

Daily Market Update

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

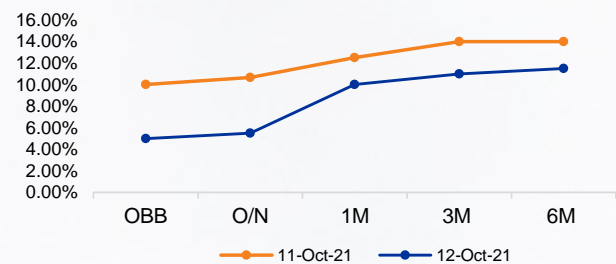
Tuesday, 12 October 2021

Money Market

The market liquidity opened the day at ₦101bn and was further boosted by the OMO maturity of ₦110bn which amplified the system liquidity to above ₦200bn. Consequently, OBB and Overnight rates plunged by an average of 509 basis points to close at 5.00% and 5.17%, respectively, as there was no significant funding activity in the system.

We expect the rates to remain at these levels tomorrow regardless of the NTB Auction.

Money Market Rate Movement



Foreign Exchange

The NAFEX depreciated by ₦0.35 to close at \$/₦413.62

Meanwhile, the illiquidity at the Investors' and Exporters' Window persisted during today's trading session as demand for the funds continue to outweigh supply in the market. Nevertheless, the Naira appreciated by 10 Kobo to close at \$/₦414.30 Naira is expected to trade at these levels tomorrow barring any significant market activity.

We expect the Central Bank of Nigeria intervene in the Foreign Exchange market tomorrow through provision of funds for foreign portfolio investors.

FX Rates	Current	Previous	%Δ
Indicative I&E Open	413.53	413.53	(0.22)
I&E Closing	414.30	414.40	(0.02)
NAFEX	413.62	413.27	0.08

Treasury Bills

There was an OMO maturity of ₦110bn today and consequently, the Treasury Bills secondary market opened on a slightly bullish note as market participants traded cautiously. This bullish undertone persisted for most of the trading session and consequently, closing rates declined marginally by about 2 bps across the traded maturities.

Tomorrow, the DMO is scheduled to conduct an NTB auction with a total of ₦121.66bn on offer. Accordingly, we expect a predominantly quiet market as the auction takes center stage.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
28-Oct-21	3.48	19-Oct-21	5.11
11-Nov-21	3.56	07-Dec-21	6.43
28-Apr-22	4.53	01-Mar-22	6.56
12-May-22	5.27	15-Mar-22	6.59
8-Sep-22	6.56	16-Aug-22	6.90

BONDS

The FGN bond market continued trading on a quiet note, with bearish undertones especially on the 30-Year re-opening (2050 bond). We witnessed increased selling sentiment across the curve as market participants sought to exit their positions. However, interest was focused on the shorter-tenured maturities (2023 – 2025 bonds) but not many trades were consummated given the scarcity of these papers. Overall, yields across the actively traded bonds closed 3bps higher than opening levels.

We expect a similar trend tomorrow, with the NTB auction taking center stage.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	8.49	8.49	(0.01)
13.53 23-MAR-2025	10.03	10.03	0.00
16.2884 17-MAR-2027	11.65	11.65	0.00
13.98 23-FEB-2028	11.75	11.75	0.00
12.40 18-MAR-2036	12.72	12.88	(0.16)
16.2499 18-APR-2037	12.97	12.97	0.00
12.98 27-MAR-2050	13.17	13.17	0.30

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	17.01	17.38
Foreign Reserves (Gross \$'Bn)	38.38	38.18

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3599	1M	0.08538	WTI	↓ 80.69
EUR/USD	1.1539	3M	0.12175	BRENT	↓ 83.48
USD/JPY	113.61	6M	0.15650	GOLD	↓ 1,761.25
USD/CHF	0.9300	12M	0.25663	SILVER	↓ 22.57

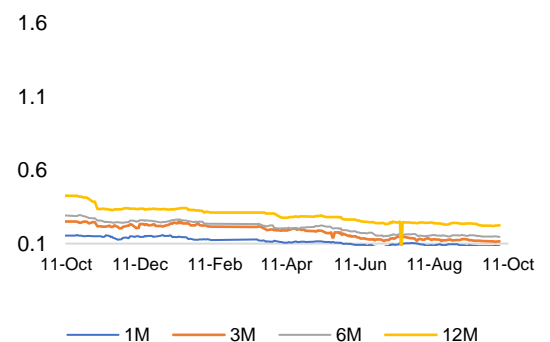
Auction Results

Tenor/Maturity	BOND AUCTION – September 22, 2021			NTB AUCTION – September 29, 2021		
	7-Year	15-Year	30-Year	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	50.00/52.43	50.00/125.58	50.00/156.31	2.263/5.469	3.240/2.948	106.370/166.324
Total Allotment (₦'Bn)	42.37	115.85	118.83	4.612	2.091	108.712
Stop Rate(%)	11.60	12.75	13.00	2.5	3.4999	7.5

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125 % 2026	5.99	5.82	100.578	101.288
ACCESS 9.125 % PERP	9.26	9.12	99.375	99.958
ZENITH 7.375% 2022	3.32	1.22	102.493	103.832
ECOBANK 9.5% 2024	6.21	5.81	107.535	108.509
NGERIA 7.875% 2032	7.60	7.48	101.903	102.800
GHANA 7.625% MAY 2029	9.73	9.51	89.920	90.929

USD LIBOR Movement





DOMESTIC NEWS

AFDB TO DESIGN, IMPLEMENT BONDS TO TACKLE INSECURITY IN NIGERIA

The African Development Bank (AfDB) says it is ready to assist Nigeria in the design and implementation of “Security-Indexed Investment Bonds to raise more resources to tackle its security challenges. President of the AfDB, Dr Akinwumi Adesina, said this on Monday at the Mid-Term Ministerial Performance Review Retreat in Abuja. He said the bonds would raise funds on the global capital markets to support countries to upgrade their security architecture, rebuild damaged infrastructure in conflict-affected areas, rebuild social infrastructure and protect zones with strategic investments.

The AfDB president further stressed that without security there could not be investment, growth or development. He pointed out that an economically resurgent Nigeria “must be a more peaceful and secure Nigeria”. “Today, more than ever, several African countries are spending a significant share of their budgets on security, displacing the resources needed for development. “We must recognise the strong linkages between security, investment, growth, and development. “That is why the African Development Bank is working on developing Security-Indexed Investment Bonds to help African countries and Regional Economic Communities to mobilise resources to tackle these challenges.”

GLOBAL NEWS

IMF CUTS GLOBAL GROWTH FORECAST AMID SUPPLY CHAIN DISRUPTIONS, WARNS OF INFLATION RISKS

The International Monetary Fund lowered its growth forecast for the world economy for this year, citing supply-chain disruptions in rich economies and global-health concerns caused by the spread of the contagious Covid-19 Delta variant. The group also raised its inflation outlook, urging policy makers to stand ready to take swift action if the recovery strengthens more quickly than expected or inflation risks become pronounced. Prices from food to medicine to vehicles have risen worldwide, threatening the global recovery after the pandemic wiped out businesses and jobs.

The IMF, a group made up of 190 member countries, promotes international financial stability and monetary cooperation. It also acts as a lender of last resort to countries in financial distress. In the IMF's latest World Economic Outlook report, released Tuesday, the group's economists say the foremost policy priority is to vaccinate an adequate number of people in every country to prevent dangerous mutations of the virus. They stressed the importance for major economies to fulfill pledges to provide vaccines and financial support to international vaccination efforts before new variants knock a tenuous recovery off track.

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, Punch.

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