

Daily Market Update

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

Tuesday, 05 April 2022

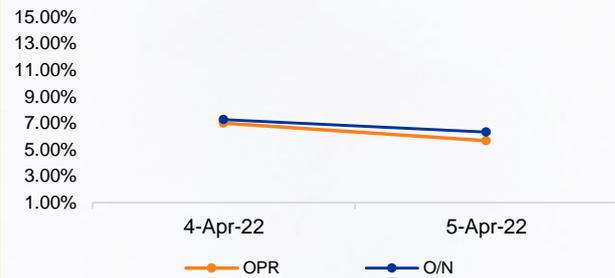
Money Market

System liquidity opened the day with a balance of ₦173bn which was a decline from previous day's levels.

However, the OPR and O/N rate declined by 133bps and 92bps to close the day at 5.67% and 6.33% respectively as funds were credited to the system by the Apex bank to further boost system liquidity.

We expect the rates to decline further tomorrow as there's no significant funding activities.

Money Market Rate Movement



Foreign Exchange

The dearth of funds in the IEFX market persisted in today's trading session, most market participants were on the bid side of quote with only a few trades executed. Consequently, the Naira weakened by 60 Kobo to the Dollar to close at \$/₦416.83

The NAFEX traded relatively flat to the Greenback, closing at \$/₦415.55

Naira is expected to trade at similar levels tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.83	416.63	0.05
NAFEX	415.55	416.06	(0.12)

Treasury Bills

The Treasury Bills secondary market opened the day with mixed sentiments witnessed across the OMO and NTB curves. This trend persisted for most of the trading session as market participants exposed their bids and offers with minimal trades consummated by close of market. Consequently, closing rates remained largely unchanged from opening levels.

We expect the market to trade with mixed sentiments tomorrow as market players continue to 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

The FGN Bond market opened the day on a calm note with sparse bids and offers spread across the curve with interest noted on the 2027 and 2035 bonds which were offered at 10.38% and 12.15% respectively. As the trading day progressed, there was a rally on the long end of the curve with the 2042 paper being the center of attraction with bids circa 12.95%.

By the end of the trading session, yields inched up marginally by 2bps.

We expect a bearish tone in the market tomorrow as market participants stealthily execute strategies amidst the available liquidity in the system.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	4.98	5.00	(0.04)
13.53 23-MAR-2025	8.89	8.89	0.00
16.2884 17-MAR-2027	10.45	10.60	(1.44)
13.98 23-FEB-2028	10.66	10.77	(1.03)
12.40 18-MAR-2036	12.16	12.16	0.00
16.2499 18-APR-2037	12.27	12.27	0.00
12.98 27-MAR-2050	12.85	12.85	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)	39.54	39.54

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3096	1M	0.44286	WTI	↓ 102.62
EUR/USD	1.0921	3M	0.96900	BRENT	↓ 107.00
USD/JPY	123.58	6M	1.49271	GOLD	↓ 1,930.00
USD/CHF	0.9297	12M	2.20143	SILVER	↓ 24.52

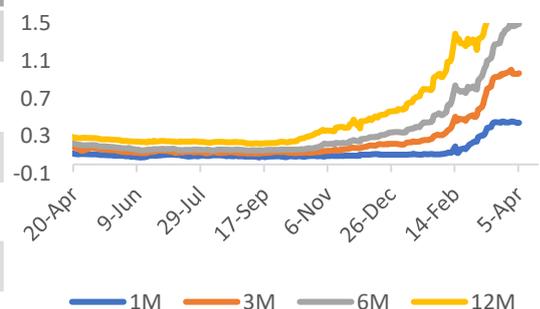
Auction Results

Tenor/Maturity	OMO AUCTION – March 31, 2022			PMA AUCTION – March 30, 2022		
	110-Day	194-Day	362-Day	89-day	180-day	355-day
Offer / Subscription (₦'Bn)	10/49.90	10/54.80	30/227.97	2.49/18.38	2.09/25.40	138.711/203.83
Total Allotment (₦'Bn)	10.00	10.00	30.00	13.88	20.35	139.96
Stop Rate(%)	7.00	8.50	10.10	1.75	3.00	4.45

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.19	6.92	96.000	97.000
ACCESS 9.125% PERP	11.03	11.60	93.000	94.500
ECOBANK 9.5% 2024	7.08	6.56	104.500	105.500
UBA 6.75% 2026	7.86	7.59	95.750	96.750
GHANA 7.625% MAY 2029	15.01	14.46	71.250	73.000
NIGERIA 7.875% 2032	8.84	8.68	93.750	94.750

USD LIBOR Movement





DOMESTIC NEWS

NIGERIA'S TOTAL DEBT COULD HIT N50TN

The Centre for the Promotion of Private Enterprise has said that Nigeria's debt, including that of the Asset Management Corporation of Nigeria and borrowings from the Central Bank of Nigeria, can hit N50tn within the shortest possible time. The Chief Executive Officer, CPPE, Dr. Muda Yusuf, said this during an event to present the 2022 first quarter economic review of CPPE in Lagos on Monday. Yusuf also advocated concessionary financing for the country, as opposed to commercial debts which are expensive.

He said, "The rising debt profile of government raises serious sustainability concerns. The Debt Management Office had reported that total public debt was N39.56tn as of December 2021. About 11.3 per cent of this debt is owed by the states and FCT. "However, when we take account of borrowings from the CBN and the stock of AMCON debt, the debt profile would be in excess of N50tn." Although government tends to argue that Nigeria does not have a debt problem, the country has a revenue challenge, he said. He explained that debt would typically become a problem if the revenue base was not strong enough to service it sustainably.

GLOBAL NEWS

US BLOCKS RUSSIAN DEBT PAYMENTS IN BID TO RAISE PRESSURE ON MOSCOW

The United States stopped the Russian government on Monday from paying holders of its sovereign debt more than \$600 million from reserves held at American banks, in a move meant to ratchet up pressure on Moscow and eat into its holdings of US dollars. Under sanctions put in place after Russia invaded Ukraine on Feb. 24, foreign currency reserves held by the Russian central bank at US financial institutions were frozen. But the Treasury Department had been allowing the Russian government to use those funds to make coupon payments on dollar-denominated sovereign debt on a case-by-case basis.

On Monday, as the largest of the payments came due, including a \$552.4 million principal payment on a maturing bond, the US government decided to cut off Moscow's access to the frozen funds, according to a US Treasury spokesperson. An \$84 million coupon payment was also due on Monday on a 2042 sovereign dollar bond. The move was meant to force Moscow to make the difficult decision of whether it would use dollars that it has access to for payments on its debt or for other purposes, including supporting its war effort, the spokesperson said.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, CBN, Leadership, This Day

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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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