

# Daily Market Update

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

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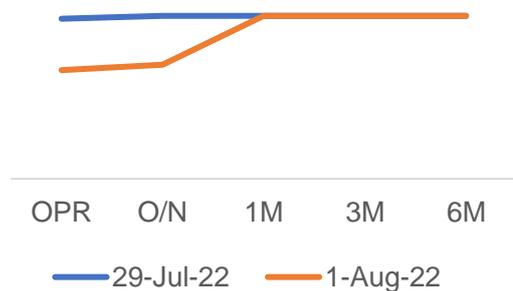
## Money Market

System liquidity opened the week with a balance of ₦260.47bn and can be attributed to the FAAC disbursement into the system.

Consequently, the OPR and Overnight rates declined by 475bps from the previous day's level to close at 10.00% and 10.50% respectively.

We expect the rates to hover around these levels tomorrow barring any significant funding activity in the market

### Money Market Rate Movement



## Foreign Exchange

The IEFX market saw slight improvement in liquidity as the Central Bank of Nigeria intervened in the SMEs and Invisibles segment of the market. Consequently, the rates appreciated slightly by 12 kobo from last week's closing levels to print at \$/₦428.88.

The NAFEX rate also gained against the greenback day on day by ₦0.97 to close at \$/₦426.20.

We expect rates to trade at these levels for the remainder of the week, barring any significant market activity.

### FX Rates

	Current	Previous	%Δ
I&E Closing	428.88	429.00	(0.03)
NAFEX	426.20	427.17	(0.23)

## Treasury Bills

Opening the week, the Treasury bills secondary market opened on a relatively quiet note as most market players remained on the sidelines. Midway through the trading session we witnessed pockets of demand across the curve particularly on the mid tenured papers with just few trades consummated by market close. Consequently, closing rates remained largely unchanged from opening levels.

We expect the market to trade with similar trend as market participants continue to trade cautiously.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	9.75	16-Aug-22	14.15
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 market opened the week on a quiet note with minimal trades consummated across board. We witnessed some demand on the longer end of the curve with emphasis on the 2042 auction bond circa 13.70% levels.

In addition, the 2025 bond was offered at 11.35% whilst the belly of the curve remained muted. By and large, just a few trades were consummated, and yields inched up marginally by 4bps across the benchmark bonds, from opening levels.

We expect similar sentiments to persist tomorrow, barring any significant market information.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	10.82	10.83	(0.09)
13.53 23-MAR-2025	11.41	11.42	(0.09)
16.288 17-MAR-2027	11.74	11.74	0.00
13.98 23-FEB-2028	11.39	11.39	0.00
12.40 18-MAR-2036	12.70	13.01	(2.38)
16.2499 18-APR-2037	12.53	12.53	0.00
12.98 27-MAR-2050	13.40	13.49	(0.67)

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	14.00	13.00
Inflation y/y (%)	18.60	17.71
Foreign Reserves (Gross \$'Bn )	39.22	39.25

### Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2271	1M	2.2700	WTI	↓ 94.18
EUR/USD	1.0269	3M	1.6310	BRENT	↓ 100.48
USD/JPY	131.88	6M	1.1745	GOLD	↑ 1782.55
USD/CHF	0.9497	12M	0.6742	SILVER	↓ 20.21

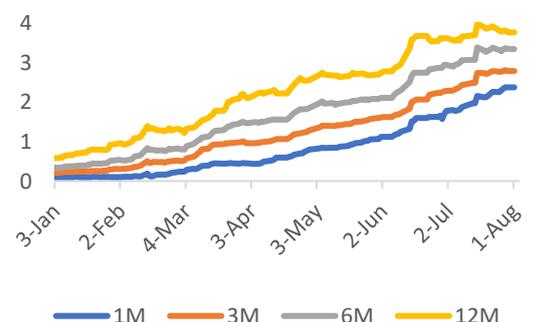
### Auction Results

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	14.25	13.48	75.25	77.25
ACCESS 9.125% PERP	18.69	17.86	72.00	74.00
ECOBANK 9.5% 2024	11.96	10.63	96.25	98.25
UBA 6.75% 2026	10.27	9.64	88.00	90.00
GHANA 7.625% MAY 2029	24.90	23.83	48.75	50.75
NIGERIA 7.875% 2032	12.64	12.42	74.00	75.00

### USD LIBOR Movement





## DOMESTIC NEWS

### NIGERIA'S ECONOMY AND FIERCE URGENCY FOR REFORMS

With the Nigerian economy in dire straits with major economic indicators looking grim amidst increasing vulnerabilities, Obinna Chima writes on the need for urgent reforms to reverse the negative trends.

Few days after the Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, revealed that Nigeria's debt service cost presently outweighs its revenue, the Nigerian National Petroleum Company (NNPC) Limited also disclosed that payment for petrol subsidy now exceeds total revenues from sales of crude oil and gas, which are clear signs of economic dangers ahead.

According to Ahmed, the country's debt service cost in the first quarter (Q1) 2022 was N1.94 trillion, N310 billion higher than the actual revenue received during the period. On the other hand, data from the NNPC's monthly presentation at the last Federation Account Allocation Committee (FAAC) meeting showed that in the first half of 2022, petrol subsidy claims surpassed oil and gas revenue by a whopping N210 billion.

In addition, within the period under review, the NNPC recorded N2.39 trillion as gross revenues from oil and gas receipts, while subsidy claims amounted to N2.6 trillion. The data further revealed that N1.59 trillion was used to cover part of the subsidy costs in the last six months, leaving an outstanding balance of N1.01 trillion to be recovered from July 2022 proceeds in August.

## GLOBAL NEWS

### OIL OUTSHINES STOCKS AND DOLLAR IN 2022

Oil prices are proving resilient to global economic recession fears and have outperformed major equity indices and the U.S. dollar so far this year as Western sanctions on Russia further limit supplies to an already tight market. The two major crude futures contracts, are up about 30% so far this year, while the All-Country World Index (ACWI) is down about 15%, Refinitiv Eikon data shows.

For much of the last two years, production by the Organization of the Petroleum Exporting Countries and allies led by Russia, together known as OPEC+, has been below agreed output targets as many members struggle with capacity issues. The supply shortfall hit about 3 million barrels per day in June - about 3% of global supplies - OPEC+ internal data shows.

"The bullish commodities conviction holds as long as demand levels are still above supply levels," bank MUFG said. "By contrast, financial markets are anticipatory assets driven by the growth 'rate' of demand, which is evidently falling". Oanda analyst Craig Earlam added that equities have been negatively impacted by various developments including the oil price itself, which is contributing to spiralling inflation levels.

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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