan, the government would have to establish about 18 refineries in the country's six major oil producing states in the Niger Delta including Rivers, Bayelsa, Akwa Ibom, Delta, Edo and Cross River. It said the objective is to halt the illegal artisanal refining activities going on in oil producing areas and its impact on residents in the affected locations.

The Minister of State for Environment, Chief Sharon Ikeazor, disclosed this in a statement issued by her ministry in Abuja. She said, "In a bid to find alternative sources of livelihood for artisanal refiners and to encourage them to disengage completely from their illegal activities, the Federal Ministry of Environment in collaboration with the Office of the Senior Special Adviser to the President on Niger Delta Affairs and other critical stakeholders, are working on the establishment of three modular refineries per state in the oil producing areas as a pilot scheme to engage them (artisanal refiners).. "These modular refineries are intended to be 100 per cent designed and manufactured in Nigeria using the expertise of government institutions such as the Ministry of Petroleum Resources, Federal University of Petroleum Effurun and Ahmadu Bello University Zaria.

GLOBAL NEWS

MARKET, OMICRON RISKS POSE NEW CHALLENGE FOR FED POLICY PIVOT

U.S. Federal Reserve officials, having plotted what seemed a clear battle plan against high inflation, must now contend with fresh signs the coronavirus is again slowing the economy as well as markets conspiring to tighten financial conditions faster than Fed policymakers may have hoped. The combination of economic data pulling in one direction and investors in another could make the Fed's meeting next week unexpectedly complex as policymakers try to balance continued uncertainty over the health crisis against markets adjusting fast around projections the Fed may need to act even more aggressively against inflation.

The central bank has been clear interest rates will rise this year - at its December meeting every official expected at least one rate increase and half expected three - and that it would also reduce its \$9 trillion stock of assets as a second means to tighten monetary policy.

Sources: FMDQ, Access Bank Treasury Team, Reuters, Bloomberg, Punch

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