

Daily Market Update

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

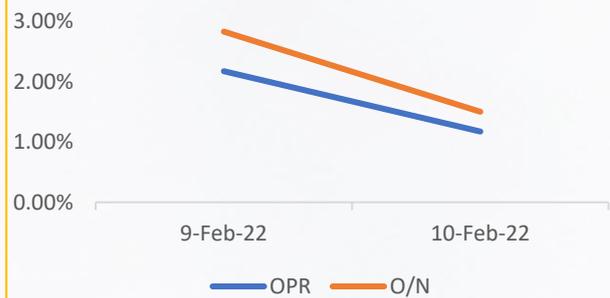
Thursday, 10 February 2022

Money Market

System liquidity declined by ₦200bn to open the day with a balance of ₦580.81bn as a result of the net NTB auction debit of ₦117bn.

Despite the OMO auction conducted by the Apex Bank, the OPR and O/N rates decreased by 100bps to close the day at 1.17% and 1.50% as system remained extremely liquid. We expect an increase in the market rates tomorrow as banks expect mop-up of this liquidity by the CBN through the CRR debit

Money Market Rate Movement



Foreign Exchange

The NAFEX depreciated slightly by ₦0.04 to close the day at \$/₦416.37.

At the IEFX market, the paucity of funds left most of the demand for USD unmet as very few offers were available. Consequently, rates depreciated by ₦0.67, closing at \$/₦416.67

We expect the CBN to release the results of the last Retail SMIS auction tomorrow and rates to remain relatively stable.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.67	416.00	0.16
NAFEX	416.37	416.31	0.01

Treasury Bills

The Treasury Bills secondary market traded on a bullish note today as participants showed bids across the mid to long end of the NTB and OMO curves. This interest persisted for most of the trading day despite the OMO auction floated by the CBN.

At the auction, the CBN offered ₦80bn across the 96-, 187- and 362-day maturities. Despite the total subscription of ₦516.13bn, the CBN sold ₦80bn, maintaining stop rates at 7.00%, 8.50% and 10.10% across the short-, medium-, and long-term maturities, respectively.

Closing the week, we expect the market to trade on a quiet note 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 Bond market opened on an active note with demand seen on the 2026 paper. Bid/offer yields hovered around 11.20%/11.16% mark and most offers were lifted around these levels. As market progressed, we witnessed a bit of calm in the market as the intense demand for the sought-after instrument faded away due to weak investors' appetite for the low yield. Minimal activity was also seen on the 5-Yr bond as firm offers were quoted at 11.40%. By and large, yields dipped by an average of 10bps across the benchmark curve due to the volume traded during market hours.

We expect the bullish sentiment to persist due to the continued elevated system liquidity as investors seek to invest free funds.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.77	6.79	(0.02)
13.53 23-MAR-2025	10.07	10.21	(0.14)
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	12.81	0.00
16.2499 18-APR-2037	12.82	12.79	0.03
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)	39.92	39.94

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3528	1M	0.12271	WTI	↑ 90.90
EUR/USD	1.1387	3M	0.37743	BRENT	↑ 92.46
USD/JPY	116.32	6M	0.63457	GOLD	↑ 1,838.45
USD/CHF	0.9294	12M	1.09371	SILVER	↑ 23.51

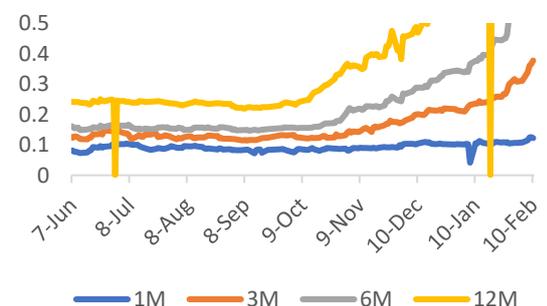
Auction Results

Tenor/Maturity	NTB AUCTION – February 09, 2022			OMO AUCTION – February 10, 2022		
	91-day	182-day	364-day	96-day	187-day	362-day
Offer / Subscription (₦'Bn)	4.12/2.17	3.75/2.63	90.15/441.52	20/72.80	20/93.80	40/271.73
Total Allotment (₦'Bn)	1.91	1.82	211.23	20	20	40
Stop Rate(%)	2.48	3.30	5.200	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.47	6.28	98.625	99.375
ACCESS 9.125% PERP	9.89	9.83	97.000	97.625
ECOBANK 9.5% 2024	5.43	4.96	108.250	109.250
UBA 6.75% 2026	6.68	6.50	100.250	101.000
GHANA 7.625% MAY 2029	13.33	12.90	76.375	77.875
NIGERIA 7.875% 2032	8.51	8.40	95.750	96.500

USD LIBOR Movement





DOMESTIC NEWS

GAINS IN ACCESS BANK, GUINNESS, 25 OTHERS LIFT STOCK MARKET BY N54BN

The stock market of the Nigerian Exchange Limited (NGX) yesterday ended the three-day investors' profit-taking buoyed by bargain hunting in Access Bank Plc, Guinness Nigeria, and 25 others as the overall market capitalisation gained N54 billion. The overall market capitalisation size gained N54 billion to close at N25.411 trillion from N25.36 trillion it opened for trading, while the NGX All-Share Index (ASI) increased by 99.99 basis points or 0.21 per cent to close at 47,157.23 points from 47,057.24 basis points it opened for trading.

Sector performances were broadly positive yesterday with the NGX Banking Index gaining 1.68 per cent; NGC Consumer Goods added 0.65 per cent; NGX Oil and Gas Index rose by 0.09 per cent and NGX Industrial Index gained 0.03 per cent. As measured by market breadth, market sentiment was positive as 27 stocks gained relative to 14 losers. R.T. Briscoe Nigeria recorded the highest price gain of 10 per cent to close at 33 kobo, per share. SCOA Nigeria followed with a gain 9.49 per cent to close at N1.50, while SUNU Assurance rose by 8.33 per cent to close at 39 kobo, per share

GLOBAL NEWS

EU EXEC CUTS 2022 EURO ZONE GROWTH FORECAST, SHARPLY RAISES INFLATION VIEW

Euro zone economic growth will be slower than earlier expected this year because of a new wave of COVID-19 infections, high energy prices and continued supply-side disruptions, while inflation will be much higher, the European Commission said. In its regular economic forecasts, the EU executive arm said gross domestic product in the 19 countries sharing the euro would grow 4.0% this year and 2.7% in 2023.

The forecast is a cut compared to last November, when the Commission forecast 4.3% growth in 2022 and 2.4% in 2023 and is close to the latest view of the International Monetary Fund, which expects growth of 3.9% this year and 2.5% in 2023. The Commission expects inflation this year will be 3.5%, well above the European Central Bank's target of 2.0%, and much higher than its own forecast from November of 2.2%. This is also a more pessimistic forecast than that of the ECB from December, when the bank projected inflation at 3.2% this year.

Inflation could turn out higher if more cost pressures are passed on from producers to consumers and if that boosts the likelihood of wage growth to compensate. "Risks to the growth and inflation outlook are aggravated by geopolitical tensions in Eastern Europe," the Commission said referring to the risk of Russian military aggression against Ukraine.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, Nairametrics, Reuters, ThisDay, Investing

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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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