

Fixed Income Market Monitor

Monday, 27 April – Friday, 01 May 2020

Money Market

The average money market rate fell significantly last week by 18.21% to settle at 2.50% from 20.71% in the previous week. The buoyancy in the system liquidity is attributable to inflows from OMO maturities - N30.66 billion, FGN Bond coupon payments of N149.14 billion and CRR refunds (part of previously debit CRR of N1.5 trillion)

Notable outflow during the week included: OMO sales of N100 billion.

We expect an uptick in the OBB and OVN on Monday as the CBN resume its Wholesale FX auction. Also, the system liquidity is expected to be constrained as the only notable anticipated inflow is OMO maturity of N18.5 billion

Instrument	24/04/2020	01/05/2020	Change
OBB	20.33%	2.25%	-18.08%
OVN	21.08%	2.75%	-18.33%

Source: Anchororia AM Research, FMDQ OTC

Forex: USD/NGN

The CBN last week resumed provision of foreign exchange to all commercial banks for onward sales to SMEs and payment of school fees. This is expected to ease the dollar scarcity and reduce the gap in the spread between parallel market and Investors & Exporters FX window.

Also, the IMF approved Nigeria's request for emergency financial assistance of \$3.4 billion to address some of the economic impact of the COVID-19 pandemic.

On a week on week basis, the CBN Official rate remained unchanged at N361/\$, I&E FX window rate rose by 1.25% to close at N387.80/\$ while rate at parallel market fell by 1.32% to close at N450/\$

We expect Naira appreciation this week as the CBN resumes its weekly wholesale FX intervention

	24/04/2020	01/05/2020	Change
CBN Official Rate	361.00	361.00	+0.00%
I&E FX Window	383.00	387.80	+1.25%
Everdon BDC Rate	456.00	450.00	-1.32%

Commodities

The Oil Price rose last week in anticipation of the historic production cut of 9.7 million bpd in May and June and as some countries gradually restart their economies. The Brent rose by 23bps to close at \$26.44 per barrel while WTI rose by 17bps to close at \$19.78 per barrel.

We expect increase in the prices of Crude oil this week as demand increases and production cuts became effective.

Instrument	24-04-20	01-05-20	Change
Brent Oil	21.44	26.44	+0.23
WTI Oil	16.94	19.78	+0.17

Fixed Income

Bond: FGN

During the week, the IMF executive board approved \$3.4 billion in emergency support to Nigeria under its Rapid Financing Instrument (RFI) program, the loan has a repayment moratorium of 31/4 years, a repayment period of 5 years and an interest rate of 1.05%. Also, the DMO released a circular around the N850 billion proposed external debt in the 2020 appropriation act to domestic borrowing.

The secondary sovereign Bond market closed bullish last week as the average yield fell by 30bps to close at 10.19% compared to 10.49% in the previous week. The highest yield increase was witnessed in the MAR-2024 issuance which rose by 49bps to close at 8.56% while the highest yield decline was witnessed in the MAR-2025, fell by 166bps to close at 8.01%.

The Sovereign Eurobond market closed on a bullish note as the average yield fell by 61bps to close at 12.13% compared to 12.74% the previous week. Conversely, the Corporate Eurobond market closed bearish as the average yield rose by 46bps to close at 14.17% compared to 13.71% the previous week.

We expect increased participation in the bond market due to anticipated improvement in crude oil price and Naira appreciation this week

Description	Maturity Date	Yield	Yield	%Change
		24-04-20	01-05-20	
14.50 15-JUL-2021	15-Jul-21	5.16	4.69	-0.47
16.39 27-JAN-2022	27-Jan-22	6.42	5.82	-0.60
12.75 27-APR-2023	27-Apr-23	8.76	8.49	-0.27
14.20 14-MAR-2024	14-Mar-24	8.08	8.56	+0.49
13.53 23-MAR-2025	23-Mar-25	9.66	8.01	-1.66
12.50 22-JAN-2026	22-Jan-26	9.00	9.17	+0.17
16.2884 17-MAR-2027	17-Mar-27	11.61	11.01	-0.59
13.98 23-FEB-2028	23-Feb-28	11.15	11.16	+0.00
15.00 28-NOV-2028	28-Nov-28	11.24	11.24	0.00
14.55 26-APR-2029	26-Apr-29	11.28	11.28	0.00
12.49 22-MAY-2029	22-May-29	11.29	11.28	-0.01
8.50 20-NOV-2029	20-Nov-29	11.33	11.28	-0.04
10.00 23-JUL-2030	23-Jul-30	11.38	11.29	-0.09
12.1493 18-JUL-2034	18-Jul-34	11.68	11.30	-0.38
12.50 27-MAR-2035	27-Mar-35	11.93	11.35	-0.58
12.40 18-MAR-2036	18-Mar-36	12.29	11.42	-0.86
16.2499 18-APR-2037	18-Apr-37	11.70	11.30	-0.40
14.80 26-APR-2049	26-Apr-49	12.60	12.41	-0.19
12.98 27-MAR-2050	27-Mar-50	12.67	12.49	-0.18

Source: Anchororia AM Research, FMDQ OTC

Treasury Bills

The T-bills secondary market closed on a bullish note last week as the average yield fell by 1bps to close at 2.70% compared to 2.71% the previous week. Conversely, OMO bills pared by 50bps to close at 9.87% compared to 9.37% the previous week.

