

Daily Market Update

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

Monday, 25 July 2022

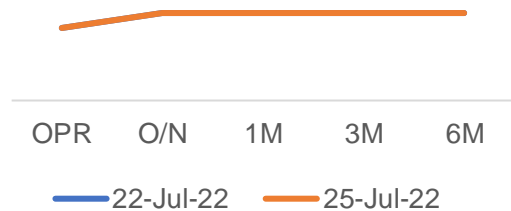
Money Market

System liquidity opened the week with a balance of ₦47.24bn coming from the previous week's balance of ₦224bn and this reduction can be attributed to the Retail debit that took place on Friday.

Nevertheless, the OPR and Overnight rates remained stable to close at 14.83% and 15.00% respectively as Banks funded their obligations

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

Money Market Rate Movement



Foreign Exchange

At the start of the week, NAFEX weakened by ₦0.67 to the Dollar, closing at \$/₦423.67. The CBN also intervened for SME and invisible transactions in their usual manner.

Despite thin Dollar liquidity, demand for the Greenback remained high in the IEFX market, however, rates gained ₦2.83 to close the day at \$/₦427.17

We expect rates to trade at similar levels this week.

FX Rates

	Current	Previous	%Δ
I&E Closing	427.17	430.00	(0.66)
NAFEX	423.67	423.00	0.16

Treasury Bills

Opening the week, the Treasury bills secondary market opened on a relatively quiet note as market players traded cautiously ahead of the NTB Auction on Wednesday.

This trend was sustained throughout the trading session with few trades consummated across the belly of the curve around the 8.00% handle. Consequently, closing rates remained largely unchanged from opening levels.

We expect the market to trade with similar quiet trend tomorrow amid the thin level of system liquidity despite the OMO maturity of ₦50bn expected to hit system.

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	11.30
26-Jan-23	7.50	14-Feb-23	8.02
27-Apr-23	4.90	7-Mar-23	8.00

Bond

The FGN Bond opened the week on a quiet note, with minimal trades consummated across board. We witnessed some demand on the shorter-end of the curve (2026 – 2028 bonds) at around 12% while the 20-Year reopening (2042 bond) continued to trade at c.12.70%.

This trend was sustained till the end of the trading session with yields across the benchmark bonds remaining largely unchanged from opening levels.

We expect a similar trend tomorrow as market players continue to cherry-pick maturities across board and exit their auction winnings.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	10.85	10.86	(0.09)
13.53 23-MAR-2025	11.38	11.39	(0.09)
16.288 17-MAR-2027	11.79	11.79	0.00
13.98 23-FEB-2028	11.40	11.40	0.00
12.40 18-MAR-2036	12.70	12.70	0.00
16.2499 18-APR-2037	12.53	12.53	0.00
12.98 27-MAR-2050	13.15	13.15	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	14.00	13.00
Inflation y/y (%)	18.60	17.71
Foreign Reserves (Gross \$'Bn)	39.41	39.42

Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2036	1M	2.25	WTI	96.05
EUR/USD	1.0207	3M	2.77	BRENT	99.69
USD/JPY	136.63	6M	3.32	GOLD	1714.90
USD/CHF	0.9654	12M	3.81	SILVER	18.302

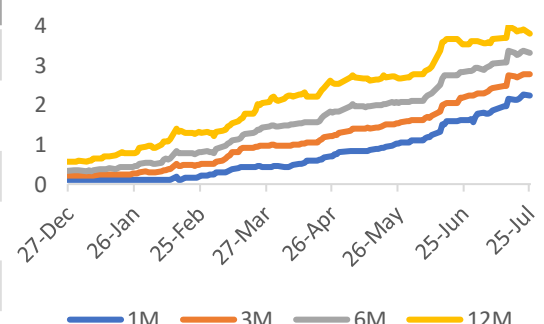
Auction Results

BOND AUCTION – July 18, 2022				NTB AUCTION – JULY 13, 2022		
Tenor/Maturity	MAR 2025	APR 2032	JAN 2042	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	75.00/11.75	75.00/25.62	75.00/104.92	4.51/4.61	1.46/1.94	137.30/138.91
Total Allotment (₦'Bn)	5.30	17.82	100.72	4.27	1.49	137.50
Stop Rate(%)	11.00	13.00	13.75	2.75	4.00	7.00

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	14.51	13.73	74.50	76.50
ACCESS 9.125% PERP	18.66	17.83	72.00	74.00
ECOBANK 9.5% 2024	12.46	11.11	95.50	97.50
UBA 6.75% 2026	10.26	9.63	88.00	90.00
GHANA 7.625% MAY 2029	25.55	24.72	47.50	49.00
NIGERIA 7.875% 2032	13.57	13.33	70.00	71.00

USD LIBOR Movement





DOMESTIC NEWS

AS CBN TACKLES INFLATION, CURRENCY IN CIRCULATION DIPS BY N72.5BN IN JUNE

Following the Central Bank of Nigeria (CBN) to manage exchange rate, currency in circulation dropped by N72.5 billion or 2.2 per cent from N3.33 trillion at the end of May 2022 to N3.26 trillion at the end of June 2022. This is on the back of several monetary policies adopted by the apex bank to mop-up liquidity in the economy to tackle inflationary pressure.

Analysts attributed the drop in currency in circulation to CBN's hike in Monetary Policy Rate (MPR) to 13 per cent in May 2022 from 11.5 per cent since September 22, 2020. According to figures from the CBN, the currency in circulation has witnessed the second consecutive decline since April when it hit an all-time high over political spending, hike in inflation, among other factors.

GLOBAL NEWS

DOLLAR DOWN FOR THIRD STRAIGHT SESSION WITH FED IN FOCUS

The dollar weakened against a basket of major currencies, as investors weighed the implications of a rate hike by the U.S. Federal Reserve in an economy that may be on the cusp of a recession. The central bank is widely expected to raise interest rates by 75 basis points at the conclusion of its policy meeting on Wednesday. A hike of that magnitude would effectively close out pandemic-era support for the economy.

Recent data has shown signs of an economic slowdown while inflation remains stubbornly high, with claims for jobless benefits rising to its highest in eight months last week and regional manufacturing gauges slumping. Later in the week, investors will also eye the advance reading for second-quarter gross domestic product and personal consumption expenditures, the Fed's preferred inflation measure.

Last week, the greenback saw its biggest weekly percentage decline in two months, as a rally in equities helped dent the appeal of the safe-haven dollar and a 50 basis point rate hike by the European Central Bank helped buoy the euro to a two-week high.

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

Disclaimer - This report is based on information obtained from various sources believed to be reliable and no representation is made that it is accurate or complete. Therefore, all rates shown here are mark to market rates being published for guidance purposes only. Reasonable care has been taken in preparing this document. Access Bank Plc shall not accept responsibility or liability for errors of fact, or any opinion expressed herein. This document is for information purposes and private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior written consent of Access Bank Plc.

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."

More information:

IP: 7007

Email: FixedIncome@ACCESSBANKPLC.com



more than banking

