

# Daily Market Update

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

Thursday, 27 January 2022

## Money Market

System liquidity opened the day with a balance of ₦376bn, a ₦13bn decline from the previous day's balance. However, the proceed from 2022 Bond maturity forced the Open Repo and Overnight rates to decline by 100 bps to close the day at 0.50% and 1.00% respectively

We expect rates to hover around these levels tomorrow barring any significant funding activity.

## Foreign Exchange

The paucity of funds persisted during today's trading session at the Investors' and Exporters' Window as the demand for funds continues to surpass the meager supply. Consequently, the Naira lost ₦0.08 against the Dollar to close at \$/₦416.33 while the NAFEX depreciated by ₦0.44 to close at \$/₦416.25

We anticipate rates will remain at similar levels tomorrow and expect the Apex bank to release the results of last week's Retail SMIS auction.

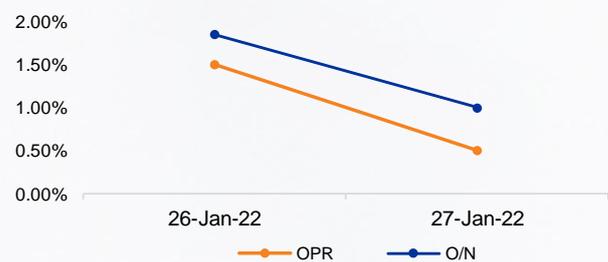
## Treasury Bills

The Treasury Bills secondary market opened the day on an active note with bullish sentiments observed across the curve, particularly on the new NTB and OMO issuances. This trend was sustained throughout the trading session and consequently, rates dipped by an average of 5bps from opening levels.

The CBN conducted an OMO Auction, offering ₦40bn across the 96-, 180- and 362-day maturities. Despite the total subscription of ₦277bn, 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 mixed sentiments as market participants trade cautiously

### Money Market Rate Movement



### FX Rates

	Current	Previous	%Δ
I&E Closing	416.33	416.25	0.02
NAFEX	416.25	415.81	0.11

### 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 FGN Bond market opened on a quiet note with mixed sentiments observed among market participants. Halfway through the trading session, we witnessed demand on the 2026 paper with offers being quoted around 10.95% levels. There's bullish trend on the medium tenured securities with emphasis on the 2036 papers. However, very few offers were matched as bids remained at elevated levels.

Towards the close of market, pockets of offers were seen on the 20-Yr on-the-run bond with bids hovering around 12.95% levels. Yields inched up by an average of 4bps across the benchmark curve.

We expect similar trend to recur tomorrow as counterparties continue to trade cautiously amidst market sentiment of an increasing yield.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.88	6.90	(0.02)
13.53 23-MAR-2025	9.78	9.77	0.01
16.2884 17-MAR-2027	11.64	11.62	0.02
13.98 23-FEB-2028	12.09	11.90	0.19
12.40 18-MAR-2036	12.68	12.68	0.00
16.2499 18-APR-2037	12.85	12.85	0.00
12.98 27-MAR-2050	12.95	12.95	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)	40.18	40.21

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3386	1M	0.10914	WTI	↓ 87.22
EUR/USD	1.1152	3M	0.27757	BRENT	↑ 89.81
USD/JPY	115.34	6M	0.46400	GOLD	↓ 1793.88
USD/CHF	0.9316	12M	0.80871	SILVER	↓ 22.71

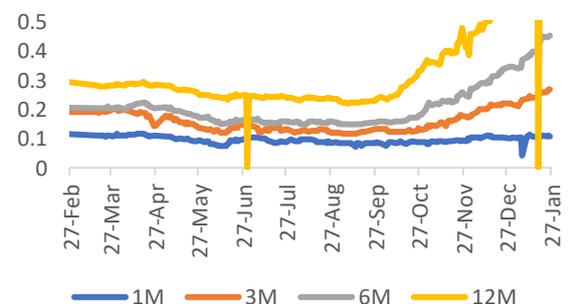
### Auction Results

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	9.66	9.58	97.500	98.375
ECOBANK 9.5% 2024	5.72	5.26	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	8.28	8.15	97.25	98.120

### USD LIBOR Movement





## DOMESTIC NEWS

### CASH-STRAPPED FG APPROVES ₦3TRN, 17.5% OF 2022 BUDGET TO SUSTAIN SUBSIDY

A day after the Federal Government announced its plan to delay implementation of the Petroleum Industry Act (PIA) and retain payment of petrol subsidy for 18 months, the Government yesterday approved ₦3 trillion for the new subsidy regime.

The Federal Executive Council (FEC) approved the sum at its weekly meeting in Abuja. The ₦3 trillion now budgeted to sustain the payment of subsidy in 2022 alone, amounts to 17.5 per cent of the total of ₦17.126 trillion 2022 budget that was signed into law on the last day of 2021. Already, the approved 2022 budget has a deficit of ₦6.39 trillion, which is 37 per cent of the ₦17.126 trillion. This is a clear indication that the Government may borrow more this year than it had earlier projected.

## GLOBAL NEWS

### FCC REVOKES CHINA UNICOM'S AUTHORIZATION TO OPERATE IN U.S

The U.S. Federal Communications Commission (FCC) on Thursday voted to revoke the authorization for China Unicom (NYSE:CHU)'s U.S. unit to operate in the United States. The 4-0 vote to revoke the authority that had been granted about 20 years ago is the latest move by the U.S. regulator to bar Chinese telecommunications carriers from the United States because of national security concerns.

The order requires China Unicom Americas to end domestic interstate and international telecommunications services in the United States within 60 days of the order's publication. China Unicom and the Chinese Embassy did not immediately respond to requests for comments.

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

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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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