

Daily Market Update

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

Tuesday, 27 July 2022

Money Market

System liquidity opened the day with a balance of ₦17.13bn but Banks were seen to have accessed the CBN window to the tune of ₦180.8bn. Despite the NTB auction conducted today, the OPR rate decreased by 25bps, and the O/N rate remained stable to close the day at 14.75% and 15.00%, respectively.

We expect an increase in the money market rates tomorrow as banks fund for the NTB auction debit and a possible OMO auction.

Foreign Exchange

The market remained illiquid as demand continued to outweigh the supply of foreign exchange at the Investors' and Exporters' window. This was further exacerbated by the NDF JULY 27, 2022, maturity today. Nevertheless, the Naira gained ₦1.00 against the USD to close at \$/₦430.00.

The NAFEX rate depreciated against the Greenback by ₦0.80 to close at \$/₦425.18 during today's trading session and we anticipate that rates will trade at similar levels tomorrow barring any significant market activity.

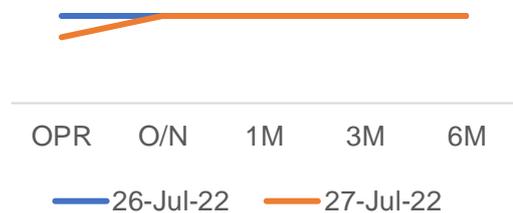
Treasury Bills

Market opened on a calm note as market players shifted their attention to the NTB auction. As the trading day progressed, we saw mixed interest across the OMO and NTB curves with few trades consummated by market close. Thus, closing rates remained unchanged from opening levels.

At the auction, a total of ₦264.28bn was offered across the standard maturities. Given the level of subscription of ₦320.51bn, the DMO sold exactly what was offered ₦264.28bn, with demand skewed toward the new 1-year paper. The stop rate for the 91-day and the 182-day inched up by 5bps and 10bps to close at 2.80% and 4.10% respectively. The 364-day maturity, remained stable to close at 7.00%

We expect similar trend to persist tomorrow as market participants continue to trade cautiously amid possible OMO Auction.

Money Market Rate Movement



FX Rates

	Current	Previous	%Δ
I&E Closing	430.00	431.00	(0.23)
NAFEX	425.18	424.38	0.19

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	11.30
26-Jan-23	7.50	14-Feb-23	8.02
27-Apr-23	4.90	7-Mar-23	8.00

Bond

The FGN Bond market opened on a quiet note with participants maintaining a cautious trading approach. As the trading day progressed demand was witnessed on the long end of the curve with the 2050 paper being the most sought-after instrument with bids at 13.40% levels. On the shorter-end of the curve, the 2027 saw some interest at c.11.70%.

By and large, a few trades were consummated, and yields inched up marginally by 4bps across the curve.

We expect a calm market tomorrow barring any significant market information.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	10.84	10.85	(0.09)
13.53 23-MAR-2025	11.42	11.42	0.00
16.288 17-MAR-2027	11.74	11.75	(0.09)
13.98 23-FEB-2028	11.40	11.40	0.00
12.40 18-MAR-2036	12.70	12.80	(0.78)
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 (%)	14.00	13.00
Inflation y/y (%)	18.60	17.71
Foreign Reserves (Gross \$'Bn)	39.27	39.39

Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2041	1M	2.32	WTI	↑ 97.36
EUR/USD	1,0114	3M	2.56	BRENT	↑ 101.40
USD/JPY	137.33	6M	2.94	GOLD	↑ 1717.80
USD/CHF	0.9651	12M	3.12	SILVER	↑ 18.562

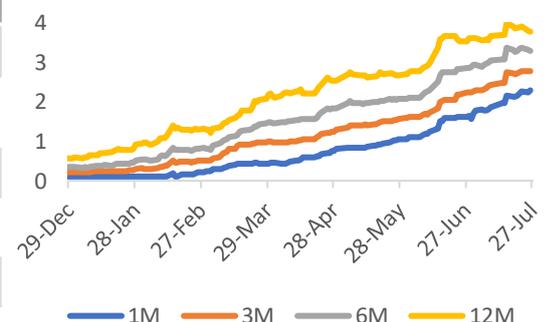
Auction Results

Tenor/Maturity	BOND AUCTION – July 18, 2022			NTB AUCTION – JULY 27, 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	2.22/1.86	3.56/1.40	258.53/317.25
Total Allotment (₦'Bn)	5.30	17.82	100.72	1.69	1.26	261.33
Stop Rate(%)	11.00	13.00	13.75	2.80	4.10	7.00

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	14.52	13.74	74.50	76.50
ACCESS 9.125% PERP	18.67	17.84	72.00	74.00
ECOBANK 9.5% 2024	12.46	11.12	95.50	97.50
UBA 6.75% 2026	10.26	9.64	88.00	90.00
GHANA 7.625% MAY 2029	26.59	25.57	45.75	47.50
NIGERIA 7.875% 2032	14.13	13.88	67.75	68.75

USD LIBOR Movement





DOMESTIC NEWS

IMF RETAINS NIGERIA'S GROWTH PROSPECT AT 3.4%

The International Monetary Fund (IMF) has retained projected economic growth of 3.4 per cent for Nigeria in 2022. The Washington-based institution disclosed this on Tuesday in its World Economic Outlook (WEO) for July 2022 entitled, "Gloomy and More Uncertain".

At its last economic outlook released in April, the IMF had estimated that Nigeria's economy would grow by 3.4 per cent in the year from the 2.7 per cent earlier projected. It explained that the outlook for countries in the Middle East and Central Asia and sub-Saharan Africa, such as Nigeria, remains unchanged or positive due to elevated fossil fuel and metal prices for some commodity-exporting countries.

It, however, projected that the global economy would slow further to 3.2 per cent in the year and 2.9 per cent in 2023. According to the institution, this is due to global inflation, the war in Ukraine, which has caused widespread hardship as well as an economic slowdown in China – a major global supply chain hub.

GLOBAL NEWS

RUSSIA CUTS GAS FLOWS FURTHER AS EUROPE URGES ENERGY SAVING

Russia delivered less gas to Europe, in a further escalation of an energy stand-off between Moscow and the European Union that will make it harder, and costlier, for the bloc to fill up storage ahead of the winter heating season. The cut in supplies, flagged by Gazprom earlier this week, has reduced the capacity of Nord Stream 1 pipeline - the major delivery route to Europe for Russian gas - to a mere fifth of its total capacity. Nord Stream 1 accounts for around a third of all Russian gas exports to Europe.

On Tuesday, EU countries approved a weakened emergency plan to curb gas demand after striking compromise deals to limit cuts for some countries, hoping lower consumption will ease the impact in case Moscow stops supplies altogether. The plan highlights fears that countries will be unable to meet goals to refill storage and keep their citizens warm during the winter months and that Europe's fragile economic growth may take another hit if gas will have to be rationed.

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