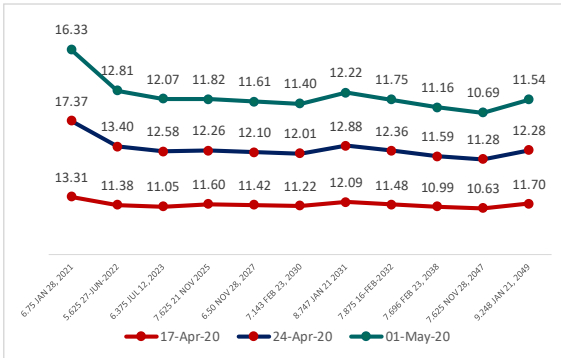
In the Treasury bills auction held last week, the CBN fully allotted instruments worth N131.85 billion – 91 days – N49.84 billion, 182 days – N10.62 billion and 341 days – N71.07 billion. The stop rates were 1.85%, 2.49% and 3.84% respectively. (See next page for T-bills result).

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

Secondary Market

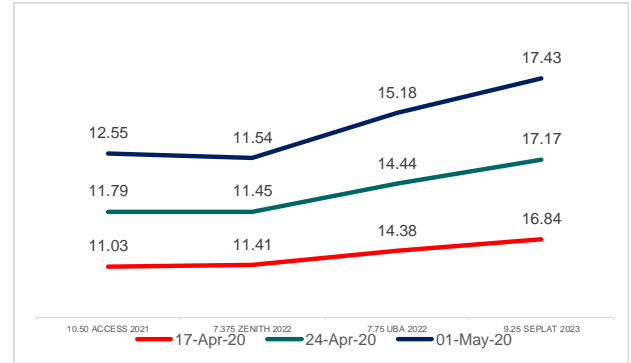
DTM	Maturity Date	Yield	Yield	%Change
		24-04-20	01-05-20	
13	14-May-20	9.17	8.52	-0.65
27	28-May-20	8.11	8.05	-0.06
34	04-Jun-20	8.18	8.82	+0.64
48	18-Jun-20	8.33	9.11	+0.78
62	02-Jul-20	8.48	8.27	-0.21

FGN Eurobond



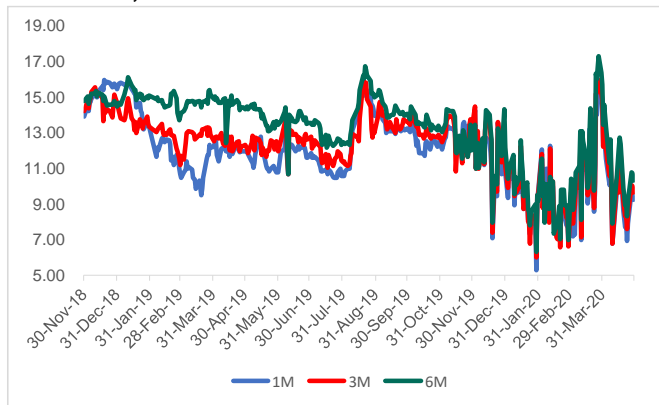
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



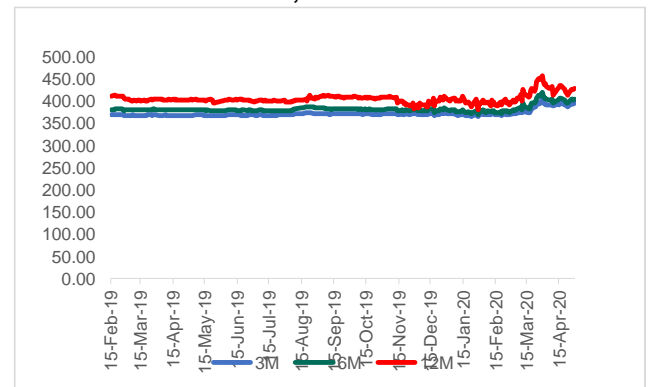
Source: Anchoria AM Research, FMDQ OTC

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 May 03, 2020 (Year-To-Date Return/Yield)			
	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	6.62% /annum
Anchoria Fixed Income Fund	1.20	1.20	5.00% YTD
Anchoria Equity Fund	90.62	90.92	-12.48% YTD

Treasury Bills Result 29 April 2020			
	91 day	182 day	364 day
Offer Amount (N'bn)	49.84	10.62	71.07
Total Subscription (N'bn)	91.54	27.69	148.99
Allotment (N'bn)	49.84	10.62	71.07
Subscription Rate	1.84	2.61	2.10
Current Stop Rates (%):	1.85%	2.49%	3.84%
Previous Stop Rates	1.93%	2.74%	4.00%

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