

## Daily Market Update

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

Thursday, 21 October 2021

#### **Money Market**

System liquidity opened with a credit balance of \$\mathbb{\text{\tint{\text{\tin\text{\texi{\texi\texi{\text{\text{\texi}\tint{\text{\text{\texit{\text{\texit{\text{\text{\text{\text{\ti

Consequently, OBB and Overnight rates increased by 50bps to close the day at 15.00% and 15.50% respectively as market participants funded the OMO Auction and tomorrow's Bond Auction debit.

We expect rates to inch up slightly tomorrow.

#### Foreign Exchange

The illiquidity in the market persisted with local corporates bidding for funds to clear their outstanding obligations. Consequently, rates at the Investors' & Exporters' window recorded a depreciation of ₹1.00 to close at \$/₹415.07.

Also, the NAFEX rate weakened by 44 kobo day-on-day to close at \$/\frac{\text{\text{\text{\text{\text{N}}}}}{413.48}}{13.48} and we anticipate that rates will trade at similar levels tomorrow.

We expect the Central Bank to release the result of its biweekly Retail SMIS Auction tomorrow.

#### **Treasury Bills**

The Treasury Bills market opened on a quiet note as market participants shifted their attention to the OMO auction floated before the commencement of the trading session. There was slight bullish sentiment across the NTB maturities albeit only a handful of trades were consummated across the long end of the curve.

A total of \(\frac{\mathbf{H}}{30}\)bn was offered and sold at the OMO auction across three tenors with stop rates remaining unchanged to close at 7.00%, 8.50%, and 10.10%, on the 103-, and 180- and 348-day maturities, respectively.

We expect market to trade with mixed sentiments, closing the week, given the relatively low level of market liquidity.



FX Rates	Current	Previous	%∆
Indicative I&E Open	413.94	414.18	(0.06)
I&E Closing	415.07	414.07	0.24
NAFEX	413.48	413.04	0.11

Treasury Bill	s		
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	5.78	01-Mar-22	6.15
12-May-22	6.05	15-Mar-22	6.20
8-Sep-22	6.48	16-Aug-22	6.65



#### **BONDS**

The Bond market opened on a quiet note with slight bullish sentiments seen on the short and long-term maturities specifically the 2026 and 2050 maturities. Firm bids were seen at 11.5% and 13.15% (approx. 15bps and 5bps from where the auction closed) respectively because of the unmet demand from the Bond Auction organized by the DMO yesterday.

We expect rates across the curve to remain relatively stable tomorrow as no significant market activity is anticipated.

FGN Bond Yields	Current (%)	Previous (%)	%∆
12.75 27-APR-2023	8.35	8.37	(0.24)
13.53 23-MAR-2025	10.23	10.13	0.99
16.2884 17-MAR-2027	11.79	11.35	3.88
13.98 23-FEB-2028	11.71	11.71	0.00
12.40 18-MAR-2036	12.90	12.90	0.00
16.2499 18-APR-2037	12.89	12.89	0.00
12.98 27-MAR-2050	13.14	13.18	(0.30)

#### **Monetary Policy**

### **Global Currency, Fixings and Commodities** Global LIBOR Commodities

Key Indicator	Current	Previous	Currer	ncies				
			CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
Monetary Policy Rate (%)	11.50	11.50	GBP/USD	1.3807	1M	0.08575	WTI	81.20
Inflation y/y (%)	16.63	17.01	EUR/USD	1.1638	ЗМ	0.12825	BRENT	83.69
			USD/JPY	113.75	6M	0.17050	GOLD	1,783.10
Foreign Reserves (Gross \$'Bn )	40.76	40.38	USD/CHF	113.75	12M	0.29675	SILVER	24.21

#### **Auction Results**

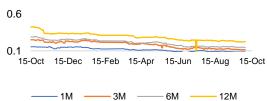
	BOND AUCTION – October 20, 2021			OMO AUCTION – October 14, 2021		
Tenor/Maturity	5-Yr	15-Yr	30-Yr	82-day	180-day	355-day
Offer / Subscription (\H'Bn)	50.00/49.05	50.00/80.92	50.000/120.74	10.00/14.00	10.00/17.20	30.00/68.58
Total Allotment (₦'Bn)	44.80	52.72	95.24	10.00	10.00	30.00
Stop Rate(%)	11.65	12.95	13.20	7.00	8.50	10.10

1.6

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**Eurobonds USD LIBOR Movement** 

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125 % 2026	5.94	5.83	100.750	101.250
ACCESS 9.125 % PERP	9.28	9.23	99.000	99.500
ZENITH 7.375% 2022	3.11	2.28	102.500	103.000
ECOBANK 9.5% 2024	5.93	5.62	108.125	108.875
NGERIA 7.875% 2032	7.47	7.36	102.875	103.625
GHANA 7.625% MAY 2029	10.77	10.57	85.500	86.375





#### **DOMESTIC NEWS**

#### FG INAUGURATES BOARD OF NEW PETROLEUM REGULATORS

The Federal Government announced the inauguration of a new governing board for the Nigerian Upstream Regulatory Commission (NURC) and Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), which would oversee the regulatory implementation of the PIA and Nigeria's oil industry. The inauguration was done by Chief Timipre Sylva, Minister of State for Petroleum Resources on Wednesday.

The Minister stated that it was a regular transition due to the new passage of the PIA as he inaugurated the new Chief Executive Officers (CEOs) and members of the Governing Boards of the Commission and Authority. "The law stipulates that certain actions must be taken, which include winding down of the DPR and inauguration of the two successor agencies," he said, assuring that staff will have their emoluments and entitlements, which were fully protected by law, while anything concerning their welfare would not be compromised. "No job or remuneration will be lost in the process, the transition is by law and the law protects you completely," Sylva said. He also said that for DPR staff, their ongoing yearly promotion issues would be resolved and tasked the newly appointed CEOs to ensure that the process was concluded expeditiously before the end of 2021.

#### **GLOBAL NEWS**

#### U.S. WEEKLY JOBLESS CLAIMS HIT 19-MONTH LOW AS LABOR MARKET TIGHTENS

The number of Americans filing new claims for unemployment benefits dropped to a 19-month low last week, pointing to a tightening labor market, though a shortage of workers could keep the pace of hiring moderate in October.

The weekly unemployment claims report from the Labor Department on Thursday, the most timely data on the economy's health, also showed unemployment rolls shrinking significantly early this month. There is cautious optimism that the expiration of federal government-funded benefits on Sept. 6 will broaden the pool of labor in the coming months.

"Hiring demands remain robust, and the short supply of potential workers should make employers think twice about cutting payrolls," said Jim Baird, chief investment officer at Plante Moran Financial Advisors in Kalamazoo, Michigan.

Initial claims for state unemployment benefits fell 6,000 to a seasonally adjusted 290,000 for the week ended Oct. 16, the lowest level since the middle of March in 2020, when the nation was in the early stage of the COVID-19 pandemic.

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

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