

Daily Market Update

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

Tuesday, 25 January 2022

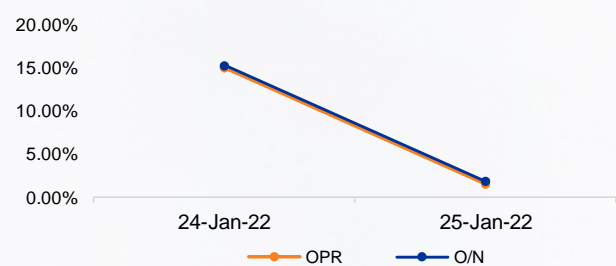
Money Market

System liquidity opened the day with an elevated balance of ₦208.81bn and was further boosted by the OMO repayment of ₦110bn.

This improved system liquidity forced the OPR and Overnight rates to decline further to close the day at 1.50% and 1.85% respectively.

We expect the rates to decline further tomorrow as there's no significant funding activity.

Money Market Rate Movement



Foreign Exchange

The NAFEX rate appreciated marginally by 13 kobo to close at \$/₦416.13

The illiquidity in the IEFX market persisted during today's trading session as only a few bids were matched. Nevertheless, rates appreciated marginally by 5kobo to close at \$/₦416.33

We expect rate to depreciate slightly tomorrow as NGUS Jan 26, 2022 NDF maturity hits the system.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.33	416.38	(0.01)
NAFEX	416.13	416.26	(0.03)

Treasury Bills

Despite the OMO maturity of ₦110bn into the system today, the Treasury Bills market continued to witness minimal activity as market participants remained on the sidelines ahead of the NTB Auction scheduled for tomorrow. As the trading day progressed, we observed pockets of demand across the short to medium end of the curve with only a handful of trades consummated at the end of the trading session. Consequently, rates remained unchanged from opening levels.

We expect the DMO to conduct an NTB auction tomorrow where a total of ₦129bn will be on offer as market participants continue to trade cautiously

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Mar-22	2.98	01-Feb-22	3.50
09-Jun-22	3.67	01-Mar-22	5.28
11-Aug-22	5.36	16-Aug-22	5.73
13-Oct-22	5.00	04-Oct-22	5.50

BONDS

Opening the trading day, the FGN Bond market traded on a very active note with most trades focused on the shorter end of the curve. Emphasis were seen on the 2023, 2026 and 2027 papers.

We saw bid/offer spread for the 2026 quoted firmly at 11%/10.93% with most trades executed at these levels. This bullish run was sustained throughout the trading session leading to decline in the yields of the traded papers by an average of 28bps. Towards the close of market, we witnessed activities on the longer end of the curve particularly the 28-Yr instrument. However, minimal trades were executed for this maturity.

We expect a bit of calm in market activities tomorrow as market participants shifts attention to the NTB Auction.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.91	7.35	(0.44)
13.53 23-MAR-2025	10.50	10.50	0.00
16.2884 17-MAR-2027	11.79	12.01	(0.22)
13.98 23-FEB-2028	11.90	12.00	(0.10)
12.40 18-MAR-2036	12.72	12.72	0.00
16.2499 18-APR-2037	12.85	12.85	0.00
12.98 27-MAR-2050	13.11	13.11	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)	40.31	40.35

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3482	1M	0.10843	WTI	↑ 84.34
EUR/USD	1.1274	3M	0.26714	BRENT	↑ 87.28
USD/JPY	113.89	6M	0.44857	GOLD	↑ 1846.95
USD/CHF	0.9194	12M	0.79357	SILVER	↑ 23.82

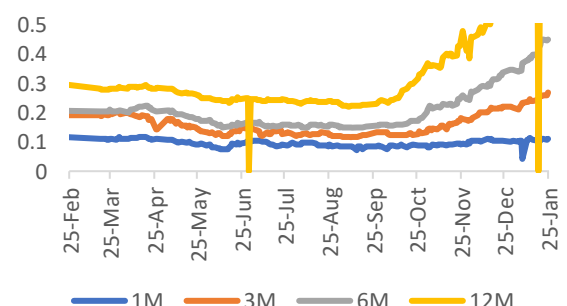
Auction Results

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	6.44	6.25	98.750	99.500
ACCESS 9.125% PERP	9.64	9.56	97.625	98.500
ECOBANK 9.5% 2024	5.73	5.27	107.750	108.750
UBA 6.75% 2026	6.81	3.54	99.750	100.625
GHANA 7.625% MAY 2029	13.84	13.40	74.500	76.000
NIGERIA 7.875% 2032	8.69	8.55	94.625	95.500

USD LIBOR Movement





DOMESTIC NEWS

MPC HOLDS ALL POLICY PARAMETERS AT THE END OF JANUARY 2022 MPC MEETING

The Monetary Policy Committee of the Central Bank of Nigeria (CBN) has voted unanimously to retain the benchmark interest rate (MPR) at 11.5%, while the CRR and Liquidity ratio were held at 27.5% and 30% respectively. In addition, the asymmetric corridor was retained at +100/-700 bps around the MPR.

The decision was reached at the just concluded two-day meeting in January 2022, marking the first MPC meeting in 2022.

GLOBAL NEWS

DOLLAR RISES ON UKRAINE CRISIS AS INVESTORS AWAIT FED MEETING

The dollar rose to a two-week peak on Tuesday as tensions between Russia and the West over Ukraine drew investors to safe-haven currencies while awaiting the outcome of this week's U.S. Federal Reserve policy meeting. The euro was down 0.4% at \$1.1281 by 1121 GMT for its weakest level since January 5, 2022 while the dollar index rose 0.3% to a two-week high of 96.19.

The Fed could firm up plans to raise interest rates and shrink its holdings of U.S. Treasury bonds and mortgage-backed securities, which have swollen its balance sheet past \$8 trillion. The Fed meeting ends on Wednesday.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, ThisDay, CNBC, Nairametrics

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