

# Daily Market Update

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

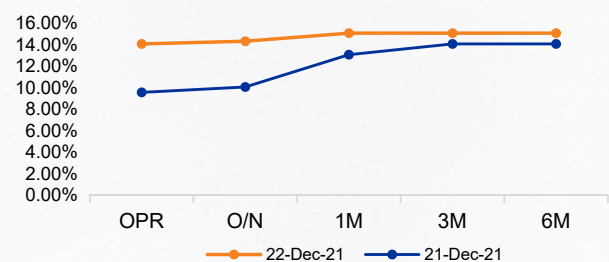
Wednesday, 22 December 2021

## Money Market

System liquidity opened with low balance of ₦15bn (₦64bn decline from previous day). This meagre liquidity was further worsened by AMCON charge by the CBN to Deposit Money Banks toward the end of the trading day.

Consequently, Open Repo and Overnight rates increased by an average of 438bps to close the day at 14.00% and 14.25% respectively. We expect rates to increase tomorrow as market participants fund for possible OMO Auction and FX Auction.

### Money Market Rate Movement



## Foreign Exchange

The illiquidity in the market persisted today with most market participants bidding for funds to clear their outstanding obligations. The CBN intervened in the market to provide some liquidity. Consequently, at the close of market, rates remained stable to close at \$/₦415.10 in the Investors' & Exporters' window,

The NAFEX rate weakened by 6kobo day on day to close at \$/₦414.12 during today's trading session and we anticipate that rates will trade at similar levels tomorrow.

### FX Rates

	Current	Previous	%Δ
Indicative I&E Open	414.04	414.11	-
I&E Closing	415.10	415.10	-
NAFEX	414.12	414.06	0.01

## Treasury Bills

The Treasury bills secondary market traded with mixed sentiments albeit with slight bearish undertone witnessed across most maturities as improved offers were seen around the long end of the curve. The trend was sustained throughout the trading session albeit only a handful of trades were consummated across the mid to the long end of the curve.

We expect the CBN to conduct an OMO auction tomorrow, given the OMO maturity of ₦45bn earlier this week.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
13-Jan-22	3.69	11-Jan-22	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 Bond market opened the day on a very quiet note and this persisted throughout the trading session. We saw a bit of activity on the belly of the curve with emphasis on 2037 bond which was offered at 13.02%. Activities on the short and long end of the curve remained muted as bid/ask spread remains wide apart. Yields declined marginally by 2bps across the benchmark bonds.

We expect similar sentiment to recur tomorrow barring any significant market activity.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	7.58	7.59	(0.13)
13.53 23-MAR-2025	10.57	10.57	0
16.2884 17-MAR-2027	12.21	12.21	0
13.98 23-FEB-2028	12.44	12.44	0
12.40 18-MAR-2036	12.90	12.91	(0.08)
16.2499 18-APR-2037	13.05	13.05	0
12.98 27-MAR-2050	13.11	13.11	0

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.40	15.99
Foreign Reserves (Gross \$'Bn )	40.62	41.19

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3345	1M	0.10425	WTI	71.62
EUR/USD	1.1324	3M	0.21600	BRENT	74.35
USD/JPY	114.21	6M	0.32550	GOLD	1,798.05
USD/CHF	0.9196	12M	0.54200	SILVER	22.740

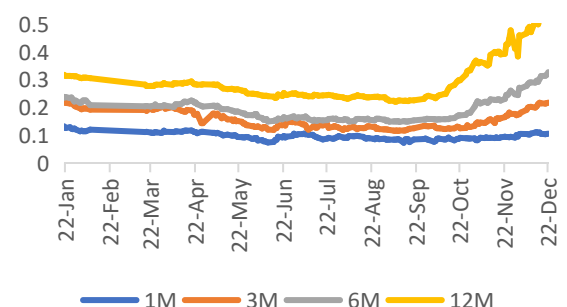
### Auction Results

	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	9.43	9.36	97.875	98.625
ZENITH 7.375% 2022	5.54	3.18	100.750	101.750
ECOBANK 9.5% 2024	5.74	5.30	108.000	109.000
NIGERIA 7.875% 2032	8.34	8.22	96.875	97.625
GHANA 7.625% MAY 2029	11.65	11.40	82.250	83.250

### USD LIBOR Movement





## DOMESTIC NEWS

### NIGERIA'S PARLIAMENT PASSES \$41.8 BLN SPENDING PLAN FOR 2022

Nigeria's lower house of parliament on Tuesday approved a higher spending plan for 2022 of a record 17.13 trillion naira (\$41.8 billion) after lawmakers raised the deficit and the oil price assumption in attempt to boost the economy.

The Senate is expected to pass the increased budget on Wednesday. President Muhammadu Buhari in October presented a spending plan of 16.39 trillion naira for 2022 to parliament, a 25% year-on-year rise. Lawmakers at the House of Representatives passed the spending plan with an oil price of \$62 a barrel from \$57 and an increased deficit, papers from a budget committee showed. The budget will take effect when Buhari signs it into law, though a date has not been set and he could request changes.

## GLOBAL NEWS

### OMICRON SET TO HALVE FOURTH QUARTER GLOBAL ECONOMIC GROWTH

Omicron is dealing a blow to the world economy just as the pandemic enters its third year as a drag on growth and driver of inflation. According to the latest Bloomberg nowcasts, the global economy is expanding just 0.7% in the final three months of the year, half the pace of the previous quarter and below the rate of around 1% witnessed right before the crisis.

The euro-area is on pace for a 0.8% expansion in the fourth quarter from the previous three months, which is 0.3 percentage point less than what was projected in November. The U.S. has strengthened slightly and is now registering a 1.2% pace.

Among emerging markets, where readings are based on annualized data, China has weakened to a 4.5% rate this quarter, while Brazil has slumped to 0.2%. Russia, India and South Africa also slipped.

"As 2021 draws to an end, the global economic recovery risks being thrown off track by the omicron variant of the coronavirus," said Tom Orlik, chief economist for Bloomberg Economics. "Particularly Europe looks vulnerable: Recoveries for Germany, France and Italy are increasingly under strain from the surge in cases."

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

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