

# Daily Market Update

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

Monday, 13 September 2021

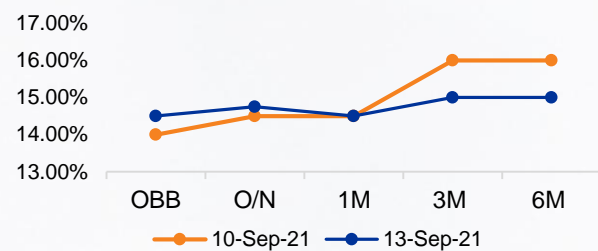
## Money Market

System liquidity opened the week with an insignificant balance of N26bn forcing Banks to scramble for funds to meet their obligations.

Consequently, OBB and Overnight rates increased by 50bps to close at 14.50% and 14.75% as system liquidity declined further with the SME and Invisible debits by the Apex Bank.

We expect the rates to decline slightly tomorrow as an OMO maturity of N38bn impacts the system.

### Money Market Rate Movement



## Foreign Exchange

The week started with the CBN injecting funds into the market for SMEs and Invisibles transactions and providing funds to Foreign portfolio investors. Nevertheless, the paucity of funds at the Investors' and Exporters' Window continued during trading today in continuation with the recent trend as the Naira depreciated against the US Dollar by ~~N~~\$1.08 to close at ~~\$/N~~\$412.75

The NAFEX rate also depreciated by ~~N~~\$0.34 to close at ~~\$/N~~\$411.63 and we expect rates to continue to trade at these levels tomorrow.

FX Rates	Current	Previous	%Δ
Indicative I&E Open	412.46	411.25	0.29
I&E Closing	412.75	412.00	0.18
NAFEX	411.63	411.08	0.13
BDC Rate	550.00	547.00	0.55

## Treasury Bills

The Treasury Bills secondary market opened on a very quiet note today as market participants traded cautiously. This quiet sentiment persisted for most of the trading session with very few trades consummated by market close. Consequently, closing rates remained largely unchanged from opening levels.

Tomorrow, an OMO maturity of ~~N~~\$38.00bn is scheduled to hit the system and as such, we do not expect a significant shift in market sentiment in the near term.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
30-Sep-21	2.94	19-Oct-21	5.72
14-Oct-21	3.21	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 FGN Bond market commenced the week on a very quiet note, as market participants continued to resist the secondary market yields across the benchmark bonds. The bearish undertone in the market was sustained through the trading session with long end of the curve (2050 bond) trading at 13.25%. As a result, yields across board inched up by an average of 4bps.

We expect a similar trend tomorrow, as loyal players stay on the sidelines amidst rising rates.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	9.13	9.14	(0.00)
13.53 23-MAR-2025	10.27	10.28	(0.10)
16.2884 17-MAR-2027	11.01	11.01	0.00
13.98 23-FEB-2028	11.20	11.21	(0.09)
12.40 18-MAR-2036	12.74	12.74	0.00
16.2499 18-APR-2037	12.66	12.66	0.00
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	17.38
Foreign Reserves (Gross \$'Bn )	34.78	34.70

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3837	1M	0.07175	WTI	↑ 70.69
EUR/USD	1.1804	3M	0.11575	BRENT	↑ 73.67
USD/JPY	109.92	6M	0.14938	GOLD	↑ 1,797.50
USD/CHF	0.9212	12M	0.22250	SILVER	↓ 23.85

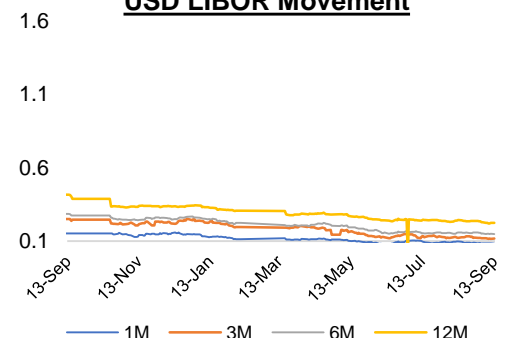
### Auction Results

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	3.70	1.17	100.625	100.875
ZENITH 7.375% 2022	3.05	2.01	103.000	103.750
ECOBANK 9.5% 2024	6.16	5.86	107.875	108.625
NGERIA 7.875% 2032	6.89	6.79	107.250	108.000
GHANA 7.625% MAY 2029	7.74	7.60	99.375	100.125

### USD LIBOR Movement





## DOMESTIC NEWS

### FIVE TOP BANKS POSTED N1.6TRN GROSS EARNINGS IN SIX MONTHS

Five Tier-1 banks have declared N1.611 trillion gross earnings in their half year audited results for the period ended June 30. The top banks are Zenith Bank Plc, Access Bank Plc, First Bank of Nigeria (FBN) Holdings, United Bank for Africa (UBA) and GT Holding Company (GTCO). Gross earning is the total amount of income earned by these banks from January 1, 2021 to June 30, 2021. However, competition for market shares, asset quality and customer base created wide gaps between each of the banks' results. The banks achieved these results despite tough economic environment and regulatory guidelines that reduced financial institutions' income lines and profitability through rates control.

In a report: "Nigerian banks: Resilience built in", analysts at Coronation Research said this year's rates are heading back up again, with 1-year Nigerian Treasury Bill (T-bill) rates risen from 0.65 per cent in January to 9.77 per cent recently. "The rate at which banks lend to each other, the inter-bank rate, has also gone up sharply, with 1-month Nigeria Interbank Offered Rate (NIBOR) rising from 0.54 per cent in January to 12.55 per cent recently. Analysts at Coronation Research said: "The pass-through of rising interest rates on customer loans may become evident in the third quarter numbers, potentially restoring Net Interest Income. The recent fall in market interest rates may also help this happen. Combined with the remarkable rise in Net Fees & Commissions, there is the potential for earnings to recover."

## GLOBAL NEWS

### OIL RISES TO NEAR SIX-WEEK HIGH AS U.S. SUPPLY CONCERNS DOMINATE:

Oil prices rose to near six-week highs on Monday as U.S. output remains slow to return two weeks after Hurricane Ida slammed into the Gulf Coast and worries another storm could affect output in Texas this week. Those gains came even though the Organization of the Petroleum Exporting Countries trimmed its world oil demand forecast for the last quarter of 2021 due to the Delta coronavirus variant. OPEC said a further recovery would be delayed until next year when consumption will exceed pre-pandemic rates. Brent futures rose 53 cents, or 0.7%, to \$73.45 a barrel by 11:30 a.m. EDT (1530 GMT), while U.S. West Texas Intermediate (WTI) crude rose 71 cents, or 1.0%, to \$70.43. That puts Brent on track for its highest close since Aug. 3 and WTI on track for its highest close since July 30.

"Hurricane Ida's impact is lasting more than the market expected and as some oil production capacity remains shut this week, prices are rising on supply not being restored and therefore not reaching refineries that have restarted operations quicker than producers," Nishant Bhushan, oil markets analyst at Rystad Energy. Further disruption from bad weather could be around the corner, with the U.S. National Hurricane Center projecting Tropical Storm Nicholas will remain a storm as it scrapes along the South Texas coast on Monday and makes landfall near Corpus Christi later tonight. In addition to the OPEC forecast, other bearish factors also held back oil price gains on Monday, including persistent worries about coronavirus on global crude demand, potential supply increases from planned releases of oil from strategic reserves in the United States and China, and the possibility Iran could be moving closer to selling oil to the world again.

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

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