

Daily Market Update

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

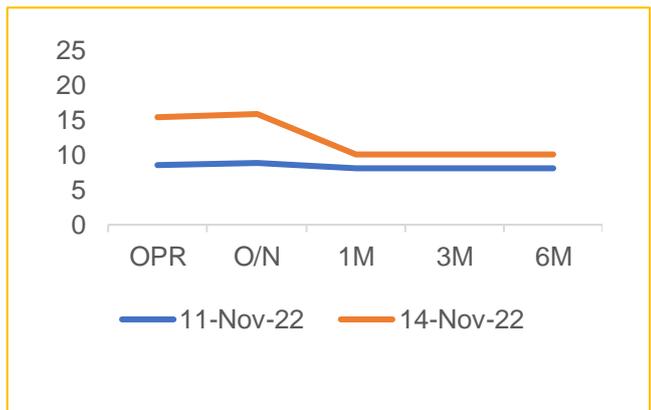
Monday, 14 November 2022

Money Market

Market liquidity opened the week with a credit balance of ₦34.55bn, a decline from Friday's levels owing to the retail SMIS auction as well as the CRR maintenance by the Apex bank. Subsequently, OPR and O/N rates increased by 333bps to close the day at 15.33% and 15.83% respectively.

The rates are expected to hover around these levels tomorrow, barring any significant funding activity.

Money Market Rate Movement



Foreign Exchange

Beginning the week, NAFEX rates increased by ₦0.07 to close at \$/₦444.43. The paucity of funds at the IEFX market persisted throughout the trading session today, with most market participants at the left-hand side of the quote. At the close of business, the closing rate depreciated significantly by ₦0.25 to close at \$/₦446.00.

It is expected that the Central Bank of Nigeria will intervene in the SMEs and invisibles segment of the market tomorrow.

FX Rates

	Current	Previous	%Δ
I&E Closing	446.00	445.75	0.06
NAFEX	444.43	445.50	(0.24)

Treasury Bills

The Treasury Bills secondary market opened on a quiet note today as market participants remained on the sidelines. This quiet sentiment persisted for most of the trading session as market players focused their attention on the Bond auction conducted by the DMO today. Consequently, very few trades were consummated by market close while closing rates remained constant with 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(%)
24-Nov-22	13.10	14-Feb-23	10.00
26-Jan-23	11.85	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 calm note as attention shifted towards the Bond auction. At midday, we saw pockets of offers on the 2037 with yields quoted at 16.04%. At the Auction, the DMO offered ₦225bn across the 2029, 2032, and 2037 bond. Total subscription stood at ₦344bn with 78% arising from the 15-Yr reopening. The DMO sold ₦269bn across the short, medium, and long end of the curve. Stop rates closed at 14.75% (↑25bps), 15.20% (↑20bps), and 16.20% (↑20bps) for the 2029, 2032, and 2037, respectively.

Closing rates remained stable from opening levels. We expect improved activities as unmet auction demand filters into the secondary market.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	15.15	15.15	0.00
13.53 23-MAR-2025	14.30	14.30	0.00
16.288 17-MAR-2027	14.59	14.59	0.00
13.98 23-FEB-2028	14.62	14.62	0.00
12.40 18-MAR-2036	14.67	14.67	0.00
16.2499 18-APR-2037	16.13	15.96	1.06
12.98 27-MAR-2050	14.96	14.95	0.07

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	15.50	14.00
Inflation y/y (%)	20.77	20.52
Foreign Reserves (Gross \$'Bn)	37.22	37.25

Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.1730	1M	3.81	WTI ↓	88.36
EUR/USD	1.0327	3M	4.23	BRENT ↓	95.66
USD/JPY	140.38	6M	4.53	GOLD ↑	1,774.15
USD/CHF	0.9454	12M	4.72	SILVER ↑	21.997

