

Daily Market Update

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

Tuesday, 18 October 2022

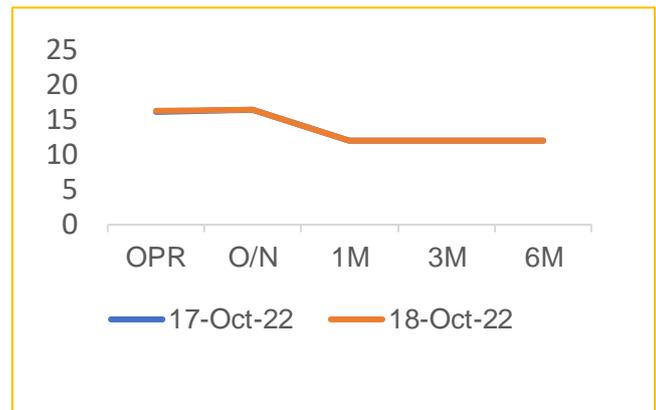
Money Market

Market liquidity opened the day with a Repo balance of ₦128bn as market participants funded their obligations.

Consequently, the OPR and O/N rates inched upwards to close the day at 16.25% and 16.50% respectively.

We expect the money market rates to increase marginally in anticipation of the Bond auction debit tomorrow.

Money Market Rate Movement



Foreign Exchange

The NAFEX rate depreciated marginally by ₦0.05 to fix at \$/₦440.85.

The paucity of funds at the IEFX market persisted throughout the day, with most market participants at the left hand side of the quote. However, at close of business, the closing rate remained stable from previous days level at \$/₦441.25.

We anticipate the Central Bank of Nigeria to intervene in the market tomorrow for the SME and Invisibles segment of the market. We expect rates to trade at these levels through the week.

FX Rates

	Current	Previous	%Δ
I&E Closing	441.25	441.25	0.00
NAFEX	440.85	440.80	0.01

Treasury Bills

The Treasury Bills secondary market opened on a quiet note today with a bearish undertone as market participants remained on the sidelines. This quiet sentiment persisted for most of the trading session with very few trades consummated by market close. Consequently, closing rates remained largely unchanged from opening levels.

Tomorrow, we expect the quiet sentiment to persist as market participants continue to trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
27-Oct-22	7.14	14-Feb-23	10.34
26-Jan-23	8.18	21-Feb-23	8.28
09-Mar-23	9.28	7-Mar-23	11.38
08-Jun-23	11.86	2-May-23	11.04

Bond

The Bond market opened on an active note with bids witnessed on the 2037 bond. Offers remained weak relative to demand but trades were consummated at 15.88% handle on the instrument. The shorter end of the curve remained muted while the 2032 bonds barely traded.

At the Bond auction conducted yesterday, the DMO sold ₦107.88bn out of a subscription of ₦119.18bn (skewed towards the 2037 bond) across the 2029, 2032 and 2037 bonds. We saw an increase in Stop rates at 14.50%(↑100bps), 15%(↑15.10bps), and 16%(↑150bps) for the short, medium and long tenured bonds.

We expect some activity tomorrow as auction winners try to exit their positions profitably while few counterparts continue to cherry-pick few high yielding instruments across board.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	14.10	14.10	0.00
13.53 23-MAR-2025	13.75	13.75	0.00
16.288 17-MAR-2027	14.35	13.71	4.67
13.98 23-FEB-2028	13.90	13.90	0.00
12.40 18-MAR-2036	14.00	14.00	0.00
16.2499 18-APR-2037	15.99	15.40	3.83
12.98 27-MAR-2050	14.60	14.60	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	15.50	14.00
Inflation y/y (%)	20.77	20.52
Foreign Reserves (Gross \$'Bn)	36.84	37.88

Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.1309	1M	3.48	WTI	↓ 81.66
EUR/USD	0.9842	3M	3.96	BRENT	↓ 89.22
USD/JPY	149.17	6M	4.40	GOLD	↓ 1,654.85
USD/CHF	0.9967	12M	4.69	SILVER	↓ 18.57

