

# Fixed Income Market Monitor

Monday, 11 – Friday, 15 May 2020

## Money Market

The average money market rate fell significantly last week by 4.79% to settle at 3.09% from 7.88% in the previous week. This is attributable to the inflow from OMO maturities of N209.05 billion and NTB Maturity of N38.00 billion during the week.

Notable outflows for the week included weekly FX wholesale SMIS of \$210mn and NTB auction of N142.76bn. The CBN declared OMO auction held during the week No Sale.

*We expect the system liquidity to be slightly buoyant with N17.87 billion FGN Bond coupon payments expected during the week*

Instrument	08/05/2020	11/05/2020	Change
OBB	7.42%	2.75%	-4.67%
OVN	8.33%	3.42%	-4.91%

Source: Anchoria AM Research, FMDQ OTC

## Forex: USD/NGN

During the week the foreign reserve rose by 2.87% to \$34.44 billion due to the inflow of \$3.4 billion Emergency Loan from IMF. In light of this, the I&E FX window rose by 0.32% to close at N386.00/\$ while the CBN official rate remained stable at N361.00/\$.

Despite the inflow from IMF, there is still volatility in the currency market as Foreign Investors and Importers continually increase their demand for the greenback.

*We expect continuous fluctuations in the rates in the foreign market as the pandemic continues to pose a threat on the economy.*

Instrument	08/05/2020	11/05/2020	Change
CBN Official Rate	361.00	361.00	+0.00%
I&E FX Window	387.25	386.00	+0.32%
Everdon BDC Rate	447.00	456.00	+2.01%

Source: Anchoria AM Research, FMDQ OTC

## Commodities

Brent oil rose by 17.13% to close at \$32.50 compared to \$30.97 last week while WTI rose by 18.96% to close at \$29.43. The increase is due to the growing demand for fuel, as nations around the globe eased travel restrictions, which they had imposed to limit the spread of the COVID-19 pandemic. The reopening of the economies, had a beneficial effect on the oil prices.

Another contributory factor in oil price rise is the surprise crude inventory drawn by the Energy Information Administration. In gasoline, the EIA reported an inventory draw of 3.5 million barrels while distillate fuels, the EIA reported an inventory rise of 3.5 million barrels for last week.

Instrument	08-05-20	15-05-20	Change
Brent Oil	30.97	32.50	17.13%
WTI Oil	24.74	29.43	18.96%

## Fixed Income

### Bond: FGN

The secondary sovereign Bond market closed bearish last week as the average yield rose by 33bps to close at 10.55% compared to 10.22% in the previous week. The highest yield increase was witnessed in the MAR-2024 issuance which rose by 122bps to close at 9.61% while the highest yield decline was witnessed in the MAR-2027, fell by 21bps to close at 10.97% from 11.18%.

The Sovereign Eurobond market closed on strongly bullish as the average yield fell by 302bps to close at 7.38% compared to 10.40% the previous week. This can be traced to the highest increase in Crude Oil Price since March and the increase in the country's external reserve while the Corporate Eurobond market closed bullish as the average yield fell by 498bps to close at 8.72% compared to 13.70% the previous week.

*We expect widening in bond yield as investors anticipate the upcoming Bond auction worth N60.00 billion by the DMO*

Description	Maturity Date	Yield		%Change
		08-05-20	15-05-20	
14.50 15-JUL-2021	15-Jul-21	4.53	5.21	+0.68
16.39 27-JAN-2022	27-Jan-22	5.65	6.39	+0.74
12.75 27-APR-2023	27-Apr-23	8.29	9.17	+0.88
14.20 14-MAR-2024	14-Mar-24	8.40	9.61	+1.22
13.53 23-MAR-2025	23-Mar-25	9.36	10.13	+0.77
12.50 22-JAN-2026	22-Jan-26	10.18	10.55	+0.37
16.2884 17-MAR-2027	17-Mar-27	11.18	10.97	-0.21
13.98 23-FEB-2028	23-Feb-28	11.05	11.04	-0.01
15.00 28-NOV-2028	28-Nov-28	10.91	11.11	+0.20
14.55 26-APR-2029	26-Apr-29	10.83	11.14	+0.31
12.49 22-MAY-2029	22-May-29	10.84	11.15	+0.31
8.50 20-NOV-2029	20-Nov-29	10.88	11.19	+0.31
10.00 23-JUL-2030	23-Jul-30	10.94	11.25	+0.31
12.1493 18-JUL-2034	18-Jul-34	11.30	11.61	+0.30
12.50 27-MAR-2035	27-Mar-35	11.41	11.61	+0.20
12.40 18-MAR-2036	18-Mar-36	11.56	11.63	+0.06
16.2499 18-APR-2037	18-Apr-37	11.55	11.55	0.00
14.80 26-APR-2049	26-Apr-49	12.63	12.54	-0.09
12.98 27-MAR-2050	27-Mar-50	12.71	12.62	-0.10

Source: Anchoria AM Research, FMDQ OTC

## Treasury Bills

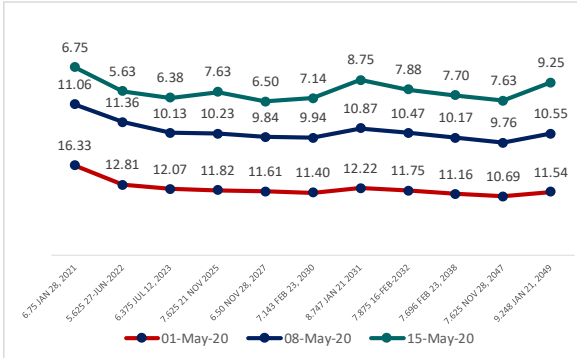
The T-bills secondary market closed on a bullish note last week as the average yield fell by 38bps to close at 2.28% compared to 2.66% the previous week due to the trading activity in the market following the auction held during the week. In the same vein, OMO bills fell by 163bps to close at 8.45% compared to 10.08% the previous week.

