

Daily Market Update

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

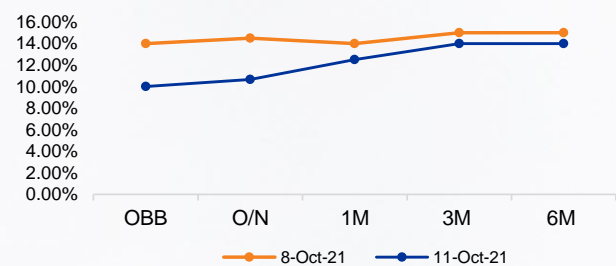
Monday, 11 October 2021

Money Market

The market liquidity opened the week with a balance of ₦93bn (an increase of ₦46bn from Friday's closing). Consequently, OBB and Overnight rates declined by an average of 392 bps to close at 10% and 10.67% respectively notwithstanding the funding for SMEs and Invisible FX intervention.

We expect the rates to decline further given the ₦110bn OMO maturity tomorrow.

Money Market Rate Movement



Foreign Exchange

The week started with the CBN injecting funds into the market for SMEs, Invisibles transactions and providing funds to Foreign portfolio investors' FX backlogs. Nevertheless, the paucity of funds at the Investors' and Exporters' Window persisted during the trading session. Consequently, the Naira depreciated against the Dollar by ₦0.10 to close at \$/₦414.40

The NAFEX rate also depreciated by ₦0.59 to close at \$/₦413.27 and we expect rates to continue to trade at these levels tomorrow.

FX Rates	Current	Previous	%Δ
Indicative I&E Open	413.53	414.44	(0.22)
I&E Closing	414.40	414.30	0.02
NAFEX	413.27	412.68	0.14

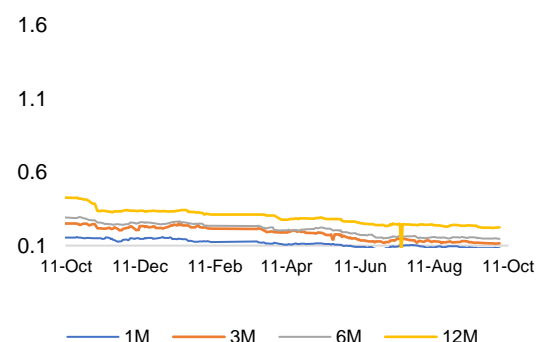
Treasury Bills

The Treasury Bills secondary market opened on a quiet note today as market participants traded cautiously. This quiet sentiment persisted for most of the trading session with few trades consummated by market close. Consequently, closing rates remained largely unchanged from opening levels.

OMO maturity of ₦110bn is expected to be credited to the system tomorrow and as such, we expect some bullish interest as market participants look forward to Wednesday's NTB Auction.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
28-Oct-21	3.04	19-Oct-21	5.11
11-Nov-21	3.20	07-Dec-22	6.43
28-Apr-22	5.01	01-Mar-22	6.56
12-May-22	5.51	15-Mar-22	6.59
8-Sep-22	6.56	16-Aug-22	6.90





DOMESTIC NEWS

ACCESS BANK: DEMYSTIFYING MARKET SENTIMENTS WITH AUDACIOUS EUROBOND ISSUANCE

In an era when the global economic sentiment is uninspiringly negative, forcing financial services providers/managers to go back and forth, economic watchers say certain investments decisions are easily knocked down by uncertainty and fear of failure.. It was in this rather tough market reality that Access Bank Plc decided to approach the market for a US\$500 million Additional Tier 1 Eurobond offering. The feat caught many by surprise for many reasons.

Market analysts, who commended the bank for breaking the barrier with a sterling performance at the global market, explained that Access Bank's daring move can be appreciated in terms of the diversity of investors that participated in the Eurobond issuance. According to a report by the International Financial Review (IFR), the bank (Access Bank) managed to get a broad buyer base, including some accounts that bought its US\$500m 2026 senior bond at 6.125% just two weeks before. Investors included real money and hedge fund accounts from various parts of the world, including the UK, Asia, and the Middle East."

GLOBAL NEWS

S&P COMES OFF SESSION HIGHS AS OIL HOVERS NEAR \$81: MARKETS WRAP

The surge in energy prices continued to fuel stock-market volatility amid an intensifying debate on whether inflation pressures will be transitory or derail the economic recovery.

Gains in the S&P 500 waned, with the benchmark gauge struggling to remain in the green. West Texas Intermediate crude hovered near \$81 a barrel, climbing to a seven-year high. Aluminum jumped to the highest since 2008, while Chinese coal futures hit a record. The cash Treasury market is closed for a holiday.

The widespread rally in commodities has unsettled traders, with supply bottlenecks raising doubts about whether stock valuations can be stretched any further. It has also complicated the outlook for policy makers, who are seeking to balance the withdrawal of stimulus with concerns that growth may have peaked amid inflation pressures. While the surge in energy costs may slow the recovery, it won't cause a recession, according to Mark Haefele, chief investment officer at UBS Global Wealth Management.

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

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