

Daily Market Update

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

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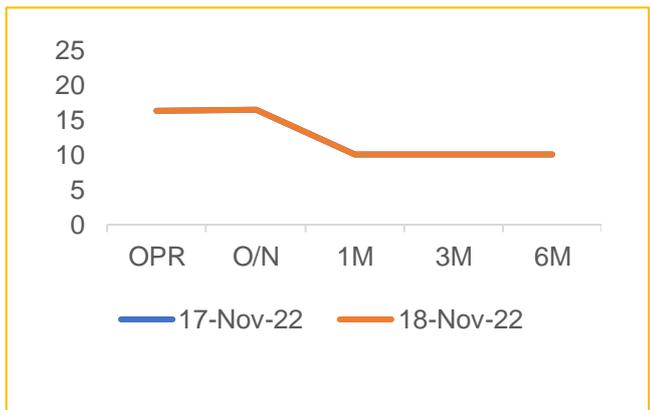
Money Market

Market liquidity opened the day in a repo of ₦158.99bn, a ₦29bn increase from the previous day's levels due to the current liquidity squeeze in the market.

Nevertheless, the OPR and O/N rates remained stable to close the day at 16.25% and 16.50% respectively.

We expect the rates to hover around these levels next week despite the OMO and NTB maturities.

Money Market Rate Movement



Foreign Exchange

The NAFEX appreciated slightly by ₦0.08 to close the week at \$/₦444.30.

The illiquidity in the IEFX market persisted in today's trading session, and most bids were left unmatched due to the modest supply of FCY. However, the Naira gained by ₦0.08 to close the week at \$/₦445.67.

CBN released the results of last week's Retail SMIS auction today as expected. Rates are expected to trade at similar levels next week.

FX Rates

	Current	Previous	%Δ
I&E Closing	445.67	445.75	(0.02)
NAFEX	444.30	444.38	(0.02)

Treasury Bills

The Treasury Bills secondary market traded on a quiet note today with very few offers seen on the long end of the curve, but these offers were short-lived as they were not able to match bids seen in the secondary market. However, a pocket of trades was witnessed on the December and January bills as market participants continued to trade cautiously.

At the end of the trading week, only a few trades were consummated. Nevertheless, average closing rates remained unchanged from opening levels.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
26-Jan-23	11.58	14-Feb-23	10.00
09-Mar-23	8.96	21-Feb-23	8.05
08-Jun-23	11.03	7-Mar-23	10.90
07-Sep-23	13.00	2-May-23	10.43

Bond

The Bond market closed the week with high demand across the curve. The most popular paper was short-term instruments, with the 2026 bond being the most traded security. Also, we saw demand for the 2037 paper, but this barely traded due to weak investors' appetite for the current yield offering. Two-way quotes for 2029, 2032, and 2037 bonds were observed at 14.55%/14.35%, 15%/14.85%, and 15.95%/15.80%, respectively. By and large, yields slightly declined W-o-W by an average of 15bps.

We expect a calm opening next week as market participants anticipate the outcome of the MPC meeting to be held on Monday and Tuesday.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
14.20 14-MAR-2024	15.16	15.16	0.00
13.53 23-MAR-2025	14.20	14.27	(0.49)
16.288 17-MAR-2027	14.59	14.59	0.00
13.98 23-FEB-2028	14.38	14.70	(2.22)
12.40 18-MAR-2036	14.67	14.67	0.00
16.2499 18-APR-2037	15.97	15.93	0.25
12.98 27-MAR-2050	14.65	14.65	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	15.50	14.00
Inflation y/y (%)	21.09	20.77
Foreign Reserves (Gross \$'Bn)	37.18	37.18

Global Currency, Fixings and Commodities

Global Currencies		SOFR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.1918	1M	3.93	WTI ↓	79.34
EUR/USD	1.0358	3M	4.30	BRENT ↓	87.21
USD/JPY	139.89	6M	4.60	GOLD ↓	1,757.05
USD/CHF	0.9515	12M	4.84	SILVER ↑	21.08

