

# Daily Market Update

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

Wednesday, 29 June 2022

## Money Market

System liquidity opened the day with a repo balance of ₦825.67bn coming from the previous day's repo balance of ₦644.96bn.

Consequently, the OPR and Overnight rates remained stable to close at 14% respectively as Banks funded their obligations.

We expect the rates to decline tomorrow as banks anticipate FAAC inflow into the system

### Money Market Rate Movement



## Foreign Exchange

The market remained illiquid as demand continued to outweigh the supply of foreign exchange at the Investors and Exporters' window. Consequently, the Naira lost ₦3.38 against the USD to close at \$/₦424.88.

The NAFEX rate appreciated against the Greenback by ₦1.33 to close at \$/₦418.50 during today's trading session and we anticipate that rates will trade at similar levels tomorrow.

### FX Rates

	Current	Previous	%Δ
I&E Closing	424.88	421.50	0.80
NAFEX	418.50	420.05	(0.37)

## Treasury Bills

The Treasury Bills secondary market opened on a quiet note as market players focused their attention on the NTB auction. This trend persisted for most of the trading session albeit with slight bearish undertone across the OMO and NTB curves. Consequently, closing rates inched up by an average of 5bps from opening levels.

At the auction, a total of ₦174.08bn was offered. Despite the level of subscription of ₦328.45bn, the DMO sold ₦197.65b across the standard maturities which was slightly above what was offered, with demand skewed toward the new 1-year paper. The stop rate for the 91-day declined slightly by 9bps to close at 2.40% while the 182-day and the 364-day maturity remained stable at 3.79% and 6.07% respectively. We expect a mixed sentiment tomorrow amid the possible FAAC inflow.

### 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 on a calm note as market participants focused on the NTB primary market auction in the early hours of trading. As the day progressed, activities emerged across the short, mid, and long end of the curve with a mixed sense of direction. Bids were seen on the 2026 and 2042 at 10.27% and 13.10% respectively whilst the 2036 bond was largely offered circa 12.34%. By the close of market, a few trades were consummated on the afore-mentioned papers and yields declined by an average 2bps across the benchmark curve from yesterday's closing.

We anticipate mixed sentiments tomorrow as some participants stick to the offer side to derive liquidity, whilst others go bullish in anticipation of the FAAC inflow and improved system liquidity.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	8.07	8.08	(0.12)
13.53 23-MAR-2025	10.07	10.08	(0.10)
16.2884 17-MAR-2027	10.71	10.71	0.00
13.98 23-FEB-2028	10.77	10.77	0.00
12.40 18-MAR-2036	12.39	12.38	0.08
16.2499 18-APR-2037	12.47	12.47	0.00
12.98 27-MAR-2050	13.15	13.15	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)	39.09	39.05

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2149	1M	1.57086	WTI	↑ 111.73
EUR/USD	1.0472	3M	2.25043	BRENT	↓ 114.05
USD/JPY	136.47	6M	2.87686	GOLD	↓ 1,819.95
USD/CHF	0.9543	12M	3.60729	SILVER	↓ 20.76

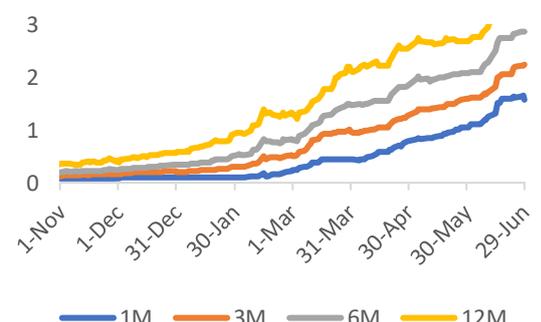
### Auction Results

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	13.88/13.13	2.16/17.36	158.04/297.96
Total Allotment (₦'Bn)	79.59	39.91	106.62	12.28	17.16	168.21
Stop Rate(%)	10.10	12.5	13.15	2.40	3.79	6.07

### Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	11.98	11.29	81.00	83.00
ACCESS 9.125% PERP	14.72	14.02	82.00	84.00
ECOBANK 9.5% 2024	9.64	8.72	99.75	101.25
UBA 6.75% 2026	10.52	9.90	87.00	89.00
GHANA 7.625% MAY 2029	24.56	23.77	49.00	50.50
NIGERIA 7.875% 2032	13.60	13.36	69.75	70.75

### USD LIBOR Movement





## DOMESTIC NEWS

### I&E FOREX WINDOW RAKES IN \$50BN IN THREE YEAR

The Investors and Exporters (I&E) Forex Window introduced by the Central Bank of Nigeria in April 2017 attracted over N50 billion in three years of its operation. The I&E window, also known as the Nigerian Autonomous Foreign Exchange Fixing (NAFEX) was created to boost liquidity in the market and ensure timely execution and settlement of eligible transactions. The CBN Governor, Godwin Emefiele, disclosed this in Abuja at the opening of Regional Course on Exchange Rate Regimes and Policies organized by the West African Institute for Financial and Economic Management (WAIFEM). Giving a rundown of the various exchange rate regimes the CBN has introduced over time, Emefiele said the I&E Window has recorded a high success.

According to Emefiele, who was represented by the bank's Deputy Director Monetary Policy Department, Mrs. Omolara Duke, "the CBN introduced the Investors and Exporters (I&E) Forex window to enable investors and exporters purchase and sell forex at the prevailing market rate. This has attracted over US\$50 billion in investment to the country within three years".

## GLOBAL NEWS

### OIL PRICES RETREAT WITH FEARS OF GLOBAL ECONOMIC SLOWDOWN

Oil prices dropped on Wednesday as heightened concerns of a recession in big economies outweighed misgivings of tight global supplies due to sanctions on Russia. International benchmark Brent crude was trading at \$113.50 per barrel at 0615 GMT for a 0.26% decrease after closing the previous session at \$113.80 a barrel. American benchmark West Texas Intermediate (WTI) was at \$111.53 per barrel at the same time for a 0.21% fall after the previous session closed at \$111.76 a barrel.

The US economy is expected to show growth in 2022, although, at a slower pace, New York Federal Reserve President John Williams said Tuesday. The Fed's aggressive tightening cycle has raised fears of a push towards a recession on the American economy. China's declining real estate market and its COVID-19 measures are also triggering fears of a decline in economic activity. On the demand side, additional output from the Organization of the Petroleum Exporting Countries (OPEC) and the OPEC+ group could alleviate concerns of sparse oil production. Saudi Arabia and the UAE, the biggest producers of the group, may have spare capacity to account for lost Russian supply. Investors will not focus on Thursday's OPEC+ meeting to determine oil production for the summer months.

**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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