

# Daily Market Update

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

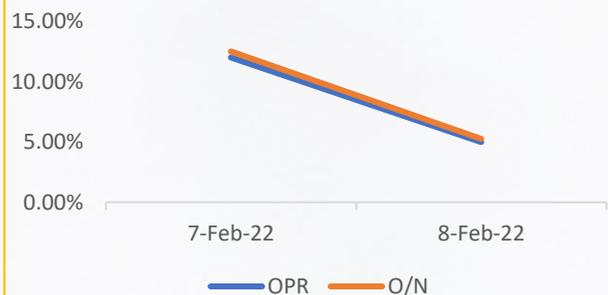
Tuesday, 08 February 2022

## Money Market

Interbank rates declined today as result of an improved system liquidity estimated at c. ₦169bn. This liquidity was further boosted by the OMO repayment of ₦139bn. Consequently, OPR and O/N declined by 700bps to close at 5.00%, and 5.25%, respectively.

We expect interbank rates to hover around current levels tomorrow in the absence of any significant funding activities.

Money Market Rate Movement



## Foreign Exchange

The dearth of funds at the Investors' & Exporters' window persisted with demand surpassing the meagre supply. Nevertheless, the Apex Bank intervened in the market for Small and Medium Scale Enterprises (SMEs) and Invisibles. As a result, the rates depreciated by 17Kobo to close at \$/₦416.67.

Similarly, the NAFEX lost 16Kobo to Greenback, closing at \$/₦416.34. We expect rates to trade at similar levels barring any significant market activity.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.67	416.50	0.04
NAFEX	416.34	416.18	0.04

## Treasury Bills

Following the OMO maturity of ₦139bn, the Treasury Bills secondary market traded on a slightly bullish note as market participants selectively exposed their bids across the curve. Although this bullish undertone persisted for most of the trading session, closing rates remained largely unchanged from opening levels.

Tomorrow, the DMO is scheduled to conduct an NTB auction with a total of ₦98.01bn on offer. Accordingly, we expect a predominantly quiet market as the auction takes center stage.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Mar-22	2.98	01-Mar-22	5.40
09-Jun-22	3.67	16-Aug-22	5.73
11-Aug-22	4.54	04-Oct-22	5.50
13-Oct-22	5.00		

## Bonds

The Bond market opened on a very calm note today as local players remained on the sidelines, as yields continue to dip marginally on the long end. As market progressed, we witnessed more activity on both the short and medium tenured bonds. Emphasis was mostly observed on the 4-Yr on-the-run paper, 2027 and 2036 bonds which traded at 11.25%, 11.40% and 12.79% levels, respectively. Before the close of market, offers were lifted at these levels in the market. On average, yields declined by 2bps across the benchmark curve.

We expect the market to be muted tomorrow as attention will be focused on the NTB's Auction to be conducted by the DMO.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.80	6.81	(0.01)
13.53 23-MAR-2025	10.21	10.21	0.00
16.2884 17-MAR-2027	11.50	11.50	0.00
13.98 23-FEB-2028	12.00	12.00	0.00
12.40 18-MAR-2036	12.85	12.85	0.00
16.2499 18-APR-2037	12.79	12.79	0.00
12.98 27-MAR-2050	12.97	12.97	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 )	39.94	39.98

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3554	1M	0.12471	WTI	↓ 88.80
EUR/USD	1.1419	3M	0.36243	BRENT	↓ 90.34
USD/JPY	115.59	6M	0.62257	GOLD	↑ 1,826.40
USD/CHF	0.9246	12M	1.09171	SILVER	↑ 23.168

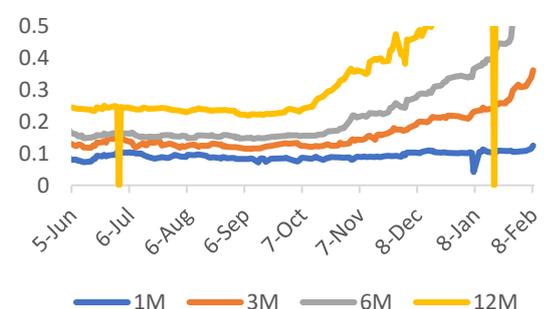
### Auction Results

Tenor/Maturity	NTB AUCTION – January 26, 2022			OMO AUCTION – February 03, 2022		
	91-day	182-day	364-day	89-day	187-day	355-day
Offer / Subscription (₦'Bn)	2.68/12.69	3.54/13.99	123.11/448.95	5/34.00	5/34.40	20/161.64
Total Allotment (₦'Bn)	2.68	3.54	217.53	5	5	20
Stop Rate(%)	2.48	3.30	5.399	7.00	8.50	10.10

### Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.44	6.25	98.750	99.500
ACCESS 9.125% PERP	9.86	9.79	97.000	97.750
ECOBANK 9.5% 2024	5.44	4.98	108.250	109.250
UBA 6.75% 2026	6.68	6.50	100.500	101.500
GHANA 7.625% MAY 2029	13.43	13.00	76.000	77.500
NIGERIA 7.875% 2032	8.51	8.40	95.750	96.500

### USD LIBOR Movement





## DOMESTIC NEWS

### AGAIN, IMF URGES NIGERIA TO INCREASE VAT, REMOVE FUEL SUBSIDY

The International Monetary Fund (IMF) has once more advised Nigeria's Federal Government to increase Value Added Tax (VAT), while also offering other fiscal measures that the country could adopt to stimulate economic growth. In addition, it reiterated its call for the removal of fuel subsidy in the country. The institution stated these in its 2021 Article IV Consultation with Nigeria released yesterday where it also proffered monetary policies that could also support sustainable growth.

However, the IMF commended the Nigeria's government over measures that were taken that averted the devastating impact of the COVID-19. It stated: "Executive Directors agreed with the thrust of the staff appraisal. They commended the authorities' proactive management of the COVID-19 pandemic and its economic impacts. "They noted, however, that the outlook remains subject to significant risks, including from the pandemic trajectory, oil price uncertainty, and security challenges.

Looking ahead, they emphasised the need for major reforms in the fiscal, exchange rate, trade, and governance areas to lift long-term, inclusive growth.

## GLOBAL NEWS

### OIL SLIPS FROM SEVEN-YEAR HIGH AHEAD OF MORE U.S.-IRAN TALK

Oil slipped to below \$90 a barrel on Tuesday ahead of the resumption of indirect talks between the United States and Iran, which could revive an international nuclear agreement and allow more oil exports from the OPEC producer.

A deal could return more than 1 million barrels per day (bpd) of Iranian oil, equating to more than 1% of global supply, to the market. The nuclear talks are due to resume in Vienna on Tuesday. "If sanctions against Iran are lifted, global crude oil supply may receive much-needed support," said Naeem Aslam, chief market analyst at Avatrade.

Brent Crude was down \$1.76, or 1.9%, at \$90.93 a barrel by 1315 GMT after hitting a seven-year high of \$94 on Monday. U.S. West Texas Intermediate crude fell \$1.67, or 1.8%, to \$89.65.

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