

Daily Market Update

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

Tuesday, 31 May 2022

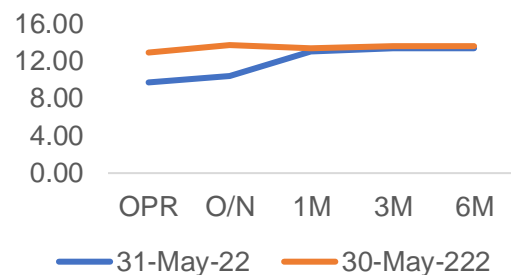
Money Market

System liquidity opened the day with an elevated balance of ₦122.61bn coming from yesterday's opening levels of ₦100bn and this can be attributed to the OMO maturity credited into the system.

During the day, FAAC for the month of May was credited into the system which consequently led to the decline of OPR and Overnight rates by 316bps to close the day at 9.67% and 10.33% respectively.

We expect the rates to decline tomorrow barring any significant funding activities.

Money Market Rate Movement



Foreign Exchange

The NAFEX rate depreciated by 108kobo to close at \$/₦419.38

The illiquidity in the IEFX market persisted in today's trading session as only a handful of customers' demands were met. Nevertheless, rates at appreciated by 75kobo to close at \$/₦419.50.

We expect rates to trade at similar levels tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	419.50	420.25	(0.18)
NAFEX	419.38	418.30	0.26

Treasury Bills

Despite the OMO maturity of ₦65.00bn today, the Treasury Bills secondary market opened the day on a relatively calm note with mixed sentiments observed across the OMO and NTB curves as trading progressed. This trend was sustained throughout the trading session as market participants exposed their bids and offers. By market close, only a handful of trades were consummated across the curve. Consequently, closing rates remained unchanged from opening levels.

We expect the mixed sentiments to continue tomorrow as market participants 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

The FGN bond market opened on a calm note as participants maintained their cautious approach to trading amid mixed sentiments. By midday, demand was witnessed on select maturities with the 2034, 2035 and 2036 being the center of attention. Bids for these papers were marked circa 12.20%, 12.60% and 12.70% respectively whilst the long end remained relatively muted.

By close of market, yields declined by 2 basis points across the traded maturities.

We expect the demand to persist tomorrow due to improved system liquidity.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	7.59	7.60	(0.13)
13.53 23-MAR-2025	10.20	10.21	(0.10)
16.2884 17-MAR-2027	10.99	10.84	1.38
13.98 23-FEB-2028	11.05	11.05	0.00
12.40 18-MAR-2036	12.78	12.78	0.00
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)	38.48	38.54

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2611	1M	1.06157	WTI	117.56
EUR/USD	1.0729	3M	1.58043	BRENT	118.54
USD/JPY	128.62	6M	2.06886	GOLD	1,846.90
USD/CHF	0.9588	12M	2.69757	SILVER	21.773

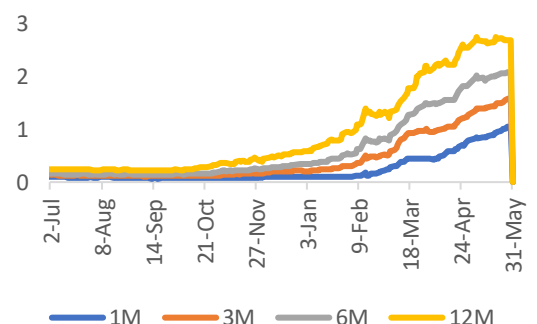
Auction Results

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	9.67	9.20	87.75	89.25
ACCESS 9.125% PERP	13.11	12.63	86.50	88.00
ECOBANK 9.5% 2024	8.75	7.89	101	102.5
UBA 6.75% 2026	9.63	9.18	89.75	91.25
GHANA 7.625% MAY 2029	22.01	21.31	53.75	55.25
NIGERIA 7.875% 2032	11.14	10.95	80.875	81.875

USD LIBOR Movement





DOMESTIC NEWS

NBA SIGNS MOU WITH ACCESS, FIRST BANK TO HELP LAWYERS ACCESS FUNDS

The Nigerian Bar Association (NBA) has signed a Memorandum of Understanding (MOU) with First Bank of Nigeria and Access Bank, to assist Lawyers who may require loans to meet their working capital and operational needs.

The signing of the MOU is in line with the NBA's access to finance scheme for members as promised by the NBA President, Olumide Akpata, during the NBA electioneering campaign in 2020. The scheme will enable eligible Lawyers to borrow from the two designated commercial banks. "We are standing in the gap with the bank, on behalf of our members. We all know what access to finance can do for any business, and law is a business. Access to finance will help increase the capacity of our members and help expand their businesses and do more. These are tough times for the economy, and we know that with little extra money we will be able to achieve our objectives", Akpata said after signing the MOU.

The NBA President said the scheme is open to every financial member of the Association, who is up to date in the payment of dues. The scheme is structured to enable borrowings of up to N2 million by NBA members, at an interest rate of 9%. The loan has a tenor of up to three years, he said.

GLOBAL NEWS

RUSSIAN CENTRAL BANK PLAYS DOWN ROLE OF DOLLAR AND EURO AT HOME AND GLOBALLY

Russia's central bank said on Tuesday that the role of the dollar and the euro as global currencies would decline as central banks rethink their strategies after the West froze Russian reserves, suggesting it could consider imposing negative rates for dollar and euro deposits.

Unprecedented Western sanctions have frozen around half of Russia's gold and foreign exchange reserves, which stood near \$640 billion before Moscow started its military campaign in Ukraine on Feb. 24. The Bank of Russia said this precedent along with discussions about a possible seizure of the frozen part of reserves would prompt other central banks, primarily in Asia and the Middle East, to rethink strategies for their savings.

"One of the results of the imposed sanctions restrictions for the foreign exchange market was the tendency to increase the use of currencies alternative to the U.S. dollar and the euro," the central bank said, referring to the Chinese yuan in particular.

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

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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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