

Fixed Income Market Monitor

Monday, 25 – Friday, 29 May 2020
Money Market

The average money market rate fell significantly last week by 12.72% to settle at 2.60% from 15.32% in the previous week. This is attributable to the inflow from FGN Bond coupon payments worth N5.63 billion and OMO maturities worth N319.72 billion.

Other outflows for the week included: FX wholesale SMIS of \$210mn

Also, at the Monetary Policy Committee (MPC) meeting last week, the Central Bank of Nigeria surprisingly reduced the Monetary Policy Rate (MPR) from 13.50% to 12.50% while other parameters such as the Cash Reserve Ratio (CRR) remained at 27.50% and Liquidity Ratio at 30.00%. As part of the CBN's monetary and fiscal policy measures to curb the effect of the pandemic on the economy, the bank reduced the interest rates on the CBN intervention facilities from 9% to 5% per annum from 1-year effective March 1, 2020.

We expect the system liquidity to be buoyant with OMO maturities worth N155.78 billion expected during the week. Also we expect increase activities in CBN Lending window this week

Instrument	22/05/2020	29/05/2020	Change
OBB	15.00%	2.20%	-12.80%
OVN	15.63%	3.00%	-12.63%

Forex: USD/NGN

Nigeria's external reserve have sustained its continuous increase as the reserve rose by 1.76% to close at \$36.50 billion. Despite, the recent gradual increase of the external reserve, the rate at the I&E Fx window last week depreciated by 10bps to close at N386.33/\$. The CBN official rate remained stable at N361.00/\$. We saw a reduced demand pressure at the parallel market last week as the rate strengthen to N451/\$

We expect pressure in the foreign exchange market to reduce as crude oil price improves and the country's external reserve increases.

	22/05/2020	29/05/2020	Change
CBN Official Rate	361.00	361.00	+0.00%
I&E FX Window	385.94	386.33	+0.10%
Everdon BDC Rate	462.00	451.00	-2.38%

Source: Anchoria AM Research, FMDQ OTC

Commodities

WTI crude oil spiked by 6.74%, notching its best monthly performance gain on record. The surge in oil prices comes just one month after oil prices went negative for a brief period of time, as demand for oil plummeted amid the economic shutdown caused by the COVID-19 pandemic. In the same vein, Brent oil rose by 0.57% to close at \$35.33 compared to \$35.13 the previous week.

Instrument	22-05-20	29-05-20	Change
Brent Oil	35.13	35.33	0.57%
WTI Oil	33.25	35.49	6.74%

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bullish last week as the average yield fell by 30bps to close at 10.11% compared to 10.40% in the previous week. Yields declined across all instruments except the MAR-2024 bond which increased by 6bps to close at 8.96% while the largest yield decline of 115bps was witnessed in the MAR-2025.

The Sovereign Eurobond market closed on a bullish note as the average yield fell by 4bps to close at 8.73% compared to 8.77% the previous week. The Corporate Eurobond market also closed bullish as the average yield fell by 36bps to close at 11.54% compared to 11.90% the previous week.

We expect increased interest in both domestic bond and Eurobond as the Oil price continued to sustain above the \$30 per barrel price and as rate at the money market continued to remain low.

Description	Maturity Date	Yield 22-05-20	Yield 29-05-20	%Change
14.50 15-JUL-2021	15-Jul-21	5.15	5.01	-0.14
16.39 27-JAN-2022	27-Jan-22	6.33	6.02	-0.31
12.75 27-APR-2023	27-Apr-23	9.09	8.38	-0.71
14.20 14-MAR-2024	14-Mar-24	8.90	8.96	+0.06
13.53 23-MAR-2025	23-Mar-25	9.66	8.51	-1.15
12.50 22-JAN-2026	22-Jan-26	10.28	10.00	-0.28
16.2884 17-MAR-2027	17-Mar-27	10.66	10.30	-0.35
13.98 23-FEB-2028	23-Feb-28	10.94	10.94	0.00
15.00 28-NOV-2028	28-Nov-28	11.06	10.74	-0.32
14.55 26-APR-2029	26-Apr-29	11.12	10.63	-0.49
12.49 22-MAY-2029	22-May-29	11.12	10.65	-0.48
8.50 20-NOV-2029	20-Nov-29	11.15	10.72	-0.44
10.00 23-JUL-2030	23-Jul-30	11.19	10.82	-0.37
12.1493 18-JUL-2034	18-Jul-34	11.43	11.43	0.00
12.50 27-MAR-2035	27-Mar-35	11.47	11.40	-0.07
12.40 18-MAR-2036	18-Mar-36	11.52	11.35	-0.17
16.2499 18-APR-2037	18-Apr-37	11.49	11.43	-0.06
14.80 26-APR-2049	26-Apr-49	12.50	12.34	-0.16
12.98 27-MAR-2050	27-Mar-50	12.58	12.41	-0.17

Source: Anchoria AM Research, FMDQ OTC

Treasury Bills

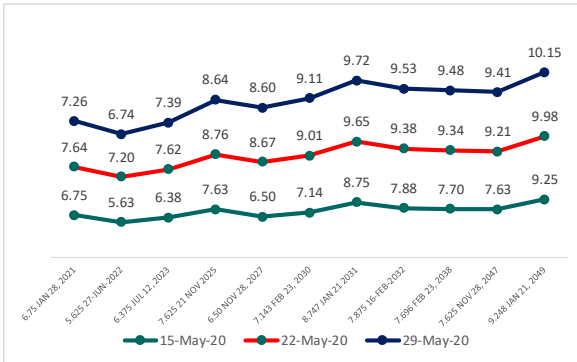
The T-bills secondary market closed on a bullish note last week as the average yield fell by 5bps to close at 2.12% compared to 2.17% the previous week. In the same vein, OMO bills fell by 2bps to close at 6.05% compared to 6.07% the previous week.

