

# Daily Market Update

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

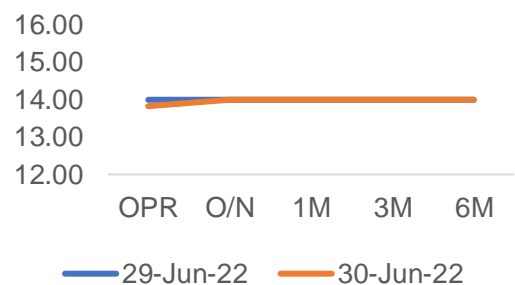
Thursday, 30 June 2022

## Money Market

System liquidity worsened by the net NTB sales of ₦23.56bn forcing the market into a further Repo of ₦849.23bn. Despite this, the OPR and Overnight rates declined by 17bps to close at 13.83% and 14.00% respectively as Banks funded their obligations.

We expect the rates to decline tomorrow as Banks anticipate the FAAC inflow of N326bn into the system.

### Money Market Rate Movement



## Foreign Exchange

Closing the month, the illiquidity in the market persisted as most bids in the I&E FX market remain unmet due to the limited supply of FX. Consequently, the rates depreciated by 17 kobo to close at ₦425.05. The NAFEX rate as of today stands at ₦421.29 a decline of ₦2.79 day on day.

We anticipate rates to remain at these levels beginning the new month tomorrow as we also anticipate the CBN to release the result of its biweekly retail SMIS auction conducted last week

### FX Rates

	Current	Previous	%Δ
I&E Closing	425.05	424.88	0.04
NAFEX	421.29	418.50	0.67

## Treasury Bills

The Treasury bills secondary market opened the day with mixed sentiments as market participants exposed bids and offers across the short to the mid-end of the curve. This trend persisted for most of the trading session with trades consummated on the august and October special bills around the 5.70% handle. Consequently, closing rates remained largely unchanged from opening levels.

We expect a similar trend to persist closing the week.

### 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	5.18	14-Feb-23	5.10
27-Apr-23	4.90	7-Mar-23	5.10

## Bond

The FGN bond market traded on a calm note with few offers witnessed across the curve. Most traded papers were the 2026 and 2042 instruments which exchanged hands at 10.18% and 13.05% respectively. Pockets of trades were also consummated at the belly of the curve with emphasis on the 2036 maturity. By and large, yields remained stable from opening levels.

We expect yields to hover around these levels tomorrow barring any significant change in the market activity.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.06	8.07	0.12
13.53 23-MAR-2025	10.07	10.07	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	12.39	12.39	0.00
16.2499 18-APR-2037	12.46	12.47	(0.08)
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 )	39.13	39.09

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2162	1M	1.71314	WTI	↓ 107.00
EUR/USD	1.0466	3M	2.27714	BRENT	↑ 115.18
USD/JPY	135.68	6M	2.94671	GOLD	↓ 1812.48
USD/CHF	0.9550	12M	3.61357	SILVER	↓ 20.46

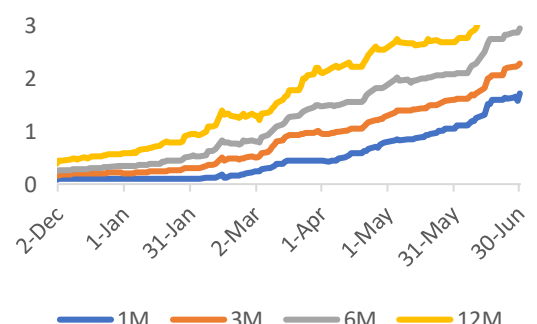
### Auction Results

BOND AUCTION – June 20, 2022				NTB AUCTION – JUNE 29, 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	13.88/13.13	2.16/17.36	158.04/297.96
Total Allotment (₦'Bn)	79.59	39.91	106.62	12.28	17.16	168.21
Stop Rate(%)	10.10	12.5	13.15	2.40	3.79	6.07

### Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	12.17	11.47	80.50	82.50
ACCESS 9.125% PERP	15.09	14.38	81.00	83.00
ECOBANK 9.5% 2024	9.64	8.71	99.75	101.25
UBA 6.75% 2026	10.77	10.14	86.25	88.25
GHANA 7.625% MAY 2029	24.59	23.79	49.00	50.50
NIGERIA 7.875% 2032	13.69	13.45	69.38	70.36

### USD LIBOR Movement





## DOMESTIC NEWS

### FG APPROVES REFORMS TO BOOST NON-OIL REVENUE TO N3.8 TRILLION ANNUALLY

The Federal Government through the Federal Executive Council (FEC) has approved reforms to boost Nigeria's non-oil revenue to N3.8 trillion and oil revenue to N160 billion annually. This was presented by Nigeria's Finance Minister, Zainab Ahmed after she presented a report on Accelerating Revenue Mobilization Reforms as a derivative of the Federal Government's Strategic Revenue Growth Initiative.

Nigeria's non-oil sector grew by 6.08 % (year-on-year) in real terms in the first quarter of 2022, an increase of 5.28 points from the preceding quarter which recorded a growth rate of 3.58%, compared to the rate recorded same quarter of 2021 and 1.34% points higher than the fourth quarter of 2022.

In real terms, the non-oil sector contributed 93.37% to the nation's GDP in the first quarter of 2022, higher than the share recorded in the first quarter of 2021 which was 90.75% and lower than the fourth quarter of 2021 recorded as 94.81%

## GLOBAL NEWS

### U.S. CONSUMER SPENDING RISES MODERATELY; INFLATION PUSHES HIGHER

U.S. consumer spending rose less than expected in May as motor vehicles remained scarce while higher prices forced cutbacks on purchases of other goods, another sign that the rebound in economic growth early in the second quarter was losing steam.

Consumer spending, which accounts for more than two-thirds of U.S. economic activity, gained 0.2% last month, the Commerce Department said on Thursday. Data for April was revised down to show outlays increasing 0.6% instead of 0.9% as previously reported.

Economists polled by Reuters had forecast consumer spending would climb 0.4%. The report joined data on housing starts, building permits and manufacturing production in suggesting that the economy was struggling to gain altitude after gross domestic product dropped at an annualized 1.6% rate in the first quarter. Slower consumption is likely to be welcomed by the Federal Reserve, which is seeking to tame inflation by aggressively tightening monetary policy. The U.S. central bank this month raised its policy rate by three-quarters of a percentage point, its biggest hike since 1994. The Fed has increased its benchmark overnight interest rate by 150 basis points since March.

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

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## **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](mailto:FixedIncome@ACCESSBANKPLC.com)



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