

Daily Market Update

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

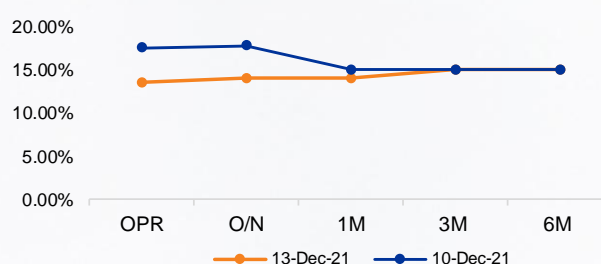
Monday, 13 December 2021

Money Market

Market liquidity opened the week with an elevated balance ₦170bn due to inflows from bridge facilities by the Federal Government to various State Governments on Friday. Consequently, Open repo and Overnight rates declined by an average of 388bps to close the day at 13.50% and 14.00% respectively.

We expect the rates to decline further tomorrow as an OMO maturity of ₦40bn impacts the system.

Money Market Rate Movement



Foreign Exchange

The FX market remained illiquid at the start of the trading week, as demand continues to exceed supply at the Investors and Exporters' window. The CBN, on the other hand, intervened in the market to provide foreign exchange to Foreign Portfolio Investors. Consequently, the Naira strengthened by ₦1.04 to close at \$/N414.06.

However, the NAFEX rate depreciated by 44 kobo to close at \$/N414.64, and we expect rates to trade at similar levels this week.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	414.05	413.69	0.09
I&E Closing	414.06	415.10	(0.25)
NAFEX	414.64	414.20	0.11

Treasury Bills

The Treasury bills market commenced the week with feeble sentiment across the OMO and NTB maturities.

There were offers across the curve with emphasis on the long end. Nevertheless, minimal trades were consummated by the end of the trading session.

We expect slight bullish sentiment as the week progresses, given the OMO maturity of ₦40bn expected tomorrow.

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

BONDS

The FGN Bond market opened on a calm note today. As market progressed, we witnessed some offers on the 30-Yr reopening with yields quoted at 13.23% levels. However, before the close of market, slight demand was seen at the belly of the curve with emphasis on the on-the-run bond (2037) which traded at 13.05% handle. Nevertheless, few trades were consummated across the bond curve. Yields relatively traded flat from last week's closing levels.

We expect similar trend to recur tomorrow as market participants position ahead of Wednesday's bond Auction.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	8.18	8.20	(0.03)
13.53 23-MAR-2025	10.59	10.60	(0.01)
16.2884 17-MAR-2027	12.23	12.23	0.00
13.98 23-FEB-2028	12.44	12.44	0.00
12.40 18-MAR-2036	12.96	12.96	0.00
16.2499 18-APR-2037	12.85	12.86	(0.01)
12.98 27-MAR-2050	13.17	13.17	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.99	16.63
Foreign Reserves (Gross \$'Bn)	40.90	40.93

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3235	1M	0.10863	WTI	71.36
EUR/USD	1.1294	3M	0.19825	BRENT	74.70
USD/JPY	113.45	6M	0.28825	GOLD	1,790.35
USD/CHF	0.9219	12M	0.50938	SILVER	22.348

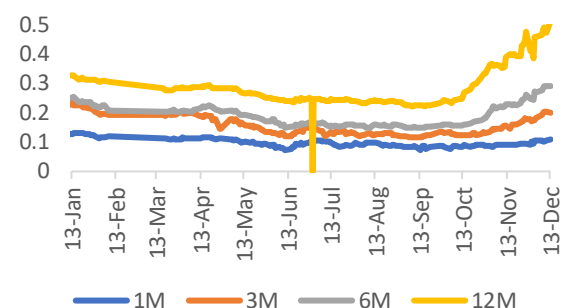
Auction Results

	NTB AUCTION – December 08, 2021			OMO AUCTION – December 09, 2021		
Tenor/Maturity	91-day	182-day	364-day	110-day	180-day	355-day
Offer / Subscription (₦'Bn)	4.94/1.91	10.09/1.81	38.70/240.73	5.00/9.00	5.00/10.80	20.00/54.98
Total Allotment (₦'Bn)	1.55	0.79	51.39	5.00	5.00	20.00
Stop Rate(%)	2.50	3.45	5.34	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.25	6.06	99.500	100.250
ACCESS 9.125% PERP	9.43	9.34	98.000	99.875
ZENITH 7.375% 2022	5.13	2.94	101.000	102.000
ECOBANK 9.5% 2024	5.74	5.30	108.125	109.125
NIGERIA 7.875% 2032	8.07	7.96	98.625	99.375
GHANA 7.625% MAY 2029	10.70	10.49	86.00	86.875

USD LIBOR Movement





DOMESTIC NEWS

OVER N77 BILLION LOANS, BAD GOVERNANCE KILL AGRIC BANK

Strong indications have emerged that the Bank of Agriculture (BoA) has technically become unsustainable and riddled with bad debt to the tune of ₦77.1 billion. This is amid failed restructuring and recapitalization plans that had been proposed since 2019. More than two years after the bank was billed for recapitalization through public offer of shares predominantly targeted at farmers, processors and the public, the plan has failed to materialize.

This is buttressed as the House of Representatives is currently probing how ₦91 billion meant for the Anchor Borrowers' Programme (ABP) was disbursed by the BoA and why the bank has been unable to recoup the loans. This is despite threats of arrests by the Central Bank of Nigeria (CBN) to farmers who default in paying back the ABP loans. According to the CBN Comptroller, Bauchi Branch, Saladu Idris, bulk of the loan defaulters were particularly among rice farmers. Recall that in November 2015, President Muhammadu Buhari launched the ABP to boost agricultural production and reverse Nigeria's negative balance of payments on food. Farmers captured under this programme include those cultivating cereals (rice, maize and wheat). The programme was intended to create a linkage between Anchor companies involved in food processing and smallholder farmers of the required key agricultural commodities, through commodity associations.

GLOBAL NEWS

OIL LITTLE CHANGED AS OPEC, GOVERNMENTS WEIGH OMICRON RISKS

Oil futures were little changed on Monday as new doubts emerged about the effectiveness of vaccines against the Omicron coronavirus variant, though OPEC predicted in its monthly report that the variant's impact on fuel demand would be mild.

Both benchmarks posted gains of about 8% last week, their first weekly increase in seven. The major oil contracts registered decent weekly gains, but it is noticeable that current prices are still way below the pre-Omicron levels.

The Omicron variant, reported in more than 60 countries, poses a "very high" global risk, with some evidence that it evades vaccine protection, according to the World Health Organization.

The Organization of the Petroleum Exporting Countries (OPEC) on Monday raised its world oil demand forecast for the first quarter of 2022 but left its full-year growth prediction steady, saying the Omicron variant would have a mild impact as the world gets used to dealing with the COVID-19 pandemic.

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

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