

Daily Market Update

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

Thursday, 17 March 2022

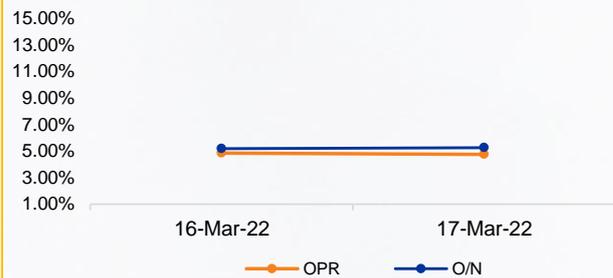
Money Market

System liquidity opened the day with a balance of ₦440.95bn but was later depleted by the net NTB sales of ₦114.60bn and OMO sale of ₦40bn.

The decline in the system liquidity had a little impact on interest rates as OPR and Overnight rates remained stable to close at the day at 4.75% and 5.25%.

We expect the rates to inch up tomorrow due to the biweekly Retail SMIS auction and CRR maintenance.

Money Market Rate Movement



Foreign Exchange

Activities at the IEFX market were mainly on the bid side of quote due to high demand, as market participants continue to source funds to meet their obligations, consequently rates depreciated by 17 Kobo to close at \$/₦416.67.

Also NAFEX depreciated significantly by 153 Kobo to close at \$/₦416.83. We expect rates to remain at these levels tomorrow barring any significant market activity.

We anticipate the CBN to conduct it's bi-weekly retail SMIS auction tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.67	416.50	0.04
NAFEX	416.83	415.30	0.37

Treasury Bills

The Treasury Bills secondary market opened on a quiet note as market players focus their attention on the OMO Auction conducted by the CBN. As the trading day progressed, we observed some mixed interest across the long end of the OMO and NTB curves with minimal trades consummated by market close. Consequently, closing rates remained largely unchanged from opening levels.

At the auction, the CBN offered ₦50bn across the 89-, 180- and 355-day maturities. Despite the total subscription of ₦400.77bn, the CBN sold exactly what was offered (₦50bn), maintaining stop rates at 7.00%, 8.50% and 10.10% across the short-, medium-, and long-term maturities, respectively.

Closing the week, we expect mixed sentiments as market participants trade cautiously.

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	4.20

Bonds

Due to the improved liquidity spurred by the coupon payment (₦77.28bn) that hit the system today, the FGN bond market opened on an active note with demand centered on the mid-tenured section of the curve. The emphasis of this liquidity-induced rally was on the 2036 and 2037 papers with slightly elevated bids marked at 11.94% and 12.05% respectively. By the close of the trading session, only a handful of trades were executed on the mid-end of the curve whilst the short and long end remained relatively muted. As a result of market dynamics, yields inched up by an average of 5bps across the benchmark curve.

We anticipate the bullish sentiment to be sustained in the market tomorrow owing to the additional coupon payment on the 2036 instrument totaling ₦57.42bn expected to hit the system.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	4.53	4.86	(6.79)
13.53 23-MAR-2025	8.80	8.80	0.00
16.2884 17-MAR-2027	10.16	9.93	2.32
13.98 23-FEB-2028	10.20	10.20	0.00
12.40 18-MAR-2036	11.89	11.89	0.00
16.2499 18-APR-2037	11.97	11.97	0.00
12.98 27-MAR-2050	12.80	12.80	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.70	15.60
Foreign Reserves (Gross \$'Bn)	39.70	39.71

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3162	1M	0.46757	WTI	↑ 102.77
EUR/USD	1.1111	3M	0.94814	BRENT	↑ 106.76
USD/JPY	118.45	6M	1.25671	GOLD	↑ 1,946.75
USD/CHF	0.9353	12M	1.71529	SILVER	↑ 25.707

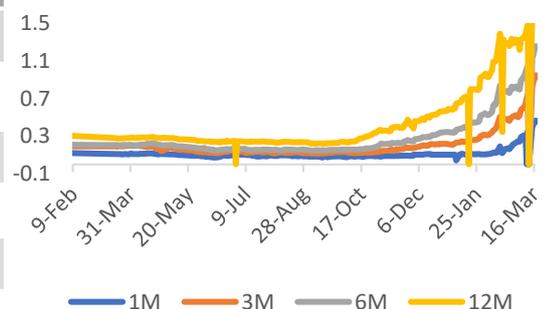
Auction Results

Tenor/Maturity	OMO AUCTION – March 17, 2022			NTB AUCTION – March 16, 2022		
	89-day	180-day	355-day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	10/59.90	10/70.40	30/270.47	0.96/6.48	3.61/37.38	53.46/320.79
Total Allotment (₦'Bn)	10.00	10.00	30	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	7.764	7.466	93.87	94.95
ACCESS 9.125% PERP	11.272	10.907	92.44	93.67
ECOBANK 9.5% 2024	8.109	7.575	102.59	103.62
UBA 6.75% 2026	7.983	7.727	95.26	96.22
GHANA 7.625% MAY 2029	17.83	17.537	62.914	64.217
NIGERIA 7.875% 2032	8.807	8.641	93.91	94.96

USD LIBOR Movement





DOMESTIC NEWS

FCCPC ORDERS DEFAULTING MONEY LENDING BANKS TO STOP INTEREST, LOAN COLLECTIONS AS NIGERIANS REACT

The Federal Competition and Consumer Protection Commission (FCCPC) has as part of its wide-ranging orders against unlicensed and illegal online money lending banks, has directed them to stop compounding interest and loan collection practices that are presently undergoing investigations.

Babatunde Irukera, the Vice Chairman/Chief Executive Officer of FCCPC, however, stated that the order does not include existing borrowers repaying legitimate loans under fair and acceptable terms and conditions or any modifications to previous terms and conditions that are considered onerous, inconsistent with prevailing law or general principles of transparency and fairness

Irukera in the statement warned that violators of this order will be subjected to the full extent of the law including prosecution (without option of administrative regulatory resolution)

GLOBAL NEWS

BANK OF ENGLAND RAISES INTEREST RATE TO 0.75%, INFLATION PROJECTED TO RISE ABOVE 8% IN Q2

The Bank of England has hiked its benchmark interest rate, bringing borrowing prices back to pre-pandemic levels and warning that the war in Ukraine might push inflation well above 8% later this year. This was disclosed in the Monetary Policy Summary and minutes of the Monetary Policy Committee meeting ending on 16 March 2022.

In January, the annual rate of consumer price inflation hit 5.5%, the highest level since March 1992, when Britain was emerging from a long period of inflation-feeding high wage agreements.

The decision signals that policymakers will have a more difficult balancing act in the coming months as they consider how to battle inflation while also considering the growing challenges to growth posed by the crisis in Ukraine. For the time being, the BOE is leading a global tightening of monetary policy, and it is the first major institution to return rates to their pre-crisis levels. The BOE made its judgment just hours after the United States Federal Reserve hiked interest rates.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, CBN, Nairametrics, Investing.com

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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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