

Daily Market Update

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

Wednesday, 26 January 2022

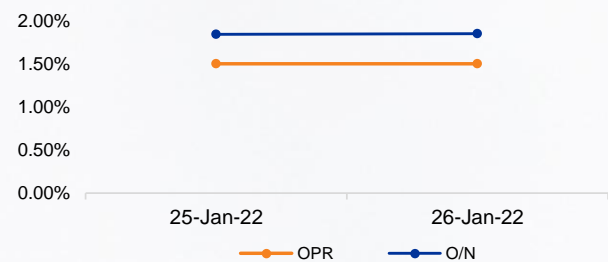
Money Market

System liquidity remained robust to open the day with a balance of N386bn spanning from the FAAC disbursement and OMO repayment of N110bn received on Tuesday.

Despite the boost in liquidity the OPR and Overnight rates remained relatively stable to close the day at 1.50% and 1.85%.

We expect the rates to decline further tomorrow as system receives a significant boost from the January 2022 Bond repayment of N650bn.

Money Market Rate Movement



Foreign Exchange

The IEFX market recorded no significant improvement in liquidity, as market demand was skewed upwards due to the NGUS JAN 26 2022 Futures maturity, and this was met by limited offers. However, the Naira appreciated by ₦0.08 to close at \$/₦416.25

At today's session the NAFEX appreciated by 32 kobo to the Dollar to close at \$/₦415.81

The CBN intervened in the market for the FPIs, and we expect rates to trade at this level tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.25	416.33	(0.02)
NAFEX	415.81	416.13	(0.08)

Treasury Bills

The Treasury Bills secondary market opened on a quiet note as market players focused on the NTB auction conducted by the DMO. We however witnessed demand across the short and medium end of the curve with few trades consummated. Consequently, rates remained largely unchanged from opening levels.

At the auction, a total of ₦129.33bn was offered. Given the level of subscription of ₦475.63bn, the DMO allotted ₦223.73bn across the standard maturities, with demand skewed toward the new 1-year paper. The stop rate for the 91-day, 182-day and 364-day maturities dipped to 2.48% (↓2bps), 3.30% (↓14bps) and 5.399% (↓10bps).

We expect the CBN to conduct an OMO auction tomorrow, given the OMO maturity of ₦110bn earlier this week.

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

The Bond market opened the trading day on an active note with bullish sentiment witnessed across the short end of the curve. We saw the 4-Yr reopening offered around 10.60% but just a few trades were executed at these levels. As market progressed, offers improved by c.25bps on the 2026 paper as most trades were executed around 10.85% handle. We also witnessed demand on the medium tenured and the 20-Yr on-the-run bonds with bids quoted at 12.75% and 12.90% for the 2036 and 2042 instruments, respectively. Towards the close of market, activities became muted as most orders were filled at the early hours of the trading session.

On the average, yields declined by 12bps across the benchmark bonds.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.90	6.91	(0.14)
13.53 23-MAR-2025	9.77	10.50	(6.95)
16.2884 17-MAR-2027	11.62	11.79	(1.44)
13.98 23-FEB-2028	11.90	11.90	0.00
12.40 18-MAR-2036	12.68	12.72	(0.31)
16.2499 18-APR-2037	12.85	12.85	0.00
12.98 27-MAR-2050	12.95	13.11	(1.22)

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.63	15.40
Foreign Reserves (Gross \$'Bn)	40.21	40.31

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3503	1M	0.10786	WTI	87.33
EUR/USD	1.1278	3M	0.26757	BRENT	88.84
USD/JPY	114.28	6M	0.45029	GOLD	1833.65
USD/CHF	0.9206	12M	0.78986	SILVER	23.82

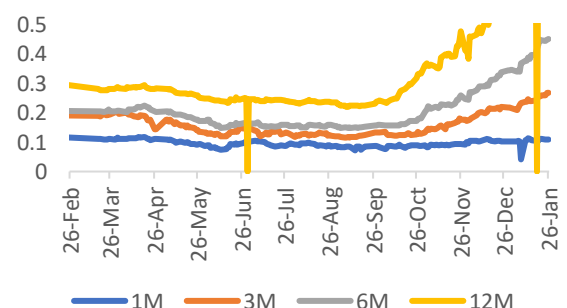
Auction Results

Tenor/Maturity	NTB AUCTION – January 26, 2022			BOND AUCTION – January 19, 2022	
	91-day	182-day	364-day	12 ½ 01/22/26	12 01/21/42
Offer / Subscription (₦'Bn)	2.68/12.69	3.54/13.99	123.11/448.95	75.00/111.19	75.00/214.05
Total Allotment (₦'Bn)	2.68	3.54	217.53	81.72	88.92
Stop Rate(%)	2.48	3.30	5.399	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	9.66	9.58	97.625	98.500
ECOBANK 9.5% 2024	5.73	5.27	107.750	108.750
UBA 6.75% 2026	6.81	6.59	99.750	100.625
GHANA 7.625% MAY 2029	13.05	12.63	77.250	78.750
NIGERIA 7.875% 2032	8.34	8.21	96.875	97.750

USD LIBOR Movement





DOMESTIC NEWS

IMF LEAVES NIGERIA'S 2022 GROWTH RATE AT 2.7%, RAISES 2023 PROJECTION

The International Monetary Fund (IMF) has reaffirmed a growth rate of 2.7 percent for Nigeria in 2022. This growth projection is 0.1 percent higher than the 2.6 percent IMF's forecast in October 2021.

IMF disclosed this in its latest World Economic Outlook (WEO) report released on Tuesday. It also raised the 2023 projection from an initial 2.3 percent to 2.7 percent. The World Bank had projected a 2.5 percent growth rate for Nigeria in 2022, owing to the rebound to higher oil prices as well as accelerated growth in telecommunication and financial services.

GLOBAL NEWS

IMF SLASHES US AND CHINA GROWTH FORECASTS

The pandemic will continue to stoke uncertainty and inflation in its third year, undermining the global recovery from the coronavirus and pushing total economic losses toward \$14 trillion.

That's according to the International Monetary Fund, which on Tuesday slashed its global growth forecast for 2022 by half a percentage point to 4.4%. The group said the world's two largest economies, the United States and China, would grow more slowly than it predicted in October. The IMF sees America's economic output increasing 4% this year after rising by 5.6% in 2021. In China, economic growth for 2022 is now pegged at 4.8%, 0.8 percentage points lower than previously expected and a marked slowdown from the 8.1% growth achieved in 2021

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

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