

Daily Market Update

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

Thursday, 16 September 2021

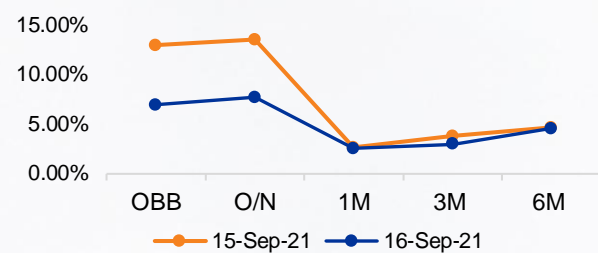
Money Market

The illiquidity in the system persisted opening the day at ₦91bn.

The CBN conducted an OMO auction where it sold a total of ₦20bn. Nonetheless, OBB and O/N declined by 590bps to close the day at 7.00% and 7.75% respectively.

We expect a significant increase in rates tomorrow as we anticipate CRR debits and the biweekly Retail SMS auction.

Money Market Rate Movement



Foreign Exchange

Rates at the Investors' & Exporters' window depreciated by ₦1.01 kobo to close at \$/₦413.07 as the illiquidity in the market persists with local corporates bidding for funds to clear their outstanding obligations. The NAFEX rate depreciated marginally by 15 kobo to close at \$/₦412.03 during today's trading session and we anticipate that rates will trade at similar levels tomorrow.

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

FX Rates	Current	Previous	%Δ
Indicative I&E Open	412.64	412.46	(0.04)
I&E Closing	413.07	412.06	(0.25)
NAFEX	412.03	411.88	(0.04)
BDC Rate	555.00	555.00	0.00

Treasury Bills

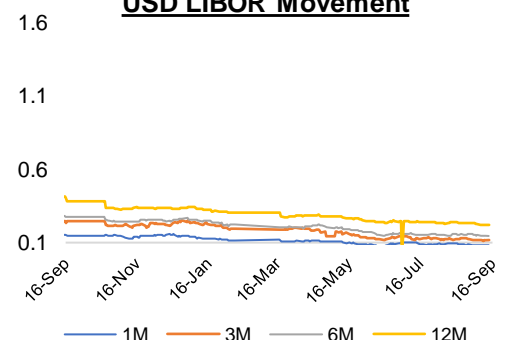
As a result of the announcement of an OMO auction by the CBN today, the Treasury Bills secondary market traded on a quiet note for most part of the day. As the day progressed, we observed mixed interest across the NTB curve with only a few trades consummated by market close.

At the auction, the CBN offered and sold a total of ₦20bn. The total subscription stood at ₦82.47bn, 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(%)
30-Sep-21	3.65	19-Oct-21	5.11
14-Oct-21	3.76	02-Nov-21	5.63
10-Feb-22	4.76	07-Dec-22	6.43
28-Apr-22	5.46	01-Mar-22	6.63
12-May-22	5.59	15-Mar-22	6.67





DOMESTIC NEWS

CBN, OTHERS TO LEAD DISCUSSIONS ON INFRASTRUCTURE, SME FINANCING

The Central Bank of Nigeria (CBN) and the Nigeria Sovereign Investment Authority (NSIA), Securities and Exchange Commission (SEC) and the Debt Management Office (DMO) are set to lead discussions on infrastructure as well as small and medium scale enterprise financing at the Finance Correspondents Association of Nigeria (FICAN) conference.

The summit is part of activities marking the 30th anniversary celebration and 2021 annual conference of Finance Correspondents' Association of Nigeria (FICAN). A statement from the association said the theme of the conference scheduled to hold on September 25th and 26th, 2021 in Lagos would assemble stakeholders to discuss "Financing Infrastructure & SMEs for Inclusive Growth in Post-COVID-19 Economy." It would bring together leaders in the banking, technology, SMEs fields, including regulators and government agencies as they explore areas Nigeria can mobilize funds for infrastructure development and upgrade. The statement stated that seasoned experts and leaders in the financial services sector will serve as panelists in the media interactive session with sub-themes: "Synergizing monetary and fiscal policy for economic sustainability." It added that the Minister of Finance, Budget and National Planning Mrs. Zainab Ahmed is expected to give opening remarks while the Governor, Central Bank of Nigeria, Mr. Godwin Emefiele will deliver the keynote address.

GLOBAL NEWS

CHINA FACES A POTENTIAL LEHMAN MOMENT. WALL STREET UNFAZED

The implosion of Lehman Brothers, 13 years ago this week, showed how the collapse of a single entity can send shockwaves around the world. Echoes from that event are resounding today as a massive property developer on the other side of the world teeters on the brink of default. The risk is that the collapse of Evergrande, a Chinese real estate company with a staggering \$300 billion of debt outstanding, could set off a chain reaction that spreads overseas.

"Some fear an Evergrande meltdown will have systemic risks on par with the impact Lehman Brothers' demise had on the US stock market," Ed Yardeni, president of Yardeni Research, wrote in a note to clients Thursday. Like Lehman in its heyday, Evergrande is massive, suggesting a default would be felt widely. The company has 200,000 employees, raked in more than \$110 billion in sales last year and has more than 1,300 developments, according to Reuters.

Wall Street is keeping close tabs on the Evergrande situation, which highlights the extraordinary amount of borrowing Chinese companies and families have taken on over the years. Yet there are no signs that investors think an Evergrande default will infect US markets or the domestic economy.

Sources: FMDQ, Access Bank Treasury Team, Abokifx, Bloomberg, Daily Independent.

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