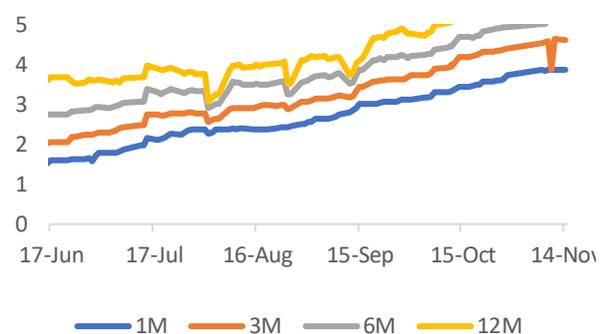
Auction Results

	NTB AUCTION – NOVEMBER 09, 2022			BOND AUCTION – NOVEMBER 14, 2022		
Tenor/Maturity	91-day	182-day	364-day	APR 2029	APR 2032	APR 2037
Offer/Subscription (₦'Bn)	21.15/15.14	32.83/6.36	139.06/499.42	75.00/39.45	75.00/34.82	75.00/269.73
Total Allotment (₦'Bn)	4.5	5.4	300.16	25.12	27.12	216.91
Stop Rate(%)	6.50	8.05	13.9900	14.75	15.20	16.20

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	14.06	13.26	77.00	79.00
ACCESS 9.125% PERP	19.67	18.34	71.00	74.00
ECOBANK 9.5% 2024	12.04	10.85	96.75	98.25
UBA 6.75% 2026	11.35	10.66	85.5	87.5
GHANA 7.625% MAY 2029	36.98	35.13	33.38	35.38
NIGERIA 7.875% 2032	12.25	12.04	76.12	77.12

USD LIBOR Movement





DOMESTIC NEWS

CBN RELEASES \$3.5BN FOR FOREIGN EDUCATION UNDER BUHARI

Data obtained from the website of the Central Bank of Nigeria (CBN) on Sunday revealed that Nigeria's educational sector suffered massive capital flight during the regime of the President, Major General Muhammadu Buhari (ret'd). Specifically, using the CBN's balance of payment statistics, Nigerians have spent a hefty sum of \$3.5bn on foreign education in the past seven years (June 2015 to August 2022).

The Punch reports that education in Nigeria, most especially in the tertiary education sector, has been marred by industrial actions by unions such as the Academic Staff Union of Universities and the Academic Staff Union of Polytechnics. Recently, academic activities in Nigerian universities, polytechnics and colleges of education were grounded for months in 2022.

The data from the apex bank revealed that Nigerians remitted more than \$3.5 billion to foreign academic institutions under Buhari without significant reciprocity in the form of inflows from foreign sources to the local education sector. The huge net dollar outflows have dual adverse effects of underinvestment in domestic education and creates pressure on the naira exchange rate, economists said. The high demand for dollars to pay foreign educational institutions affects Nigeria's foreign reserves and contributes immensely to piling pressure on the exchange rate.

GLOBAL NEWS

OPEC CUTS OIL DEMAND GROWTH FORECAST AGAIN AS ECONOMIC CHALLENGES MOUNT

OPEC on Monday cut its forecast for 2022 global oil demand growth for the fifth time since April and further trimmed next year's figure, citing mounting economic challenges including high inflation and rising interest rates. Oil demand in 2022 will increase by 2.55 million barrels per day (bpd), or 2.6%, the Organization of the Petroleum Exporting Countries (OPEC) said in a monthly report, down 100,000 bpd from the previous forecast.

"The world economy has entered a period of significant uncertainty and rising challenges in the fourth quarter of 2022," OPEC said in the report. "Downside risks include high inflation, monetary tightening by major central banks, high sovereign debt levels in many regions, tightening labor markets and persisting supply chain constraints."

Next year, OPEC expects oil demand to rise by 2.24 million bpd, also 100,000 bpd lower than previously forecast. Despite commenting on the rising challenges, OPEC left its 2022 and 2023 global economic growth forecasts steady and said while risks were skewed to the downside, there was also upside potential.

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

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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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