

Daily Market Update

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

Tuesday, 21 June 2022

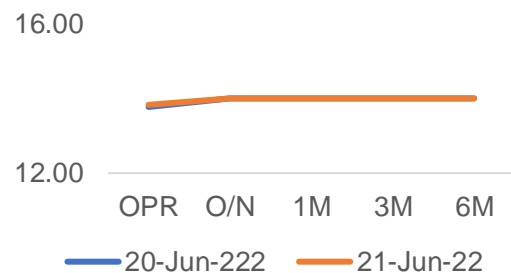
Money Market

System liquidity opened the day with a repo balance of ₦33.27bn coming from the previous day's position of ₦62.64bn.

Consequently, the OPR and Overnight rates increased by 8bps to close at 13.83% and 14.00% respectively as Banks funded their obligations

We expect the rates to be at the maximum tomorrow as Banks anticipate the Bond auction debit.

Money Market Rate Movement



Foreign Exchange

As supply remained limited, the IEFX market traded largely on the left side of the quote, however, by the close of market, rates appreciated by ₦1.05 to close the day at \$/₦420.28

The NAFEX witnessed a depreciation of ₦0.42 to close at \$/₦419.25

We expect CBN to intervene in the market tomorrow for FPIs and Local corporates. We also anticipate rates will remain at similar levels tomorrow barring any significant market activity.

FX Rates

	Current	Previous	%Δ
I&E Closing	420.28	421.33	(0.25)
NAFEX	419.25	418.83	0.10

Treasury Bills

The Treasury Bills secondary market opened the day on a relatively calm note with mixed sentiments observed across the OMO and NTB curves. This trend was sustained throughout the trading session as market participants exposed their bids and offers.

By market close, only a handful of trades were consummated across the curve. Despite this, closing rates inched up by an average of 5bps from opening levels.

We expect the mixed sentiments to continue tomorrow as market participants continue to trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	3.45	16-Aug-22	4.15
13-Oct-22	4.65	04-Oct-22	4.40
26-Jan-23	5.04	14-Feb-23	5.08
27-Apr-23	4.90	7-Mar-23	5.19

Bond

Following the Bond Auction held yesterday, the Bond market opened on a quiet note as market participants remained on the sidelines amidst uncertainty in the market direction. By mid-day, slight demand was witnessed on the short end of the curve with emphasis on the 2025 paper which traded at 10.00% levels. Furthermore, pockets of demand were observed on the 2032 and 2042 maturities with firm bids quoted at 12.50% and 13.10% respectively.

By close of business, most trades consummated centered around the 3-Yr reopening with just a few trades executed at the medium to long end of the curve. Average yields declined by 10bps across the traded securities.

We expect slight uptick in yield for the on-the-run bonds as speculators desperately sell-off their auction winnings in a bid to fund for the Bond auction debit.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.17	8.17	-
13.53 23-MAR-2025	10.20	10.20	-
16.2884 17-MAR-2027	10.71	10.78	(0.65)
13.98 23-FEB-2028	10.80	10.84	(0.37)
12.40 18-MAR-2036	12.63	12.63	-
16.2499 18-APR-2037	12.60	12.74	(1.10)
12.98 27-MAR-2050	13.12	13.13	(0.08)

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	17.71	16.82
Foreign Reserves (Gross \$'Bn)	38.69	38.66

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2274	1M	1.6263	WTI	↑ 110.80
EUR/USD	1.0555	3M	2.1234	BRENT	↑ 116.24
USD/JPY	136.10	6M	2.8129	GOLD	↑ 1,844.45
USD/CHF	0.9670	12M	3.6206	SILVER	↑ 21.82

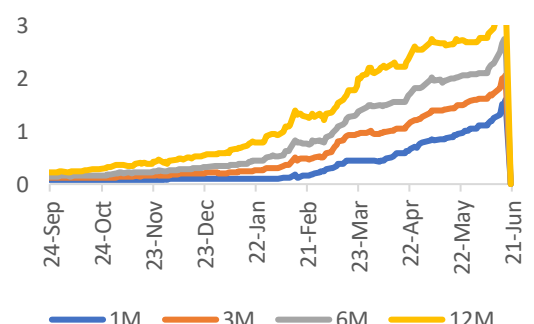
Auction Results

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	10.85	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	23.34	22.59	51.25	52.75
NIGERIA 7.875% 2032	13.17	12.94	71.50	72.50

USD LIBOR Movement





DOMESTIC NEWS

SEC REITERATES COMMITMENT TO FINANCIAL INCLUSION DRIVE

The Securities and Exchange Commission (SEC), has reiterated its commitment to ensure every segment of the society is covered in the ongoing financial inclusion initiative of the Federal Government. The Director General, SEC, Lamido Yuguda who stated this at the inaugural conference of Oriental News Nigeria with theme: "Engaging with critical groups to develop effective financial inclusion initiative" which held in Lagos, assured that the Commission is committed to ensuring that more Nigerians are captured in the digitalization of the economy through the financial inclusion policy.

Represented at the conference by Sa'adatu Faruk, Head Financial Inclusion Division, Market Development Department SEC, Yuguda said Financial Inclusion is achieved when individuals and businesses have access to useful and affordable financial products and services. The products and services he stated, must meet the needs of individuals and businesses and must be delivered sustainably and responsibly.

According to him, "Achieving Financial inclusion involves the coming together of multiple stakeholders, from Federal Government, policymakers, regulators to private industries, including employers, educational systems, communities and individuals. There is a global recognition and acceptance for the achievement of financial inclusion through a focus on digital technology.

GLOBAL NEWS

OIL CLIMBS \$1 PER BARREL ON STRONG DEMAND, TIGHT SUPPLY

Oil rose \$1 per barrel on Tuesday on high summer fuel demand while supplies remained tight because of sanctions on Russian oil after its invasion of Ukraine.

The U.S. West Texas Intermediate (WTI) crude contract for July, which expires on Tuesday, rose \$1.95, or 1.8%, to \$111.51. The more active August contract was up \$2.00 at \$109.99. Both benchmarks posted a weekly loss last week. For WTI it was the first weekly loss in eight weeks, for Brent the first in five.

"You have some people jumping in here to buy the bottom or what they hope is the bottom of the market," said Robert Yawger, director of energy futures at Mizuho in New York.

On the demand side, UBS analyst Giovanni Staunovo said that despite concerns over economic growth, data continues to show solid oil demand. "We expect oil demand to improve further, benefiting from the reopening of China, summer travel in the northern hemisphere and the weather getting warmer in the Middle East. With supply growth lagging demand growth over the coming months, we continue to expect higher oil prices," he said.

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."

More information:

IP: 7007

Email: FixedIncome@ACCESSBANKPLC.com



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