

Daily Market Update

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

Thursday, 13 January 2022

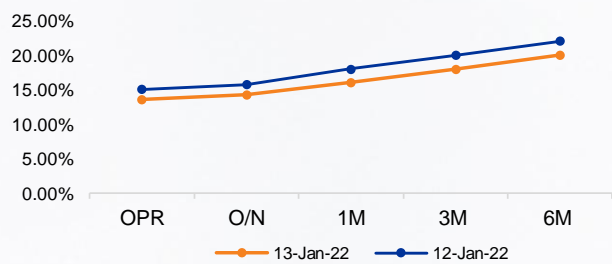
Money Market

System liquidity opened the day with a balance of ₦94.64bn a ₦63bn decline from the previous day's levels.

As expected, the net credit from the NTB sales forced the Open Repo and Overnight rates to decline by 150bps to close the day at 13.50% and 14.25% respectively.

We expect the rates to hover around these levels tomorrow barring any significant funding activity.

Money Market Rate Movement



Foreign Exchange

During today's trade, there was no significant improvement in liquidity at the IEFX market, as market players bidding for funds to meet their FCY obligations were met with limited offers. Consequently, the Naira declined by ₦0.50 to close at \$/₦416.50.

The NAFEX gained 55 kobo to the Dollar today to close at \$/₦415.25.

The CBN is expected to release the results of the last Retail SMIS auction tomorrow, and rates are expected to trade at similar levels.

FX Rates	Current	Previous	%Δ
I&E Closing	416.50	416.00	0.12
NAFEX	415.25	415.80	(0.13)

Treasury Bills

The Treasury Bills market opened on a bearish note as market participants persistently showed offers across the curve following the result of yesterday's NTB Auction. The trend was sustained throughout the trading session with only a handful of trades consummated across the mid to the long end of the curve as offers outweighed the available bids in the market.

A total of ₦20bn was offered and sold at the OMO Auction across three tenors with stop rates remaining unchanged at 7.00%, 8.50%, and 10.10%, on the 96-, 180- and 355-day maturities, respectively.

Closing the week, we expect the bearish sentiment to continue given the level of system liquidity and anticipation of higher rates.

Treasury Bills

NTB Maturity	Rate(%)	OMO Maturity	Rate(%)
10-Mar-22	2.98	22-Feb-22	5.69
9-Jun-22	3.67	01-Mar-22	5.28
11-Aug-22	5.36	15-Mar-22	5.43
13-Oct-22	5.00	16-Aug-22	5.50
24-Nov-22	5.00	04-Oct-22	5.50

Bonds

The Bond market opened on a calm note as only a few bids were seen during the early hours of the trading session. As market progressed, demand heightened across the short and long end of the curve with emphasis on the 2026, 2028 and 2050 bonds.

However, bids were seen at slightly elevated levels for the 4-Yr reopening due to market reaction to the recently released Q1 Bond calendar where the DMO is offering c. ₦160bn across two maturities(2026 and 2042). Most trades executed centered around the on-the-run instrument. By and large, yields inched up by 10bps on the shorter end but remained relatively stable on the long end of the curve.

We continue to expect mixed sentiment as market participants trade cautiously ahead of next week's Bond Auction.

FGN Bond Yields

	Current (%)	Previous (%)	%Δ
12.75 27-APR-2023	7.63	7.64	(0.13)
13.53 23-MAR-2025	10.52	10.53	(0.09)
16.2884 17-MAR-2027	12.20	12.26	(0.49)
13.98 23-FEB-2028	12.42	12.44	(0.16)
12.40 18-MAR-2036	12.89	12.87	0.16
16.2499 18-APR-2037	13.03	13.04	(0.08)
12.98 27-MAR-2050	13.11	13.11	0.00

Monetary Policy

Key Indicator	Current	Previous
Monetary Policy Rate (%)	11.50	11.50
Inflation y/y (%)	15.40	15.99
Foreign Reserves (Gross \$'Bn)	40.51	40.51

