

Daily Market Update

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

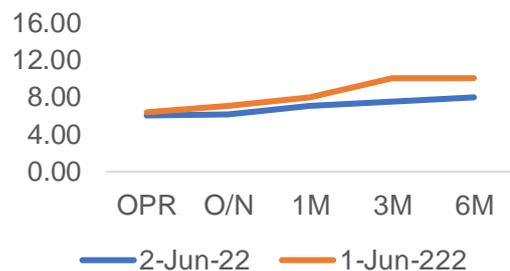
Thursday, 02 June 2022

Money Market

System liquidity opened the day with a balance N538bn, a significant improvement from the previous day's opening of N463bn. Despite the OMO auction sale of N40bn, the OPR and O/N rates declined marginally by 33bps to close the day at 6.00% and 6.17% respectively as system remained awash with funds.

We expect the rates to hover around similar levels tomorrow as no significant funding is expected to occur.

Money Market Rate Movement



Foreign Exchange

The NAFEX gained ₦0.69 to the Dollar to close at \$/₦418.45

Activities in the IEFX market were predominantly on the bid side of quote, very few offers were seen during the trading session. As a result, rates weakened by ₦0.50 to close the day at \$/₦419.50

The CBN is expected to release the results of the last Retail SMIS Auction tomorrow and rates should trade at similar levels.

FX Rates

	Current	Previous	%Δ
I&E Closing	419.50	419.00	0.12
NAFEX	418.45	419.14	(0.16)

Treasury Bills

The Treasury Bills opened on a quiet note as market players focus their attention to the OMO Auction. As the trading day progressed, we observed some selling interest across the OMO and NTB curves with minimal trades consummated by market close. Consequently, closing rates inched up by an average of 4bps.

At the auction, the CBN offered ₦40bn across the 103-, 180- and 362-day maturities. Despite the total subscription of ₦338.10bn, the CBN sold exactly what was offered (₦40bn), maintaining stop rates at 7.00%, 8.50% and 10.10% across the short-, medium-, and long-term maturities, respectively.

Closing the week, we expect bearish sentiments to persist as market participants continue to trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
09-Jun-22	3.06	16-Aug-22	3.20
14-Jul-22	2.59	04-Oct-22	3.82
26-Jan-23	4.44	14-Feb-23	4.50
30-Mar-23	4.68	7-Mar-23	4.83

Bond

The FGN bond market traded on a calm note and this trend was sustained throughout the trading session. Albeit slight demand was witnessed on the short end of the curve with emphasis on the 2026 and 2027 paper. Bids for these instruments stood at 10.30% and 10.70% respectively. However, the mid and long end of the curve stayed mute. As a result, just a few trades were consummated, and yields inched up by 1bps across the benchmark curve.

We expect a similar trend to persist tomorrow as market participants continue to trade cautiously.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	7.58	7.59	(0.13)
13.53 23-MAR-2025	10.21	10.21	0.00
16.2884 17-MAR-2027	11.08	11.08	0.00
13.98 23-FEB-2028	11.05	11.05	0.00
12.40 18-MAR-2036	12.78	12.78	0.00
16.2499 18-APR-2037	12.85	12.84	0.08
12.98 27-MAR-2050	13.07	13.07	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	16.82	15.92
Foreign Reserves (Gross \$'Bn)	38.48	38.48

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2558	1M	1.11971	WTI	↑ 116.83
EUR/USD	1.0733	3M	1.62600	BRENT	↑ 117.58
USD/JPY	129.83	6M	2.10929	GOLD	↑ 1,868.53
USD/CHF	0.9317	12M	2.77443	SILVER	↑ 22.24

