

Daily Market Update

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

Friday, 25 March 2022

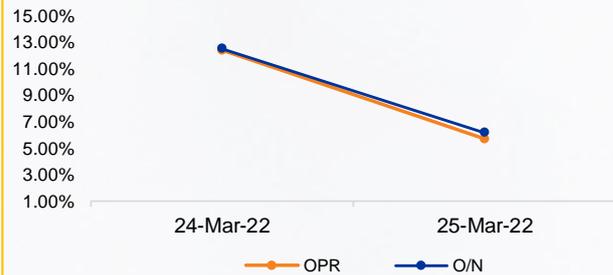
Money Market

System liquidity opened the day with a balance ₦37bn and was later boosted by the FAAC disbursement of ₦333bn to both States and Local Governments.

Consequently, the OPR and O/N rates declined by 670bps to close the day at 5.67% and 6.17% respectively as no significant activity occurred.

We expect the rates to decline further opening the week as the coupon payment of ₦18bn is expected to further boost the system liquidity.

Money Market Rate Movement



Foreign Exchange

At the close of the trading week, NAFEX appreciated by 60 kobo to close at \$/₦415.36. The IEFX market remained illiquid throughout the week with demands surpassing supply. As a result, rates closed at \$/₦416.33, a depreciation of 33kobo from the previous day.

The CBN released the results of last week's Retail SMIS auction. Rates should trade at similar levels next week barring any significant activity.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.33	416.00	0.08
NAFEX	415.36	415.96	(0.14)

Treasury Bills

The Treasury bills secondary market closed the week on a quiet note given the low level of system of liquidity. As the trading day progressed, we observed some mixed interest particularly at 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.

We expect the market to trade with mixed sentiments opening the new week as market players trade cautiously.

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	3.18	04-Oct-22	3.39
13-Oct-22	3.16	14-Feb-23	3.80

Bonds

Closing the week, the Bond market traded on a calm note as bid and offer spreads remained wide. However, investors' appetite was skewed towards the short to mid-point of the curve with few demands seen on the long end maturities. The most sought-after paper remained the 2024 bond. By close of market, yields remained stable from opening levels.

We expect increased activity next week due to improved liquidity arising from both FAAC credits and coupon payments on the NIGB 2050 and NGNSUK 2024 bonds.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	4.45	4.47	(0.45)
13.53 23-MAR-2025	9.10	9.10	0.00
16.2884 17-MAR-2027	10.26	10.26	0.00
13.98 23-FEB-2028	10.44	10.44	0.00
12.40 18-MAR-2036	11.98	11.98	0.00
16.2499 18-APR-2037	12.05	12.05	0.00
12.98 27-MAR-2050	12.64	12.80	(1.25)

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.70	15.60
Foreign Reserves (Gross \$'Bn)	39.52	39.54

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3191	1M	0.44714	WTI	↑ 112.14
EUR/USD	1.1004	3M	0.96557	BRENT	↑ 118.54
USD/JPY	122.04	6M	1.42586	GOLD	↓ 1,955.13
USD/CHF	0.9295	12M	2.05786	SILVER	↓ 25.43

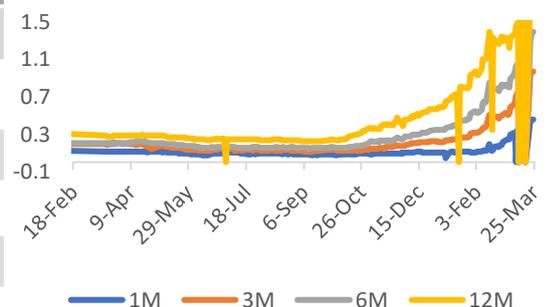
Auction Results

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	7.81	7.39	93.75	95.25
ACCESS 9.125% PERP	11.31	10.88	92	93.5
ECOBANK 9.5% 2024	8.28	7.62	102.25	103.5
UBA 6.75% 2026	8.06	7.66	95	96.5
GHANA 7.625% MAY 2029	16.83	16.23	65.75	67.5
NIGERIA 7.875% 2032	9.06	8.89	92.375	93.375

USD LIBOR Movement





DOMESTIC NEWS

RISING WHEAT PRICE, FOREX CRISES PUSHES CBN TO INCREASE FUNDING FOR WHEAT CULTIVATION

The Central Bank of Nigeria has increased funds to stimulate wheat-growing due to a global increase in wheat prices and the need to redirect cash from imported goods. The apex bank announced a funding increase of about N42 billion to speed up wheat cultivation in 132,799 hectares across 15 states in the country. According to the NBS data, durum wheat was the second-largest contribution to Nigeria's import bill and the biggest imported food item in the review year, accounting for 6.2% of the total import expenditure.

The Governor of the Central Bank of Nigeria, Mr Godwin Emefiele, announced this during the start of the 2021/2022 Brown Revolution Field Day/Harvest in Gabarin village, Jigawa's Ringim Local Government Area.

GLOBAL NEWS

U.S., EU UNVEIL LNG SUPPLY DEAL TO CUT DEPENDENCE ON RUSSIA

The U.S. and the European Union will push to boost supplies of liquefied natural gas to European countries by the end of 2022 in a bid to displace Russian gas, a political framework that now leaves companies to sort out the details

Under the agreement, Europe will get at least 15 billion cubic meters of additional LNG supplies by the end of the year, though it's not clear where it will come from. Member states will also work to ensure demand for 50 billion cubic meters of American fuel until at least 2030. The aim is to work with international partners to help the continent wean itself off Russian gas, which accounts for about 40% of Europe's needs.

Europe is trying to diversify its energy sources in a bid to starve Russia of the revenues it needs to fund the war in Ukraine. But that's a mammoth task. Russia ships about 150 billion cubic meters of gas to Europe via pipelines every year, and another 14 billion to 18 billion cubic meters of LNG. That means any disruptions to flows of pipeline gas from Russia would be hard to cope with.

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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