

Daily Market Update

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

Thursday, 05 May, 2022

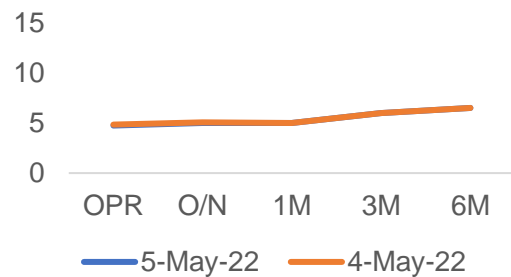
Money Market

System liquidity opened the day with a significant balance of ₦591bn; representing an increase of ₦267bn from the previous day's opening levels.

As a result, the OPR and overnight rates declined by 8bps from the previous day's level to close at 4.75% and 5.00% respectively, as system remained relatively liquid.

We expect the rates to hover around these levels tomorrow as no significant funding activity is expected to occur.

Money Market Rate Movement



Foreign Exchange

We witnessed thin liquidity at the Investors and Exporters window during today's trading session. Consequently, the Naira weakened against the US Dollar by ₦1.00 to close at \$/₦419.

The NAFEX rate also weakened slightly against the Dollar by ₦1.50 to close at \$/₦417.78 during today's trading session. We expect rates to continue to trade at these levels tomorrow and anticipate the release of last week's Retail SMIS auction by the apex bank.

FX Rates

	Current	Previous	%Δ
I&E Closing	419.00	418.00	1.00
NAFEX	417.78	416.28	0.36

Treasury Bills

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

At the auction, the CBN offered ₦50bn across the 110-, 187- and 362-day maturities. Despite the total subscription of ₦315.06bn, the CBN sold exactly what was offered (₦50bn), 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(%)
26-May-22	2.89	31-May-22	2.99
28-July-22	2.50	04-Oct-22	3.82
26-Jan-23	4.28	14-Feb-23	4.70
30-Mar-23	4.30	7-Mar-23	4.83

Bonds

The FGN Bond market opened on a calm note today. As market progressed, we saw demand on the shorter end of the curve with emphasis on the 2026 paper but just very few offers were available in the market. Minimal activities were seen across the medium to long-end of the curve with the on-the-run 2032 and 2042 papers being the most sought-after securities. Trades were consummated at c.12.50% and 12.90% respectively. By close of market, yields across the traded security remained stable.

We expect the bearish sentiment in the market to persist despite the elevated system liquidity due to investors' appetite for higher yielding securities.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	4.72	4.72	-
13.53 23-MAR-2025	9.92	9.96	(0.04)
16.2884 17-MAR-2027	11.10	11.10	-
13.98 23-FEB-2028	11.37	11.25	0.12
12.40 18-MAR-2036	12.52	12.52	-
16.2499 18-APR-2037	12.57	12.59	(0.02)
12.98 27-MAR-2050	12.93	12.93	-

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.92	15.70
Foreign Reserves (Gross \$'Bn)	39.58	39.62

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2332	1M	0.8451	WTI	↑ 106.88
EUR/USD	1.0508	3M	1.4061	BRENT	↑ 109.59
USD/JPY	130.40	6M	2.0196	GOLD	↓ 1,875.26
USD/CHF	0.9875	12M	2.7484	SILVER	↑ 22.49

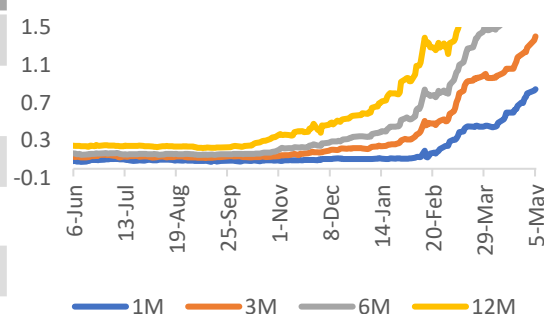
Auction Results

OMO AUCTION – May 05, 2022				NTB AUCTION – April 27, 2022		
Tenor/Maturity	110-Day	187-Day	362-Day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	10.00/43.89	10.00/55.99	30.00/215.18	2.68/2.66	2.02/13.58	116.29/233.28
Total Allotment (₦'Bn)	10.00	10.00	30.00	2.22	8.23	119.61
Stop Rate(%)	7.00	8.50	10.10	1.74	3.00	4.79

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.77	7.49	94.00	95.00
ACCESS 9.125% PERP	11.40	11.11	92.875	92.875
ECOBANK 9.5% 2024	7.46	6.98	103.625	104.5
UBA 6.75% 2026	8.09	7.82	95.00	96.00
GHANA 7.625% MAY 2029	18.38	17.99	62.00	63.00
NIGERIA 7.875% 2032	11.06	10.86	81.25	82.25

USD LIBOR Movement





DOMESTIC NEWS

LEKKI PORT: FG, LAGOS TO EARN \$201BN IN TAXES, ROYALTIES

The Federal Government and the promoters of the Lekki Deep Seaport, yesterday, projected that the port in Lagos will be capable of generating \$158 billion, through direct and induced business, when the port becomes operational.

Speaking to newsmen during a tour of the port, Minister of Information and Communication, Mr. Lai Mohammed, said the port is also ready to reclaim its lost cargo to the ports of neighbouring countries as the port will become the most cost-efficient port in the sub-region.

According to him, the investment is huge and includes \$1.53 billion dollars on fixed assets and \$800 million dollars on construction. He added that the aggregate impact has been put at \$361 billion dollars in 45 years, which will be over 200 times the cost of building it.

“In addition, it will create 169,972 jobs and bring revenues totaling \$201 billion dollars to the state and federal governments through taxes, royalties and duties,” he said.

GLOBAL NEWS

BANK OF ENGLAND RAISES INTEREST RATES AS IT WARNS OF RECESSION AND 10% INFLATION

The Bank of England has warned that the cost of living crisis could plunge the economy into recession this year, as it increased interest rates to tackle soaring inflation that is expected to rise above 10% in the coming months.

The Monetary Policy Committee (MPC) voted by a majority to raise its base rate from 0.75% to 1%, lifting the cost of borrowing to the highest level in 13 years, as it sounded the alarm over the risks from spiraling inflation exacerbated by Russia's war in Ukraine.

Despite the growing risks to the economy as households endured one of the biggest annual declines in their income for decades, the Bank said a quarter-point rise was warranted to block persistently high inflation from taking hold, as the shock from soaring energy costs rippled through the global economy.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, Reuters, CBN, Nairametrics, Punch, Vanguard, Financial Times, 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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more than banking

