

# Daily Market Update

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

Monday, 21 March 2022

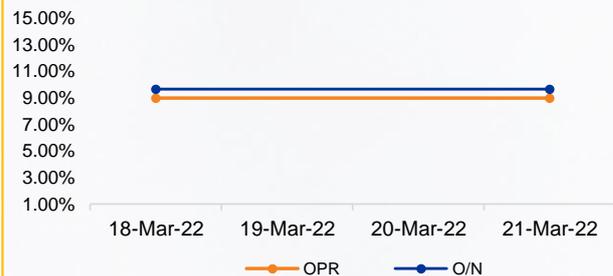
## Money Market

Market liquidity opened the day with a balance of ₦74bn, a huge decline from last Friday's opening of ₦450bn and this can be attributed to the Retail SMIS auction held.

OPR and Overnight rate however remained stable to close the day at 9.00% and 9.67% respectively as Banks continue to fund their obligations.

We expect the rates to decline slightly tomorrow as OMO maturity of ₦40bn impacts the system.

### Money Market Rate Movement



## Foreign Exchange

At the start of the week, the CBN intervened by providing USD in the SME & Invisibles window, as well as to Foreign Portfolio Investors. As a result, the IEFX rate appreciated by ₦0.25 to close at \$/₦415.25.

Also, the NAFEX gained ₦0.16 to the US Dollar to close at \$/₦415.42.

Rates are expected to remain at these levels tomorrow.

### FX Rates

	Current	Previous	%Δ
I&E Closing	416.25	416.50	(0.06)
NAFEX	415.42	415.58	(0.04)

## Treasury Bills

The Treasury Bills secondary market opened on a relatively quiet note as market players focused their attention on the Bond Auction conducted by the DMO. This trend persisted throughout the trading session with very few trades consummated by close of market.

Consequently, closing rates remained largely unchanged from opening levels.

Given the OMO maturity of ₦42bn expected to hit the system tomorrow, we expect the market to trade with slightly bullish sentiments.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
28-Apr-22	3.07	31-May-22	3.00
09-Jun-22	1.88	16-Aug-22	3.24
11-Aug-22	3.03	04-Oct-22	3.39
13-Oct-22	3.51	14-Feb-23	3.80

## Bonds

The FGN Bond market opened the week on a quiet note as market attention shifted towards the Bond Auction. Few demands centered around the medium tenored bonds with firm bids on the 2037 bond quoted at 12.05%. At the Auction, the DMO sold ₦296.37bn across the 4-Yr and 20-Yr reopening out of a total subscription of ₦598.41bn. Stop rate closed at 10.15% (↓80bps) and 12.70% (↓30bps) for the 2026 and 2042 papers respectively. Most interest at the auction were skewed towards the long tenored paper.

We expect a slightly bullish sentiment tomorrow as unmet auction demand filters into the market.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	4.45	4.51	(1.33)
13.53 23-MAR-2025	8.78	8.79	(0.11)
16.2884 17-MAR-2027	10.12	10.16	(0.39)
13.98 23-FEB-2028	10.19	10.20	(0.10)
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)	39.67	39.69

## Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3200	1M	0.44657	WTI	↑ 108.81
EUR/USD	1.1042	3M	0.93400	BRENT	↑ 114.47
USD/JPY	119.15	6M	1.28757	GOLD	↑ 1,935.95
USD/CHF	0.9305	12M	1.78643	SILVER	↑ 25.40

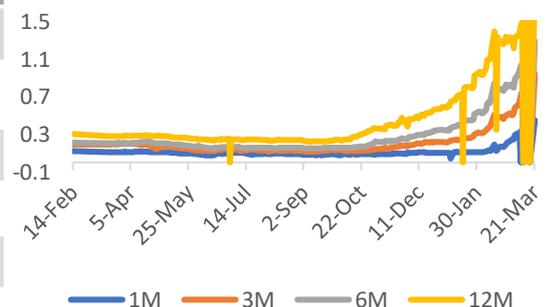
## Auction Results

Tenor/Maturity	FGN BOND AUCTION – March 21, 2022		OMO AUCTION – March 17, 2022		
	4-year	20-year	89-day	180-day	355-day
Offer / Subscription (₦'Bn)	75/231.02	75/367.40	10/59.90	10/70.40	30/270.47
Total Allotment (₦'Bn)	127.00	169.37	10.00	10.00	30
Stop Rate(%)	10.15	12.70	7.00	8.50	10.10

## Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.73	7.32	94	95.5
ACCESS 9.125% PERP	11.31	10.73	92	94
ECOBANK 9.5% 2024	8.03	7.25	102.75	104.25
UBA 6.75% 2026	7.59	7.20	96.75	98.25
GHANA 7.625% MAY 2029	17.35	16.81	64.25	65.75
NIGERIA 7.875% 2032	8.91	8.75	93.25	94.25

## USD LIBOR Movement





## DOMESTIC NEWS

### DESPITE RISING INFLATION, CBN VOTES TO HOLD MPR AT 11.5%

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria has voted to hold all monetary parameters constant, keeping the benchmark interest at 11.5% despite growing inflationary pressure in the country.

This was disclosed by the Governor of the CBN, Godwin Emefiele, while reading the communique of the second Monetary Policy Committee meeting of the year on Monday, 21st March 2022. The Governor commented that inflation is expected to be on the rise on the back of a continuous rise in energy prices and could only be contained if the Russia-Ukraine war is addressed as soon as possible.

However, the MPC based on a majority, voted to hold the rates constant, as it believes a move to tighten interest rate at this time could be counter-productive for the nation's economy following the uncertainty in the global economy as a result of the Russia-Ukraine faceoff.

## GLOBAL NEWS

### RUSSIA'S WAR LIFTS DEFAULT RISK FOR DISTRESSED ECONOMIES

Debt markets in some of the world's most vulnerable nations are flashing warning signals as Russia's invasion of Ukraine heaps extra stress on fragile economies.

Worries over whether Russia would deliver on its interest payments this month are leading investors to consider who else is at risk of default. That has pushed up the cost of insuring against default in emerging-market nations to the highest since the pandemic turmoil of 2020. Funds have dumped bonds from developing countries this year, with outflows reaching \$14.3 billion as of March 16, according to Bank of America Corp., citing EPFR Global data.

The amount of dollar-denominated corporate and sovereign bonds now trading at distressed levels -- considered to be 1000 basis points above U.S. Treasuries -- has already surpassed \$500 billion. That includes a growing pool of 14 countries, dominated by those that were already struggling to recover from the Covid pandemic.

**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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