

# Daily Market Update

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

Friday, 20 May 2022

## Money Market

Market liquidity opened the day in a REPO of ₦51bn coming from a REPO position of ₦320bn the previous day as Bank's unwound their position to exit the Repo and Standing Lending facility window.

Consequently, the OPR and Overnight rates hovered around the same level from the previous day's level to close at 12.25% and 12.50% respectively.

We expect rates to decline next week with the OMO and NTB maturities and the anticipated FAAC inflows expected to impact the system.

### Money Market Rate Movement



## Foreign Exchange

The Central Bank released the result of last week's Retail SMIS auction today. During the trading session, Customers demand for FCY was met with insufficient supply in the IEFX market. Nonetheless, the Naira gained against the Dollar to close at \$/₦419.03

The NAFEX on the also appreciated by 4 Kobo, closing at \$/₦417.46

Rates should remain relatively stable next week.

### FX Rates

	Current	Previous	%Δ
I&E Closing	419.03	420.33	(0.31)
NAFEX	417.46	417.50	(0.01)

## Treasury Bills

Closing the week, the Treasury Bills market opened with bearish sentiments amid the thin level of system liquidity. The trend was sustained throughout the trading session with trades consummated across the curve, particularly across the long end of the OMO and NTB bills. 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(%)
09-Jun-22	3.06	31-May-22	2.70
14-Jul-22	3.01	04-Oct-22	3.82
26-Jan-23	4.32	14-Feb-23	4.31
30-Mar-23	4.67	7-Mar-23	4.83

## Bonds

The FGN Bond market closed the week on an active note as market participants continue to stick to the offer side of the quote for the on-the-run bonds in a bid to exit positions profitably. The auction papers were offered at 9.95%, 12.41% and 12.95% for the 2025, 2032 and 2042 re-openings, respectively. Furthermore, the demand on the shorter end of the curve was sustained with preference for the 2023, 2028 and 2029 bonds with quotes marked circa 5.2%, 10.96%, 11.14% levels. Despite the active market today, just a few trades were consummated due to the wide bid-ask spreads (10-25bps wide) noted on the short and long-end of the curve. On average, yields declined by 3bps across the benchmark curve.

Next week, we anticipate a similar trend as market participants continue to trade cautiously amid tight liquidity.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	7.69	7.70	(0.13)
13.53 23-MAR-2025	9.94	9.97	(0.30)
16.2884 17-MAR-2027	10.90	11.13	(2.07)
13.98 23-FEB-2028	11.06	11.18	(1.07)
12.40 18-MAR-2036	12.40	12.40	0.00
16.2499 18-APR-2037	12.51	12.51	0.00
12.98 27-MAR-2050	12.86	12.86	0.00

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	16.82	15.92
Foreign Reserves (Gross \$'Bn)	38.79	38.88

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2470	1M	0.96071	WTI	↓ 109.27
EUR/USD	1.0552	3M	1.50486	BRENT	↑ 111.36
USD/JPY	127.62	6M	2.02557	GOLD	↑ 1,839.74
USD/CHF	0.9746	12M	2.70600	SILVER	↓ 21.66

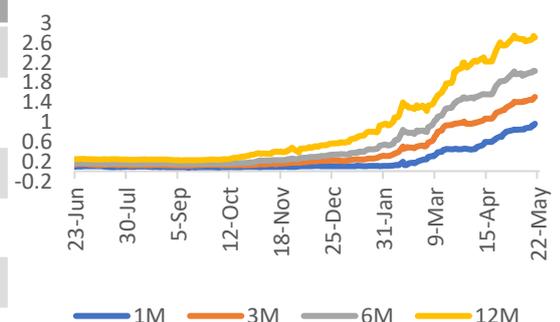
### Auction Results

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	9.26	8.81	89.00	90.50
ACCESS 9.125% PERP	12.53	12.07	88.25	89.75
ECOBANK 9.5% 2024	9.90	9.39	101.25	102.75
UBA 6.75% 2026	9.24	8.81	91.00	92.50
GHANA 7.625% MAY 2029	21.73	21.05	54.25	55.75
NIGERIA 7.875% 2032	12.49	12.27	74.38	75.38

### USD LIBOR Movement





## DOMESTIC NEWS

### NNPC MOVES TO STOP \$1.6BN SEPLAT, EXXONMOBIL DEAL WITH MAJOR COUNTER-OFFER

Following reports on the failed assets acquisition deal between Seplat Energy and ExxonMobil, investigation has shown that the state oil company, the Nigerian National Petroleum Corporation, has made a mouth-watering offer to acquire the assets. ExxonMobil and Seplat Energy had recently announced a \$1.6bn sales agreement deal that would see Seplat purchase ExxonMobil's complete shares in the state-owned oil firm. However, just when all hopes were high for the completion of the deal, a letter dated May 16, 2022, by the Nigerian Upstream Petroleum Regulatory Commission to ExxonMobil, stated that the deal could no longer hold because the NNPC had exercised its right of pre-emption first refusal on the assets as part of a new era to focus solely on building the long-term profitability of the NNPC Ltd.

According to findings, the NNPC objected to the sale of ExxonMobil's equity to Seplat, and insisted on exercising its first right of refusal, after which the Corporation made an offer above \$1.6bn to ExxonMobil. The state-owned oil firm is the major shareholder in the Joint Ventures (JV) with ExxonMobil. The NNPC will officially debut in July, and its bid to acquire ExxonMobil's assets is part of the Corporation's expansion plan.

## GLOBAL NEWS

### EUROPEAN STOCKS CLOSE HIGHER AS GLOBAL MARKETS SUFFER TURBULENT WEEK

European markets closed higher on Friday, tracking global gains as another volatile trading week comes to a close. The pan-European Stoxx 600 added 0.5% by the close, with travel and leisure stocks climbing 2% to lead gains as almost all sectors and major bourses finished in positive territory.

European stocks still logged a negative week, down 1.3%, having closed sharply lower on Thursday as concerns about inflation and ominous earnings reports from U.S. retailers dented global sentiment.

Markets in Asia-Pacific advanced on Friday, with Hong Kong's Hang Seng index leading gains, as China kept its one-year benchmark lending rate unchanged at 3.7% but cut its five-year loan prime rate by 15 basis points. U.S. stocks fell on Friday, extending losses from earlier in the week and putting the S&P 500 on the cusp of a bear market.

Global investors continue to track the war in Ukraine and its geopolitical implications, which have fed into soaring energy and food prices worldwide. The World Food Programme has said failure to reopen Ukrainian ports would be a declaration of war on global food security.

**Sources:** FMDQ, Access Bank Treasury Team, Bloomberg, Punch, CBN, CNBC

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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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