

Daily Market Update

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

Thursday, 23 September 2021

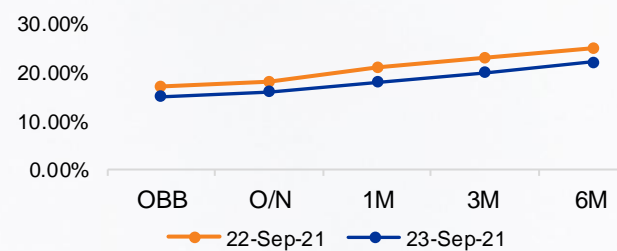
Money Market

System liquidity opened the day with a balance of ₦54bn; a slight improvement from the previous day's levels.

OBB and Overnight rates declined by 200bps to close at 15.00% and 16.00% as system liquidity remained stable during today's activities.

We expect a slight increase in the rates tomorrow as Banks make provisions to fund the Bond auction debit.

Money Market Rate Movement



Foreign Exchange

The illiquidity in the market persisted with local corporates bidding for funds to clear their outstanding obligations. Consequently, rates at the Investors' & Exporters' window recorded a depreciation of ₦0.50 to close at \$/₦413.68. Regardless, the NAFEX rate appreciated by 15kobo to close at \$/₦412.43 during today's trading session and we anticipate that rates will trade at similar levels tomorrow.

We expect the Central Bank to release the result of it's biweekly Retail SMIS auction tomorrow.

FX Rates	Current	Previous	%Δ
Indicative I&E Open	413.12	412.89	0.06
I&E Closing	413.68	413.18	0.12
NAFEX	412.43	412.58	(0.04)

Treasury Bills

The bearish inclination in the Treasury Bills market was sustained in today's trading session as local players continued to fund for their obligations. There was a general intent to sell-off the long term maturities, but just a few trades were consummated by the close of the trading session.

We expect the bearish sentiment to be sustained in the near term owing to the limited market liquidity as well as the weak investors sentiment.

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 Bond market opened on a quiet note and this trend persisted for most part of the trading day. Most counterparties remained on the right-hand side of the quote for the recently re-issued papers. Yields were firmly quoted on the 2028, 2036 and 2050 instruments at 11.40%, 12.70% & 12.98% respectively but most offerings were not lifted as bids remained c.15bps wide apart. By close of market, only a few trades were consummated across the traded maturities.

We expect the bearish sentiment tomorrow to persist as counterparties provide funds for their Auction winnings.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	8.61	8.62	(0.12)
13.53 23-MAR-2025	9.79	9.99	(2.00)
16.2884 17-MAR-2027	11.02	11.08	(0.54)
13.98 23-FEB-2028	11.60	11.60	0.00
12.40 18-MAR-2036	12.68	12.65	0.24
16.2499 18-APR-2037	12.65	12.62	0.24
12.98 27-MAR-2050	13.04	12.85	1.48

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	12.50
Inflation y/y (%)	17.01	17.38
Foreign Reserves (Gross \$'Bn)	35.82	35.74

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3713	1M	0.08325	WTI	71.90
EUR/USD	1.1726	3M	0.12925	BRENT	75.86
USD/JPY	109.98	6M	0.15550	GOLD	1,770.80
USD/CHF	0.9228	12M	0.22525	SILVER	22.66

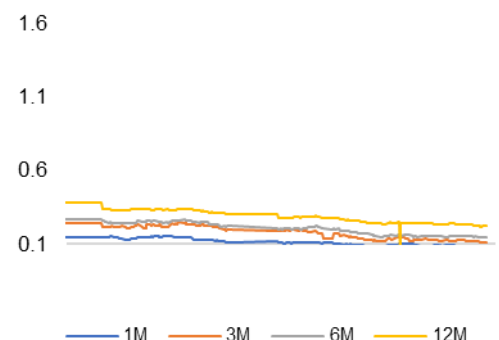
Auction Results

	BOND AUCTION – September 22, 2021			OMO AUCTION – September 16, 2021		
Tenor/Maturity	7-Year	15-Year	30-Year	117-day	194-day	341-day
Offer / Subscription (₦'Bn)	50.00/52.43	50.00/125.58	50.00/156.31	5.00/8.50	5.00/16.50	10.00/57.47
Total Allotment (₦'Bn)	42.37	115.85	118.83	5.00	5.00	10.00
Stop Rate(%)	11.60	12.75	13.00	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125 % 2026	5.89	5.83	101.000	101.250
ZENITH 7.375% 2022	2.85	1.76	103.000	103.750
ECOBANK 9.5% 2024	6.02	5.72	108.125	108.875
NGERIA 7.875% 2032	7.20	7.10	104.875	105.625
GHANA 7.625% MAY 2029	8.24	8.09	97.125	97.875

USD LIBOR Movement





DOMESTIC NEWS

NIGERIA'S AGRIC EXPORT SURGES TO HIGHEST ON RECORD, HERE ARE THE TOP ITEMS:

Nigeria exported agro-food items worth N165.27 billion in the second quarter of 2021, representing a 112% increase compared to N78.03 billion recorded in the corresponding period of 2020. This is also the highest on record, according to data tracked from the National Bureau of Statistics (NBS).

The recent value also represents a 30% increase when compared to N127.18 billion worth of export recorded in the previous quarter (Q1 2021). The report had also highlighted that Nigeria continued with a foreign trade deficit of N1.87 trillion having recorded an import value of N6.95 trillion as against an export value of N5.08 trillion.

Meanwhile, Nigeria's agricultural imports also increased by 56.9% year-on-year in Q2 2021 to N652.08 billion, indicating a trade deficit of N486.8 billion, quite huge for a country blessed with vast land and an agricultural sector that employs a huge chunk of its labour force.

Nigeria continues to expand its ability to earn foreign returns from agricultural export, especially during a time when oil revenue is not as robust as it used to be, due to the OPEC production quota and oscillating crude oil prices.

GLOBAL NEWS

CHINA ASKS LOCAL OFFICIALS TO PREPARE FOR 'POSSIBLE STORM' IF EVERGRANDE FAILS, WSJ SAYS:

Chinese authorities have told local officials to prepare for a potential demise of heavily indebted property developer Evergrande, the Wall Street Journal reported on Thursday.

Local officials described the signals from Chinese authorities as "getting ready for the possible storm" and said the government told them they should only step in at the last minute to prevent spillover effects from Evergrande's demise, the WSJ report said.

The report indicates that the central government may still have a limited appetite for bailing out the company, despite the global implications. Fears about Evergrande not being able to make interest payments have grown in recent weeks and were seen as one of the causes for market sell-offs around the world on Monday. The company resolved payment on a local bond on Wednesday, helping to boost Asian markets. However, it is unclear if the company will pay interest due Thursday on its offshore bonds.

Bloomberg reported on Thursday that authorities in Beijing told the company not to default on those dollar-denominated interest payments.

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

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