

Daily Market Update

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

Monday, 20 December 2021

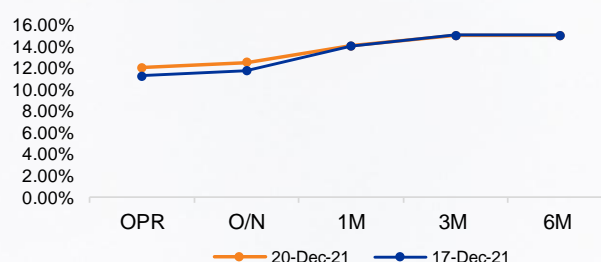
Money Market

Market liquidity opened the week with an elevated balance of ₦117bn due to late inflows from bridging facilities paid by the Federal Government to various State Governments on Friday.

Nevertheless, the OPR and O/N increased slightly by an average of 75bps to close the day at 12.00% and 12.50% respectively.

We expect rates to hover around these levels tomorrow as FAAC payment is expected in the system.

Money Market Rate Movement



Foreign Exchange

At the start of the week, the NAFEX rate depreciated day on day by 7 kobo to close at \$/₦414.31

The FPI intervention by the CBN and the provision of funds for SMEs, PTA/BTA, Medicals and School Fees, were the highlight of today's trading session.

However, the market remained fairly illiquid as bids continue to outweigh offers. Nevertheless, the Naira appreciated marginally against the Dollar by 27kobo to close at \$/₦414.80

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	413.84	413.83	0.00
I&E Closing	414.80	415.07	(0.07)
NAFEX	414.31	414.24	0.02

We anticipate no significant change in market rates during the week.

Treasury Bills

The Treasury Bills secondary market opened the week on a quiet note with slight bearish undertones witnessed across most maturities, leading to improved offers around the long end of the curve, owing to the low levels of market liquidity.

Minimal trades were consummated at the end of the trading session. Consequently, rates remained unchanged from the previous day's close.

We expect the secondary market to trade with mixed sentiments, as market players trade cautiously given the level of system liquidity.

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 the week on a very quiet note, with minimal trades consummated across board. We however saw weak bids at 13.30% on the 30-Yr reopening while we witnessed improved offers on the off-the-run long-tenured maturity (2049 bond) at 13%. Overall, there was no change in yield across the benchmark bonds given the weak investor appetite in the secondary market.

We expect a similar trend tomorrow, barring any significant information relating to the market. the improved offers across the on-the-run bonds.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	7.60	7.62	(0.02)
13.53 23-MAR-2025	10.57	10.58	(0.01)
16.2884 17-MAR-2027	12.22	12.22	0.00
13.98 23-FEB-2028	12.44	12.44	0.00
12.40 18-MAR-2036	12.91	12.91	0.00
16.2499 18-APR-2037	13.05	13.05	0.00
12.98 27-MAR-2050	13.11	13.15	(0.04)

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.40	15.99
Foreign Reserves (Gross \$'Bn)	40.73	40.89

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3224	1M	0.10250	WTI	66.29
EUR/USD	1.1297	3M	0.21263	BRENT	69.57
USD/JPY	113.48	6M	0.31275	GOLD	1,795.55
USD/CHF	0.9200	12M	0.52963	SILVER	22.29

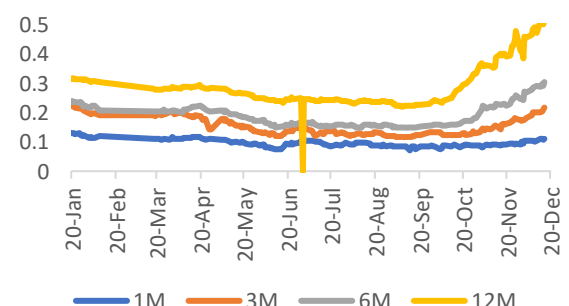
Auction Results

	NTB AUCTION – December 15, 2021			BOND AUCTION – December 15, 2021	
Tenor/Maturity	91-day	182-day	364-day	12 ½ 01/22/26	16.25 04/18/37
Offer / Subscription (₦'Bn)	0.96/1.74	1.10/2.36	3.80/63.33	50.00/25.75	50.00/106.86
Total Allotment (₦'Bn)	0.96	1.10	3.80	15.38	84.62
Stop Rate(%)	2.49	3.45	5.00	11.65	13.10

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	9.41	9.33	97.750	98.500
ZENITH 7.375% 2022	5.60	3.31	100.750	101.750
ECOBANK 9.5% 2024	5.76	5.32	108.000	109.000
NIGERIA 7.875% 2032	8.33	8.22	96.875	97.625
GHANA 7.625% MAY 2029	11.81	11.58	81.625	82.500

USD LIBOR Movement





DOMESTIC NEWS

CURRENCY IN CIRCULATION CROSSES N3TRN MARK IN NOVEMBER

The Central Bank of Nigeria (CBN) has disclosed that the currency in circulation grew by 6.2 per cent from N2.97trillion in October to N3.15 trillion in November 2021. Currency in circulation hit the historical N3trillion mark in November 2021 as banks customers withdrew physical cash amid the festive period.

The apex bank on its official website reported N3.15 trillion currency in circulation for the month of November. Commenting, analyst and finance expert, Mr Rotimi Fakeyejo hinted that excess liquidity in the “Ber” months contributed to growth in currency in circulation, stressing that Nigerians are finding it difficult to embrace the cashless policy of the CBN. According to him: “The market is currently awash with excess liquidity, and it is due to the season of the year. CBN interventions in the foreign exchange and other key sectors of the nation’s economy are factors contributing to the hike in currency in circulation.” He explained further that Nigeria is still more of a cash economy, facing infrastructure challenges.

GLOBAL NEWS

CRUDE OIL SLUMPS; CONCERNS OVER OMICRON RESTRICTIONS WEIGH

Oil prices dropped sharply on Monday as moves to curb the spread of the Omicron variant of the Covid-19 virus in Europe and the U.S. raised fears that global crude demand will take another hit. By 9:30 AM ET (1430 GMT), U.S. crude futures traded 4.3% lower at \$67.81 a barrel, and the Brent contract fell 3.5% to \$70.94. U.S. Gasoline RBOB Futures were down 2.4% at \$2.0713 a gallon.

The Netherlands went into lockdown on Sunday, while the U.K. and Germany are considering the idea of more Covid-19 restrictions ahead of the Christmas and New Year holidays. In the U.S., the World Health Organization said on Saturday that the Omicron variant had been found in 43 of the 50 U.S. states, while hospitalizations for Covid-19 have jumped 45% over the last month and confirmed cases have increased 40% to a weeklong average of 123,000 new U.S. infections a day.

Sources: FMDQ, Access Bank Treasury Team, Reuters, Bloomberg, Punch, Investing.com, ThisDay

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