

Daily Market Update

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

Friday, 14 January 2022

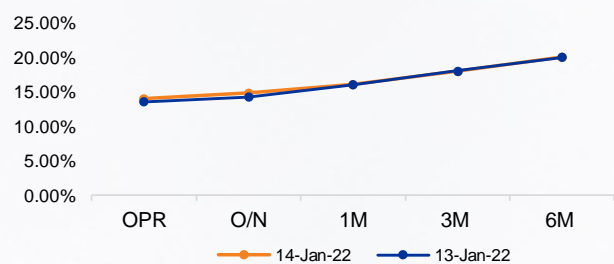
Money Market

Market liquidity opened the day with a balance of ₦84.6bn, a slight decline from the previous day's levels and this can be attributed to the OMO sales of ₦20bn.

Consequently, the Open Repo and Overnight rates increased by 50bps to close the day at 14.00% and 14.75% respectively as Banks funded their obligations.

We expect a decline in rates opening the week due to the ₦130bn 18-January OMO maturity expected on Tuesday.

Money Market Rate Movement



Foreign Exchange

Closing the week, NAFEX depreciated by 75Kobo to close at \$/₦416.00.

The low liquidity seen this week in the Investors and Exporters' window continued into today's trading session as demand from customers was met with low supply in the market. Consequently, the Naira traded closely to the NAFEX to close at \$/₦416.50.

The Apex bank released the result of it's bi-weekly Retail SMIS Auction today.

We expect rates to trade at similar levels next week.

FX Rates

	Current	Previous	%Δ
I&E Closing	416.50	416.50	0.00
NAFEX	416.00	415.25	0.18

Treasury Bills

The Treasury Bills secondary market closed the week on a bearish note as market participants continued to show offers across the curve.

The trend was sustained throughout the trading session with minimal trades consummated by market close. Consequently, rates remained largely unchanged from opening levels.

We expect the bearish sentiment to continue next week given the level of system liquidity and the anticipation of higher rates.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Mar-22	2.98	22-Feb-22	5.69
9-Jun-22	3.67	01-Mar-22	5.28
11-Aug-22	5.36	15-Mar-22	5.43
13-Oct-22	5.00	16-Aug-22	5.50
24-Nov-22	5.00	04-Oct-22	5.50

BONDS

Closing the week, the FGN Bond market traded on a calm note with mixed sentiments observed among most market participants. As market progressed, we witnessed bullish trend with elevated bids hovering around 11.40% levels for the on-the-run 4-Yr paper. Very few trades were consummated today in the market across the shorter end of the curve. By close of market, yields declined by an average of 2bps across the Benchmark Bonds.

We anticipate market participants to trade cautiously ahead of next week's Bond Auction where the DMO is expected to borrow c. ₦160bn across the 4-Yr and 20-Yr instruments.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	7.40	7.63	(0.23)
13.53 23-MAR-2025	10.52	10.52	0.00
16.2884 17-MAR-2027	12.20	12.20	0.00
13.98 23-FEB-2028	12.27	12.42	(0.15)
12.40 18-MAR-2036	12.89	12.89	0.00
16.2499 18-APR-2037	12.95	13.03	(0.08)
12.98 27-MAR-2050	13.11	13.11	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.40	15.99
Foreign Reserves (Gross \$'Bn)	40.51	40.51

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3685	1M	0.10629	WTI	↑ 83.03
EUR/USD	1.1434	3M	0.23914	BRENT	↑ 85.40
USD/JPY	113.89	6M	0.39686	GOLD	↑ 1,822.80
USD/CHF	0.9123	12M	0.71357	SILVER	↑ 23.073

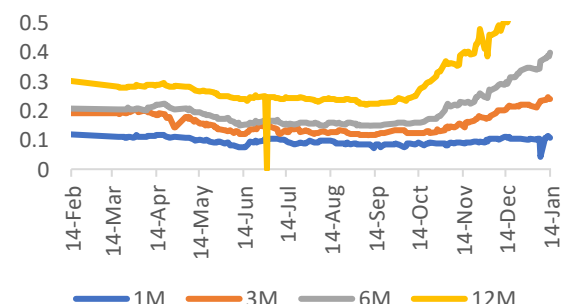
Auction Results

	NTB AUCTION – January 12, 2022			OMO AUCTION – January 13, 2022		
Tenor/Maturity	91-day	182-day	364-day	96-day	180-day	355-day
Offer / Subscription (₦'Bn)	4.22/2.49	7.46/2.26	65.93/108.31	5.00/14.5	5.00/26.03	10.00/69.14
Total Allotment (₦'Bn)	2.19	1.46	53.90	5.00	5.00	10.00
Stop Rate(%)	2.50	3.44	5.50	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.28	6.12	99.375	100.000
ACCESS 9.125% PERP	9.57	9.510	98.00	98.75
ECOBANK 9.5% 2024	5.65	5.20	108.000	109.000
UBA 6.75% 2026	6.75	6.56	100.00	100.75
GHANA 7.625% MAY 2029	13.79	13.42	74.625	75.875
NIGERIA 7.875% 2032	8.88	8.74	93.375	94.250

USD LIBOR Movement





DOMESTIC NEWS

EMEFIELE: PAN-AFRICAN SETTLEMENT PLATFORM WILL REDUCE DOLLAR, OTHER FX USAGE IN AFRICA

The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele has said the newly launched Pan-African Payment and Settlement System (PAPSS) will simplify cross-border trade and reduce the heavy dependence on the US dollars, Pounds and Euro Intra-African trade. Emefiele said this in Accra, Ghana, during the launch of PAPSS.

PAPSS is a cross-border financial market infrastructure enabling payment transactions across Africa, bridging trade challenges in a continent with over 41 known currencies. It is expected to boost intra-African trade by transforming and facilitating payment, clearing and settlement for cross-border trade across Africa. PAPSS provides the solution to the disconnected and fragmented nature of payment and settlement systems that had long impeded intra-African trade.

The Africa Export-Import Bank (Afrexim bank), in collaboration with African Union (AU) and African Continental Free Trade Area (AfCFTA), officially launched the platform for commercial use.

GLOBAL NEWS

ECB TO DO EVERYTHING IT TAKES TO GET INFLATION TO 2%: LAGARDE

Euro zone inflation will fall from a record high this year and the European Central Bank is ready to take any measures necessary to get it down to its 2% target, ECB President Christine Lagarde said today. Inflation rose to 5% last month, the highest on record for the 19-country currency bloc and more than twice the target, as soaring energy costs and supply constraints pushed up prices for a range of goods and services.

The ECB has long argued that price growth will abate on its own but Lagarde said the ECB could adjust policy if needed. "Our commitment to price stability remains unwavering," she said in a speech. "We will take any measures necessary to ensure that we deliver on our inflation target of 2% over the medium term."

The ECB extended stimulus last month, arguing that longer-term price pressures are actually too weak rather than too high and that inflation was at risk of falling below its target by year-end.

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

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