

Daily Market Update

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

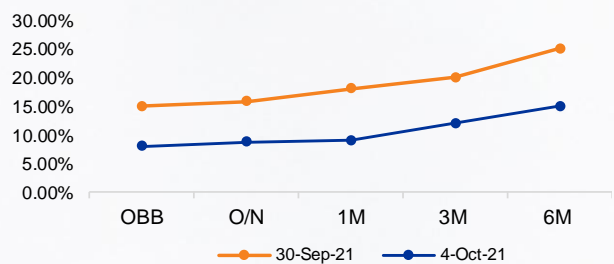
Monday, 04 October 2021

Money Market

System liquidity opened the week with a balance of ₦191bn coming from ₦438bn last week Thursday due to the Retail SMIS Debit. Despite the CBN's intervention for SMEs and Invisibles, OBB and Overnight rates declined by 700bps to close at 8.00% and 8.75% respectively.

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

Money Market Rate Movement



Foreign Exchange

The first trading day of the month started on a calm note 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 by ₦0.17 to close at \$/₦ 413.55

The NAFEX rate however gained ₦0.17 against the US Dollar to close at \$/₦ 412.88.

We expect rates to continue to trade at these levels tomorrow.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	413.71	413.71	0.00
I&E Closing	413.55	413.38	0.04
NAFEX	412.88	413.05	(0.04)

Treasury Bills

The Treasury bills secondary market traded on a quiet note with few trades consummated during trading hours as the dearth in system liquidity continued to spur bearish sentiment focused around the short and mid dated OMO maturities. This was buoyed by the issuance of the 30-day special bills today by the Apex Bank.

We expect the same sentiments in the market tomorrow, given the illiquidity 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	5.01	01-Mar-22	6.20
12-May-22	5.51	15-Mar-22	6.37
8-Sep-22	7.00	16-Aug-22	7.07



DOMESTIC NEWS

CBN SUPPORTS WHEAT VALUE CHAIN TO BOOST EXTERNAL RESERVES

The Central Bank of Nigeria (CBN) has restated its commitment to addressing the challenges affecting the country's wheat production and other value chain areas as part of efforts to boost local production to reduce dependence on importation.

The Director, Development Finance Department at the CBN, Mr. Philip Yila Yusuf, said this at the Wheat Conference and Stakeholder Engagement.

Yila highlighted the potential of the wheat value chain for the economy, noting that the apex bank would focus on the product in the 2021/2022 planting season after sustainable progress had been made in the rice and maize value chain. He said: "The CBN plans to address key problems in the value chain through financing massive production of wheat in Nigeria and seeks to facilitate sustained availability of high yield seed variety in-country and improve general productivity." He disclosed that wheat was the second-highest contributor to the country's food import as over \$2billion was spent yearly on the importation of over five million metric tons (MT).

While admitting the enormous challenge before the Bank, he assured stakeholders of the CBN's readiness to partner with other stakeholders to changing the narrative.

GLOBAL NEWS

OIL SURGES TO HIGHEST SINCE 2014 AS OPEC STICKS TO SUPPLY PLAN

Oil in New York jumped to the highest since 2014 with OPEC+'s decision to maintain a gradual supply hike even as a natural-gas crisis boosts crude demand. U.S. crude futures advanced as much as 3.3% on Monday as OPEC+ ministers ratified the 400,000 barrel-a-day supply hike scheduled for November, according to a statement from the group. The decision comes as the world's biggest oil company, Saudi Aramco, said the global natural-gas shortage has boosted demand for crude by 500,000 barrels a day.

"The consensus was that it was going to be an 800,000 barrel-a-day temporary boost in November," said Rob Thummel, a portfolio manager at Tortoise, a firm that manages roughly \$8 billion in energy-related assets.

The crude market has tightened significantly following the economic recovery from the pandemic and supply disruption in the U.S. Gulf of Mexico due to Hurricane Ida. Surging natural gas prices have also raised the prospect of increased demand for oil products for power generation and are boosting inflationary pressures on the global economy. Modeling from the Organization of Petroleum Exporting Countries and its allies shows oil demand will outstrip supply over the next two months.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, Reuters, TheGuardian.

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