

Daily Market Update

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

Thursday, 09 September 2021

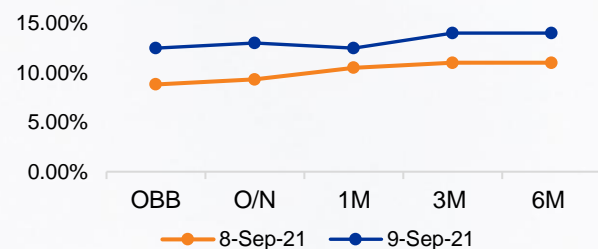
Money Market

System liquidity opened the day with credit balance of N122bn and was depleted by the net NTB sales of N71bn as well as the OMO debit of N50bn.

Consequently, OBB and Overnight rates increased by 360bps to close at 12.50% and 13.00% levels as Banks funded their obligations.

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

Money Market Rate Movement



Foreign Exchange

Rates at the Investors' & Exporters' window opened at \$/N411.43 and closed at \$/N411.67, a depreciation of N0.24, as the illiquidity in the market persists with local corporates bidding for funds to clear their outstanding obligations. The NAFEX rate also weakened marginally by 4 kobo to close at \$/N411.29 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 its biweekly Retail SMIS auction tomorrow

FX Rates	Current	Previous	%Δ
Indicative I&E Open	411.43	411.58	(0.04)
I&E Closing	411.67	411.50	0.04
NAFEX	411.29	411.25	0.01
BDC Rate	532.00	531.00	0.00

Treasury Bills

The Treasury bills market opened on a quiet note as market participants shifted their attention to the OMO auction floated earlier in the day. Nonetheless, we witnessed slight demand on the newly issued 1 year instrument at the PMA yesterday.

Despite the subscription of N129.27 at the OMO auction, a total of N50bn was offered and sold across three tenors with stop rates remaining unchanged to close at 7.00%, 8.50%, and 10.10%, on the 117-, and 194- and 341-day maturities, respectively.

We expect the market to trade cautiously closing the week, owing to the reduced liquidity in the system as market participants continue to seek higher yields.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
16-Sep-21	2.81	19-Oct-21	5.72
14-Oct-21	3.08	02-Nov-21	5.78
10-Feb-22	4.23	07-Dec-22	6.33
28-Apr-22	5.12	01-Mar-22	6.30
12-May-22	5.30	15-Mar-22	6.36

BONDS

The bond market opened on an active note with bearish movements witnessed across the curve. This was in reaction to the increase in NTB stop rates at the Primary market yesterday. Activity was prominent on the liquid papers (2036 and 2050 maturities) and rates were firmly quoted at 12.70% and 13.05%. Overall, few trades were consummated by the close of business. Hence, rates on the actively traded instruments inched up by 15bps.

We expect the bearish sentiments in the Bond market to persist as local players continue to react to the increase in rates on short-term Treasury Bills instruments..

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	9.15	9.57	4.49
13.53 23-MAR-2025	10.27	10.27	2.14
16.2884 17-MAR-2027	11.13	11.13	0.00
13.98 23-FEB-2028	11.21	11.21	0.00
12.40 18-MAR-2036	12.40	12.39	0.08
16.2499 18-APR-2037	12.34	12.34	0.08
12.98 27-MAR-2050	12.73	12.73	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	12.50
Inflation y/y (%)	17.38	17.75
Foreign Reserves (Gross \$'Bn)	34.59	34.49

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3847	1M	0.08475	WTI	↑ 69.38
EUR/USD	1.1824	3M	0.11575	BRENT	↓ 72.56
USD/JPY	109.74	6M	0.14975	GOLD	↑ 1,793.75
USD/CHF	0.9174	12M	0.22313	SILVER	↑ 24.11

