

# Daily Market Update

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

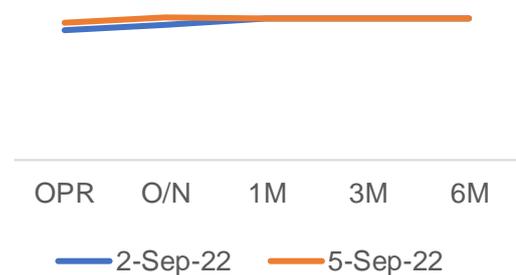
Monday, 05 September 2022

## Money Market

Market liquidity opened the week with a balance of ₦152.41bn; a significant decline from Friday's level of ₦452.46 due to the Retail SMIS conducted on Friday. Consequently, the OPR and Overnight rates increased by 67bps from the previous levels to close the day at 12.67% and 13.17% levels, respectively.

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

### Money Market Rate Movement



## Foreign Exchange

Beginning the week, we saw rates go to an all-time high, as appetite for funds continued to be met by limited funds irrespective of the CBN's intervention to the Invisibles and SME segment of the market.

At the Investors' and Exporters' Window, the Naira weakened against the Dollar to close at \$/₦ 434.75 losing ₦3.25 day on day. The NAFEX rate, following the same trend, weakened by 416 kobo to close at \$/₦434.38

We expect rates to continue to trade at these levels tomorrow barring any significant market activity.

### FX Rates

	Current	Previous	%Δ
I&E Closing	434.75	431.50	0.74
NAFEX	434.38	430.22	0.96

## Treasury Bills

Opening the week, the Treasury bills secondary market opened on a relatively calm note as market players remained on the sidelines ahead of the NTB Auction on Wednesday. Midway through the trading session, we witnessed pockets of demand across the mid to long end of the curves particularly on the newly issued August 29 OMO bill.

By and large, just few trades were consummated by market close as average rates remained unchanged from opening levels.

We expect the market to trade with similar sentiment tomorrow, as market participants continue to trade cautiously ahead of the NTB auction.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
13-Oct-22	9.00	04-Oct-22	11.30
26-Jan-23	9.80	14-Feb-23	10.00
23-Feb-23	6.30	7-Mar-23	10.90
25-May-23	7.50	2-May-23	10.43

## Bond

The FGN Bond market opened with slight demand on the 2050 paper as offers remained scares with bids hovering around 13.65%. As market progressed, the news of the substitution of the 2042 paper with 2037 in the Bond calendar filtered into the market and this caused sustained demand for the 20-Yr reopening with offers as low as 13.90% being lifted.

By close of market, yields on the 20-Yr on-the-run dipped by 15bps while the short and medium tenured bonds remained stable.

We expect demand for the 20-Yr paper to persist tomorrow as market continues to react to the aforementioned news.

## FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	11.62	11.63	(0.09)
13.53 23-MAR-2025	13.03	13.03	0.00
16.288 17-MAR-2027	13.04	13.05	(0.08)
13.98 23-FEB-2028	12.81	12.81	0.00
12.40 18-MAR-2036	13.60	13.60	0.00
16.2499 18-APR-2037	13.68	13.46	1.61
12.98 27-MAR-2050	13.65	13.65	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 )	39.02	39.02

## Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.1516	1M	2.62	WTI	↑ 89.05
EUR/USD	0.9928	3M	3.05	BRENT	↑ 95.37
USD/JPY	140.49	6M	3.41	GOLD	↓ 1,721.75
USD/CHF	0.9798	12M	3.70	SILVER	↓ 18.02

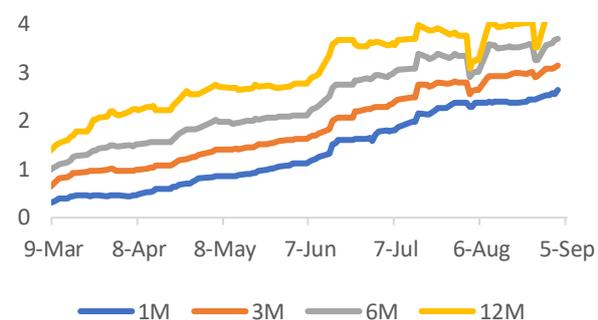
## Auction Results

Tenor/Maturity	NTB AUCTION – AUGUST 24, 2022			OMO AUCTION – SEPTEMBER 01, 2022		
	91-day	182-day	364-day	89-day	194-day	362-day
Offer/Subscription (₦'Bn)	3.56/2.48	11.03/10.47	280.93/298.18	10.00/12.00	10.00/14.00	30.00/120.32
Total Allotment (₦'Bn)	2.28	10.21	283.04	10.00	No Sale	40.00
Stop Rate(%)	4.00	5.00	8.50	7.00	N/A	10.10

## Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	11.95	11.24	81.75	83.75
ACCESS 9.125% PERP	15.87	14.85	79.125	82.125
ECOBANK 9.5% 2024	12.29	10.87	96.00	98.00
UBA 6.75% 2026	10.02	9.39	89.00	91.00
GHANA 7.625% MAY 2029	30.23	28.85	40.625	42.625
NIGERIA 7.875% 2032	13.16	12.93	71.875	72.875

## USD LIBOR Movement





## DOMESTIC NEWS

### **BANKS DRIVE 85% FINANCIAL SECTOR'S CONTRIBUTION TO TURNOVER**

Three bank stocks - Sterling Bank Plc, Fidelity Bank Plc and Access Holdings Plc – drove activities in the financial service sector of the Nigerian Exchange Limited (NGX) last week. With the development, the financial sector maintained its dominance in volume terms with one billion shares valued at ₦5.7 billion traded in 10,107 deals, contributing 85 per cent to the total equities turnover.

Specifically, trading in the top three equities Sterling Bank Plc, Fidelity Bank Plc and Access Holdings Plc accounted for 540 million shares worth ₦1.5 billion in 2,179 deals, contributing 45.18 per cent to the total equity turnover volume. Following the banking sector in volume terms, last week, was the Information Communications and Technology industry with 37.1 million shares worth ₦4.6 billion in 1,996 deals. The consumer goods industry ranked third with a turnover of 35.2 million shares worth ₦1.2 billion in 2,471 deals.

Overall, a total turnover of 1.2 billion shares worth ₦12.9 billion was recorded in 19,305 deals by investors on the floor of the exchange, in contrast to 914 million units worth ₦15.3 billion that changed hands in 18,021 deals during the preceding week. Consequently, the NGX All-Share index and market capitalization appreciated by 0.7 per cent to close the week at 50,045.83 and ₦26.994 trillion, respectively.

## GLOBAL NEWS

### **EUROPEAN STOCKS FALL AFTER GAS PIPELINE SHUTDOWN**

European stock indexes fell on Monday and the euro dropped below 99 cents for the first time in twenty years while European gas prices surged after Russia said its main gas supply pipeline to Europe would stay shut. Gas deliveries had been due to resume on Saturday, but Russia scrapped that deadline on Friday and did not give a new timeframe for re-opening.

The news stoked fears of a recession in Europe, with businesses and households hurt by sky-high energy prices. European gas prices jumped as much as 30% as the market opened. Germany announced on Sunday around \$65 billion of support to help protect Germans from rising costs.

European Union energy ministers will meet on Sept. 9 to discuss options to rein in soaring energy prices, including gas price caps and emergency credit lines for energy market participants.

**Sources:** FMDQ, Access Bank Treasury Team, CBN, Bloomberg, Nairametrics, ThisDay, 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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