Daily Market Update

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

Friday, 04 March 2022

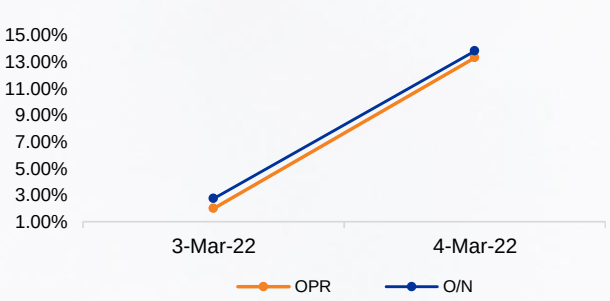
Money Market

System liquidity received significant boost to open the day with a balance N659bn and this was because of the interventions by the Apex Bank on the RSSF(Real Sector Support Facility) to manufacturers.

Rates in the market however increased by 11.33% to close the day at 13.33% and 13.83% respectively as Banks made provisions for the biweekly retail SMIS.

We expect the rates to decline opening the week as the 07 March special bill maturity impacts the system.

Money Market Rate Movement



Foreign Exchange

The Bi-weekly Retail SMIS Auction was conducted today by the Central Bank of Nigeria. The IEFX market witnessed many customers bidding for Dollars to meet their obligations, however, only a few demands were met due to modest flows in the market this week. The rates lost 17 Kobo to close at $/₦416.67.

NAFEX appreciated by 44 Kobo to close at $/₦415.30. We expect rates to trade at these levels next week.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.67	416.50	0.04
NAFEX	415.30	415.74	(0.11)

Treasury Bills

The Treasury Bills secondary market closed the week on a quiet note as market participants focused their attention on the Retail SMIS Auction. As the trading day progressed, we observed some mixed interest across the mid to long end of the OMO and NTB curves with minimal trades consummated by market close.

Consequently, closing rates remained largely unchanged from opening levels. We expect the market to trade with mixed sentiments opening the new week as market players trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
28-Apr-22	3.07	16-Aug-22	3.60
09-Jun-22	3.24	04-Oct-22	4.08
11-Aug-22	3.50		
13-Oct-22	3.42		

Bonds

The market opened on a calm note. However, we saw pockets of demand across the short to medium end of the curve. Activity centered around the 2023, 2026 and 2028 instruments.

Firm bids were quoted at 4.50%, 9.98% and 10% handle. Just a few trades were consummated by the close of market. Consequently, yields declined by an average of 1bps across the benchmark bonds.

We expect the market to continue to trade with mixed sentiments next week as some investors take profit on their positions while others deploy excess liquidity for reinvestment.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.49	6.50	(0.15)
13.53 23-MAR-2025	8.29	8.30	(0.12)
16.2884 17-MAR-2027	9.96	10.04	(0.80)
13.98 23-FEB-2028	10.17	10.17	0.00
12.40 18-MAR-2036	12.25	12.25	0.00
16.2499 18-APR-2037	12.17	12.17	0.00
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)	39.87	39.86

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price ($)
GBP/USD	1.3219	1M	0.28914	WTI	113.38
EUR/USD	1.0974	3M	0.58314	BRENT	115.54
USD/JPY	115.00	6M	0.89000	GOLD	1959.30
USD/CHF	0.9195	12M	1.33186	SILVER	25.79

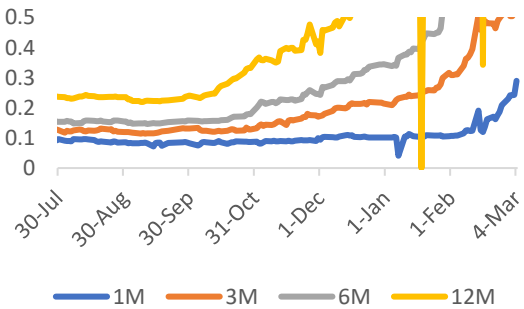
Auction Results

	OMO AUCTION – March 03, 2022			NTB AUCTION – February 23, 2022		
Tenor/Maturity	**89-day**	**173-day**	**348-day**	**91-day**	**182-day**	**364-day**
Offer / Subscription (₦'Bn)	5/41.75	5/50.25	20/227.75	2.04/13.26	22.86/14.59	90.38/574.80
Total Allotment (₦'Bn)	5.00	5.00	20.00	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	7.17	6.77	96.000	97.500
ACCESS 9.125% PERP	10.62	10.34	94.375	95.375
ECOBANK 9.5% 2024	6.04	5.55	106.750	107.750
UBA 6.75% 2026	7.13	6.75	98.500	100.000
GHANA 7.625% MAY 2029	17.07	16.54	64.875	66.375
NIGERIA 7.875% 2032	9.43	9.26	90.125	91.125

USD LIBOR Movement



DOMESTIC NEWS

BANKING SECTOR CONTRIBUTES N168.4TRN TO NEGERIA'S GDP

Nigeria's banking industry has contributed N168.4 trillion to the country's Gross Domestic Product (GDP) between 2017 and 2020. This disclosure was made yesterday by Vice-President Prof. Yemi Osinbajo in Abuja during the official commissioning ceremony of the Chartered Institute of Bankers of Nigeria, Bankers House Abuja and the Alliance of African Institute of Bankers (AAIOB) Permanent Secretariat.

Osinbajo noted that the banking industry has exhibited resilience and growth in the face of severe challenges. According to him, "despite several years of some of the most severe macroeconomic challenges, including the 2008 financial crisis, the oil crises that followed, and an unexpected pandemic, the Nigerian banking industry, owing largely to your outstanding professionalism, has continued to show incredible resilience and growth".

GLOBAL NEWS

PRESSURE GROWS ON BIDEN TO BAN U.S. IMPORTS OF RUSSIAN OIL

A bipartisan group of U.S. senators introduced a bill on Thursday to ban U.S. imports of Russian oil, saying the shipments could be replaced by boosting output in North America and other places. The bill would have to pass the Senate and House and be signed by President Joe Biden to become law, but the White House has indicated reluctance to support moves that could increase the price of gasoline at a time when inflation is already high.

The bill, Banning Russian Energy Imports Act, is intended to punish President Vladimir Putin over his invasion of Ukraine and is sponsored by 18 senators in the 100-member chamber, including Joe Manchin, a conservative Democrat, and Lisa Murkowski, a Republican. Similar legislation has been offered by Senator Ed Markey, a liberal Democrat. House of Representatives Speaker Nancy Pelosi also said she supports a ban. "I'm all for that," she told reporters. "Ban the oil coming from Russia." It was unclear if the bill will win the 60 votes in the Senate that are likely necessary for it to pass, but the fact that several Democrats are co-sponsoring it increases its chances.

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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