

Fixed Income Market Monitor

Monday, 16 - Friday, 20 March 2020

Money Market

The average money market rate fell significantly last week by 4.58% to settle at 5.05% from 9.63% in the previous week. This is attributable to inflows from OMO maturities and FGN bond coupon payments of N304.75 billion and N90.97 billion respectively during the week while the only notable Outflow for the week is the Weekly wholesale FX retail intervention fund of \$210m.

The Open Buy Back (OBB) and Overnight rates (O/N) fell to 4.80% and 5.30% from to 9.17% and 10.08% respectively.

Barring an unexpected debit by CBN, we expect the system liquidity to remain buoyant as foreign investors stay off from OMO sales.

Instrument	06/03/2020	13/03/2020	Change
OBB	9.17%	4.80%	-4.37%
OVN	10.08%	5.30%	-4.78%

Source: Anchoria AM Research, FMDQ OTC

Forex: USD/NGN

The demand pressure continued in the forex market last week as we witnessed a bit of activities by CBN, which includes

- For foreign investors, the CBN adjusted the FX rates from N366.70/\$ to N380.2/\$. This created a devaluation panic across the country.
- Also, there was a report that CBN now sell FX at N360/\$ as against N325/\$ to the Nigerian National Petroleum Corporation (NNPC)
- Review of petroleum landing cost from N307/\$ to N360/\$

To close the week, the CBN official rate rose by 2bps w-o-w to close at N307.00 while the rate at the I&E FX window rose by 96bps w-o-w to close at N372.00/\$.

During the week, the CBN announced 6 policy responses to combat Covid-29 scourge on the economy: Extension of moratorium on loans; Interest rate reduction; Creation of N50billion fund; Credit support for healthcare sector; Regulatory forbearance; and Strengthening of Loan to Deposit Ratio.

	13/03/2020	20/03/2020	Change
CBN Official Rate	306.95	307.00	+0.02%
I&E FX Window	368.47	372.00	+0.96%
Everdon BDC Rate	368.00	370.00	+0.54%

Commodities

Brent oil price fell by 20.30% to close at \$26.98 a barrel while West Texas Intermediate (WTI) crude was down by 29.31% to close at \$22.48 a barrel.

The global crude oil market continues to experience its worse fall in history as government escalated lockdowns to curb the spread of the global coronavirus outbreak that has slashed the demand outlook for oil and threatened a global economic contraction.

Instrument	13-03-20	20-03-20	Change
Brent Oil	33.85	26.98	-20.30%
WTI Oil	31.73	22.43	-29.31%

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bearish last week as the average yield rose by 19bps to close at 11.93% compared to 11.65% the previous week. The highest yield increase of 196 bps was witnessed by the JUL-2030 bond while the MAR-2024 bond experienced the highest yield decline of 92bps to close at 13.04%.

The Sovereign Eurobond market closed on a bearish note as the average yield rose by 292bps to close at 14.33% compared to 11.41% the previous week. In the same vein, the Corporate Eurobond market closed bearish as the average yield rose by 124bps to close at 10.30% compared to 9.06% the previous week.

We expect bond traders to retain a cautionary approach in the market ahead of the Bond Auction

Description	Maturity Date	Yield 13-03-20	Yield 20-03-20	%Change
14.50 15-JUL-2021	15-Jul-21	7.35	6.84	-0.52
16.39 27-JAN-2022	27-Jan-22	9.25	8.55	-0.70
12.75 27-APR-2023	27-Apr-23	9.42	10.78	+1.36
14.20 14-MAR-2024	14-Mar-24	9.53	9.51	-0.02
13.53 23-MAR-2025	23-Mar-25	11.34	11.30	-0.04
12.50 22-JAN-2026	22-Jan-26	12.80	12.75	-0.05
16.2884 17-MAR-2027	17-Mar-27	14.05	12.68	-1.37
13.98 23-FEB-2028	23-Feb-28	12.75	12.95	+0.19
15.00 28-NOV-2028	28-Nov-28	12.94	12.86	-0.09
14.55 26-APR-2029	26-Apr-29	13.05	12.81	-0.24
12.49 22-MAY-2029	22-May-29	12.76	12.81	+0.05
8.50 20-NOV-2029	20-Nov-29	12.02	12.79	+0.77
10.00 23-JUL-2030	23-Jul-30	10.81	12.77	+1.96
12.1493 18-JUL-2034	18-Jul-34	11.80	12.65	+0.85
12.40 18-MAR-2036	18-Mar-36	12.02	12.95	+0.94
16.2499 18-APR-2037	18-Apr-37	12.18	13.15	+0.97
14.80 26-APR-2049	26-Apr-49	13.96	13.04	-0.92

Source: Anchoria AM Research, FMDQ OTC

Treasury Bills

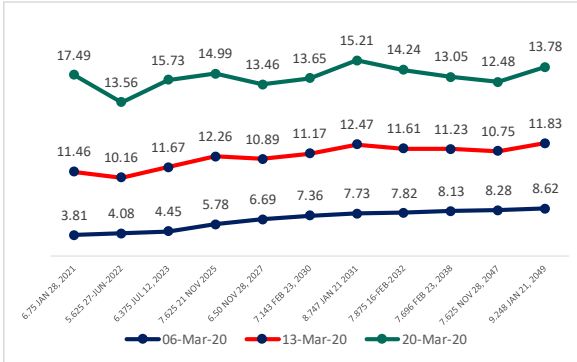
The T-bills secondary market closed on a bearish note last week as the average yield rose by 14bps to close at 4.01% compared to 3.87% the previous week. Conversely, OMO bills pared slightly by 19bps to close at 16.75% compared to 13.05% the previous week. The CBN floated an unsuccessful OMO auction last week as foreign investors refrained from the Nigerian economy.

