

Fixed Income Market Monitor

Monday, 01 – Friday, 05 June 2020

Money Market

The average money market rate rose significantly last week by 13.55% to settle at 16.15% from 2.60% in the previous week. This is attributable to the outflow from OMO auction worth N70.00 billion and CRR debits of N459.72 billion by the Central bank.

Other outflows for the week included weekly FX wholesale SMIS of \$210mn while inflows came from OMO maturities worth N149.68 billion

We expect the constraint in the system liquidity to continue as no inflow is expected in the coming week.

Instrument	01/06/2020	05/06/2020	Change
OBB	2.20%	15.60%	+13.40%
OVN	3.00%	16.70%	+13.70%

Source: Anchoria AM Research, FMDQ OTC

Forex: USD/NGN

Nigeria's external reserve continued its increase as the reserves grew by 0.16% to \$36.56 billion. This is attributable to the recent surge in oil prices from \$35.33 to \$42.30 from the previous week. The naira depreciated to N386.50 per dollar at the Investors and Exporters (I&E) window, due to the high demand in the foreign exchange market. The CBN official rate retained its position at N361.00 while at the parallel market, rate rose by 6.25% to N450/\$.

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

	01/06/2020	05/06/2020	Change
CBN Official Rate	361.00	361.00	+0.00%
I&E FX Window	386.33	386.50	+0.04%
Everdon BDC Rate	480.00	450.00	+6.25%

Source: Anchoria AM Research, FMDQ OTC

Commodities

Organisation of Petroleum Exporting Countries and its allies (OPEC+) have agreed to extend its output cuts by one month in order to support the oil price recovery. The current output cut, which is to end by late June, is part of measures taken by the organisation to rebalance the oil market. The group has agreed to maintain its current output cut of 9.7 million barrels per day till the end of July as against the 7.7 million barrels per day that was initially planned.

Brent rose by 19.73% to close at \$42.30 compared to \$35.33 the previous week while WTI rose by 11.44% to \$39.55. This is also attributable to the reopening of economies and expanded demand from China

Instrument	29-05-20	05-06-20	Change
Brent Oil	35.33	42.30	19.73%
WTI Oil	35.49	39.55	11.44%

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bullish last week as the average yield fell by 9bps to close at 10.02% compared to 10.11% in the previous week. The highest yield decline was witnessed in the MAR-2024 bond, fell by 46bps to close at 8.50% while the highest yield increase was witnessed by the JUL-2021 bond which grew by 25bps to close at 5.26%

The Sovereign Eurobond market closed on a bullish note as the average yield fell by 83bps to close at 7.91% compared to 8.73% the previous week. The Corporate Eurobond market also closed bullish as the average yield fell by 204bps to close at 9.49% compared to 11.54% the previous week.

We expect increased interest in both domestic bond and Eurobond as the Oil price continues its upward trend at above the \$30 per barrel price and rates in money market remain low.

Description	Maturity Date	Yield 29-05-20	Yield 05-06-20	%Change
14.50 15-JUL-2021	15-Jul-21	5.01	5.26	+0.25
16.39 27-JAN-2022	27-Jan-22	6.02	6.09	+0.07
12.75 27-APR-2023	27-Apr-23	8.38	8.47	+0.08
14.20 14-MAR-2024	14-Mar-24	8.96	8.50	-0.46
13.53 23-MAR-2025	23-Mar-25	8.51	8.70	+0.18
12.50 22-JAN-2026	22-Jan-26	10.00	9.45	-0.55
16.2884 17-MAR-2027	17-Mar-27	10.30	10.11	-0.20
13.98 23-FEB-2028	23-Feb-28	10.94	10.34	-0.61
15.00 28-NOV-2028	28-Nov-28	10.74	10.52	-0.21
14.55 26-APR-2029	26-Apr-29	10.63	10.62	0.00
12.49 22-MAY-2029	22-May-29	10.65	10.65	+0.00
8.50 20-NOV-2029	20-Nov-29	10.72	10.80	+0.08
10.00 23-JUL-2030	23-Jul-30	10.82	11.00	+0.18
12.1493 18-JUL-2034	18-Jul-34	11.43	11.25	-0.18
12.50 27-MAR-2035	27-Mar-35	11.40	11.30	-0.10
12.40 18-MAR-2036	18-Mar-36	11.35	11.36	+0.01
16.2499 18-APR-2037	18-Apr-37	11.43	11.43	0.00
14.80 26-APR-2049	26-Apr-49	12.34	12.21	-0.13
12.98 27-MAR-2050	27-Mar-50	12.41	12.27	-0.14

Source: Anchoria AM Research, FMDQ OTC

Treasury Bills

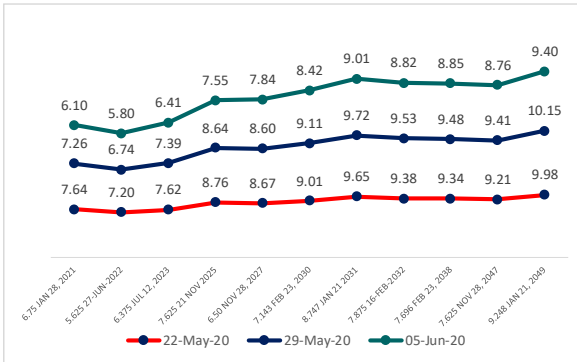
The T-bills secondary market closed on a bearish note last week as the average yield rose by 129bps to close at 3.39% compared to 2.12% the previous week. Conversely, OMO bills fell by 97bps to close at 5.08% compared to 6.05% the previous week.

