

Daily Market Update

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

Thursday, 23 December 2021

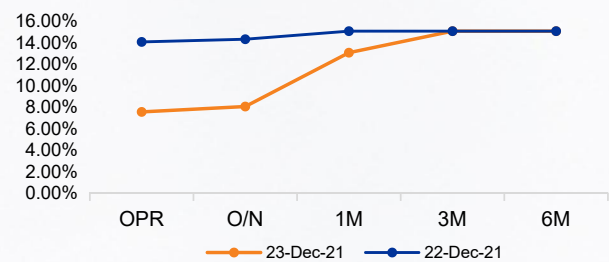
Money Market

System liquidity opened in a repo balance of ₦179bn due the AMCON debit passed yesterday. However, the illiquidity was boosted by Retail FX Auction refund, Bridge Facilities to State Governments and FAAC payment to the system.

Consequently, Open Repo and Overnight rates declined by an average of 638bps to close the day at 7.5% and 8.00% respectively.

We expect rates to increase tomorrow as market participants fund for tomorrow's FX Auction and possible CRR maintenance.

Money Market Rate Movement



Foreign Exchange

The NAFEX depreciated against the Dollar by 47 Kobo to close the day at \$/N414.59.

The IEFX market traded calmly as only a few demand for funds were met due to low supply of Dollars in the FX market. However at market closure, the Naira strengthened by 37 Kobo to close at \$/N414.73.

The Apex bank is expected to hold its bi-weekly Retail SMIS Auction tomorrow.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	413.77	414.04	(0.07)
I&E Closing	414.73	415.10	(0.09)
NAFEX	414.59	414.12	0.11

Treasury Bills

The Treasury Bills market commenced trading on a sluggish note with mixed sentiment across most maturities. Nevertheless, we witnessed a bearish bias at intervals during market, as local players continued to offer select maturities across the OMO and NTB curve to fund their obligations albeit minimal trades were consummated.

We expect the week to close with mixed sentiment as a result of the lack of OMO Auctions by the CBN in the past 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 FGN Bond market continued on a weak note, with minimal interest across board. As the news of an increment in yield to 13% (↑20bps) on the new 10-Yr Sukuk filtered into the market, we witnessed bearish sentiments skewed towards the long end of the curve and as such offers on the 2050 bond were firm at 13.35%. Although there was a bit of demand on the belly of the curve, the bearish trend persisted till the end of the trading session. As a result, yields across the benchmark bonds inched up by an average of 4bps.

We expect a similar trend tomorrow as the liquidity in the money market remains tight, and market participants fund for their obligations.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	7.57	7.58	(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	12.90	0
16.2499 18-APR-2037	13.05	13.05	0
12.98 27-MAR-2050	13.28	13.11	1.30%

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.40	15.99
Foreign Reserves (Gross \$'Bn)	40.61	41.19

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3418	1M	0.10275	WTI	72.96
EUR/USD	1.1311	3M	0.21138	BRENT	75.53
USD/JPY	114.44	6M	0.32638	GOLD	1,806.20
USD/CHF	0.9194	12M	0.55338	SILVER	22.872

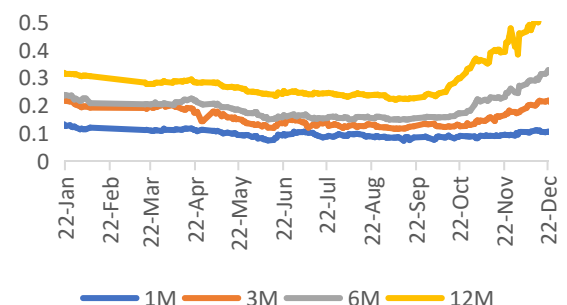
Auction Results

	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	9.34	98.000	98.750
ZENITH 7.375% 2022	5.53	3.16	100.750	101.750
ECOBANK 9.5% 2024	5.74	5.30	108.000	109.000
NIGERIA 7.875% 2032	8.22	8.11	97.625	98.375
GHANA 7.625% MAY 2029	11.53	11.27	82.750	83.750

USD LIBOR Movement





DOMESTIC NEWS

GOVERNMENT UNVEILS FIVE-YEAR BLUEPRINT TO REFOCUS ECONOMY

The Federal Government, yesterday, launched the National Development Plan (NDP) 2021-2025 at the State House, Abuja, setting the tone for Nigeria's next economic destination.

Presenting the document to President Muhammadu Buhari at a brief ceremony before the commencement of the Federal Executive Council (FEC) meeting, Minister of Finance, Budget and National Planning, Zainab Ahmed, said the project was a successor plan to both the Economic Recovery and Growth Plan (ERGP 2017-2020) and the Vision 2020.

She added that the programme would prioritise robust infrastructure, economic stability, improved social indicators and living conditions of Nigerians.

GLOBAL NEWS

DOLLAR NEAR ONE-WEEK LOW AS OMICRON FEARS EASE; LIRA EXTENDS RALLY

The dollar index flatlined near a one-week low on Thursday, as fears of fallout from the Omicron COVID variant eased, boosting higher risk currencies such as the Australian dollar and British pound.

The dollar index, at 96.159, was unchanged on the day but near its weakest since last Friday. The U.S. dollar rose against the Japanese yen - another safe-haven currency - and was up 0.2% at 114.3, near Wednesday's one-month high of 114.37.

Risk appetite has improved since Monday, when markets were rattled by government restrictions relating to the spread of Omicron. However, data on Wednesday showed U.S. consumer confidence improving more than expected in December, suggesting the economy would continue to expand in 2022 despite a resurgence in COVID-19 infections and reduced stimulus spending.

A South African study meanwhile suggested reduced risks of hospitalisation in Omicron patients. The Australian dollar rose 0.3% to \$0.7238 after Wednesday's 0.86% surge. The Norwegian crown firmed to one-month highs against the dollar and euro, also boosted by soaring oil and gas prices.

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

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