

# Daily Market Update

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

Thursday, 10 March 2022

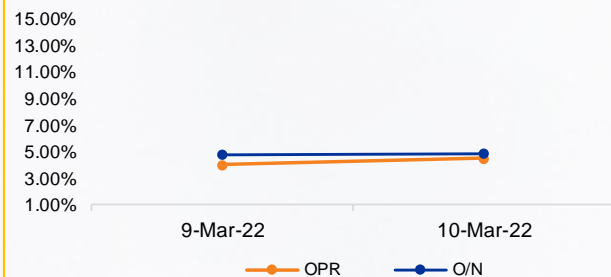
## Money Market

System liquidity opened the day with a balance of ₦308.45bn but was later depleted by the net NTB sales of ₦142.53bn as well as the OMO sale of ₦40bn.

The decline in the system liquidity forced the Open Repo and Overnight rates to increase by 50bps to close at 4.50% and 4.83% levels as Banks funded their obligations.

We expect the rates to hover around these levels tomorrow barring any significant funding activities.

### Money Market Rate Movement



## Foreign Exchange

The NAFEX witnessed a depreciation of ₦0.31 to close at \$/₦416.56.

As supply remained limited, the IEFX market traded largely on the left side of the quote, with only a few trades executed by the end of the trading session. Consequently, rate depreciated by ₦0.17 to close the day at \$/₦416.67.

We expect CBN to release the results of last week's retail auction and anticipate rates will remain at similar levels tomorrow.

### FX Rates

	Current	Previous	%Δ
I&E Closing	416.67	416.50	0.04
NAFEX	416.56	416.25	0.07

## Treasury Bills

The Treasury Bills secondary market opened on a quiet note as market players focused their attention to the OMO Auction conducted by the CBN. As the trading day progressed, we observed some mixed interest across the mid to long end of the OMO and NTB curves with minimal trades consummated by market close. Consequently, closing rates remained largely unchanged from opening levels.

At the auction, the CBN offered ₦40bn across the 96-, 187- and 362-day maturities. Despite the total subscription of ₦285.54bn, the CBN sold exactly what was offered (₦40bn), maintaining stop rates at 7.00%, 8.50% and 10.10% across the short-, medium-, and long-term maturities, respectively.

Closing the week, we expect mixed sentiments as market participants trade cautiously.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
28-Apr-22	3.07	16-Aug-22	3.60
09-Jun-22	3.24	04-Oct-22	4.08
11-Aug-22	3.50		
13-Oct-22	3.42		

## Bonds

The FGN Bond market opened on a quiet note with minimal trades across the curve. As the market progressed, we witnessed bearish sentiments skewed towards the long-tenured maturities, with the 2042 – 2050 bonds trading just below the 13% handle.

The buying pressure on the short end of the curve also calmed, with just a few trades consummated on the 2024 bond. Overall, yields across the traded maturities trended up by an average of 4bps to close at 10.56%.

We expect some cherry picking across the curve tomorrow, given the elevated yields in the secondary market

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.41	6.42	(0.16)
13.53 23-MAR-2025	8.79	8.27	6.29
16.2884 17-MAR-2027	9.94	9.95	(0.10)
13.98 23-FEB-2028	10.12	10.12	0.00
12.40 18-MAR-2036	11.92	11.92	0.00
16.2499 18-APR-2037	12.00	12.00	0.00
12.98 27-MAR-2050	12.90	12.80	0.78

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.60	15.63
Foreign Reserves (Gross \$'Bn )	40.04	39.80

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3139	1M	0.35171	WTI	↓ 108.28
EUR/USD	1.1011	3M	0.74500	BRENT	↓ 111.25
USD/JPY	116.15	6M	1.04486	GOLD	↑ 1,995.09
USD/CHF	0.9287	12M	1.48657	SILVER	↓ 25.91

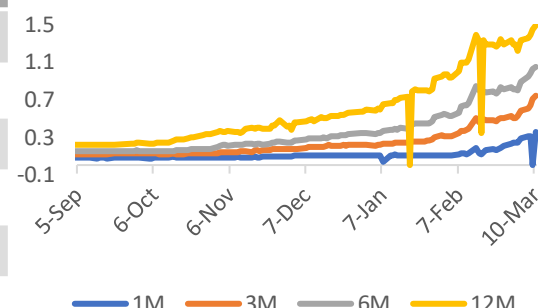
### Auction Results

OMO AUCTION – March 10, 2022				NTB AUCTION – March 09, 2022		
Tenor/Maturity	96-day	187-day	362-day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	10/54.28	10/55.28	20/175.98	1.55/4.40	11.88/40.65	80.57/437.84
Total Allotment (₦'Bn)	10.00	10.00	20.00	2.32	21.29	212.92
Stop Rate(%)	7.00	8.50	10.10	1.75	3.28	4.10

### Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.38	6.98	95.250	96.750
ACCESS 9.125% PERP	10.59	10.17	94.500	96.000
ECOBANK 9.5% 2024	7.52	6.76	103.750	105.250
UBA 6.75% 2026	7.45	7.06	97.250	98.750
GHANA 7.625% MAY 2029	17.32	16.78	64.250	65.750
NIGERIA 7.875% 2032	8.95	8.79	93.000	94.000

### USD LIBOR Movement





## DOMESTIC NEWS

### IOCs' exit stalls Nigeria's ability to meet OPEC quota – FG

The Federal Government on Wednesday said its inability to meet the oil production quota allocated to Nigeria by the Organization of Petroleum Exporting Countries was due to the lack of investments in the oil and gas sector of the economy. It said the lack of investments was due to the recent spate of exits by International Oil Companies such as Shell and ExxonMobil from Nigeria's oil and gas sector.

Nigeria's OPEC quota is pegged at about 1.8 million barrels per day but in the last few years, the country has struggled between 1.3 and 1.4 million barrels per day. Speaking at the ongoing CERA Week in Houston, Texas, the Minister of State Petroleum Resources, Chief Timipre Sylva, said the speed with which IOCs were withdrawing investments in hydrocarbon exploitation had contributed significantly to Nigeria's inability to meet its OPEC target.

He was quoted in a statement issued in Abuja by his media aide, Haratius Egua, as saying, "The rate at which investments were taken away was too fast. "Lack of investments in the oil and gas sector contributed to Nigeria's inability to meet OPEC quota. We are not able to get the needed investments to develop the sector and that affected us."

## GLOBAL NEWS

### Shares deepen losses as U.S. inflation data adds to case for Fed rate hike

Shares wilted on Thursday as inflation in the United States raced to almost 8%, likely cementing the case for an interest rate hike by the U.S. Federal Reserve, and the European Central Bank sped up its exit from its massive stimulus programme. Stocks had already been under pressure after the European Central Bank accelerated its exit from extraordinary stimulus, in a surprise move, as soaring inflation outweighed concerns about Russia's invasion of Ukraine.

The ECB said it planned to end asset purchases in the third quarter as it tries to put the brakes on price growth in the euro zone, which was at a record high even before Moscow began its assault. The euro climbed half a percent before giving up gains and euro zone bond yields also shot up. The single currency's jump pressured the dollar index into negative territory.

"Central banks are having to focus on the inflation mandate and they see rising pressures as a real problem. Even if the military action ends quickly, the ECB will be grappling with an inflationary surge for a few months and this is the appropriate stance to take" said Brad Bechtel, global head of FX at Jeffries.

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

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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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