

Daily Market Update

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

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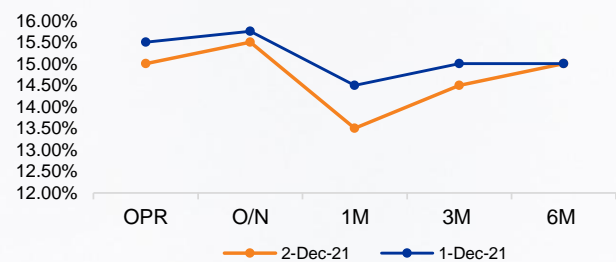
Money Market

Market liquidity opened the day with a credit balance of ₦135bn coming from ₦166bn as at close of business yesterday.

The Open Repo and Overnight rates declined by 50bps to close the day at 15.00% and 15.50% respectively as banks continue to fund their intraday obligations.

We expect rates to decline opening tomorrow barring any significant funding activity.

Money Market Rate Movement



Foreign Exchange

The paucity of funds persisted during today's trading session at the Investors' and Exporters' Window as the demand for funds continues to overshadow the limited supply.

Nevertheless, the Naira gained ₦0.27 against the Dollar to close at \$/₦414.80 while the NAFEX depreciated marginally by ₦0.15 to close at \$/₦413.56

We anticipate rates will remain at similar levels tomorrow and expect the Apex bank to release the results of last week's Retail SMIS Auction.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	413.94	413.79	0.00
I&E Closing	414.80	415.07	(0.00)
NAFEX	413.56	413.41	0.00

Treasury Bills

The Treasury Bills secondary market traded on a bullish note today as participants showed bids across the mid to long end of the NTB and OMO curves.

The CBN also conducted an OMO auction, offering ₦40bn across the 110-, 180- and 355-day maturities. Despite the total subscription of ₦142.78bn, the CBN sold ₦37bn, maintaining stop rates at 7.00%, 8.50% and 10.10% across the short-, medium-, and long-term maturities, respectively.

Closing the week, we expect the market to trade on a quiet note 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	2.68	01-Mar-22	5.44
9-Jun-22	3.67	15-Mar-22	5.47
11-Aug-22	5.36	16-Aug-22	5.72
13-Oct-22	5.18	04-Oct-22	6.01

BONDS

The Bond market opened on a very quiet note today and this trend persisted throughout the trading session. Quite a few offers were seen in the market with 30-Yr reopening offered at 13.50%. By and large, only a few trades were consummated by close of market. Yields remained the same from opening levels.

We expect a similar trend to recur tomorrow given the lack of investors' appetite in the Bond market.

FGN Bond Yields

	Current (%)	Previous (%)	Δ
12.75 27-APR-2023	8.20	8.21	(0.00)
13.53 23-MAR-2025	9.58	9.58	0.00
16.2884 17-MAR-2027	11.81	11.82	(0.00)
13.98 23-FEB-2028	11.96	11.96	0.00
12.40 18-MAR-2036	13.00	13.00	0.00
16.2499 18-APR-2037	13.06	13.06	0.00
12.98 27-MAR-2050	13.37	13.37	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)	41.22	41.28

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3319	1M	0.10263	WTI	↓ 66.07
EUR/USD	1.1316	3M	0.17463	BRENT	↓ 69.41
USD/JPY	113.02	6M	0.26950	GOLD	↓ 1,766.22
USD/CHF	0.9193	12M	0.45825	SILVER	↓ 22.32

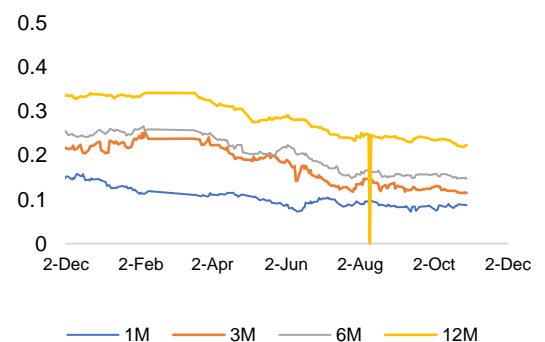
Auction Results

Tenor/Maturity	NTB AUCTION – November 24, 2021			OMO AUCTION – December 02, 2021		
	91-day	182-day	364-day	110-day	180-day	355-day
Offer / Subscription (₦'Bn)	3.54/9.04	4.12/4.28	111.07/402.95	10.00/7.00	10.00/12.50	20.00/53.28
Total Allotment (₦'Bn)	2.04	3.78	209.90	7.00	10.00	20.00
Stop Rate(%)	2.50	3.50	5.89	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.34	6.15	99.125	99.875
ACCESS 9.125% PERP	9.35	9.28	98.125	98.875
ZENITH 7.375% 2022	5.25	3.17	101.000	102.000
ECOBANK 9.5% 2024	5.88	5.45	107.875	108.875
NIGERIA 7.875% 2032	8.30	8.18	97.125	97.875
GHANA 7.625% MAY 2029	11.28	11.03	83.625	84.625

USD LIBOR Movement





DOMESTIC NEWS

NIGERIAN EXCHANGE TO BOOST FOOD OUTPUT WITH \$100 MILLION BOND: Nigeria's AFEX Commodities Exchange Ltd. is raising as much as \$100 million in 10-year debt this week to expand food production in Africa's most populous country. AFEX will invest the money raised on expanding storage capacity by at least 10% and financing farming on 250,000 hectares of land in six Nigerian cities of Kano, Kaduna, Oyo, Ogun, Cross River and Abuja, the nation's capital, Chief Operating Officer Akinyinka Akintunde said. "We will increase production of corn, rice and soy by at least three million tons yearly," Akintunde said.

Part of the proceeds will also go into launching four warehouses with 100,000 tons of storage capacity next month, with a plan to increase the store locations to at least 10 in the next two to three years.

This will bring the facilities closer to farming communities and expand storage in the West African nation, which stores less than 5% of food produced, compared to South Africa that can keep as much as 80%, Akintunde said. "This is one of the key concerns for food security, because even if we produce enough food to feed the country, we won't have anywhere to store it," he said.

GLOBAL NEWS

WITH INFLATION RISKS RISING, FED'S POWELL PREPARES FOR POSSIBLE PIVOT: The U.S. Central Bank needs to be ready to respond to the possibility that inflation may not recede in the second half of next year as most forecasters currently expect, Federal Reserve Chair Jerome Powell said on Wednesday. In his second day of testimony in Congress, Powell reiterated that he and fellow policymakers will consider at their upcoming meeting a faster wind-down to the Fed's bond-buying program, a move widely seen as opening the door to earlier interest rates hikes.

With very strong consumer demand colliding with persistent supply chain problems, the Fed may be nearing the time when it must choose between aiming for full employment and keeping inflation in check. On Tuesday, Powell said he thinks it's likely that inflation will come down "meaningfully" in the second half of next year as supply chains get fixed, but "the risks of higher inflation have moved up."

"We have to use our policy to address the range of plausible outcomes, not just the most likely one," he told the U.S. House of Representatives Financial Services Committee.

Sources: FMDQ, Access Bank Treasury Team, Reuters, Bloomberg news

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