

Daily Market Update

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

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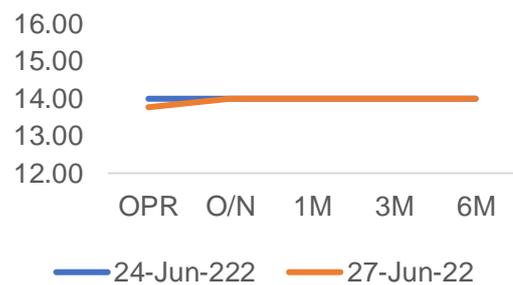
Money Market

System liquidity opened the week with a repo balance of ₦571.87bn coming from the previous week's repo balance of ₦445.46bn.

Nevertheless, the OPR and Overnight rates declined by 25bps to close at 13.75% and 14% respectively as Banks funded their obligations.

We expect the rates to decline tomorrow as Banks anticipate the inflow of FAAC into the system.

Money Market Rate Movement



Foreign Exchange

Opening the week, the market traded on a calm note as the market demand was met by limited supply of funds at the IEFX market. At the close of business, the rates depreciated by 87 kobo day-on-day to close at \$/₦421

The NAFEX rate also depreciated marginally by 8 kobo to close at \$/₦418.82.

We expect CBN to intervene in the market within the week for SMEs and Invisibles and also for FPIs and Local corporates

FX Rates

	Current	Previous	%Δ
I&E Closing	421.00	420.13	0.21
NAFEX	418.82	418.74	0.02

Treasury Bills

Opening the week, the Treasury Bills secondary market opened on a calm note with bearish undertone observed across the OMO and NTB curves given the thin level of system liquidity. This trend was sustained throughout the trading session as market participants exposed offers particularly across the short to mid-point of the curve. Consequently, closing rates inched up by an average of 7bps from opening levels.

We expect the market participants to trade cautiously ahead of the NTB auction on Wednesday.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	3.45	16-Aug-22	4.20
13-Oct-22	6.00	04-Oct-22	5.11
26-Jan-23	5.18	14-Feb-23	5.10
27-Apr-23	4.90	7-Mar-23	5.10

Bond

The FGN Bond market opened the week on a calm note with pockets of offers seen across the benchmark curve. The 2025, 2026 and 2042 instruments took center stage with offers circa 9.92%, 10.10% and 13.03% respectively. Towards the end of the trading session, mild demand for the 2049 surfaced with bids marked at 13.02%. Consequently, yields inched up by 3bps across the benchmark curve.

We expect the market to trade with mixed sentiments tomorrow as some participants maintain a bearish outlook amid tight system liquidity whilst others cherry pick instruments to fill client orders.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.01	8.00	0.12
13.53 23-MAR-2025	10.08	10.09	(0.10)
16.2884 17-MAR-2027	10.71	10.72	(0.09)
13.98 23-FEB-2028	10.77	10.77	0.00
12.40 18-MAR-2036	12.33	12.63	(2.38)
16.2499 18-APR-2037	12.47	12.45	0.16
12.98 27-MAR-2050	13.15	12.99	1.23

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	13.00	11.50
Inflation y/y (%)	17.71	16.82
Foreign Reserves (Gross \$'Bn)	38.93	38.88

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2302	1M	1.63271	WTI	↑ 108.92
EUR/USD	1.0604	3M	2.23443	BRENT	↓ 110.27
USD/JPY	135.27	6M	2.86657	GOLD	↓ 1,826.70
USD/CHF	0.9551	12M	3.54471	SILVER	↑ 21.31

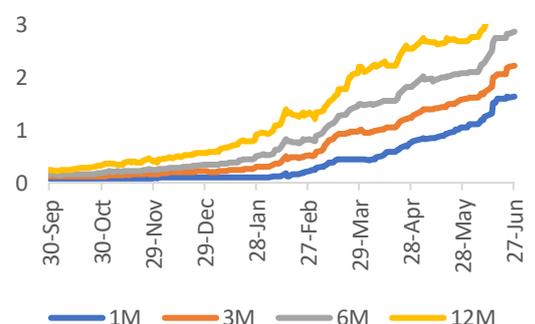
Auction Results

Tenor/Maturity	BOND AUCTION – June 20, 2022			NTB AUCTION – JUNE 14, 2022		
	MAR 2025	APR 2032	JAN 2042	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	75.00/132.60	75.00/84.32	75.00/335.44	5.91/1.64	1.10/1.76	27.87/175.06
Total Allotment (₦'Bn)	79.59	39.91	106.62	1.44	1.28	32.15
Stop Rate(%)	10.10	12.5	13.15	2.49	3.79	6.07

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	10.86	10.20	84.25	86.25
ACCESS 9.125% PERP	14.02	13.34	84.00	86.00
ECOBANK 9.5% 2024	9.64	8.72	99.75	101.25
UBA 6.75% 2026	9.74	9.29	89.50	91.00
GHANA 7.625% MAY 2029	24.35	23.56	49.38	50.88
NIGERIA 7.875% 2032	13.30	13.06	71.00	72.00

USD LIBOR Movement





DOMESTIC NEWS

FUEL SHORTAGE, INFLATION WILL WEAKEN NIGERIA'S ECONOMIC GROWTH – WORLD BANK

The World Bank has said that fuel shortage and rising inflation will likely restrain economic growth in Nigeria. It said this in the June 2022 edition of its Global Economic Prospects report. The financial institution had projected that Nigeria's economy would grow by 3.4 per cent in 2022 but decline to 3.2 per cent in 2023 and 2024. For the first quarter of 2022, the National Bureau of Statistics reported a 3.11 per cent growth, which is still less than the World Bank's growth projection for Nigeria and officials installed by Moscow in areas of Ukraine occupied by Russian forces. The lender said the growth in Nigeria's economy would be driven by elevated oil prices, recovery in agriculture and manufacturing, and structural reforms (for example, the Petroleum Industry Act of 2021).

However, it noted that there would be persistent production challenges in the oil sector, which are expected to weigh on growth. The World Bank also said, "The recovery in non-oil sectors is envisioned to continue, although shortages of fuel and higher food prices would restrain growth."

GLOBAL NEWS

G-7 EXPECTED TO ADOPT FRESH SANCTIONS AGAINST RUSSIA

The announcement came after Ukraine's President Volodymyr Zelensky, addressing G7 leaders at their summit in the Bavarian Alps via a video link, asked for weapons and air defenses to gain the upper hand in the war against Russia within months. The G7 statement aimed to signal that its members were ready to back Ukraine for the long haul, at a time when soaring inflation and energy shortages - fueled by Russia's invasion - have tested the West's sanctions resolve. The G7 countries said they were ready to provide security commitments in a post-war settlement while stressing, after Ukraine had earlier voiced misgivings, that it was up to Kyiv to decide a future peace deal with Russia. The G7 countries said they had also pledged or were ready to grant up to \$29.5 billion for Ukraine.

The announcements came as the White House said Russia had defaulted on its foreign sovereign bonds for the first time in a century - an assertion Moscow rejected. G7 nations, which generate nearly half the world's economic output, want to crank up pressure on Russia without stoking already soaring inflation that is causing strains at home and savaging the global south. The expanded sanctions would also target Russia's revenue stream from gold exports, Moscow's military production and officials installed by Moscow in areas of Ukraine occupied by Russian forces.

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

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DIVERSIFY YOUR PORTFOLIO WITH EURO BONDS

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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