

# Daily Market Update

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

Tuesday, 21 September 2021

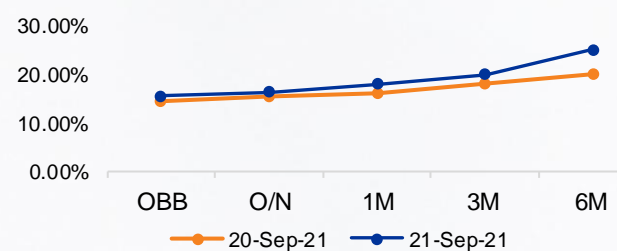
## Money Market

System liquidity declined from the previous days N74bn to open with a balance of N39bn forcing Banks to scramble for funds to meet their obligations.

Consequently, OBB and Overnight rates increased by 100bps to close at 15.50% and 16.25% as system liquidity dwindled.

We expect the rates to hover around these levels tomorrow barring any funding activity.

### Money Market Rate Movement



## Foreign Exchange

The market remained illiquid as demand continued to outweigh the supply at the Investors and Exporters' window.

Nevertheless, the Naira appreciated by 40 kobo to close at \$/N413.28. The NAFEX rate depreciated against the Greenback by 46 kobo to close at \$/N412.54 during today's trading session and we anticipate that rates will trade at similar levels tomorrow.

We also expect the Central Bank to intervene in the Investors and Exporters' window for Foreign Portfolio Investors tomorrow.

FX Rates	Current	Previous	%Δ
Indicative I&E Open	413.21	412.81	0.10
I&E Closing	413.28	413.68	(0.10)
NAFEX	412.54	412.08	0.11

## Treasury Bills

The Treasury bills secondary market witnessed a quiet trading session, albeit with bearish sentiments on select OMO maturities mostly skewed towards the long end of the curve. The decline in market activity can be attributed to the relatively low level of system liquidity.

We expect a quiet trading session tomorrow as market players trade cautiously in anticipation of the outcome of the FGN Bond Auction..

### 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	5.53	01-Mar-22	6.63
12-May-22	5.69	15-Mar-22	6.67

## BONDS

The FGN bond market opened on a very calm note today and this trend persisted for most part of the day. Offers for the 2050 instrument were firmly quoted above the 12.90%, however, these offers were barely lifted in the market. By and large, rates remained unchanged from opening levels. The DMO is expected to conduct the Bond Auction tomorrow where they are set out to borrow ₦150bn across the 2028, 2036 and 2050 maturities.

The market is anticipated to trade calmly until of the outcome of the auction is known. Also, the Nigerian Government issued its scheduled Eurobond where they raised a total of \$4bn from local and foreign investors across 7-Yr, 12-Yr and 30-Yr tenures. Stop rates closed at 6.125%, 7.375% and 8.25% respectively.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	8.62	8.63	(0.12)
13.53 23-MAR-2025	9.99	9.99	0.00
16.2884 17-MAR-2027	11.69	11.69	0.00
13.98 23-FEB-2028	11.60	11.60	0.00
12.40 18-MAR-2036	12.65	12.65	0.00
16.2499 18-APR-2037	12.62	12.62	0.00
12.98 27-MAR-2050	12.85	12.85	0.00

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	12.50
Inflation y/y (%)	17.01	17.38
Foreign Reserves (Gross \$'Bn )	35.46	35.37

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3673	1M	0.08350	WTI	↑ 71.05
EUR/USD	1.1735	3M	0.12538	BRENT	↑ 74.64
USD/JPY	109.38	6M	0.15250	GOLD	↑ 1,768.40
USD/CHF	0.9238	12M	0.22613	SILVER	↑ 22.57

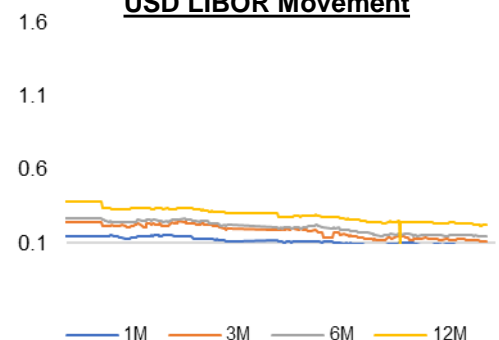
### Auction Results

	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 (₦'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	3.41	0.11	100.500	100.750
ZENITH 7.375% 2022	2.92	1.84	103.000	103.750
ECOBANK 9.5% 2024	6.04	5.68	108.125	109.000
NGERIA 7.875% 2032	7.00	6.90	106.375	107.125
GHANA 7.625% MAY 2029	8.19	8.04	97.250	98.000

### USD LIBOR Movement





## DOMESTIC NEWS

### **CBN DISBURSED N41.06 BILLION TO 10 DISCOS FOR PROCUREMENT AND INSTALLATION OF METERS:**

The Central Bank of Nigeria (CBN) has disbursed N41.06 billion to ten (10) DisCos, for the procurement and installation of 759,748 electricity meters. This was disclosed in the “CENTRAL BANK OF NIGERIA COMMUNIQUE NO. 138 OF THE 281ST MONETARY POLICY COMMITTEE MEETING” which was held on Thursday, 16th and Friday, 17th, September 2021.

The apex bank has always shown its commitment to support the Nigeria energy sector, promote the National Mass Metering Programme (NMMP) and the Federal Government’s Auto-Gas Conversion Programme. CBN said, “Under the National Mass Metering Programme (NMMP), N41.06 billion has been disbursed to ten (10) DisCos, for the procurement and installation of 759,748 electricity meters. Under the Nigerian Electricity Market Stabilization Facility – 2 (NEMSF-2), the Bank has released the sum of N145.66 billion to 11 DisCos as loans to provide liquidity support and stimulate critical infrastructure investment to improve service delivery and collection efficiency.

“In furtherance of its intervention in the energy sector, the Bank has disbursed N39.20 billion to six (6) beneficiaries to improve gas-based infrastructure to support the Federal Government’s Auto-Gas Conversion Programme. The Bank has also encouraged Deposit Money Banks (DMBs) to participate in the Solar Connection Facility (SCF) to improve energy access in the rural areas.”

## GLOBAL NEWS

### **CHINA LIKELY WON’T BAIL OUT EVERGRANDE DIRECTLY UNLESS THERE’S ‘FAR-REACHING CONTAGION,’ S&P SAYS:**

Beijing is not expected to provide direct support for debt-ridden developer China Evergrande Group, according to a Monday report by S&P Global Ratings. Investors have been monitoring the situation surrounding Evergrande closely, ahead of an upcoming interest payment on Thursday for one of its bonds.

Fears over a potential contagion from Evergrande into the broader Chinese economy and beyond dragged the Hang Seng index in Hong Kong by more than 3% on Monday, with the sell-off spreading across the globe. The Chinese government is not likely to step in to give direct support to debt-ridden developer China Evergrande Group, according to S&P Global Ratings.

“We do not expect the government to provide any direct support to Evergrande,” said the S&P credit analysts in a Monday report. “We believe Beijing would only be compelled to step in if there is a far-reaching contagion causing multiple major developers to fail and posing systemic risks to the economy.” “Evergrande failing alone would unlikely result in such a scenario,” they added.

**Sources:** FMDQ, Access Bank Treasury Team, Bloomberg, CNBC, Nairametrics

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