

Fixed Income Market Monitor

Monday, 17 - Friday, 21 February 2020

Money Market

The average money market rate rose marginally last week by 0.54% to settle at 3.42% from 2.88% in the previous week. This is attributable to the outflows from FGN Bond worth N100.00 billion during the week.

Notable Inflows includes OMO maturities – N927.75 billion, while Outflows includes – weekly wholesale, invisible & SME FX auction of \$210m and Bond auction of N100.00 billion.

The Open Buy Back (OBB) and Overnight rates (O/N) fell to 3.00% and 3.83% from 2.50% and 3.25% respectively.

We expect constraint in system liquidity this week due to the upcoming bond auction which will increase the money market rate.

Instrument	14/02/2020	21/02/2020	Change
OBB	2.50%	3.00%	+0.50%
OVN	3.25%	3.83%	+0.58%

Source: Anchororia AM Research, FMDQ OTC

Forex: USD/NGN

The foreign exchange market was relatively stable last week as the CBN Official Rate rose by 2 bps to close at N307.00/\$ while the rate at the I&E FX window fell by 14bps to close at N364.26/\$.

The Central Bank of Nigeria, CBN has stated that only cash deposits into domiciliary account can be withdrawn over the counter and not through electronic transfer. The CBN also added that customers' deposits made through electronic transfer via domiciliary accounts can only be transferred but cannot be withdrawn over the counter.

This implies that when a customer deposits foreign currency in cash or via electronic transfer, such customer can only withdraw the money from the account in the manner with which the deposits were made into the domiciliary accounts.

	14/02/2020	21/02/2020	Change
CBN Official Rate	306.95	307.00	+0.00%
I&E FX Window	364.76	364.26	+0.11%
Everdon BDC Rate	366.00	367.00	+1.67%

Source: Anchororia AM Research, FMDQ OTC

Commodities

The crude oil price rose by 2.06% to close at \$58.50 for the week ended 21st February 2020 compared to \$57.32 the previous week.

The NNPC has effectuated an across the board price cut by 50-60 cents per barrel month-on-month on its March 2020 official crude oil selling prices. This is due to the Coronavirus epidemic which has restricted Nigerian Cargoes sailing for China in February, hence being dependent on European demand.

Instrument	14-02-20	21-02-20	Change
Brent Oil	57.32	58.50	2.06%
WTI Oil	52.05	53.38	2.56%

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bullish last week as the average yield fell by 30bps to close at 9.91% compared to 10.21% the previous week. The JAN-2022 bond increased by 2bps to close at 7.56% while the APR 2023 & MAR 2025 bond had the highest yield decrease of 103bps to close at 8.03% and 8.69% respectively.

The Sovereign Eurobond market closed on a bearish note as the average yield rose by 5bps to close at 5.81% compared to 5.77% the previous week. The narrative was different for the Corporate Eurobond market as the average yield fell by 7bps to close at 4.99% compared to 5.06% the previous week.

At the bond auction held last week, the DMO offered instruments worth N140 billion to investors via re-openings – 12.75% APR 2023 (Stop rate: 8.75%, Previously: 9.85%), 14.55% APR 2029 (Stop rate: 10.70%, Previously: 11.13%) and 14.80% APR 2049 (Stop rate: 12.15%, Previously: 12.56%). (See next page for Bond Auction result).

We expect bond traders to retain a cautionary approach in the market this week.

Description	Maturity Date	Yield		%Change
		14-02-20	21-02-20	
14.50 15-JUL-2021	15-Jul-21	6.86	6.86	+0.00
16.39 27-JAN-2022	27-Jan-22	7.54	7.56	+0.02
12.75 27-APR-2023	27-Apr-23	9.06	8.03	-1.03
14.20 14-MAR-2024	14-Mar-24	9.46	8.68	-0.79
13.53 23-MAR-2025	23-Mar-25	9.73	8.69	-1.03
12.50 22-JAN-2026	22-Jan-26	10.00	9.52	-0.49
16.2884 17-MAR-2027	17-Mar-27	10.39	10.22	-0.16
13.98 23-FEB-2028	23-Feb-28	10.76	10.65	-0.11
15.00 28-NOV-2028	28-Nov-28	10.80	10.67	-0.13
14.55 26-APR-2029	26-Apr-29	10.82	10.68	-0.14
12.49 22-MAY-2029	22-May-29	10.82	10.68	-0.14
8.50 20-NOV-2029	20-Nov-29	10.85	10.69	-0.15
10.00 23-JUL-2030	23-Jul-30	10.88	10.71	-0.17
12.1493 18-JUL-2034	18-Jul-34	11.13	10.89	-0.24
12.40 18-MAR-2036	18-Mar-36	11.15	10.84	-0.31
16.2499 18-APR-2037	18-Apr-37	11.03	11.01	-0.02
14.80 26-APR-2049	26-Apr-49	12.32	12.08	-0.24

Source: Anchororia AM Research, FMDQ OTC

Treasury Bills

The T-bills secondary market closed on a bullish note last week as the average yield fell by 7bps to close at 3.59% compared to 3.66% the previous week. In the same vein, OMO bills depreciated by 123 bps to close at 11.99% compared to 13.23% the previous week.

