

Daily Market Update

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

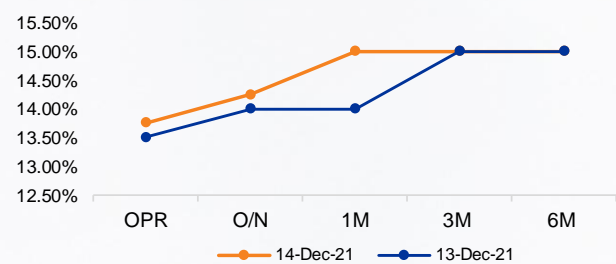
Tuesday, 14 December 2021

Money Market

Market liquidity opened the day with a relatively low balance of ₦42bn due to yesterday's debit for CBN SME and Invisible FX intervention. This liquidity was later boosted by OMO repayment of ₦40bn. Consequently, OPR and Overnight rates increased slightly by average of 25bps to close at 13.75% and 14.25% respectively

We expect the rates to remain at similar levels tomorrow as no significant funding activity is anticipated until NTB and Bond Auction debits.

Money Market Rate Movement



Foreign Exchange

The NAFEX appreciated by 9 kobo to close at \$/₦414.55.

At the Investors and Exporters' window, the low USD liquidity continued into today's trading session as customers bid for funds to clear their pending obligations. Consequently, the Naira depreciated by ₦0.74 to close at \$/ ₦414.80.

We expect rates to remain at these levels tomorrow barring any significant market activity.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	414.03	414.05	0.00
I&E Closing	414.80	414.06	0.18
NAFEX	414.55	414.64	(0.02)

Treasury Bills

The Treasury bills market continued to witness minimal activities as investors remained reluctant in investing at the current market levels despite the OMO maturity of ₦40bn.

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 as offers were limited.

We expect an oversubscription at the NTB auction tomorrow where a total of ₦6bn is on offer across the standard tenors.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
13-Jan-22	3.69	28-Dec-21	5.50
10-Mar-22	2.98	01-Mar-22	5.28
9-Jun-22	3.67	15-Mar-22	5.43
11-Aug-22	5.36	16-Aug-22	5.33
13-Oct-22	5.00	04-Oct-22	5.30

BONDS

The Bond market traded on a calm note with mild activities skewed towards the shorter and medium end of the curve. Demand was seen on the 2036 papers with yields quoted at 13.05%. Just a few trades were consummated by close of market as investors' appetite remain weak. By and large, yields remained relatively flat from yesterday's closing levels.

We expect a quiet session tomorrow as attention would be focused on the Bond auction where the DMO is set to borrow ₦100bn across both short (2026) and medium end (2037) of the curve.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	7.65	8.18	(0.52)
13.53 23-MAR-2025	10.58	10.58	0.00
16.2884 17-MAR-2027	12.23	12.23	0.00
13.98 23-FEB-2028	12.44	12.44	0.00
12.40 18-MAR-2036	12.96	12.96	0.00
16.2499 18-APR-2037	12.86	12.85	0.01
12.98 27-MAR-2050	13.17	13.17	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)	40.89	40.90

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3233	1M	0.10975	WTI	70.34
EUR/USD	1.1277	3M	0.20275	BRENT	73.35
USD/JPY	113.72	6M	0.29513	GOLD	1775.85
USD/CHF	0.9240	12M	0.50500	SILVER	21.973

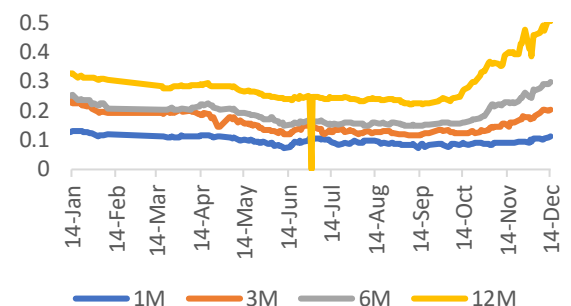
Auction Results

Tenor/Maturity	NTB AUCTION – December 08, 2021			OMO AUCTION – December 09, 2021		
	91-day	182-day	364-day	110-day	180-day	355-day
Offer / Subscription (₦'Bn)	4.94/1.91	10.09/1.81	38.70/240.73	5.00/9.00	5.00/10.80	20.00/54.98
Total Allotment (₦'Bn)	1.55	0.79	51.39	5.00	5.00	20.00
Stop Rate(%)	2.50	3.45	5.34	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.21	6.03	99.625	100.375
ACCESS 9.125% PERP	9.41	9.33	97.875	99.500
ZENITH 7.375% 2022	5.11	2.92	101.000	102.000
ECOBANK 9.5% 2024	5.73	5.29	108.125	109.125
NIGERIA 7.875% 2032	8.11	8.00	98.375	99.125
GHANA 7.625% MAY 2029	11.01	10.80	84.75	85.625

USD LIBOR Movement





DOMESTIC NEWS

NIGERIA RETURNS TO TOP AFRICA OIL PRODUCER POSITION IN DECEMBER, HITS 1.28MB/D

Nigeria has returned to its former spot as Africa's top oil producer surpassing Libya, according to the latest Organization of Petroleum Exporting Countries (OPEC) report.

According to the report released by the oil cartel, Nigeria's oil production increased by 47,000 barrels per day (bpd) from 1.22 million bpd to 1.28 million barrel per day (bpd) in December, which made the country the major oil producer again after Libya overtook her in the previous month.

Last month, Nigeria lost its Africa's top oil producer status to Libya as its crude oil production fell further amid lingering supply disruptions, according to the monthly report released by the Organization.

While Libya regained its spot as the second-biggest producer in this year's December report, it saw its oil production fall slightly from 1.24 million bpd in November report to 1.21 million bpd in December according to OPEC, which recorded a decrease of 33,000 thousand bpd.

GLOBAL NEWS

STOCKS DROP AS INFLATION SPIKE PUTS FOCUS ON FED: MARKETS WRAP

Stocks fell after data showed a record jump in producer prices, increasing pressure on the Federal Reserve to tighten monetary policy next year. Technology shares led losses in the S&P 500, offsetting gains in banks, commodity and industrial companies. Treasury yields climbed. A hasty policy shift by central banks anxious to tame surging inflation is the biggest downside risk for global equities in 2022, according to an informal Bloomberg News survey of fund managers.

The spike in inflation has put pressure on policy makers to act. The Fed, which will wrap up its final meeting of 2021 on Wednesday, is anticipated to accelerate tapering of its bond-buying program, an action that would allow officials to begin increasing interest rates next year. The European Central Bank, Bank of England and the Bank of Japan are also due to announce their policy decisions this week.

Global fund managers piled into cash in December amid coronavirus challenges and ahead of central bank meetings setting off Bank of America Corp.'s equity-buying signal. Market participants slashed their equity positions to the lowest since October 2020, although investments in stocks remained above the historical average.

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

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