

# Daily Market Update

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

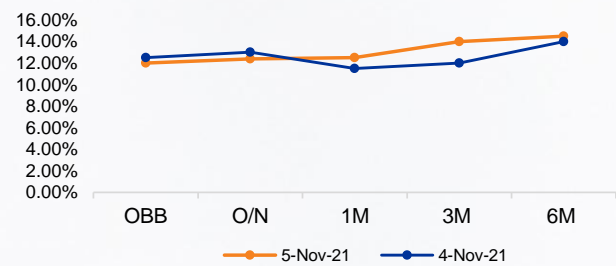
Friday, 05 November 2021

## Money Market

The market liquidity opened the day with a credit balance of ₦100bn. During the trading session, we witnessed inflows to the system for GenCos and refunds to some State Governments. Consequently, OBB and Overnight rates declined further by an average of 57bps to close at 12% and 12.38% respectively.

We expect the rates to decline to single digits next week.

Money Market Rate Movement



## Foreign Exchange

Closing the week, the NAFEX depreciated by 31kobo day on day to close the week at \$/₦413.88. The paucity of funds continued at the Investors' and Exporters' Window as market participants continue to bid for various obligations.

Nevertheless, the Naira strengthened against the Greenback by 50kobo to close at \$/₦414.30. We expect rates will remain at these levels next week.

As anticipated, the CBN released the result of its bi-weekly Retail SMIS auction today.

### FX Rates

	Current	Previous	%Δ
Indicative I&E Open	414.13	414.49	(0.09)
I&E Closing	414.30	414.80	(0.19)
NAFEX	413.88	413.57	0.07

## 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 market to trade cautiously opening next week, as market participants resume replacing matured bills.

### Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
13-Jan-22	3.75	16-Nov-21	6.30
10-Mar-22	4.25	07-Dec-21	6.15
9-Jun-22	5.50	01-Mar-22	6.00
11-Aug-22	6.14	15-Mar-22	6.02
13-Oct-22	6.70	16-Aug-22	6.28

## BONDS

The FGN bond market closed the week on a quiet note and this persisted throughout the trading session. We witnessed profit taking around the mid tenured bonds, with interest skewed towards the 2037 maturity at 12.90%. Overall, just a handful of trades were consummated across board and as such there was no day-on-day change in yields.

Opening the new week, we expect investors to remain cautious.

### FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	8.06	8.07	(0.01)
13.53 23-MAR-2025	10.59	10.61	(0.02)
16.2884 17-MAR-2027	11.56	11.52	0.04
13.98 23-FEB-2028	11.62	11.53	0.10
12.40 18-MAR-2036	12.80	12.80	0.00
16.2499 18-APR-2037	12.91	12.91	0.00
12.98 27-MAR-2050	13.09	13.09	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 )	41.72	41.75

### Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3490	1M	0.08963	WTI	81.26
EUR/USD	1.1555	3M	0.14438	BRENT	82.69
USD/JPY	113.47	6M	0.21325	GOLD	1,811.40
USD/CHF	0.9133	12M	0.36250	SILVER	24.05

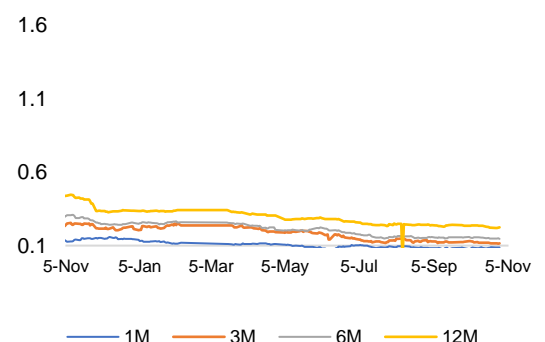
### Auction Results

Tenor/Maturity	BOND AUCTION – October 20, 2021			OMO AUCTION – November 04, 2021		
	5-Yr	15-Yr	30-Yr	138-day	194-day	355-day
Offer / Subscription (₦'Bn)	50.00/49.05	50.00/80.92	50.000/120.74	5.00/11.50	5.00/14.00	15.00/75.25
Total Allotment (₦'Bn)	44.80	52.72	95.24	5.00	5.00	15.00
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	5.94	100.250	100.750
ACCESS 9.125% PERP	9.23	9.17	99.125	99.750
ZENITH 7.375% 2022	3.72	2.83	102.000	102.500
ECOBANK 9.5% 2024	5.51	5.09	109.000	110.000
NIGERIA 7.875% 2032	7.52	7.41	102.500	103.250
GHANA 7.625% MAY 2029	10.17	9.97	88.125	89.000

### USD LIBOR Movement





## DOMESTIC NEWS

### CBN REDUCES COST OF PRINTING NAIRA

The Central Bank of Nigeria spent the sum of N58.6 billion to print 2.52 billion Naira notes valued at N1.1 trillion in 2020. Disclosing these yesterday in its Annual Currency Operations report for 2020, the apex bank also said it utilized \$1.83 billion within the same year to fund Bureaux De Changes (BDCs) and Ministries, Agencies and Departments (MDAs) operations. The currency printing cost, however, indicated a significant decrease Year-on-Year as it spent N75.5 billion and N64.04 billion in 2019 and 2018 respectively for the same purpose.

The current management of the CBN under the leadership of Mr. Godwin Emefiele, has been driving the cashless policy with a view to cutting the cost of printing bank notes and cash management, in the country. The new e-Naira was also initiated in line with the policy.

According to the report, "The total cost incurred on printing of banknotes in 2020 amounted to N58,618.50 million, compared with N75,523.50 million in 2019, indicating a decrease of N16,905.00 million or 28.84 per cent." CBN indicated in the report that the notes were printed in-country by the Nigerian Security Printing and Minting Plc (NSPM Plc).

## GLOBAL NEWS

### BIDEN SAYS WHITE HOUSE MUST TACKLE RISING INFLATION AS CONSUMER PRICES SURGE: 'MORE TO BE DONE'

President Biden on Friday acknowledged the White House needs to tackle rising inflation as higher prices for everyday goods squeeze American families, urging Congress to pass his sweeping economic agenda that he suggested could help quell the recent spike.

Biden downplayed concerns that two sprawling spending packages will contribute to a recent bout of inflation that has caused wild increases in consumer prices. He argued that provisions of a \$1.75 trillion (\$1,750,000,000,000) climate and family plan and a bipartisan \$1.2 trillion (\$1,200,000,000,000) core infrastructure bill could actually drive prices lower.

"There's a lot more to be done," Biden said during remarks at the White House. "We still have to tackle the costs that American families are facing. This recovery is faster, stronger, fairer and wider than almost anyone could have predicted. But we want to make sure people continue to feel it in their lives."

**Sources:** FMDQ, Access Bank Treasury Team, Bloomberg, All Africa Business News, Fox News.

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