

Daily Market Update

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

Monday, 04 July 2022

Money Market

Market liquidity opened the day with a balance of N2.1bn coming from last week's repo position of N328bn and this can be attributed to the FAAC disbursement into system.

As a result, the OPR and Overnight rates declined by 17bps from the previous days level to close at 13.83% and 14.00% respectively as Banks continue to fund their obligations

We expect the rates to decline tomorrow as an OMO maturity of N20bn should boost the system liquidity.

Foreign Exchange

We experienced a calm trading session today in the Investors' and Exporters' market as a result of the Dollar holiday, however, the CBN intervened in the market for SME and Invisibles transactions. Day on day rates depreciated by 75kobo to close at \$/N425.75.

The NAFEX rate, on the other hand appreciated by N1.08 to the Dollar to close at \$/N421.05

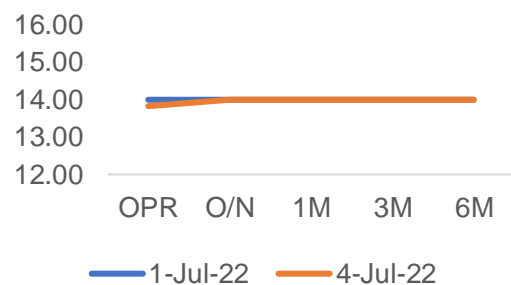
Rates are expected to hover around these levels tomorrow barring any significant market activity.

Treasury Bills

The Treasury Bills secondary market opened on a bearish note today as market participants persistently hit bids across the short to mid-tenored maturities. This sentiment persisted for most of the trading session. Consequently, closing rates trended upwards by an average of 30bps across the traded maturities.

Tomorrow, an OMO maturity of N20bn is to be credited to the system and given the relatively small size of this maturity, we do not expect a significant shift in market sentiment. We expect the bearish sentiment to persist in the near-term as market players look to fulfil arising obligations.

Money Market Rate Movement



FX Rates

	Current	Previous	%Δ
I&E Closing	425.75	425.00	0.002
NAFEX	421.50	422.13	(0.002)

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	6.18	16-Aug-22	6.25
13-Oct-22	6.25	04-Oct-22	5.11
26-Jan-23	5.28	14-Feb-23	5.10
27-Apr-23	4.90	7-Mar-23	5.10

Bond

The FGN Bond market opened on a rather calm note and this trend lingered throughout the trading session. We observed some demands on the short and long end of the curve with emphasis on the 2026 and 2042 maturities which were quoted around the 10.25%/10.18% and 13.06%/13.01% handle. By close of market, just few trades were consummated with yields remaining stable across the curve.

We anticipate similar trend to persist as market participants continue to trade cautiously as Investors' await the release of the Q3 Bond Calendar by the DMO.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.07	8.05	0.002
13.53 23-MAR-2025	10.05	10.07	(0.002)
16.2884 17-MAR-2027	10.73	10.73	0.00
13.98 23-FEB-2028	10.83	10.77	0.01
12.40 18-MAR-2036	12.40	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	1.2117	1M	1.79757	WTI	↑ 110.52
EUR/USD	1.0424	3M	2.29286	BRENT	↑ 113.85
USD/JPY	135.74	6M	2.89929	GOLD	↑ 1811.40
USD/CHF	0.9614	12M	3.56429	SILVER	↑ 19.920

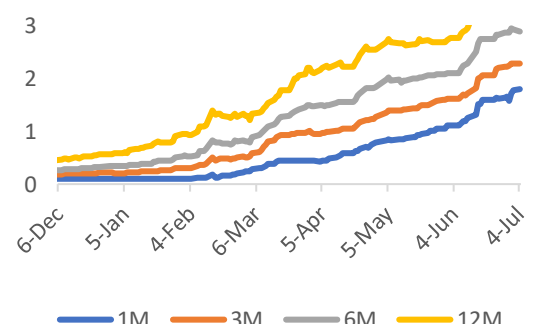
Auction Results

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	20.91	20.25	58.00	56.50
NIGERIA 7.875% 2032	13.36	13.13	70.75	71.75

USD LIBOR Movement





DOMESTIC NEWS

BANK ASSETS RISE BY 21% TO N64.32TRN – CBN

Nigerian banks' total assets rose by N11.15trn in one year to N64.32trn as of the end of April. Figures obtained from the Central Bank of Nigeria revealed that the assets of the lending institutions had hit N53.17trn in the corresponding period of 2021. The 2022 numbers showed a 21 per cent increase over the period. According to a personal statement of a member of the Monetary Policy Committee, Kingsley Obiora, which was released by the CBN, the growth was driven by balances with CBN/banks, OMO bills, and credit to the real sector of the economy.

He said, "The banking system remained sound, stable and resilient. Total assets of the banking industry grew by 20.97 per cent from N53.17trn in April 2021 to N64.32trn in April 2022, driven by balances with CBN/banks, OMO bills, and credit to the real sector of the economy. "As a result, the total flow of credit to the economy increased to N26.10trn in April 2022 from N21.45trn in April 2021, representing an increase of 21.66 per cent." He said some sectors with the increased credit included: manufacturing, consumer credit, general commerce, information and communication, and agriculture. According to the CBN, the non-performing loans ratio stood at 5.31 per cent at the end of April 2022, slightly above the prudential threshold.

GLOBAL NEWS

EUROPE NATURAL GAS PRICES RISE AGAIN; NORWEGIAN STRIKE ADDS TO RUSSIAN PRESSURE

European natural gas prices rose again on Monday as the prospect of a strike by Norwegian offshore gas field workers added to the woes of a market already battered by Russian supply cuts. By 8 AM ET (1200 GMT), front-month futures for the Dutch TTF contract, which serve as a benchmark for northwest Europe, were up 8.0% at 159.73, up 8% from Friday's close and at their highest since the spike in prices that followed Russia's invasion of Ukraine in February. Norway's gas output could fall by over 10% this week due to a strike by the Lederne labor union, who make up around 15% of the country's offshore petroleum workers who want a bigger pay raise to offset the impact of surging inflation. On Thursday, they had voted down a proposed wage agreement that had been negotiated by companies and union leaders.

The workers plan to begin a strike at three offshore fields on July 5 and to add three more fields the following day. A seventh field, Tyrihans, will have to shut down because its output is processed from the nearby Kristin field, which will shut down, according to Reuters. The same strike will cut around 130,000 barrels a day off Norway's oil output. However, the impact will be greater on natural gas markets because of the vital importance of Norwegian supply.

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

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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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