

Daily Market Update

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

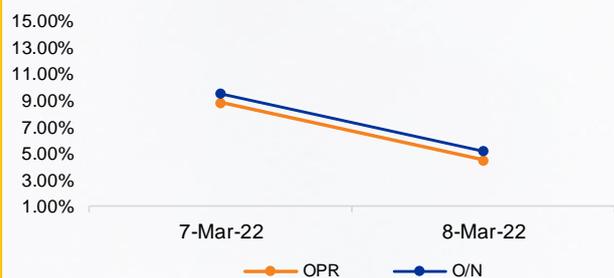
Tuesday, 08 March 2022

Money Market

System liquidity opened the day elevated with a balance of ₦151.70bn and was further boosted by the 08 March OMO repayment of ₦106.21bn. The boost in the system liquidity forced the Open Repo and Overnight rates to decline by 430bps from the previous day's level to close at 4.50% and 5.17% respectively.

We expect the rates to hover around these levels tomorrow as system remains awash with funds.

Money Market Rate Movement



Foreign Exchange

The NAFEX appreciated by 4Kobo to close at \$/₦415.66. Demand at the I and E market remained at high levels compared to the supply, however, rates gained against the Greenback by 50 kobo to the close the day at \$/₦416.00.

We expect the CBN to intervene through sales to FPIs tomorrow and rates to remain at similar levels.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.00	416.50	(0.12)
NAFEX	415.66	415.70	(0.01)

Treasury Bills

Given the OMO maturity of ₦106.21bn today, the Treasury Bills secondary market opened on a bullish note as market participants exposed their bids across the curve. This trend persisted for most of the trading day with minimal trades consummated by market close. Consequently, closing rates largely remained unchanged from opening levels.

We expect the market to trade with mixed sentiments tomorrow as market participants shift their attention to the NTB auction scheduled by the DMO.

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 on an active note with demand sustained across the short and medium end of the curve. Trading activity centered around the 2026, 2027, and 2036 bonds with bids quoted at 9.95%, 10.17% and 11.82% respectively. Towards the end of the trading session, pockets of demand were seen across the long end of the curve with bids for the 2042 and 2050 bonds quoted at 12.75% and 12.74% mark, respectively. However, only a few trades were consummated due to a relatively weaker appetite for longer duration bonds. As a result of market activities, yields inched up marginally by an average of 4 bps across the benchmark bonds.

We expect the buying sentiment to persist tomorrow barring any material information that filters into the market.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.44	6.45	(0.16)
13.53 23-MAR-2025	8.28	8.28	0.00
16.2884 17-MAR-2027	9.95	9.95	0.00
13.98 23-FEB-2028	10.12	10.17	(0.49)
12.40 18-MAR-2036	11.78	11.57	1.82
16.2499 18-APR-2037	12.03	11.59	3.80
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)	39.80	39.87

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3096	1M	0.30629	WTI	↑ 128.72
EUR/USD	1.0881	3M	0.64286	BRENT	↑ 133.02
USD/JPY	115.69	6M	0.97914	GOLD	↑ 2057.04
USD/CHF	0.9305	12M	1.38229	SILVER	↑ 26.67

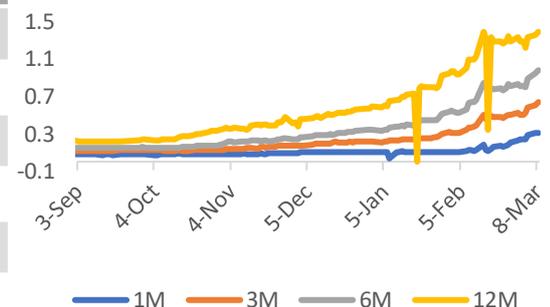
Auction Results

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 Companies to Pay Dollar Debts in Naira on Forex Shortage

Nigeria has given a concession to companies with outstanding foreign currency tax liabilities to pay in naira because they can't get hold of dollars. The Federal Inland Revenue Service has given a one-month window to the debtors to settle in the local currency, the Abuja-based agency said in emailed statement on Tuesday. The concession ends at the end of March, it said. Nigerian producers struggled to secure enough dollars to import raw materials and settle taxes when oil prices plunged due the coronavirus pandemic in 2020.

The Central Bank of Nigeria has rationed the supply of the U.S. currency and devalued the naira three times in the past two years. While the crude price has soared to its highest levels since 2008 following Russia's invasion of Ukraine, it's yet to filter down into Nigeria's dollar supply. Nigerian authorities require companies to pay tax in the currency of the transaction. At the expiration of the one-month window, the tax agency "would no longer entertain any such requests" to settle the obligations in naira, it said.

GLOBAL NEWS

EU to Consider More Joint Bond Sales to Fund Energy, Defense

The European Union is set to unveil a plan as soon as this week to jointly issue bonds on a potentially massive scale to finance energy and defense spending as the bloc copes with the fallout from Russia's invasion of Ukraine. The proposal may be presented after the EU's leaders hold an informal summit in Versailles, France, that starts Thursday, according to officials familiar with the preparations. Officials are still working out the details on how the debt sales would work and how much money they intend to raise.

Europe's strong response to Russia's invasion of Ukraine "in spite of large costs to its own economy makes us optimistic that joint fiscal support will follow," Bank of America Corp. economists led by Ruben Segura-Cayuella wrote in a note to clients on Tuesday. This week's summit "is unlikely to deliver an actionable outcome, but signals a debate is ongoing," they said. The potentially extraordinary move comes just a year after the EU launched a 1.8 trillion-euro (\$2 trillion) emergency package backed by joint debt to finance member states' efforts to deal with the pandemic. Now, the bloc faces massive financing needs as it begins to reform its military and energy infrastructure following the Russian attack.

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

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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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