At the Treasury bills auction held last week, the CBN fully allotted N59.37 billion worth of bills - N20.37 billion - 91-day, N19.16 billion - 182-day and N19.84 billion - 364-day - at respective stop rates of 2.45% (previously 2.50%), 2.72% (previously 2.85%), and 4.02% (previously 3.84%). (See next page for T-bills result).

Secondary Market

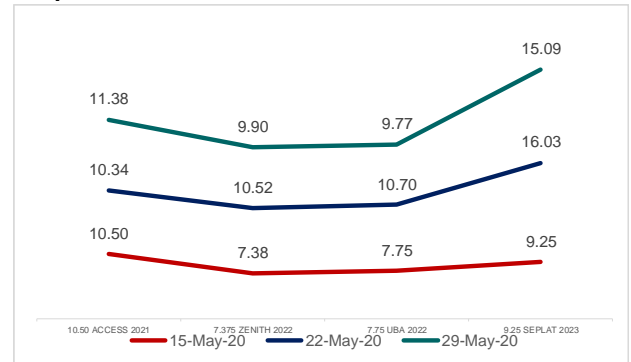
DTM	Maturity Date	Yield 22-05-20	Yield 29-05-20	%Change
20	18-Jun-20	5.33	5.33	-0.01
34	02-Jul-20	6.07	6.06	-0.01
48	16-Jul-20	5.86	5.85	-0.01
76	13-Aug-20	5.45	5.44	-0.01
83	20-Aug-20	5.34	5.33	-0.01
90	27-Aug-20	5.23	5.23	-0.01
97	03-Sep-20	5.12	5.12	-0.01
104	10-Sep-20	5.59	5.59	-0.01
111	17-Sep-20	5.60	5.59	-0.01
118	24-Sep-20	5.04	5.03	0.00
125	01-Oct-20	5.09	5.09	0.00
132	08-Oct-20	5.14	5.13	-0.01
139	15-Oct-20	5.48	5.47	-0.01
146	22-Oct-20	5.82	5.81	-0.01
151	27-Oct-20	5.96	5.95	-0.01

FGN Eurobond



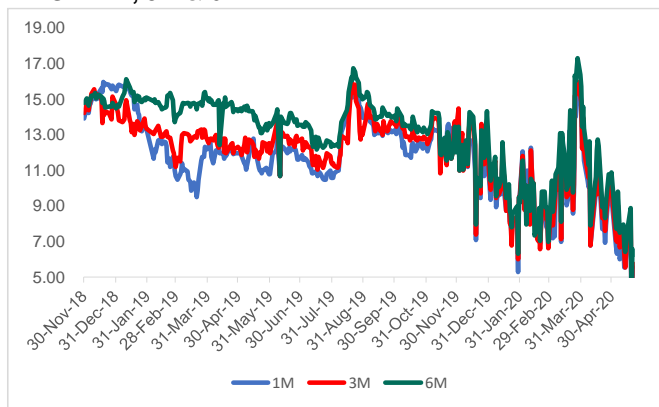
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



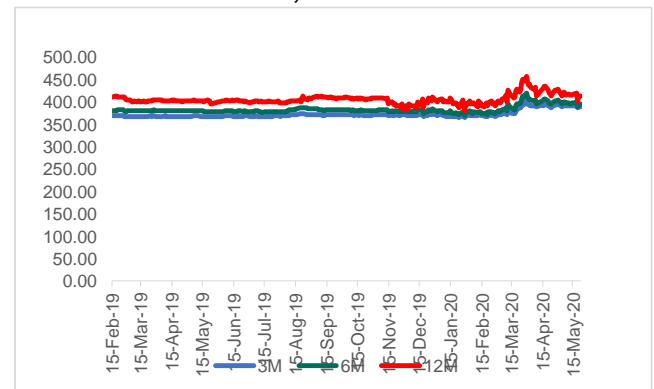
Source: Anchoria AM Research, FMDQ OTC

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 27 May 2020			
	91 day	182 day	364 day
Offer Amount (N'bn)	20.37	19.16	19.84
Total Subscription (N'bn)	37.46	55.15	37.95
Allotment (N'bn)	20.37	19.16	19.84
Subscription Rate	1.84	2.88	1.91
Current Stop Rates (%):	2.45%	2.72%	4.02%
Previous Stop Rates	2.50%	2.85%	3.84%

Anchoria Mutual Fund Price as at June 01, 2020 (Year-To-Date Return/Yield)			
	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	5.87% /annum
Anchoria Fixed Income Fund	1.20	1.20	5.00% YTD
Anchoria Equity Fund	99.15	99.48	-2.80% 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