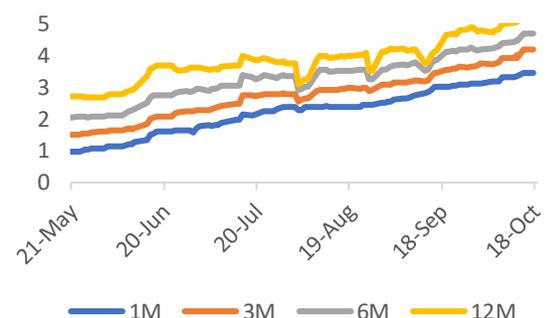
Auction Results

	NTB AUCTION – OCTOBER 12, 2022			BOND AUCTION – OCTOBER 17, 2022		
Tenor/Maturity	96-day	194-day	362-day	APR 2029	APR 2032	APR 2037
Offer/Subscription (₦'Bn)	14.27/1.65	25.55/2.62	151.06/107.67	75.00/7.43	75.00/15.60	75.00/96.15
Total Allotment (₦'Bn)	1.55	2.52	30.75	3.13	11.90	92.85
Stop Rate(%)	6.47	7.90	13.00	14.50	15.00	16.00

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	15.37	14.54	73.50	75.5
ACCESS 9.125% PERP	19.29	18.00	71.50	74.50
ECOBANK 9.5% 2024	12.91	11.36	95.50	97.50
UBA 6.75% 2026	11.11	10.43	86.00	88.00
GHANA 7.625% MAY 2029	37.01	35.15	33.00	35.00
NIGERIA 7.875% 2032	15.40	15.12	63.38	64.38

USD LIBOR Movement





DOMESTIC NEWS

NLNG DECLARES FORCE MAJEURE ON 22MTPA PLANT OVER FLOOD-RELATED DISRUPTIONS

Nigeria may be facing additional revenue challenges and gas shortage as the Liquefied Natural Gas (NLNG) Limited has declared force majeure on its 22 million tons per annum (mtpa) processing plant due to widespread flooding that has disrupted gas supply to the company. The development could worsen Nigeria's cash crunch situation and curtail global gas supply as Europe and other countries struggle to replace Russian exports due to the invasion of Ukraine.

The NLNG in a statement yesterday, by its General Manager, External Relations and Sustainable Development, Mr. Andy Odeh, said all its upstream gas suppliers had declared force majeure, forcing it to make the declaration as well. "The notice by the gas suppliers was a result of high floodwater levels in their operational areas, leading to a shut-in of gas production which has caused significant disruption of gas supply to NLNG," Odeh said. He added that NLNG was determining the extent of the disruption and would try to mitigate the impact of the force majeure. Flooding in Nigeria has killed more than 600 people, displaced 1.4 million and destroyed roads and farmland.

GLOBAL NEWS

LONDON STOCKS HIT OVER ONE-WEEK HIGHS ON UK POLICY REVERSAL OPTIMISM

UK's main equity indexes hit their strongest levels in more than a week on Tuesday, boosted by the historic reversal of the government's unfunded tax cut plans and optimism over the earnings season that boosted U.S. stocks overnight. The blue-chip FTSE 100 gained 0.9% to hit its highest since Oct. 10 and the domestically focused FTSE 250 rose 1.0% to a level not seen since Oct. 5.

U.S. stock indexes closed sharply higher on Monday after Bank of America Corp posted solid results, dialing up hopes about a strong earnings season.

Britain's new finance minister, Jeremy Hunt, on Monday scrapped Prime Minister Liz Truss's economic plan and scaled back her vast energy support scheme, making a historic policy U-turn to try to stem a dramatic loss of investor confidence.

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."

More information:
IP: 7007
Email: FixedIncome@ACCESSBANKPLC.com



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