

# Daily Market Update

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

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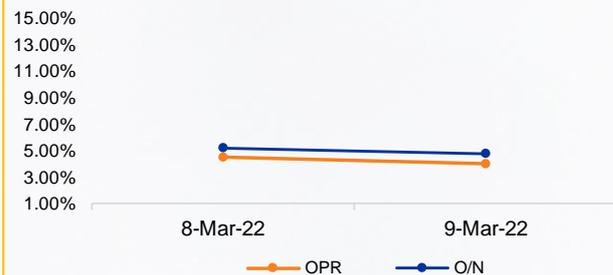
## Money Market

Market liquidity opened the day elevated with a balance of ₦348.88bn boosted by the previous day's OMO repayment as well as net special bill maturity to Banks.

Consequently, the Open Repo and Overnight rates declined by 50bps from the previous day's level to close at 4.00% and 4.75% levels respectively as no significant funding occurred.

We expect the rates to hover around these levels tomorrow despite the NTB auction debit as well as the anticipated OMO auction.

### Money Market Rate Movement



## Foreign Exchange

The Apex bank intervened in the market through sales of FX to Foreign Portfolio Investors. However, demand at the IEFX market remained high due to the modest inflow of Dollars in the market. As a result, the Naira depreciated by ₦0.50 to close at \$/₦416.50.

Also, the NAFEX depreciated by ₦0.59 to close at \$/₦416.25.

We expect no significant change in rates tomorrow.

### FX Rates

	Current	Previous	%Δ
I&E Closing	416.50	416.00	0.12
NAFEX	416.25	415.66	0.14

## Treasury Bills

The Treasury Bills secondary market opened on a quiet note as market players focused their attention on the NTB auction conducted by the DMO. However, we witnessed pockets of demand across the curve with few trades consummated by close of market. Consequently, rates remained largely unchanged from opening levels.

At the auction, a total of ₦94.00bn was offered. Given the level of subscription of ₦482.90bn, the DMO allotted ₦236.51bn across the standard maturities, with demand skewed toward the new 1-year paper. The stop rate for the 91-day dipped to 1.75% (↓49bps), while the stop rate for the 182-day fell slightly to 3.28% (↓2bps). On the 364-day maturity, the stop rate decreased by 25bps to close at 4.10% (↓25bps).

We expect the CBN to conduct an OMO auction tomorrow, given the OMO maturity of ₦110bn earlier this week.

### 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 FGN Bond opened on a calm note today with minimal bids seen across the curve. As market progressed, the market took a bearish turn across the medium and long tenured bonds while the bullish sentiment on the shorter end of the curve persisted due to strong investors' appetite on the short end of the curve. Emphasis on today's trades were centered around 2025, 2028, 2036, and 2050 papers firmly quoted around 7.85%, 10.10%, 11.90%, and 12.80% respectively. By the close of market, significant volumes were consummated across these maturities. Yields inched up across the benchmark bonds by an average of 10bps.

We expect the bullish sentiment on the shorter end of the curve to persist in reaction to the decline in the NTB auction stop rate.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.42	6.44	(0.31)
13.53 23-MAR-2025	8.27	8.28	(0.12)
16.2884 17-MAR-2027	9.95	9.95	0.00
13.98 23-FEB-2028	10.12	10.12	0.00
12.40 18-MAR-2036	11.92	11.78	1.19
16.2499 18-APR-2037	12.00	12.03	(0.25)
12.98 27-MAR-2050	12.80	12.78	0.16

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.60	15.63
Foreign Reserves (Gross \$'Bn)	40.04	39.80

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3165	1M	0.32114	WTI	↓ 117.90
EUR/USD	1.1024	3M	0.70300	BRENT	↓ 121.23
USD/JPY	115.73	6M	1.02371	GOLD	↓ 1,993.01
USD/CHF	0.9278	12M	1.44686	SILVER	↓ 26.41

### Auction Results

Tenor/Maturity	OMO AUCTION – March 03, 2022			NTB AUCTION – March 09, 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	1.55/4.40	11.88/40.65	80.57/437.84
Total Allotment (₦'Bn)	5.00	5.00	20.00	2.32	21.29	212.92
Stop Rate(%)	7.00	8.50	10.10	1.75	3.28	4.10

### Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.41	7.01	95.125	96.625
ACCESS 9.125% PERP	10.72	10.31	94.000	95.500
ECOBANK 9.5% 2024	7.53	6.77	103.750	105.250
UBA 6.75% 2026	7.48	7.10	97.125	98.625
GHANA 7.625% MAY 2029	17.13	16.43	64.750	66.750
NIGERIA 7.875% 2032	9.03	8.87	92.500	93.500

### USD LIBOR Movement





## DOMESTIC NEWS

### CBN increases currency in circulation by N418bn over cash transactions

The currency in circulation rose by N418bn from N2.91tn in December 2020, to N3.33tn in December 2021, according to figures obtained from the Central Bank of Nigeria. The CBN data showed that currency in circulation had increased by 19.06 per cent from N2.44tn recorded as of December 2019. The CBN said in its report on currency operations that, “the growth in CIC reflected the continued dominance of cash in the economy.” The report further read in part, “Analysis of the CIC shows that a greater proportion was in higher denomination banknotes (N100, N200, N500 and N1000). The higher denomination banknotes together accounted for 63.47 per cent and 98.08 per cent of the total CIC, in terms of volume and value, respectively.

According to the CBN, electronic payment options were introduced with a major aim of reducing the amount of naira notes used for transactions, but not to eliminate cash usage. Cashless transactions using the e-payments, the CBN said, would help to increase convenience, provide more service options, reduce risk of cash-related crimes, and provide cheaper access to (out-of-branch) banking services and access to credit.

## GLOBAL NEWS

### Food crisis grows as spiraling prices spark export bans

A global food crisis sparked by Russia's invasion of Ukraine escalated on Wednesday as Indonesia tightened curbs on palm oil exports, adding to a growing list of key producing countries seeking to keep vital food supplies within their borders.

The conflict in Ukraine is threatening global grain production, the supply of edible oils and fertilizer exports, sending basic commodity prices rocketing and mirroring the crisis in energy markets. Palm oil is the world's most widely used vegetable oil and is used in the manufacture of many products including biscuits, margarine, laundry detergents and chocolate. Palm oil prices have risen by more than 50% this year. Indonesia's Trade Minister Muhammad Lufti said the export curbs aimed to ensure that cooking oil prices at home remain affordable to consumers.

The rise in prices comes at a time when affordability of food is a major challenge as economies seek to recover from the coronavirus crisis and is also helping to fuel a broader surge in inflation across the globe. Russia and Ukraine are also important suppliers of edible oils as well as contributing nearly 30% of global wheat exports. Ukraine announced on Wednesday it had banned a wide range of agricultural exports including barley, sugar and meat until the end of the year.

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

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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."

More information:  
IP: 7007  
Email: [FixedIncome@ACCESSBANKPLC.com](mailto:FixedIncome@ACCESSBANKPLC.com)



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