

Daily Market Update

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

Monday, 18 July 2022

Money Market

Market liquidity opened the week with a balance of N332.98bn but Banks were seen to have accessed the CBN window to the tune of N251.2bn as this formed part of the opening balance.

Consequently, The OPR and Overnight rates remained stable to close the day at 13.88% and 14.00%, respectively. We expect the rates to hover around the same level tomorrow, despite the OMO maturity of N10bn expected to impact the system.

Money Market Rate Movement



Foreign Exchange

At the start of the week, we saw most of the demand in the investors and exporters window remain unmet due to the illiquidity in the market, however, the closing rate was \$/N429.13, an appreciation of N1.20.

The NAFEX depreciated by N0.97 day-on-day closing at \$/N423.17. We expect rates to trade at these levels in the coming days.

FX Rates

	Current	Previous	%Δ
I&E Closing	429.13	430.33	0.28
NAFEX	423.17	422.20	(0.23)

Treasury Bills

The Treasury bills secondary market opened the week relatively quiet as investors focused on the DMO's Bond auction.

As the trading day progressed, we observed some mixed sentiments across the short to mid-end of the OMO and NTB curves with minimal trades consummated by market close. Consequently, closing rates remained relatively unchanged from opening levels.

We expect the market to trade with a similar quiet trend tomorrow amid the thin level of system liquidity despite the OMO maturity of N10bn expected to hit the system.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	9.75	16-Aug-22	10.00
13-Oct-22	9.00	04-Oct-22	5.11
26-Jan-23	7.50	14-Feb-23	8.02
27-Apr-23	4.90	7-Mar-23	5.27

Bond

The FGN bond market opened the week on a quiet note as market participants focused their attention on today's Bond Auction.

At the Bond auction, the DMO allocated a total of ₦123.85bn across the 2025 (4% of allocation), 2032 (14% of allocation), and 2042 (81% of allocation) maturities. The total volume of bids stood at ₦142.30bn with 74% of the bids skewed towards the longest tenured maturity. Stop rates for the 2025, 2032 and 2042 bonds closed at 11.00% (↑90bps), 13.00% (↑50bps) and 13.749% (↑60bps) respectively.

Despite the coupon payment of ₦65.36bn (2034 bond) that hit the system today, we expect a calm market tomorrow as market participants trade cautiously ahead of the outcome of the MPC meeting.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	9.01	9.03	(0.22)
13.53 23-MAR-2025	10.01	10.02	(0.10)
16.288 17-MAR-2027	10.70	10.70	0.00
13.98 23-FEB-2028	11.40	11.40	0.00
12.40 18-MAR-2036	12.45	12.45	0.00
16.2499 18-APR-2037	12.53	12.53	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 (%)	18.60	17.71
Foreign Reserves (Gross \$'Bn)	39.44	39.42

Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.1989	1M	2.15	WTI	↑ 99.16
EUR/USD	1.0164	3M	2.48	BRENT	↑ 106.06
USD/JPY	138.16	6M	2.93	GOLD	↑ 1707.65
USD/CHF	0.9766	12M	3.22	SILVER	↑ 18.793

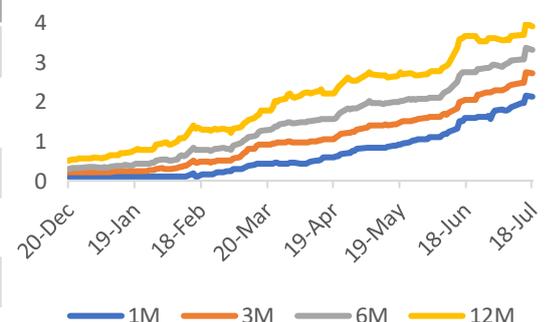
Auction Results

Tenor/Maturity	BOND AUCTION – July 18, 2022			NTB AUCTION – JULY 13, 2022		
	MAR 2025	APR 2032	JAN 2042	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	75.00/11.75	75.00/25.62	75.00/104.92	4.51/4.61	1.46/1.94	137.30/138.91
Total Allotment (₦'Bn)	5.30	17.82	100.72	4.27	1.49	137.50
Stop Rate(%)	11.00	13.00	13.75	2.75	4.00	7.00

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	14.48	13.70	74.50	76.50
ACCESS 9.125% PERP	18.53	17.71	72.25	74.25
ECOBANK 9.5% 2024	12.09	10.77	96.00	98.00
UBA 6.75% 2026	10.56	9.93	87.00	89.00
GHANA 7.625% MAY 2029	24.27	23.24	49.75	51.75
NIGERIA 7.875% 2032	14.47	14.21	66.38	67.38

USD LIBOR Movement





DOMESTIC NEWS

NIGERIA LABOUR CONGRESS TO HOLD 2-DAY NATIONWIDE PROTEST

The Nigeria Labour Congress (NLC) has lent its voice to the ongoing industrial dispute between the Federal Government and the Academic Staff Union of Universities (ASUU) as it has announced plans to commence a 2-day nationwide protest on Tuesday, July 26, in solidarity with the ongoing strike action by the Lecturers union.

The planned protest is aimed at pressurizing the Federal Government to conclude negotiations with striking universities unions and ensure that public universities resume for normal activities, among others.

This disclosure is contained in a circular issued by the NLC to all the state chairmen of the union, and signed by its National President, Ayuba Wabba, and the General Secretary, Comrade Emmanuel Ugboaja. Wabba, who stated that the protest will also extend to Wednesday, July 27, 2022, pointed out that it will be held in all states of the federation and Abuja.

GLOBAL NEWS

U.S. STOCKS OPEN HIGHER AS BANKS KICK OFF ANOTHER WEEK OF EARNINGS

At 9:31 AM ET, the Dow Jones Industrial Average jumped 321 points, or 1%, while the S&P 500 rose 0.8% and the NASDAQ Composite rose 0.9%. Goldman Sachs Group Inc (NYSE:GS) beat expectations, its stock rising more than 4% after bond trading helped overcome weakness in M&A advisory. Bank of America Corp (NYSE:BAC) rose 2.9% after its report also showed a slump in investment banking activity.

Investors are betting that the Federal Reserve won't be as aggressive as some were betting last week after the consumer price index for June showed a jump of 9.1% for the 12 months ending last month.

High inflation stoked fears the Fed could jack up rates an uncharacteristically aggressive 1%, but now investors are expecting a 0.75 percentage point increase to match the move in June. That would still be one of the biggest moves since the 1990s.

Officials are trying to tame inflation, helped in recent weeks by a drop in gasoline prices, but still not enough for comfort. Food prices remain elevated as well, and a prolonged heat wave in much of the country means air conditioning bills will eat into household budgets this month.

Sources: FMDQ, Access Bank Treasury Team, CBN, Bloomberg, Thisday, Investing.com

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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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