

Daily Market Update

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

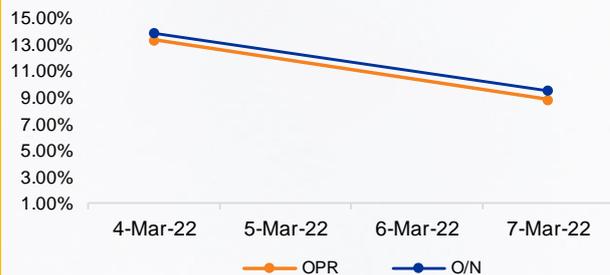
Monday, 07 March 2022

Money Market

System liquidity dipped from Friday's opening levels of ₦659bn to open the week with a balance of ₦4.03bn and this can be attributed to the bi-weekly retail SMIS debit. The Open Repo and Overnight rates declined by 250bps to close the day at 8.83% and 9.50% respectively as no significant funding activities happened in the market.

We anticipate a decline in rates tomorrow due to the OMO maturity of ₦110bn expected to impact the system.

Money Market Rate Movement



Foreign Exchange

The week opened on a quiet note as demand for the greenback was met with limited supply, however, the CBN intervened in the market today by providing funds for Foreign Portfolio Investors, SMEs, PTA/BTA, Medicals and other invisibles transactions. Consequently, rates at the Investors' & Exporters' window gained 17kobo to close at \$/₦416.50.

The NAFEX rate depreciated by 40kobo to close at \$/₦415.70 during today's trading session and we anticipate that rates will trade at similar levels tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.50	416.67	(0.04)
NAFEX	415.70	415.30	0.10

Treasury Bills

Opening the week, the Treasury Bills secondary market opened on a relatively quiet note with mixed sentiments witnessed across the OMO and NTB curves. The trend was sustained throughout the trading session with very few trades consummated by close of market. Consequently, closing rates remained unchanged from opening levels.

Given the OMO maturity of ₦110bn expected to hit the system tomorrow, we expect the market to trade with bullish sentiments.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
28-Apr-22	3.07	15-Mar-22	2.09
09-Jun-22	3.24	16-Aug-22	3.60
11-Aug-22	3.50	04-Oct-22	4.08
13-Oct-22	3.42		

Bonds

The FGN Bond market opened the day on a calm note. As market progressed, we witnessed bullish sentiments across the short and medium end of the curve. Emphasis centered around the 2025, 2026, 2027, and 2036 bonds with bids quoted at 7.50%, 9.95%, 9.95% and 11.75% respectively.

Towards the end of the trading session, the bullish market intensified across the long end with bids for the 2042 and 2050 bonds firmly quoted at 11.67% and 12.72% respectively. Consequently, yields declined by an average of 16 bps across the benchmark bonds.

We expect the bullish sentiment to persist tomorrow due to strong investors' appetite for short tenured securities which would be exacerbated by an improvement in liquidity owing to the OMO maturity of ₦110bn.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.45	6.49	(0.62)
13.53 23-MAR-2025	8.28	8.29	(0.12)
16.2884 17-MAR-2027	9.95	9.96	(0.10)
13.98 23-FEB-2028	10.17	10.17	0.00
12.40 18-MAR-2036	11.57	12.25	(5.55)
16.2499 18-APR-2037	11.59	12.17	(4.77)
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	39.87

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3109	1M	0.31014	WTI	↑ 119.06
EUR/USD	1.0850	3M	0.61014	BRENT	↑ 123.46
USD/JPY	115.45	6M	0.93943	GOLD	↑ 1980.58
USD/CHF	0.9271	12M	1.35286	SILVER	↓ 25.48

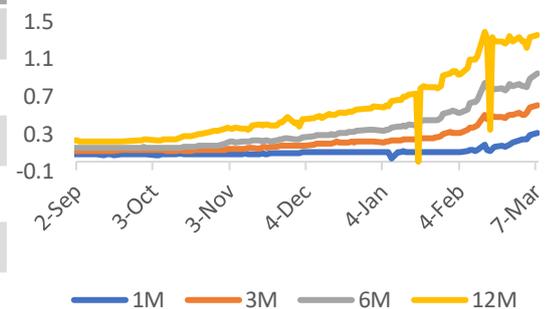
Auction Results

Tenor/Maturity	OMO AUCTION – March 03, 2022			NTB AUCTION – February 23, 2022		
	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

Nigeria's revenue still not where it needs to be, says IMF

The International Monetary Fund has said that Nigeria's revenue is still not where it needs to be, noting that the country collects the least amount of revenue at about 7 to 8% of GDP among all emerging economies. Ari Aisen, IMF country representative to Nigeria said this at the American Business Council economic update where experts explored opportunities and imperatives for businesses in the country. According to him, for a country such as Nigeria which records below 12% revenue to GDP ratio, it is very difficult to make attempt on such economic indicators and it is difficult to get improvement on social indicators with such with low level of revenue to GDP ratio.

He, therefore, recommended that strengthening tax administration, increasing tax compliance supply using digitalization, broadening the tax base, are essential to raising the rate to levels that are around the regional average which are useful strategies to reduce smuggling that is seen through the porous borders.

GLOBAL NEWS

Russia's New Bond Rules Split Creditors Based on Sanctions

Vladimir Putin has introduced new rules for foreign creditors that will set debt payments depending on whether or not investors are based in a country that's sanctioned Russia, dividing bondholders into two distinct categories. Authorities said at the weekend that Russia and Russian companies will be allowed to pay creditors from "countries that engage in hostile activities" in rubles, even on securities denominated in other currencies. But they also said creditors in countries that haven't imposed sanctions may be able to receive the payment in foreign currency with special permission.

The countries deemed "unfriendly" include the U.S., the U.K., Japan and European Union members. Russia is trying to show it can continue to honor its financial obligations amid uncertainty about whether the country will default on a debt payment. Foreign payments are banned under capital controls introduced to protect the economy from the sweeping sanctions imposed because of its invasion of Ukraine. For many, the key date coming up is March 16. That's because while some of Russia's foreign sovereign debt allows repayments in rubles, the \$117 million worth of coupons on dollar bonds due on that day don't have that option. If Russia decides to pay in rubles, it could eventually lead to a default and trigger the credit-default swaps – the contracts insuring against such risks.

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

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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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