



Fixed Income Market Monitor

Monday, 10 - Friday, 14 February 2020

Money Market

The average money market rate fell marginally last week by 3.04% to settle at 2.88% from 5.92% in the previous week. This is attributable to the inflows from OMO maturities, FGN Bond maturities and bond coupon payments which boosted the system liquidity.

Notable Inflows includes OMO maturities – N516.85 billion, FGN Bond maturities – N606.43 billion and bond coupon payments (N47.14 billion), while Outflows includes -weekly wholesale, invisible & SME FX auction of \$210m and OMO sales of N214.00 billion.

The Open Buy Back (OBB) and Overnight rates (O/N) fell to 2.50% and 3.25% from 5.50% and 6.33% respectively.

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

Instrument	07/02/2020	14/02/2020	Change
OBB	5.50%	2.50%	-3.00%
OVN	6.33%	3.25%	-3.08%

Source: Anchoria AM Research, FMDQ OTC

Forex: USD/NGN

The foreign exchange market was relatively stable last week as the CBN Official Rate retained its position to close at N306.95/\$ while the rate at the I&E FX window rose by 11bps to close at N364.76/\$.

During the week, the CBN restricted access to FX for milk importation & its derivatives to 6 companies in Nigeria in order to boost local production. These companies include: FrieslandCampina WAPCO, Chi Limited, TG Arla Dairy Limited, Promasidor, Nestle and Integrated Dairies Limited. Also, 47 new monthly OTC FX was introduced by the CBN in addition to the existing 13 OTC FX contracts, extending the maximum contract tenor to up to five years.

Instrument	07/02/2020	14/02/2020	Change
CBN Official Rate	306.95	306.95	+0.00%
I&E FX Window	364.37	364.76	+0.11%
Everdon BDC Rate	360.00	366.00	+1.67%

Commodities

The crude oil price rose by 5.23% to close at \$57.32 for the week ended 14th February 2020 compared to \$54.47 the previous week.

OPEC has dramatically lowered its forecast for oil demand growth to 0.99 million barrels per day (bpd) in 2020, down by 0.23 million bpd from the previous month's estimate, citing China's coronavirus outbreak as the major factor behind its decision. OPEC's report stated that the impact of Coronavirus outbreak on China's economy has added to the uncertainties surrounding global economic growth in 2020 and by extension global oil demand growth in 2020.

Instrument	07-02-20	14-02-20	Change
Brent Oil	54.47	57.32	5.23%
WTI Oil	50.32	52.05	3.44%

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bullish last week as the average yield fell by 7bps to close at 10.21% compared to 10.28% the previous week. The JAN-2022 bond witnessed the highest yield increase of 67bps to close at 7.54% while the JUL 2021 bond had the highest yield decrease of 49bps to close at 6.86% compared to 7.35% the previous week.

The Sovereign Eurobond market closed on a bullish note as the average yield fell by 21bps to close at 5.77% compared to 5.97% the previous week. The narrative was same for the Corporate Eurobond market as the average yield fell 6bps to close at 5.06% compared to 5.11% the previous week.

We expect bond traders to remain cautious ahead of Bond auction this week.

Description	Maturity Date	Yield 07-02-20	Yield 14-02-20	%Change
14.50 15-JUL-2021	15-Jul-21	7.35	6.86	-0.49
16.39 27-JAN-2022	27-Jan-22	6.87	7.54	+0.67
12.75 27-APR-2023	27-Apr-23	9.16	9.06	-0.10
14.20 14-MAR-2024	14-Mar-24	9.56	9.46	-0.10
13.53 23-MAR-2025	23-Mar-25	9.91	9.73	-0.18
12.50 22-JAN-2026	22-Jan-26	9.88	10.00	+0.12
16.2884 17-MAR-2027	17-Mar-27	10.40	10.39	-0.01
13.98 23-FEB-2028	23-Feb-28	10.82	10.76	-0.06
15.00 28-NOV-2028	28-Nov-28	10.86	10.80	-0.07
14.55 26-APR-2029	26-Apr-29	10.89	10.82	-0.07
12.49 22-MAY-2029	22-May-29	10.89	10.82	-0.07
8.50 20-NOV-2029	20-Nov-29	10.92	10.85	-0.07
10.00 23-JUL-2030	23-Jul-30	10.95	10.88	-0.07
12.1493 18-JUL-2034	18-Jul-34	11.33	11.13	-0.20
12.40 18-MAR-2036	18-Mar-36	11.25	11.15	-0.10
16.2499 18-APR-2037	18-Apr-37	11.34	11.03	-0.31
14.80 26-APR-2049	26-Apr-49	12.32	12.32	0.00

Source: Anchoria AM Research, FMDQ OTC

Treasury Bills

The T-bills secondary market remained stable as the average yield closed at 3.69%, same as the previous week. Conversely, OMO bills depreciated by 40bps to close at 12.85% compared to 13.25% the previous week.

