

# Daily Market Update

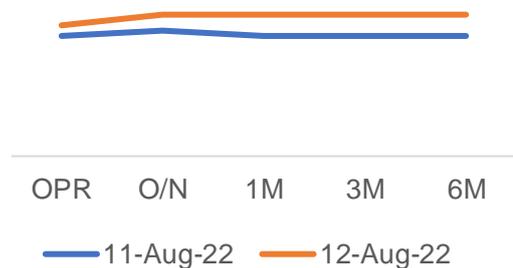
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Friday, 12 August 2022

## Money Market

Market liquidity opened the day with a repo balance of N3.65bn, a decline from the previous day's position of N44bn. Consequently, the OPR and Overnight rates increased by 100bps and 150bps from the previous day's level to close the day at 12.00% and 13.00% levels, respectively. We expect the rates to hover around this level next week barring any significant funding activities..

### Money Market Rate Movement



## Foreign Exchange

Closing the week, we witnessed a muted trading session as most bids remained unmet, due to the illiquidity in the IEFX market. We saw a slight appreciation in the rates by 62kobo to close at \$N429.63.

The NAFEX rate closed the week at \$/N427.92 a day-on-day depreciation of 309kobo.

As anticipated, CBN released the result of the last weeks retail SMIS auction today

### FX Rates

	Current	Previous	%Δ
I&E Closing	429.63	430.25	(0.14)
NAFEX	427.92	424.83	0.73

## Treasury Bills

Closing the week, the Treasury Bills market opened a relatively quiet note as market participants remained on the sidelines. Mid-way through the trading session, we observed some mixed sentiments across the mid to the long end of the OMO and NTB curves as well as the special bills with handful of trades consummated by market close. Despite this, closing rates remained largely unchanged from opening levels.

We expect the market to trading on a calm note opening the new week as market players shift attention to the bond auction on Monday.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
8-Sep-22	9.75	04-Oct-22	11.30
13-Oct-22	9.00	14-Feb-23	10.20
26-Jan-23	9.80	7-Mar-23	10.90
27-Apr-23	4.90	2-May-23	10.10

## Bond

The Bond market opened on a relatively calm note today. As market progressed, we saw activities on the 20-Yr instrument as offers were being lifted at 13.85% levels. Just a few trades were consummated for both the short and medium tenured maturities as most bid/offer spreads remained wide in the market. By and large, yield increased by 5bps on the long end while the short and medium curve remained stable.

We expect improved activity next week as the DMO is set to borrow c.N225bn across the 2025, 2032 and 2042 papers.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	10.98	10.99	(0.09)
13.53 23-MAR-2025	12.12	12.12	0.00
16.288 17-MAR-2027	12.72	12.87	(1.17)
13.98 23-FEB-2028	12.82	12.82	0.00
12.40 18-MAR-2036	13.01	13.01	0.00
16.2499 18-APR-2037	13.46	13.46	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	38.95

### Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2127	1M	2.28	WTI	92.37
EUR/USD	1.0254	3M	2.71	BRENT	98.06
USD/JPY	133.57	6M	3.08	GOLD	1813.25
USD/CHF	0.9431	12M	3.33	SILVER	20.51

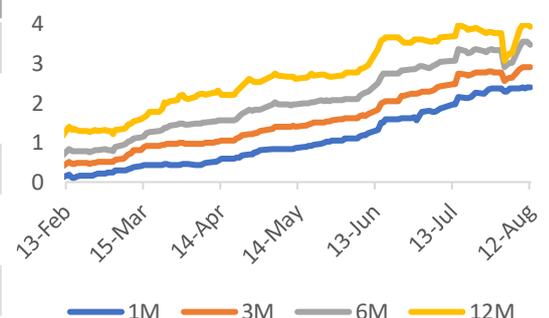
### Auction Results

Tenor/Maturity	BOND AUCTION – July 18, 2022			NTB AUCTION – AUGUST 10, 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	1.02/1.80	1.82/1.67	147.78/184.04
Total Allotment (₦'Bn)	5.30	17.82	100.72	1.15	1.31	148.15
Stop Rate(%)	11.00	13.00	13.75	3.50	4.50	7.45

### Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	11.35	10.66	83.25	85.25
ACCESS 9.125% PERP	14.48	13.44	83.00	86.00
ECOBANK 9.5% 2024	11.16	10.15	97.50	99.00
UBA 6.75% 2026	9.66	9.05	90.00	92.00
GHANA 7.625% MAY 2029	24.77	23.71	49.13	51.13
NIGERIA 7.875% 2032	10.92	10.73	82.25	83.25

### USD LIBOR Movement





## DOMESTIC NEWS

### OPEC SAYS NIGERIA'S OIL PRODUCTION AVERAGED 1.183MBPD IN JULY 2022

The Organization of the Petroleum Exporting Countries (OPEC) says that Nigeria recorded an average of 1.183 million barrels per day (bpd) in its crude oil production for the month of July 2022, according to secondary sources. This represents an increase of 7,000 barrels per day when compared to the average of 1.176 million barrels per day that was achieved in June 2022. This disclosure is contained in OPEC's Oil Market Report for August 2022, which was released on Thursday, August 11, 2022, and seen by Nairametrics. However, the OPEC's report from direct communications shows that Nigeria's crude oil production averaged 1.084 million barrels per day, representing a 74,000 barrels per day drop when compared to the 1.158 million barrels per day that was recorded in the month of June 2022. The report further shows the production level from Nigeria is a further decline when compared to the average output of 1.376 million barrels per day and 1.205 million barrels per day that was achieved in the first and second quarters of 2022 respectively.

## GLOBAL NEWS

### OPEC FURTHER LOWERS FORECASTS FOR GLOBAL ECONOMY AND OIL DEMAND IN 2022

The Organization of the Petroleum Exporting Countries (OPEC) has further revised down its forecasts for this year's global economic growth and oil demand, following a previous downward revision in May. The oil alliance said on Thursday in its monthly report that the world economy is expected to grow by 3.1 per cent in 2022, compared to its forecast of 3.5 per cent in the previous three months. Explaining the downward revision, OPEC cited "weaker second-quarter growth in the major economies and an observed soft trend in some key economies". In its May report, OPEC had already lowered its forecast for global economic growth this year from 3.9 to 3.5 per cent. This projection was maintained until July, Xinhua news agency reported. Risks facing the world economy include ongoing geopolitical tensions and supply chain issues, the continued Covid-19 pandemic, rising inflation, high sovereign debt levels in many regions, and expected monetary tightening by central banks in the US, Britain, Japan and the Euro zone.

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."

More information:  
IP: 7007  
Email: [FixedIncome@ACCESSBANKPLC.com](mailto:FixedIncome@ACCESSBANKPLC.com)



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