

Daily Market Update

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

Thursday, 16 June 2022

Money Market

System liquidity opened the day in a repo of N92bn coming from the previous day's opening levels of N11bn.

The OPR and Overnight rates declined by 8bps from the previous days level to close at 13.83% and 14.00% as system liquidity declined further.

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

Money Market Rate Movement



Foreign Exchange

Rates at the Investors' & Exporters' window weakened by 50kobo to close the week at \$/N420.50 as a result of the thin liquidity in the FX market. The NAFEX rate also weakened slightly by N0.03 to close at \$/N418.71 during today's trading session

We anticipate rates to remain at similar levels tomorrow as we expect CBN to release the results of last week's retail auction.

FX Rates

	Current	Previous	%Δ
I&E Closing	420.50	420.00	0.12%
NAFEX	418.71	418.68	0.01%

Treasury Bills

The Treasury Bills secondary market traded with mixed sentiments as market participants exposed their bids and offers across the mid to long end of the NTB and OMO curves. This trend was sustained throughout the trading session but only a handful of trades were consummated during the course of the trading session. Consequently, average rates remained largely unchanged from opening levels.

Closing the week, we expect the market to trade on a similar note as market players continue to show bids and offers across the curve.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
30-Jun-22	2.95	16-Aug-22	3.73
13-Oct-22	3.90	04-Oct-22	4.63
26-Jan-23	5.21	14-Feb-23	4.50
30-Mar-23	5.56	7-Mar-23	4.83

Bond

There was a lull in market activity opening the day. Halfway through the session, we saw slight demand on the 2026 paper with minimal trades executed due to scarcity of the instrument in the market. Offers hovered around 10.30% while bids were quoted at 10.35%. As market progressed, demand for the 2027 was observed with most trades consummated at 10.72% mark. By and large, yields remained stable from yesterday's closing.

We continue to expect cautious trading by market participants tomorrow in anticipation of next week's Bond Auction where the DMO is set to offer ₦75bn each across the short, medium, and long-tenured on-the-run bonds.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.10	7.88	2.79%
13.53 23-MAR-2025	10.12	10.12	0.00%
16.2884 17-MAR-2027	10.74	10.74	0.00%
13.98 23-FEB-2028	10.80	10.80	0.00%
12.40 18-MAR-2036	12.63	12.66	(0.24%)
16.2499 18-APR-2037	12.73	12.75	(0.16%)
12.98 27-MAR-2050	13.10	13.12	(0.15%)

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	17.71	16.82
Foreign Reserves (Gross \$'Bn)	38.55	38.52

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2326	1M	1.52343	WTI	↓ 115.62
EUR/USD	1.0524	3M	2.0296	BRENT	↓ 118.14
USD/JPY	131.88	6M	2.7483	GOLD	↑ 1846.87
USD/CHF	0.9674	12M	3.6126	SILVER	↑ 21.92

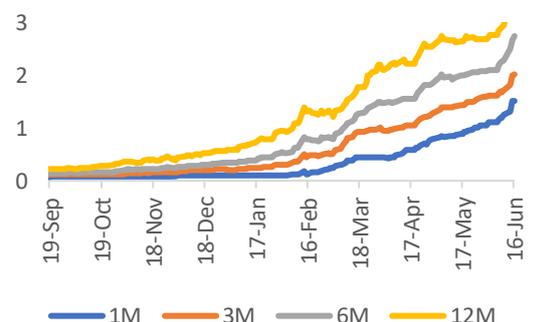
Auction Results

Tenor/Maturity	OMO AUCTION – June 02, 2022			NTB AUCTION – JUNE 08, 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	5.91/1.64	1.10/1.76	27.87/175.06
Total Allotment (₦'Bn)	10.00	10.00	20.00	1.44	1.28	32.15
Stop Rate(%)	7.00	8.50	10.10	2.49	3.79	6.07

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	10.68	10.19	84.75	86.25
ACCESS 9.125% PERP	13.57	12.91	85.25	87.25
ECOBANK 9.5% 2024	9.79	8.88	99.50	101.00
UBA 6.75% 2026	9.96	9.95	88.75	90.25
GHANA 7.625% MAY 2029	23.46	22.71	51.00	52.50
NIGERIA 7.875% 2032	13.29	13.06	71.00	72.00

USD LIBOR Movement





DOMESTIC NEWS

DIESEL PRICE MAY HIT N1,500/LITRE, 75% FILLING STATIONS CLOSED—MARKETERS

About 75 per cent of filling stations across the country are currently out of business due to their inability to purchase diesel required to power their tankers and transport Premium Motor Spirit, popularly called petrol, to their various outlets, oil marketers stated on Tuesday. Marketers also stated that the cost of diesel would keep increasing and might hit N1,500/litre in the next two weeks if nothing drastic was done to curtail the current challenge faced by importers of the deregulated commodity. Dealers under the aegis of the Natural Oil and Gas Suppliers Association told journalists in Abuja that this was also the reason why petrol scarcity had failed to abate in Abuja and neighboring Nasarawa and Niger states, among others.

Speaking on behalf of the marketers, the National President, NOGASA, Bennett Korie, explained that the only solution to the current challenge was for the Federal Government to raise the pump price of petrol a little to reduce the huge foreign exchange used in PMS imports. This, he said, would eventually free up some forex for diesel imports, a development that would impact positively on the rising cost of diesel, stressing that the product was currently sold at N850/litre.

GLOBAL NEWS

SURPRISE SWISS RATE HIKE SPARKS HUGE JUMP IN GERMAN BOND YIELDS

Eurozone bond yields surged on Thursday after an unexpected interest rate hike by Switzerland turned the focus to the ramifications of a policy shift for the region. German yields jumped but Italian debt outperformed on European Central Bank efforts to address diverging euro area borrowing costs.

A day after the European Central Bank mandated staff to accelerate the design of a new anti-fragmentation tool to soothe battered Southern European bond markets, the Swiss National Bank threw markets a fresh curve ball. It raised interest rates by 50 basis points in its first increase for 15 years, joining other central banks in tightening monetary policy to fight resurgent inflation.

The move rippled across markets and sent the Swiss franc rising more than 2% versus the euro and the British pound. In the bloc's bond markets, it was a day of big milestones. Germany's 10-year yield surged more than 20 basis points briefly, although it later moved down to 1.7%. Five-year yields gained sharply too before giving up most of those gains. Yields also rose as money markets ramped up bets on European Central Bank rate hikes to price in around 190 bps of rises by December, compared to 140 bps a day earlier.

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

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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."

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