

Daily Market Update

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

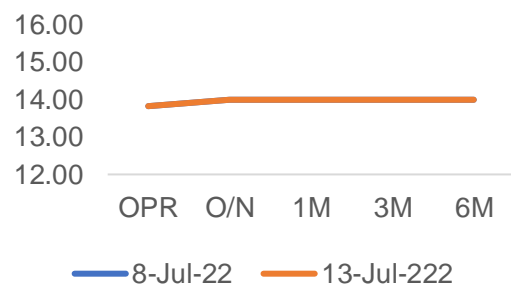
Wednesday, 13 July 2022

Money Market

Market liquidity opened the week with a balance of N102.9bn, however, banks were seen to have accessed the CBN window to the tune of N84.48bn as this formed part of the opening balance. Consequently, The OPR and Overnight rates remained stable to close the day at 13.83% and 14.00%, respectively.

We expect the rates to hover around this level tomorrow barring any significant funding activity.

Money Market Rate Movement



Foreign Exchange

The NAFEX opened the trading week by gaining ₦1.77 to close at \$/₦422.86. Trading activities at the IEFX market were largely on the left side of the quote, as supply remained limited. Accordingly the CBN intervened to supply funds for SMEs, PTA, School fees and other invisibles transactions. By the close of market, rates appreciated by ₦1.54 to close the day at \$/₦424.58.

We expect rates will remain at similar levels tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	424.58	426.13	(0.36)
NAFEX	422.86	424.63	(0.42)

Treasury Bills

The Treasury Bills market opened on a calm note as market players shifted their attention to the NTB auction. As trading day progressed, we witnessed slightly bearish interest across the OMO and NTB curves. Consequently, closing rates inched up by an average of 10bps from opening levels.

At the auction, a total of ₦143.27bn was offered across the standard maturities. Given the low level of subscription of ₦145.46bn, the DMO sold exactly what was offered ₦143.27bn, with demand skewed towards the new 1-year paper. The stop rate for the 91-day and the 182-day inched up by 35bps and 21bps to close at 2.75% and 4.00% respectively. On the 364-day maturity, the stop rate increased by 93bps to close at 7.00%

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	9.75	16-Aug-22	10.00
13-Oct-22	9.00	04-Oct-22	5.11
26-Jan-23	6.84	14-Feb-23	8.02
27-Apr-23	4.90	7-Mar-23	5.10

We expect similar trend to persist tomorrow as market participants continue to trade cautiously.

Bond

The FGN bond market opened on a calm note as market participants' attention was focused on the NTB auction held in the early hours of the trading session. However, yields continued to trade at elevated levels with a bearish undertone. The most active papers across the curve were the 2027 and 2042 maturities which were offered circa 11.25% and 13.20% respectively. By and large, just a few trades were consummated owing to the sustained gap between the bids and offers across the curve. Consequently, yields inched up by 5bps across the benchmark curve.

We expect a heightened bearish market tomorrow owing to the tight system liquidity and general expectation of high interest rates further reinforced by the uptick in today's NTB Auction stop rate.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.92	8.14	9.58
13.53 23-MAR-2025	10.02	10.04	(0.20)
16.288 17-MAR-2027	10.71	10.72	(0.09)
13.98 23-FEB-2028	10.90	10.88	0.18
12.40 18-MAR-2036	12.45	12.45	0.00
16.2499 18-APR-2037	12.53	12.53	0.00
12.98 27-MAR-2050	13.00	13.14	(1.07)

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	17.71	16.82
Foreign Reserves (Gross \$'Bn)	39.34	39.34

Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.1918	1M	1.96	WTI	↑ 96.14
EUR/USD	1.0085	3M	2.48	BRENT	↓ 99.44
USD/JPY	137.33	6M	2.77	GOLD	↑ 1736.99
USD/CHF	0.9781	12M	3.69	SILVER	↑ 19.21

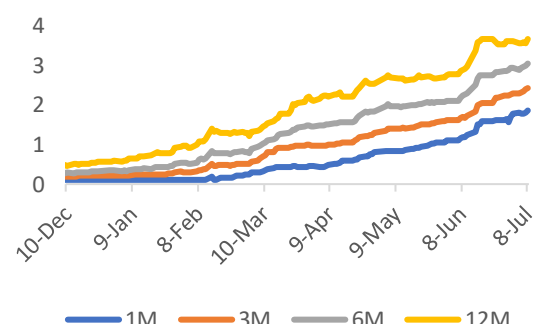
Auction Results

BOND AUCTION – June 20, 2022				NTB AUCTION – JULY 13, 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	4.51/4.61	1.46/1.94	137.30/138.91
Total Allotment (₦'Bn)	79.59	39.91	106.62	4.27	1.49	137.50
Stop Rate(%)	10.10	12.5	13.15	2.75	4.00	7.00

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	13.21	12.47	77.75	79.75
ACCESS 9.125% PERP	16.79	16.03	76.5	97.50
ECOBANK 9.5% 2024	10.76	9.48	98	100
UBA 6.75% 2026	10.39	9.77	87.5	89.5
GHANA 7.625% MAY 2029	22.83	22.10	52.5	54
NIGERIA 7.875% 2032	14.46	14.20	66.375	67.375

USD LIBOR Movement





DOMESTIC NEWS

NEPC REITERATES SUPPORT FOR NON-OIL EXPORTS

The Executive Director/Chief Executive, Nigerian Export Promotion Council (NEPC), Dr. Ezra Yakusak, has said that the council would continue to partner with any institution that is readily available to stimulate innovation through information technology and other IT-enabled solutions in supporting the federal government's non-oil export drive.

The NEPC boss disclosed this at the unveiling of the Yard Mobile and Web App, which is a discourse platform aimed at digitalizing the employment process with the use of Artificial Intelligence (AI) to merge talents with organizations and agencies across the globe. Represented by the NEPC Deputy Director, National Export Office, Andy Ambikputen, Yakusak specifically commended the company's Chief Executive/developer, Mr. Anderson Idoko, for the digital innovation aimed at providing solutions that are scalable, proven, secure, and easy to use and support business growth.

He said the country remained well-positioned as the biggest economy in Africa and one of the largest youth populations in the world, to develop a strong economy that would have a transformational impact through the growth of digital innovation and entrepreneurship which is essential for the creation of an ecosystem for innovation-driven enterprises.

GLOBAL NEWS

US INFLATION QUICKENS TO 9.1%, AMPING UP FED PRESSURE TO GO BIG

US inflation roared again to a fresh four-decade high last month, likely strengthening the Federal Reserve's resolve to aggressively raise interest rates that risks upending the economic expansion. The consumer price index rose 9.1% from a year earlier in a broad-based advance, the largest gain since the end of 1981, Labor Department data showed Wednesday. The widely followed inflation gauge increased 1.3% from a month earlier, the most since 2005, reflecting higher gasoline, shelter and food costs.

Economists projected a 1.1% rise from May and an 8.8% year-over-year increase, based on the Bloomberg survey medians. This was the fourth-straight month that the headline annual figure topped estimates. The so-called core CPI, which strips out the more volatile food and energy components, advanced 0.7% from the prior month and 5.9% from a year ago, above forecasts. The S&P 500 index opened lower while shorter-term Treasury yields rose and the dollar strengthened.

The red-hot inflation figures reaffirm that price pressures are rampant and widespread throughout the economy and taking a bigger toll on real wages, which are down the most ever in data back to 2007.

Sources: FMDQ, Access Bank Treasury Team, CBN, Bloomberg, Thisday.

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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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