

Daily Market Update

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

Wednesday, 2 November 2022

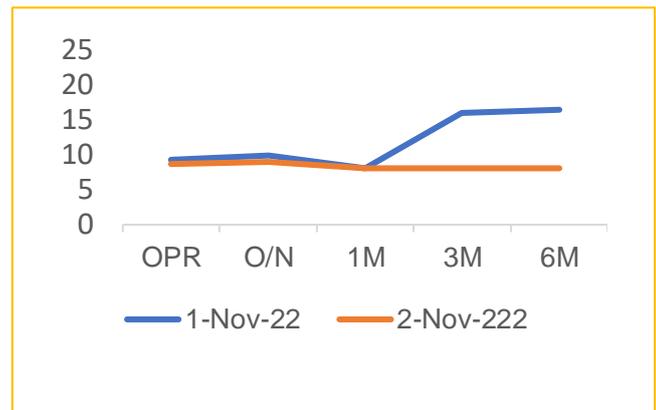
Money Market

Market liquidity opened the day with a credit balance of ₦560.08bn a significant improvement from the previous days level of ₦259.05bn. This can be attributed to the FAAC disbursement as well as the OMO Maturity into the system.

As a result, the OPR and O/N rates declined by 66bps from the previous day's level to close the day at 8.67% and 9.00% respectively.

We expect the rates to hover around these levels tomorrow as no significant funding is expected to occur.

Money Market Rate Movement



Foreign Exchange

The NAFEX rate depreciated against the US dollar by 50 kobo to fix at \$/₦443.00

Due to the finite supply of FX, the market's illiquidity was sustained as the majority of demand in the IEFX market went unfulfilled. The rates however remained stable from previous days level to close at \$/₦446.00

The market rates is anticipated to trade at these levels tomorrow barring any significant market activity .

FX Rates

	Current	Previous	%Δ
I&E Closing	446.00	446.00	0.00
NAFEX	443.00	442.50	0.11

Treasury Bills

The Treasury Bills secondary market traded on a quiet note today as market participants largely remained on the sidelines. We observed some interests across the long end of the curve with more bids made on the longer tenored bills. However, not many trades were consummated as just a few offers were made to match the bids. Consequently, closing rates remained unchanged from opening levels.

Tomorrow, we expect the market to trade on a similar tone as market players will continue to adopt a cautious trading approach.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Nov-22	13.10	14-Feb-23	10.00
26-Jan-23	10.85	21-Feb-23	8.05
09-Mar-23	8.96	7-Mar-23	10.90
08-Jun-23	11.03	2-May-23	10.43

Bond

The Bond market opened on a very calm note across the curve. However, as market progressed, we witnessed demand across the curve with emphasis on the 2037 bond.

There was increased appetite for the long end of the curve with bids for the 2042, 2049 and 2050 paper hovering around 15%. Due to the weak bond supply, just a few trades were consummated across the curve. Average yields remained same from yesterday's closing levels.

We expect the market to rally considering the improved market liquidity arising from FAAC inflow.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	14.45	14.40	0.35
13.53 23-MAR-2025	14.51	14.51	0
16.288 17-MAR-2027	14.60	14.58	0.14
13.98 23-FEB-2028	14.71	14.71	0
12.40 18-MAR-2036	14.30	14.30	0
16.2499 18-APR-2037	15.88	15.88	0
12.98 27-MAR-2050	14.95	14.95	0

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	15.50	14.00
Inflation y/y (%)	20.77	20.52
Foreign Reserves (Gross \$'Bn)	37.39	37.49

Auction Results

Tenor/Maturity	NTB AUCTION – OCTOBER 26, 2022			BOND AUCTION – OCTOBER 17, 2022		
	91-day	182-day	364-day	APR 2029	APR 2032	APR 2037
Offer/Subscription (₦'Bn)	31.69/2.12	58.23/10.6	150.34/124.23	75.00/7.43	75.00/15.60	75.00/96.15
Total Allotment (₦'Bn)	1.74	10.12	97.33	3.13	11.90	92.85
Stop Rate(%)	6.50	8.05	14.50	14.50	15.00	16.00

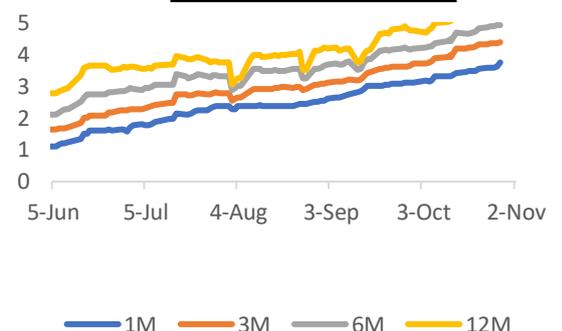
Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	15.24	14.41	74	76
ACCESS 9.125% PERP	19.04	17.75	72.25	75.25
ECOBANK 9.5% 2024	13.79	12.19	94.5	96.50
UBA 6.75% 2026	11.75	11.06	84.25	86.25
GHANA 7.625% MAY 2029	42.66	40.32	27.5	29.5
NIGERIA 7.875% 2032	14.86	14.59	65.375	66.375

Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.1456	1M	3.79	WTI ↑	90.17
EUR/USD	0.9868	3M	4.14	BRENT ↑	96.107
USD/JPY	148.20	6M	4.52	GOLD ↓	1,646.22
USD/CHF	1.0002	12M	4.72	SILVER ↓	19.56

USD LIBOR Movement





DOMESTIC NEWS

NAIRA REDESIGN: DEMAND FOR DIGITAL BANKING TO RISE

Those thinking that cash will continue to dominate payment in the globalized world should have a rethink. But while the use of cash for transactions continues, more bank customers are now thinking of the efficiency and safety that e-payment brings to their lives and businesses.

The plan by the Central Bank of Nigeria (CBN) to redesign the naira and improve payment infrastructure is expected to boost e-payment. CBN Governor, Godwin Emefiele said currency management is a key function of the Central Bank of Nigeria (CBN), as enshrined in Section 2 (b) of the CBN Act 2007, hence, the CBN's decision to redesign N100, N200, N500, N1,000 banknotes to have better control of currency in circulation.

Emefiele said there has been significant hoarding of banknotes by members of the public, with statistics showing that over 80 percent of currency in circulation are outside the vaults of commercial banks; worsening shortage of clean and fit banknotes with attendant negative perception of the CBN and increased risk to financial stability and increasing ease and risk of counterfeiting evidenced by several security reports. He said recent development in photographic technology and advancements in printing devices have made counterfeiting relatively easier.

GLOBAL NEWS

FED SET FOR ANOTHER BIG RATE HIKE, MAY TAMP DOWN FUTURE TIGHTENING

The Federal Reserve is expected to raise interest rates by three-quarters of a percentage point for the fourth straight time on Wednesday but open the door to a future slowdown in its policy tightening as it balances the risk of stubbornly high inflation against the economic strains of tighter credit.

Rising prices are a top-of-mind concern cited in public opinion polls and among investors and have been a centerpiece of Republican criticism of the Biden administration ahead of next week's congressional elections.

The rate hike the Fed is expected to deliver on Wednesday will move the target federal funds rate 75 basis points higher to a level between 3.75% and 4.00%. The policy rate has not been that high since early 2008, and the pace of the Fed's moves this year - 375 basis points of tightening after the expected move on Wednesday - is unmatched since the far stiffer rate increases former Fed Chair Paul Volcker resorted to in the 1980s.

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