Daily Market Update

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

Thursday, 14 April 2022

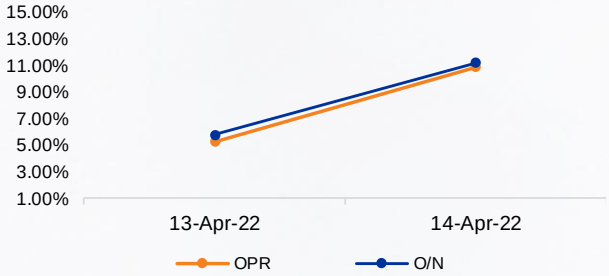
Money Market

System liquidity increased significantly to close the week at ₦297bn from ₦136bn the day before.

This robust liquidity thinned out as market participants scrambled for funds in preparation for the Apex Bank's Retail SMIS intervention. Consequently, Interbank rates inched up by 558bps to close the day at 10.83%, and 11.17% for OPR and O/N rates, respectively.

We expect rates to decline next week barring any significant funding activity.

Money Market Rate Movement



Foreign Exchange

The NAFEX depreciated by ₦1.44 to the Dollar, to close at $/₦417.09

Due to the dearth of funds in the IEFX market, rate depreciated by ₦0.83 to close at $/₦417.50 at the end of the trading week. The CBN conducted its bi-weekly Retail SMIS Auction.

In the coming week, we predict rates to appreciate marginally.

FX Rates

	Current	Previous	%Δ
I&E Closing	417.50	416.67	0.20
NAFEX	417.09	415.65	0.35

Treasury Bills

The Treasury Bills market opened on an active note with bearish sentiment witnessed across the curve.

The trend was sustained throughout the trading session with trades consummated across the curve, particularly on the special Bill. Despite this, rates remained largely unchanged from opening levels.

We expect the bearish sentiments to continue opening the new week.

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 closed the week on a tranquil note, as most participants remained on the sidelines.

Minimal activities were seen on the belly of the curve with emphasis on the 2035 papers which were offered at 12.40% levels. Few trades were consummated by close of market as investors' appetite for current yields remain weak. At the close of market, yields remained stable across the benchmark bonds.

We expect the bearish market sentiment to persist next week as investors seek for higher yielding instruments.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	5.10	5.12	(0.02)
13.53 23-MAR-2025	9.07	9.08	(0.01)
16.2884 17-MAR-2027	10.74	10.75	(0.01)
13.98 23-FEB-2028	10.65	10.65	0.00
12.40 18-MAR-2036	12.35	12.33	0.02
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	15.63
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	1.3069	1M	0.55414	WTI	103.151
EUR/USD	1.0829	3M	1.04429	BRENT	107.79
USD/JPY	125.86	6M	1.55157	GOLD	1,967.92
USD/CHF	0.9417	12M	2.25143	SILVER	25.53

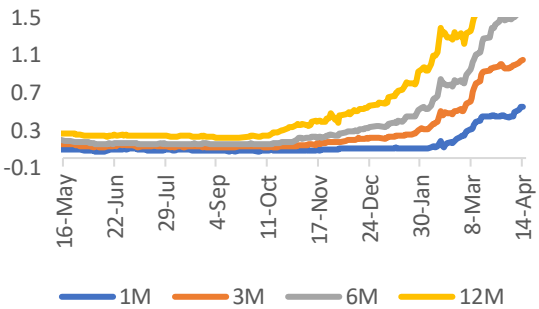
Auction Results

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	11.05	10.62	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	15.99	15.65	68.375	69.875
NIGERIA 7.875% 2032	9.25	9.08	91.25	92.25

USD LIBOR Movement



DOMESTIC NEWS

STOCK MARKET APPRECIATES FURTHER BY N87BN

The stock market of the Nigerian Exchange Limited (NGX) yesterday extended positive trading with N87 billion gain, following sustained interest in Okomu Oil plc and 30 other stocks. Precisely, the All-Share Index inched higher by 162.28 basis points or 0.34 per cent to close at 47,367.31 basis points, as the overall market capitalisation value gained N87 billion to close at N25.536 trillion.

The stock market sentiment, as measured by market breadth was positive as 31 stocks gained, relative to 16 losers. Meyer Plc recorded the highest price gain of 9.56 per cent to close at N1.49, per share. Ikeja Hotel followed with a gain 9.24 per cent to close at N1.30, while Caverton Offshore Support Group rose by 6.78 per cent to close at N1.26, per share. Union Bank of Nigeria (UBN) rose by 6.56 per cent to close at N6.50, while Japaul Gold and Ventures and FTN Cocoa processors appreciated by 6.45 per cent each to close at 33 kobo each, per share.

GLOBAL NEWS

NASDAQ, S&P 500 FALL AS GROWTH SHARES LOSE STEAM; BANKS REPORT MIXED EARNINGS

The Nasdaq and the S&P 500 fell on Thursday as rising yields weighed on megacap growth stocks, while a slew of Wall Street lenders reported mixed earnings on the last day of a holiday-shortened week. Six of the 11 major S&P 500 sectors declined in early trading, with technology and consumer discretionary stocks leading losses.

Megacap growth names such as Amazon.com Inc (NASDAQ:AMZN) and Apple Inc (NASDAQ:AAPL) fell about 1% each as Treasury yields rose after data showed initial claims for state unemployment benefits were higher than expected, while the rise in retail sales was just shy of estimates. [US/]. The benchmark 10-year Treasury yield was up 2.77%, after falling as much as 2.65% earlier in the day.

Growth stocks have been hammered in the last few weeks as Treasury yields rallied on signals from the U.S. Federal Reserve that it will hike rates aggressively to control soaring inflation.

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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