

Daily Market Update

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

Monday, 20 June 2022

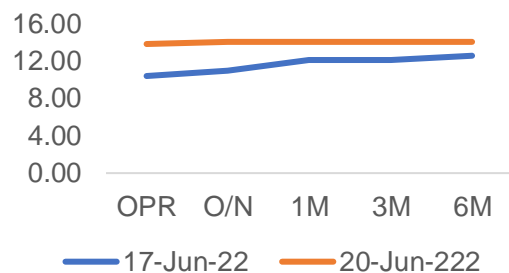
Money Market

System liquidity opened the week with a balance of ₦62.64bn coming from the previous week's position of ₦78bn.

Consequently, the OPR and Overnight rates increased by 342bps from the previous week's level to close at 13.75% and 14.00% 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

The CBN intervened in the market today by providing funds for SMEs, PTA/BTA, Medicals and other invisibles transactions. Consequently, rates at the Investors' & Exporters' window remained stable to close at \$/₦421.33.

The NAFEX rate appreciated by 7kobo to close at \$/₦418.83 during today's trading session and we anticipate that rates will trade at similar levels tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	421.33	421.33	-
NAFEX	418.83	418.90	(0.02)

Treasury Bills

Opening the week, the Treasury bills secondary market traded on a relatively quiet note as market players shifted their attention to the Bond auction conducted by the DMO. 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 market to trade with bearish sentiments tomorrow amid the thin level of system liquidity.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	3.45	16-Aug-22	4.15
13-Oct-22	3.90	04-Oct-22	4.40
26-Jan-23	5.15	14-Feb-23	4.50
27-Apr-23	5.71	7-Mar-23	4.83

Bond

The FGN Bond market opened the week on a quiet note as market participants focused their attention on today's Bond Auction.

At the Bond auction, the DMO allocated a total of ₦226.13bn to competitive bids across the maturities on offer. Total volume of bids stood at ₦552.37bn with 61% of the bids skewed towards the longest tenured maturity. Stop rates for the 2025, 2032 and 2042 bonds closed at 10.10% (↑10bps), 12.50% (↑5bps) and 13.15% (↑15bps) respectively.

We expect improved activities tomorrow as the unmet auction demand filters into the market whilst some auction winners exit their winnings from the auction to take profit.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.17	8.19	(0.24)
13.53 23-MAR-2025	10.20	10.12	0.79
16.2884 17-MAR-2027	10.78	10.76	0.19
13.98 23-FEB-2028	10.84	10.80	0.37
12.40 18-MAR-2036	12.63	12.63	-
16.2499 18-APR-2037	12.74	12.73	0.08
12.98 27-MAR-2050	13.13	13.13	-

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	17.71	16.82
Foreign Reserves (Gross \$'Bn)	38.66	38.63

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2264	1M	1.6123	WTI	↓ 108.14
EUR/USD	1.0517	3M	2.0959	BRENT	↓ 112.97
USD/JPY	134.93	6M	2.7804	GOLD	↓ 1,841.15
USD/CHF	0.9659	12M	3.5859	SILVER	↓ 21.59

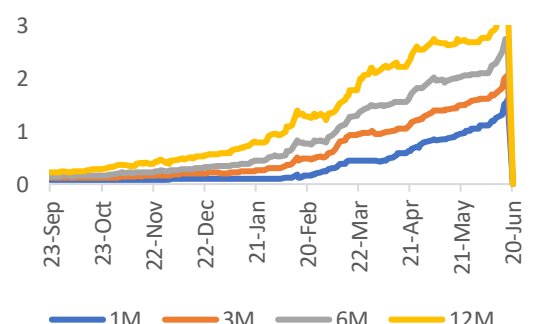
Auction Results

OMO AUCTION – June 02, 2022				NTB AUCTION – JUNE 14, 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	5.91/1.64	1.10/1.76	27.87/175.06
Total Allotment (₦'Bn)	10.00	10.00	20.00	1.44	1.28	32.15
Stop Rate(%)	7.00	8.50	10.10	2.49	3.79	6.07

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	10.84	10.19	84.25	86.25
ACCESS 9.125% PERP	13.83	13.16	84.50	86.50
ECOBANK 9.5% 2024	9.64	8.73	99.75	101.25
UBA 6.75% 2026	9.96	9.51	88.75	90.25
GHANA 7.625% MAY 2029	23.33	22.59	51.25	52.75
NIGERIA 7.875% 2032	13.17	12.94	71.50	72.50

USD LIBOR Movement





DOMESTIC NEWS

CBN URGES BANKS TO REDUCE CHARGES TO ATTRACT GEN-Z.

The Central Bank of Nigeria (CBN) has urged banks to reduce bank charges and tailor banking services to attract the Millennials and Gen-Z into the financial sector. Deputy Governor, Financial System Stability, CBN, Ms. Aisha Ahmad made the call during the Launch of Millennial & Gen Z Banking Survey Report by FITC over the weekend in Lagos. Titled, "Tapping the Millennial & Gen Z Markets: Redefining Opportunities for Financial Services Growth," the report identified enormous bank charges as a major challenge to traditional banks in attracting millennials. Meanwhile, Ahmed noted that with Nigeria's population largely dominated by the Millennials and Gen-Z.

It has become pertinent for banks to take providing services suited for that demographic if they are to remain in business for the long run. She said: "A lot has happened in the industry and there has been a lot of transformation, a lot of innovation, and digital technology has come into change the way financial services are delivered. Also, most importantly to change the way people and different segments use financial services and that is why this report is important because it focuses on a very important and strategic segment for banks and non-bank financial institutions and that is the millennials and Gen-Z."

GLOBAL NEWS

EURO RISES WITH FOCUS ON ECB, DOLLAR RETREATS

The euro rose on Monday as markets focused on the European Central Bank's tools to fight fragmentation in the currency bloc, looking through the risk of political gridlock in France for now after President Emmanuel Macron lost an absolute majority in the country's parliamentary election. Macron's Ensemble alliance secured the most seats in the National Assembly but fell well short of the absolute majority needed to control parliament, results showed.

Analysts and traders shrugged off the election result, focusing instead on the European Central Bank's attempts to contain borrowing costs in the bloc's south and the global monetary policy outlook. "Even though a Macron presidency and majority in Parliament would be very positive for euro zone cooperation and so forth, it's more for the long term, it's not something that affects markets here and now," said Ingvild Borgen Gjerde, FX analyst at DNB Markets.

Last week, the European Central Bank promised to devise a new anti-fragmentation tool that should provide fresh support for the bloc's indebted southern rim as the ECB raises interest rates for the first time since 2011. The euro was last up 0.4% against the dollar at \$1.05315.

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