

Daily Market Update

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

Friday, 22 April 2022

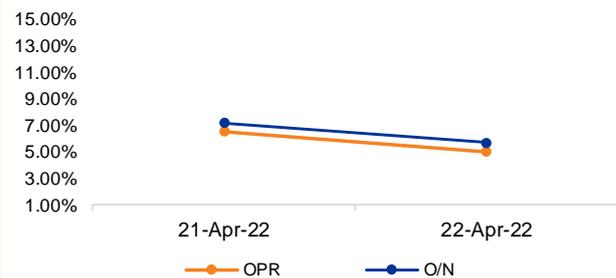
Money Market

Market remained relatively illiquid as witnessed since the start of the trading week.

OPR and Overnight rates declined by 150 bps to close the day at 5.00% and 5.67% respectively.

We expect the rates to hover around these levels at the start of next week as we expect the April 2022 FAAC to counter the effect of the April 2022 Bond auction.

Money Market Rate Movement



Foreign Exchange

At the close of the trading week, NAFEX depreciated by 20 kobo to close at \$/₦416.82.

The IEFX market remained illiquid throughout the week with demands surpassing supply. Nevertheless, rates closed at \$/₦418.33. This appreciation of ₦1.17 from the previous day was due to the continued interventions by the Apex bank..

Furthermore, 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	418.33	419.50	(0.28)
NAFEX	416.82	416.62	(0.05)

Treasury Bills

The Treasury Bills secondary market closed the week on a quiet note given the low levels of liquidity in the system.

As the trading day progressed, we observed some bearish interest particularly at the short 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 bearish sentiments to continue opening the new week.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
12-May-22	2.89	31-May-22	3.05
09-Jun-22	3.04	16-Aug-22	3.50
11-Aug-22	3.50	04-Oct-22	3.78
13-Oct-22	3.46	14-Feb-23	4.55

Bonds

Closing the week, the market traded with mixed sentiments as most counterparties traded cautiously ahead of the FGN Bond Auction where the DMO is expected to offer ₦240bn across the 2025, 2032 (newly issue) and 2042 issues.

We witnessed slight demand on the shorter end of the curve (particularly the 2027 paper). By close of market, just a few trades were consummated.

We expect the market to rally next week due to both post-auction activities and improved liquidity arising from coupon payment and anticipated FAAC inflow

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	6.12	4.97	23.14
13.53 23-MAR-2025	9.20	9.21	(0.11)
16.2884 17-MAR-2027	10.89	10.89	-
13.98 23-FEB-2028	11.05	11.05	-
12.40 18-MAR-2036	12.40	12.30	0.81
16.2499 18-APR-2037	12.49	12.25	1.96
12.98 27-MAR-2050	12.99	12.84	1.17

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.92	15.70
Foreign Reserves (Gross \$'Bn)	39.79	39.78

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2854	1M	0.66786	WTI	↓ 102.11
EUR/USD	1.0779	3M	1.18400	BRENT	↓ 106.44
USD/JPY	128.98	6M	1.72157	GOLD	↓ 1,932.90
USD/CHF	0.9590	12M	2.44043	SILVER	↓ 24.27

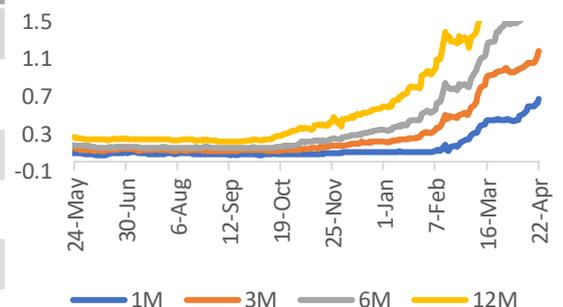
Auction Results

Tenor/Maturity	OMO AUCTION – March 31, 2022			PMA AUCTION – April 13, 2022		
	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	7.48	7.20	95.000	96.000
ACCESS 9.125% PERP	11.09	10.80	92.875	93.875
ECOBANK 9.5% 2024	7.02	6.49	104.500	105.500
UBA 6.75% 2026	7.87	7.60	95.750	96.750
GHANA 7.625% MAY 2029	16.14	15.80	68.000	69.000
NIGERIA 7.875% 2032	9.42	9.25	89.000	90.000

USD LIBOR Movement





DOMESTIC NEWS

FG INAUGURATES NATIONAL STEERING COMMITTEES TO BOOST FOOD PRODUCTION AND SECURITY

The Federal Government has announced the launch of five national steering committees for donor-funded projects implemented by the Federal Ministry of Agriculture and Rural Development to boost food security and create jobs.

This was announced by the Minister of Agriculture and Rural Development, Dr Mohammad Abubakar, on Thursday. He said, "It is pertinent to note that the collaboration and partnership with the donors have yielded remarkable results in the development of agri-business hubs in Nigeria. This is so significant in the area of provision of food security, job creation, youth empowerment, rural development and economic diversification, especially now that the country is facing an unprecedented high cost of food items. One can see vividly that the policy and institutional framework for all the projects are in line with the core mandates of the ministry."

He stated that the projects have been without steering committees making it difficult to implement measures including tracking the approval and monitoring of the Annual Work Plan and Budgets (AWPB), which is the core responsibility of the steering committees as contained in the project appraisal document.

GLOBAL NEWS

EUROPE COMPANY BONDS SUFFER WORST PEAK-TO-TROUGH DROP IN HISTORY

A 2.6-trillion-euro (\$2.8 trillion) gauge of total returns in euro-denominated high-grade debt is down 8.6% since a recent high in August. That's the steepest peak-to-trough plunge on record, surpassing the slump at the start of the coronavirus pandemic and the global financial crisis more than a decade ago, according to Bloomberg's index, which has a one-day lag. The losses come as major central banks look to tighten monetary policy in a bid to tackle runaway inflation. Meanwhile, disruptions to supply chains caused by Russia's invasion of Ukraine and concerns about a slowdown in economic growth are hitting credit investors from all angles.

"It is not a good time to be a fixed income investor. Losses have been quite material, and the underperformance of credit versus equities is something to take note of," said Daniel Ender, a credit analyst at Actiam NV, which oversees 22 billion euros. While the Dutch asset manager's flagship credit fund has performed better than the index tracking market performance, losses in 2022 have wiped out the bulk of the prior five years of gains.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, CBN, Nairametrics.

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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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