

Fixed Income Market Monitor

Monday, 20 - Friday, 24 April 2020

Money Market

The average money market rate rose significantly last week by 18.58% to settle at 20.71% from 2.13% in the previous week. The constraint in the system liquidity is attributable to the sudden CRR debits by the CBN and FGN Bond auction sum of N156.06 billion which occurred during the week.

The notable inflow during the week included OMO maturities worth N267.67 billion and FGN Bond coupon payments of N32.67 billion while notable outflows include: OMO auction - N112.65 billion and FGN Bond auctions - N156.06 billion.

We expect the system to be relatively awash with buoyant system liquidity this week due to OMO maturities worth N30.66 billion and FGN Bond coupon payments of N149.14 billion which is expected to hit the system.

Instrument	17/04/2020	24/04/2020	Change
OBB	2.00%	20.33%	+18.33%
OVN	2.25%	21.08%	+18.33%

Source: Anchoria AM Research, FMDQ OTC

Forex: USD/NGN

US Dollar to Naira Exchange rate is currently at N456.00 in the parallel market as at April 24, 2020. This is 8.31% increase from the previous week. At the beginning of the month, Dollar to Naira exchange rate was at N416.00 in the parallel market.

Asides the historic fall in oil price, the pressure in the FX market is further compounded by the fact that the other key revenue sources of the Government such as taxes and imports duties are also on the downward turn due to the ongoing pandemic. Imports are suspended due to border closures and businesses are experiencing decline in profit margins

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

	17/04/2020	24/04/2020	Change
CBN Official Rate	361.00	361.00	+0.00%
I&E FX Window	386.13	383.00	-0.81%
Everdon BDC Rate	421.00	456.00	+8.31%

Commodities

OPEC and its non-OPEC partners led by Russia agreed earlier this month to reduce their combined oil production by 9.7 million bpd in May and June, in response to the crash in global oil demand in the pandemic. Although the new OPEC+ agreement goes into effect on May 1, OPEC's fourth-largest producer, Kuwait, has already started to reduce crude oil supply to international markets "sensing a responsibility response" to market conditions.

Brent oil fell by 24bps to close at \$21.44 per barrel while WTI fell by 7bps to close at \$16.94 per barrel.

Instrument	17-04-20	24-04-20	Change
Brent Oil	28.08	21.44	-0.24
WTI Oil	18.27	16.94	-0.07

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bullish last week as the average yield fell by 52bps to close at 10.49% compared to 11.00% in the previous week. The highest yield increase was witnessed in the JAN-2022 issuance which rose by 23bps to close at 6.42% while the highest yield decline was witnessed in the MAR-2024, fell by 143bps to close at 8.08%.

The Sovereign Eurobond market closed on a bearish note as the average yield rose by 120bps to close at 12.74% compared to 11.53% the previous week. In the same vein, the Corporate Eurobond market closed bearish as the average yield rose by 30bps to close at 13.71% compared to 13.42% the previous week.

At the Bond Auction held during the week, the DMO offered a total of N60 billion worth of instruments to investors through re-openings – 12.75% APR 2023, 12.50% MAR 2035 and 12.98% MAR 2050. The stop rates closed at 9.00%, 12.00% and 12.50% respectively. (See next page for Bond result).

Description	Maturity Date	Yield 17-04-20	Yield 24-04-20	%Change
14.50 15-JUL-2021	15-Jul-21	5.24	5.16	-0.08
16.39 27-JAN-2022	27-Jan-22	6.19	6.42	+0.23
12.75 27-APR-2023	27-Apr-23	9.26	8.76	-0.50
14.20 14-MAR-2024	14-Mar-24	9.51	8.08	-1.43
13.53 23-MAR-2025	23-Mar-25	10.96	9.66	-1.29
12.50 22-JAN-2026	22-Jan-26	11.35	9.00	-2.35
16.2884 17-MAR-2027	17-Mar-27	11.51	11.61	+0.09
13.98 23-FEB-2028	23-Feb-28	12.01	11.15	-0.86
15.00 28-NOV-2028	28-Nov-28	11.87	11.24	-0.64
14.55 26-APR-2029	26-Apr-29	11.80	11.28	-0.52
12.49 22-MAY-2029	22-May-29	11.81	11.29	-0.52
8.50 20-NOV-2029	20-Nov-29	11.83	11.33	-0.50
10.00 23-JUL-2030	23-Jul-30	11.86	11.38	-0.48
12.1493 18-JUL-2034	18-Jul-34	12.05	11.68	-0.37
12.50 27-MAR-2035	27-Mar-35	12.11	11.93	-0.18
12.40 18-MAR-2036	18-Mar-36	12.20	12.29	+0.09
16.2499 18-APR-2037	18-Apr-37	12.30	11.70	-0.60
14.80 26-APR-2049	26-Apr-49	12.58	12.60	+0.02
12.98 27-MAR-2050	27-Mar-50	12.60	12.67	+0.07

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 36bps to close at 2.71% compared to 3.06% the previous week. In the same vein, OMO bills pared by 135bps to close at 9.90% compared to 11.26% the previous week.