At the T-bills auction last week, the CBN issued a total of N47.57 billion worth of bills across all tenors. The 91-day, 182 day and 364 day had stop rates of 2.30% (previously 2.49%), 3.40% (previously 3.78%) and 4.60% (previously 5.30%) respectively.

Secondary Market

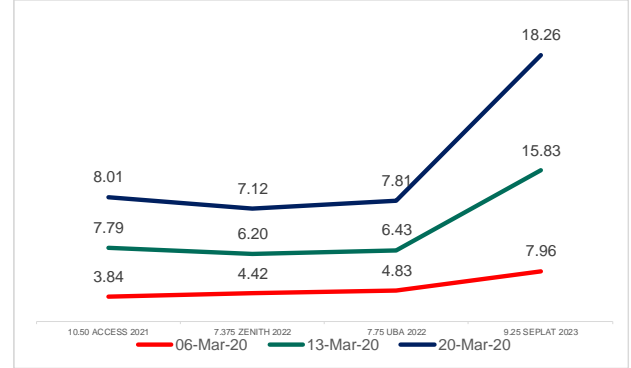
DTM	Maturity Date	Yield 13-03-20	Yield 20-03-20	%Change
13	02-Apr-20	18.69	16.85	-1.84
20	09-Apr-20	17.67	15.77	-1.90
27	16-Apr-20	16.63	14.68	-1.95
34	23-Apr-20	16.69	14.72	-1.96
55	14-May-20	16.65	14.85	-1.80
69	28-May-20	16.62	14.94	-1.68
76	04-Jun-20	16.60	14.37	-2.23
90	18-Jun-20	13.26	13.23	-0.03
104	02-Jul-20	13.62	13.58	-0.04
118	16-Jul-20	13.98	13.94	-0.04
146	13-Aug-20	14.72	14.68	-0.04
153	20-Aug-20	14.92	14.87	-0.04
160	27-Aug-20	13.50	15.94	+2.44
167	03-Sep-20	16.34	16.68	+0.35
174	10-Sep-20	19.28	17.25	-2.03
181	17-Sep-20	17.44	17.01	-0.42
188	24-Sep-20	19.15	17.15	-2.00
195	01-Oct-20	19.31	17.50	-1.81

FGN Eurobond



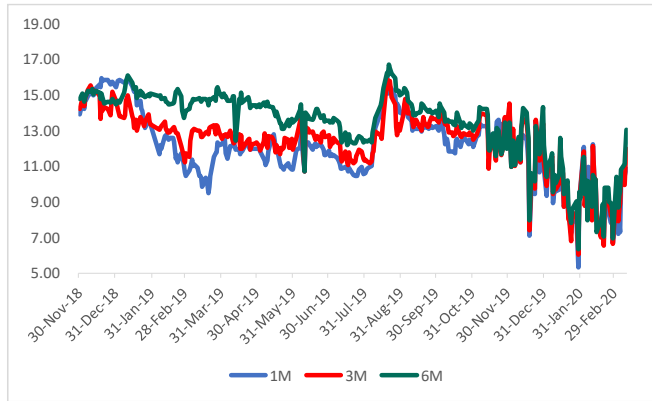
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



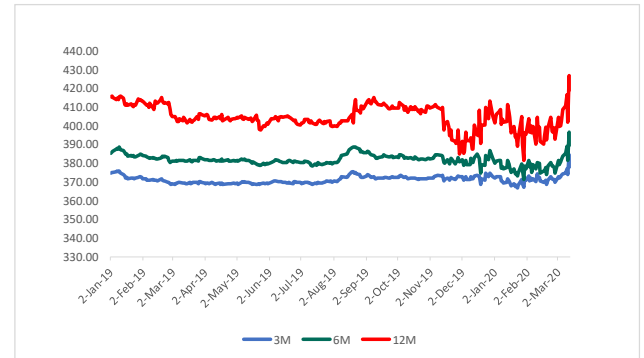
Source: Anchoria AM Research, FMDQ OTC

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 18th March 2020			
	91 day	182 day	364 day
Offer Amount (N'bn)	2.00	8.39	37.18
Total Subscription (N'bn)	8.95	27.36	92.37
Allotment (N'bn)	2.00	8.39	37.18
Subscription Rate	4.48	3.26	2.48
Current Stop Rates (%)	2.30%	3.40%	4.60%
Previous Stop Rates	2.49%	3.78%	5.30%

Anchoria Mutual Fund Price as at 20th March 2020 (Year-To-Date Return/Yield)			
	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	5.93% /annum
Anchoria Fixed Income Fund	1.13	1.13	-0.89% YTD
Anchoria Equity Fund	86.43	86.71	N/A

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