

Fixed Income Market Monitor

Monday, 22 – Friday, 26 June 2020

Money Market

Despite an absence of inflow into the system during the week, the average money market rate fell marginally by 0.27% to settle at 15.65% from 15.92% in the previous week.

The system was relatively illiquid forcing banks to access funding at the CBN SLF window. The OBB rose by 3bps to close at 15.20% while the Overnight Rate fell 57bps to close at 16.10%.

We expect the inflow from OMO maturities (N157.23 billion) to boost the system liquidity this week.

Instrument	19/06/2020	26/06/2020	Change
OBB	15.17%	15.20%	+0.03%
OVN	16.67%	16.10%	-0.57%

Source: Anchororia AM Research, FMDQ OTC

Forex: USD/NGN

The Naira/USD exchange rate rose marginally by 4bps during the week from N386.50/\$ to N386.33/\$ in the previous week. However, at the parallel market Naira to dollar rate appreciated by 2.22% from N450/\$ to N460/\$, while the official rate remained unchanged at N361/\$. FX liquidity continues to dwindle due to supply deficit across markets. The demand for dollars continues to outweigh the supply for the currency thereby creating speculation and devaluation fears.

During the week, the MSCI placed Nigerian Equities on watchlist due to significant deterioration of liquidity in the Nigerian FX market.

We expect a continuous dwindling in the FX liquidity in all the window this week this week.

	19/06/2020	26/06/2020	Change
CBN Official Rate	361.00	361.00	+0.00%
I&E FX Window	386.50	386.33	-0.04%
Everdon BDC Rate	456.00	460.00	+2.22%

Source: Anchororia AM Research, FMDQ OTC

Commodities

The two-month oil rally has stalled, with WTI falling to \$38 per barrel. The resurgence of Covid-19 across the U.S has halted the market's positive momentum in the oil market.

Brent Oil declined by 2.77% to close at \$41.02 per barrel compared to \$42.19 per barrel the previous week. West Texas Intermediate also has the same narrative as the price declined by 3.17% to close \$38.49 per barrel compared to \$39.75 the previous week.

Instrument	19-06-20	26-06-20	Change
Brent Oil	42.19	41.02	-2.77%
WTI Oil	39.75	38.49	-3.17%

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bullish last week as the average yield fell by 56bps to close at 8.80% compared to 9.36% in the previous week. Yields declined across all instrument with the highest yield decline witnessed in the MAR 2024 bond which fell by 151bps to close at 6.20% compared to 7.71% the previous week.

The Sovereign Eurobond market closed on a bullish note as the average yield fell by 5bps to close at 7.50% compared to 7.55% the previous week. The Corporate Eurobond market also closed bullish as the average yield fell by 66bps to close at 7.96% compared to 8.62% the previous week.

We expect renewed interest this week as investors continue to take positions in the bond market

Description	Maturity Date	Yield 19-06-20	Yield 26-06-20	%Change
14.50 15-JUL-2021	15-Jul-21	4.80	4.16	-0.64
16.39 27-JAN-2022	27-Jan-22	5.54	4.91	-0.63
12.75 27-APR-2023	27-Apr-23	7.28	6.01	-1.27
14.20 14-MAR-2024	14-Mar-24	7.71	6.20	-1.51
13.53 23-MAR-2025	23-Mar-25	7.44	7.14	-0.30
12.50 22-JAN-2026	22-Jan-26	8.49	8.40	-0.09
16.2884 17-MAR-2027	17-Mar-27	9.95	8.76	-1.19
13.98 23-FEB-2028	23-Feb-28	9.41	9.41	-0.01
15.00 28-NOV-2028	28-Nov-28	9.54	9.27	-0.28
14.55 26-APR-2029	26-Apr-29	9.61	9.19	-0.42
12.49 22-MAY-2029	22-May-29	9.74	9.40	-0.34
8.50 20-NOV-2029	20-Nov-29	10.24	10.01	-0.23
10.00 23-JUL-2030	23-Jul-30	10.97	10.97	0.00
12.1493 18-JUL-2034	18-Jul-34	10.75	10.30	-0.45
12.50 27-MAR-2035	27-Mar-35	10.79	10.23	-0.56
12.40 18-MAR-2036	18-Mar-36	10.85	10.14	-0.71
16.2499 18-APR-2037	18-Apr-37	10.65	10.05	-0.61
14.80 26-APR-2049	26-Apr-49	11.98	11.26	-0.71
12.98 27-MAR-2050	27-Mar-50	12.08	11.36	-0.72

