

Daily Market Update

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

Wednesday, 17 August 2022

Money Market

Market liquidity opened the day with a balance of ₦95.07bn and was further depleted by the bond auction debit of ₦200.50bn.

Consequently, the OPR and Overnight rates increased by 17bps from the previous levels to close the day at 14.67% and 15.00% levels, respectively.

We expect the rates to hover around these levels tomorrow barring any significant funding activities.

Money Market Rate Movement



Foreign Exchange

The NAFEX gained ₦2.18 to the Dollar to close at \$/₦426.70

The IEFX market had a quiet trading session, but at market closing, only a few trades were executed. Rates appreciated by 129 Kobo to close at \$/₦429.38

Barring any significant market activity, rates should trade at similar levels tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	429.38	430.67	(0.29)
NAFEX	426.70	428.88	(0.51)

Treasury Bills

The Treasury Bills secondary market opened the day on a relatively quiet note with bearish sentiments observed across the OMO and NTB curves as trading progressed.

This trend was sustained throughout the trading session as market participants provided liquidity to fund their obligations, including the bond auction debit. By market close, just few trades were consummated across the curve as most market players were on the right side of the quote. Consequently, closing rates remained largely unchanged from opening levels.

We expect similar trend to persist tomorrow as market participants continue to trade cautiously amid a possible OMO auction.

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 traded calmly today as most market participants remained on the supply side of the market. The bearish sentiment was sustained as bids were scarce in the market. A handful of bids were seen on the 20-Yr reopening were elevated as yields were quoted at 14.20%.

As market progressed, we saw slight demand for the 2029 paper with bid/offer yield quoted at 12.60%/12.45%. However, just a few trades were consummated due to the scarcity of this paper. By and large, yields remained stable from yesterday's closing.

We anticipate a similar trend to recur tomorrow, as liquidity further tightens due to today's Bond auction debit and investors' demand for higher yields.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	10.96	10.97	0.00
13.53 23-MAR-2025	12.11	12.11	0.00
16.288 17-MAR-2027	12.71	12.72	(0.08)
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 (%)	19.64	18.60
Foreign Reserves (Gross \$'Bn)	38.63	39.18

Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.2030	1M	2.30	WTI	86.50
EUR/USD	1.0163	3M	2.76	BRENT	92.28
USD/JPY	135.41	6M	3.12	GOLD	1776.35
USD/CHF	0.9537	12M	3.39	SILVER	19.66

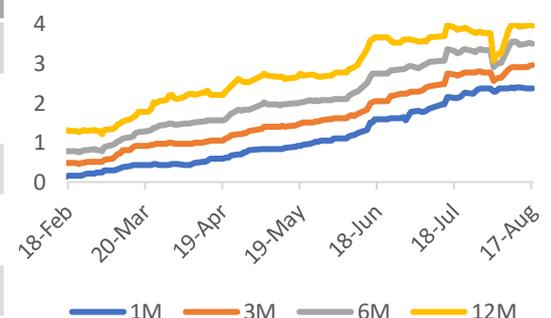
Auction Results

Tenor/Maturity	BOND AUCTION – AUGUST 15, 2022			NTB AUCTION – AUGUST 10, 2022		
	MAR 2025	APR 2032	JAN 2042	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	75.00/23.01	75.00/40.79	75.00/183.27	1.02/1.80	1.82/1.67	147.78/184.04
Total Allotment (₦'Bn)	4.21	28.84	167.52	1.15	1.31	148.15
Stop Rate(%)	12.50	13.50	14.00	3.50	4.50	7.45

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	11.53	10.84	82.75	84.75
ACCESS 9.125% PERP	15.58	14.49	80.00	83.00
ECOBANK 9.5% 2024	11.69	10.32	96.75	98.75
UBA 6.75% 2026	9.67	9.05	90.00	92.00
GHANA 7.625% MAY 2029	25.85	24.73	47.25	49.25
NIGERIA 7.875% 2032	12.13	11.92	76.38	77.38

USD LIBOR Movement





DOMESTIC NEWS

STOCK INVESTORS RECORD N10BN LOSS AS MARKET DIPS BY 0.04%

Nigeria's equities market closed slightly in the red zone, thereby recording its first negative after a disappointing inflation report. The market decreased by 0.04 percent as investors booked ₦10 billion loss. Nigeria's headline inflation raced to 19.64 percent in July (18.60percent in June), the highest in 16 years and 10 months, according to the National Bureau of Statistics data. Inflation erodes stock return as interest rate hikes to curtail it and improves prospects of the fixed income market.

Skyway Aviation Handling Company Plc led the decliners league after its share price dropped by 55kobo or 9.73 percent, from ₦5.65 to ₦5.10. It was followed by SCOA Nigeria Plc which decreased by 19kobo or 9.79 percent, from ₦1.94 to ₦1.75; and Honeywell Flourmills which dropped from the preceding day's high of ₦2.80 to ₦2.65, losing 15kobo or 5.36 percent.

At the close of the trading session, the Nigerian Exchange Limited (NGX) All-Share Index (ASI) and Market Capitalization decreased from preceding day's high of 49,709.46 points and ₦26.811 trillion to 49,691.17 points and ₦26.801trillion.

GLOBAL NEWS

GERMAN GAS TO LAST LESS THAN 3 MONTHS IF RUSSIA CUTS SUPPLY

Germany will struggle to have enough natural gas to get through the coming winter, even if reserves are replenished in line with government targets. Refilling gas inventories to 95% full by November would only cover about 2-1/2 months of heating, industrial and power demand if Russia cuts off supplies completely, according to Klaus Mueller, president of the Federal Network Agency, the country's energy regulator. Stockpiles are currently 77% full, which is two weeks ahead of schedule.

Germany, heavily dependent on Russian gas, is racing to fill its winter stockpiles after Moscow drastically cut flows on the key Nord Stream pipeline, exacerbating Europe's worst energy crisis in decades that looks set to persist into next year. The government has urged lower consumption, warned of rationing and this week slapped a levy on gas use.

With the risk of a cooler-than-normal autumn and the chance of further supply disruptions, the government-mandated target of storage sites being 85% full by October could be challenging, Mueller said. Meeting the November target of 95% seems "hard to achieve" because some storage sites require more time to fill, he said.

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

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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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