

Daily Market Update

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

Wednesday, 11 May, 2022

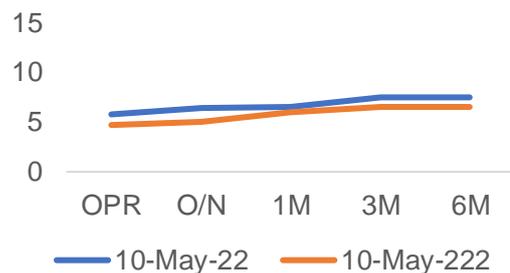
Money Market

System liquidity opened the day with a balance of ₦251bn; a slight decline from the previous day's opening of ₦298bn.

As a result, OPR and Overnight rates increased by 110bps to close at 5.75% and 6.38% as banks continue to fund their obligations.

We expect interest rates to increase further tomorrow as banks fund for a possible OMO Auction.

Money Market Rate Movement



Foreign Exchange

We experienced a calm trading session today as the supply of funds in the IEFX market was met with high demand today. The Central Bank of Nigeria, intervened in the market by providing funds for FPIs. however, we saw a day on day depreciation in rates by 50 kobo to close at \$/₦418.75.

The NAFEX rate, also depreciated by ₦0.25 to the Dollar to close at \$/₦417.52. Naira is expected to hover around these levels tomorrow, barring any significant market activity.

FX Rates

	Current	Previous	%Δ
I&E Closing	418.75	418.25	0.12
NAFEX	417.52	417.27	0.06

Treasury Bills

The Treasury Bills secondary market opened on a rather quiet note as market players focused their attention on the NTB auction conducted by the DMO. Despite this, we witnessed some mixed sentiments particularly at the mid to long 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 market to trade with some bullish sentiments amid the level of system liquidity.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
26-May-22	2.96	31-May-22	2.70
28-July-22	2.50	04-Oct-22	3.88
26-Jan-23	4.18	14-Feb-23	4.70
30-Mar-23	4.30	7-Mar-23	4.83

Bonds

The FGN Bond market opened on a calm note as attention shifted towards the NTB Auction conducted by the DMO. However, by midday, we saw improved demand on the medium to long end of the curve with emphasis on the 2035 and 2049 paper which were being offered at 12.30% and 12.80% respectively. Also, the demand witnessed yesterday on the 3-Yr re-opening eased off with skeletal offers seen around 9.95% handle. Just a few trades were consummated on the 2049 paper due to scarcity of the security. By close of market, yields remained stable from yesterday's closing.

We expect no significant change in market activity tomorrow as market participants trade cautiously ahead of next week's Bond auction.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	4.74	4.74	-
13.53 23-MAR-2025	9.94	9.94	-
16.2884 17-MAR-2027	11.08	11.08	-
13.98 23-FEB-2028	11.29	11.29	-
12.40 18-MAR-2036	12.50	12.50	-
16.2499 18-APR-2037	12.24	12.50	(0.02)
12.98 27-MAR-2050	12.84	12.84	-

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.92	15.70
Foreign Reserves (Gross \$'Bn)	39.12	39.16

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2306	1M	0.8431	WTI	↑ 105.92
EUR/USD	1.0533	3M	1.3998	BRENT	↑ 107.92
USD/JPY	130.13	6M	1.9320	GOLD	↑ 1,851.35
USD/CHF	0.9911	12M	2.5883	SILVER	↑ 21.63

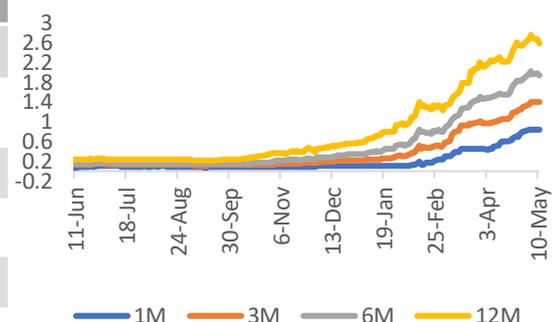
Auction Results

Tenor/Maturity	OMO AUCTION – May 05, 2022			NTB AUCTION – April 27, 2022		
	110-Day	187-Day	362-Day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	10.00/43.89	10.00/55.99	30.00/215.18	2.68/2.66	2.02/13.58	116.29/233.28
Total Allotment (₦'Bn)	10.00	10.00	30.00	2.22	8.23	119.61
Stop Rate(%)	7.00	8.50	10.10	1.74	3.00	4.79

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	8.06	7.77	93.00	94.00
ACCESS 9.125% PERP	11.82	11.37	90.50	92.00
ECOBANK 9.5% 2024	8.07	7.51	102.50	103.50
UBA 6.75% 2026	8.23	7.95	94.50	95.50
GHANA 7.625% MAY 2029	20.02	19.39	58.00	59.50
NIGERIA 7.875% 2032	11.97	11.76	76.75	77.75

USD LIBOR Movement





DOMESTIC NEWS

AIRLINES WIN DEAL TO BUY FUEL AT FIXED RATE FROM NIGERIA STATE

Nigeria's state energy company will sell aviation fuel to domestic airlines at a fixed price for three months after some companies threatened to ground their fleets.

The Nigerian National Petroleum Co. agreed to supply the product to marketing firms nominated by the airlines at 480 naira (\$1.15) a liter until August, Femi Gbajabiamila, speaker of the House of Representatives, told reporters on Monday, after a meeting in the National Assembly with the NNPC, central bank and aviation industry representatives.

The meeting took place after the Airline Operators of Nigeria, a body representing the country's larger domestic carriers, on May 8 agreed to halt plans to ground flights due to the high cost of aviation fuel, which it said was crippling their businesses and making them unprofitable, and hold talks with government. Despite being Africa's largest producer of crude oil, the country currently has minimal available refining capacity, leaving it reliant on energy imports. The airlines said the cost of aviation fuel had more than tripled over the past four months to 700 naira per liter as Russia's invasion of Ukraine triggered massive disruptions to energy markets.

GLOBAL NEWS

BIDEN SAYS INFLATION FIGHT STARTS WITH POWELL'S FED, JABS GOP

President Joe Biden said that the Federal Reserve has primary responsibility for fighting inflation, placing the burden for his party's top political problem with the central bank after a report Wednesday showed continuing price spikes.

Biden called inflation "unacceptably high" and said that "bringing it down is my top economic priority" in a statement following a Labor Department report that showed the consumer price index climbed faster than economists had expected in April.

But he said that action to lower prices "starts with the Federal Reserve, which plays a primary role in fighting inflation in our country." While the president has noted the Fed's role for some time, the statement put more emphasis on the central bank.

Wednesday's report showed that prices rose 0.3% in April from the month earlier and 8.3% compared with April 2021, exceeding forecasts.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, Reuters, CBN

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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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