

Daily Market Update

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

Tuesday, 92 August 2022

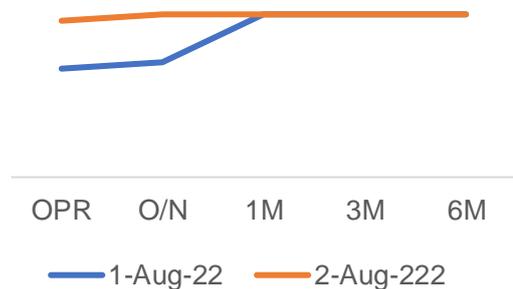
Money Market

System liquidity opened the day with a balance of ₦103.27 coming from previous day's balance of ₦260.47bn.

Consequently, the OPR and Overnight rates increased by 433bps from the previous day's level to close at 14.33% and 15.00% respectively.

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

Money Market Rate Movement



Foreign Exchange

The NAFEX weakened by ₦0.97 day on day, closing at \$/₦421.17

The paucity of funds in the Investors' and Exporters' window continued in today's trading session as most market participants sought Dollars for their FX obligations. As a result, the Naira weakened further by ₦1.79 to close at \$/₦430.67.

We expect rates to trade at similar levels tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	430.67	428.88	0.42
NAFEX	427.17	426.20	0.23

Treasury Bills

The Treasury Bills secondary market opened the day on a quiet note as most market participants continue to trade cautiously. As trading progressed, we witnessed some mixed interests across the OMO and NTB curves mainly on the Feb OMO bills with trades consummated around the 8.00% handle.

In general, only a handful of trades were consummated by market close and consequently average rates remained unchanged from opening levels.

We expect the market to trade with mixed sentiments tomorrow as market participants continue to show bids and offers across select maturities.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	9.75	16-Aug-22	14.00
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 market opened on a calm note as market participants maintained a cautious trading approach. As the trading day progressed, bearish sentiments was witnessed on the short and long end of the curve whilst the belly of the curve remained mute.

The 2042 paper was offered at 13.70% levels whilst the 2025 instrument was offered at 11.38% levels. By and large, just a few trades were consummated, and yields inched up by 16bps across the curve, from opening levels.

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

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	10.81	10.82	(0.09)
13.53 23-MAR-2025	11.41	11.41	0.00
16.288 17-MAR-2027	11.71	11.74	(0.26)
13.98 23-FEB-2028	11.98	11.39	5.18
12.40 18-MAR-2036	13.01	12.70	2.44
16.2499 18-APR-2037	12.52	12.53	(0.08)
12.98 27-MAR-2050	13.40	13.40	00.00

Monetary Policy

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

Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2208	1M	2.2812	WTI	↑ 94.22
EUR/USD	1.0201	3M	2.5536	BRENT	↑ 100.71
USD/JPY	131.64	6M	2.9019	GOLD	↑ 1,795.60
USD/CHF	0.9547	12M	3.0704	SILVER	↑ 20.25

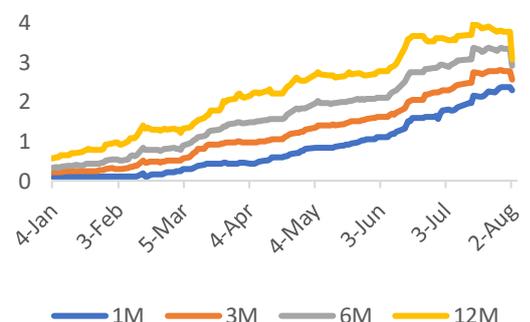
Auction Results

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

PETROLEUM MINISTRY INAUGURATES COMMITTEE ON ESTABLISHMENT OF OIL, GAS PROMOTION OFFICE

The ministry of petroleum resources has inaugurated a committee on the establishment of an oil and gas investment promotion office in Abuja to interface with businessmen interested in investing in the sector.

In his remarks at the ceremony, the Director overseeing the Office of the Permanent Secretary, Mr. Kamoru Busari, said that having an investment promotion office in the ministry was a strategic milestone to get investors to put their money in Nigeria's oil and gas sector, stressing that the initiative would come in handy to businesses, given the country's enormous oil and gas deposits.

The inauguration, according to Busari, was sequel to the approval granted by the Minister of State for Petroleum Resources, Chief Timipre Sylva, on 22nd June 2022. "The oil and gas investment promotion office is expected to be well equipped to support Investors and further create awareness to investors about Nigeria as an attractive destination for oil and gas investment which when established will act as a one-stop shop of oil and gas investment", Busari noted.

GLOBAL NEWS

U.S. ADDS 25 AIRBUS PLANES OPERATED BY RUSSIAN AIRLINES TO EXPORT VIOLATION LIST

The U.S. Commerce Department on Tuesday will add 25 Airbus airplanes operated by Russian airlines believed to violate U.S. export controls as part of the Biden administration's sanctions over the Russian invasion of Ukraine, the agency told Reuters.

The department has previously identified more than 150 Boeing airplanes and one Gulfstream plane that had flown into Russia from other countries since March 2 or into Belarus since April 8. The rules cover U.S. made airplanes as well as foreign made airplanes that have least 25% U.S. origin content. These are the first foreign airplanes added to the export control list.

The 25 Airbus A320, A321 and A330 airplanes are operated by Ural Airlines, S7 Airlines, Red Wings, Yamal Airlines, Nordwind, and I-Fly. The orders aim to deny the airlines access to refueling, spare parts and maintenance services.

"The United States and our partners applied sweeping, powerful export controls to industry sectors – such as aerospace – that Russia leverages to sustain its military aggression," said Commerce Department Export Enforcement chief Matthew Axelrod in a statement provided to Reuters. "Today's identification of 25 foreign-produced aircraft further degrades Russian airlines' ability to operate their fleets of both U.S. and EU airplanes."

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

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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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