

Daily Market Update

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

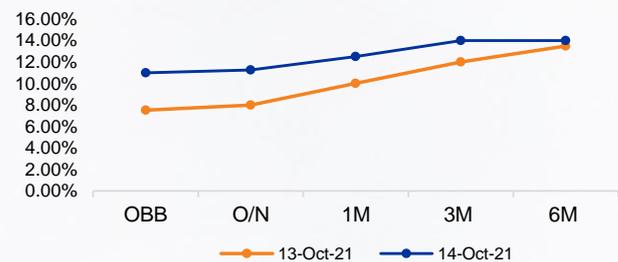
Thursday, 14 October 2021

Money Market

Market liquidity opened the day at ₦109bn. The liquidity was dampened by the OMO sale of ₦50bn and net NTB debit of ₦65bn into the system. Consequently, OBB and Overnight rates increased by an average of 338 basis points to close at 11.00% and 11.25% respectively as market participants funded for tomorrow's CBN Retail SMIS FX Auction and possible CRR maintenance.

We expect rates to remain at double digits tomorrow due to these expected funding needs.

Money Market Rate Movement



Foreign Exchange

Rates at the Investors' & Exporters' window weakened by ₦6.97 to close at \$/₦422.07 as the illiquidity in the FX market persisted with local corporates bidding for funds to clear their outstanding obligations. The NAFEX rate also weakened by 24 kobo to close at \$/₦413.48 during today's trading session. We anticipate that rates will trade at \$/₦413/414 levels closing the week.

We expect the Central Bank to conduct its biweekly Retail SMIS auction tomorrow.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	413.50	413.74	(0.06)
I&E Closing	422.07	415.10	1.68
NAFEX	413.48	413.24	0.06

Treasury Bills

The CBN conducted an OMO auction today and consequently, the Treasury Bills secondary market traded on a quiet note as the auction took the spotlight. As the day progressed, we observed mixed interest across the NTB curve with only a few trades consummated by market close. Interest was largely skewed towards the newly-issued one-year paper (13-Oct-22).

At the OMO auction, the CBN offered and sold a total of ₦50bn across the 82-, 180- and 355-day maturities. The total subscription stood at ₦99.78bn, while stop rates were maintained at 7.00%, 8.50% and 10.10% across the short-, medium-, and long-term maturities, respectively.

Closing the week, we expect the market to trade on a quiet note as market players continue to trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
28-Oct-21	3.14	02-Nov-21	5.63
11-Nov-21	3.25	07-Dec-21	6.43
28-Apr-22	4.53	01-Mar-22	6.16
12-May-22	5.27	15-Mar-22	6.23
8-Sep-22	6.56	16-Aug-22	6.90



DOMESTIC NEWS

OPEC LOWERS GLOBAL CRUDE FORECAST AS NIGERIA'S OUTPUT RISES TO 1.451MBP/D

Nigeria's crude oil production averaged 1.451 million barrels per day (mbp/d) in September 2021, indicating an increase of 0.156mbpd over the 1.296mbpd recorded in August. The Organisation of the Petroleum Exporting Countries (OPEC) which made this known in its oil market report for October 2021, released yesterday, also said Nigeria's increased output along with Saudi Arabia and Iraq boosted its total OPEC-13 output for the month by 0.49mbpd month on month. OPEC also lowered its growth forecast for global oil demand to 5.8mbpd in the fourth quarter down from the 5.96mbpd previously. In the current year, global demand for crude oil is expected to increase by an average of 5.8 million barrels per day.

"According to secondary sources, total OPEC-13 crude oil production averaged 27.33mb/d in September 2021, higher by 0.49mb/d m-o-m. Previously, OPEC experts had expected a growth of 5.96 million barrels. It now assumes that 99.82 million barrels per day will be needed worldwide in the fourth quarter. It maintained a growth forecast of 4.2 million bp/d for next year.

GLOBAL NEWS

STOCKS RISE AS WALL STREET WADES INTO BANK EARNINGS BLIZZARD

World markets stayed focused on rising inflation on Thursday as banks and tech rebooted global equities, oil and gas prices fired up again, but the dollar and benchmark government bond yields both stalled.

Record high Chinese factory gate inflation data overnight, ahead of U.S. producer figures later, meant the price pressure theme was very much alive, but the reaction from traders was looking more nuanced. The dollar, driven to a more than one-year high this week by growing bets on a U.S. interest rate rise in 2022, eased for a second day in a row along with the 10-year U.S. Treasury yield, which tends to drive global borrowing costs.

Europe's STOXX 600 index also climbed to its highest point of the month as investors there put aside recent caution. Wall Street futures added 0.5% too as analysts digested a blizzard of big bank earnings from Bank of America ([BAC.N](#)), Citigroup ([C.N](#)) and Morgan Stanley ([MS.N](#)). Mega-cap growth names including Facebook ([FB.O](#)), Microsoft ([MSFT.O](#)), Amazon ([AMZN.O](#)) and Apple ([AAPL.O](#)) and Google ([GOOGL.O](#)) all rose about 1% in pre-opening bell jockeying as their recent bounce looks set to continue.

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

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