

# Daily Market Update

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

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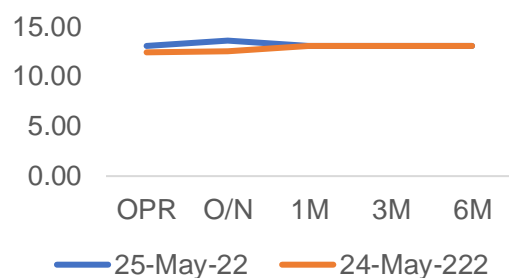
## Money Market

System liquidity opened the day with a balance of N58bn, a decline from the previous days N74.60bn and this was due to Banks unwinding their takings from the SLF window.

The decline in the system liquidity spurred the OPR and Overnight rates by 63bps to close at 12.96% and 13.50% as Banks continue to fund their obligations.

We expect the rates to hover around these levels tomorrow despite the NTB auction debit expected to impact the system.

### Money Market Rate Movement



## Foreign Exchange

The NAFEX rate appreciated marginally by 17kobo to close at \$/N418

The illiquidity in the Investors' and Exporters' market persisted in today's trading session as only a handful of customers' demands were met. Nevertheless, rates appreciated by 100kobo to close at \$/N418.

We expect rates to trade at similar levels tomorrow.

### FX Rates

	Current	Previous	%Δ
I&E Closing	418.00	419.00	(0.2)
NAFEX	418.00	418.71	(0.2)

## Treasury Bills

The Treasury Bills secondary market opened on a quiet note as market players focused their attention on the NTB auction. The trend was sustained throughout the trading session with minimal trades consummated. Consequently, closing rates remained unchanged from opening levels.

At the auction, a total of N173.48bn was sold against the N153.03bn offered with demand skewed toward the new 1-year paper. The stop rate for the 91-day and 182-day inched up by 76bps and 89bps to close at 2.50% and 3.89% respectively while the stop rate for the 364-day maturity increased significantly by 179bps to close at 4.79%.

We expect the market to trade with some bearish sentiments amid the level of system liquidity.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
09-Jun-22	3.06	31-May-22	2.70
14-Jul-22	3.01	04-Oct-22	3.82
26-Jan-23	4.32	14-Feb-23	4.31
30-Mar-23	4.67	7-Mar-23	4.83

## Bond

The Bond market opened on a calm note as most participants focused on the NTB auction following the increase in the monetary policy rate yesterday. As the trading day progressed, demand was seen on the short end of the curve with emphasis on the 2028 and 2029 papers with bids at 11.30% and 11.40% respectively. The long end of the curve saw an influx of offers on the 2042s marked at 13.3%. By and large, just a few trades were consummated due to the wide bid/ask spread across the curve. Yields inched up marginally by 1bp across the curve.

We expect the outcome of the NTB auction to filter into the Bond market.

## FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	7.65	7.66	(0.1)
13.53 23-MAR-2025	10.10	10.00	0.1
16.2884 17-MAR-2027	10.85	10.85	0.0
13.98 23-FEB-2028	11.06	11.06	0.00
12.40 18-MAR-2036	12.40	12.40	0.00
16.2499 18-APR-2037	12.51	12.51	0.00
12.98 27-MAR-2050	13.07	13.07	0.0

## Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	16.82	15.92
Foreign Reserves (Gross \$'Bn )	38.63	38.75

## Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2536	1M	1.01657	WTI	110.03
EUR/USD	1.0660	3M	1.53100	BRENT	113.74
USD/JPY	127.44	6M	2.07114	GOLD	1,846.62
USD/CHF	0.9630	12M	2.68886	SILVER	22.10

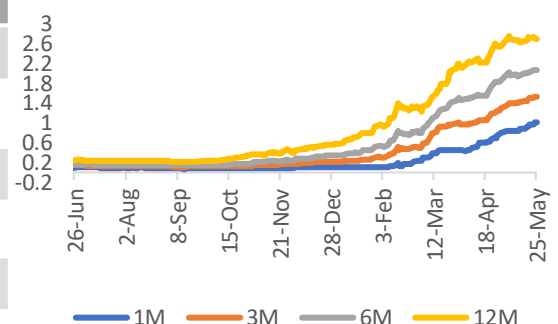
## Auction Results

OMO AUCTION – May 12, 2022				NTB AUCTION – May 25, 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	5.36/23.84	3.78/2.31	143.88/210.82
Total Allotment (₦'Bn)	5.00	5.00	20.00	3.56	1.25	168.67
Stop Rate(%)	7.00	8.50	10.10	2.50	3.89	6.49

## Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	9.58	9.12	88.00	89..50
ACCESS 9.125% PERP	12.94	12.46	87.00	88.50
ECOBANK 9.5% 2024	8.69	7.83	101.38	102.88
UBA 6.75% 2026	9.62	9.18	89.75	91.25
GHANA 7.625% MAY 2029	21.29	20.62	55.25	56.75
NIGERIA 7.875% 2032	11.52	11.32	79.00	80.00

## USD LIBOR Movement





## DOMESTIC NEWS

### MAN, LCCI, OTHERS KICK AS CBN RAISES LENDING RATE TO 13%

The Manufacturers Association of Nigeria (MAN), the Lagos Chamber of Commerce and Industry (LCCI), and the Nigerian American Chamber of Commerce (NACC), have criticized the hiking of the monetary policy rate by the Central Bank of Nigeria (CBN), saying that the policy will hurt the Nigerian economy. While addressing reporters after the MPC meeting in Abuja, Emefiele justified the raise, saying that the MPC was suspicious there might be an aggressive accretion of inflation. To prevent the looming inflation, he said, the MPC had to increase the monetary policy rate by 150 basis points. Addressing journalists on Tuesday after the committee's meeting at the CBN headquarters in Abuja, Godwin Emefiele, governor of the apex bank, said six out of eleven committee members voted to raise the key rate. Emefiele said the committee also voted to retain the asymmetric corridor at +100 and -700 basis points around the MPR and liquidity ratio at 30 per cent.

Reacting to the development, President of the MAN, Mansur Ahmed, told The Punch that the move would compound the plight of manufacturers, especially the small-scale segment of the productive sector. Ahmed said, "Commercial loans are already beyond the reach of manufacturers, especially the small and medium manufacturers. The continuous rising in food prices is worrisome. Then, exchange rate continues to go up. Where are we going as a country?"

## GLOBAL NEWS

### BRUSSELS SAYS ABOUT \$24 BILLION OF RUSSIAN CENTRAL BANK ASSETS FROZEN IN EU, LESS THAN EXPECTED

European Union states have reported the freezing of about 23 billion euros (\$24.5 billion) of assets of the Russian Central Bank, a top EU official said on Wednesday, revealing for the first time a figure that was expected to be much higher. Russia has publicly said that Western sanctions led to the freezing of about \$300 billion of its central bank's assets globally.

Of these frozen assets, only less than one-tenth is in the EU, according to information that the European Commission has collected from the 27 EU governments, EU Justice Commissioner Didier Reynders told a news conference. He said that about 23 billion euros had been frozen in the EU since the start of the war in Ukraine in February, a figure that is dwarfed by the \$100 billion frozen by the United States.

In addition to that, EU countries have also frozen about 10 billion euros of physical assets, such as yachts and villas, linked to oligarchs and officials with ties to the Kremlin, Reynders said. He did not explain why the third largest economy in the world had apparently attracted so few assets from the Russian central bank.

**Sources:** FMDQ, Access Bank Treasury Team, Bloomberg, Punch, Cable, CBN, 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."

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