

Daily Market Update

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

Monday, 22 November 2021

Money Market

Opening the week, market was in a Repo of ₦103.7bn, an after effect from the Bond Auction debit of ₦225bn from last Friday.

Nonetheless, OBB and O/N rates declined by 267bps to close the day at 16.33% and 17.00% respectively as market participants funded for their obligations.

We expect rates to remain at this level tomorrow despite the OMO credit of ₦67bn expected to impact the system.

Foreign Exchange

At the start of the week, NAFEX rate depreciated day on day by 7 kobo to close at \$/₦413.53.

The FPI intervention by the CBN and the provision of funds for SME, PTA/BTA, Medicals and School Fees, were the highlights of today's trading session.

However, the market remained illiquid as bids continue to outweigh offers. Consequently, the Naira depreciated marginally against the Dollar by 67 kobo to close at \$/₦415.07.

We anticipate no significant change in market rates throughout the week.

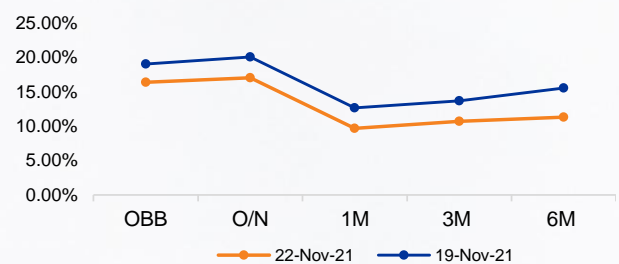
Treasury Bills

The Treasury Bills secondary market opened the week on a quiet note today as market participants largely remained on the sidelines.

As the trading day progressed, we observed some buying interest across the curve but with minimal trades consummated. Consequently, closing rates remained unchanged from opening levels.

Despite the OMO maturity of ₦67.30bn expected to hit the system tomorrow, we expect the market to open on a quiet note as market players trade cautiously whilst looking forward to the NTB Auction scheduled for Wednesday.

Money Market Rate Movement



FX Rates

	Current	Previous	%Δ
Indicative I&E Open	413.53	413.55	0.00
I&E Closing	415.07	414.40	(0.16)
NAFEX	413.53	413.46	(0.02)

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	5.44
9-Jun-22	5.31	15-Mar-22	5.47
11-Aug-22	5.36	16-Aug-22	5.72
13-Oct-22	6.20	04-Oct-22	5.80

BONDS

The FGN Bond market opened the week on a very quiet note, given the weak investor appetite for Bonds in the secondary market.

We witnessed improved offers across board as some market players sought to take profit, especially on the mispriced Bonds across the curve.

In addition, we witnessed a bit more supply of the short-tenured papers (2023 – 2025) today. Overall, yields remained unchanged from opening levels.

We expect a similar trend tomorrow, as we await the outcome of the MPC meeting.

FGN Bond Yields

	Current (%)	Previous (%)	Δ
12.75 27-APR-2023	8.26	8.57	(3.62)
13.53 23-MAR-2025	9.61	9.62	0.00
16.2884 17-MAR-2027	11.56	11.56	0.00
13.98 23-FEB-2028	11.76	11.76	0.00
12.40 18-MAR-2036	12.95	12.87	(0.62)
16.2499 18-APR-2037	12.95	12.95	0.00
12.98 27-MAR-2050	13.20	13.20	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.99	16.63
Foreign Reserves (Gross \$'Bn)	41.38	41.41

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3419	1M	0.09338	WTI	↓ 75.91
EUR/USD	1.1254	3M	0.16400	BRENT	↓ 78.95
USD/JPY	114.69	6M	0.22938	GOLD	↓ 1,817.51
USD/CHF	0.9302	12M	0.39175	SILVER	↓ 24.68

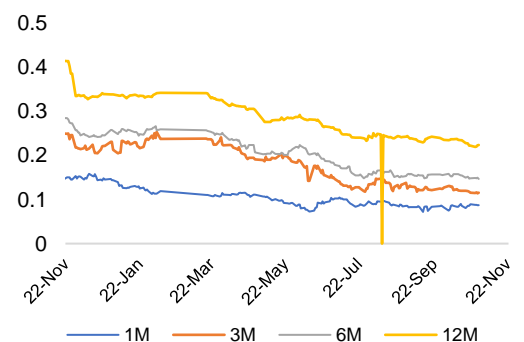
Auction Results

Tenor/Maturity	BOND AUCTION – November 17, 2021			OMO AUCTION – November 18, 2021		
	12 ½ 01/22/26	16.25 04/18/37	12.98 03/27/50	91-day	182-day	364-day
Offer / Subscription (₦'Bn)	50.00/50.75	50.00/46.69	50.00/155.91	5.00/9.00	5.00/18.00	15.00/67.36
Total Allotment (₦'Bn)	37.15	32.19	169.71	5.00	5.00	15.00
Stop Rate(%)	11.65	12.95	13.30	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.18	6.03	99.75	100.375
ACCESS 9.125% PERP	9.31	9.24	99.00	99.75
ZENITH 7.375% 2022	4.16	2.71	101.625	102.375
ECOBANK 9.5% 2024	5.60	5.18	108.625	109.625
NIGERIA 7.875% 2032	8.09	7.98	98.50	99.25
GHANA 7.625% MAY 2029	11.49	11.24	82.75	83.75

USD LIBOR Movement





DOMESTIC NEWS

NAIRA HITS STRONG AT PARALLEL MARKET

The naira was trading at N545 to the dollar on the parallel market at the weekend, maintaining its strongest level since early September 2021.

The local currency exchanges at N411.59 to the dollar at the official market. The naira stability was triggered by drop in dollar demand by importers and other forex users who are going for substitutes for imported products and raw materials.

The Nigeria's foreign exchange reserves declined to \$41.5 billion this week, a drop of around \$100 million, according to the Central Bank's 30-day moving average benchmark. Trading Desk Manager, AZA, global forex dealer, Murega Mungai, said inflation also fell for a seventh consecutive month, with prices rising by 15.99 per cent in October compared to 16.63 per cent a month earlier, driven lower by falling food costs.

GLOBAL NEWS

BIDEN REAPPOINTS JEROME POWELL AS FED CHAIRMAN

Biden's pick of Jerome Powell to continue as Federal Reserve Chair gives global investors stability and some predictability as the central bank prepares to taper its asset purchases and start hiking rates.

Many investors had hoped that Powell, who was nominated as chair by President Donald Trump in 2017, would be renominated by President Joe Biden for another four-year stint.

On Monday, Biden nominated Powell for a second four-year term, with Lael Brainard, the Federal Reserve board member who was the other top candidate for the job, vice chair. Biden also has three Fed seats to fill, including the Vice Chair for Supervision, and intends to make those in early December.

Under Powell and Brainard the Fed has kept interest rates near zero despite the current high prices for all kinds of goods, as it focuses on returning the economy to full employment and as policymakers argue that inflation will prove temporary.

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

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