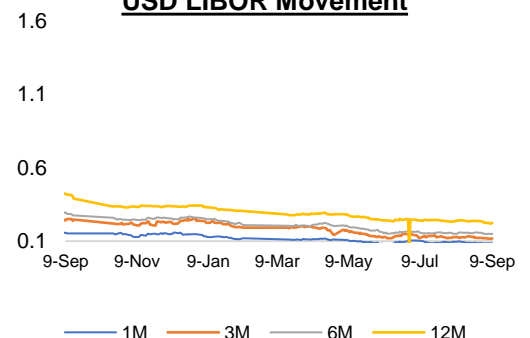
Auction Results

Tenor/Maturity	NTB AUCTION – September 08, 2021			OMO AUCTION – September 09, 2021		
	91-day	182-day	364-day	117-day	194-day	341-day
Offer / Subscription (₦'Bn)	5.06/5.84	23.45/12.74	109.65/237.53	10.00/18.20	10.00/15.80	30/95.27
Total Allotment (₦'Bn)	4.93	11.88	192.68	10.00	10.00	30.00
Stop Rate(%)	2.50	3.49	7.20	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 10.50% 2021	2.31	0.11	100.875	101.125
ZENITH 7.375% 2022	3.13	2.11	103.000	103.750
ECOBANK 9.5% 2024	6.18	5.88	107.875	108.625
NGERIA 7.875% 2032	6.87	6.78	107.375	108.125
GHANA 7.625% MAY 2029	7.48	7.33	100.250	101.000

USD LIBOR Movement





DOMESTIC NEWS

MANUFACTURERS CALL FOR SPEEDY RESOLUTION OF CONTROVERSY OVER VALUE ADDED TAX COLLECTION

The Manufacturers Association of Nigeria (MAN) has strongly appealed to the federal and state governments to find a mutually acceptable resolution of the controversy on which tier of government would control the collection of the Value Added Tax (VAT) from businesses in the country.

A press statement that was issued yesterday by the Director General of MAN, Mr. Segun Ajayi-Kadir, stated clearly that manufacturers could not afford the anxiety and confusion that this controversy has been generating. Ajayi-Kadir said: "The recent controversy over the control of the VAT between the federal and state governments, the seemingly conflicting court judgments and strong statements emanating from the two tiers of government is unhealthy for business.

"Manufacturers, like many other business operators in Nigeria, are deeply concerned about what becomes of their fate come September 20 when businesses are expected to file value-added tax (VAT) claims and beyond. "We should not be made to suffer while the two tiers of government fight over who should control VAT. Also, we should not be put in a situation where we have to pay both governments the same tax. This will amount to overkill for the struggling manufacturing sector, and I dare say, a recovering economy.

GLOBAL NEWS

GLOBAL FINANCIAL CRISIS LOOMS AS US RISKS DEFAULTING ON NATIONAL DEBT

The global financial market may be heading towards an imminent crisis, as the United States is currently facing the risk of defaulting on its national debt in October. The US Secretary of the Treasury, Janet Yellen, gave the hint yesterday while warning congressional leaders that the country was on track to default on the national debt in October if the White House and Congress were unable to raise the debt limit.

In a letter to the congressional leaders, Yellen said the Treasury Department would likely run out of cash and exhaust "extraordinary" measures to keep the federal government within its legal borrowing limit at some point next month. She stated, "Once all available measures and cash on hand are fully exhausted, the United States of America would be unable to meet its obligations for the first time in our history. "Given this uncertainty, the Treasury Department is not able to provide a specific estimate of how long the extraordinary measures will last. However, based on our best and most recent information, the most likely outcome is that cash and extraordinary measures will be exhausted during the month of October." Yellen addressed the letter to Speaker Nancy Pelosi, House Minority Leader Kevin McCarthy, Senate Majority Leader Charles Schumer, and Senate Minority Leader Mitch McConnell.

The Treasury Department has, reportedly, taken so-called extraordinary measures to prevent the US from defaulting on the national debt since the federal debt limit was re-imposed on August 1.

Sources: FMDQ, Access Bank Treasury Team, Abokifx, Bloomberg, This Day

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