

Daily Market Update

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

Thursday, 31 March 2022

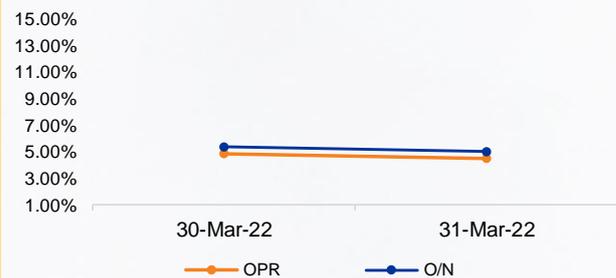
Money Market

System liquidity declined by ₦242bn to open the day with a balance of ₦150bn as a result of the NTB auction debit scheduled today.

Despite the OMO auction conducted by the Apex Bank, the OPR and O/N rates decreased by 33bps to close the day at 4.50% and 5.00%, respectively, as the system remained relatively liquid.

We expect an increase in the market rates tomorrow as Banks expect a CRR debit by the Apex Bank to mop up market liquidity.

Money Market Rate Movement



Foreign Exchange

The supply of funds in the IEFX market was met with high demand today, as market players source for funds to cover their outstanding obligations. Nevertheless, the IEFX rate appreciated by ₦0.83 to close at \$/₦416.17.

The NAFEX, on the other hand, weakened by ₦0.94 to the Dollar to close at \$/₦416.09.

Rates are expected to be at these levels tomorrow and the CBN is scheduled to conduct its Retail SMIS auction.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.17	417.00	(0.19)
NAFEX	416.09	415.15	0.23

Treasury Bills

The Treasury Bills secondary market opened on a quiet note as market players focus their attention on the OMO Auction conducted by the CBN. As the trading day progressed, we observed some mixed interest across the long end of the OMO and NTB curves particularly on the newly issued bill. Consequently, closing rates remained largely unchanged from opening levels.

At the auction, the CBN offered ₦50bn across the 110-, 194- and 362-day maturities. Despite the total subscription of ₦332.67bn, the CBN sold exactly what was offered (₦50bn), maintaining stop rates at 7.00%, 8.50% and 10.10% across the short-, medium-, and long-term maturities, respectively.

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

Closing the week, we expect mixed sentiments as market participants trade cautiously.

Bonds

The FGN bond market opened on a quiet note as attention was focused on the OMO auction today. As the trading day progressed, the market maintained a bearish outlook with most of the activity centered on the short and mid end of the curve. Bond yields were quoted at elevated levels with the 2026, 2028, 2036 and 2037 bonds offered at 10.10%, 10.54%, 12.16% and 12.20% respectively. Despite the active market, just a few trades were consummated due to the cautious trading approach of market participants. As a result, yields declined by 3bp across the benchmark curve.

We expect the bearish sentiment to be sustained tomorrow as the CBN conducts the Retail SMIS auction.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	5.07	5.08	0.20
13.53 23-MAR-2025	9.07	9.07	0.00
16.2884 17-MAR-2027	10.32	10.33	0.10
13.98 23-FEB-2028	10.48	10.50	0.19
12.40 18-MAR-2036	11.80	11.98	1.50
16.2499 18-APR-2037	11.97	11.96	(0.08)
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)	39.55	39.53

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3153	1M	0.45514	WTI	↓ 103.81
EUR/USD	1.1096	3M	0.96686	BRENT	↓ 108.24
USD/JPY	121.40	6M	1.47200	GOLD	↑ 1,944.38
USD/CHF	0.9212	12M	2.12586	SILVER	↑ 24.96

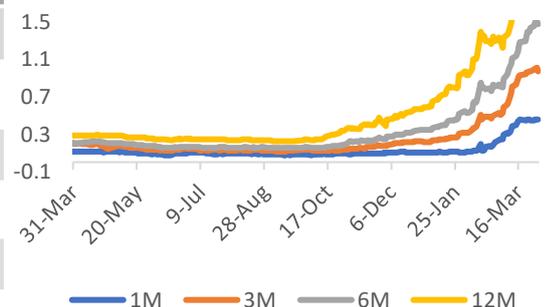
Auction Results

	OMO AUCTION – March 31, 2022			PMA AUCTION – March 30, 2022		
Tenor/Maturity	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	7.53	7.44	94.03	95.07
ACCESS 9.125% PERP	10.89	10.46	93.50	95.00
ECOBANK 9.5% 2024	7.48	6.96	103.75	104.75
UBA 6.75% 2026	7.93	7.66	95.50	96.50
GHANA 7.625% MAY 2029	14.37	14.36	73.25	75.00
NIGERIA 7.875% 2032	8.71	8.56	94.50	95.50

USD LIBOR Movement





DOMESTIC NEWS

5 BANKS DOMINATE SECTOR WITH N32.16TRN DEPOSITS, N46TRN ASSETS

Customers' deposit in top five banks, that is, Zenith Bank, United Bank for Africa (UBA), Access Bank, Guaranty Trust Holding Company (GTCO) and Ecobank Transnational Incorporated (ETI) continued to increase rising by 17.2 per cent last year as profit after tax (PAT) of the banks jointly rose by 23.2 per cent. Deposits in the five banks, according to their 2021 audited report released to the investing public, rose from N27.43 trillion as at the end of 2020 financial year to N32.16 trillion with ETI leading on the deposit base with N8.36 trillion. It is followed by Access Bank which has a deposit base of N6.96 trillion while Zenith, UBA and GTCO's deposit base stood at N6.47 trillion N6.36 trillion and N4.01 trillion as at the end of the 2021 financial year.

As the banks' deposit base grew, so also did their loan book which jointly grew by 15.4 per cent in the 2021 financial year to N16.05 trillion compared to N13.91 trillion that the five banks jointly had, at the end of the 2020 financial year. Access Bank had the largest loan book as its loan to customers grew by more than N943 billion or 29.3 per cent to N4.161 trillion in 2021 compared to N3.21 trillion it had at the end of 2020.

GLOBAL NEWS

OPEC UNABLE TO MAKE UP FOR 7MB/D RUSSIA SANCTION

The Organisation of Petroleum Exporting Countries (OPEC) yesterday raised the alarm that it is impossible to make up for the loss of over seven million barrels per day (bpd) owing to the sanction on Russia for invading Ukraine.

Its Secretary-General, Mohammad Barkindo, spoke at the 61st meeting of Joint Technical Committee (JTC) videoconference. He said irrespective of efforts to cover the lost output, which is about seven per cent of global demand, it is already harmful to the global energy demand. "The potential loss of more than 7mb/d of Russian oil and other liquids exports [around seven per cent of current global demand], either through sanctions or voluntary actions, is already having major repercussions on energy markets. No matter how you crunch the numbers, there is simply no way to make up for a loss in volumes of this magnitude given the current demand outlook.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, CBN, Leadership, The Nation

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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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