



Fixed Income Market Monitor

Monday, 22 – Friday, 26 February 2021

Money Market

The overnight (OVN) rate dipped by 14.17bps week-on-week, to 6.33%. This is due to the boost in system liquidity following inflows from OMO maturities (N423.79 billion), FAAC disbursements (N335.35 billion) and FGN Bond coupon payments (N49.75 billion). The inflows outweighed debits from CBN's weekly FX and OMO auctions (N325.46 billion) as well as T-bills auction worth N19.04 billion.

We expect the system liquidity to remain buoyant this week, with OMO maturities of N260.21 billion expected to hit the system.

Instrument	05/02/2021	12/02/2021	Change
OBB	17.50%	4.50%	-13.00%
OVN	18.00%	4.75%	-13.25%

Source: Anchororia AM Research, FMDQ OTC

Forex: USD/NGN

At the Investors & Exporters (I&E) window, naira depreciated against the dollar by 0.06% week-on-week, to close at N410.25/\$ compared to N410.00/\$ the previous week. In the parallel market, Naira depreciated by 190bps to close at N482/\$ compared to N473/\$ the previous week. Nigeria's FX reserves dipped by \$196.11 million week-on-week to \$35.23 billion (23rd February 2021) as the outflows from the reserves outstripped inflows.

At the special economy summit held on Saturday, the CBN Governor confirmed that the Naira has depreciated at the official market to N410 against the dollar. He further stated that the drop in crude oil earnings and the associated reduction in foreign portfolio inflows significantly affected the supply of foreign exchange into Nigeria.

Expectations remain positive for the naira as the Central Bank continues to carry out measures aimed to stabilize and unify the exchange rate.

Instrument	05/02/2021	12/02/2021	Change
CBN Official Rate	379.00	379.00	+0.00%
I&E FX Window	396.17	404.67	+2.15%
Everdon BDC Rate	477.00	473.00	-0.84%

Source: Anchororia AM Research, FMDQ OTC

Commodities

British-based oil contract, Brent crude, which is the international benchmark for oil, settled at \$64.43, up by 0.02% compared to the previous week. Saudi Arabia has contributed massively in supporting crude oil prices after they pledged to make extra curbs to oil production for the month of February and March. Oil traders are also anticipating the outcome of the OPEC meeting scheduled for April where OPEC countries and its allies are to meet to set output quotas for April amongst other discussions.

Instrument	19/02/2021	26/02/2021	Change
Brent Oil	62.91	64.43	+0.02
WTI Oil	61.62	61.62	-

Fixed Income

Bond: FGN

Trading activities in the bond market closed on a bearish note. The average yield rose by 104bps to close at 9.04% compared to 8.00% in the previous week. Yield rose across all instruments with the highest yield witnessed in the APR-2029 bond which rose by 1.89% to close at 10.40% compared to 8.51%.

In the Eurobond market, average yield rose by 7bps to close at 5.46% compared to 5.39% the previous week. This was driven by the surge in crude oil prices during the week. Attention was shifted towards the Ecobank Eurobond issue which took place in the week and investors also responded negatively to the news about the FGN seeking to increase borrowing over the next two years as the Debt/GDP is set to increase from 25% to 40%.

We expect investors to continue to react to events surrounding the global oil price and the pandemic.

Description	Maturity Date	Yield 05/02/2021	Yield 12/02/2021	%Change
14.50 15-JUL-2021	15-Jul-21	0.90	1.59	+0.69
16.39 27-JAN-2022	27-Jan-22	2.05	2.22	+0.16
12.75 27-APR-2023	27-Apr-23	5.91	7.50	+1.59
14.20 14-MAR-2024	14-Mar-24	6.11	7.79	+1.68
13.53 23-MAR-2025	23-Mar-25	6.34	8.12	+1.79
12.50 22-JAN-2026	22-Jan-26	7.50	8.40	+0.90
16.2884 17-MAR-2027	17-Mar-27	8.42	9.90	+1.48
13.98 23-FEB-2028	23-Feb-28	8.37	10.00	+1.64
15.00 28-NOV-2028	28-Nov-28	8.46	10.26	+1.80
14.55 26-APR-2029	26-Apr-29	8.51	10.40	+1.89
12.49 22-MAY-2029	22-May-29	8.55	10.38	+1.82
8.50 20-NOV-2029	20-Nov-29	8.68	10.41	+1.73
10.00 23-JUL-2030	23-Jul-30	8.87	10.43	+1.55
12.1493 18-JUL-2034	18-Jul-34	10.03	10.51	+0.47
12.50 27-MAR-2035	27-Mar-35	10.11	10.45	+0.34
12.40 18-MAR-2036	18-Mar-36	9.79	10.40	+0.61
16.2499 18-APR-2037	18-Apr-37	10.01	10.01	0.00
9.80 24-JUL-2045	24-Jul-45	10.35	10.41	+0.06
14.80 26-APR-2049	26-Apr-49	10.51	10.80	+0.29
12.98 27-MAR-2050	27-Mar-50	10.55	10.89	+0.34

