

Fixed Income Market Monitor

Monday, 01 – Friday, 05 February 2021

Money Market

The overnight (OVN) rate rose by 700bps week-on-week, to 18.00% due to funding pressures from CRR debits (N224.52 billion) and the CBN's weekly OMO (N71.66 billion) and FX auctions, amidst inflows from OMO maturities (N112.27 billion) and FX retail refunds.

We expect liquidity to remain tight as expected inflows from OMO maturities worth N213.87 billion may not be sufficient to offset the outflows from the system.

Instrument	29/01/2021	05/02/2021	Change
OBB	10.50%	17.50%	+7.00%
OVN	11.00%	18.00%	+7.00%

Source: Anchoria AM Research, FMDQ OTC

Forex: USD/NGN

At the Investors & Exporters (I&E) window, naira depreciated against the dollar by 0.52% week-on-week, to close at N396.17/\$ compared to N394.13/\$ the previous week. In the parallel market, Naira remained flat week-on-week to close at N480/\$1. Nigeria's FX reserves recorded its first weekly decline of the year, as it dipped by \$104.79 billion week-on-week to \$36.20 billion (01st February 2021)

The CBN is committed to ensuring that demand meets supply in the market by ensuring strict monetary control of the forex market, threatening to expel exporters who refuse to remit foreign exchange proceeds and warned against paying diaspora remittances in Naira.

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

Instrument	29/01/2021	05/02/2021	Change
CBN Official Rate	379.00	379.00	+0.00%
I&E FX Window	394.13	396.17	+0.52%
Everdon BDC Rate	477 .00	480 .00	+0.00%

Source: Anchoria AM Research, FMDQ OTC

Commodities

Last week, crude oil prices rallied high, nearing the \$60 price level amid leading producers' commitment to continued supply cuts and positive signs at global economic recovery. According to the International Energy Agency, a widespread vaccination effort and an acceleration in economic activity is expected to spur stronger growth in the second half of the year.

Brent oil closed at \$56.85 per barrel compared to \$55.04 the previous week while West Texas Intermediate (WTI) closed at \$59.34 per barrel.

Instrument	29/01/2021	05/02/2021	Change
Brent Oil	55.04	56.85	+0.03
WTI Oil	52.20	59.34	+0.14

Fixed Income

Bond: FGN

Trading activities in the bond market closed on a bullish note. The average yield fell by 7bps to close at 8.00% compared to 8.07% in the previous week. The highest yield decline was witnessed in the FEB-2028 bond which declined by 35bps to close at 8.37% compared to 8.72% the previous week. The highest yield increase was seen in the JAN-2022 bond, rose by 73bps to close at 2.05%.

In the Eurobond market, average yield fell by 29bps to close at 5.39% compared to 5.68% the previous week. This was driven by the surge in crude oil prices during the week. The DMO announced that Nigeria's 6.75% \$500m January 2021 Eurobond which matured on January 28, 2020 will be redeemed and the funds had been made available by the Federal Government to repay the principal sum of \$500m and final interest payment due to the Eurobond.

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

Description	Maturity Date	Yield 29/01/2021	Yield 05/02/2021	%Change
14.50 15-JUL-2021	15-Jul-21	0.92	0.90	-0.01
16.39 27-JAN-2022	27-Jan-22	1.33	2.05	+0.73
12.75 27-APR-2023	27-Apr-23	5.90	5.91	+0.02
14.20 14-MAR-2024	14-Mar-24	6.25	6.11	-0.15
13.53 23-MAR-2025	23-Mar-25	6.67	6.34	-0.33
12.50 22-JAN-2026	22-Jan-26	7.01	7.50	+0.49
16.2884 17-MAR-2027	17-Mar-27	8.50	8.42	-0.08
13.98 23-FEB-2028	23-Feb-28	8.72	8.37	-0.35
15.00 28-NOV-2028	28-Nov-28	8.73	8.46	-0.27
14.55 26-APR-2029	26-Apr-29	8.74	8.51	-0.22
12.49 22-MAY-2029	22-May-29	8.78	8.55	-0.23
8.50 20-NOV-2029	20-Nov-29	8.89	8.68	-0.21
10.00 23-JUL-2030	23-Jul-30	9.08	8.87	-0.21
12.1493 18-JUL-2034	18-Jul-34	10.18	10.03	-0.15
12.50 27-MAR-2035	27-Mar-35	10.15	10.11	-0.04
12.40 18-MAR-2036	18-Mar-36	10.21	9.79	-0.42
16.2499 18-APR-2037	18-Apr-37	10.28	10.01	-0.27
9.80 24-JUL-2045	24-Jul-45	9.90	10.35	+0.45
14.80 26-APR-2049	26-Apr-49	10.48	10.51	+0.03
12.98 27-MAR-2050	27-Mar-50	10.62	10.55	-0.07

