

# Daily Market Update

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

Tuesday, 01 March 2022

## Money Market

The thin system liquidity persisted for the second consecutive day opening at ₦10bn, a decline from previous day's opening.

The OMO credit of ₦70bn and the February 2022 FAAC of c.₦276 improved liquidity thereby causing money markets rates to decline.

By the close of market, OPR and O/N rates had declined by an average of 200bps to close the day at 9.67% and 10.33% respectively.

Given this improved liquidity from the FAAC disbursement, we expect rates to close at single digit levels tomorrow.

## Foreign Exchange

The NAFEX depreciated by 10Kobo to close at \$/₦415.77.

Demand at the I and E market remained at high levels compared to the supply.

Nevertheless, the Naira traded flat against the Greenback to the close the day at \$/₦416.67.

We expect the CBN to intervene through sales to FPIs tomorrow and rates to remain at similar levels.

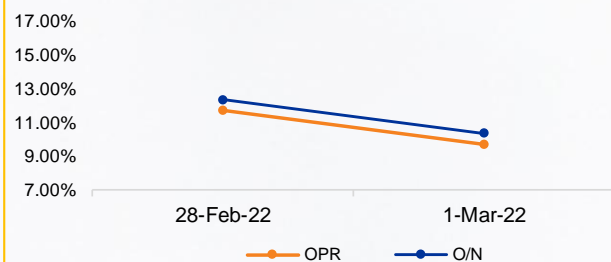
## Treasury Bills

Despite the OMO maturity of ₦70bn today, the Treasury Bills secondary market opened with mixed sentiments as market participants exposed their bids and offers across the curve.

This trend persisted for most of the trading day with only a handful of trades consummated by market close. Consequently, closing rates declined by an average of 6pbs from opening levels.

Tomorrow, we expect the market to trade with bullish sentiments given the increased liquidity occasioned by the FAAC disbursement that impacted the system today.

### Money Market Rate Movement



### FX Rates

	Current	Previous	%Δ
I&E Closing	416.67	416.67	0.00
NAFEX	415.67	415.77	(0.02)

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Mar-22	2.87	16-Aug-22	3.60
09-Jun-22	3.24	04-Oct-22	4.08
11-Aug-22	3.50		
13-Oct-22	3.89		

## Bonds

The FGN Bond market opened on an active note with demand skewed towards the shorter end of the curve. Particularly on the 2027 and 2028 papers which traded at 10.15% and 10.20% respectively.

Pockets of demand were seen on the 2036 bond with very few trades consummated (Offers c.12%).

The demand across board was sustained throughout with minimal interest on the long tenured papers. Firm offers were seen on the 2042 instruments at 12.80% but were not lifted due to weak investors' appetite.

By close of business, yields declined by an average of 5bps on the traded instruments.

We expect the market to remain bullish tomorrow due to the expected elevated market liquidity.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.53	6.54	(0.15)
13.53 23-MAR-2025	8.30	8.90	(6.74)
16.2884 17-MAR-2027	10.45	10.45	0.00
13.98 23-FEB-2028	10.45	10.45	0.00
12.40 18-MAR-2036	12.25	12.25	0.00
16.2499 18-APR-2037	12.17	12.17	0.00
12.98 27-MAR-2050	12.78	12.78	0.00

## Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.60	15.63
Foreign Reserves (Gross \$'Bn)	39.84	39.84

## Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3352	1M	0.24143	WTI	↑ 104.48
EUR/USD	1.1142	3M	0.50429	BRENT	↑ 106.48
USD/JPY	114.85	6M	0.80471	GOLD	↑ 1928.90
USD/CHF	0.9196	12M	1.28800	SILVER	↑ 25.10

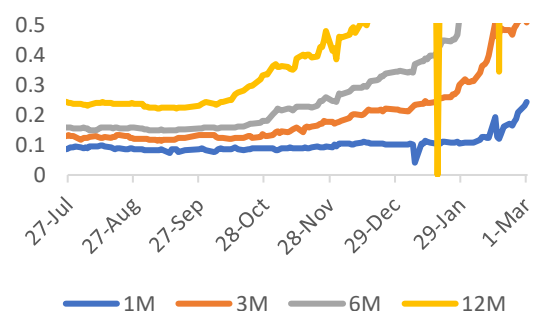
## Auction Results

OMO AUCTION – February 24, 2022				NTB AUCTION – February 23, 2022		
Tenor/Maturity	96-day	187-day	362-day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	15/32.50	15/47.70	70/200.67	2.04/13.26	22.86/14.59	90.38/574.80
Total Allotment (₦'Bn)	15	15	70	5.36	11.03	241.61
Stop Rate(%)	7.00	8.50	10.10	2.24	3.30	4.35

## Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.04	6.77	96.500	97.500
ACCESS 9.125% PERP	9.97	9.87	95.5	96.5
ECOBANK 9.5% 2024	6.06	5.58	106.75	107.570
UBA 6.75% 2026	7.00	6.75	99.000	100.000
GHANA 7.625% MAY 2029	16.19	15.68	67.375	68.875
NIGERIA 7.875% 2032	9.07	8.91	92.25	93.25

## USD LIBOR Movement





## DOMESTIC NEWS

### CBN SHOULD ESTABLISH MECHANISM FOR ROBUST MONITORING, EVALUATION OF FOREX POLICY

The Manufacturers Association of Nigeria (MAN) has urged the Central Bank of Nigeria (CBN) to establish mechanisms for robust monitoring and evaluation of its forex policies to drive export of local industries in the country. The Manufacturers' umbrella body also offered to be a part of this processes and shall continue to offer recommendations to the government that will increase manufacturing sector's contribution to the nation's Gross Domestic Product (GDP). Engr. Mansur Ahmed, MAN president, made these demands at the 2022 Edition of 'The Man Reporter of the Year Award/Presidential Media Luncheon' MAN House, Ikeja, Lagos recently. He said the leadership of the Association recently paid a courtesy visit to President Muhammadu Buhari and seized the opportunity to present the critical areas of need for the manufacturing sector among them, the hardship being experienced in obtaining forex to procure raw materials and spare parts that are not locally available. According to him, this is despite the several CBN policies and most recently the proposed RT 200 FX Programme which stands for the "Race to US\$200 billion in FX Repatriation.

## GLOBAL NEWS

### US CUTS OFF RUSSIA'S CENTRAL BANK FROM DOLLAR TRANSACTIONS

The cost of the on-going war between Russia and Ukraine on the Russian economy is growing by the day, as the country is increasingly being isolated. As part of the move to punish Russia for invading Ukraine, the United States yesterday said it is taking immediate steps to prohibit American dollar transactions with the Russian Central Bank and fully block the Russian direct investment fund. US senior administration officials disclosed that the aggressive move is aimed at some of Russia's most powerful means of mitigating the effect of sanctions. In addition, the US Embassy in Russia warned US nationals to consider leaving "immediately" due to the rising number of airlines that are cancelling flights in and out of the country and closing their airspace to Russian airlines.

That was as indications emerged yesterday that the Federal Government might have secured 479 Nigerians in the effort to take citizens out of Ukraine amid the Russian attack. The steps by the US to cut dollar supply to Russia were meant to prevent Russia from accessing a "rainy day fund" that officials said Moscow had been expecting to rely upon during the invasion of Ukraine.

**Sources:** FMDQ, Access Bank Treasury Team, Bloomberg, Reuters, ThisDay, CBN, Tribune

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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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