Global Currency, Fixings and Commodities

Global Currencies		LIBOR		Commodities	
CCY	Rate	Tenor	Rate (%)	Comm.	Price (\$)
GBP/USD	1.3737	1M	0.11014	WTI	82.14
EUR/USD	1.1467	3M	0.23843	BRENT	84.27
USD/JPY	114.11	6M	0.38371	GOLD	1,813.95
USD/CHF	0.9106	12M	0.69914	SILVER	23.078

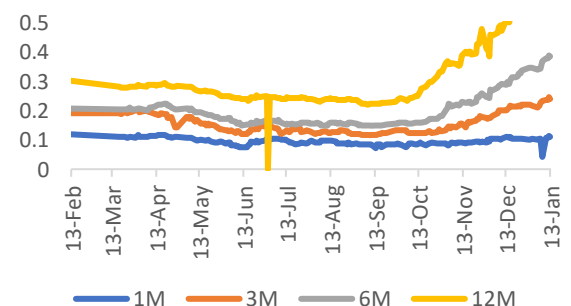
Auction Results

Tenor/Maturity	NTB AUCTION – January 12, 2022			OMO AUCTION – January 13, 2022		
	91-day	182-day	364-day	96-day	180-day	355-day
Offer / Subscription (₦'Bn)	4.22/2.49	7.46/2.26	65.93/108.31	5.00/14.5	5.00/26.03	10.00/69.14
Total Allotment (₦'Bn)	2.19	1.46	53.90	5.00	5.00	10.00
Stop Rate(%)	2.50	3.44	5.50	7.00	8.50	10.10

Eurobonds

Security	Yield Bid (%)	Yield Offer (%)	Price Bid	Price Offer
ACCESS 6.125% 2026	6.28	6.09	99.375	100.125
ACCESS 9.125% PERP	9.59	9.51	98.00	98.75
ECOBANK 9.5% 2024	5.66	5.20	108.000	109.000
UBA JUNE 2026	6.75	6.56	100.00	100.75
GHANA 7.625% MAY 2029	13.78	13.41	74.625	75.875
NIGERIA 7.875% 2032	8.63	8.49	95	95.875

USD LIBOR Movement





DOMESTIC NEWS

CRYPTO CURRENCIES' VOLATILITY POSES FINANCIAL STABILITY RISKS FOR NIGERIA, OTHERS – IMF

The International Monetary Fund says crypto currencies' high volatility and valuation, as well as their increasing co-movement with equity markets will soon pose risks to financial stability in countries with widespread crypto adoption. The IMF disclosed this in a blogpost titled, 'Crypto Prices Move More in Sync with Stocks, Posing New Risks', on Tuesday.' According to the Chainalysis' 2021 Global Crypto Adoption Index, Nigeria is the sixth leading country in the world in terms of cryptocurrency adoption. Vietnam, India, and Pakistan are the top three countries.

It disclosed that the stronger association between crypto and equities was apparent in emerging market economies, most of which are leading in crypto-asset adoption. The fund said, "The increased and sizable co-movement and spill overs between crypto and equity markets indicate a growing interconnectedness between the two asset classes that permits the transmission of shocks that can destabilize financial markets.

GLOBAL NEWS

WHY CUBA'S EXTRAORDINARY COVID VACCINE SUCCESS COULD PROVIDE THE BEST HOPE FOR LOW-INCOME COUNTRIES

Cuba has vaccinated a greater percentage of its population against Covid-19 than almost all of the world's largest and richest nations. In fact, only the oil-rich United Arab Emirates boasts a stronger vaccination record. Cuba's prestigious biotech sector has developed five different Covid vaccines, including Abdala, Soberana 02 and Soberana Plus all of which Cuba says provide upwards of 90% protection against symptomatic Covid when three doses are administered. Unlike U.S. pharmaceutical giants Pfizer and Moderna, which use mRNA technology, all of Cuba's vaccines are subunit protein vaccines — like the Novavax vaccine. Crucially for low-income countries, they are cheap to produce, can be manufactured at scale and do not require deep freezing.

When asked what it would mean for low-income countries should the WHO approve Cuba's Covid vaccines, Yaffe said: "I think it is clear that many countries and populations in the global south see the Cuban vaccine as their best hope for getting vaccinated by 2025."

Sources: FMDQ, Access Bank Treasury Team, Reuters, Bloomberg, Punch, CNBC

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