Source: Anchoria AM Research, FMDQ OTC

Treasury Bills

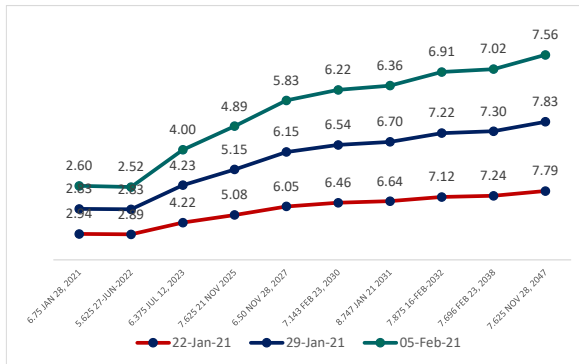
The T-bills market remained bearish, as the average yield across all instruments expanded by 4bps to close at 0.98%. Interestingly, at this week's OMO auction, the CBN increased stop rates on the offered bills by an average of 467bps across the three tenors – its highest level since May 2020. It is assumed that the CBN is trying to attract and retain Foreign Portfolio Investments (FPIs) and as such, ease the pressure on Naira.

This week, we expect that investors shift their focus to the PMA on Wednesday, where the CN is expected to roll over N169.78 billion worth of instruments.

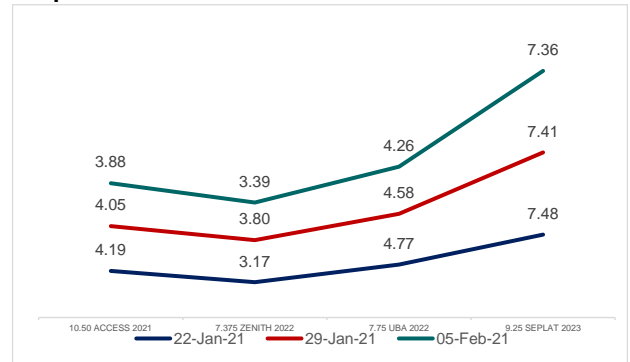
Secondary Market

DTM	Maturity Date	Yield 29/01/2021	Yield 05/02/2021	%Change
11	16-Feb-21	0.72	0.92	+0.20
18	23-Feb-21	0.69	0.84	+0.15
25	02-Mar-21	0.66	0.76	+0.10
39	16-Mar-21	0.60	0.60	0.00
46	23-Mar-21	0.65	0.92	+0.27
53	30-Mar-21	0.71	1.24	+0.53
95	11-May-21	1.02	3.18	+2.15
109	25-May-21	1.13	1.13	0.00
123	08-Jun-21	1.23	1.23	0.00
186	10-Aug-21	1.72	1.72	0.00

FGN Eurobond

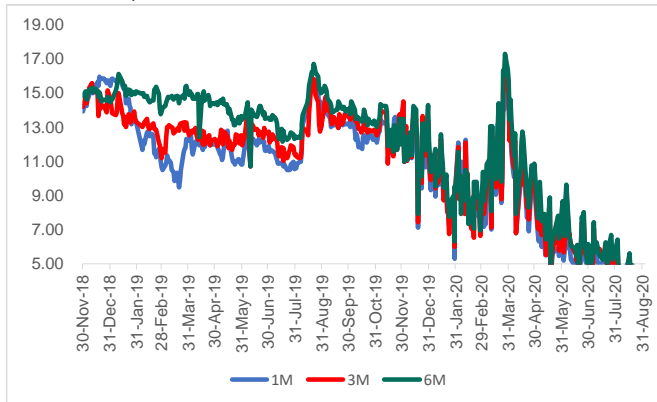


Corporate Eurobond



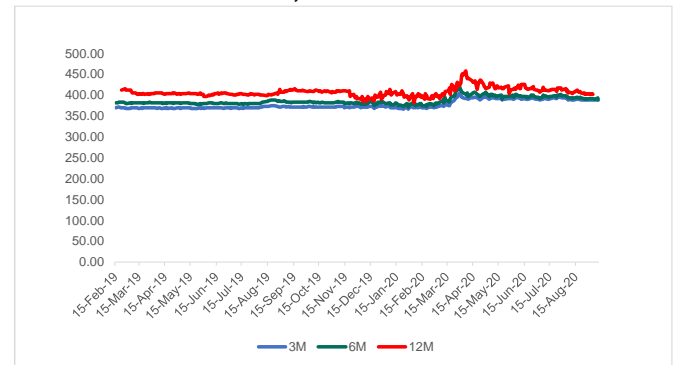
Source: Anchoria AM Research, FMDQ OTC

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 08 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	136.92	137.72	2.32% YTD

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