

Fixed Income Market Monitor

Monday, 10 - Friday, 17 April 2020

Money Market

The average money market rate fell significantly last week by 13.79% to settle at 2.13% from 15.92% in the previous week due to buoyancy in the system liquidity.

The notable inflow during the week included OMO maturities of N135.86 billion and T-bill maturities of N58.49 billion while notable outflows include: OMO sales of N134 billion and T-bills sales of N58.49 billion.

We expect the system to be relatively awash with buoyant system liquidity this week due to OMO maturities worth N267.67 billion which is expected to hit the system. Also, we expect the CBN to float an OMO auction following the interest seen during the last auction

Instrument	10/04/2020	17/04/2020	Change
OBB	15.00%	2.00%	-13.00%
OVN	16.83%	2.25%	-14.58%

Source: Anchoria AM Research, FMDQ OTC

Forex: USD/NGN

The pressure in the Foreign Exchange market persists causing a steady depreciation of the Naira. This is in spite of the decline in demand for foreign exchange due to the impact of the coronavirus pandemic on the economy, decline in oil prices, restrictions on travel, businesses and households. The country's external reserve is currently at \$33.49 billion.

The CBN official rate remained stable at N361.00/\$, similar to the previous week. The I&E FX window rose by 34bps to close at N386.13/\$ from N384.83/\$ while the rate at the parallel market remained stable at N416/\$.

We expect the demand pressure to continue in the I&E FX window due to the uncertainty in both global and domestic economies.

	10/04/2020	17/04/2020	Change
CBN Official Rate	361.00	361.00	+0.00%
I&E FX Window	384.83	386.13	+0.34%
Everdon BDC Rate	416.00	416.00	+0.00%

Commodities

Last week, the oil production cut by OPEC+ was unable to provide a permanent solution to the decline in oil prices. There was a rally immediately following the news but continuous decline in global oil demand meant that the crude oil price resumed going left. The price fell by 10.80% to close the week at \$28.08 per barrel.

Instrument	10/04/2020	17/04/2020	Change
Brent Oil	31.48	28.08	-10.80%
WTI Oil	22.76	18.27	-19.73%

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bullish last week as the average yield fell by 30bps to close at 11.00% compared to 11.31% in the previous week. The highest yield increase was witnessed in the MAR-2025 issuance which rose by 34bps to close at 10.96% while the highest yield decline was witnessed in the JAN-22, fell by 77bps to close at 6.19%.

Also, during the week Dangote Cement Bond successfully closed at 12.50% with N100 billion allotted to local investor.

The Sovereign Eurobond market closed on a bearish note as the average yield rose by 11bps to close at 11.53% compared to 11.42% the previous week due to decline in the crude oil price after the production cut agreement. Conversely, the Corporate Eurobond market closed bullish as the average yield fell by 65bps to close at 13.42% compared to 14.07% the previous week.

We expect bond traders to remain cautious in anticipation of the bond auction set to hold this week.

Description	Maturity Date	Yield 10-04-20	Yield 17-04-20	%Change
14.50 15-JUL-2021	15-Jul-21	5.99	5.24	-0.76
16.39 27-JAN-2022	27-Jan-22	6.96	6.19	-0.77
12.75 27-APR-2023	27-Apr-23	9.21	9.26	+0.05
14.20 14-MAR-2024	14-Mar-24	9.39	9.51	+0.11
13.53 23-MAR-2025	23-Mar-25	10.61	10.96	+0.34
12.50 22-JAN-2026	22-Jan-26	12.24	11.35	-0.89
16.2884 17-MAR-2027	17-Mar-27	12.18	11.51	-0.67
13.98 23-FEB-2028	23-Feb-28	12.18	12.01	-0.17
15.00 28-NOV-2028	28-Nov-28	12.23	11.87	-0.35
14.55 26-APR-2029	26-Apr-29	12.25	11.80	-0.45
12.49 22-MAY-2029	22-May-29	12.25	11.81	-0.44
8.50 20-NOV-2029	20-Nov-29	12.26	11.83	-0.43
10.00 23-JUL-2030	23-Jul-30	12.26	11.86	-0.40
12.1493 18-JUL-2034	18-Jul-34	12.29	12.05	-0.24
12.50 27-MAR-2035	27-Mar-35	12.44	12.11	-0.33
12.40 18-MAR-2036	18-Mar-36	12.64	12.20	-0.44
16.2499 18-APR-2037	18-Apr-37	12.30	12.30	0.00
14.80 26-APR-2049	26-Apr-49	12.56	12.58	+0.02
12.98 27-MAR-2050	27-Mar-50	12.57	12.60	+0.03

Source: Anchoria AM Research, FMDQ OTC

Treasury Bills

The T-bills secondary market closed on a bullish note last week as the average yield fell by 24bps to close at 3.07% compared to 3.30% the previous week. Conversely, OMO bills pared by 107bps to close at 11.26% compared to 12.34% the previous week.

