

Fixed Income Market Monitor

Monday, 06 - Friday, 13 March 2020

Money Market

The average money market rate fell marginally last week by 2.66% to settle at 9.63% from 12.29% in the previous week. This is attributable to the OMO maturity of N232.26 billion which boosted the system liquidity and absence of OMO auction last week.

Other notable Inflows includes –FX retail refund of c.N200 billion, Outflows includes– weekly wholesale, invisible & SME FX auction of \$210m and Treasury bills auction of N86.30 billion.

The Open Buy Back (OBB) and Overnight rates (O/N) fell to 9.17% and 10.08% from to 11.71% and 12.86% respectively.

On Sunday, the US Federal Reserve stepped in to prop up the US economy in the face of the escalating Covid-19 crisis by slashing its benchmark interest rate to the range of 0% - 0.25% and stated that it would buy \$700bn in Treasury and mortgage-backed securities. This move will lower the cost of short term borrowing for banks.

Instrument	06/03/2020	13/03/2020	Change
OBB	11.71%	9.17%	-2.54%
OVN	12.86%	10.08%	-2.78%

Source: Anchoria AM Research, FMDQ OTC

Forex: USD/NGN

Following the prevailing economic realities, the Naira to Dollar rate in the parallel market experienced instability during the week in response to the panic witnessed. However, the CBN official rate fell by 2bps w-o-w to close at N307.00 while the rate at the I&E FX window rose by 61bps w-o-w to close at N368.47/\$. The rate at the parallel market rose by 27bps to close at N368/\$.

We witnessed some calmness at the tail end of the week, following the release of a statement by CBN on Thursday, assuring the public that the market fundamentals do not support naira devaluation currently. It stated that the size of the external reserve despite its continuous depreciation, remains robust and comfortable to meet the current realities of Nigeria's genuine and legitimate FX demand.

	06/03/2020	13/03/2020	Change
CBN Official Rate	307.00	306.95	-0.02%
I&E FX Window	366.25	368.47	+0.61%
Everdon BDC Rate	367.00	368.00	+0.27%

Source: Anchoria AM Research, FMDQ OTC

Commodities

The crude oil price fell by 25.23% to close at \$33.85 for the week ended 13 March 2020.

The Global oil market is still very much pressured by the Covid-19 pandemic and decline in oil prices due to the price war between Saudi Arabia and Russia. Pending this resolution, the fear of wider economic fallout persists.

Instrument	06-03-20	13-03-20	Change
Brent Oil	45.27	33.85	-25.23%
WTI Oil	41.28	31.73	-23.13%

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bearish last week as the average yield rose by 140bps to close at 11.65% compared to 10.25% the previous week. The yield appreciated across all instruments except the MAR-2024 bond which declined by 51bps to close at 9.53% while the highest yield increase of 345bps witnessed by the MAR-2027 bond.

The Sovereign Eurobond market closed on a bearish note as the average yield rose by 497bps to close at 11.41% compared to 6.62% the previous week. In the same vein, the Corporate Eurobond market closed bearish as the average yield rose by 380bps to close at 9.06% compared to 5.26% the previous week.

We expect bond traders to retain a cautionary approach in the market this week.

Description	Maturity Date	Yield 06-03-20	Yield 13-03-20	%Change
14.50 15-JUL-2021	15-Jul-21	6.08	7.35	+1.27
16.39 27-JAN-2022	27-Jan-22	6.87	9.25	+2.38
12.75 27-APR-2023	27-Apr-23	8.73	9.42	+0.69
14.20 14-MAR-2024	14-Mar-24	10.04	9.53	-0.51
13.53 23-MAR-2025	23-Mar-25	10.23	11.34	+1.11
12.50 22-JAN-2026	22-Jan-26	10.38	12.80	+2.42
16.2884 17-MAR-2027	17-Mar-27	10.60	14.05	+3.45
13.98 23-FEB-2028	23-Feb-28	11.25	12.75	+1.50
15.00 28-NOV-2028	28-Nov-28	10.94	12.94	+2.00
14.55 26-APR-2029	26-Apr-29	10.77	13.05	+2.27
12.49 22-MAY-2029	22-May-29	10.81	12.76	+1.95
8.50 20-NOV-2029	20-Nov-29	10.79	12.02	+1.23
10.00 23-JUL-2030	23-Jul-30	10.81	10.81	+0.00
12.1493 18-JUL-2034	18-Jul-34	11.28	11.80	+0.52
12.40 18-MAR-2036	18-Mar-36	11.47	12.02	+0.54
16.2499 18-APR-2037	18-Apr-37	10.62	12.18	+1.56
14.80 26-APR-2049	26-Apr-49	12.56	13.96	+1.41

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 13bps to close at 3.87% compared to 4.00% the previous week. However, OMO bills appreciated by 368bps to close at 16.75% compared to 13.05% the previous week.