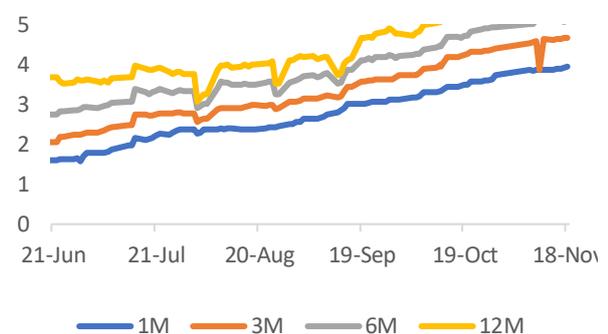
Auction Results

	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	14.30	13.69	76.75	78.00
ACCESS 9.125% PERP	19.70	18.81	71.00	73.00
ECOBANK 9.5% 2024	11.76	10.56	97.12	98.63
UBA 6.75% 2026	11.19	10.51	86.00	88.00
GHANA 7.625% MAY 2029	36.92	35.07	33.50	35.50
NIGERIA 7.875% 2032	12.34	12.12	75.75	76.75

USD LIBOR Movement





DOMESTIC NEWS

BAWA: NAIRA REDESIGN SIGNIFICANT STEP TO ECONOMIC RECOVERY

The Chairman of the Economic and Financial Crimes Commission (EFCC), Abdulsheed Bawa has once more praised President Muhammadu Buhari and the Central Bank of Nigeria (CBN) for the new naira redesigning project, describing it as a significant process in the country's fight against financial crimes and other forms of corruption as well as a major step towards economic recovery.

The CBN yesterday disclosed that it has directed commercial banks in the country to work on Saturdays till January 31, 2023, to enable their customers return the N200, N500 and N1,000 banknotes that are to be redesigned.

He said: "85 per cent of our currency is out in circulation and people are carrying out transactions above the thresholds as provided for by this provision over and above that we will not be able to monitor, we don't know what they're doing. "These are the transactions that are creating and giving avenue to other forms of crime that we're seeing in this country; payment of ransom, banditry, and all of that, payment of bribery to political actors, and the arrest. "So, we are happy with this naira redesign in the sense that, it will give central bank an opportunity of going back to square one, by the time they collect all these monies back to their system, then they are going to control the money that they are going to release to the system. "Then, of course, once the monies are back within the financial institution, it will help to further boost economic activities in the sense that there will be more money for people to borrow and then we on our own part, we'll have the avenue of monitoring what we are doing with all these huge resources that are out there before that are now within the financial institutions.

GLOBAL NEWS

FUTURES RISE AFTER TWO-DAY SELLOFF ON WALL STREET

U.S. stock index futures rose on Friday after a selloff in the previous session driven by hawkish comments from a Federal Reserve official that stoked fears of more aggressive rate interest hikes from the central bank.

St. Louis Fed President James Bullard said on Thursday the U.S. central bank needs to keep raising interest rates given that its tightening so far "had only limited effects on observed inflation". The comments, coming on the heels of strong retail sales data, dampened hopes of the Fed toning down its hawkish approach on rate hikes following recent softer-than-expected inflation reports.

All the three major U.S. indexes posted losses for the second straight session on Thursday and are eyeing weekly declines after notching solid gains last week. "We spent most of the day recovering from comments from the Fed about the direction of interest rates," said Paul Nolte, portfolio manager at Kingsview Asset Management in Chicago.

The Fed is expected to downshift to a 50-basis point rate hike in December, but economists polled by Reuters say a longer period of U.S. central bank tightening and a higher policy rate peak are the greatest risks to current outlook. The retreat in stocks after Bullard's comments "shows how sensitive markets can be when it comes to the eventual destination of the terminal rate," said Michael Hewson, chief market analyst at CMC Markets.

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

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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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