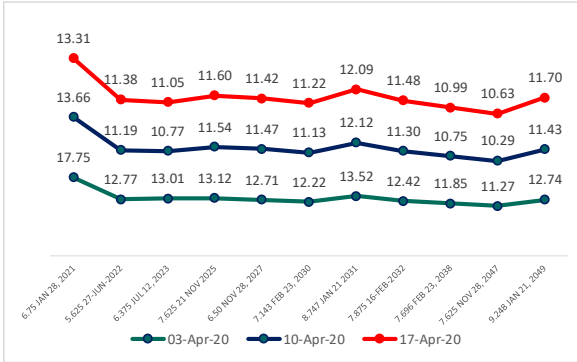
At the T-bills auction, the CBN fully offered instruments worth N58.49 billion. 91 day – N5.85 billion, 182 day – N3.50 billion and 364 day – N49.14 billion with stop rates at 1.93%, 2.74% and 4.00% respectively. (See next page for T-bills result)

We anticipate the expected buoyant system this week to shape the positive sentiment in the market.

Secondary Market

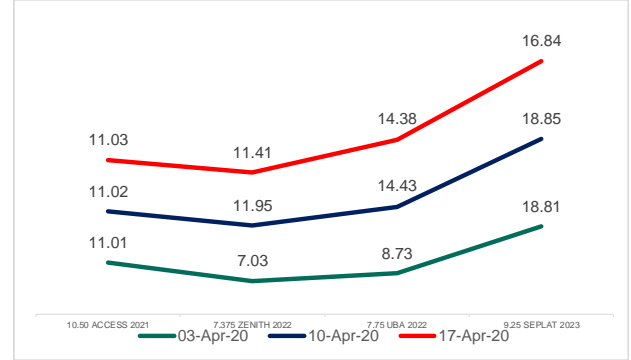
Treasury Bills					
DTM	Maturity Date	Yield 10/04/2020	Yield 17/04/2020	%Change	
13	30-Apr-20	3.11	3.10	-	0.00
153	17-Sep-20	4.03	3.04	-	0.99
167	1-Oct-20	4.60	2.94	-	1.66
181	15-Oct-20	3.25	2.94	-	0.31
195	29-Oct-20	3.15	3.06	-	0.10
209	12-Nov-20	3.05	3.17	-	0.12

FGN Eurobond



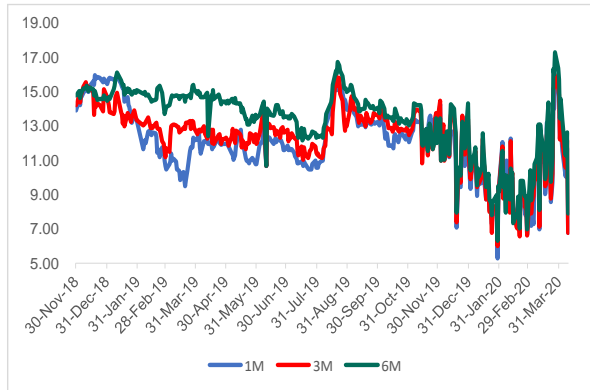
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



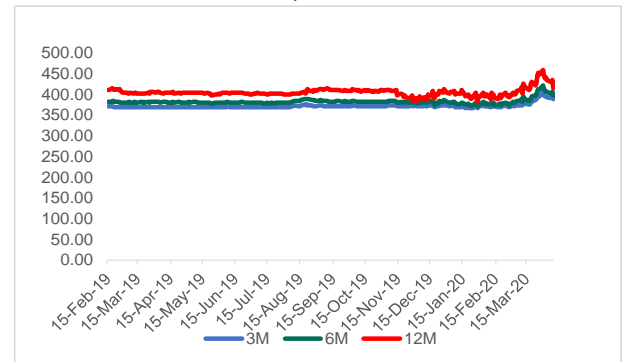
Source: Anchoria AM Research, FMDQ OTC

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 19th April 2020 (Year-To-Date Return/Yield)			
	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	6.62% /annum
Anchoria Fixed Income Fund	1.17	1.17	2.56% YTD
Anchoria Equity Fund	91.42	91.70	-11.50% YTD

Treasury Bills Result 15 April 2020			
	91 day	182 day	364 day
Offer Amount (N'bn)	5.85	3.50	49.14
Total Subscription (N'bn)	13.10	12.56	109.39
Allotment (N'bn)	5.85	3.50	49.14
Subscription Rate	2.24	3.59	2.23
Current Stop Rates (%):	1.93%	2.74%	4.00%
Previous Stop Rates	2.30%	3.40%	4.60%

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