

Daily Market Update

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

Monday, 16 May 2022

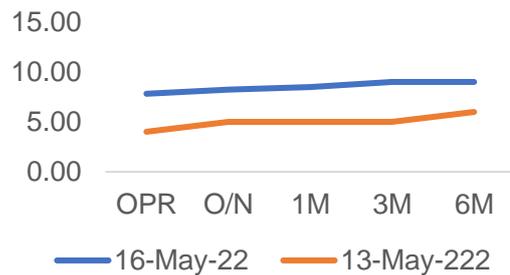
Money Market

System liquidity opened the week with a balance of ₦351.2bn coming from Friday's opening levels of ₦331bn.

Consequently, the OPR and Overnight rates declined by 84bps from Friday's level to close at 7.83% and 8.25% as Banks were mostly liquid having funded for the Retail SMIS auction on Friday.

We expect the rates to hover around these levels tomorrow despite the OMO maturity of ₦25bn expected to impact the system.

Money Market Rate Movement



Foreign Exchange

At the start of the week, NAFEX weakened by 36Kobo to close at \$/₦416.61

Despite the Central Bank's intervention to FPIs, and intervention to SMEs and Invisible requests (PTA, BTA, School fees, Medical fees) the IEFX market's low liquidity trend persisted, with only a few bids being matched. Consequently, the Naira lost 250Kobo to close the day at \$/₦421.50

We expect rates to trade at similar levels in subsequent days.

FX Rates

	Current	Previous	%Δ
I&E Closing	421.50	419.00	0.60
NAFEX	416.61	416.25	0.09

Treasury Bills

Opening the week, the Treasury Bills market secondary market opened on a relatively quiet note as market players focused their attention on the Bond auction conducted by the DMO. As the trading day progressed, we observed some mixed sentiments across the short to the mid end of the OMO and NTB curves particularly on the CBN special bills with minimal trades consummated by market close. Consequently, closing rates remained unchanged from opening levels.

An OMO maturity of ₦35bn is expected to hit the system tomorrow, as market players continue to trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
26-May-22	3.08	31-May-22	2.70
28-July-22	2.99	04-Oct-22	3.82
26-Jan-23	4.18	14-Feb-23	4.65
30-Mar-23	4.67	7-Mar-23	4.83

Bonds

The FGN Bond market opened the week on a quiet note as market participants focused on today's Bond Auction whilst noting the hike in Nigeria's inflation figures from 15.92% to 16.82%. By mid-day, slight demand was witnessed on the short end of the curve with emphasis on the 2023 paper which traded at 4.5% levels.

At the Bond auction, the DMO allocated a grand total of ₦378.42 with ₦345.27bn due to competitive bids on the auction bonds and ₦33.15bn allocated to noncompetitive bids on the 2032 reopening. Total volume of bids stood at ₦575.63bn with 58% of the bids skewed towards the longest tenured maturity. Stop rates for the 2025, 2032 and 2042 bonds closed at 10%, 12.45% (↓5bps) and 13% (↑10bps) respectively.

We expect improved activities tomorrow as the unmet auction demand filters into the market whilst some auction winners exit their winnings from the auction to take profit.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	5.04	5.05	(0.20)
13.53 23-MAR-2025	9.88	9.89	(0.10)
16.2884 17-MAR-2027	11.07	11.07	-
13.98 23-FEB-2028	11.28	11.28	-
12.40 18-MAR-2036	12.50	12.50	-
16.2499 18-APR-2037	12.24	12.24	-
12.98 27-MAR-2050	12.86	12.84	0.16

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	16.82	15.92
Foreign Reserves (Gross \$'Bn)	39.01	39.07

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2277	1M	0.88671	WTI	↑ 110.83
EUR/USD	1.0427	3M	1.44371	BRENT	↑ 113.22
USD/JPY	129.05	6M	1.99500	GOLD	↑ 1,814.19
USD/CHF	1.0026	12M	2.65214	SILVER	↑ 21.50

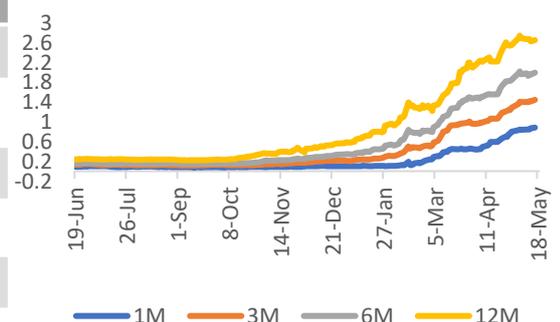
Auction Results

Tenor/Maturity	OMO AUCTION – May 12, 2022			NTB AUCTION – May 11, 2022		
	103-Day	180-Day	355-Day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	5.00/40.90	5.00/47.10	20.00/224.44	1.91/1.37	2.99/8.03	122.56/367.72
Total Allotment (₦'Bn)	5.00	5.00	20.00	1.02	2.83	134.02
Stop Rate(%)	7.00	8.50	10.10	1.74	3.00	4.70

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	8.73	8.43	90.75	91.75
ACCESS 9.125% PERP	11.98	11.53	90.00	91.50
ECOBANK 9.5% 2024	8.20	7.64	102.25	103.25
UBA 6.75% 2026	8.59	8.31	93.25	94.25
GHANA 7.625% MAY 2029	20.47	19.83	57.00	58.50
NIGERIA 7.875% 2032	12.03	11.82	76.50	77.50

USD LIBOR Movement





DOMESTIC NEWS

NIGERIA'S INFLATION RATE JUMPS TO 16.82% IN APRIL 2022, HIGHEST IN 8 MONTHS

Nigeria's inflation rose to 16.82% in April 2022, following a similar uptick recorded in the previous month as a result of the increase in energy and food prices. This represents the highest rate recorded since August 2021. This is according to the recently released Consumer Price Index report, released by the National Bureau of Statistics (NBS).

The consumer price index, which measures the rate of inflation rose by 16.82% year-on-year in April 2022, which is 0.9% points higher than the 15.92% recorded in the previous month (March 2022). On a month-on-month basis, the headline index increased by 1.76% in April 2022, compared to 1.74% increase recorded in the previous month.

Similarly, the urban inflation rate increased to 17.35% (year-on-year) in April 2022 from 18.68% recorded in April 2021, while the rural inflation rate increased to 16.32% in April 2022 from 17.57% in April 2021.

GLOBAL NEWS

MCDONALD'S TO LEAVE RUSSIA FOR GOOD AFTER 30 YEARS

McDonald's has said it will permanently leave Russia after more than 30 years and has started to sell its restaurants. The move comes after it temporarily closed its 850 outlets in March.

The fast-food giant said it made the decision because of the "humanitarian crisis" and "unpredictable operating environment" caused by the Ukraine war.

McDonald's said it will sell all its sites to a local buyer and will begin the process of "de-arching" the restaurants which involves removing its name, branding, and menu. It will retain its trademarks in Russia.

The chain said its priorities included seeking to ensure its 62,000 employees in Russia continued to be paid until any sale was completed and that they had "future employment with any potential buyer".

McDonald's said it will write off a charge of up to \$1.4bn (£1.1bn) to cover the exit from its investment.

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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