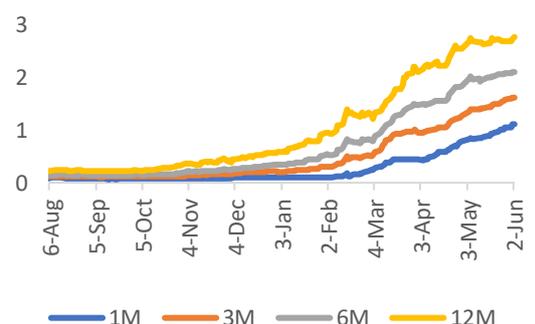
Auction Results

Tenor/Maturity	OMO AUCTION – June 02, 2022			NTB AUCTION – May 25, 2022		
	103-Day	180-Day	362-Day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	10.00/56.79	10.00/69.99	20.00/211.32	5.36/23.84	3.78/2.31	143.88/210.82
Total Allotment (₦'Bn)	10.00	10.00	20.00	3.56	1.25	168.67
Stop Rate(%)	7.00	8.50	10.10	2.50	3.89	6.49

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	9.67	9.20	87.75	89.25
ACCESS 9.125% PERP	13.11	12.63	86.50	88.00
ECOBANK 9.5% 2024	8.75	7.89	101	102.5
UBA 6.75% 2026	9.63	9.18	89.75	91.25
GHANA 7.625% MAY 2029	22.01	21.31	53.75	55.25
NIGERIA 7.875% 2032	11.14	10.95	80.875	81.875

USD LIBOR Movement





DOMESTIC NEWS

FIRS BEGINS RECOVERY OF UNREMITTED TAX DEDUCTIONS FROM STATES, LGAS

The Federal Inland Revenue Service (FIRS) has stated that it will commence the process of enforcement and recovery of unremitted tax deductions owed by some states and local governments in the country.

This decision was contained in a public notice, signed by its Executive Chairman, Muhammad Nami, where the tax authority noted that most states and local governments have failed to remit to the Service Withholding Tax (WHT) and Value Added Tax (VAT) deductions from payments made to contractors and service providers by them as required by law.

Following failure to remit by defaulting states and local Governments, the FIRS has stated that it will consequently advise the Federal Government and the Minister of Finance to henceforth decline approval of any request for the issuance of state bonds or other securities in the capital market; as well as requests for external borrowing and approval for domestic loans from commercial banks or other financial institutions by any of the state and with outstanding unremitted tax deductions. The tax authority stated that it would also publicly name and shame the defaulting states and councils while publishing the amounts owed in unremitted tax deductions.

GLOBAL NEWS

EU PUSH FOR PARTIAL RUSSIAN OIL BAN DELAYED BY HUNGARY

European Union efforts to approve a partial ban on Russian oil imports hit an obstacle after Hungary raised new or already rejected demands, further slowing a push to clinch a deal, according to people familiar with the negotiations. EU ambassadors may meet again on Thursday in Luxembourg to try to green light the bloc's sixth sanctions package that would target Russia for its invasion of Ukraine, said the people, who asked not to be identified because the discussions are private.

Sanctions in the EU require the unanimous consent of its 27 nations and Hungarian Prime Minister Viktor Orban has blocked the latest package of measures for weeks. EU leaders appeared to achieve a breakthrough on Monday when they gave their political blessing to the sanctions, leading many to say approval was close at hand. Hungary's latest intervention, at a meeting of EU ambassadors in Brussels on Wednesday, further strains its deteriorating relations with the EU, which has sparked speculation over whether Hungary would one day follow the UK in leaving or being forced out of the bloc.

The new sanctions measures, which would represent the EU's toughest yet, are aimed at curbing Russia's ability to finance the war in Ukraine. The proposed sanctions aim to ban the import of seaborne oil by the end of the year, while exempting pipeline crude as a concession to Hungary and other landlocked countries, which rely on Russian supplies through the Druzhba pipeline.

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

Disclaimer - This report is based on information obtained from various sources believed to be reliable and no representation is made that it is accurate or complete. Therefore, all rates shown here are mark to market rates being published for guidance purposes only. Reasonable care has been taken in preparing this document. Access Bank Plc shall not accept responsibility or liability for errors of fact, or any opinion expressed herein. This document is for information purposes and private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior written consent of Access Bank Plc.

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."

More information:
IP: 7007
Email: FixedIncome@ACCESSBANKPLC.com



more than banking