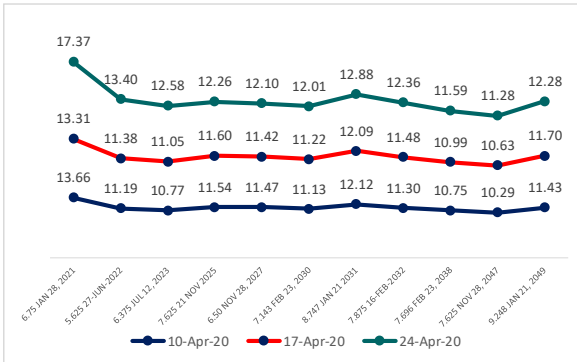
In the OMO auction held last week, the CBN fully allotted instruments worth N112.65 billion – 89 days - N20.37 billion, 180 days – N11.50 billion and 341 days – N80.78. The stop rates were 11.50%, 11.50% and 12.70% respectively.

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

Secondary Market

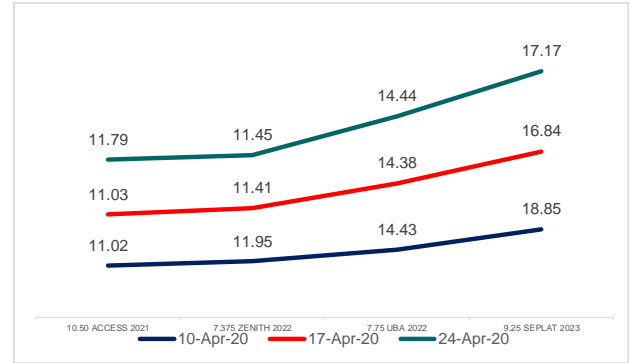
DTM	Maturity Date	Yield 17-04-20	Yield 24-04-20	%Change
20	14-May-20	9.22	9.17	-0.06
34	28-May-20	9.32	8.11	-1.21
41	04-Jun-20	9.36	8.18	-1.18
55	18-Jun-20	9.60	8.33	-1.27
69	02-Jul-20	9.84	8.48	-1.36
83	16-Jul-20	10.08	8.63	-1.45
111	13-Aug-20	11.41	8.94	-2.47
118	20-Aug-20	10.99	9.74	-1.25
125	27-Aug-20	10.56	10.55	-0.02
132	03-Sep-20	11.41	9.04	-2.38
139	10-Sep-20	10.88	9.03	-1.85
146	17-Sep-20	11.26	9.04	-2.22

FGN Eurobond



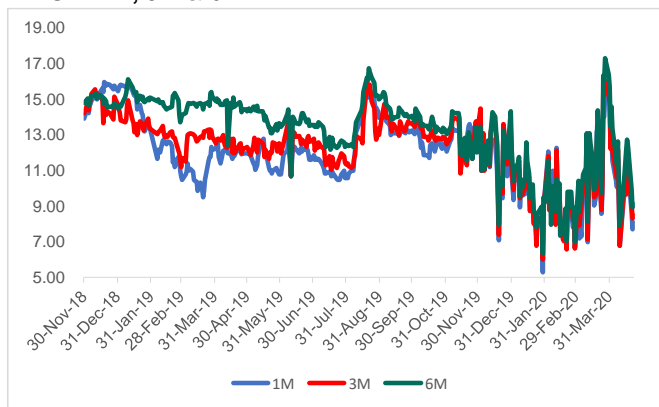
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



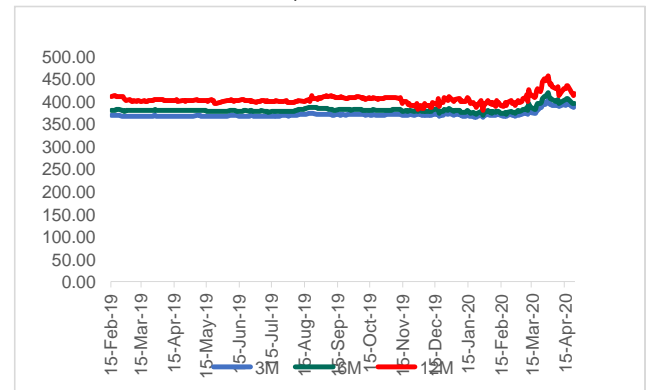
Source: Anchoria AM Research, FMDQ OTC

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 April 24, 2020 (Year-To-Date Return/Yield)			
	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	6.63% /annum
Anchoria Fixed Income Fund	1.19	1.19	4.20% YTD
Anchoria Equity Fund	89.53	89.82	-13.85% YTD

Bond Auction Result April 22,2020			
	12.75% FGN APR 2023	12.50% FGN APR 2035	12.98% FGN APR 2050
Offer Amount (N'bn)	20.00	20.00	20.00
Total Subscription (N'bn)	49.70	107.47	118.50
Allotment (N'bn)	30.07	72.25	53.74
Subscription Rate	2.49	5.37	5.93
Current Stop Rates (%):	9.00%	12.00%	12.50%
Previous stop rates	9.85%	11.12%	12.56%

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