

Daily Market Update

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

Wednesday, 22 June 2022

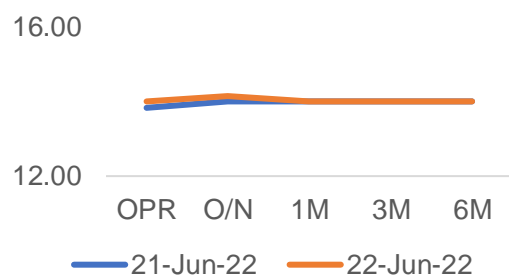
Money Market

System liquidity opened the day with a repo balance of ₦102.68bn and was further worsened by the bond auction debit.

Consequently, the OPR and Overnight rates increased by 17bps to close at 14.00% and 14.13% respectively as Banks funded their obligations.

We expect the rates to hover around these levels tomorrow despite banks provisioning for the retail SMIS auction.

Money Market Rate Movement



Foreign Exchange

The NAFEX appreciated by 50Kobo to close the day at \$/₦418.75.

The apex Bank intervened to FPIs today, however most of the demand for USD in the IEFX market remained unmet. As a result, the Naira weakened by 22Kobo to the Greenback, closing at \$/₦420.50.

Rates is anticipated to trade at these levels tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	420.50	420.28	0.05
NAFEX	418.75	419.25	(0.12)

Treasury Bills

The Treasury bills secondary market opened the day on bearish note as market participants sort to fund their obligations including the bond auction debit. This trend persisted for most of the trading session as market participants exposed offers across the short to the mid end of the curve.

By market close, only a handful of trades were consummated. Consequently, closing rates inched up by an average of 4bps from opening levels.

Tomorrow, we expect similar trend to persist amidst the thin level of system liquidity.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	3.45	16-Aug-22	4.20
13-Oct-22	4.65	04-Oct-22	5.11
26-Jan-23	5.07	14-Feb-23	5.10
27-Apr-23	4.90	7-Mar-23	5.10

Bond

The Bond market opened on a calm note; however, this gave way to a bullish undertone as many participants demand was sustained on the short end of the curve with emphasis on the 2025, 2027 and 2028 papers. Bids for these instruments stood at 10.05%, 10.70% and 10.75% respectively.

In addition, demand was witnessed on the 2032 and 2042 papers with bids at 12.45% and 13.09% levels. By and large, the bulk of the executed trades were on the shorter end of the curve and average yields reduced by 6bps across the curve.

We expect the market to take a bearish turn as market liquidity tightens following the Bond auction debit today and the anticipated Retail SMIS auction debit on Friday.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.02	8.17	(1.84)
13.53 23-MAR-2025	10.07	10.20	(1.27)
16.2884 17-MAR-2027	10.72	10.71	0.09
13.98 23-FEB-2028	10.80	10.80	-
12.40 18-MAR-2036	12.63	12.63	-
16.2499 18-APR-2037	12.54	12.60	(0.48)
12.98 27-MAR-2050	12.99	13.12	(0.99)

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	17.71	16.82
Foreign Reserves (Gross \$'Bn)	38.79	38.69

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2272	1M	1.6416	WTI	109.72
EUR/USD	1.0564	3M	2.1544	BRENT	116.25
USD/JPY	135.88	6M	2.8419	GOLD	1,850.05
USD/CHF	0.9612	12M	3.6254	SILVER	21.62

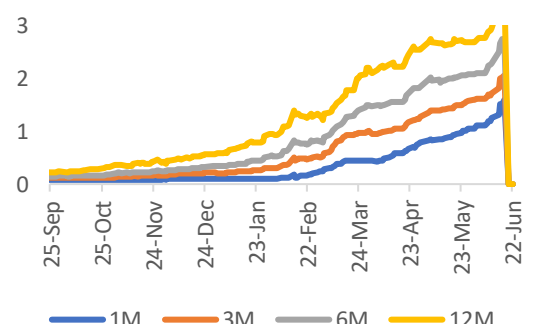
Auction Results

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	14.00	13.33	84.00	86.00
ECOBANK 9.5% 2024	9.79	8.88	99.50	101.00
UBA 6.75% 2026	9.97	9.51	88.75	90.25
GHANA 7.625% MAY 2029	23.54	22.78	50.86	52.38
NIGERIA 7.875% 2032	13.29	13.06	71.00	72.00

USD LIBOR Movement





DOMESTIC NEWS

DEBT MANAGEMENT OFFICE SAYS SUBSCRIPTIONS FOR FGN BONDS ROSE FROM N100 MILLION TO OVER N1 BILLION IN MONTHS

The Debt Management Office (DMO) stated that subscription to FGN savings bonds has increased from about N100 million to over N1 billion in the last few months. This was said in an interview with the News Agency of Nigeria (NAN) on Tuesday in Ibadan by Mr. Monday Usiade, Director, Business Development Department of the DMO.

Mr. Monday Usiade claimed that the awareness campaign was a component of DMO's market expansion effort. He noted that the response has been positive and that investments in the FGN savings bond, which was created especially for retail investors, have been rising gradually. He said, "We are taking awareness about advantages of fixed-income investment, and we are specifically targeting the retail investors. We have seen an increase in subscription to FGN savings bond from about N100 million to over N1 billion in the last few months."

The DMO urged more Nigerians to invest in the various Federal Government securities to diversify their investment portfolios. The DMO stated that it is specifically targeting retail investors.

GLOBAL NEWS

OIL SLUMPS AS BIDEN CALLS FOR FUEL TAX CUT

Oil prices tumbled on Wednesday amid a push by U.S. President Joe Biden to cut taxes on fuel to cut costs for drivers amid aggravated relations between the White House and the U.S. oil industry.

Brent crude futures were down \$5.02, or 4.4%, at \$109.63 a barrel while U.S. West Texas Intermediate (WTI) futures fell \$5.17, or 4.7%, to \$104.34 per barrel. Earlier in the session, both contracts had shed over \$6 each to hit their lowest levels since May 19 and 12, respectively.

Biden on Wednesday is expected to ask Congress to greenlight a three-month suspension of the 18.4 cents per gallon federal tax on gasoline and call on states to suspend their fuel taxes, a senior administration official said.

Lawmakers of both major parties have expressed resistance to suspending the federal tax. "The latest in a long line of attempts to temper surging prices at the pumps is having the desired effect. Yet whether this knee-jerk reaction will stand the test of time is by no means guaranteed," said PVM's Stephen Brennock, pointing to an expected summer demand surge.

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

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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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