

Daily Market Update

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

Thursday, 30 December 2021

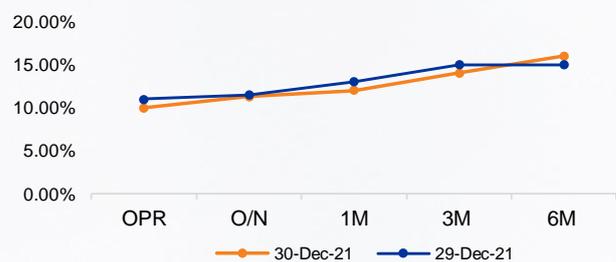
Money Market

System liquidity opened the day with a balance of N111.72bn but was further depleted by the Sukuk bond debit as well as the NTB auction debit.

Despite these debits, OPR and O/N rates dipped by 100bps to close the day at 10.00% and 11.25% respectively as Banks funded for their obligations.

We expect rates to remain relatively stable tomorrow barring any significant funding activity.

Money Market Rate Movement



Foreign Exchange

The relative illiquidity in the market persisted today with most market participants' bidding for funds to clear their outstanding obligations. However, the CBN intervened in the market to provide some liquidity for FPIs, Invisibles and SME transactions. Nevertheless, at the close of market, rates depreciated by 10 kobo to close at \$/N415.10 in the Investors' & Exporters' window,

The NAFEX rate weakened by 6 kobo day on day to close at \$/N414.45 and we anticipate that rates will trade at similar levels tomorrow.

FX Rates

	Current	Previous	%Δ
Indicative I&E Open	413.79	414.03	(0.06)
I&E Closing	415.10	415.00	0.02
NAFEX	414.45	414.39	0.01

Treasury Bills

The Treasury bills market commenced trading on a sluggish note with mixed sentiment across most maturities. Nevertheless, we witnessed a bearish bias at intervals during market, as local players continued to offer select maturities across the OMO and SPEB curve to fund their obligations, albeit minimal trades were consummated.

We expect the week to close with mixed sentiment as a result of the absence of OMO auctions by the CBN in the past weeks.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
13-Jan-22	3.69	11-Jan-22	5.50
10-Mar-22	2.98	22-Feb-22	5.23
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 FGN bond market traded on a quiet note with most offers skewed towards the shorter end of the curve. Emphasis were on the 2025 bonds. Yields were firmly quoted on the short and belly of the curve at 10.60% and 13% respectively while we saw firm bids on the 2050 paper at 13.30% levels. By the close of market, only a few trades were consummated. Yields traded flat from yesterday's closing.

We do not expect much activity tomorrow as most market participants will focus on closing their books for the year.

FGN Bond Yields	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	7.50	7.51	(0.00)
13.53 23-MAR-2025	10.55	10.55	-
16.2884 17-MAR-2027	12.28	12.28	-
13.98 23-FEB-2028	12.48	12.43	0.00
12.40 18-MAR-2036	12.85	12.91	(0.00)
16.2499 18-APR-2037	13.00	13.04	(0.00)
12.98 27-MAR-2050	13.28	13.28	-

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.40	15.99
Foreign Reserves (Gross \$'Bn)	40.59	40.60

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3501	1M	0.10425	WTI	↑ 76.18
EUR/USD	1.1330	3M	0.22375	BRENT	↑ 78.93
USD/JPY	115.09	6M	0.35438	GOLD	↑ 1,804.05
USD/CHF	0.9146	12M	0.58600	SILVER	↑ 22.80

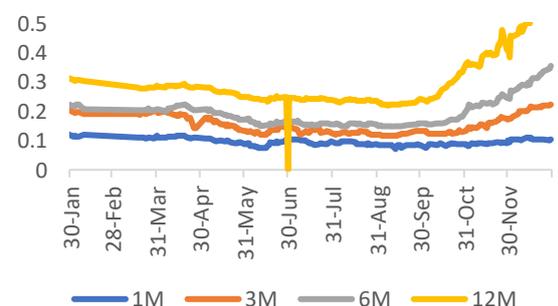
Auction Results

Tenor/Maturity	NTB AUCTION – December 29, 2021			BOND AUCTION – December 15, 2021	
	91-day	182-day	364-day	12 ½ 01/22/26	16.25 04/18/37
Offer / Subscription (₦'Bn)	4.61/2.79	3.31/3.47	44.84/75.99	50.00/25.75	50.00/106.86
Total Allotment (₦'Bn)	2.49	2.16	48.11	15.38	84.62
Stop Rate(%)	2.49	3.45	4.90	11.65	13.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.25	6.06	99.500	100.250
ACCESS 9.125% PERP	9.45	9.38	98.000	98.750
ZENITH 7.375% 2022	5.46	3.02	100.750	101.750
ECOBANK 9.5% 2024	5.72	5.27	108.000	109.000
NIGERIA 7.875% 2032	8.09	7.95	98.500	99.500
GHANA 7.625% MAY 2029	11.41	11.15	83.250	84.250

USD LIBOR Movement





DOMESTIC NEWS

EXCITEMENT AS FMDQ IS SET TO ACQUIRE SIGNIFICANT STAKE IN CSCS

FMDQ Group, Nigeria's leading market for fixed income securities and forex, and operators of FMDQOTC has reached an agreement to acquire over 20% of CSCS. The value of the transaction is currently undisclosed. According to sources with knowledge of the transaction, the FMDQ Group will buyout shares owned by Leadway Insurance and from Artemis Ltd a vehicle owned by Verod Capital. The two entities own 16.6% and 5% respectively delivering a combined 21.6% ownership of CSCS.

The deal is subject to the approval of the Security & Exchange Commission and the Federal Competition and Consumer Protection Commission (FCCPC). Nairametrics understands the transaction is being viewed positively by regulators as it is expected to deepen capital market operations and enhance competition amongst exchanges, with both outcomes viewed as good for consumers and businesses.

GLOBAL NEWS

OMICRON, DOLLAR GAINS STALL WORLD STOCKS' RALLY

A seven-day rally in world stocks ran out of steam on Thursday as the spread of Omicron worldwide clouded bumper year-to-date gains, dented oil prices and boosted the dollar. Sentiment was supported, however, by signs that governments, despite coronavirus cases hitting record highs, are trying to limit the economic damage by relaxing rules on isolation rather than resorting to lockdowns. [read more](#)

MSCI's global equity index has managed a 17% gain for the year, led by rises of 28% and 22% in the S&P 500 and Europe's STOXX 600, respectively. On Thursday, the index was trading water though European markets (STOXX) climbed cautiously higher and futures implied a modestly firmer open on Wall Street.

Despite concerns, the view seems to be that the highly transmissible Omicron COVID variant will be less lethal than feared, Holger Schmieding, chief economist at Berenberg said. "Markets are back trading the rebound story, the recovery story for 2022," Schmieding said, noting higher bond yields reflected expectations of economic recovery and subsequently, a reduced pace of central bank support. There was relief too in Asia where South Korea's 5.1% industrial output surge may indicate some easing of supply chain problems. Chinese shares got a nearly 1% lift from Beijing signaling lower interest rates in 2022, though they are set to end 2021 down 5.5%.

Sources: FMDQ, Access Bank Treasury Team, Reuters, Bloomberg, Nairametrics, Investing.com,

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