

# Daily Market Update

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

Monday, 30 May 2022

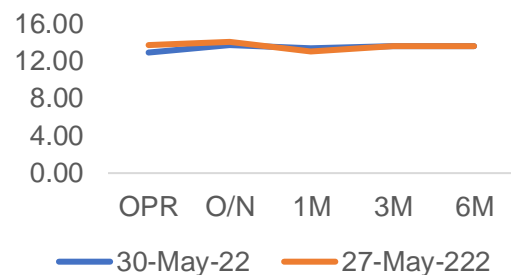
## Money Market

Opening the week, system liquidity stood at ₦100bn coming from Friday's opening level of ₦224bn. This decline can be attributed to the Retail SMIS auction conducted by the CBN on Friday last week.

Despite the drop in liquidity, the OPR and Overnight rates declined by 84bps from the Friday's closing level to close at 12.83% and 13.67% respectively as no significant funding activity was recorded.

We expect the rates to decline slightly tomorrow as an OMO maturity of ₦65bn is expected to hit the system.

### Money Market Rate Movement



## Foreign Exchange

At the start of the week, the NAFEX gained 47 Kobo to close the day at \$/₦418.30.

Despite the CBN's intervention for Foreign Portfolio Investors, the demand for Dollar surpassed its supply during today's trading session. Consequently, rates depreciated by 75 Kobo to close the day at \$/₦420.25.

Rates are expected to remain at these levels tomorrow barring any significant market activity.

### FX Rates

	Current	Previous	%Δ
I&E Closing	420.25	419.50	0.18
NAFEX	418.30	418.77	(0.11)

## Treasury Bills

Opening the week, the Treasury Bills secondary market opened on a relatively quiet note amid the thin level of system liquidity. As the trading day progressed, we observed some mixed sentiments across the mid to the long end of the curve with minimal trades consummated by market close. Consequently, closing rates remained unchanged from opening levels.

Despite the OMO maturity of ₦65bn scheduled to hit the system tomorrow, market players are expected to continue to trade cautiously.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
09-Jun-22	3.06	16-Aug-22	3.20
14-Jul-22	3.01	04-Oct-22	3.82
26-Jan-23	4.32	14-Feb-23	4.50
30-Mar-23	4.67	7-Mar-23	4.83

## Bond

Opening the week, the bond market kicked off on a calm note. However, as the trading day progressed, demand was seen on the short, medium and long end of the curve. The 2028, 2036 and 2042 papers were the most sought-after with bids marked circa 11.45%, 12.75% and 13.25% respectively. Most trades for the 2036 paper were consummated at 12.70% levels whilst the 20-Yr reopening traded at 13.15%.

By the close of market, yields declined by 5 basis points across the curve.

We expect a similar trend to persist tomorrow as market participants continue to trade cautiously.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	7.60	7.63	(0.39)
13.53 23-MAR-2025	10.21	10.10	1.09
16.2884 17-MAR-2027	10.84	10.84	0.00
13.98 23-FEB-2028	11.05	11.05	0.00
12.40 18-MAR-2036	12.78	12.75	0.24
16.2499 18-APR-2037	12.85	12.85	0.00
12.98 27-MAR-2050	13.07	13.07	0.00

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	16.82	15.92
Foreign Reserves (Gross \$'Bn )	38.54	38.57

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2650	1M	1.06171	WTI	↑ 116.16
EUR/USD	1.0780	3M	1.59786	BRENT	↑ 120.78
USD/JPY	127.58	6M	2.08614	GOLD	↑ 1,855.37
USD/CHF	0.9573	12M	2.69571	SILVER	↓ 21.98

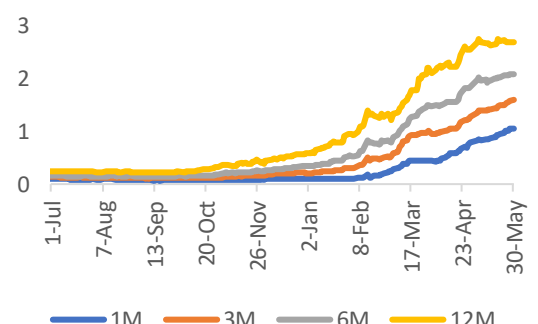
### Auction Results

OMO AUCTION – May 26, 2022				NTB AUCTION – May 25, 2022		
Tenor/Maturity	103-Day	180-Day	355-Day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	5.00/13.19	5.00/11.29	10.00/44.13	5.36/23.84	3.78/2.31	143.88/210.82
Total Allotment (₦'Bn)	5.00	5.00	10.00	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	9.59	9.12	88.00	89..50
ACCESS 9.125% PERP	13.11	12.63	86.50	88.00
ECOBANK 9.5% 2024	8.75	7.89	101.25	102.75
UBA 6.75% 2026	9.63	9.18	89.75	91.25
GHANA 7.625% MAY 2029	21.37	20.69	55.13	56.63
NIGERIA 7.875% 2032	10.85	10.66	82.34	83.38

### USD LIBOR Movement





## DOMESTIC NEWS

### NAICOM INAUGURATES INSURANCE INDUSTRY COMMITTEE ON AfCFTA

Insurance sector regulator, the National Insurance Commission (NAICOM) has inaugurated a 15 man committee that will coordinate the activities of Nigerian insurance sector operators in the African Continental Free Trade Area (AfCFTA). The purpose, Commissioner for insurance, Mr Olorundare Sunday Thomas said, is to ensure that insurance sector operators benefit maximally from the regional trading initiative. Thomas, who inaugurated the committee in Abuja, said among other things the committee has been charged with the responsibility of liaising with relevant agencies of government and other bodies on the implementation of the AfCFTA agreement in the Nigerian insurance industry.

According to the insurance commissioner, the committee is also charged with the responsibility of developing and ensuring implementation of measures to ensure that the industry effectively exploits the benefits of AfCFTA. The committee is also to engage and/or liaise with relevant bodies and agencies such as the National Action Committee (NAC) on AfCFTA, Nigerian Office for Trade Negotiations on implementation of the AfCFTA Agreement and any such body.

He further said the committee was to coordinate bilateral negotiations with any interested state party regarding the Nigerian insurance sector.

## GLOBAL NEWS

### GERMAN INFLATION HITS FRESH RECORD, PILING PRESSURE ON ECB

German inflation hit another all-time high, adding urgency to the European Central Bank's exit from crisis-era stimulus after numbers from Spain also topped economists' estimates. Driven by soaring energy and food costs, data released Monday showed consumer prices in the continent's biggest economy jumped 8.7% from a year ago in May. Analysts surveyed by Bloomberg predicted an 8.1% advance.

The report comes just 10 days before a crucial ECB meeting where officials are set to announce the conclusion of large-scale asset purchases and confirm plans to raise interest rates in July for the first time in more than a decade. Some policy makers have even floated the idea of a half-point hike, rather than the quarter-point most of them support. Money markets wagered on 113 basis points of rate increases by year-end, up three basis points since Friday. German bonds held declines, with benchmark 10-year yields eight basis points higher at 1.05%.

The inflation figures increase pressure on the government as households are further squeezed. Finance Minister Christian Lindner earlier Monday called the fight against surging prices the "top priority" while advocating an end to expansive fiscal policy.

**Sources:** FMDQ, Access Bank Treasury Team, Bloomberg, CBN, Thisday



# 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."

More information:

IP: 7007

Email: [FixedIncome@ACCESSBANKPLC.com](mailto:FixedIncome@ACCESSBANKPLC.com)



more than banking

