

Daily Market Update

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

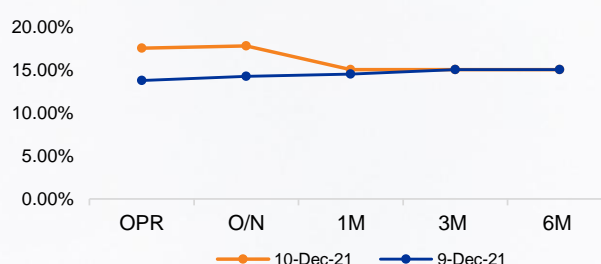
Friday, 10 December 2021

Money Market

System liquidity opened with a credit balance of ₦266bn due to refund from previous Retail SMIS Auction. Despite this improvement, Open Repo and Overnight rates increased by 363bps to close the week at 17.50% and 17.75% respectively as market participants funded their operating account to accommodate today's FX Auction and CRR debits by the Central Bank of Nigeria

We expect the rates to decline slightly opening weekly barring any significant funding activity.

Money Market Rate Movement



Foreign Exchange

Closing the week, NAFEX rate showed a slight appreciation of the Naira against the Dollar day on day by 12 kobo to close the week at \$/₦414.20.

The paucity of funds continued at the Investors' and Exporters' Window as bids continue to outweigh offers in the market. Consequently, the Naira weakened marginally against the Greenback by 3kobo to close at \$/₦415.10.

As anticipated, the CBN conducted its biweekly Retail SMIS auction today. We expect rates to remain at similar levels in the market next week.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	413.69	413.71	(0.01)
I&E Closing	415.10	415.07	0.01
NAFEX	414.20	414.32	(0.03)

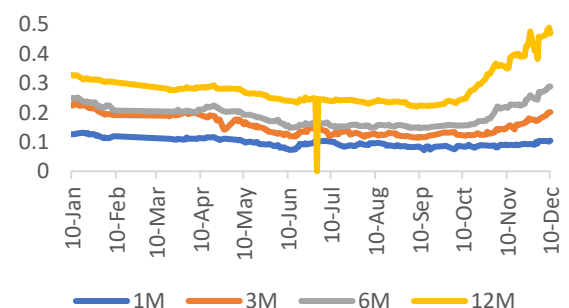
Treasury Bills

The Treasury bills market opened on a quiet note with slight buying interest on the OMO curve owing to the retail SMIS auction which took center stage. Towards the end of the trading session, bearish sentiment was noted on some selected OMO maturities, albeit buyers remained on the sidelines.

We expect market to trade with mixed sentiments in the coming week as market players continue to trade cautiously despite the OMO maturity of ₦40bn expected on Tuesday.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
13-Jan-22	3.69	28-Dec-21	5.50
10-Mar-22	2.98	01-Mar-22	5.28
9-Jun-22	3.67	15-Mar-22	5.43
11-Aug-22	5.36	16-Aug-22	5.33
13-Oct-22	5.00	04-Oct-22	5.30





DOMESTIC NEWS

CAPITAL INFLOW DROPS BY 29% AS COVID-19 CASES RISE – CBN

Capital inflow into the country fell from \$620m in July to \$440m in August over the resurgence of the COVID-19 pandemic. The Central Bank of Nigeria (CBN) stated this in its monthly economic report for August titled, 'Foreign capital inflow moderated in August 2021 due to weakening risk sentiments that followed the COVID-19 resurgence'.

It stated that, "Foreign capital inflow moderated in August 2021 due to weakening risk sentiments that followed the COVID-19 resurgence. "New capital imported into the domestic economy decreased by 29.0 per cent to \$0.44bn, compared with the \$0.62bn recorded in July. "A disaggregation of capital imported by type of investment indicated that foreign portfolio investment inflow (mainly money market instruments), at \$0.24bn, accounted for 53.8 per cent of the total. "The inflow of other investments, mainly loans, was \$0.16bn, constituting 36.9 per cent of the total. "Foreign direct investment, at \$0.04bn, constituted the balance of 9.3 per cent.

According to the CBN, a further analysis of capital imported, based on the nature of business, showed that the bulk of the capital was channelled to non-share activities, with production/manufacturing accounting for the largest share of 36.5 per cent, followed by banking with 24.5 per cent.

GLOBAL NEWS

OIL PRICES ON TRACK FOR BIGGEST WEEKLY GAIN SINCE AUGUST

Oil prices were on track for their biggest weekly gain since late August, with market sentiment buoyed by easing concerns over the Omicron coronavirus variant's impact on global economic growth and fuel demand. The Brent and WTI benchmarks were both on course for gains of about 8% this week, their first weekly gain in seven, even after a brief bout of profit-taking.

Brent crude futures were up 99 cents, or 1.3%, at \$75.41 a barrel by 1351 GMT after falling 1.9% on Thursday. U.S. West Texas Intermediate (WTI) crude futures rose \$1.08, or 1.5%, to \$72.02 after sliding 2% in a volatile session the previous day.

U.S. consumer prices rose further in November to produce the largest year-on-year rise since 1982, government data showed on Friday, adding to bullish sentiment on oil demand. Earlier in the week the oil market had recovered about half the losses suffered since the Omicron outbreak on Nov. 25, with prices lifted by early studies suggesting that three doses of Pfizer (NYSE:PFE)'s COVID-19 vaccine offers protection against the Omicron variant.

Sources: FMDQ, Access Bank Treasury Team, Reuters, Bloomberg,, Punch

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