

# Daily Market Update

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

Thursday, 23 June 2022

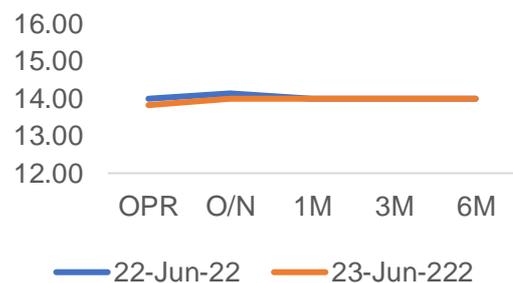
## Money Market

System liquidity opened the day with a repo balance of ₦335bn as Banks continued to fund their position.

Despite this, the OPR and Overnight rates declined by 17bps to close at 13.83% and 14.00% respectively as Banks made provision for the bi-weekly retail SMIS auction to be conducted by the apex Bank.

We expect the rates to hover around these levels tomorrow as no significant inflow is anticipated to impact the system.

### Money Market Rate Movement



## Foreign Exchange

The NAFEX witnessed a depreciation of ₦0.42 to close at \$/₦419.17.

As supply remained limited, the IEFX market traded largely on the left side of the quote, with only few trades executed by the end of the trading session. Nevertheless, rates depreciated by ₦0.33 to close the day at \$/₦420.17.

We expect CBN to conduct its bi-weekly retail auction tomorrow and anticipate rates will remain at similar levels.

### FX Rates

	Current	Previous	%Δ
I&E Closing	420.17	420.50	(0.08)
NAFEX	419.17	418.75	0.10

## Treasury Bills

The Treasury bills secondary market continued the bearish run given the thin level of system liquidity. This trend persisted for most of the trading session, although minimal trades were consummated across the short end to the belly of curve as most participants remained on the right side of the quote. Consequently, closing rates remained largely unchanged from opening levels.

We expect similar trend to persist closing the week amid bi-weekly retail auction debit.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	3.45	16-Aug-22	4.20
13-Oct-22	4.65	04-Oct-22	5.11
26-Jan-23	5.09	14-Feb-23	5.10
27-Apr-23	4.90	7-Mar-23	5.10

## Bond

The FGN Bond market opened on a calm note, however, contrary to expectation, the market sustained the bullish sentiments especially on the shorter end of the curve. The 2025, 2027 and 2028 bonds took the center stage with bids quoted circa 10.04%, 10.76% and 10.81% respectively. In addition, demand was witnessed on the 2042 papers with bids at 13.10% levels. By and large, a bulk of the executed trades were on the shorter end of the curve whilst average yields remained unchanged from opening levels.

We expect the market to trade calmly with a bearish undertone as market liquidity tightens further due to the anticipated retail SMIS auction debit tomorrow.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.01	8.02	(0.12)
13.53 23-MAR-2025	10.07	10.07	0.00
16.2884 17-MAR-2027	10.72	10.72	0.00
13.98 23-FEB-2028	10.79	10.80	(0.09)
12.40 18-MAR-2036	12.63	12.63	0.00
16.2499 18-APR-2037	12.54	12.54	0.00
12.98 27-MAR-2050	12.99	12.99	0.00

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	17.71	16.82
Foreign Reserves (Gross \$'Bn )	38.85	38.79

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2228	1M	1.6327	WTI	104.80
EUR/USD	1.0512	3M	2.1845	BRENT	110.48
USD/JPY	134.82	6M	2.8266	GOLD	1,828.48
USD/CHF	0.9602	12M	3.5799	SILVER	21.07

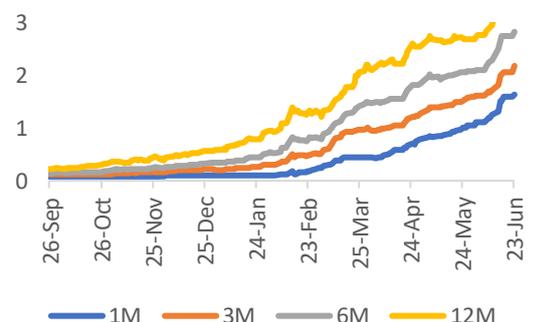
### Auction Results

Tenor/Maturity	OMO AUCTION – June 02, 2022			NTB AUCTION – JUNE 14, 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	10.85	10.19	84.25	86.25
ACCESS 9.125% PERP	14.00	13.33	84.00	86.00
ECOBANK 9.5% 2024	9.79	8.88	99.50	101.00
UBA 6.75% 2026	9.97	9.51	88.75	90.25
GHANA 7.625% MAY 2029	23.54	22.78	50.86	52.38
NIGERIA 7.875% 2032	13.29	13.06	71.00	72.00

### USD LIBOR Movement





## DOMESTIC NEWS

### NAICOM PUSHES FOR FINANCIAL INCLUSION WITH MICRO FINANCE STRATEGY

The Commissioner for Insurance of the National Insurance Commission (NAICOM), Mr. Sunday Thomas, has assured Nigerians that the micro insurance schemes established by the Commission, through licensing of some companies to operate in the segment is focused at ensuring that Nigerians at the grassroots level are not left out of the budding Nigerian financial enterprise.

The assurance was given at the inaugural conference of Oriental News Nigeria with theme “Engaging with critical groups to develop effective financial inclusion initiative” held on Thursday at the Sheraton hotel Ikeja, Lagos. Represented at the conference by Rasaaq Salami, Deputy Director/Head Corporate Communications & market Development at NAICOM, Thomas said that micro insurance provides the leeway to protecting your property, safeguarding your belongings from damages or loss and ensuring you do not suffer loss when the unexpected damage or loss occurs.

It also safeguards traders or businesses of artisans and petty traders whenever their wares are destroyed, damaged or stolen. “Micro insurance is a way of safeguarding your property or business from any unforeseen event, and when it happens, whatever loss you ensured against will be reimbursed you,” the commissioner for Insurance assured on financial inclusion.

## GLOBAL NEWS

### YIELDS TUMBLE AS POWELL REITERATES HAWKISH STANCE

Bond yields tumbled as investors parsed a flurry of economic data and Federal Reserve Chair Jerome Powell’s testimony before the House financial services committee. Treasury yields dropped, with the 10-year yield hovering at 3.04% after it briefly dipped further, intensifying recession fears. The latest US data added to worsening sentiment, as it showed weekly jobless claims were more than estimated last week. Manufacturing and services activity in the US dropped in June, lagging estimates and adding to worries about an impending recession.

The S&P 500 and the tech-heavy Nasdaq 100 wavered. Testifying on Thursday, Powell said that his commitment to fight inflation is “unconditional.” He omitted that word on Wednesday, which to some traders implied that he was less hawkish. Powell also said the US economy can handle higher interest rates, even as Congresswoman Maxine Waters said she wants the Fed to tackle inflation without sacrificing jobs. Still, some traders were reassured by his comments. “The level of candor from Chairman Powell has been very refreshing,” said Chris Zaccarelli, chief investment officer at Independent Advisor Alliance. “By acknowledging how difficult a soft landing will be to achieve, which is what most people in the market already believe, it adds credibility when he reiterates how important the Fed’s inflation mandate is and how seriously they will pursue actions to achieve their goals.” Others see Powell reiterating his hawkish stance as a signal that the central bank will continue to be aggressive with rate hikes.

**Sources:** FMDQ, Access Bank Treasury Team, Nairametrics, CBN, Reuters, CNBC.

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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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