

Daily Market Update

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

Friday, 19 November 2021

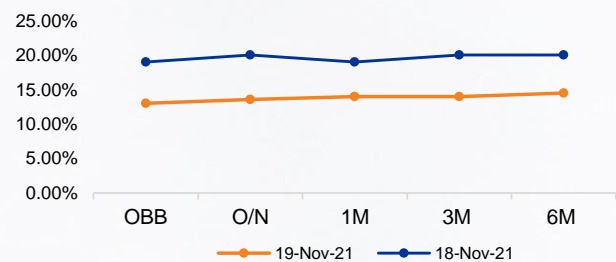
Money Market

Market liquidity opened the day with a credit balance of N70.25bn and was later depleted by the bond auction debit of N225bn forcing the market into a negative position.

Subsequently, OBB and O/N rates increased significantly by 600bps to close the day at 19.00% and 20.00% respectively as market participants funded for their obligations.

We expect rates to decline slightly opening the week as an OMO repayment of N67bn is expected to impact the system.

Money Market Rate Movement



Foreign Exchange

Closing the week, the NAFEX depreciated by 37kobo day on day to close the week at \$/N413.46

The paucity of funds continued at the Investors' and Exporters' Window as market participants continue to bid for various obligations. Nevertheless, the Naira appreciated by 40kobo to close at \$/N414.40 We expect stability in rates in the market next week.

As anticipated, the CBN released the result of its bi-weekly Retail SMIS auction today.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	413.55	413.19	0.09
I&E Closing	414.40	414.80	0.10
NAFEX	413.46	413.09	0.09

Treasury Bills

The Treasury bills market closed the week with mixed sentiments, as offers were noted on the long end of the curve with slight demand albeit minimal trades were consummated throughout the trading session.

Overall, by the close the trading session, rates across the benchmark bills remained unchanged from opening levels.

We expect the mixed sentiment to persist in the market next week as market players continue to trade cautiously.

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	5.36	16-Aug-22	5.72
13-Oct-22	6.20	04-Oct-22	5.80

BONDS

The FGN Bond market closed the week on a calm note, with minimal cares across board.

We witnessed some profit-taking on some on-the-run bonds, while the demand persisted on the short end of the curve. As local players funded for their obligations, the inactivity lingered till the tail end of the trading session and as such, average yields across the benchmark bonds remained stable at 11.71%.

We expect mixed reactions in the secondary market next week, with some cherry-picking across board.

FGN Bond Yields

	Current (%)	Previous (%)	Δ
12.75 27-APR-2023	8.57	8.58	(0.01)
13.53 23-MAR-2025	9.62	9.62	0.00
16.2884 17-MAR-2027	11.56	11.57	(0.01)
13.98 23-FEB-2028	11.76	11.68	0.08
12.40 18-MAR-2036	12.87	12.85	0.02
16.2499 18-APR-2037	12.95	12.90	0.05
12.98 27-MAR-2050	13.20	13.20	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)	41.41	41.41

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3460	1M	0.09113	WTI	↓ 76.27
EUR/USD	1.1313	3M	0.15963	BRENT	↓ 79.10
USD/JPY	113.81	6M	0.22350	GOLD	↑ 1,864.65
USD/CHF	0.9262	12M	0.38975	SILVER	↑ 24.997

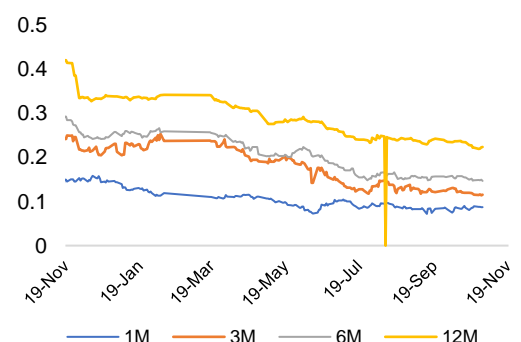
Auction Results

	BOND AUCTION – November 17, 2021			OMO AUCTION – November 18, 2021		
Tenor/Maturity	12 ½ 01/22/26	16.25 04/18/37	12.98 03/27/50	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	50.00/50.75	50.00/46.69	50.00/155.91	5.00/9.00	5.00/18.00	15.00/67.36
Total Allotment (₦'Bn)	37.15	32.19	169.71	5.00	5.00	15.00
Stop Rate(%)	11.65	12.95	13.30	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.18	6.03	99.75	100.375
ACCESS 9.125% PERP	9.31	9.24	99	99.75
ZENITH 7.375% 2022	3.45	2.50	102	102.5
ECOBANK 9.5% 2024	5.45	5.03	109	110.000
NIGERIA 7.875% 2032	7.94	7.84	99.5	100.25
GHANA 7.625% MAY 2029	11.27	11.02	83.625	84.625

USD LIBOR Movement





DOMESTIC NEWS

NBS: GDP GREW BY 4.03% IN THIRD QUARTER

The National Bureau of Statistics (NBS) yesterday revealed that Nigeria's Gross Domestic Product (GDP) grew by 4.03% in the third quarter (Q3) of 2021, compared with the 5.01% recorded in the preceding quarter of same year. The Statistician-General of the Federation (SGF)/Chief Executive, NBS, Dr. Simon Harry, who revealed this at a media briefing, said the negative impact of the COVID-19 continued to impact on economic performance. He said despite the slower growth, the Q3 performance was considered a tremendous improvement over both Q1 and Q2 of the year, adding that there had been steady growth of the economy. In nominal terms, aggregate GDP increased to N45.11 trillion in the period under review, compared with the N39.12 trillion recorded in Q2 and N39.09 trillion in Q3 2020.

In the same vein, real GDP which shows volume of economic activities, stood at N18.54 trillion, higher by N1.85 trillion compared to N16.69 trillion in Q2 as well as higher by N718.57 billion when compared to N17.82 trillion recorded in the corresponding quarter of last year. The economy was largely driven by the non-oil sector which accounted for 92.51% of GDP, while the oil sector contributed 7.49% to growth in Q3.

GLOBAL NEWS

EUROPE LOCKDOWN FEARS RATTLE INVESTORS, SPARK DASH FOR SAFE-HAVENS

European stocks retreated from record highs, while government bond yields, oil prices and the euro tumbled on Friday as the specter of a fresh COVID-linked lockdown in Germany and other parts of Europe cast a fresh shadow over the global economy. Markets went into a tailspin after news that Austria will become the first western European state to reimpose a full coronavirus lockdown to tackle a new wave of infections and signs that Germany might do the same.

The worries helped send oil prices down 3%, while investors made a dash for so-called safe assets such as government bonds, the dollar and the yen. As the dollar rallied 0.4%, the euro slid to \$1.1283, heading back towards a July 2020 low hit earlier this week. European and U.S. bond yields tumbled 5-6 basis points while equity markets reversed early-session gains.

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

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