

Daily Market Update

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

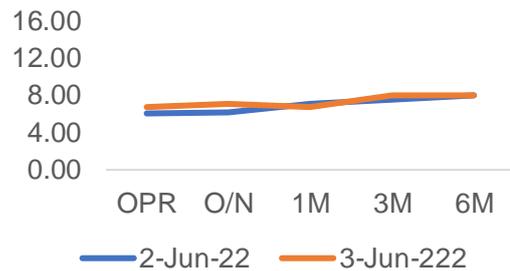
Friday, 03 June 2022

Money Market

System liquidity opened the day with a balance of ₦388bn, a decline from the previous day's opening of ₦463bn. Consequently, the OPR and O/N rates increased marginally by 67bps to close the day at 6.67% and 7.00% respectively as system remained relatively liquid.

We expect the rates to hover around similar levels on the first trading day next week, barring any significant funding activity.

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 FX was met with insufficient supply in the IEFX market. Consequently, the Naira weakened by ₦0.25 against the Dollar to close at \$/₦419.75

The NAFEX also lost 90Kobo to close at \$/₦419.35

We expect rates to remain relatively stable next week

FX Rates

	Current	Previous	%Δ
I&E Closing	419.75	419.50	0.06
NAFEX	419.35	418.45	0.22

Treasury Bills

Closing the week, the Treasury Bills market opened with mixed sentiments as market players continue to trade cautiously. The trend was sustained throughout the trading session with trades consummated across the curve, particularly on the new issued OMO bills. Despite this, rates remained largely unchanged from opening levels.

We expect the mixed sentiments to continue opening the new week as market participants continue to trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
30-Jun-22	2.87	16-Aug-22	3.20
13-Oct-22	3.74	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 closed the week on a calm note and this trend was sustained throughout the trading session. Albeit minimal demand was witnessed on the short end of the curve with emphasis on the 2025 and 2026 paper. Bids for these instruments stood at 10.20% and 10.35% respectively. However, the mid and long end of the curve remained mute. As a result, a few trades were consummated, and yields declined by 6bps across the benchmark curve.

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

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	7.57	7.58	(0.13)
13.53 23-MAR-2025	10.20	10.21	(0.10)
16.2884 17-MAR-2027	10.70	11.08	(3.43)
13.98 23-FEB-2028	10.84	11.05	(1.90)
12.40 18-MAR-2036	12.66	12.78	(0.94)
16.2499 18-APR-2037	12.76	12.85	(0.70)
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)	38.47	38.48

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2501	1M	1.11971	WTI	↑ 119.08
EUR/USD	1.0718	3M	1.62600	BRENT	↑ 119.80
USD/JPY	130.87	6M	2.10929	GOLD	↓ 1,848.11
USD/CHF	0.9329	12M	2.77543	SILVER	↓ 21.90

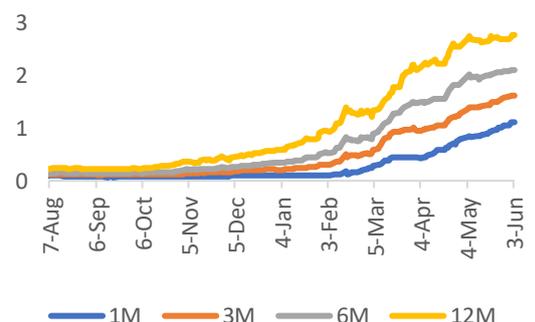
Auction Results

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

ACCESS BANK REITERATES FUNDING FOR SMES

Nigeria's top financial lender, Access Bank, has pledged to fund entrepreneurs and create market access for small businesses by putting them in the right community. Speaking during a conversation with customers in the micro-, small- and medium-scale category, Deputy Managing Director, Access Bank, Victor Etuokwu, said the bank remained resolute in its drive to engage and empower MSMEs by providing access to funds, markets and knowledge, noting that these objectives were at the heart of the business engagement sessions in key cities across the nation.

He said apart from providing funding for MSMEs, the bank also enhanced their capacities and create networking opportunities for them. "The North remains a strategic business environment for the bank and that is why we have organized this engagement session to provide an opportunity to meet one on one with our SME customers in Abuja, provide them with a platform to ask questions, get answers and solutions that help them take their businesses to the next level. We are committed to being a bank that gives more to our customers and that includes more listening, and more engagement and this forum allows us meet up to that promise," Etuokwu said.

GLOBAL NEWS

JOB GROWTH IN US TOPS ESTIMATES, SIGNALING OPTIMISM ON ECONOMY

US employers hired at a robust clip in May while wage gains held firm, suggesting the economy continues to power forward as the Federal Reserve raises interest rates at a steep pace to tame red-hot inflation. Nonfarm payrolls increased 390,000 last month after a revised 436,000 gain in April, a Labor Department report showed Friday. The unemployment rate held at 3.6%, and the labor force participation rate crept higher.

The median estimate in a Bloomberg survey of economists called for a 318,000 advance in payrolls and for the unemployment rate to fall to 3.5%. The report suggests that employers had success filling open positions in the month. It also potentially provides some broader reassurance that the economy can achieve a soft landing as wage gains moderate from their more rapid pace of most of 2021. Average hourly earnings rose a less-than-forecast 0.3% from April, the same as the previous month. They were up 5.2% from a year earlier, a slowdown from 5.5% in April.

"The jobs report will provide mixed feelings for the Fed, which will welcome the steadier jobless rate, firmer participation rate, and possible softening in wages, while worrying that the economy is still running too hot to convincingly drive inflation back to the target," Sal Guatieri, senior economist at BMO Capital Markets, said in a note.

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

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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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