

# Daily Market Update

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

Wednesday, 16 March 2022

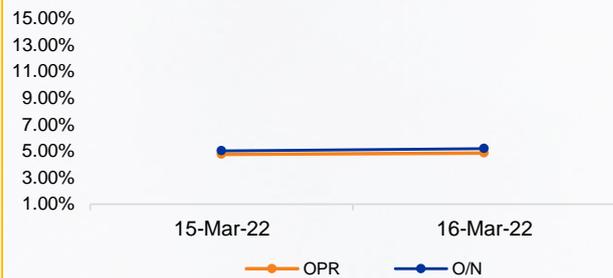
## Money Market

Market liquidity opened the day with a balance of ₦464bn boosted by the previous day's OMO repayment as well as coupon payment of ₦51bn on the 2024 bond.

Despite the improved system liquidity, the Open Repo and Overnight rates remained stable from the previous day's level to close at 4.83% and 5.17% respectively as banks made provisions ahead of Thursday's OMO auction.

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 NAFEX rate strengthened by ₦0.70 to the Greenback to close at \$/₦415.30.

Activities at the Investors' & Exporters' window were largely on the bid side as most market participants sourced FX for various obligations. However, the CBN intervened today through sales to Foreign Portfolio Investors, consequently, rates remained stable to close at \$/₦416.50.

We expect rates to trade at similar levels tomorrow.

### FX Rates

	Current	Previous	%Δ
I&E Closing	416.50	416.50	0.00
NAFEX	415.30	416.00	(0.17)

## Treasury Bills

The Treasury Bills secondary market opened on a quiet note as market players attention moved to the NTB auction conducted by the DMO. Despite this, we witnessed pockets of demand across the NTB curve with only a few trades consummated by market close. Consequently, closing rates dipped by an average of 5bps from opening levels.

At the auction, a total of ₦58.04bn was offered. Given the level of subscription of ₦364.65bn, the DMO allotted ₦176.61bn across the standard maturities. The stop rate for the 91-day fell slightly to 1.74% (↓1bps), while the stop rate for the 182-day dipped to 3.00% (↓28bps). On the 364-day maturity, the stop rate decreased by 10bps to close at 4.00% (↓10bps).

We expect the CBN to conduct an OMO auction tomorrow.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
28-Apr-22	3.07	16-Aug-22	3.60
09-Jun-22	1.88	04-Oct-22	4.08
11-Aug-22	3.50	14-Feb-23	3.80
13-Oct-22	3.42	21-Feb-23	4.09

## Bonds

Despite the OMO maturity (₦99.3bn) that hit the system yesterday, the FGN bond market witnessed a lull for most of the trading day as attention shifted towards the NTB auction conducted by the DMO today. However, pockets of demand were seen on select instruments notably the 2026, 2028, 2036 and 2045 with bids quoted at 10.15%, 10.26%, 11.96% and 12.00% respectively. By close of the trading session, only a handful of trades were consummated due to the wide bid/ask spread and cautious approach of market participants. By and large, rates remained stable across the benchmark bonds.

We anticipate a bullish undertone in the market tomorrow owing to the coupon payment on the NIGB 16.288 03/17/27 bond totaling ₦77.28bn expected to hit the system.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	4.86	4.88	(0.02)
13.53 23-MAR-2025	8.80	8.80	0.00
16.2884 17-MAR-2027	9.93	9.93	0.00
13.98 23-FEB-2028	10.20	10.20	0.09
12.40 18-MAR-2036	11.89	11.86	0.03
16.2499 18-APR-2037	11.97	11.97	0.00
12.98 27-MAR-2050	12.80	12.90	0.10

## Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.70	15.60
Foreign Reserves (Gross \$'Bn )	39.71	39.74

## Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3101	1M	0.44143	WTI	↑ 96.42
EUR/USD	1.1003	3M	0.91643	BRENT	↓ 99.11
USD/JPY	118.50	6M	1.23786	GOLD	↓ 1,909.60
USD/CHF	0.9420	12M	1.68514	SILVER	↓ 25.808

