

Daily Market Update

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

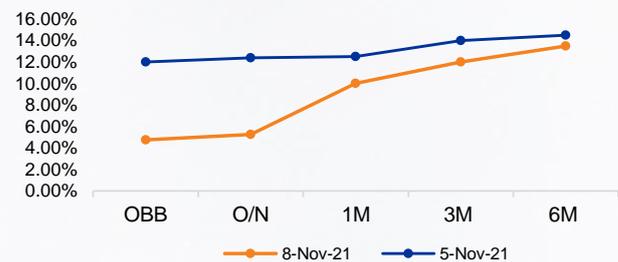
Monday, 08 November 2021

Money Market

The market liquidity opened the week with a balance of ₦450bn. This liquidity was further boosted by inflows to some State Governments and, with the inflows to GenCos on Friday. Consequently, OBB and Overnight rates declined further by an average of 7.19 percent to close at 7.25% and 7.13% respectively.

We expect the rates to remain at single digits tomorrow as we don't anticipate any significant funding activity.

Money Market Rate Movement



Foreign Exchange

The week started with the CBN injecting funds into the market for SMEs and Invisibles transactions and providing funds to Foreign portfolio investors. Nevertheless, the paucity of funds at the Investors' and Exporters' Window continued during trading today in continuation with the recent trend as the Naira depreciated against the US Dollar by ₦0.25 to close at \$/₦414.55.

The NAFEX rate however appreciated by ₦0.27 to close at \$/₦413.61 and we expect rates to continue to trade at these levels tomorrow.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	414.01	414.13	{0.03}
I&E Closing	414.55	414.30	0.06
NAFEX	413.61	413.88	(0.06)

Treasury Bills

The Treasury Bills secondary market opened on a slightly bullish note today as market participants traded cautiously. This sentiment persisted for most of the trading session with very few trades consummated by market close. Consequently, closing rates remained largely unchanged from opening levels.

Tomorrow, we expect the bullish undertone to persist as market participants look forward to the NTB auction scheduled for Wednesday.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
13-Jan-22	3.75	07-Dec-21	6.15
10-Mar-22	4.25	01-Mar-22	6.00
9-Jun-22	5.50	15-Mar-22	6.02
11-Aug-22	6.13	16-Aug-22	6.28
13-Oct-22	6.70	04-Oct-22	6.36

BONDS

The FGN Bond market opened on a very quiet note, with minimal trades executed across board. There was however some interested noted on the 2037 bond, which traded at sub 12.90% while we witnessed no activity on the other on-the-run maturities. As a result, yields across the benchmark bonds slipped marginally by a single basis point.

We expect a similar trend tomorrow, with continued emphasis on the belly of the curve.

FGN Bond Yields

	Current (%)	Previous (%)	Δ
12.75 27-APR-2023	8.04	8.06	(0.03)
13.53 23-MAR-2025	10.58	10.59	(0.01)
16.2884 17-MAR-2027	11.56	11.56	0.00
13.98 23-FEB-2028	11.62	11.62	0.00
12.40 18-MAR-2036	12.79	12.80	(0.01)
16.2499 18-APR-2037	12.89	12.91	(0.01)
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	1.3559	1M	0.08863	WTI	81.68
EUR/USD	1.1588	3M	0.14438	BRENT	83.20
USD/JPY	113.19	6M	0.22088	GOLD	1,822.08
USD/CHF	0.9135	12M	0.35750	SILVER	24.37

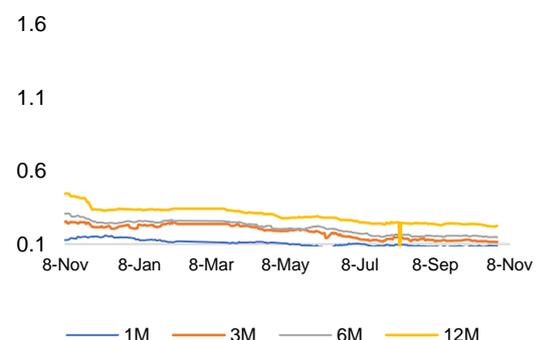
Auction Results

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	6.03	5.91	100.375	100.875
ACCESS 9.125% PERP	9.19	9.14	99.125	99.625
ZENITH 7.375% 2022	3.70	2.80	102.000	102.500
ECOBANK 9.5% 2024	5.40	4.98	109.250	110.250
NIGERIA 7.875% 2032	7.41	7.31	103.250	104.000
GHANA 7.625% MAY 2029	10.08	9.88	88.500	89.375

USD LIBOR Movement



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DOMESTIC NEWS

CBN: FOREIGN CURRENCY INFLOWS DROPPED TO \$1.83BN IN 2020, YEAR OF COVID

The Central Bank of Nigeria (CBN) has disclosed that it recorded a significant reduction in the volume and cost of foreign exchange procurement in 2020, the year of COVID, when the entire world was on lockdown and businesses closed. The bank said a total of \$1.83 billion was procured over the period, representing a decline of \$2.12 billion or 53.67 per cent compared to the \$3.95 billion procured in 2019.

According to the annual report by the apex bank's Currency Operations Department (COD) which was posted on its website, the CBN also slashed its expenditure on currency printing from N75.52 billion in 2019 to N58.61 billion in 2020. The central bank explained that this was used to fund Bureaux De Change (BDC) operations, payment of estacode and Personal Travel Allowances (PTA) to Ministries, Departments and Agencies (MDAs). The CBN stated that receipt and authentication of foreign currency deposits by Deposit Money Banks (DMBs) reduced significantly due to the downturn in global trade in 2020. This represented a decrease of N16.91 billion or 28.84 per cent compared to the preceding year.

GLOBAL NEWS

U.K. 10-YEAR REAL YIELDS HIT RECORD LOW AMID INFLATION CONCERNS'

The real yield on U.K. government bonds fell to a record low as investors sought the safety of debt protected from inflation after the Bank of England unexpectedly held interest rates unchanged last week. The yield on 10-year U.K. inflation-linked bonds fell as much as 3 basis points to minus 3.19%, surpassing a previous low hit on December 2020. It comes after the equivalent rate on 30-year linkers hit an all-time low on Friday. The securities -- which allow investors to lock in a return protected from rises in inflation -- are in demand as concerns grow over the outlook for consumer prices.

Inflation is running near the fastest level in almost a decade and well above the BOE's 2% target, yet policy makers surprised many investors on Thursday by holding interest rates steady. That's prompting investors to scale back their bets for monetary tightening. "We're still going to see the BOE likely hike rates over the coming quarter, but not nearly as aggressively as markets first thought," said Richard Kelly, head of global strategy at Toronto Dominion Bank. "This means higher inflation and lower policy rates in the near-term, so lower real rates for now."

Sources: FMDQ, Access Bank Treasury Team, Bloomberg, This Day.

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