

Fixed Income Market Monitor

Monday, 06 - Friday, 10 January 2020

Money Market

The average money market rate rose significantly last week by 7.50% to settle at 10.21% from 2.72% in the previous week due to constraint system liquidity seen on Thursday following the OMO auction which took out cN410bn from the system liquidity. The system liquidity remains relatively buoyant with cN469.8bn inflow from OMO maturities.

Other notable outflows include Weekly wholesale, Invisible & SME of \$210m on Monday.

The Open Buy Back (OBB) and Overnight rates (O/N) rose to 9.71% and 10.71% from 2.36% and 3.07% respectively due to OMO inflows experienced during the week.

We expect money market rate to remain at double digit at the start of the week, although we expect this to moderate during the week with Bond coupon payment and OMO maturities.

Instrument	03/01/2020	10/01/2020	Change
OBB	2.36%	9.71%	7.35%
OVN	3.07%	10.71%	7.64%

Source: Anchoria AM Research, FMDQ OTC

Forex: USD/NGN

The foreign exchange market was relatively stable last week as the CBN Official Rate fell by 2bps W-o-W to close at N306.95/\$ while the rate at the I&E FX window fell by 65bps to close at N362.60/\$ compared to N364.98/\$ the previous week. The rate in the parallel market remained stable at N362.00/\$.

Despite the decline in the country's external reserve to \$39.32 billion WTD, we expect the rates in the market to remain constant as the apex bank continues to defend the naira.

	03/01/2019	10/01/2020	Change
CBN Official Rate	307.00	306.95	-0.02%
I&E FX Window	364.98	362.60	-0.65%
Everdon BDC Rate	362.00	362.00	0.00%

Source: Anchoria AM Research, FMDQ OTC

Commodities

The crude oil price fell by 5.28% to close at \$64.98 for the week ended 10 January 2020 compared to \$68.60 the previous week.

Oil prices fell on Wednesday afternoon after US president Donald Trump announced that Iran was backing off its strike back stance against the US. Most major oil stocks were trading down on Wednesday as well, including EXXON (NYSE: XOM) which was down by 1.39%, Royal Dutch Shell (NYSE: RDS.A), at 1.67% and Chevron (NYSE: CVX) -0.84%.

Instrument	03-01-20	10-01-20	Change
Brent Oil	68.60	64.98	-5.28%
WTI Oil	63.05	59.04	-6.36%

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bullish last week as the average yield fell by 29bps to close at 10.41% compared to 10.71% the previous week. The largest yield increase of 20bps was witnessed in the JUL-2021 bond and the largest decline of 67bps was witnessed in the JAN-2026 bond.

The Sovereign Eurobond market closed on a bullish note as the average yield fell by 29bps to close at 5.90% compared to 6.18% the previous week. The narrative was different for the Corporate Eurobond market as the average yield appreciated by 5bps to close at 5.14% compared to 5.09% the previous week.

Following the commitment from the Lagos State Government to ensure compliance with the minimum requirement for inclusion of state Bonds as investible instruments in the pension Industry, the National Pension Commission (PenCom) has granted a reprieve to the government by lifting the suspension order it earlier placed on the inclusion of the Lagos State N500 billion debt issuance programme as an investible instrument for pension funds.

We expect demand to continue to increase and bond yields decrease concurrently, coupled with the system liquidity expected from OMO maturities.

Secondary Market

Description	Maturity Date	Yield		%Change
		03-01-20	10-01-20	
15.54 13-FEB-2020	13-Feb-20	4.45	4.46	+0.01
14.50 15-JUL-2021	15-Jul-21	8.46	8.66	+0.20
16.39 27-JAN-2022	27-Jan-22	9.06	8.86	-0.20
12.75 27-APR-2023	27-Apr-23	10.16	9.72	-0.44
14.20 14-MAR-2024	14-Mar-24	9.99	9.86	-0.13
13.53 23-MAR-2025	23-Mar-25	10.30	10.02	-0.27
12.50 22-JAN-2026	22-Jan-26	11.11	10.44	-0.67
16.2884 17-MAR-2027	17-Mar-27	11.23	11.07	-0.15
13.98 23-FEB-2028	23-Feb-28	11.56	11.37	-0.19
15.00 28-NOV-2028	28-Nov-28	11.59	11.36	-0.23
14.55 26-APR-2029	26-Apr-29	11.61	11.36	-0.25
12.49 22-MAY-2029	22-May-29	11.61	11.35	-0.26
8.50 20-NOV-2029	20-Nov-29	11.63	11.35	-0.29
10.00 23-JUL-2030	23-Jul-30	11.66	11.33	-0.32
12.1493 18-JUL-2034	18-Jul-34	11.68	11.24	-0.44
12.40 18-MAR-2036	18-Mar-36	11.88	11.24	-0.64
16.2499 18-APR-2037	18-Apr-37	11.95	11.35	-0.60
14.80 26-APR-2049	26-Apr-49	12.77	12.36	-0.41

