

Daily Market Update

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

Thursday, 24 February 2022

Money Market

System liquidity opened the day with a balance of ₦245bn but was later depleted by the net NTB sales of ₦142.73bn as well as the OMO auction debit of ₦100bn.

Consequently, the OPR and O/N rates increased by 300bps to close the day at 12.67% and 13.17% respectively as Banks scrambled for funds to cover their positions.

We expect the rates to hover around these levels tomorrow pending the receipt of the FAAC disbursement.

Money Market Rate Movement



Foreign Exchange

The NAFEX witnessed a marginal appreciation of ₦0.02 to close at \$/₦415.96.

As supply remained modest, the IEFX market traded largely on the left side of the quote, with only a few trades executed by the end of the trading session. Consequently, rate depreciated by ₦0.25 to close the day at \$/₦416.25. We expect rates to remain at these levels tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.25	416.00	0.06
NAFEX	415.96	415.98	(0.01)

Treasury Bills

The Treasury Bills secondary market traded with mixed sentiments today as participants showed bids and offers 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. The bulls however dominated, with closing rates declining by an average of 6bps from opening levels.

At the auction, the CBN offered ₦100bn across the 96-, 180- and 362-day maturities. Despite the total subscription of ₦280.87bn, the CBN exactly what was offered (₦100bn), maintaining stop rates at 7.00%, 8.50% and 10.10% across the short-, medium-, and long-term maturities, respectively.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Mar-22	2.87	08-Mar-22	5.36
09-Jun-22	3.24	16-Aug-22	4.60
11-Aug-22	3.50	04-Oct-22	4.08
13-Oct-22	4.09		

Closing the week, we expect the market to trade on a quiet note as market players continue to trade cautiously.

Bonds

The Bond market opened on a calm note today with few offers seen during the early hours of the trading session. As market progressed, we saw demand on the medium tenured bonds with emphasis on the 2035 and 2036 papers. Bids for the on-the-run 4-yr instruments was observed at 10.17% while offers for the 2027 and 2028 were being lifted at 10.30% and 10.35% mark. Before close of market, large trades were executed across these short to mid bond tenors. By and large, yields declined across the benchmark curve by 2bps.

We anticipate the bullish sentiment to persist tomorrow as investors continue to seek for high yielding papers in the market.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.60	6.61	0.00
13.53 23-MAR-2025	8.92	8.92	0.00
16.2884 17-MAR-2027	10.46	10.46	0.00
13.98 23-FEB-2028	10.68	10.68	0.00
12.40 18-MAR-2036	12.25	12.25	0.00
16.2499 18-APR-2037	12.18	12.70	(4.09)
12.98 27-MAR-2050	12.78	12.78	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.60	15.63
Foreign Reserves (Gross \$'Bn)	39.83	39.83

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3375	1M	0.18686	WTI	↑ 96.21
EUR/USD	1.1173	3M	0.49757	BRENT	↑ 103.03
USD/JPY	115.32	6M	0.82629	GOLD	↑ 1,923.31
USD/CHF	0.9254	12M	1.33686	SILVER	↑ 24.72

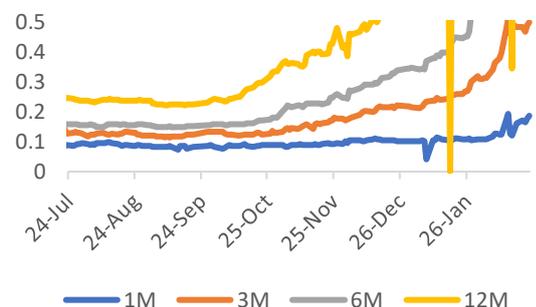
Auction Results

Tenor/Maturity	OMO AUCTION – February 24, 2022			NTB AUCTION – February 23, 2022		
	96-day	187-day	362-day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	15/32.50	15/47.70	70/200.67	2.04/13.26	22.86/14.59	90.38/574.80
Total Allotment (₦'Bn)	15	15	70	5.36	11.03	241.61
Stop Rate(%)	7.00	8.50	10.10	2.24	3.30	4.35

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.08	6.82	96.319	97.301
ACCESS 9.125% PERP	10.61	10.29	94.589	95.692
ECOBANK 9.5% 2024	6.31	5.61	106.276	107.706
UBA 6.75% 2026	6.96	6.74	99.148	100.021
GHANA 7.625% MAY 2029	16.27	15.78	67.070	68.533
NIGERIA 7.875% 2032	9.31	9.13	90.795	91.859

USD LIBOR Movement





DOMESTIC NEWS

RISING OIL PRICES WORRY FG, SAYS NIGERIA NOT GAINING FROM SOARING RATES

The Federal Government yesterday expressed concern over the rising international prices of crude oil, saying the increase is not good for the country. The Government bemoaned waning foreign investment in the oil and gas sector, and reiterated the need to float an African Energy Bank to curb the continent's dependence on Europe, Asia and America for funding. Also, Nigerian National Petroleum Company (NNPC) Limited yesterday released details of how it distributed a total of 387.59 million litres of petrol in the last one week to bridge the gap caused by the withdrawal of methanol-blended products in circulation.

This was as the House of Representatives Committee on Downstream investigating the importation of off-spec premium motor spirit (PMS) grilled other importers and suppliers of the product. Speaking on the rising crude oil prices in an interview with Bloomberg Television, monitored by ThisDay, Minister of State for Petroleum Resources, Mr. Timipre Sylva, maintained that Nigeria's comfort zone in terms of oil prices was between \$70 and \$80 per barrel. Although Sylva did not particularly explain why higher oil prices were bad for Nigeria, he stated that at the moment, Nigeria was not gaining anything from the soaring prices.

GLOBAL NEWS

OIL TOPS \$100 FOR FIRST TIME SINCE 2014 AS RUSSIA ATTACKS UKRAINE

Oil prices surged on Thursday, with Brent breaching \$100 a barrel for the first time since 2014, after Russia attacked Ukraine, exacerbating concerns that a war in Europe could disrupt global energy supplies. After Russian President Vladimir Putin authorised what he called a special military operation, Ukraine's Foreign Minister Dmytro Kuleba said in a tweet that Russia had launched a full-scale invasion of Ukraine and was targeting cities with weapons strikes. Ukraine said that Russia was moving military equipment into the country from Crimea and facing non-stop cyber-attacks. It reported one death so far.

Russia is the world's second-largest oil producer, mainly selling its crude to European refineries, and is the largest provider of natural gas to Europe, providing about 35% of its supply. Brent crude rose to as much as \$103.78 a barrel, the highest since Aug. 14, 2014, and was at \$103.18 a barrel at 0830 GMT, up \$6.34, or 6.5%. U.S.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, Reuters, ThisDay, CBN, Tribune

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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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