

Daily Market Update

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

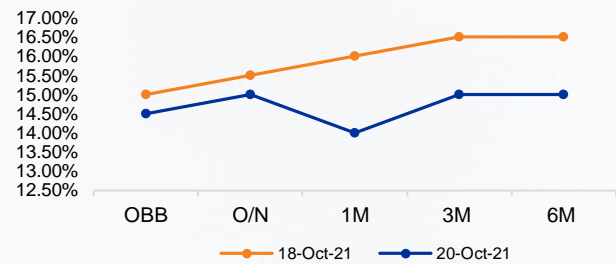
Wednesday, 20 October 2021

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.

Money Market Rate Movement



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

The NAFEX rate also strengthened against the Greenback by 71kobo to close at \$/₦413.04 during today's trading session. We expect rates to continue to trade at these levels tomorrow.

FX Rates	Current	Previous	%Δ
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 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	6.15
12-May-22	4.87	15-Mar-22	6.20
8-Sep-22	6.70	16-Aug-22	6.65



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.

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