Source: Anchororia AM Research, FMDQ OTC

Treasury Bills

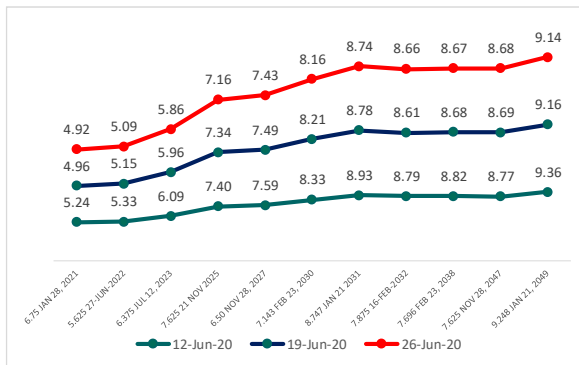
The Treasury bills market closed bearish last week as the average yield rose by 14bps to close at 2.24% compared to 2.10% the previous week. In the same vein, OMO bills rose by 14bps to close at 5.02% compared to 4.88% the previous week. During the week, activities in the T-bills and OMO market were relatively calm as no auction took place in both markets.

We expect investors to take position in the Treasury bills auction expected during the week.

Secondary Market

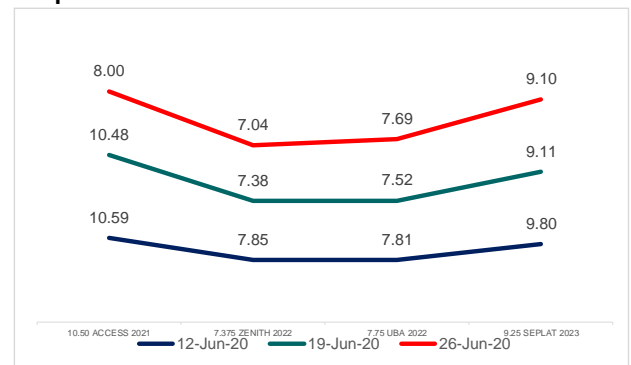
DTM	Maturity Date	Yield 19-06-20	Yield 26-06-20	%Change
20	16-Jul-20	3.76	3.76	0.00
48	13-Aug-20	3.77	3.35	-0.42
55	20-Aug-20	4.03	4.16	+0.13
62	27-Aug-20	4.03	3.86	-0.18
69	03-Sep-20	4.03	4.44	+0.40
76	10-Sep-20	4.21	4.21	0.00
83	17-Sep-20	4.26	4.55	+0.28
90	24-Sep-20	4.31	4.50	+0.19
97	01-Oct-20	4.36	4.45	+0.09
104	08-Oct-20	4.41	4.40	0.00
111	15-Oct-20	4.41	4.50	+0.09
118	22-Oct-20	4.42	4.60	+0.18
123	27-Oct-20	4.57	4.73	+0.15
130	03-Nov-20	4.68	4.91	+0.23
137	10-Nov-20	4.79	5.10	+0.31
144	17-Nov-20	4.90	5.29	+0.39
158	01-Dec-20	5.12	5.69	+0.57

FGN Eurobond



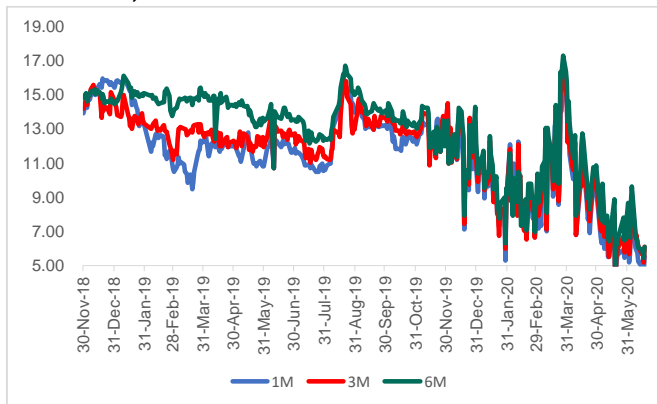
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



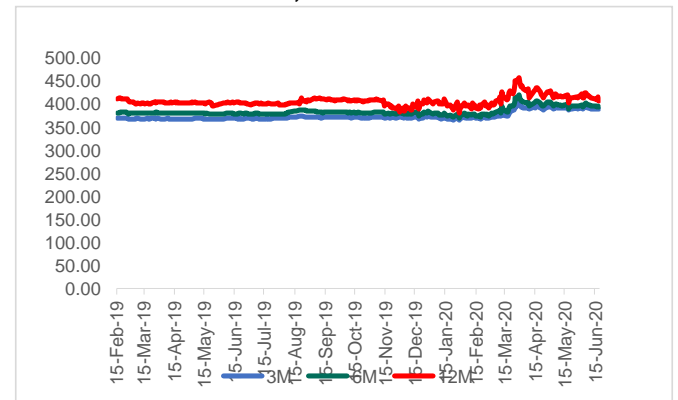
Source: Anchoria AM Research, FMDQ OTC

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 June 29, 2020 (Year-To-Date Return/Yield)

	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	5.91% /annum
Anchoria Fixed Income Fund	1.27	1.27	10.24% YTD
Anchoria Equity Fund	97.15	97.48	-4.92% 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