

Daily Market Update

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

Tuesday, 28 June 2022

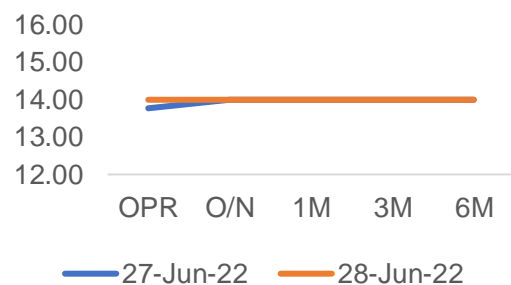
Money Market

System liquidity opened the day with a repo balance of ₦644.96bn coming from the previous day's repo balance of ₦571.87bn.

Consequently, the OPR and Overnight rates increased by 25bps to close at 14% respectively as Banks funded their obligations

We expect the rates to decline tomorrow as banks anticipate the FAAC inflow into the system

Money Market Rate Movement



Foreign Exchange

The NAFEX weakened by ₦1.68 day on day to close at \$/₦420.50. Activities in the IEFX market were predominantly on the left side of quote, the CBN intervened for SMEs and Invisibles transactions, however most demand for Dollars were unmet. The Naira lost 50 Kobo to the Dollar, ending the day at \$/₦421.50

Rates are expected to trade at similar levels tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	421.50	421.00	0.12
NAFEX	420.05	418.82	0.29

Treasury Bills

The treasury Bills secondary market opened on a relatively calm note as market players adopted a cautious approach to trading ahead of NTB auction tomorrow. As the trading day progressed, we witnessed pockets of demand across the belly of the curve with emphasis on the October special bill with minimal trades consummated by market close.

Consequently, closing rates remained unchanged from opening levels. We expect the market to trade with similar sentiments tomorrow as market participants shift their attention to the NTB auction scheduled by the DMO

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	3.45	16-Aug-22	4.20
13-Oct-22	6.00	04-Oct-22	5.11
26-Jan-23	5.16	14-Feb-23	5.10
27-Apr-23	4.90	7-Mar-23	5.10

Bond

The FGN bond market opened on a calm note and this trend lingered throughout the trading session. However, offers were seen hovering across the short to medium tenured papers with the on the run 3-Yr instrument quoted at 10.12%/10.07% while the 2036 bond was being offered at 12.36%. By close of market, just a few trades were consummated on these two most-sought after papers. Yields largely remained stable across the benchmark bonds from yesterday's closing.

We anticipate a bearish market owing to the low system liquidity exacerbated by the Primary Market NTB Auction.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.08	8.01	0.87
13.53 23-MAR-2025	10.08	10.08	0.00
16.2884 17-MAR-2027	10.71	10.71	0.00
13.98 23-FEB-2028	10.77	10.77	0.00
12.40 18-MAR-2036	12.38	12.33	0.41
16.2499 18-APR-2037	12.47	12.47	0.00
12.98 27-MAR-2050	13.15	13.15	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	17.71	16.82
Foreign Reserves (Gross \$'Bn)	39.05	38.93

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2200	1M	1.65229	WTI	↑ 110.88
EUR/USD	1.0503	3M	2.23157	BRENT	↓ 117.33
USD/JPY	136.19	6M	2.86214	GOLD	↓ 1,820.49
USD/CHF	0.9567	12M	3.62057	SILVER	↓ 20.90

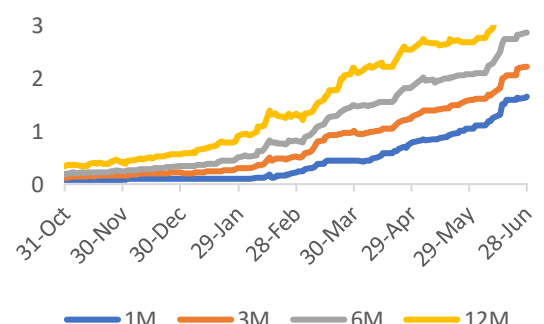
Auction Results

BOND AUCTION – June 20, 2022				NTB AUCTION – JUNE 14, 2022		
Tenor/Maturity	MAR 2025	APR 2032	JAN 2042	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	75.00/132.60	75.00/84.32	75.00/335.44	5.91/1.64	1.10/1.76	27.87/175.06
Total Allotment (₦'Bn)	79.59	39.91	106.62	1.44	1.28	32.15
Stop Rate(%)	10.10	12.5	13.15	2.49	3.79	6.07

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	10.95	10.29	84.00	86.00
ACCESS 9.125% PERP	14.19	13.51	83.50	85.50
ECOBANK 9.5% 2024	9.64	8.72	99.75	101.25
UBA 6.75% 2026	10.21	9.74	88.00	89.50
GHANA 7.625% MAY 2029	19.02	18.56	49.00	50.50
NIGERIA 7.875% 2032	13.42	13.18	70.50	71.50

USD LIBOR Movement





DOMESTIC NEWS

FUEL SCARCITY: FG TO SANCTION FUEL STATIONS SELLING FUEL ABOVE N165

The Nigerian Government has decided to clamp down on filling stations selling Premium Motor Spirit (PMS) above the N165 agreed pump price as Nigeria's fuel scarcity lingers for another week. This was disclosed in a statement by M. Farouk Ahmed, Authority Chief Executive, Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), after a joint inspection of fuel stations in Abuja.

The agency said that the pump price of PMS was still N165 per liter and that the FG has not changed its decision. Conducting the exercise alongside officials of the Petroleum Pipeline and Marketing Company (PPMC), Ahmed warned that the agency, based on its engagement with the Depots and Petroleum Marketers Association of Nigeria (DAPMAN) and Major Oil Marketers of Nigeria (MOMAN), they were warned against over price at the depot. He added that regulations that would be taken include withdrawal of service from a particular depot, shutting and sanctioning them because nobody was above the law, and we must enforce the regulations.

GLOBAL NEWS

U.S. GOODS TRADE DEFICIT NARROWS; INVENTORIES INCREASE SOLIDLY

The U.S. trade deficit in goods narrowed in May as exports increased strongly, suggesting that trade could contribute to economic growth in the second quarter for the first time in nearly two years.

The report from the Commerce Department on Tuesday also showed solid increases in wholesale and retail inventories. While those gains, combined with a decline in goods imports, should provide a boost to gross domestic product growth this quarter, it also potentially signals slowing domestic demand.

The economy is on recession watch as the Federal Reserve aggressively tightens monetary policy to tackle high inflation.

"Exports and inventories are still rising in May at least, and this means the recession clouds offshore will have to sit on the horizon for another month," said Christopher Rupkey, chief economist at FWDBONDS in New York.

The goods trade deficit fell 2.2% to \$104.3 billion. A further narrowing is likely as spending shifts from goods to services and supply chain constraints ease

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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