Source: Anchororia AM Research, FMDQ OTC

Treasury Bills

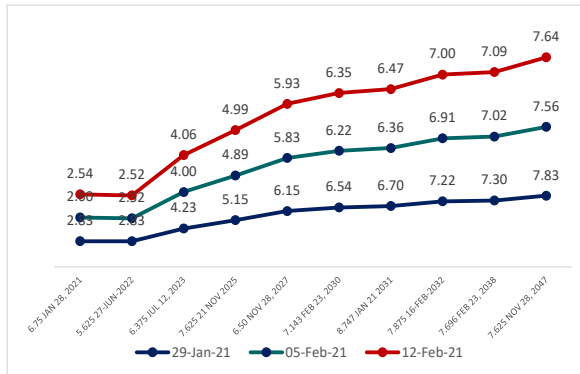
The T-bills market remained bearish, as the average yield across all instruments expanded by 47bps to close at 1.45% compared to 0.98% the previous week. At the OMO auction, the CBN sold N169.00 billion worth of bills across the three tenors, with stop rates unchanged from last week's level. The CBN allotted N24.67 billion of the 91-day, N16.06 billion of the 182-day and N90.15 billion of the 364-day at respective stop rates of 1.00% (previously 0.55%), 2.00% (previously 1.30%) and 4.00% (previously 2.00%).

In line with the recent developments in the market, we maintain our expectation of higher yields in the T-bills secondary market.

Secondary Market

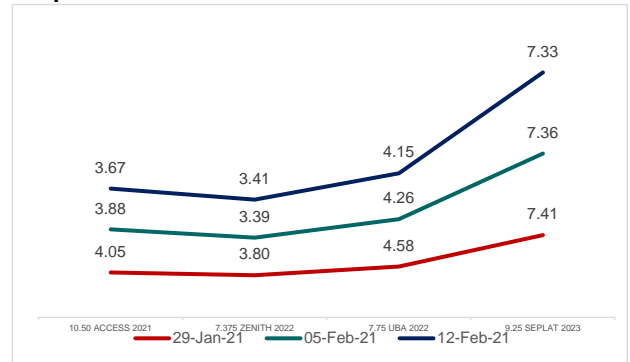
DTM	Maturity Date	Yield 05/02/2021	Yield 12/02/2021	%Change
11	23-Feb-21	0.84	4.19	+3.35
18	02-Mar-21	0.76	4.23	+3.47
32	16-Mar-21	0.60	4.32	+3.72
39	23-Mar-21	0.92	4.37	+3.45
46	30-Mar-21	1.24	4.42	+3.18
88	11-May-21	3.18	4.70	+1.52
102	25-May-21	1.13	4.92	+3.79
116	08-Jun-21	1.23	5.15	+3.92
179	10-Aug-21	1.72	6.20	+4.49
193	24-Aug-21	1.82	6.44	+4.62
207	07-Sep-21	1.93	6.69	+4.76

FGN Eurobond



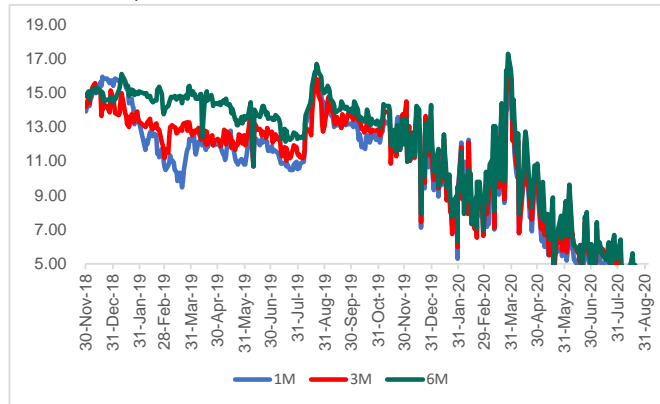
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



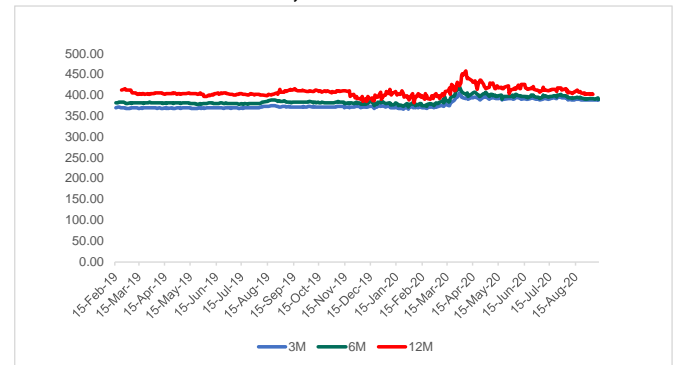
Source: Anchoria AM Research, FMDQ OTC

NIBOR -1M, 3M & 6M



Source: Anchoria AM Research, FMDQ OTC

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



Source: Anchoria AM Research, FMDQ OTC

Anchoria Mutual Fund Price as at 15 February, 2021 (Year-To-Date Return/Yield)

	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	0.544% /annum
Anchoria Fixed Income Fund	1.21	1.21	-9.92% YTD
Anchoria Equity Fund	133.38	134.17	-0.26% YTD

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