

# Daily Market Update

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

Wednesday, 19 January 2022

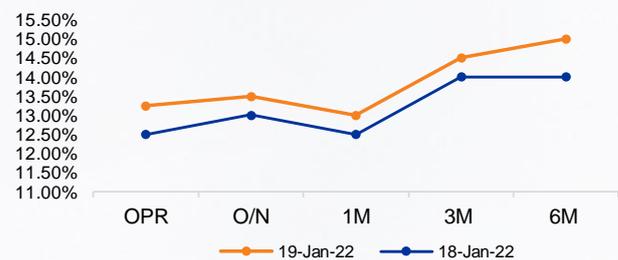
## Money Market

Market liquidity opened the day with a balance of ₦76.84bn, an improvement from the previous day's levels as a result of the OMO repayment of ₦30bn.

Despite this, the OPR and O/N rates increased by 750bps to close the day at 13.25% and 13.50% respectively as Banks funded their obligations.

We expect a decline in the market rates tomorrow due to the Retail SMIS refund by the APEX Bank.

### Money Market Rate Movement



## Foreign Exchange

The NAFEX depreciated by ₦0.18 to close the day at \$/₦415.43

During today's trade, the activities at the Investors' & Exporters' Window were mainly on the bid side, with minimal offers due to the market's ongoing illiquidity. The CBN intervened in the market today by selling to FPIs, however, the Naira lost by ₦0.17 to close the day at \$/₦416.50.

Barring any notable changes in market activity, we expect rates to trade at these levels tomorrow.

### FX Rates

	Current	Previous	%Δ
I&E Closing	416.50	416.33	0.04
NAFEX	415.43	415.25	0.04

## Treasury Bills

The Treasury Bills secondary market opened on a rather quiet note as market players focused their attention on the Bond auction conducted by the DMO.

Despite this, we observed some mixed interest across the medium and long end of the curve with only a handful of trades consummated at the end of the trading session. Consequently, closing rates remained unchanged from opening levels.

We expect the CBN to conduct an OMO auction tomorrow, given the OMO maturity of ₦130bn earlier this week.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Mar-22	2.98	22-Feb-22	6.20
9-Jun-22	3.67	01-Mar-22	5.28
11-Aug-22	5.36	15-Mar-22	5.43
13-Oct-22	5.00	16-Aug-22	5.50
24-Nov-22	5.00	04-Oct-22	5.50

## BONDS

The FGN Bond market traded on a very calm note as attention shifted towards today's Bond auction. Halfway through the trading day, we witnessed minimal interest on the shorter end of the curve with emphasis on the 2023 papers. Demand was also seen for the long tenured security (2045) with firm bids quoted at 12.22%. Albeit very few trades were consummated due to weak investors' appetite for bonds. Closing the market, yields declined marginally by 1bps across the benchmark bonds.

The Bond auction was oversubscribed (₦325.24bn), with the new 20-Yr issue accounting for 65% of total bids. The DMO sold a total of ₦170.64bn across the 2026 and 2042 papers. Stop rates for the 4-Yr and 20-Yr on-the-run bonds closed at 11.50% (↓15bps) and 13% respectively.

We expect the market to rally tomorrow as auction winners try to exit their positions profitably.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	7.42	7.44	(0.27)
13.53 23-MAR-2025	10.51	10.51	0.00
16.2884 17-MAR-2027	12.11	12.20	(0.74)
13.98 23-FEB-2028	12.06	12.06	0.00
12.40 18-MAR-2036	12.75	12.75	0.00
16.2499 18-APR-2037	12.85	12.85	0.00
12.98 27-MAR-2050	13.06	13.06	0.00

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.63	15.40
Foreign Reserves (Gross \$'Bn)	40.42	40.48

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3631	1M	0.10371	WTI	↑ 86.21
EUR/USD	1.1341	3M	0.25400	BRENT	↑ 88.15
USD/JPY	114.52	6M	0.42986	GOLD	↑ 1,824.20
USD/CHF	0.9168	12M	0.78700	SILVER	↑ 23.85

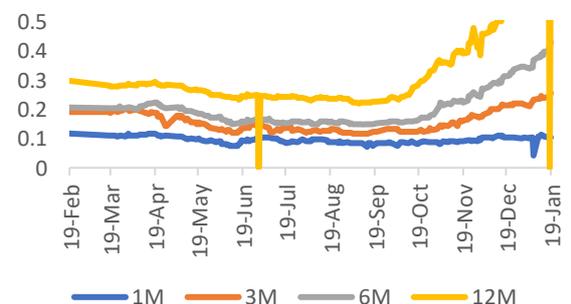
### Auction Results

Tenor/Maturity	OMO AUCTION – January 13, 2022			BOND AUCTION – January 19, 2022	
	96-day	180-day	355-day	12 ½ 01/22/26	12 01/21/42
Offer / Subscription (₦'Bn)	5.00/14.5	5.00/26.03	10.00/69.14	75.00/111.19	75.00/214.05
Total Allotment (₦'Bn)	5.00	5.00	10.00	81.72	88.92
Stop Rate(%)	7.00	8.50	10.10	11.50	13.00

### Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.44	6.18	98.750	99.750
ACCESS 9.125% PERP	9.73	9.63	97.500	98.500
ECOBANK 9.5% 2024	5.76	5.30	107.750	108.750
UBA 6.75% 2026	6.81	6.59	99.750	100.625
GHANA 7.625% MAY 2029	14.50	14.05	72.250	73.750
NIGERIA 7.875% 2032	9.00	8.86	92.625	93.500

### USD LIBOR Movement





## DOMESTIC NEWS

### OPEC: NIGERIA'S PRODUCTION UNDERPERFORMANCE HITS 2.4M BARRELS IN DECEMBER

With a daily underperformance figure of 78,000 barrels per day in December, Nigeria lost as much as 2.418 million barrels of crude in the last month of 2021, data released by the Organisation of Petroleum Exporting Countries (OPEC) showed yesterday. However, Brent oil, Nigeria's benchmark, rose further yesterday to close at \$88 a barrel, having earlier hit \$88.13, the highest since October 2014. The month of December, according to the OPEC report, also saw Nigeria slump lower than other previous production performances, compared to for instance, October, in which 1.228 million barrels were pumped per day, and November during which 1.275 million barrels were produced per day.

Given the average price of about \$85 per barrel for the month, the inability to pump more oil may have cost the country approximately \$205.5 million in the entire month. The data, according to OPEC, which uses both primary and secondary sources to obtain information on production levels, was received from direct communication with Nigeria.

## GLOBAL NEWS

### UK INFLATION HITS NEAR 30-YEAR HIGH, PRESSURING BOE AND HOUSEHOLDS

Inflation in Britain rose faster than expected to a near 30-year high in December, intensifying a squeeze on living standards and putting pressure on the Bank of England to raise interest rates again.

The annual rate of consumer price inflation increased to 5.4% from November's 5.1%, the highest since March 1992, the Office for National Statistics said. Economists polled by Reuters had expected a rise to 5.2%. Financial markets now price in a more than 90% chance that the BoE will raise its main interest rate to 0.5% on Feb. 3. Last month it became the world's first major central bank to tighten policy since the start of the COVID-19 pandemic.

"The Bank of England was already feeling uncomfortable about its monetary policy stance. Today's upside surprises to both the headline and core inflation readings will certainly not have helped," said Ambrose Crofton, global market strategist at J.P. Morgan Asset Management.

**Sources:** FMDQ, Access Bank Treasury Team, Reuters, Bloomberg, ThisDay

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