

Daily Market Update

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

Friday, 24 September 2021

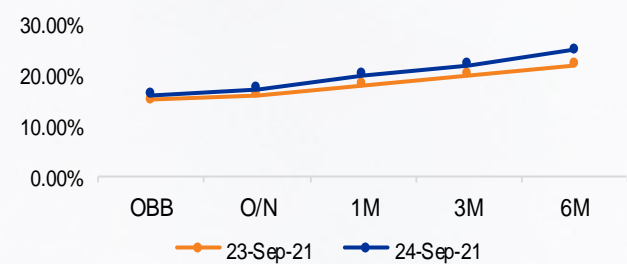
Money Market

System liquidity remained low throughout the week as no OMO maturity was recorded and this was further depleted by the Bond Auction debit of ₦275bn.

Consequently, OBB and O/N rates increased by 100bps to close the day at 16.00% and 17.25% respectively as Banks funded their obligations.

We expect rates to decline opening the week as we anticipate the FAAC disbursement into the system.

Money Market Rate Movement



Foreign Exchange

Closing the week, the NAFEX depreciated by 35 kobo day on day to close the week at \$/₦412.78.

The paucity of funds continued at the Investors' and Exporters' Window as market participants continue to bid for various obligations. Consequently, the Naira weakened by ₦1.22 to close at \$/₦414.90. We expect stability in rates in the market next week.

As anticipated, the CBN released the result of its bi-weekly Retail SMIS Auction today.

FX Rates	Current	Previous	%Δ
Indicative I&E Open	413.14	413.12	0.06
I&E Closing	414.90	413.68	0.30
NAFEX	412.78	412.43	0.08

Treasury Bills

The Treasury Bills market closed the week on a very quiet note, with a handful of trades consummated through the trading session as a result of the thin liquidity levels in the system. Although the bears were dominant in the market, we witnessed some interest on some mid-tenured OMO maturities.

We expect market activity to be dampened opening next week, given the low level of liquidity in the system.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
14-Oct-21	3.76	19-Oct-21	5.11
11-Nov-21	4.00	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
8-Sep-22	7.69	16-Aug-22	6.95

BONDS

The Bond market traded on a quiet note as we witnessed few activity in the secondary market today.

Market players continued to offer their winnings on the auction bonds but bids and offers remained far apart. Consequently, minimal trades were consummated across the traded maturities. By close of market, rates remained flat from the opening levels.

We expect a quiet start into next week as investors continue to trade cautiously.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	8.60	8.61	(0.01)
13.53 23-MAR-2025	9.79	9.79	0.00
16.2884 17-MAR-2027	11.02	11.02	0.00
13.98 23-FEB-2028	11.60	11.60	0.00
12.40 18-MAR-2036	12.68	12.68	0.00
16.2499 18-APR-2037	12.65	12.65	0.00
12.98 27-MAR-2050	13.04	13.04	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)	35.95	35.83

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3669	1M	0.08600	WTI	73.71
EUR/USD	1.1708	3M	0.13225	BRENT	77.81
USD/JPY	110.74	6M	0.15500	GOLD	1,747.50
USD/CHF	0.9253	12M	0.22900	SILVER	22.35

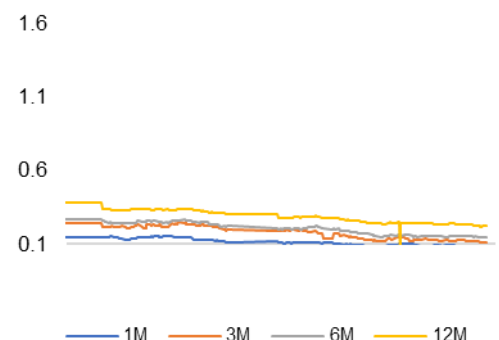
Auction Results

	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	5.96	5.82	101.712	101.285
ZENITH 7.375% 2022	2.86	1.74	103.019	103.750
ECOBANK 9.5% 2024	6.07	5.75	108.121	108.865
NGERIA 7.875% 2032	7.25	7.09	104.871	105.632
GHANA 7.625% MAY 2029	8.25	8.08	97.123	97.870

USD LIBOR Movement





DOMESTIC NEWS

AFREXIMBANK: AFCFTA'S \$3TRN WILL BE LARGEST GLOBAL FREE TRADE AREA:

The Africa Export-Import Bank (Afreximbank) said with a Gross Domestic Product (GDP) of \$3 trillion, Africa will be the biggest free trade area in the world. The President/Chairman, Board of Directors, Afreximbank, Prof. Benedict Oramah, stated this at the opening of a two-day Agriculture Summit entitled: 'Building the New Agro Order' held in Lagos.

The forum was hosted by Sterling Bank Plc. Represented by Global Head/Director of the Advisory and Capital Market of the bank, Mr Ibrahim Sagna, President/Chairman, said that the free trade area could be achieved through proper and successful implementation of the Africa Continental Free Trade Agreement (AfCFTA) that would create a single market for over one billion consumers on the continent. He delivered a keynote address on: "The Green Mile - AfCFTA, Trade and Africa's Agribusiness Economy - Discussing the policy framework and funding opportunities for Financial Institutions." He said AfCFTA is a treaty that would transform Africa from its fractured commodity dependent growth of economies into a vibrant integrated market of over 1.2 billion people.

According to him, establishing the AfCFTA and its counterparts, with the commencement of trade will drive and deliver sustainable solutions to the needs of African countries.

GLOBAL NEWS

CHINA'S CENTRAL BANK RULES ALL CRYPTO TRANSACTIONS ARE ILLEGAL:

China's Central Bank on Friday said all financial transactions involving cryptocurrencies are illegal, sounding the death knell for the digital trade in China after a crackdown on the volatile currencies. The global values of cryptocurrencies including Bitcoin have massively fluctuated over the past year partly due to Chinese regulations, which have sought to prevent speculation and money laundering. "Virtual currency-related business activities are illegal financial activities," the People's Bank of China (PBOC) said in an online statement Friday, adding that offenders would be "investigated for criminal liability in accordance with the law." The notice bans all related financial activities involving cryptocurrencies, such as trading crypto, selling tokens, transactions involving virtual currency derivatives and "illegal fundraising".

Bitcoin fell as much as 5.5 percent following the announcement, hitting \$42,232 around 1000 GMT before stabilising. Around 1030 GMT it was trading down 5.0 percent at \$42,464. The central bank said that in recent years trading of Bitcoin and other virtual currencies had become "widespread, disrupting economic and financial order, giving rise to money laundering, illegal fund-raising, fraud, pyramid schemes and other illegal and criminal activities."

This was "seriously endangering the safety of people's assets," the PBOC said.

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

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