

# Daily Market Update

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

Wednesday, 09 February 2022

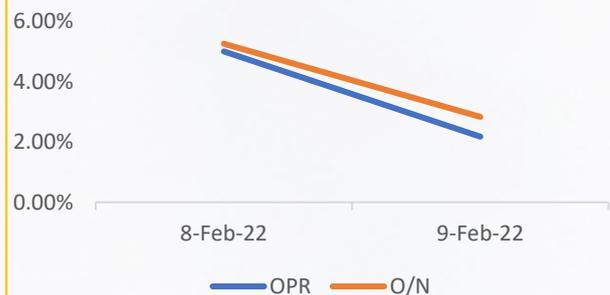
## Money Market

System liquidity opened the day with a credit balance of ₦780bn buoyed by a huge credit as a result of an unexpected OMO maturity into the system.

Consequently, the Open repo and Overnight rates dipped by 550bps to close the day at 2.17% and 2.83% as no significant funding activity was recorded.

We expect the rates to hover around this level tomorrow barring any funding needs.

Money Market Rate Movement



## Foreign Exchange

The NAFEX appreciated marginally by ₦0.03 to close the day at \$/₦416.31

During today's trade, the activities at the Investors' Exporters' Window were mainly on the bid side, with minimal offers to meet the demand. Consequently, the CBN intervened in the market today by selling to FPIs, and the Naira gained ₦0.67 to close the day at \$/₦416.00

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

FX Rates

	Current	Previous	%Δ
I&E Closing	416.00	416.67	(0.02)
NAFEX	416.31	416.34	(0.01)

## Treasury Bills

The Treasury Bills secondary market traded on a bullish note despite the NTB auction conducted by the DMO. This bullish sentiment was spurred primarily by the high level of market liquidity as market players persistently sought to deploy their excess funds across the curve. Although the bullish sentiment endured for the entirety of the trading session, closing rates remained largely unchanged from opening levels.

At the NTB auction, the DMO offered a total of ₦98.02bn and sold ₦214.96bn across the standard tenors from a subscription of ₦446.31bn. Stop rates were maintained on the 91- and 182-day at 2.48% and 3.30% respectively, while the stop rate on the 364-day printed at 5.20% (↓20bps). Tomorrow, we expect the market to trade with mixed sentiments as market players continue to trade cautiously.

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 FGN bond market opened on a calm note as attention shifted towards the NTB Auction. We saw slight demand on the shorter end of the curve with emphasis on the 4-Yr reopening which traded at 11.20%. Only a few trades were consummated across the mid to long-tenured maturities given the wide bid/ask spreads.

Towards the close of market, we witnessed tightened spreads resulting in a marginal decline in yields by an average of 2bps across the benchmark bonds.

We expect some buying sentiments in the market tomorrow, owing to the elevated system liquidity levels.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.79	6.80	(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	12.81	12.85	(0.04)
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	1.3563	1M	0.12571	WTI	↑ 89.67
EUR/USD	1.1430	3M	0.36629	BRENT	↑ 91.27
USD/JPY	115.50	6M	0.63986	GOLD	↑ 1,829.30
USD/CHF	0.9230	12M	1.09171	SILVER	↓ 23.16

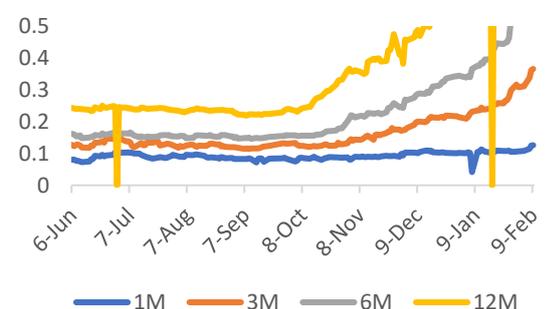
## Auction Results

Tenor/Maturity	OMO AUCTION – February 03, 2022			NTB AUCTION – February 09, 2022		
	89-day	187-day	355-day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	5/34.00	5/34.40	20/161.64	4.12/2.17	3.75/2.63	90.15/441.52
Total Allotment (₦'Bn)	5	5	20	1.91	1.82	211.23
Stop Rate(%)	7.00	8.50	10.10	2.48	3.30	5.200

## 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	5.45	4.99	108.250	109.250
UBA 6.75% 2026	6.72	6.50	100.125	101.000
GHANA 7.625% MAY 2029	13.35	12.93	76.250	77.750
NIGERIA 7.875% 2032	8.44	8.32	96.25	97.000

## USD LIBOR Movement





## DOMESTIC NEWS

### NIGERIA'S CAPACITY TO REPAY OUR LOAN ADEQUATE – IMF

The International Monetary Fund (IMF) says Nigeria has adequate capacity to repay its loan. The Executive Board of the Washington-based institution said this in a statement issued recently following the conclusion of its 2021 article IV consultation with Nigeria. At the onset of the COVID-19 pandemic, Nigeria received a \$3.4 billion facility from the IMF in April 2020.

The IMF board commended the proactive approach of Nigeria's authorities to contain the COVID-19 pandemic and its economic impacts. It, however, said the country's outlook remains subject to significant risks, including from the pandemic trajectory, oil price uncertainty, and security challenges. "Directors noted that Nigeria's capacity to repay the Fund is adequate. They encouraged addressing data gaps to allow timely and clear assessments of reserve adequacy," the statement reads.

The directors emphasized the need for major reforms in the fiscal, exchange rate, trade, and governance areas to lift long-term, inclusive growth. "Directors highlighted the urgency of fiscal consolidation to create policy space and reduce debt sustainability risks.

## GLOBAL NEWS

### OIL DIPS AS IRAN TALKS CONTINUE, GOLD FLAT

Oil prices are continuing to soften on Wednesday, as traders continue to weigh up the prospect of a nuclear deal between the US and Iran that could see more than a million barrels of oil flood the market at a time when it's very much needed. One eye will also be on the EIA inventory data after API reported a more than two million barrel drawdown on Tuesday.

WTI has slipped back below USD 90 but Brent is continuing to hold around there, after finding strong support over the last day or so. If US-Iran talks continue to progress, this level should come under some pressure, while a collapse of negotiations could be the catalyst that drives the price towards triple-figure territory.

Gold is relatively flat on the day but has remained well supported after registering a sixth winning day in seven. The yellow metal is once again seeing some resistance around USD 1,830, a break of which could open up a move towards USD 1,850.

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

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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."

More information:  
IP: 7007  
Email: [FixedIncome@ACCESSBANKPLC.com](mailto:FixedIncome@ACCESSBANKPLC.com)



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