

Daily Market Update

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

Monday, 15 November 2021

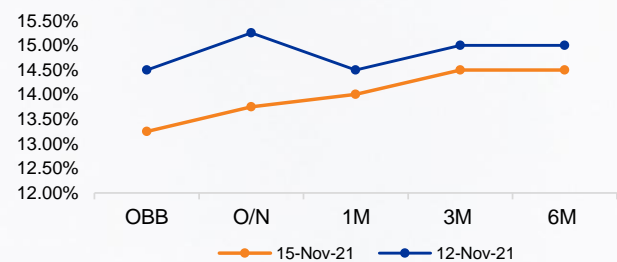
Money Market

System liquidity opened the week with a balance of ₦104bn, a decline from Friday's opening levels of ₦460bn. This decline can be attributed to the Retail SMIS auction conducted last week.

Despite this decline and the Apex Bank's intervention for Invisibles and SME foreign exchange requests, OBB and Overnight rates decreased by 125bps to close at 13.25% and 13.75% respectively.

We expect the rates to decline further tomorrow as an OMO maturity of ₦72.50bn matures into the system.

Money Market Rate Movement



Foreign Exchange

At the start of the week, the NAFEX rate appreciated day-on-day by 30 kobo to close at \$/₦413.34.

The FPI intervention by the CBN and the provision of funds for SME and Invisibles were the highlights of today's trading session. However, the market remained fairly illiquid as bids continued to outweigh offers. Nevertheless, the Naira remained stable at \$/₦415.10.

We anticipate no significant change in market rates during the course of the week.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	413.74	414.39	(0.16)
I&E Closing	415.10	415.10	0.00
NAFEX	413.34	413.64	(0.07)

Treasury Bills

The Treasury Bills market commenced the week with burgeoning demand across the OMO and NTB curves with emphasis on the long end. Nevertheless, minimal trades were consummated through the trading session.

We expect the bullish trend to intensify as the week progresses, given the OMO maturity of ₦72.50bn expected tomorrow.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
13-Jan-22	3.69	07-Dec-21	5.31
10-Mar-22	4.31	01-Mar-22	5.44
9-Jun-22	5.31	15-Mar-22	5.47
11-Aug-22	6.00	16-Aug-22	5.72
13-Oct-22	6.43	04-Oct-22	5.80

BONDS

The Bond market opened on a quiet note with a bullish undertone on the short tenured instruments, the appetite for the mid and long tenured securities remained low as investors continued to trade cautiously. We witnessed rates on the 2024 and 2026 quoted around the 9.00% & 11.40% handle. However, minimal trades were consummated across board as rates remained relatively stable from opening levels.

We expect a quiet market tomorrow as we gradually approach the auction slated to hold for the month of November.

FGN Bond Yields

	Current (%)	Previous (%)	Δ
12.75 27-APR-2023	8.50	8.52	(0.02)
13.53 23-MAR-2025	9.63	9.64	(0.01)
16.2884 17-MAR-2027	11.58	11.59	(0.01)
13.98 23-FEB-2028	11.68	11.68	0.00
12.40 18-MAR-2036	12.83	12.83	0.00
16.2499 18-APR-2037	12.94	12.88	0.05
12.98 27-MAR-2050	13.15	13.15	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.99	16.63
Foreign Reserves (Gross \$'Bn)	41.50	41.53

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3431	1M	0.08863	WTI	↓ 78.98
EUR/USD	1.1418	3M	0.14275	BRENT	↓ 81.34
USD/JPY	113.99	6M	0.22600	GOLD	↑ 1,862.95
USD/CHF	0.9224	12M	0.39850	SILVER	↓ 25.062

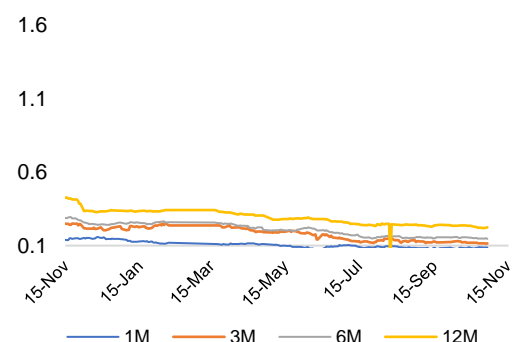
Auction Results

	OMO AUCTION – November 04, 2021			NTB AUCTION – November 10, 2021		
Tenor/Maturity	138-day	194-day	355-day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	5.00/11.50	5.00/14.00	15.00/75.25	4.80/4.87	7.99/3.80	138.03/566.21
Total Allotment (₦'Bn)	5.00	5.00	15.00	4.12	3.00	189.06
Stop Rate(%)	7.00	8.50	10.10	2.50	3.50	6.50

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.09	5.97	100.125	100.625
ACCESS 9.125% PERP	9.30	9.26	99.25	99.750
ZENITH 7.375% 2022	3.57	2.64	102.000	102.500
ECOBANK 9.5% 2024	5.47	5.05	109.000	110.000
NIGERIA 7.875% 2032	7.59	7.48	102.000	102.750
GHANA 7.625% MAY 2029	10.12	9.92	87.375	88.250

USD LIBOR Movement





DOMESTIC NEWS

NIGERIA'S INFLATION RATE FALLS TO 15.99% IN OCTOBER 2021, LOWEST IN 10 MONTHS

Nigeria's inflation rate for the month of October 2021 dropped further to 15.99% from 16.63% recorded in September 2021. This is according to the recently released Consumer Price Index report, released by the National Bureau of Statistics (NBS).

On a month-on-month basis, the headline index increased by 0.98 per cent in October 2021, this is 0.17 per cent lower than the rate recorded in September 2021 (1.15) per cent.

The bureau said the composite food index rose by 18.34% in October 2021 compared to 17.38% in October 2020. According to the NBS, this rise in the food index was caused by increase in prices of food products, coffee, tea and cocoa, milk, cheese and eggs, bread and cereals, vegetables and potatoes, yam and other tubers.

It added that on a month-on-month basis, the food sub-index increased by 0.91% in October 2021, down by 0.35% points from 1.26% recorded in September 2021.

GLOBAL NEWS

OIL PRICES SLIDE ON EXPECTATIONS OF HIGHER SUPPLY, WEAKER DEMAND

Crude oil prices fell on Monday on expectations of increasing supply, while higher energy costs and rising COVID-19 cases are also seen weighing on demand.

Brent crude futures fell 96 cents, or 1.2%, to \$81.21 a barrel, as of 1036 GMT. US West Texas Intermediate (WTI) crude lost 73 cents, or 0.9%, to \$80.06 a barrel.

Oil markets have dropped for the last three weeks, hit by a strengthening dollar and speculation that President Joe Biden's administration might release oil from the U.S. Strategic Petroleum Reserve to cool prices.

"Possible releases of oil from U.S. strategic petroleum reserves (SPR) gets lots of the blame from the decline in price," SEB chief commodities analyst Bjarne Schieldrop said.

The more likely reason for the current oil price weakness is rising COVID-19 infection rates and associated concerns for global oil demand on the back of lockdowns or restrictions.

Sources: FMDQ, Access Bank Treasury Team, Reuters, Nairametrics

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