

Fixed Income Market Monitor

Monday, 18 – Friday, 22 May 2020

Money Market

The average money market rate rose significantly last week by 12.23% to settle at 15.32% from 3.09% in the previous week. This is attributable to the outflow from FGN Bond auction worth N295.37 billion and CRR debits from banks by the Central bank.

Other outflows for the week included: FX wholesale SMIS of \$210mn and Biweekly retail FX sale while inflows were FAAC allocation of c. N300.00 billion, OMO Maturities of N296.2 billion and FGN Coupon payments of N17.87 billion.

We expect the system liquidity to be buoyant with N5.63billion FGN Bond coupon payments and OMO maturities of N319.72 expected during the week

Instrument	11/05/2020	22/05/2020	Change
OBB	2.75%	15.00%	+12.25%
OVN	3.42%	15.63%	+12.21%

Source: Anchoria AM Research, FMDQ OTC

Forex: USD/NGN

The Country's external reserve continues to experience expansion due to the inflow of rapid financing instrument from the IMF. The reserve is currently at \$35.67 billion. The CBN official rate remained stable at N361.00/\$ while the I&E FX Window fell marginally by 2bps to close at N385.94/\$. Pressure persists in the parallel market as the rate rose by 1.32% to close N462.00/\$.

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

	11/05/2020	22/05/2020	Change
CBN Official Rate	361.00	361.00	+0.00%
I&E FX Window	386.00	385.94	-0.02%
Everdon BDC Rate	456.00	462.00	+1.32%

Source: Anchoria AM Research, FMDQ OTC

Commodities

Brent oil rose by 8.09% to close at \$35.13 compared to \$32.50 last week while WTI rose by 12.98% to close at \$33.25. This is due to the increase in demand and supply now that countries have begun to ease coronavirus –related lockdown and restrictions.

The OPEC+ coalition appears determined to ease the global oil glut and lift the oil prices that had cratered in April because of OPEC+ wrangling and crashing global demand in the pandemic. Oil prices have rallied since the start of the new OPEC+ cuts.

Instrument	15-05-20	22-05-20	Change
Brent Oil	32.50	35.13	8.09%
WTI Oil	29.43	33.25	12.98%

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bullish last week as the average yield fell by 15bps to close at 10.40% compared to 10.55% in the previous week. Yields declined across all instruments with the highest yield decline of 47bps witnessed in the MAR-2025.

The Sovereign Eurobond market closed on a strongly bearish note as the average yield rose by 139bps to close at 8.77% compared to 7.38% the previous week. The Corporate Eurobond market also closed bearish as the average yield rose by 318bps to close at 11.90% compared to 8.72% the previous week.

At the bond auction, the DMO offered a total of N60.00 billion across all instruments through re-openings – 12.75% APR 2023, 12.50% MAR 2035 and 12.98% MAR 2050 with stop rates at 9.20%, 11.70% and 12.60% respectively. (See next page for bond auction result).

We expect increase widening in bond yield and advise bond traders to retain cautionary approach in the market.

Description	Maturity Date	Yield		%Change
		15-05-20	22-05-20	
14.50 15-JUL-2021	15-Jul-21	5.21	5.15	-0.06
16.39 27-JAN-2022	27-Jan-22	6.39	6.33	-0.07
12.75 27-APR-2023	27-Apr-23	9.17	9.09	-0.08
14.20 14-MAR-2024	14-Mar-24	9.61	8.90	-0.71
13.53 23-MAR-2025	23-Mar-25	10.13	9.66	-0.47
12.50 22-JAN-2026	22-Jan-26	10.55	10.28	-0.27
16.2884 17-MAR-2027	17-Mar-27	10.97	10.66	-0.31
13.98 23-FEB-2028	23-Feb-28	11.04	10.94	-0.09
15.00 28-NOV-2028	28-Nov-28	11.11	11.06	-0.05
14.55 26-APR-2029	26-Apr-29	11.14	11.12	-0.02
12.49 22-MAY-2029	22-May-29	11.15	11.12	-0.03
8.50 20-NOV-2029	20-Nov-29	11.19	11.15	-0.04
10.00 23-JUL-2030	23-Jul-30	11.25	11.19	-0.06
12.1493 18-JUL-2034	18-Jul-34	11.61	11.43	-0.17
12.50 27-MAR-2035	27-Mar-35	11.61	11.47	-0.14
12.40 18-MAR-2036	18-Mar-36	11.63	11.52	-0.10
16.2499 18-APR-2037	18-Apr-37	11.55	11.49	-0.06
14.80 26-APR-2049	26-Apr-49	12.54	12.50	-0.04
12.98 27-MAR-2050	27-Mar-50	12.62	12.58	-0.04

Source: Anchoria AM Research, FMDQ OTC

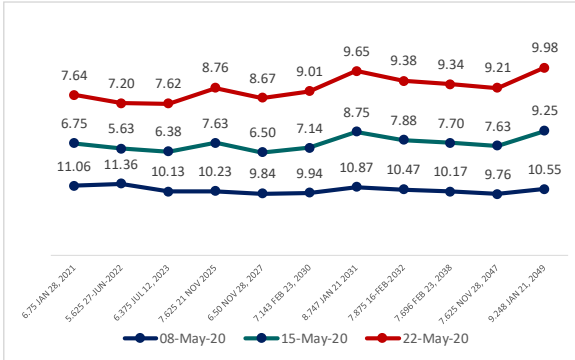
Treasury Bills

The T-bills secondary market closed on a bullish note last week as the average yield fell by 11bps to close at 2.17% compared to 2.28% the previous week due attributable to investors demand for longer term instruments. In the same vein, OMO bills fell by 252bps to close at 6.02% compared to 8.45% the previous week.

