

Daily Market Update

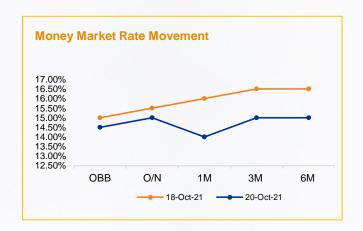
...A daily publication of Treasury Unit of Access Bank Plc.

Wednesday, 20 October 2021

Money Market

Despite the OMO re-payment of ₹85bn, system liquidity opened with a balance of ₹22bn (a decline of ₹81bn from the previous business day). Nevertheless, Overnight and OBB rates declined by an average of 50bps to close at 15.00% and 14.5% respectively.

We expect rates to inch up slightly tomorrow as counterparties fund for possible OMO and Bond Auction debits tomorrow and Friday respectively.



Foreign Exchange

We witnessed thin liquidity at the Investors' and Exporters' Window during today's trading session. However, the Central Bank of Nigeria intervened to boost the supply of funds through FX sales to FPIs.

Consequently, the Naira strengthened against the US Dollar by ₩0.66 to close at \$/₩414.07

FX Rates	Current	Previous	%∆
Indicative I&E Open	414.18	414.46	(0.07)
I&E Closing	414.07	414.73	(0.16)
NAFEX	413.04	413.75	(0.14)

Treasury Bills

The Treasury Bills secondary market opened with slight bullish sentiment witnessed across most maturities as a result of the relatively liquid market. The trend was sustained throughout the trading session albeit only a handful of trades were consummated across the mid to the long end of the curve.

We expect the CBN to conduct an OMO Auction tomorrow, given the OMO maturity of ₦85bn earlier this week.

Treasury Bill	ls		
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	6.15
12-May-22	4.87	15-Mar-22	6.20
8-Sep-22	6.70	16-Aug-22	6.65



BONDS

The Bond market opened on a quiet note as attention shifted towards the Bond Auction. As market progressed, we saw very few activity centered around the 2049 bonds with bid/offer rates quoted at 12.80/75. By the close of market, yields remained unchanged from opening levels. At the Auction, the DMO raised a total of N192.77bn out of N250.72bn worth of subscription across the 2026, 2037 and 2050 bonds. Stop rates closed at 11.65%(↑5bps), 12.95%(↑20bps) and 13.20%(↑20bps) respectively.

We expect increased activity tomorrow as Auction winners seek to exit their position profitably.

FGN Bond Yields	Current (%)	Previous (%)	%∆
12.75 27-APR-2023	8.37	8.36	0.01
13.53 23-MAR-2025	10.13	10.12	0.01
16.2884 17-MAR-2027	11.35	11.58	(0.23)
13.98 23-FEB-2028	11.71	11.71	0.00
12.40 18-MAR-2036	12.90	12.90	0.00
16.2499 18-APR-2037	12.89	12.89	0.00
12.98 27-MAR-2050	13.18	13.18	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	16.63	17.01
Foreign Reserves (Gross \$'Bn)	39.82	39.62

Global Currency, Fixings and Commodities

1.6

1.1

Glob Curren		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3826	1M	0.08563	WTI	83.60
EUR/USD	1.1656	3M	0.12950	BRENT	85.32
USD/JPY	114.15	6M	0.16750	GOLD	1,785.80
USD/CHF	0.9191	12M	0.29213	SILVER	24.42

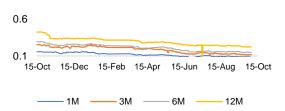
Auction Results

	BOND AUCTION – October 20, 2021			OMO AUCTION – October 14, 2021		
Tenor/Maturity	5-Yr	15-Yr	30-Yr	82-day	180-day	355-day
Offer / Subscription (₩'Bn)	50.00/49.05	50.00/80.92	50.000/120.74	10.00/14.00	10.00/17.20	30.00/68.58
Total Allotment (₦'Bn)	44.80	52.72	95.24	10.00	10.00	30.00
Stop Rate(%)	11.65	12.95	13.20	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125 % 2026	5.97	5.85	100.750	101.225
ACCESS 9.125 % PERP	9.25	9.21	98.885	99.630
ZENITH 7.375% 2022	3.85	2.83	102.125	102.825
ECOBANK 9.5% 2024	5.97	5.65	108.150	108.875
NGERIA 7.875% 2032	7.43	7.37	103.050	103.850
GHANA 7.625% MAY 2029	10.65	10.45	86.250	87.125

USD LIBOR Movement





DOMESTIC NEWS

AFREXIMBANK REITERATES CROSS-BORDER PAYMENTS SETTLEMENTS IN LOCAL CURRENCIES

Nigeria's contributions to African trade may increase significantly in the near future as Afeximbank has unveiled plans to roll out a payment system that would enable intra-African trade to be consummated using domestic currencies. Besides, the bank also disclosed that it has approved over \$26 billion in support of Nigerian public and private sector entities since its inception in 1993.

Executive Vice-President, Corporate Governance and Legal Services, Afreximbank, George Elombi while addressing participants that gathered at the Intra - Africa Trade Fair (IATF) 2021 official Nigeria roadshow, said the initiative is expected to enhance industrialisation and export development in Africa as well as reduce over dependence on foreign currencies. According to him, despite Nigeria's status as the largest economy in Sub-Saharan Africa, representing about 17 per cent of the African economy and about 64 per cent of the economy of West Africa by GDP, its export contribution to the African region remains at 20 per cent while import constitutes about seven per cent. But with the new payment initiative, Nigeria can sell to other African countries in Naira and receive Naira in Nigeria thereby increasing its trade export.

GLOBAL NEWS

VALUE OF BONDS LISTED ON AFRICAN MARKETS HITS \$536BN IN H1 2021

The total value of bonds issued on African markets by governments and companies reached \$536.1 billion over the first half of this year. The figure is provided by the South African banking group ABSA in its African Financial Market Index. In South Africa alone, the value of listed bonds stood at \$258 billion over the period; \$116.9 billion was estimated for those in Egypt and \$49 billion for those in Nigeria. On the regional BRVM market, the value was estimated at \$\$12.5 billion. According to the report, higher budget deficits and lower tax revenues due to covid-19 continue to inflate public debt and impact the economy.

The exacerbated dependence of governments on local stock exchanges has increased the size of the bond markets in most of the countries included in the index. Morocco, despite a stock market representing 62.8% of GDP over the period, has only \$800 million in listed bonds. Ghana for its part has \$26.5 billion worth of listed bonds. The report suggests that investors invested in bonds, as a precautionary measure. The overall value of transactions in listed companies fell by 5% points to just 26% of the total valuation of listed companies in Africa. South Africa, which remains the largest market with a stock market worth 4.2 times its GDP, was severely affected by covid-19, which put corporate earnings at risk.

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

Disclaimer - This report is based on information obtained from various sources believed to be reliable and no representation is made that it is accurate or complete. Therefore, all rates shown here are mark to market rates being published for guidance purposes only. Reasonable care has been taken in preparing this document. Access Bank Plc shall not accept responsibility or liability for errors of fact, or any opinion expressed herein. This document is for information purposes and private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior written consent of Access Bank Plc.

MORE TO THE WORLD

At Access Bank, we invest in projects that help improve the lives of individuals and the economy as a whole.

Fuel your capacity to grow beyond limits and experience more than banking with us.