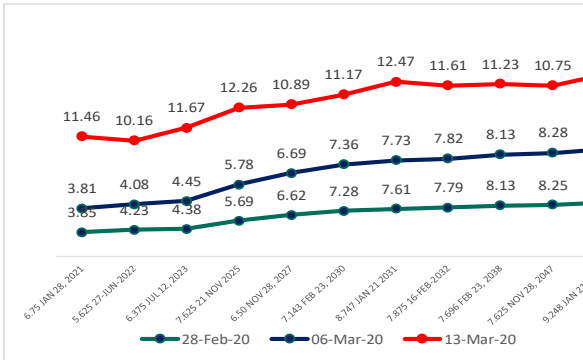
At the T-bills auction last week, the CBN issued a total of N86.30 billion worth of bills across all tenors. The stop rates for the 91, 182 and 364 day closed at 2.49%, 3.78% & 5.30% respectively. (See next page for T-bills result).

We expect the continuous yield widening in T-bills market ahead of the Treasury Bills auction this week.

Secondary Market

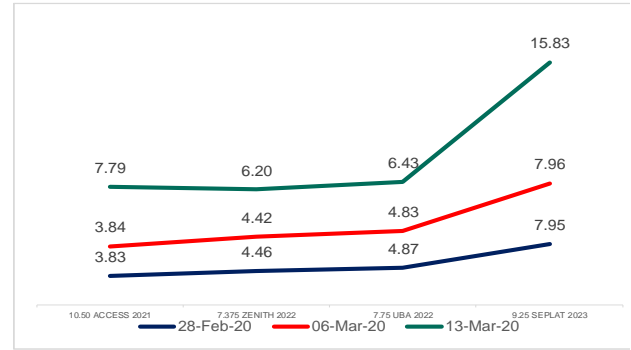
DTM	Maturity Date	Yield 06-03-20	Yield 13-03-20	%Change
13	26-Mar-20	11.18	19.34	+8.16
20	02-Apr-20	10.07	18.69	+8.61
27	09-Apr-20	10.47	17.67	+7.20
34	16-Apr-20	9.73	16.63	+6.91
41	23-Apr-20	11.47	16.69	+5.22
62	14-May-20	10.61	16.65	+6.04
76	28-May-20	11.07	16.62	+5.55
83	04-Jun-20	11.31	16.60	+5.30
97	18-Jun-20	13.30	13.26	-0.03
111	02-Jul-20	13.31	13.62	+0.30
125	16-Jul-20	13.33	13.98	+0.65
153	13-Aug-20	13.36	14.72	+1.36
160	20-Aug-20	13.37	14.92	+1.54
167	27-Aug-20	13.54	13.50	-0.04
174	03-Sep-20	12.20	16.34	+4.14
181	10-Sep-20	13.79	19.28	+5.49
188	17-Sep-20	13.87	17.44	+3.57
195	24-Sep-20	13.88	19.45	+5.57

FGN Eurobond



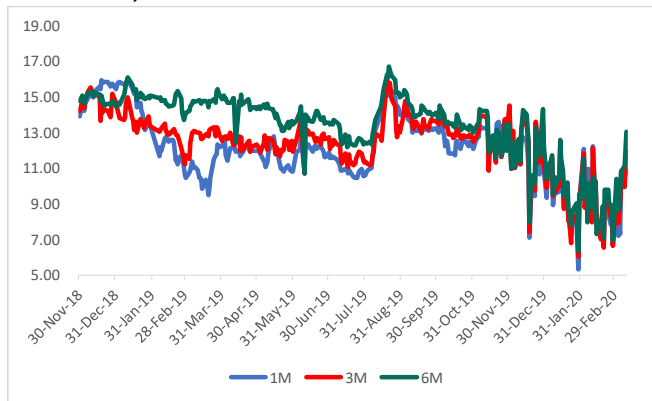
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



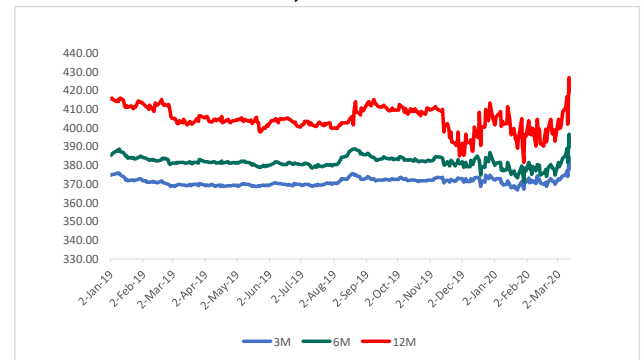
Source: Anchoria AM Research, FMDQ OTC

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 11th March 2020

	91 day	182 day	364 day
Offer Amount (N'bn)	1.80	14.00	70.50
Total Subscription (N'bn)	23.77	29.46	190.23
Allotment (N'bn)	1.80	14.00	70.50
Subscription Rate	13.21	2.10	2.70
Current Stop Rates (%):	2.49%	3.78%	5.30%
Previous Stop Rates	3.00%	4.00%	5.70%

Anchoria Mutual Fund Price as at 13th March 2020 (Year-To-Date Return/Yield)

	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	5.89% /annum
Anchoria Fixed Income Fund	1.16	1.16	1.72% YTD
Anchoria Equity Fund	87.28	87.55	N/A

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