

# Daily Market Update

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

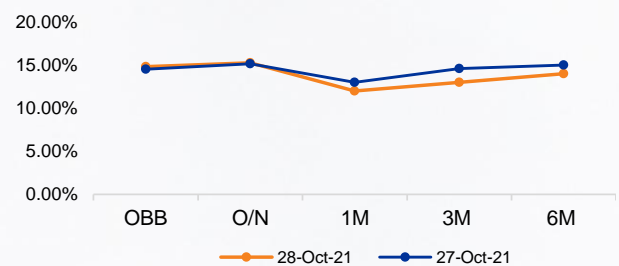
Thursday, 28 October 2021

## Money Market

System liquidity opened with a credit balance of ₦27bn (₦8bn decline from previous day). The thin liquidity was further depleted by net debit of ₦85bn from NTB Auction and OMO sale of ₦20bn but boosted by Retail FX Auction refund.

Consequently, OBB and Overnight rates increased slightly by an average of 20bps to close the day at 14.80% and 15.25% respectively. We expect rates to increase further tomorrow as market participants fund for tomorrow's FX Auction and possible CRR maintenance

### Money Market Rate Movement



## Foreign Exchange

Rates at the Investors' & Exporters' window weakened marginally by ₦0.03 to close at \$/₦418.60 as the illiquidity in the FX market persists with market participants bidding for funds to clear their outstanding obligations. The NAFEX rate also weakened by ₦4.65 to close at \$/₦418.60 during today's trading session and we anticipate that rates will trade at \$/₦415 levels closing the week.

We expect the Central Bank to conduct its biweekly Retail SMIS auction tomorrow.

### FX Rates

	Current	Previous	%Δ
Indicative I&E Open	413.13	414.44	(0.07)
I&E Closing	415.10	415.07	0.01
NAFEX	418.60	413.95	1.12

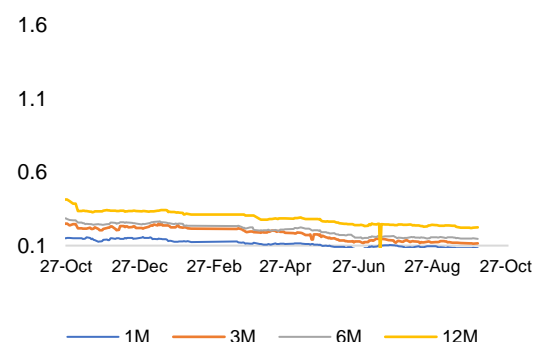
## Treasury Bills

The CBN conducted an OMO auction today and consequently, the Treasury Bills secondary market mostly traded on a quiet note as the auction took the spotlight. As the day progressed, we observed mixed interest across the NTB curve with only a few trades consummated by market close. Interest was largely skewed towards the newly-issued one-year paper (27-Oct-22).

At the OMO auction, the CBN offered ₦20bn and sold a total of ₦19bn across the 96-, 187- and 341-day maturities. The total subscription stood at ₦50.00bn, while stop rates were maintained at 7.00%, 8.50% and 10.10% across the short-, medium-, and long-term maturities, respectively. Closing the week, we expect the market to trade on a quiet note as market players continue to trade cautiously.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
11-Nov-21	3.25	16-Nov-21	6.14
13-Jan-22	3.73	07-Dec-21	6.43
28-Apr-22	5.04	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

### E-NAIRA: CBN WARNS AGAINST FRAUDSTERS, REFUTES ALLEGED N50BN DISBURSEMENT

The Central Bank of Nigeria (CBN) yesterday alerted Nigerians to the activities of fraudulent individuals and imposters working to swindle unsuspecting members of the public through false e-Naira disbursement claims. The fraudsters are luring Nigerians with claims that the Central Bank is disbursing N50 billion e-Naira currency to citizens. But, in a statement, the CBN Director, Corporate Communications, Mr. Osita Nwanisobi, said its attention had been drawn to criminal and illegal activities of some individuals including a fraudulent twitter handle, @enaira\_cbdn purported to belong to the Central Bank.

He said the impostor handlers and fraudulent persons had been posting messages related to the e-Naira with the intent of wooing unsuspecting Nigerians with claims that the CBN is making financial disbursements. According to him, the impostors were bent on defrauding innocent and unsuspecting members of the public through the links attached to their messages for application to obtain e-Naira wallets and become beneficiaries of the said N50 billion e-Naira currency disbursement. He said: "For the avoidance of doubt, the Central of Nigeria (CBN) is not the owner of that twitter handle (@enaira\_cbdn) and indeed suspended its presence on Twitter following the Federal Government's ban.

### DOLLAR FALLS ON EURO STRENGTH AFTER ECB MEETING AS RATES MOVE

The euro rose sharply against the U.S. dollar on Thursday as foreign currency traders sorted through moves in the interest rate markets and comments by the European Central Bank President Christine Lagarde. The euro rose nearly 0.7% to at \$1.168 at 1425 GMT. The dollar index of major currencies fell 0.6% to 93.3560. The volatility came in a busy day of central bank-driven activity that started in Australia and Japan and precedes a meeting of the U.S. Federal Reserve next week.

"The market is very much triggered and sensitive to inflation worries and this notion that central banks are behind the curve," said Mazen Issa, senior currency strategist at TD Securities. Exchange rate movements picked up on Wednesday when the Bank of Canada made hawkish comments. The markets had been on pause early at the start of the week. A contributing factor to the volatility, Issa said, is the approaching end of the month when more investment managers rebalance their portfolios across currencies. Interest yield curves have flattened, suggesting to some that central banks will have to sacrifice some support for the pandemic recovery by allowing interest rates to rise to try to hold back inflation.

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

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