

Daily Market Update

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

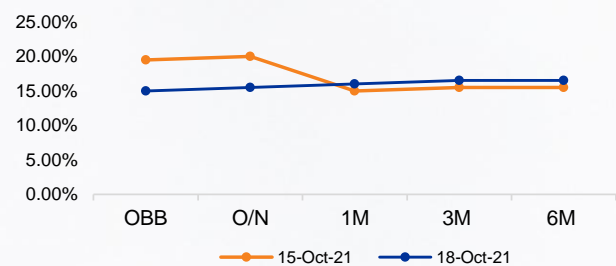
Monday, 18 October 2021

Money Market

System liquidity opened the week with a balance of ₦104bn (a decline of ₦119bn from last week) due to debit from Friday's FX Auction and CRR maintenance. Despite this low level of liquidity, Overnight and OBB rates declined by an average of 450bps to close at 15.50% and 15.00% respectively.

We expect the rates to plunge further on Wednesday as we anticipate an OMO maturity of ₦85bn into the system, while no significant funding activity is expected.

Money Market Rate Movement



Foreign Exchange

At the start of the week, NAFEX depreciated day on day by 38 kobo to close at \$/₦413.75.

The FPI intervention by the CBN and provision of funds for SME, PTA/BTA, Medicals and School Fees, were the highlights of today's trading session. However, bids continue to outweigh offers in the Investors' & Exporters' window. Nevertheless, the Naira appreciated marginally against the Dollar by 34 kobo to close at \$/₦414.73.

We anticipate no significant change in rates this week barring any significant market activity.

FX Rates	Current	Previous	%Δ
Indicative I&E Open	414.46	415.09	(0.15)
I&E Closing	414.73	415.07	(0.08)
NAFEX	413.75	413.37	0.09

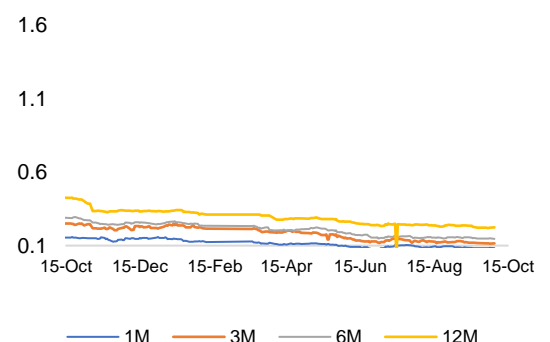
Treasury Bills

The Treasury Bills market commenced trading on a quiet note, with slight bullish sentiments witnessed on select OMO and NTB maturities. Offers were noted on the long end of the curve albeit minimal trades were consummated throughout the trading session. Overall, rates declined marginally from opening levels.

We expect the bullish sentiment to persist in the market next trading day as market players continue to trade cautiously given the expected OMO maturity of ₦85bn into the system.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
28-Oct-21	3.14	02-Nov-21	5.63
11-Nov-21	3.25	07-Dec-21	6.43
28-Apr-22	4.53	01-Mar-22	6.16
12-May-22	5.27	15-Mar-22	6.23
8-Sep-22	6.90	16-Aug-22	6.90





DOMESTIC NEWS

ENAIRA WOULD BOOST DIASPORA REMITTANCE FLOWS – CBN

The Central Bank of Nigeria (CBN) has stated that the eNaira would ultimately boost remittance inflow to the country. The apex bank stated this in a document seen by Nairametrics titled, “Design paper for the eNaira”.

According to the CBN, the eNaira is meant to create a secure and cost-effective process for remittances, amongst other benefits. Remittances are an important source of foreign cash for countries in Sub-Saharan Africa, as well as a source of funds for financially excluded communities and a potential driver of economic progress. The apex bank said, “In Nigeria, it is a key source of foreign exchange as US\$23.8 billion flew into the country in 2019. The flow of remittance into Nigeria highlights its strategic position in sub-Saharan Africa as it is the top destination for remittance flows. Also, the country accounted for a 12.50% drop in overall flow to the sub-Saharan region in 2020 due to its 28% decline in 2020 which can be attributed to the COVID-19 pandemic.”

GLOBAL NEWS

CRUDE OIL PARES GAINS AFTER HITTING MULTIYEAR HIGHS

Oil eased off multiyear highs with U.S. industrial data showing signs of weakness while traders assess an ongoing natural gas crisis.

Futures in New York earlier climbed as much as 1.9% on Monday. U.S. September industrial production fell 1.3%, below estimates. Still, a shortage of natural gas is creating extra demand for oil products like fuel oil and diesel from the power generation sector, keeping oil prices propped up. Plus, the OPEC+ alliance is still only adding incremental, monthly supplies, and some members are not expected to meet current output targets. “If these negative trends continue, it implies that industrial demand for energy may be weaker than expected in the future,” said Bart Melek, head of commodity strategy at TD Securities. Both the U.S. and global benchmark crudes are trading above \$80 a barrel as shortages of natural gas and coal have driven rising demand for alternative power generation and heating fuels in Asia and Europe ahead of the winter. Brent futures earlier rose above \$86 a barrel, reaching the highest intraday level since 2018, while West Texas Intermediate crude neared a seven-year high. Meanwhile, OPEC and its allies once again failed to pump enough oil to meet their output targets, exacerbating the supply deficit as the world recovers from the pandemic.

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

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