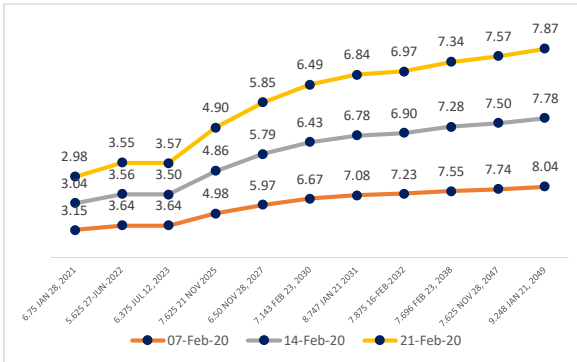
According to the highlights from the Banker's Committee report, the CBN has declared that the Open Market Operations (OMO) has now become a harmful instrument as against honey that it used to be. Hence, Banks are encouraged to remove its eyes from OMO and play responsibly. Also, it is speculated that the CBN is set to reduce the rates on savings account deposit rate to near 1%.

We expect the continuous yield widening in T-bills market ahead of the Treasury Bills auction this week.

Secondary Market

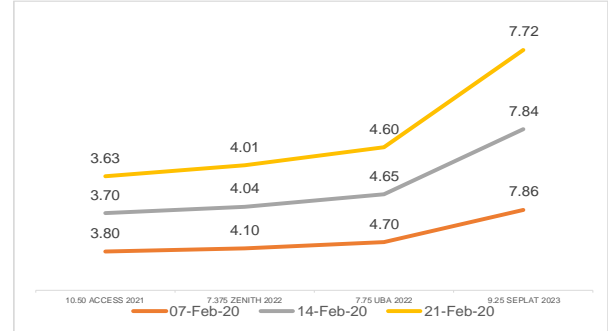
DTM	Maturity Date	Yield		%Change
		14-02-20	21-02-20	
20	12-Mar-20	13.35	11.29	-2.06
27	19-Mar-20	13.14	11.58	-1.56
34	26-Mar-20	12.93	11.87	-1.06
41	02-Apr-20	12.71	10.74	-1.97
48	09-Apr-20	12.47	9.32	-3.15
55	16-Apr-20	12.80	9.64	-3.16
62	23-Apr-20	12.55	11.26	-1.29

FGN Eurobond



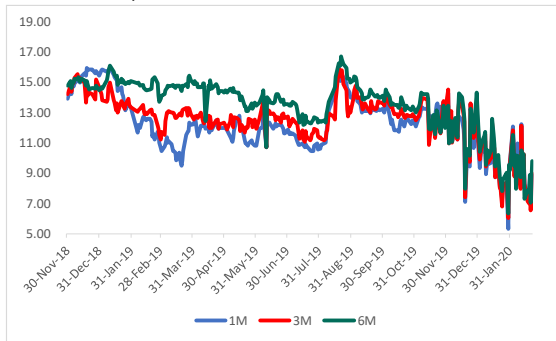
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



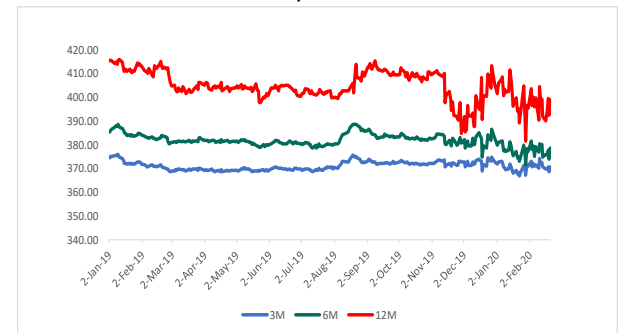
Source: Anchoria AM Research, FMDQ OTC

NIBOR -1M, 3M & 6M



Source: Anchoria AM Research, FMDQ OTC

FX Future Contracts -3M, 6M & 12M



Source: Anchoria AM Research, FMDQ OTC

Bond Auction Result 19 February 2020			
	12.75% FGN APR 2023	14.55% FGN APR 2029	14.80% FGN APR 2049
Offer Amount (N'bn)	45.00	45.00	50.00
Total Subscription (N'bn)	78.43	95.70	224.07
Allotment (N'bn)	30.00	30.00	40.00
Subscription Rate	1.74	2.13	4.48
Current Stop Rates (%)	8.75%	10.70%	12.15%
Previous Stop Rates	9.85%	11.13%	12.56%

Anchoria Mutual Fund Price as at 21st February 2020 (Year-To-Date Return/Yield)			
	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	6.35% /annum
Anchoria Fixed Income Fund	1.20	1.20	4.20% YTD
Anchoria Equity Fund	102.12	102.49	0.19% YTD

CONTACTS

Anchoria Asset Management Limited
5th Floor, Elephant House
214, Broad Street
Marina
Lagos

Investment Research
Wealth Advisory

research@anchoriaam.com
investor-relations@anchoriaam.com

+234 908 720 6076
+234 818 889 9455