

Daily Market Update

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

Friday, 09 September 2022

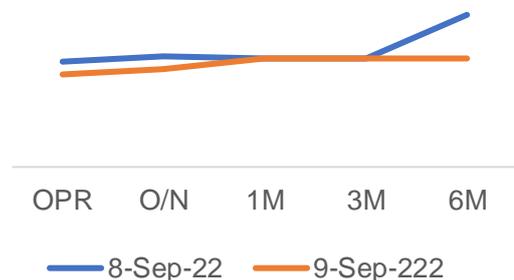
Money Market

Market liquidity opened the day with a balance of ₦103.1bn; an increase from yesterday's position.

Consequently, the OPR and Overnight rates declined by 117bps from the previous day's levels to close the day at 8.5% and 9.00% levels, respectively.

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

Money Market Rate Movement



Foreign Exchange

Rates at the Investors' & Exporters' window weakened marginally by ₦0.01 to close the week at \$/₦436.33 because of the lack of liquidity in the FX market. The NAFEX rate also weakened slightly by ₦0.13 to close at \$/₦435.76 during today's trading session and we anticipate that rates will trade at similar levels next week.

As expected, the Apex released the retail auction results from last week today, where some FX commitments were fulfilled on behalf of customers.

FX Rates

	Current	Previous	%Δ
I&E Closing	436.33	436.33	0.00
NAFEX	435.76	435.63	0.03

Treasury Bills

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

We expect similar trend to persist opening the new week barring any significant market information.

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

Closing the trading week, the bond market remained muted as investors' appetite for bond was weak. However, the most sought-after instrument was the 2050 with bid/offer quoted at 13.46%/13.30%. Pockets of demand was also observed for the 20-Yr on-the-run paper with firm bids at 12.85%. Average yields across the curve remained stable due to the minimal market activity.

Despite the N51bn coupon payment on the NIGB APR 2024 Bond, we anticipate slight bearish market next week as participants take positions ahead of the Bond auction coupled with the tight liquidity expected due funding for the FGN Saving Bond auction, MTN Commercial Paper issuance as well as the FX Retail Auction at the end of the week.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	11.50	11.50	(0.09)
13.53 23-MAR-2025	13.01	13.01	0.00
16.288 17-MAR-2027	13.05	13.05	0.00
13.98 23-FEB-2028	13.00	13.00	0.00
12.40 18-MAR-2036	13.60	13.60	0.00
16.2499 18-APR-2037	13.68	13.68	0.00
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)	38.92	38.94

Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.1591	1M	2.78	WTI	86.16
EUR/USD	1.0046	3M	3.16	BRENT	91.96
USD/JPY	142.64	6M	3.50	GOLD	1,716.85
USD/CHF	0.9607	12M	3.72	SILVER	18.67

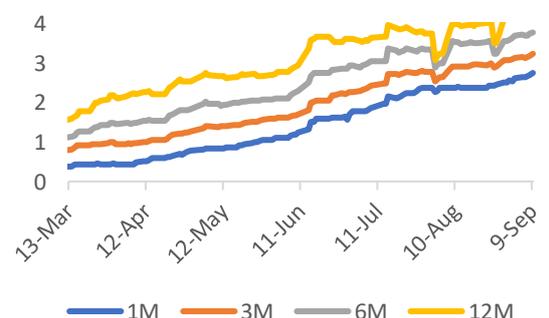
Auction Results

Tenor/Maturity	NTB AUCTION – SEPTEMBER 07, 2022			OMO AUCTION – SEPTEMBER 01, 2022		
	91-day	182-day	364-day	89-day	194-day	362-day
Offer/Subscription (₦'Bn)	20.77/1.13	31.29/10.55	162.68/208.87	10.00/12.00	10.00/14.00	30.00/120.32
Total Allotment (₦'Bn)	1.03	10.55	203.15	10.00	No Sale	40.00
Stop Rate(%)	5.50	5.85	10.00	7.00	N/A	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	11.88	11.17	82.00	84.00
ACCESS 9.125% PERP	15.66	14.73	80.00	82.50
ECOBANK 9.5% 2024	12.96	10.71	96.25	98.25
UBA 6.75% 2026	9.71	9.09	90.00	92.00
GHANA 7.625% MAY 2029	27.68	26.46	44.50	46.50
NIGERIA 7.875% 2032	12.68	12.45	74.00	75.00

USD LIBOR Movement





DOMESTIC NEWS

NIGERIA'S TOTAL TRADE IN Q2 DROPS TO N12BN – NBS

National Bureau of Statistics (NBS), yesterday, said that Nigeria's total trade stood at ₦12,841.54 billion, in the second quarter of 2022. This, it said, was lower than the value recorded in the first quarter of 2022 (₦13,001.28 billion) but was higher than the value recorded in the corresponding period of 2021 which stood at ₦9,712.02 billion. NBS also said that total exports, were ₦7,406.53 billion of which re-exports stood at ₦9.63 billion, while total imports stood at ₦5,435.01 billion. "In the quarter under review, total exports increased by 4.31 per cent when compared to the first quarter of 2022 (₦7,100.46 billion) and by 47.55 per cent of the value recorded in the second quarter of 2021 (N5,019.68 billion).

On the other hand, total imports decreased by 7.89 per cent in the second quarter of 2022 when compared to the value recorded in the first quarter of 2022 (₦5,900.83 billion) and grew by 15.83% when compared to the value recorded in the corresponding quarter of 2021 (₦4,692.33 billion). "Re-exports in the second quarter of 2022, which stood at N9.63 billion; decreased when compared to the same quarter of 2021 (₦64.39 billion) and, in the first quarter of 2022 (₦115.80 billion) by 85.05 percent and 91.68 percent, respectively.

GLOBAL NEWS

CRUDE OIL HIGHER ON DOLLAR WEAKNESS; DEMAND CONCERNS GROW

Oil prices rose Friday, helped by weakness in the U.S. dollar, but are still on course for their lowest weekly close in seven months on concerns of sluggish economic growth and China's COVID woes weighing on global demand. U.S. crude futures traded 2.8% higher at \$85.91 a barrel, while the Brent contract rose 2.9% to \$91.72. The U.S. dollar traded sharply lower Friday, correcting following a month-long rally after it failed to make new highs in response to hawkish comments on Thursday from Federal Reserve Chair Jerome Powell. This weakness has taken the pressure off non-dollar-based importers around the world, given that the crude market, like the markets of many other commodities, is dominated in dollars. That said, crude was still set for a second weekly decline as aggressive interest rate hikes and China's COVID-19 curbs weighed on the demand outlook.

Consultancy Energy Aspects estimated that Chinese oil consumption could fall this year for the first time since 2002, by an average of 380,000 barrels a day. This comes just a day after the European Central Bank hiked interest rates by a jumbo 75 basis points and with the Federal Reserve expected to do something similar in just under a couple of weeks' time - moves that are likely to hit economic growth, and thus oil demand, going forward.

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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