

# Daily Market Update

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

Friday, 21 January 2022

## Money Market

System liquidity opened with an estimated balance of ₦120bn. This robust liquidity was further enhanced by the bridging facilities to State Governments but depleted by the CRR maintenance debit and the Retail SMIS Auction conducted by the CBN.

Consequently, OPR and OVN increased by an average of 388bps to close the week at 15.00% and 15.25% respectively.

We expect the rates to decline significantly next week due to coupon payment, FAAC inflow and bond maturity that will hit the system.

## Foreign Exchange

Rates at the Investors' & Exporters' window gained 33kobo to close the week at \$/₦416.00 despite the illiquidity in the market. The NAFEX rate also strengthened by ₦0.52 to close at \$/₦415.78 during today's trading session.

As anticipated, the Central Bank of Nigeria conducted its biweekly Retail SMIS auction today.

We expect that rates will trade at similar levels next week.

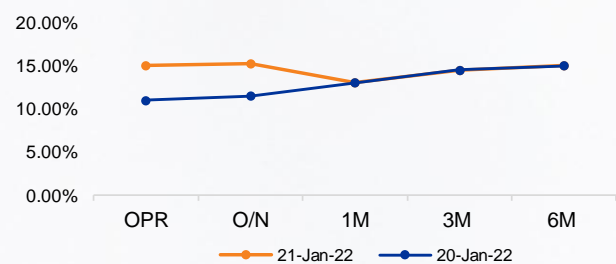
## Treasury Bills

Closing the week, the Treasury Bills market opened on a quiet note with bearish sentiment noted on the mid to long end of the curve. The trend was sustained throughout the trading session with minimal trades consummated across the mid to the long end of the curve as offers surpassed the available bids.

Consequently, rates remained largely unchanged from opening levels.

We expect the market to trade with mixed sentiments opening the next week as market players continue to trade cautiously.

### Money Market Rate Movement



### FX Rates

	Current	Previous	%Δ
I&E Closing	416.00	416.33	(0.08)
NAFEX	415.78	416.30	(0.12)

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Mar-22	2.98	01-Feb-22	5.70
09-Jun-22	3.67	01-Mar-22	5.28
11-Aug-22	5.36	16-Aug-22	5.73
13-Oct-22	5.00	04-Aug-22	5.50

## BONDS

Closing the week, the FGN Bond market opened with bullish sentiments on the shorter end of the curve with emphasis on the 2023 and the on-the-run 2026 papers. The bullish run persisted throughout the trading session with bid/offer yields quoted at 11.30%/11.20% for the 4-yr instrument. Most of the trades consummated centered around this active paper with very limited activities seen on the longer end of the curve. Yields slightly dipped by 10bps on the most active instrument and remained stable across the other benchmark bonds.

We anticipate the bullish rally to be sustained next week due to the NIGB 27 JAN 2022 bond maturity and coupon payment.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	7.38	7.39	(0.14)
13.53 23-MAR-2025	10.51	10.51	0.00
16.2884 17-MAR-2027	12.11	12.11	0.00
13.98 23-FEB-2028	12.16	12.06	0.83
12.40 18-MAR-2036	12.75	12.75	0.00
16.2499 18-APR-2037	12.85	12.85	0.00
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 (%)	15.63	15.40
Foreign Reserves (Gross \$'Bn)	40.38	40.40

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3570	1M	0.10929	WTI	↓ 84.18
EUR/USD	1.1342	3M	0.25886	BRENT	↓ 87.08
USD/JPY	113.73	6M	0.44629	GOLD	↓ 1,835.91
USD/CHF	0.9128	12M	0.79843	SILVER	↓ 24.44

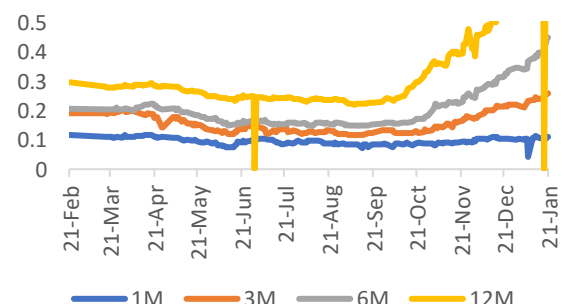
### Auction Results

	OMO AUCTION – January 20, 2022			BOND AUCTION – January 19, 2022	
Tenor/Maturity	89-day	187-day	355-day	12 ½ 01/22/26	12 01/21/42
Offer / Subscription (₦'Bn)	5.00/19.50	5.00/26.70	10.00/56.82	75.00/111.19	75.00/214.05
Total Allotment (₦'Bn)	5.00	5.00	10.00	81.72	88.92
Stop Rate(%)	7.00	8.50	10.10	11.50	13.00

### Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.35	6.13	99.099	99.978
ACCESS 9.125% PERP	9.88	9.61	97.124	98.101
ECOBANK 9.5% 2024	5.76	5.25	107.715	108.841
UBA 6.75% 2026	6.77	6.57	99.902	110.703
GHANA 7.625% MAY 2029	14.19	13.79	73.273	74.631
NIGERIA 7.875% 2032	8.74	8.59	94.257	95.219

### USD LIBOR Movement





## DOMESTIC NEWS

### FINANCIAL INCLUSION: AN OVERVIEW OF E-NAIRA PROSPECTS IN 2022

The year, 2022 has been ushered in with overwhelming expectations for achieving socio-economic and political transformation. As expected, the Central Bank of Nigeria (CBN) led by Governor, Godwin Emefiele has a pivotal role, more so, with last year's launch of the Central Bank Digital Currency (CBDC), otherwise known as the e-Naira. The key issues at stake in actualizing the e-Naira objectives include financial stability, firming up the Naira, increasing financial inclusiveness, facilitating ease of payments and transactions, increasing cross-border trade, strengthening social interventions, strengthening Nigeria's monetary policy, among others. Therefore, the Prospects of e-Naira this year and beyond is looking good if properly deployed by the apex bank as proposed.

The advantages of the e-Naira are enormous, but its prospects will even be more enhanced when the CBN harnesses the expected increase in inflow of Dollar stimulated by the Foreign Direct Investments (FDI), diaspora remittances, increase in price of oil in international market which will ultimately lead to accretion in the nation's foreign exchange reserves. Another factor that promises to make the e-Naira a more valuable and accepted mode of transaction include the fact that the CBN is testing to see if it can use the e-Naira as a payment gateway. Once it is made a payment gateway, the acceptance of the e-Naira becomes more global.

## GLOBAL NEWS

### IMF PROPOSES \$50BN TRUST FUND TO HELP LOW-INCOME COUNTRIES

As the COVID-19 pandemic continues to exert heavy strain on the global economy, the International Monetary Fund (IMF) is proposing a \$50 billion trust fund which could help low-income and vulnerable middle-income countries to build resilience and sustainability. The trust fund is part of IMF's options for channeling some of the \$650 billion Special Drawing Rights (SDRs) issued in August 2021 to countries with strong external financial positions as well as vulnerable countries through a Resilience and Sustainability Trust (RST).

The IMF in a new blog post yesterday, stated that the proposed \$50 billion trust fund could help low-income and vulnerable middle-income countries build resilience to balance of payments shocks and ensure a sustainable recovery. It stated that about three quarters of IMF's membership could qualify for the RST financing, including all low-income countries, all developing and vulnerable small states, and all middle-income countries with per capita gross national income (GNI) below 10 times the 2020. International Development Association (IDA) operational cut-off, or about \$12,000.

**Sources:** FMDQ, Access Bank Treasury Team, Bloomberg, ThisDay

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