

Daily Market Update

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

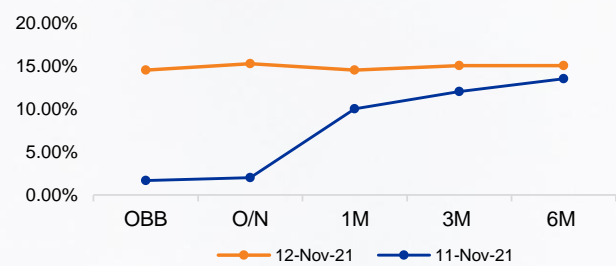
Friday, 12 November 2021

Money Market

System liquidity opened with a credit balance of ₦418bn (₦78bn increase from previous day). This improvement was short-lived as the Central Bank debited banks for CRR maintenance for November and today's Retail SMIS FX Auction debit. Consequently, OBB and Overnight rates increased markedly by 13 percent to close the week at 14.50% and 15.25% respectively

We expect rates to plummet back to single digit levels next week.

Money Market Rate Movement



Foreign Exchange

Closing the week, NAFEX rate showed an appreciation of the Naira against the Dollar day on day by 15 kobo to close the week at \$/₦413.64

The paucity of funds continued at the Investors' and Exporters' Window as bids continue to outweigh offers in the market. Consequently, the Naira weakened against the Greenback by ₦0.37 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	414.39	414.28	0.03
I&E Closing	415.10	414.73	0.09
NAFEX	413.64	413.79	(0.04)

Treasury Bills

The Treasury bills market closed the week on a quiet note, with a handful of trades consummated through the trading session as a result of the CRR debit that hit the system. The sentiment remained bullish with interest skewed towards the long end of the NTB curve.

We expect market to trade with mixed sentiments in the coming week as market players continue to trade cautiously.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
13-Jan-22	3.69	07-Dec-21	5.31
10-Mar-22	4.31	01-Mar-22	5.56
9-Jun-22	5.31	15-Mar-22	5.60
11-Aug-22	6.00	16-Aug-22	6.06
13-Oct-22	6.43	04-Oct-22	6.20

BONDS

The FGN market closed the week on a quiet note, with minimal changes across the curve. Trades were skewed towards the short-tenured maturities (2023 - 2028 bonds) with the 2028s quotes at 12.25/12.18. Overall, yields remained unchanged from opening levels.

We also expect a quiet opening next week, as local players gear themselves up for the monthly bond auction.

FGN Bond Yields

	Current (%)	Previous (%)	Δ
12.75 27-APR-2023	8.52	8.53	(0.11)
13.53 23-MAR-2025	9.63	9.64	(0.10)
16.2884 17-MAR-2027	11.59	11.59	0.00
13.98 23-FEB-2028	11.68	11.68	0.00
12.40 18-MAR-2036	12.83	12.83	0.00
16.2499 18-APR-2037	12.88	12.88	0.00
12.98 27-MAR-2050	13.15	13.15	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)	41.82	41.56

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3419	1M	0.08950	WTI	↓ 80.83
EUR/USD	1.1454	3M	0.1560	BRENT	↓ 82.33
USD/JPY	113.86	6M	0.22788	GOLD	↑ 1,862.90
USD/CHF	0.9213	12M	0.38788	SILVER	↑ 25.362

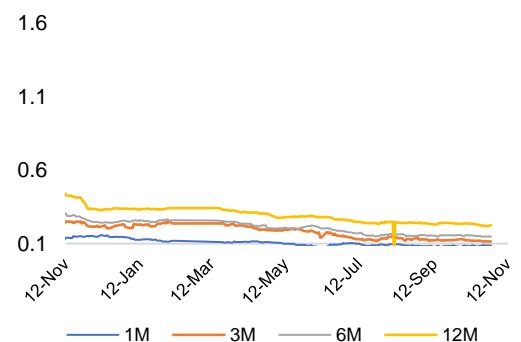
Auction Results

Tenor/Maturity	OMO AUCTION – November 04, 2021			NTB AUCTION – November 10, 2021		
	138-day	194-day	355-day	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	5.00/11.50	5.00/14.00	15.00/75.25	4.80/4.87	7.99/3.80	138.03/566.21
Total Allotment (₦'Bn)	5.00	5.00	15.00	4.12	3.00	189.06
Stop Rate(%)	7.00	8.50	10.10	2.50	3.50	6.50

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	9.31	9.25	99.125	99.750
ZENITH 7.375% 2022	3.59	2.67	102.000	102.500
ECOBANK 9.5% 2024	5.48	5.06	109.000	110.000
NIGERIA 7.875% 2032	7.61	7.50	101.875	102.625
GHANA 7.625% MAY 2029	10.23	10.03	87.875	88.75

USD LIBOR Movement



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DOMESTIC NEWS

NIGERIA NOW EARNS MORE FROM NON-OIL REVENUES, SAYS OSINBAJO

Vice-President Yemi Osinbajo has said revenue recently flowing into the nation's treasury are majorly from non-oil and gas exports. This is contained in a statement by Josephine Ademu, Press and Public Relations of the Federal Ministry of Science, Technology and Innovation on Friday, in Abuja.

The vice-president said this at the Nigerian Society of Chemical Engineers (NSCHE) 51st Annual International Conference/AGM on Thursday in Lagos. Represented by Dr Ogonnaya Onu, the Minister of Science, Technology and Innovation, Osinbajo pointed out that the federal government had worked assiduously to ensure that the country achieves economic diversification.

He said that the nation could not afford to be taken off guard as crude oil and gas were no longer the major fuel that drives global economies. According to him, this is due to the fact that more technologically developed nations of the world have switched to clean and renewable energy.

GLOBAL NEWS

GOLDMAN SACHS: INFLATION COULD BE BIGGER THREAT THAN COVID PANDEMIC TO GLOBAL ECONOMY AND IT WILL GET WORSE BEFORE IT STARTS IMPROVING

A recent Goldman Sachs analysis said that inflation could be a bigger problem than the COVID pandemic when it comes to the global economy.

The investment bank noted that the Federal Reserve would likely begin raising interest rates as inflation rates in the United States go on, The Daily Wire reported. Goldman Sachs also expects a reduction in consumer fear over the virus as medical advancements continue to curb the spread of the COVID infection.

The Department of Labor announced on Wednesday that year-over-year inflation for consumer prices had peaked 6.2 percent last month, which is the highest rate of increase in 30 years. MacroPolicy Perspectives economist Laura Rosner-Warburton told The Wall Street Journal that she thinks the country is moving into a new phase where inflation is broader, and things are going to get a "little more intense.". OPEC also cited slower-than-expected demand in China and India for the downward revision.

Sources: FMDQ, Access Bank Treasury Team, Reuters, Nairametrics

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