At the OMO bills auction held last week, the CBN sold a total of N70 billion across the 3 tenors offered, despite healthy demand of about N298billion bided by local banks and offshore portfolio investors. Stop rates closed at 4.95% - 82 day, 7.79% - 173 day and 8.99% - 341 day respectively. (See next page for OMO bills result).

Secondary Market

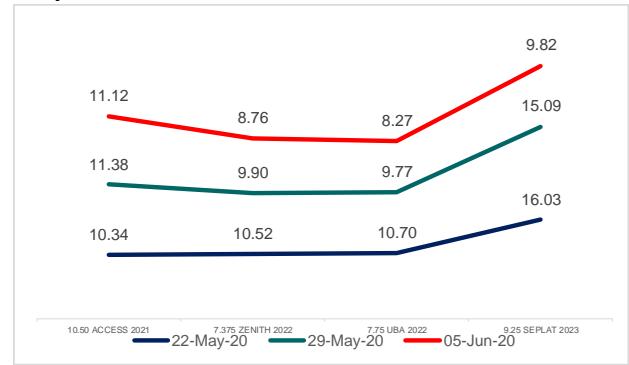
DTM	Maturity Date	Yield 29-05-20	Yield 05-06-20	%Change
13	18-Jun-20	5.33	4.01	-1.32
27	02-Jul-20	6.06	4.26	-1.80
41	16-Jul-20	5.85	4.13	-1.73
69	13-Aug-20	5.44	3.85	-1.59
76	20-Aug-20	5.33	3.78	-1.55
83	27-Aug-20	5.23	3.27	-1.95
90	03-Sep-20	5.12	4.55	-0.57
97	10-Sep-20	5.59	4.14	-1.45
104	17-Sep-20	5.59	4.25	-1.34
111	24-Sep-20	5.03	4.25	-0.78
118	01-Oct-20	5.09	4.27	-0.82
125	08-Oct-20	5.13	4.29	-0.85
132	15-Oct-20	5.47	4.17	-1.30
139	22-Oct-20	5.81	4.22	-1.60
144	27-Oct-20	5.95	4.27	-1.68

FGN Eurobond



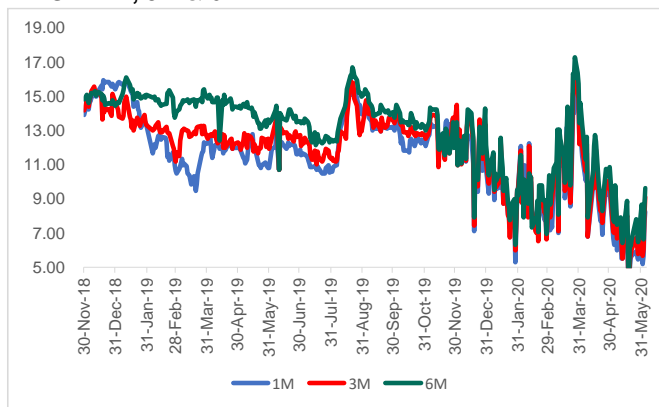
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



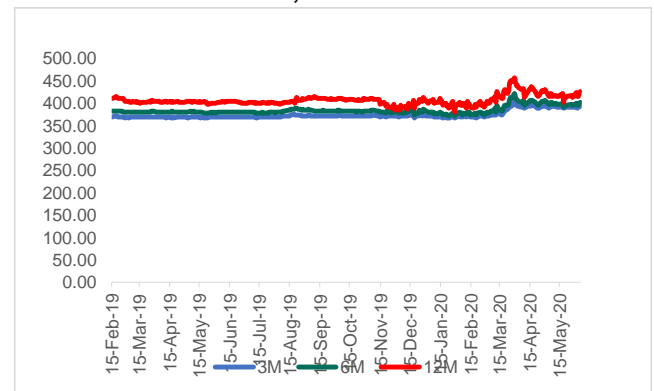
Source: Anchoria AM Research, FMDQ OTC

NIBOR -1M, 3M & 6M



Source: Anchoria AM Research, FMDQ OTC

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



Source: Anchoria AM Research, FMDQ OTC

OMO Bills Result 4 June, 2020			
	82 day	173 day	341 day
Offer Amount (N'bn)	20.00	20.00	30.00
Total Subscription (N'bn)	46.00	51.70	200.96
Allotment (N'bn)	20.00	20.00	30.00
Subscription Rate	2.30	2.59	6.70
Current Stop Rates (%):	4.95%	7.79%	8.99%

Anchoria Mutual Fund Price as at June 08, 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	1.22	1.22	6.56% YTD
Anchoria Equity Fund	98.76	99.09	-3.21% YTD

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