

Daily Market Update

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

Friday, 01 July 2022

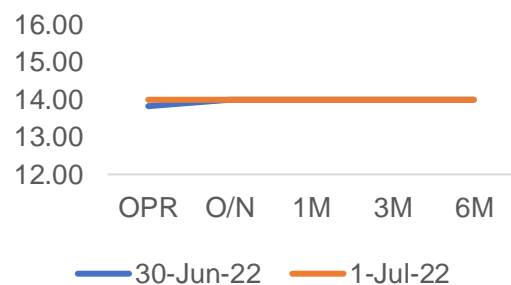
Money Market

System liquidity opened the day in a repo balance ₦329bn and was subsequently boosted by the FAAC disbursement circa. ₦326bn into the system.

Despite the improved liquidity, The OPR and Overnight rates increased by 17bps from the previous days level to close at 14.00% as Banks continue to fund their obligation.

We expect the rates to decline slightly opening the week as no significant funding activity is expected to occur.

Money Market Rate Movement



Foreign Exchange

As the week ended, the illiquidity in the IEFX market persisted as demand for the dollar surpassed its supply. However, rates appreciated slightly by 5 Kobo, closing at \$/₦425.00

NAFEX lost 84 Kobo from the previous day to close at \$/₦422.13. Today, the CBN released the results of the last Retail SMIS auction.

We expect rates to trade at similar levels next week.

FX Rates

	Current	Previous	%Δ
I&E Closing	425.00	425.05	(0.01)
NAFEX	422.13	421.29	0.20

Treasury Bills

Closing the week, the Treasury Bills market opened on a relatively quiet note as market participants traded cautiously. As the trading day progressed, we observed some mixed sentiments across the short to mid end of the OMO and NTB curves, with minimal trades consummated by market close. Consequently, closing rates remained largely unchanged from opening levels.

We expect the bullish sentiment to dominate opening the new week given the FAAC inflow credited into the system today.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	3.45	16-Aug-22	4.20
13-Oct-22	6.00	04-Oct-22	5.11
26-Jan-23	5.17	14-Feb-23	5.10
27-Apr-23	4.90	7-Mar-23	5.10

Bond

Closing the week, the FGN bond market traded on a quiet note with many participants sticking to the offer side of the quote. The most traded papers were the 2026 and 2042 instruments which exchanged hands at 10.19% and 13.05% levels respectively. The 2036 paper maintained its place as the most active paper on the belly of the curve with offer marked at 12.39% levels. By and large yields inched up marginally by 1bps from opening levels.

We expect the market to trade with similar sentiments barring any material information next week.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.05	8.06	(0.12)
13.53 23-MAR-2025	10.07	10.07	0.00
16.2884 17-MAR-2027	10.73	10.71	0.19
13.98 23-FEB-2028	10.77	10.77	0.00
12.40 18-MAR-2036	12.39	12.39	0.00
16.2499 18-APR-2037	12.46	12.46	0.00
12.98 27-MAR-2050	13.15	13.15	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	17.71	16.82
Foreign Reserves (Gross \$'Bn)	39.16	39.13

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2046	1M	1.78671	WTI	↑ 108.09
EUR/USD	1.0397	3M	2.28514	BRENT	↓ 111.31
USD/JPY	135.31	6M	2.93514	GOLD	↓ 1800.25
USD/CHF	0.9617	12M	3.61900	SILVER	↓ 19.62

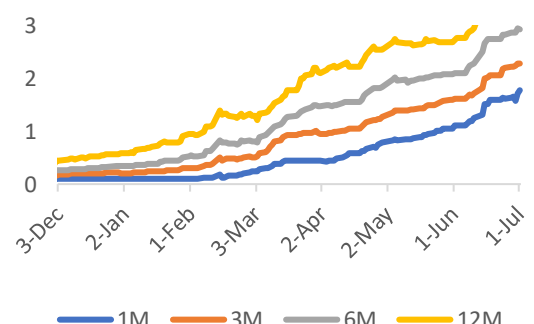
Auction Results

BOND AUCTION – June 20, 2022				NTB AUCTION – JUNE 29, 2022		
Tenor/Maturity	MAR 2025	APR 2032	JAN 2042	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	75.00/132.60	75.00/84.32	75.00/335.44	13.88/13.13	2.16/17.36	158.04/297.96
Total Allotment (₦'Bn)	79.59	39.91	106.62	12.28	17.16	168.21
Stop Rate(%)	10.10	12.5	13.15	2.40	3.79	6.07

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	12.18	11.48	80.50	82.50
ACCESS 9.125% PERP	15.09	14.38	81.00	83.00
ECOBANK 9.5% 2024	9.64	8.71	99.75	101.25
UBA 6.75% 2026	10.77	10.14	86.25	88.25
GHANA 7.625% MAY 2029	20.14	19.51	58.25	59.75
NIGERIA 7.875% 2032	13.36	13.13	70.75	71.75

USD LIBOR Movement





DOMESTIC NEWS

NAIRA FALLS FURTHER AT THE OFFICIAL MARKET AS FOREX TURNOVER DECLINES

The exchange rate between the naira and the US dollar closed at N425.05/\$1 at the Investors and Exporters (I&E) window, representing the lowest level recorded year-to-date. Naira depreciated further against the US dollar on Thursday, falling by 0.04% to close at N425.05/\$1 compared to N424.88/\$1 recorded in the previous trading sessions. In the same vein, the total forex supply declined by 32.1% to \$76.64 million from \$112.83 million that exchanged hands in the previous trading session. The exchange rate at the parallel market remained flat on Thursday to close at N615/\$1, the same as recorded in the previous trading session. This is according to information from BDC operators. This is the lowest level that the local currency has fallen, as BDC operators attributed the downturn to forex scarcity and increased demand. Similarly, the exchange rate at the peer-to-peer market appreciated marginally by 0.19% on Friday morning to trade at N615/\$1 compared to N616.15/\$1 recorded on Thursday morning. Nigeria's external reserves increased by 0.1% on Wednesday, 29th June 2022 to stand at \$39.13 billion from \$39.09 billion recorded the previous day. This represents the 16th straight day of improvement for the nation's foreign reserve.

GLOBAL NEWS

EUROZONE INFLATION RISES TO 8.6% IN JUNE AMID PRESSURE FROM SURGING ENERGY PRICES

A substantial rise in energy prices, which was spurred in part by Russia's war in Ukraine, has driven inflation in the 19 nations that use the euro currency to a record high in June. Headline inflation came in at 8.6% (year-on-year) for last month, according to preliminary figures from Europe's statistics office Eurostat released Friday. Since last year, inflation has broken monthly records, highlighting how the war's impact on the world's energy supplies is raising living expenses for the 343 million people living in the eurozone. The European Central Bank intends to raise interest rates for the first time in 11 years this month to counteract rising consumer prices, and then again in September.

Energy prices rocketed 41.9%, and prices for food, alcohol and tobacco were up 8.9%, both faster than the increases recorded the previous month. Price increases for goods like clothing, appliances, cars, computers and books held fairly steady at 4.3%, as did prices for services 3.4%.

Germany surprised many earlier this week when it reported a drop of 0.5% points in inflation month-on-month. This could be linked to new government subsidies to ease the impact of higher energy prices and it was not yet the end of surging inflation rates.

Sources: FMDQ, Access Bank Treasury Team, Nairametrics, CBN, Reuters, CNBC.

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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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