Source: Anchoria AM Research, FMDQ OTC

Treasury Bills

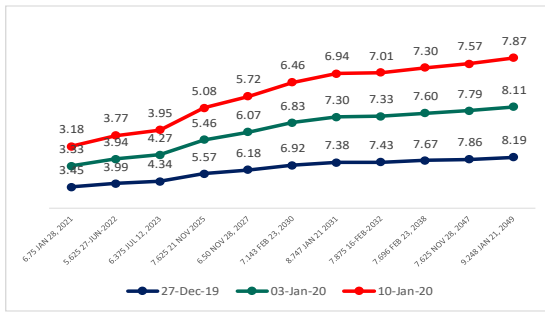
The T-bills secondary market closed on a bullish note as the average yield fell by 40bps to close at 4.20% compared to 4.57% the previous week. In the same vein, the OMO bills witnessed a decline of 41bps to settle at N12.74% compared to N13.15%, the previous week. The result of the OMO auctions held during the week for instruments worth N350.00 billion showed sales only for the 89 and 361-DAY tenor, with stop rates at 11.48% and 13.25% respectively while the 180-DAY recorded no bid from investors. (See next page for OMO auction result).

We expect the continuous yield widening between the OMO bills and Treasury bills.

Secondary Market

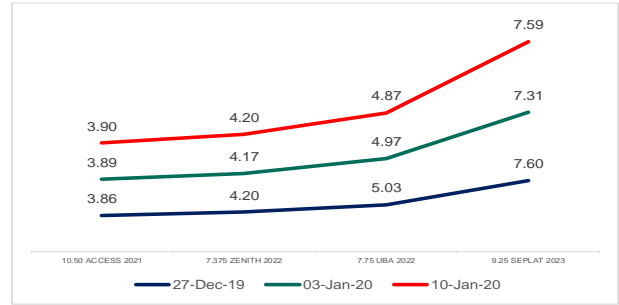
DTM	Maturity Date	Yield	Yield	%Change
		03-01-20	10-01-20	
13	23-Jan-20	12.13	10.86	-1.27
20	30-Jan-20	12.79	10.82	-1.97
27	06-Feb-20	11.98	12.11	+0.13
104	23-Apr-20	13.74	12.38	-1.36
125	14-May-20	12.98	12.49	-0.49

FGN Eurobond



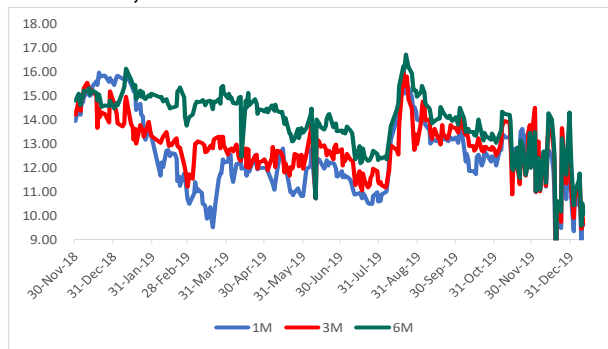
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



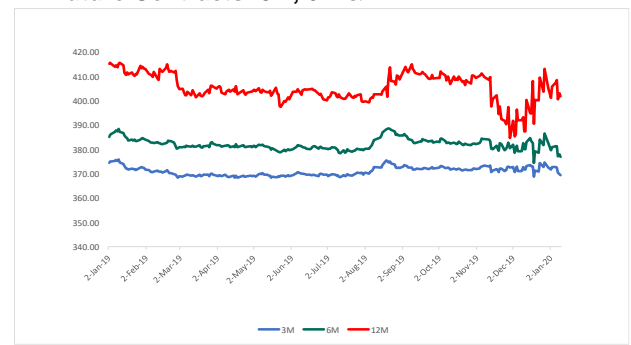
Source: Anchoria AM Research, FMDQ OTC

NIBOR -1M, 3M & 6M



Source: Anchoria AM Research, FMDQ OTC

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



Source: Anchoria AM Research, FMDQ OTC

OMO Auction Result 09 January 2020			
	81 day	180 day	362 day
Offer Amount (N'bn)	20.00	30.00	300.00
Total Subscription (N'bn)	0.10	Nil	411.04
Allotment (N'bn)	0.10	No sale	411.04
Subscription Rate	0.0005	Nil	1.37
Current Stop Rates (%)	11.48%	Nil	13.25%
Previous Stop Rates	Nil	Nil	13.26%

Anchoria Mutual Fund Price as at 10th January 2020 (Year-To-Date Return/Yield)			
	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	7.13%
Anchoria Fixed Income Fund	1.16	1.16	1.72%
Anchoria Equity Fund	108.20	108.60	5.98%

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