

Daily Market Update

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

Friday, 05 August 2022

Money Market

System liquidity opened the day with a balance of N217bn as Banks accessed the Repo window in anticipation of the Retail SMIS auction scheduled to hold today. Consequently, OPR and Overnight rates remained stable at 14.50% and 15.00% respectively as liquidity remained constrained owing to the provisioning for the bi-weekly Retail SMIS auction conducted by the Apex Bank.

We expect the rates to remain at these levels opening next week as no significant funding activity is expected to occur.

Money Market Rate Movement



Foreign Exchange

We witnessed an appreciation in the Naira by ₦1.67 to the Dollar, closing the week at \$/₦424.50

The IEFX market traded predominantly on the left-side of quote as we witnessed only a few trades consummated due to the limited Dollar offers. The Naira traded flat to close the week at \$/₦428.13

The Apex bank conducted its Bi-weekly retail auction today. We expect rates to trade at similar levels next week.

FX Rates

	Current	Previous	%Δ
I&E Closing	428.13	428.13	0.00
NAFEX	424.50	426.17	(0.39)

Treasury Bills

Closing the week, the Treasury Bills market opened on a relatively quiet note with bearish undertone across the mid to the long end of the curve. This trend persisted for most of the trading session as market participants sought to provide liquidity to fund their obligations including the Retail auction debit with trades consummated across the OMO and NTB curves by market close. Consequently, closing rates inched up by an average of 10bps from opening levels.

We expect the quiet trend to persist opening the new week as market players trade cautiously ahead of the NTB auction.

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	10.20
27-Apr-23	4.90	7-Mar-23	8.00

Bond

The FGN Bond market traded on a very quiet note today given the thin liquidity levels in the money market. Nevertheless, we witnessed a bit of demand on the 20-Yr reopening at elevated levels (12.75%), while we continued to see improved offers on the short and mid-tenured maturities.

This trend persisted till the end of the trading session and as such, yields inched up by a single basis point.

We expect a similar trend next week, ahead of the NTB and monthly Bond auction.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	11.01	11.02	(0.09)
13.53 23-MAR-2025	11.41	11.41	0.00
16.288 17-MAR-2027	11.90	11.91	(0.08)
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	1.2069	1M	2.2908	WTI	↑ 90.10
EUR/USD	1.0174	3M	2.6360	BRENT	↑ 95.71
USD/JPY	135.23	6M	2.9868	GOLD	↓ 1,776.86
USD/CHF	0.9623	12M	3.1909	SILVER	↓ 19.92

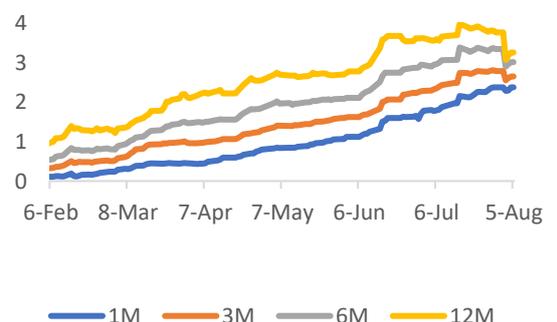
Auction Results

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	17.48	16.69	75.15	77.05
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	25.40	24.31	48.75	50.50
NIGERIA 7.875% 2032	12.37	12.15	75.25	76.25

USD LIBOR Movement





DOMESTIC NEWS

PENSION ASSET HITS N14.27TN AS NUMBER OF CONTRIBUTORS APPROACHES 10M MARK

The National Pension Commission (PenCom) has said that the total pension assets in the country reached N14.27 trillion as at the first half of this year, representing a growth of approximately N843billion when compared with N13.88 trillion recorded at the end of March this year. This is contained in the unaudited monthly report of the commission for the first half of the year 2022 released by the commission in its official website.

The fund, according to PenCom, were contributed by a total of 9, 795,957 contributors who registered into the contributory pension scheme as at the period under review. Out of the above number of contributors, PenCom said a total of 27,157 contributors dumped their former fund managers and migrated to new pension fund managers between January and June 2022, bringing the total number of RSA transfers processed by the commission to 78,549 since the opening of the transfer window barely two years ago. The transfer window is an initiative of the commission, which gives contributors opportunity to move from one pension fund administrator to another. According to PenCom, pension activities recorded the highest quarterly movements of contributors in the first quarter of 2021, 20.1 per cent quarter-on-quarter, “an indication of increased competition in the industry.”

GLOBAL NEWS

US JOB GROWTH SURGES, TEMPERING RECESSION WORRY AND PRESSING FED

US employers added more than double the number of jobs forecast, illustrating rock-solid labor demand that tempers recession worries and suggests the Federal Reserve will press on with steep interest-rate hikes to thwart inflation. Nonfarm payrolls jumped 528,000 in July, a broad advance that beat all estimates and was the largest in five months, Labor Department data showed Friday. Employment in the prior month was revised up to a 398,000 gain. The unemployment rate fell to 3.5%, matching a five-decade low. Wage growth accelerated and the labor force participation rate eased.

The median estimates in a Bloomberg survey of economists called for a 250,000 payrolls gain and for the jobless rate to hold at 3.6%. Treasury yields surged, the S&P 500 opened lower and the dollar rose sharply. The report suggests a voracious appetite for workers, particularly in the service sector that's been struggling with labor shortages. The gain in payrolls was broad, led by increases in accommodation and food services, health care and professional and business services. The figures underscore both a job market plowing ahead and relentless inflationary pressures. While the strong advance in payrolls and wages are welcome news for President Joe Biden, it's also likely to stiffen the Fed's resolve to stay on the path of large interest-rate increases.

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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