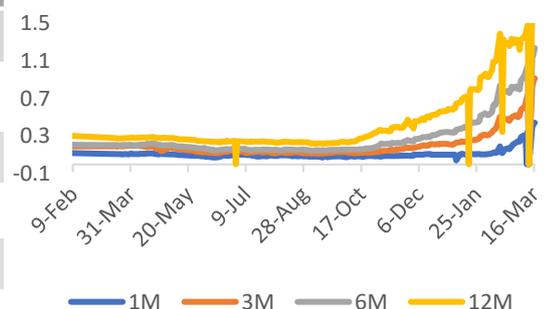
## Auction Results

Tenor/Maturity	OMO AUCTION – March 10, 2022			NTB AUCTION – March 16, 2022		
	96-day	187-day	362-day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	10/54.28	10/55.28	20/175.98	0.96/6.48	3.61/37.38	53.46/320.79
Total Allotment (₦'Bn)	10.00	10.00	20.00	5.91	6.85	159.85
Stop Rate(%)	7.00	8.50	10.10	1.74	3.00	4.00

## Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.52	7.11	94.75	96.25
ACCESS 9.125% PERP	10.87	10.31	93.50	95.50
ECOBANK 9.5% 2024	7.77	7.00	103.25	104.75
UBA 6.75% 2026	7.59	7.19	96.75	98.25
GHANA 7.625% MAY 2029	17.89	17.33	62.75	64.25
NIGERIA 7.875% 2032	8.59	8.44	95.25	96.25

## USD LIBOR Movement





## DOMESTIC NEWS

### FG WILL TAP \$2.2BN EUROBOND FOR FUEL SUBSIDY FUNDING– MINISTER

The Federal Government is planning to tap €2bn (\$2.2bn) by this month or next of the money it raised in a Eurobond sale last year and targets more local borrowing in 2022 to help fund subsidy on Premium Motor Spirit, popularly called petrol, the Minister of Finance, Budget and National Planning, Ahmed Zainab, has said. It was also gathered that Nigeria's crude oil production dropped from the 1.399 million barrels per day figure recorded in January this year to 1.258 million barrels per day in February. This indicated a daily crude oil production loss of 141,000 barrels in the month of February 2022, according to the latest monthly oil market report for March 2022 released by the Organization of Petroleum Exporting Countries. Speaking in Cairo, Egypt, on the side-lines of an Arab-African conference, Ahmed told Reuters that the €2bn which the Federal Government plans to tap was needed to fund subsidy following the rise in global crude oil prices.

The recent spike crude oil prices triggered by the war in Ukraine had caused an increase in the cost of refined petroleum products.

The refined products are largely imported into Nigeria due to the dormancy of the country's refineries under the management of the Nigerian National Petroleum Company Limited.

## GLOBAL NEWS

### UKRAINE WAR MAY PROMPT GRAIN SHORTAGES IN POOR COUNTRIES - WORLD BANK

The World Bank said several developing countries face near-term wheat supply shortages due to their high dependence on Ukrainian wheat exports that have been disrupted by Russia's invasion. The World Bank in its latest Trade Watch report that Gambia, Lebanon, Moldova, Djibouti, Libya, Tunisia and Pakistan are the most exposed to the disruptions of wheat exports from Ukraine, which make up roughly 40% or more of their wheat imports.

"These importers will have trouble quickly switching to alternative sources, possibly leading to supply shortages in the short run," the World Bank said. The grain supply situation has been worsened by Russia's imposition of export curbs on wheat and other cereal grains to countries outside of fellow Eurasian Economic Union members Armenia, Belarus, Kazakhstan and Kyrgyzstan.

Aside from the direct supply shortages to Ukraine's biggest grain customers, higher market prices for wheat will affect middle-income countries across the globe, the World Bank report said.

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

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# DIVERSIFY YOUR PORTFOLIO WITH EURO BONDS

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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