

# Daily Market Update

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

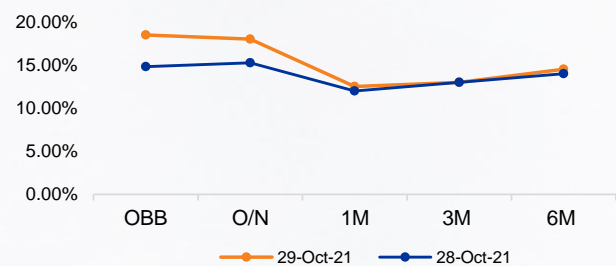
Friday, 29 October 2021

## Money Market

System liquidity opened with a credit balance of ₦180bn due to refund from previous Retail SMIS Auction. Despite this improvement, OBB and Overnight rates increased by 322bps to close the week at 18.00% and 18.50% respectively as market participants funded their operating account to accommodate today's FX Auction and CRR debits by the Apex bank.

We expect the rates to decline significantly opening the Week/Month as FAAC inflows of c. ₦438bn is expected to be shared to States and Local governments.

Money Market Rate Movement



## Foreign Exchange

Closing the week, NAFEX rate showed a significant appreciation of the Naira against the Dollar day on day by N4.65 kobo to close the week at \$/₦413.95.

The paucity of funds continued at the Investors' and Exporters' Window as bids continue to outweigh offers in the market. Nevertheless, the Naira traded flat against the dollars to close at \$/₦415.10.

As anticipated, the CBN conducted its bi-weekly Retail SMIS auction today.

We expect stability in rates in the market next week.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	414.19	413.13	0.09
I&E Closing	415.10	415.10	0.00
NAFEX	413.95	418.60	(1.11)

## Treasury Bills

The Treasury Bills secondary market closed the week on a quiet note as market participants largely remained on the sidelines. As the trading day progressed, we observed some buying interest across the long end of the OMO and NTB curves with minimal trades consummated by market close. Consequently, rates remained largely unchanged from opening levels.

We expect the market to open on a quiet note next week as market players continue to trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
11-Nov-21	3.25	16-Nov-21	6.14
13-Jan-22	3.73	07-Dec-21	6.43
28-Apr-22	5.04	01-Mar-22	6.15
9-Jun-22	6.16	15-Mar-22	6.20
8-Sep-22	6.48	16-Aug-22	6.65

## BONDS

The FGN market closed the week on a calm note as market participants had executed most of their trades for the month. We witnessed profit taking at the belly of the curve, with interest skewed towards the 2037 maturity at 12.90% levels. Overall, just a handful of trades were consummated across board and as such there was no day-on-day change in yields.

We expect the market to continue to trade cautiously as we approach the penultimate month of the year.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	8.12	8.13	(0.12)
13.53 23-MAR-2025	10.48	10.16	3.15
16.2884 17-MAR-2027	11.58	11.58	0.00
13.98 23-FEB-2028	11.56	11.66	(0.86)
12.40 18-MAR-2036	12.76	12.76	0.00
16.2499 18-APR-2037	12.94	12.94	0.00
12.98 27-MAR-2050	13.10	13.10	0.00

### Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	16.63	16.63
Foreign Reserves (Gross \$'Bn )	41.75	41.60

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3772	1M	0.08638	WTI	↓ 82.17
EUR/USD	1.1632	3M	0.13163	BRENT	↓ 84.26
USD/JPY	113.91	6M	0.19363	GOLD	↓ 1,779.10
USD/CHF	0.9117	12M	0.37063	SILVER	↓ 23.90

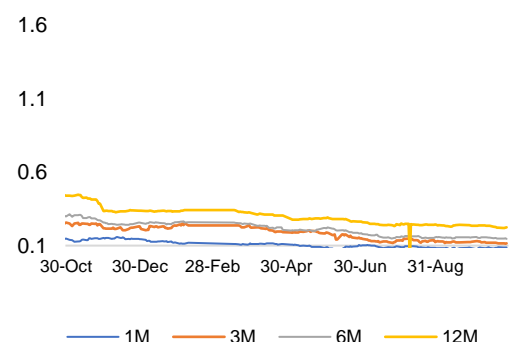
### Auction Results

Tenor/Maturity	BOND AUCTION – October 20, 2021			OMO AUCTION – October 28, 2021		
	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	5.00/7.00	5.00/7.50	10.00/37.50
Total Allotment (₦'Bn)	44.80	52.72	95.24	4.00	5.00	10.00
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	6.06	5.97	100.250	100.625
ACCESS 9.125% PERP	9.30	9.25	98.875	99.375
ZENITH 7.375% 2022	3.40	2.54	102.250	102.750
ECOBANK 9.5% 2024	5.59	5.28	108.875	109.625
NIGERIA 7.875% 2032	7.61	7.50	101.875	102.625
GHANA 7.625% MAY 2029	10.22	10.02	88.875	88.750

### USD LIBOR Movement





## DOMESTIC NEWS

### **CBN: CREDIT TO PRIVATE SECTOR REACHED N33.84TRN IN SEPTEMBER**

The Banking sector credit to the private sector increased month-on-month (M-o-M) by N425.9 billion to N33.84 trillion as of September, up from the N33.4 trillion it was as at the end of August 2021. The latest Central Bank of Nigeria (CBN) money and credit statistics posted on the regulator's website revealed that the report figure of credit to private sector is all-time high banks' lending to real sector. ThisDay can report that credit to private sector Year-till-Date has added N3.19 trillion or 10.41 per cent from N30.65 trillion in January to N33.84 trillion as of September. The apex bank had noted the improvement in lending to the real sector is following the introduction of the 65 per cent Loans-to-Deposit Ratio (LDR) in 2019.

In his personal statement at the last meeting of the Monetary Policy Committee (MPC) of the CBN in September, Professor of Economics, University of Ibadan, Festus Adenikinju, said: "Most sectors of the economy, and households, benefitted from the increased credit. The various interventions by the Bank is providing a boost to personal consumptions and economic growth

### **U.S. CONSUMER SPENDING RISES SOLIDLY IN SEPTEMBER; INFLATION STAYS HOT**

U.S. consumer spending increased solidly in September but was partly flattered by higher prices as inflation remained hot amid shortages of motor vehicles and other goods in the face of global supply constraints. The Commerce Department said on Friday that consumer spending, which accounts for more than two-thirds of U.S. economic activity, rose 0.6% last month. Data for August was revised higher to show spending rebounding 1.0% instead of 0.8% as previously reported.

Economists polled by Reuters had forecast consumer spending increasing 0.5%. A resurgence in COVID-19 cases over summer, driven by the Delta variant, worsened worker shortages at factories, mines and ports, further stressing supply chains. Outside the shutdown in spring 2020, which severely depressed output, the third quarter was the worst period for motor vehicle production since early 2009 because of a global shortage of semiconductors. Auto inventories have been run down and some shelves are bare, curbing spending and boosting prices. Price pressures remained strong in September, reducing consumers' buying power.

The consumer spending and inflation data was included in the advance gross domestic product report for the third quarter published on Thursday. Growth in consumer spending braked to a 1.6% annualized rate after double-digit gains in the previous two quarters, with outlays on long-lasting manufactured goods like motor vehicles collapsing at a 26.2% pace.

**Sources:** FMDQ, Access Bank Treasury Team, Bloomberg, Reuters, ThisDay.

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