Daily Market Update

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

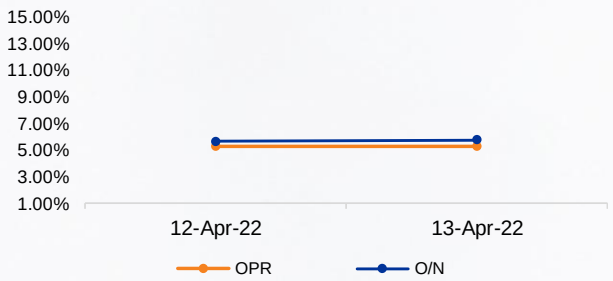
Wednesday, 13 April 2022

Money Market

System liquidity increased marginally opening at ₦136bn from ₦118bn yesterday. However, Interbank rates remained relatively stable to close the day at 5.25%, and 5.75% for OPR and O/N rates respectively as Retail SMIS Auction was credited to the system.

We expect rates to increase tomorrow as market participants fund for Retail Auction and possible CRR maintenance by the CBN.

Money Market Rate Movement



Foreign Exchange

The FX market experienced another quiet trading session today as market participants wind down for the holidays. The demand for funds in the IEFX market outweighed supply and as a result, the rate depreciated slightly by ₦0.04 to close at $/₦416.67

The NAFEX rate however, appreciated by ₦0.25 to the Dollar to close at $/₦415.65

Rates are expected to be at these levels tomorrow in anticipation of the holidays. We also expect CBN to conduct its Biweekly Retail SMIS auction tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.67	416.63	0.09
NAFEX	415.65	415.90	(0.06)

Treasury Bills

The Treasury Bills secondary market opened on a quiet note as market players focused their attention on the NTB Auction conducted by the DMO. Despite this, we witnessed some bearish 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.

At the auction, a total of ₦141.26bn was offered. Given the level of subscription of ₦260.36bn, the DMO allotted ₦159.03bn across the standard maturities, with demand skewed toward the new 1-year paper. The stop rate for the 91-day declined slightly to 1.74% (↓1bps), while the stop rate for the 182-day was maintained at 3.00%. On the 364-day maturity, the stop rate inched up by 15bps to close at 4.60% (↑15bps).

We expect the market to trade with some bearish sentiments amid the possible OMO Auction tomorrow.

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	4.33

Bonds

The FGN Bond market opened the week on a calm note as attention focused on the today's NTB auction. However, as market progressed, we saw increased activity in the market across the belly and long section of the curve. Also, pockets of demand were seen on the 2026 bond with bids as high as 10.70%. Just a few trades were consummated by the close of market with persistent bearish sentiment across the curve. Closing Yields remained stable across the curve.

We expect intense bullish sentiment tomorrow due to the low liquidity in the market that should arise from both the FX Retail and NTB Auctions funding requirements..

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	5.12	4.85	0.27
13.53 23-MAR-2025	9.08	8.66	0.42
16.2884 17-MAR-2027	10.75	10.75	0.00
13.98 23-FEB-2028	10.65	10.65	0.00
12.40 18-MAR-2036	12.33	12.33	0.00
16.2499 18-APR-2037	12.25	12.25	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)	39.71	39.70

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price ($)
GBP/USD	1.3066	1M	0.55129	WTI	102.91
EUR/USD	1.0865	3M	1.03843	BRENT	107.33
USD/JPY	125.53	6M	1.56414	GOLD	1,981.16
USD/CHF	0.9335	12M	2.30771	SILVER	26.02

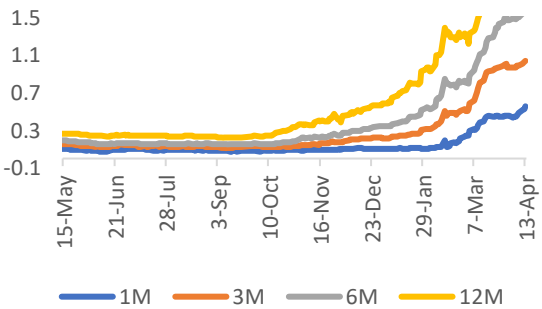
Auction Results

OMO AUCTION – March 31, 2022				PMA AUCTION – April 13, 2022		
Tenor/Maturity	**110-Day**	**194-Day**	**362-Day**	**91-day**	**182-day**	**364-day**
Offer / Subscription (₦'Bn)	10/49.90	10/54.80	30/227.97	2.19/11.88	6.95/20.91	132.12/227.57
Total Allotment (₦'Bn)	10.00	10.00	30.00	4.51	10.56	143.97
Stop Rate(%)	7.00	8.50	10.10	1.74	3.00	4.60

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	7.33	7.06	95.500	96.500
ACCESS 9.125% PERP	11.04	10.61	93.000	94.500
ECOBANK 9.5% 2024	7.05	6.52	104.500	105.500
UBA 6.75% 2026	7.80	7.53	96.000	97.000
GHANA 7.625% MAY 2029	16.02	15.85	68.75	69.25
NIGERIA 7.875% 2032	9.29	9.12	91	92

USD LIBOR Movement



DOMESTIC NEWS

NIGERIA'S OIL PRODUCTION CRASHED BY 744,000 BARRELS IN MARCH – OPEC

Nigeria's crude oil production crashed by 744,000 barrels in March 2021 when compared to what the country produced in the preceding month of April, figures released by the Organization of Petroleum Exporting Countries, showed. In OPEC Monthly Oil Market Report for April 2022, the organization outlined the oil production volumes of its member nations and allies, as it revealed that the output from Nigeria dropped in March.

An analysis of the document showed that Nigeria's oil production dropped from the 1.378 million barrels per day recorded in February 2021 to 1.354 million barrels per day in March, indicating a daily plunge of 24,000 barrels of crude oil. This implies that for the 31 days in March, the country's oil production dropped by a total of 744,000 barrels, despite the current financial crisis confronting the Nigerian economy.

GLOBAL NEWS

IMF, WORLD BANK, WFP AND WTO URGE COORDINATED ACTION ON FOOD SECURITY

The World Bank, International Monetary Fund, United Nations World Food Program and World Trade Organization on Wednesday called for urgent, coordinated action on food security, and urged countries to avoid export bans on food or fertilizer.

In a joint statement, the leaders of the four institutions warned that the war in Ukraine was adding to existing pressures from the COVID-19 crisis, climate change and increased fragility and conflict, threatening millions of people worldwide.

Sharply higher prices for staples and supply shortages were fueling pressure on households, they said. The threat is greatest to the poorest countries, but vulnerability was also increasing rapidly in middle-income countries, which host the majority of the world's poor.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, CBN, Leadership, This Day, CNN, The Punch, Reuters.

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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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