

Daily Market Update

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

Friday, 22 October 2021

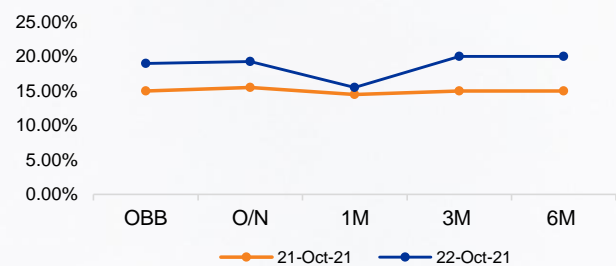
Money Market

System liquidity opened with a credit balance of ₦46bn (decline of ₦56bn from the previous day) due to the Bond Auction debit of ₦193bn into the system.

Consequently, OBB and Overnight rates increased by 400bps to close the week at 19.00% and 19.25% respectively as market participants funded for the Bond Auction debit.

We expect the rates to decline given no significant funding activity opening the new week.

Money Market Rate Movement



Foreign Exchange

Closing the week, the NAFEX appreciated by 4kobo on day to close the week at \$/₦413.44.

The paucity of funds continued at the Investors' and Exporters' Window as market participants continue to bid for various obligations. Nevertheless, the Naira remained stable to close at \$/₦415.07. 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	414.10	413.94	0.04
I&E Closing	415.07	415.07	0.00
NAFEX	413.44	413.48	(0.01)

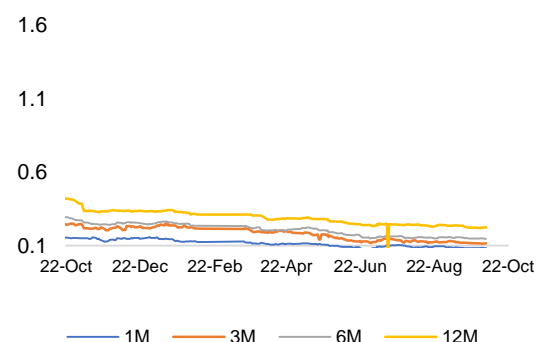
Treasury Bills

The Treasury Bills market closed the week on a very quiet note, with a handful of trades consummated through the trading session as a result of the thin liquidity levels in the system. However, we witnessed some interest on some long-tenured OMO and NTB maturities.

We expect the market to open with mixed sentiments next week, as there are no significant inflows expected into the system.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
11-Nov-21	3.25	02-Nov-21	5.63
13-Jan-22	3.73	07-Dec-21	6.43
28-Apr-22	5.53	01-Mar-22	6.15
9-Jun-22	6.16	15-Mar-22	6.20
8-Sep-22	6.48	16-Aug-22	6.65





DOMESTIC NEWS

NIGERIA'S ECONOMY TO GROW BY 2.7%, SAYS IMF

The International Monetary Fund (IMF) said Nigeria's economy will grow by 2.6 per cent this year and a 2.7 per cent in 2022. This is contained in its October Regional Economic Outlook for Sub-Saharan Africa: One Planet, Two Worlds, Three Stories, made available at the ongoing Annual Meetings of the IMF and World Bank in Washington, United States (US), yesterday. It stated that the growth would be driven by recovery in non-oil sectors and higher oil prices. "Growth will inch up slightly to 2.7 per cent in 2022 and remain at this level over the medium term, allowing GDP per capita to stabilize at current levels, notwithstanding long-standing structural problems and elevated uncertainty," the report stated.

The IMF outlook also estimated that sub-Saharan Africa's economic growth would be 3.7 per cent in 2021 and 3.8 per cent in 2022. It attributed that the recovery would be supported by favourable external conditions on trade and commodity prices. It also stated that the region had benefited from improved harvests and increased agricultural production in a number of countries.

GLOBAL NEWS

INFLATION LIKELY TO HIT 5%, WARNS BANK OF ENGLAND CHIEF ECONOMIST

The Bank of England's new chief economist has warned that UK inflation is likely to hit or surpass 5% by early next year. Huw Pill told the Financial Times that the Bank would have a "live" decision to make at its next interest rate-setting meeting on 4 November.

It follows recent comments from Bank of England governor Andrew Bailey who said it "will have to act" on inflation. The UK interest rate has been at a historic low of 0.1% since March 2020. Recent data showed that inflation growth slowed to 3.1% in the year to September. However, it is expected to increase because of rising energy costs, higher wages to fill record vacancy numbers and supply chain disruption. Mr. Pill, who succeeded the Bank of England's former chief economist Andy Haldane last month, said he would "not be shocked" to see inflation reach 5% or above in the coming months.

He told the Financial Times: "That's a very uncomfortable place for a central bank with an inflation target of 2% to be.". While Mr. Pill declined to say how he would vote when the Bank's interest rate-setting Monetary Policy Committee meets early next month - stating "it is finely balanced" - he said: "I think November is live."

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, BBC, The Nation.

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