At the T-bills auctions, the DMO allotted 142.76 billion worth of bills. 91 day – N19.78 billion, N40.09 billion for 182-day and N82.89 billion for the 364 day. The stop rates closed at 2.50%, 2.85% and 3.84% respectively.

## Secondary Market

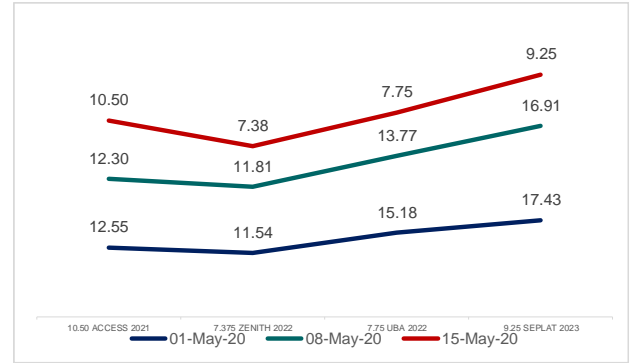
DTM	Maturity Date	Yield		%Change
		08-05-20	15-05-20	
13	28-May-20	9.31	5.04	-4.26
20	04-Jun-20	8.81	4.61	-4.20
34	18-Jun-20	9.09	5.72	-3.37
48	02-Jul-20	7.07	6.84	-0.24
62	16-Jul-20	7.68	6.76	-0.92
90	13-Aug-20	8.91	6.61	-2.30
97	20-Aug-20	9.24	6.61	-2.62
104	27-Aug-20	9.22	6.66	-2.56
111	03-Sep-20	9.21	6.70	-2.51
118	10-Sep-20	9.45	8.85	-0.60
125	17-Sep-20	9.20	9.07	-0.12
132	24-Sep-20	9.75	7.34	-2.41
139	01-Oct-20	9.23	8.41	-0.82
146	08-Oct-20	9.79	7.68	-2.11

### FGN Eurobond



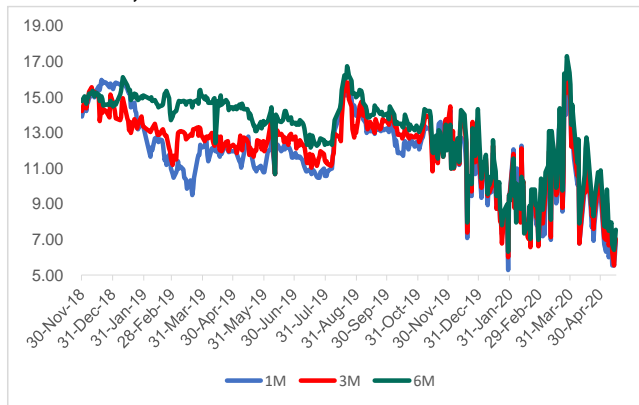
Source: Anchoria AM Research, FMDQ OTC

### Corporate Eurobond



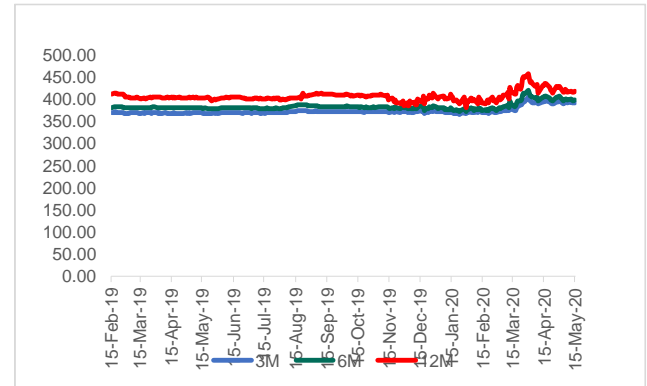
Source: Anchoria AM Research, FMDQ OTC

### 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 13 May 2020			
	91 day	182 day	364 day
Offer Amount (N'bn)	4.38	12.92	16.54
Total Subscription (N'bn)	22.33	41.19	102.03
Allotment (N'bn)	19.78	40.09	82.88
Subscription Rate	5.10	3.19	6.17
Current Stop Rates (%)	2.50%	2.85%	3.84%
Previous Stop Rates	1.85%	2.49%	3.84%

Anchoria Mutual Fund Price as at May 18, 2020 (Year-To-Date Return/Yield)			
	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	5.85% /annum
Anchoria Fixed Income Fund	1.19	1.19	4.20% YTD
Anchoria Equity Fund	94.89	95.20	-7.42% YTD

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