

# Daily Market Update

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

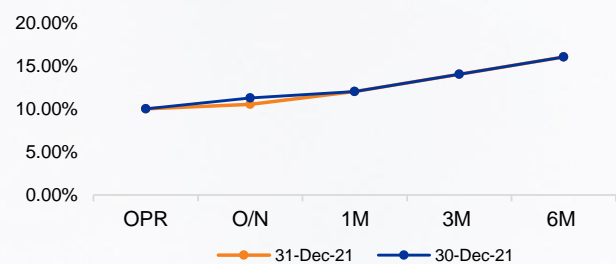
Friday, 31 December 2021

## Money Market

Market liquidity opened the day with a balance of ₦149bn, an improvement from the previous day's ₦111bn. Despite the improvement, OPR and O/N rates remained stable to close the day at 10.00% and 10.50% respectively.

We expect an increase in rates entering the new year as transactions are expected to spike in the yuletide season.

### Money Market Rate Movement



## Foreign Exchange

The NAFEX depreciated by ₦9.66 day on day to close the year at \$/₦424.11 (YoY depreciation of ₦23.78).

The Investors' Exporters' Window was relatively muted despite the Central Bank of Nigeria injecting funds into the market today to meet requests from customers. Nevertheless, the Naira remained stable against the USD to close the year at \$/₦435.00 (YoY weakening of ₦24.75).

We expect rates to trade at these levels going into the New Year.

### FX Rates

|                     | Current | Previous | %Δ   |
|---------------------|---------|----------|------|
| Indicative I&E Open | 420.67  | 413.79   | 1.66 |
| I&E Closing         | 435.00  | 415.10   | 4.82 |
| NAFEX               | 424.11  | 414.45   | 2.33 |

## Treasury Bills

The Treasury Bills market opened on a quiet note with bearish sentiment noted on the mid to long end of the NTB and OMO curve as market participants continue to fund their maturing obligations. 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 as offers surpassed the available bids.

We expect market to trade with mixed sentiments in the coming week as market players continue to trade cautiously.

### Treasury Bills

| NTB Maturity | Rate(%) | OMO Maturity | Rate(%) |
|--------------|---------|--------------|---------|
| 13-Jan-22    | 3.69    | 11-Jan-22    | 5.50    |
| 10-Mar-22    | 2.98    | 22-Feb-22    | 5.23    |
| 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

### FG BORROWS ₦1.99TN VIA BONDS IN SIX MONTHS AMID RISING DEFICIT FINANCING

The Federal Government's bond offer and allotment rose by ₦1.99tn in the first six months of this year to ₦13.66tn, from the ₦11.67tn recorded in the corresponding period of last year. The Financial Markets Department of the Central Bank of Nigeria disclosed this in its half-year activity report for 2021. It attributed the rise to government's drive to fund fiscal deficit from the domestic market. The report stated that, "In the review period, FGN bonds worth ₦900bn was offered, while public subscription and sale stood at ₦1.73tn and ₦1.42tn, respectively. The amount offered comprised new issues and re-openings of FGN bonds.

"In the corresponding period of 2020, FGN bonds issue, subscription and allotment were ₦615bn, ₦2.45tn and ₦1.31tn, respectively. The increase in offer and allotment in the first half of 2021 was attributable to the government's drive to fund fiscal deficit from the domestic market.

## GLOBAL NEWS

### BRITAIN APPROVES PFIZER'S ANTIVIRAL COVID-19 PILL

Britain has approved Pfizer's Covid-19 pill for patients over the age of 18 years who have mild to moderate infection and are at high risk of their illness worsening.

Britain is scrambling to build its defenses as it hit a daily record of new Covid-19 cases on Thursday, government data showed surge in Covid-19 cases in the winter season as the omicron variant of the virus spreads quickly.

Based on data, the pill, Paxlovid, is most effective when taken during the early stages of Covid-19, Britain's Medicines and Healthcare products Regulatory Agency (MHRA) said on Friday, recommending it be used within five days of the onset of symptoms.

Pfizer this month said Paxlovid showed near 90% efficacy in preventing hospitalizations and deaths in high-risk patients, and recent lab data suggests the drug retains its effectiveness against the fast-spreading omicron variant of the coronavirus.

The MHRA said it is working with Pfizer, which makes one of the leading Covid-19 vaccines with German partner BioNTech, to track Paxlovid's effectiveness against omicron.

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

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