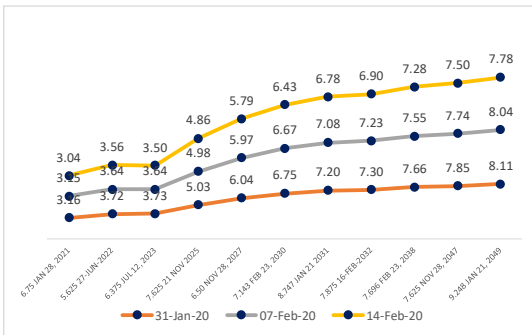
At the T-bills auction held during the week, the CBN sold a total of N154.38 billion worth of bills – N4.38 billion for 91 day, N10.00 billion for 182 day and N140.00 billion for 364 day – at respective stop rates of 3.00% (previously 3.50%), 4.00% (previously 4.50%) and 6.54% (previously 6.50%) respectively. (See next page for T-bills result)

We expect the continuous yield widening between the OMO bills and Treasury bills.

Secondary Market

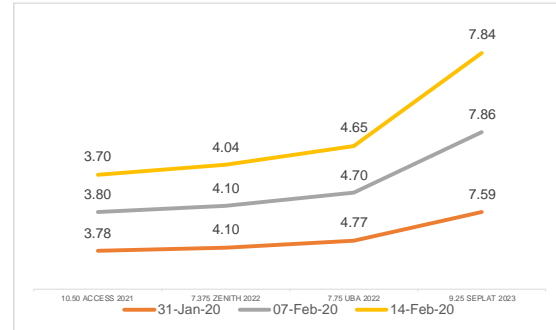
DTM	Maturity Date	Yield 07-02-20	Yield 14-02-20	%Change
13	27-Feb-20	12.38	13.77	+1.39
27	12-Mar-20	12.55	13.35	+0.81
34	19-Mar-20	12.63	13.14	+0.51
41	26-Mar-20	12.72	12.93	+0.21
48	02-Apr-20	13.26	12.71	-0.55
55	09-Apr-20	12.55	12.47	-0.08
62	16-Apr-20	12.40	12.80	+0.40
69	23-Apr-20	12.34	12.55	+0.21
90	14-May-20	11.91	11.88	-0.03
104	28-May-20	12.90	12.73	-0.18
111	04-Jun-20	13.16	12.45	-0.71
125	18-Jun-20	12.78	12.86	+0.08
139	02-Jul-20	12.94	11.44	-1.50
153	16-Jul-20	13.09	10.01	-3.09
181	13-Aug-20	13.42	12.76	-0.66
188	20-Aug-20	13.20	12.94	-0.26
195	27-Aug-20	13.29	13.02	-0.27
202	03-Sep-20	13.78	13.14	-0.64
209	10-Sep-20	13.76	13.50	-0.27

FGN Eurobond



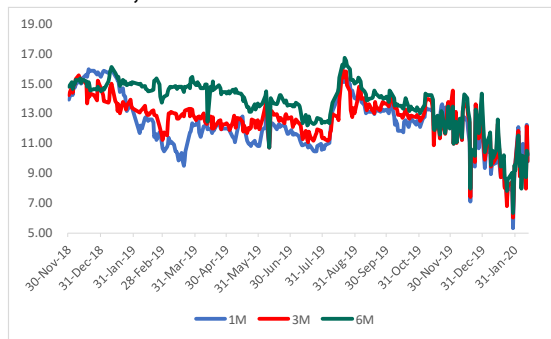
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



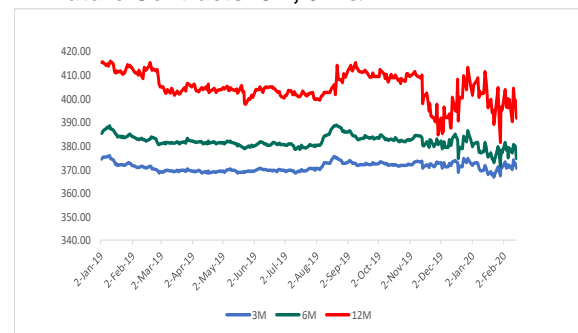
Source: Anchoria AM Research, FMDQ OTC

NIBOR -1M, 3M & 6M



Source: Anchoria AM Research, FMDQ OTC

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



Source: Anchoria AM Research, FMDQ OTC

Treasury Bills Result 12 February 2020			
	91 day	182 day	364 day
Offer Amount (N'bn)	4.38	10.00	140.00
Total Subscription (N'bn)	29.83	52.20	205.80
Allotment (N'bn)	4.38	10.00	140.00
Subscription Rate	6.81	5.22	1.47
Current Stop Rates (%)	3.50%	4.00%	6.54%
Previous Stop Rates	3.50%	4.50%	6.50%

Anchoria Mutual Fund Price as at 14th February 2020 (Year-To-Date Return/Yield)			
	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	6.24% /annum
Anchoria Fixed Income Fund	1.18	1.18	3.39% YTD
Anchoria Equity Fund	103.67	104.04	2.29% 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