

# Daily Market Update

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

Friday, 10 June 2022

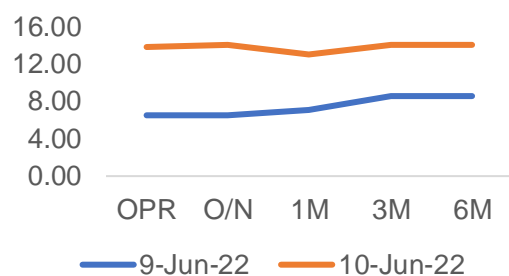
## Money Market

System liquidity opened the day with a balance N259bn an improvement from the previous days N138bn and this can be attributed to the Retail SMIS refund into the system.

Despite the improved liquidity, The OPR and Overnight rates increased by 7.25% from the previous day's level to close at 13.75% and 14.00% as Banks made provisions for the bi-weekly retail SMIS auction.

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

Rates at the Investors' & Exporters' window gained 125kobo to close the week at \$/N421.25 despite the illiquidity in the FX market persisting. The NAFEX rate weakened by N0.70 to close at \$/N420.00 during today's trading session and we anticipate that rates will trade at similar levels next week.

As anticipated, the Central Bank of Nigeria conducted its biweekly Retail SMIS auction today.

### FX Rates

	Current	Previous	%Δ
I&E Closing	421.25	422.50	(0.30%)
NAFEX	420.00	419.30	0.17%

## Treasury Bills

Closing the week, the Treasury Bills market opened with bearish sentiments as market participants sold off to fund their obligations.

The trend was sustained throughout the trading session with trades consummated across the curve, particularly on the new issued NTB bills and special bills. Consequently, closing rates inched up by 4bps from opening levels.

We expect the mixed sentiments to open the new week as market players trade cautiously.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
30-Jun-22	2.14	16-Aug-22	3.20
13-Oct-22	3.90	04-Oct-22	4.01
26-Jan-23	4.44	14-Feb-23	4.50
30-Mar-23	4.68	7-Mar-23	4.83

## Bond

The FGN Bond market traded on a calm note today. Towards the early hours of trading session, we saw demand on the 20-Yr reopening with most trades consummated at 13.11% handle. Pockets of demand were seen on the 2036 and 2050 securities.

By midday, market activities became muted, and this trend persisted throughout the trading session. By and large, average yields slightly declined by 2bps across the curve.

We expect slightly bearish sentiment next week as liquidity thins out in the market exacerbated by today's FX Auction and expected Nigerian Treasury Bills Auction.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	7.92	7.93	(0.13%)
13.53 23-MAR-2025	10.14	10.14	0.00%
16.2884 17-MAR-2027	10.76	10.74	0.19%
13.98 23-FEB-2028	10.77	10.81	(0.37%)
12.40 18-MAR-2036	12.66	12.63	0.24%
16.2499 18-APR-2037	12.74	12.72	0.16%
12.98 27-MAR-2050	13.11	13.14	(0.23%)

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	16.82	15.92
Foreign Reserves (Gross \$'Bn )	38.52	38.49

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2337	1M	1.25471	WTI	118.88
EUR/USD	1.0518	3M	1.72129	BRENT	120.52
USD/JPY	134.22	6M	2.29429	GOLD	1854.20
USD/CHF	0.9891	12M	2.95857	SILVER	21.79

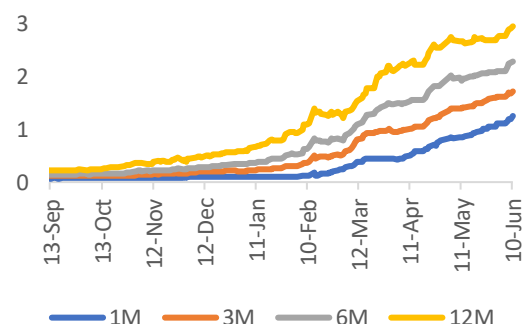
### Auction Results

OMO AUCTION – June 02, 2022				NTB AUCTION – JUNE 08, 2022		
Tenor/Maturity	103-Day	180-Day	362-Day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	10.00/56.79	10.00/69.99	20.00/211.32	2.32/1.02	0.78/6.98	164.10/353.89
Total Allotment (₦'Bn)	10.00	10.00	20.00	0.766	1.93	179.89
Stop Rate(%)	7.00	8.50	10.10	2.50	3.84	6.44

### Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	10.01	9.61	86.50	88.00
ACCESS 9.125% PERP	13.14	12.66	86.50	88.00
ECOBANK 9.5% 2024	9.19	8.30	100.50	102.00
UBA 6.75% 2026	9.87	9.42	89.00	90.50
GHANA 7.625% MAY 2029	24.00	23.23	49.87	51.37
NIGERIA 7.875% 2032	12.48	12.26	74.5	75.5

### USD LIBOR Movement





## DOMESTIC NEWS

### TIER-1 NIGERIAN BANKS LOSE COMBINED MARKET VALUE OF N28 BILLION IN ONE DAY

As the local bourse, the Nigerian Exchange Group (NGX), closes negative for the second consecutive trading day, quoted Tier-1 banks lost a combined market value of N28.35 billion in a day, weighing down the stock market's overall performance.

The performance of these banks, which are the most capitalized banks on the NGX, resulted in a decline of 1.20% in the NGX Banking sector, day-on-day.

The decline recorded in the banking index was driven mainly by Access Corp Plc, Zenith Bank Plc, GTCO Plc and United Bank for Africa Plc which depreciated by 0.51%, 2.35%, 0.89%, and 1.28% respectively. FBNH Plc, however, remained unchanged at the end of the trading session.

## GLOBAL NEWS

### U.S. ANNUAL INFLATION POSTS LARGEST GAIN IN NEARLY 41 YEARS AS FOOD, GASOLINE PRICES SOAR

U.S. consumer prices accelerated in May as gasoline prices hit a record high and the cost of food soared, leading to the largest annual increase in nearly 40-1/2 years, suggesting that the Federal Reserve could continue with its 50 basis points interest rate hikes through September to combat inflation.

The faster-than-expected increase in inflation last month reported by the Labor Department on Friday also reflected a surge in rents, which increased by the most since 1990.

The relentless price pressures are forcing Americans to change their spending habits and will certainly heighten fears of either an outright recession or period of very slow growth.

**Sources:** FMDQ, Access Bank Treasury Team, Bloomberg, CBN, Thisday, The Guardian

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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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