

Daily Market Update

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

Friday, 13 May 2022

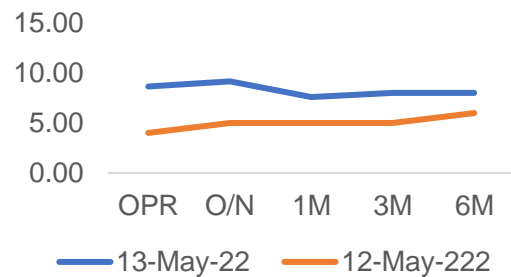
Money Market

System liquidity opened the day with a balance of ₦331bn despite the OMO auction debit of ₦30bn passed the previous day.

Consequently, the OPR and Overnight rates increased by 417bps from the previous days level to close at 8.67% and 9.17% as Banks fund for the Retail SMIS auction by the apex Bank.

We expect the rates to trend upwards opening next week in anticipation of the Bond auction to be conducted by the DMO.

Money Market Rate Movement



Foreign Exchange

During today's trading session, there was no significant improvement in liquidity at the IEFX market, as market players bid for funds to meet their FCY obligations were met with limited offers. However, the Naira appreciated by ₦1 to close at \$/₦419.

The NAFEX gained 89 kobo to the Dollar today to close at \$/₦416.25

As expected, The CBN is conducted its Retail SMIS auction today.

FX Rates

	Current	Previous	%Δ
I&E Closing	419.00	420.00	(0.24)
NAFEX	416.25	417.14	(0.21)

Treasury Bills

Closing the week, the Treasury Bills market opened with mixed sentiments as market players continue to trade cautiously. The trend was sustained throughout the trading session with trades consummated across the curve, particularly on the new issued OMO and NTB bills. Despite this, rates remained largely unchanged from opening levels.

We expect the mixed sentiments to continue opening the new week.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
26-May-22	3.08	31-May-22	2.70
28-July-22	2.99	04-Oct-22	3.82
26-Jan-23	4.18	14-Feb-23	4.70
30-Mar-23	4.67	7-Mar-23	4.83

Bonds

The FGN bond market opened the day on a calm note. Halfway through the trading session, activity was seen on the short and mid end of the curve whilst the long end saw sparse interest.

The 2023, 2024, 2036 and 2042 bond saw the most activity with bids marked at 5.05%, 8.10%, 12.48% and 12.96% respectively.

By and large, a few trades were consummated, and yields increased by 31bps on the 2023 paper whilst increasing by 1bps across the benchmark curve.

We anticipate a calm market on Monday as market participants focus on the May Bond Auction where the DMO is set to offer ₦75mn each across the 2025, 2032 and 2042 re-openings. Post-Auction, we expect increased activity on the on-the-run bonds.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	5.05	4.74	6.54
13.53 23-MAR-2025	9.89	9.89	-
16.2884 17-MAR-2027	11.07	11.07	-
13.98 23-FEB-2028	11.28	11.28	-
12.40 18-MAR-2036	12.50	12.50	-
16.2499 18-APR-2037	12.24	12.24	-
12.98 27-MAR-2050	12.84	12.84	-

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.92	15.70
Foreign Reserves (Gross \$'Bn)	39.07	39.12

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2249	1M	0.87471	WTI	↑ 110.02
EUR/USD	1.0412	3M	1.41129	BRENT	↑ 110.94
USD/JPY	129.36	6M	1.95886	GOLD	↓ 1,811.82
USD/CHF	1.0020	12M	2.62986	SILVER	↑ 20.96

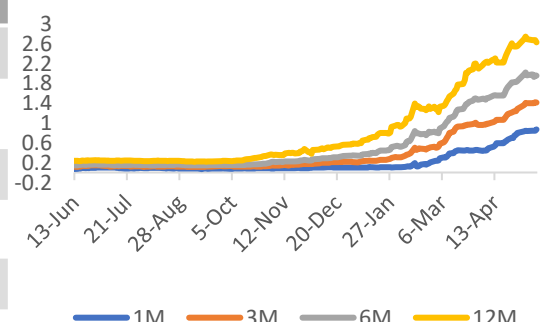
Auction Results

OMO AUCTION – May 12, 2022				NTB AUCTION – May 11, 2022		
Tenor/Maturity	103-Day	180-Day	355-Day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	5.00/40.90	5.00/47.10	20.00/224.44	1.91/1.37	2.99/8.03	122.56/367.72
Total Allotment (₦'Bn)	5.00	5.00	20.00	1.02	2.83	134.02
Stop Rate(%)	7.00	8.50	10.10	1.74	3.00	4.70

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	8.65	8.35	91.00	92.00
ACCESS 9.125% PERP	11.98	11.52	90.00	91.50
ECOBANK 9.5% 2024	8.20	7.64	102.25	103.25
UBA 6.75% 2026	8.59	8.31	93.25	94.25
GHANA 7.625% MAY 2029	20.04	19.41	58.00	59.50
NIGERIA 7.875% 2032	11.92	11.71	77.00	77.13

USD LIBOR Movement





DOMESTIC NEWS

AGRIC IMPORTS HIT N2.7TRN DESPITE N129BN INTERVENTION LOANS

Despite spending no less than N129.084bn on agriculture loans to farmers, Nigeria's agricultural imports continued to take an upward trajectory, hitting N2.7trn in 2021 alone. According to findings by our correspondent, the Central Bank of Nigeria (CBN), and the Federal Government, through the Agricultural Credit Guarantee Scheme Fund (ACGSF), has guaranteed a total of N129.084bn in agriculture loans to farmers in the country.

Figures by the National Bureau of Statistics in a recent report titled "Foreign Trade in Goods Statistics" also revealed that in 2021, Nigeria's agric imports stood at N2.7trn, indicating an increase of 36.6 per cent over the previous year, when compared to the value recorded in 2020 (N1.7trn). The Chairman, ACGSF Board, Mr. Stephen Okon, while speaking recently in Calabar at the ACGSF 39th Board meeting with stakeholders on the new ACGSF Guidelines and Operations, had disclosed that so far, a total of N129.084 had been spent on agricultural loans to farmers. .

GLOBAL NEWS

RUSSIAN INFLATION SPIKES TO 20-YEAR RECORD ON WAR AND SANCTIONS

Russian inflation jumped to the highest level since 2002 as international sanctions imposed over Vladimir Putin's invasion of Ukraine pressured prices and disrupted supply chains.

Price growth was 17.8% in April from a year earlier, the Federal Statistics Service said Friday. That was just below analyst estimates for 18%, according to a Bloomberg survey of 16 economists. The core rate, which excludes volatile components like fuel and produce, ran even higher at 20.4%.

Still, the Bank of Russia said this week that inflation, when adjusted for seasonal factors, has already peaked on a sequential basis now that the ruble has recovered its initial losses against the dollar and the panic buying that followed the imposition of sanctions in March faded. On a monthly basis, prices rose 1.6% in April, far below the 7.6% rise the previous month.

The central bank has already begun to unwind the emergency rate hike imposed in the immediate aftermath of the invasion, easing credit conditions as the economy heads into what may be the deepest contraction since the 1990s.

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

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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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