Secondary Market

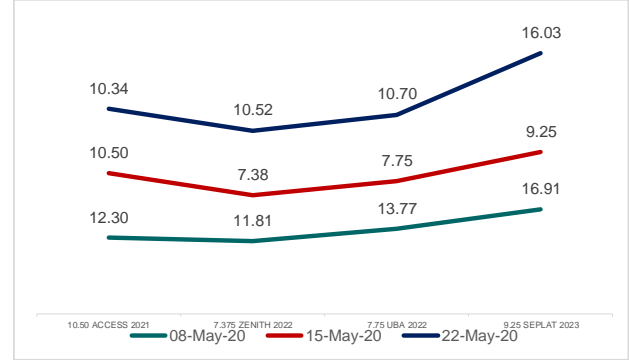
DTM	Maturity Date	Yield		%Change
		15-05-20	22-05-20	
13	04-Jun-20	4.61	4.61	0.00
27	18-Jun-20	5.72	5.33	-0.39
41	02-Jul-20	6.84	6.07	-0.76
55	16-Jul-20	6.76	5.86	-0.90
83	13-Aug-20	6.61	5.45	-1.16
90	20-Aug-20	6.61	5.34	-1.27
97	27-Aug-20	6.66	5.23	-1.43
104	03-Sep-20	6.70	5.12	-1.58
111	10-Sep-20	8.85	5.59	-3.25
118	17-Sep-20	9.07	5.60	-3.47
125	24-Sep-20	7.34	5.04	-2.31
132	01-Oct-20	8.41	5.09	-3.32
139	08-Oct-20	7.68	5.14	-2.54
146	15-Oct-20	9.59	5.48	-4.11
153	22-Oct-20	7.49	5.82	-1.67
158	27-Oct-20	7.95	5.96	-1.99
165	03-Nov-20	9.02	6.17	-2.85
172	10-Nov-20	8.82	6.27	-2.55

FGN Eurobond



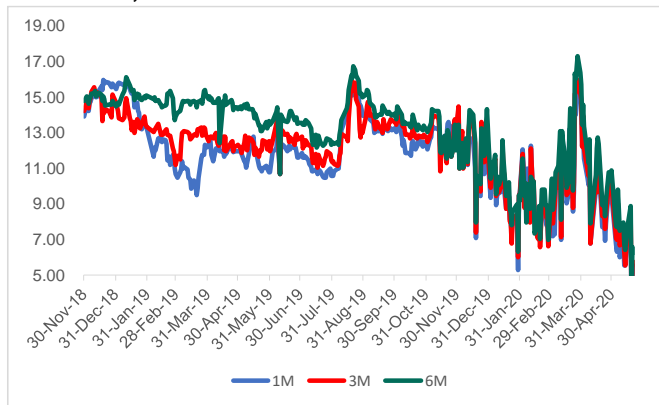
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



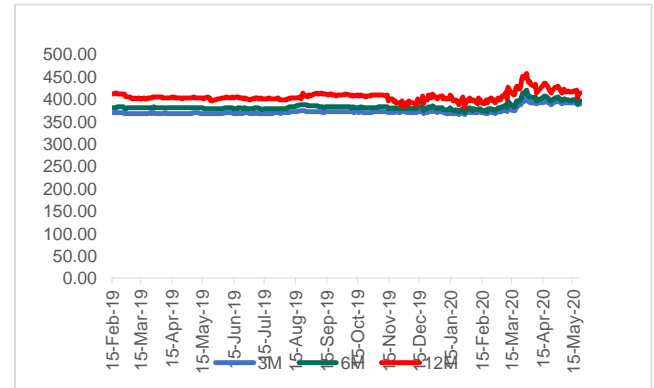
Source: Anchoria AM Research, FMDQ OTC

NIBOR -1M, 3M & 6M



Source: Anchoria AM Research, FMDQ OTC

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



Source: Anchoria AM Research, FMDQ OTC

Bond Auction Result May 21, 2020			
	12.75% FGN APR	12.50% FGN APR 2035	12.98% FGN APR 2050
Offer Amount (N'bn)	20.00	20.00	20.00
Total Subscription (N'bn)	81.89	154.10	189.19
Allotment (N'bn)	67.37	68.73	160.10
Subscription Rate	4.09	7.71	9.46
Current Stop Rates (%):	9.20%	11.70%	12.60%
Previous stop rates	9.00%	12.00%	12.50%

Anchoria Mutual Fund Price as at May 25, 2020 (Year-To-Date Return/Yield)			
	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	5.84% /annum
Anchoria Fixed Income Fund	1.20	1.20	5.00% YTD
Anchoria Equity Fund	98.60	98.92	-3.38% YTD

CONTACTS

Anchoria Asset Management Limited
5th Floor, Elephant House
214, Broad Street
Marina
Lagos

Investment Research
Wealth Advisory

research@anchoriaam.com
investor-relations@anchoriaam.com

+234 908 720 6076
+234 818 889 9455