

Daily Market Update

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

Friday, 17 September 2021

Money Market

System liquidity opened at a high of N337bn; attributable to the Retail SMIS refund that came into the system the previous day.

As market participants jostled to fund for the biweekly Retail SMIS auction, we witnessed a c.950bps increase in rates as OBB and Overnight rates closed the week at 16.50% and 16.75% respectively.

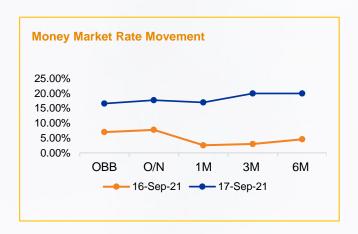
Ahead of the new week, we expect money market rates to decline as we do not foresee any significant funding activity in the market.

Foreign Exchange

Closing the week, the Naira depreciated against the Dollar day on day by 27 kobo to close the week at \$/\frac{\text{\text{\text{\text{\text{\text{b}}}}}412.30.}

The paucity of funds continued at the Investors' and Exporters' Window as bids continue to outweigh offers in the market. Nevertheless, the Naira gained against the dollars by 19Kobo to close at \$/\frac{\text{\text{N}}}{412.88}.

As anticipated, the CBN conducted its bi-weekly Retail SMIS auction today. We expect stability in rates in the market next week.



FX Rates	Current	Previous	%Δ
Indicative I&E Open	412.49	412.64	(0.04)
I&E Closing	412.88	413.07	(0.05)
NAFEX	412.30	412.03	0.06
BDC Rate	565.00	555.00	1.80

Treasury Bills

The Treasury Bills secondary market closed the week on a quiet note as market participants largely remained on the sidelines awaiting the results of the MPC meeting concluded today. As the trading day progressed, we observed some selling interest across the curve but with minimal trades consummated. Consequently, remained mostly unchanged from opening levels.

We expect the market to open on a quiet note next week as market players continue to trade cautiously.

Treasury Bill	s		
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	5.53	01-Mar-22	6.63
12-May-22	5.69	15-Mar-22	6.67



BONDS

There was a lull in the FGN Bond market at the early hours of trading session amid market players' expectation of the MPC meeting. This trend persisted throughout the trading session with a few trades executed across the on-the-run securities. The 30-Yr paper was the most quoted instrument with bid and offer yields at 13.05%/12.88%. Overall, yields dipped by 3bps across the benchmark securities.

We expect a quiet opening next week as market participants positions themselves ahead of the Bond auction where DMO is expected to offer N150bn across the 2028, 2036 and 2050 maturities.

FGN Bond Yields	Current (%)	Previous (%)	%∆
12.75 27-APR-2023	8.65	8.65	(0.01)
13.53 23-MAR-2025	10.00	10.00	0.00
16.2884 17-MAR-2027	11.70	11.70	0.00
13.98 23-FEB-2028	11.60	11.60	0.00
12.40 18-MAR-2036	12.80	12.80	0.00
16.2499 18-APR-2037	12.76	12.76	0.00
12.98 27-MAR-2050	12.90	13.02	(0.12)

Monetary Policy

Global Currency, Fixings and Commodities

1.6

Key Indicator	Current	Previous	Global Currencies		LIBOR		Commodities	
			CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
Monetary Policy Rate (%)	11.50	12.50	GBP/USD	1.3750	1M	0.07413	WTI	↓ 71.69
Inflation y/y (%)	17.01	17.38	EUR/USD	1.1742	3M	0.12200	BRENT	↓ 74.99
			USD/JPY	110.01	6M	0.14950	GOLD	↓ 1,751.80
Foreign Reserves (Gross \$'Bn) 35.27 34.86	34.86	USD/CHF	0.9304	12M	0.22425	SILVER	₹ 22.45	

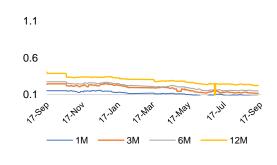
Auction Results

	NTB AUCTION – September 15, 2021			OMO AUCTION - September 16, 2021		
Tenor/Maturity	91-day	182-day	364-day	117-day	194-day	341-day
Offer / Subscription (\text{\text{\text{\text{H}}}'Bn)}	1.61/1.89	5.91/4.42	148.36/105.02	5.00/8.50	5.00/16.50	10.00/57.47
Total Allotment (₦'Bn)	0.96	3.61	151.31	5.00	5.00	10.00
Stop Rate(%)	2.50	3.50	7.20	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 10.50% 2021	3.88	0.81	100.500	100.750
ZENITH 7.375% 2022	2.95	1.89	103.000	103.750
ECOBANK 9.5% 2024	6.04	5.69	108.125	109.000
NGERIA 7.875% 2032	6.42	6.31	106.750	107.500
GHANA 7.625% MAY 2029	7.74	7.60	98.875	99.625

USD LIBOR Movement





DOMESTIC NEWS

WHY CBN IS OPTIMISTIC OF 3% GDP GROWTH IN Q4: 2021

The Governor of Central Bank of Nigeria (CBN), Godwin Emefiele, has stated that with the continued improvements in the nation's economy closing the output gap brought about by the 2020 recession, the country's Gross Domestic Product (GDP) is expected to rise between 2.5 per cent and 3 per cent by the end of 2021. Emefiele, who made the projection at the 14th annual Chartered Institute of Bankers of Nigeria (CIBN) banking and finance conference in Abuja on Tuesday, added that Q2, 2021 growth also makes it the strongest growth since the fourth quarter of 2014.

According to the CBN Governor, Nigeria's GDP accelerated to 5.01 per cent in the second quarter (Q2) of 2021 for the third consecutive quarter following the negative growth rates recorded in the second and third quarters of 2020. He said: "With continued improvements in the economy, I am optimistic that by the end of the year, our economy will not only close the output gap brought about by the 2020 recession but that we would end the year with an annual GDP growth of between 2.5 - 3.0 per cent up from -1.92 per cent in 2020.

GLOBAL NEWS

DELTA VARIANT NOT INTERFERING WITH ECONOMY AS MUCH AS FEARED

The August numbers released Thursday by the government showed that the U.S. economy is proving more steadfast than what analysts had feared. Consumer spending at retailers was up last month, and employers retained employees at higher rates, both indicators of economic demand, as reported by The Wall Street Journal.

Retail sales were up 0.7% in August after a drop in July, according to the Commerce Department. August brought about school reopenings, which in turn boosted spending at major retailers, with an increase in furniture and hardware sales, as well as increased spending at grocery stores. This boost helped to counteract the continuing decrease in car sales with chip shortages continuing to impact the industry.

Initial jobless claims were up 20,000 to a total of 332,000 but are still at some of the lowest numbers they have been since the pandemic began. The boost was most likely due to layoffs from Hurricane Ida that roared through Louisiana and then caused havoc and flooding across much of the U.S. at the end of August. Initial jobless claims are typically a fair indicator for layoffs, meaning that employers are retaining employees at higher rates than they have for most of the last year and a half.

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

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