

# Daily Market Update

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

Thursday, 04 August 2022

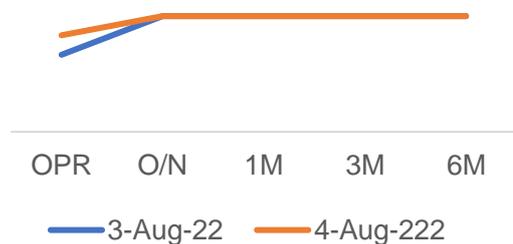
## Money Market

System liquidity opened the day with a balance of ₦50.7bn coming from the previous day's balance of ₦123.67bn.

Consequently, the OPR and Overnight rates increased by 17bps from the previous day's level to close at 14.50% and 15.00% respectively.

We expect the rates to hover around these levels tomorrow in view of the Retail SMIS scheduled to be conducted.

### Money Market Rate Movement



## Foreign Exchange

The NAFEX gained by 183kobo to the Greenback to close at \$/₦426.17.

The illiquidity in the market persisted as most bids in the IEFX market remains unmet due to limited supply of FX. Despite that, the Dollar gained by 108kobo against the Naira to close at \$/₦428.13.

The CBN is expected to conduct the Bi-weekly Retail SMIS Auction and we expect rates to trade at these levels tomorrow.

### FX Rates

	Current	Previous	%Δ
I&E Closing	428.13	429.20	(0.25)
NAFEX	426.17	428.00	(0.43)

## Treasury Bills

The Treasury Bills secondary market traded in a quiet note as market participants adopted a cautious approach to trading. Mid way through the trading session, we witnessed mixed sentiments across the belly of the curve particularly on the November bills with minimal trades consummated by market close.

Consequently, average rates remained largely unchanged from opening levels.

Closing the week, we expect the market to trade with bearish sentiments as market players provide liquidity to fund their obligations including the retail auction debit.

### 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

Opening the day, the FGN Bond market traded calmly, and this persisted throughout the trading session. The bearish sentiment was maintained with offers for the medium tenured bonds above the 13% handle. Most notable traded instrument was the 2035 bonds which traded at 13.17% level. The on-the-run 20-Yr instrument continues to be the most sought-after long end paper, but trades were barely consummated as bids remained elevated in the market. By and large, yields on the short and long end of the curve remained stable while the medium-term rates increased by an average of 7bps.

We expect the bearish sentiment to persist due to the expected liquidity squeeze arising from the Retail SMIS funding.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	11.02	10.81	1.94
13.53 23-MAR-2025	11.41	11.41	0.00
16.288 17-MAR-2027	11.91	11.91	0.00
13.98 23-FEB-2028	11.98	11.98	0.00
12.40 18-MAR-2036	13.01	13.01	0.00
16.2499 18-APR-2037	13.42	13.42	0.00
12.98 27-MAR-2050	13.40	13.40	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 )	39.18	39.07

### Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2138	1M	2.2914	WTI	88.94
EUR/USD	1.0224	3M	2.6412	BRENT	94.54
USD/JPY	133.26	6M	3.0062	GOLD	1,786.19
USD/CHF	0.9572	12M	3.2370	SILVER	20.10

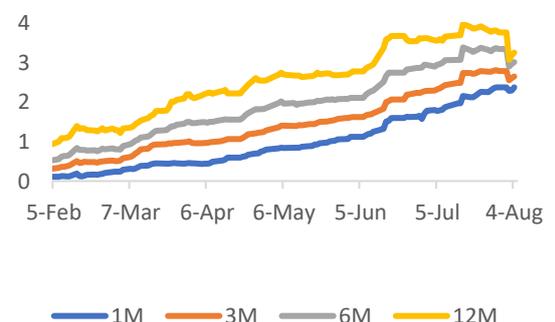
### Auction Results

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	13.31	12.57	77.75	79.75
ACCESS 9.125% PERP	18.40	17.58	72.75	74.75
ECOBANK 9.5% 2024	12.94	11.56	94.88	96.88
UBA 6.75% 2026	10.28	9.65	88.00	90.00
GHANA 7.625% MAY 2029	24.98	23.91	49.5	51.25
NIGERIA 7.875% 2032	12.85	12.62	73.125	74.125

### USD LIBOR Movement





## DOMESTIC NEWS

### ACCESS BANK TAKES BUSINESS PROTECTION BUNDLES TO SMES IN THE NORTH

The management of Access Bank Plc revealed that the bank has embarked on a business conversation with its customers, especially the Small and Medium Enterprises (SMEs), with a view to support and promote their business engagement through sharing of different business promotions and protection bundles the bank offers. This was disclosed by the bank's Deputy Managing Director, North, Mr. Victor Etuokwu, during the Access Bank cocktails and business conversations held in Kano. According to him, the bank has found it very important to engage and interact with its customers to effectively support its customers, especially the SMEs, to achieve success in their businesses.

Similarly, in her remarks, Group Head, Emerging Businesses unit of the bank Mrs. Ayodele Olojede, stated that the bank has developed enough business protection and promotion bundles that will allow for easy ways to grow any SMEs and other businesses, adding that there are bundles that allow businesses to access loans of up to N10 million without any collateral. She further explained that the bank has also introduced an affordable and accessible insurance scheme against different disasters that may affect any business establishment. However, the North-west regional Sales Director of the bank, Aminu Inuwa, stated that it is apparent that 90% of the world's economy is being controlled by SMEs as the backbones of such economies hence the bank's commitment to support and promote SMEs activities with different varieties of loans that will enable them to grow in their businesses.

## GLOBAL NEWS

### BOE RAISES RATES BY MOST SINCE 1995, WARNS OF LONG RECESSION

The Bank of England unleashed its biggest interest-rate hike in 27 years as it warned the UK is heading for more than a year of recession under the weight of soaring inflation. The pound fell. The half-point increase to 1.75%, predicted by most economists, on Thursday was backed by eight of the central bank's nine policy makers, who also kept up a pledge to act forcefully again in the future if needed. "The committee will be particularly alert to indications of more persistent inflationary pressures, and will if necessary act forcefully in response," Governor Andrew Bailey told reporters in London. "All options are on the table for our September meeting, and beyond that."

The pound slid after the move, which was accompanied by warning that a UK recession will begin in the fourth quarter and last all the way through next year. Sterling fell as much as 0.7% to \$1.2066. That would be the longest slump since the financial crisis, with officials expecting the economy to shrink by around 2.1% in total. The BOE also boosted its forecast for the peak of inflation to 13.3% in October amid a surge in gas prices, and warned that price gains will remain elevated throughout 2023. That will sharpen a cost-of-living crisis that will see real disposable incomes fall more than at any time in around 60 years. Even after billions of pounds of government support for struggling households, families are set to be around 5% worse off by the end of 2023 with incomes falling both this year and next.

**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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