

# Fixed Income Market Monitor

Monday, 26 June – Friday, 03 July 2020

## Money Market

The average money market rate retained double digits for most part of the week due to constraints in system liquidity occasioned by outflows from OMO Auctions of N100 billion, CRR debits of N118 billion and Retail FX refund.

The average money market rate rose by 6.85% on a week on week basis to settle at 22.50% from 15.65% in the previous week. Open Buy Back (OBB) closed at 21.50% compared to 15.20% while Overnight rate (OVN) closed at 23.50% compared to 16.10% the previous week.

We expect the inflow from OMO maturities (N16.00 billion) to boost the system liquidity this week.

Instrument	26/06/2020	03/06/2020	Change
OBB	15.20%	21.50%	+6.30%
OVN	16.10%	23.50%	+7.40%

Source: Anchoria AM Research, FMDQ OTC

## Forex: USD/NGN

The CBN took a step towards unifying the exchange rate by adjusting the exchange rate at the CBN Secondary Market Intervention Sale (SMIS) from N360/\$ to N380/\$. The CBN also informed banks that bids will only be acceptable for quotes above N380/\$1 and no longer N360/\$1, meaning those who bid lower will not get any forex allocation.

The Naira strengthened at the I&E Fx window by 9bps to close the week by N386.00/\$. In the parallel market, rates retained its position at N460.00/\$ w-o-w while the official rate remained unchanged at N361/\$.

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

	26/06/2020	03/07/2020	Change
CBN Official Rate	361.00	361.00	+0.00%
I&E FX Window	386.33	386.00	-0.09%
Everdon BDC Rate	460.00	460.00	+0.00%

Source: Anchoria AM Research, FMDQ OTC

## Commodities

The West Texas Intermediate and Brent Oil crude oil futures closed higher last week, supported by a larger than expected drawdown in crude inventories earlier in the week and a decline in the U.S unemployment rate.

Brent Oil rose by 4.34% to close at \$4.34 per barrel compared to \$41.02 per barrel the previous week. In the same vein, West Texas Intermediate rose by 5.61% to close \$40.65 per barrel compared to \$38.49 the previous week.

Instrument	26-06-20	03-07-20	Change
Brent Oil	41.02	42.80	4.34%
WTI Oil	38.49	40.65	5.61%

## Fixed Income

### Bond: FGN

The secondary sovereign Bond market closed bullish last week as the average yield fell by 69bps to close at 8.11% compared to 8.80% in the previous week. Yields declined across all instruments except the JUL-2021 which rose by 32bps to close at 4.48% compared to 4.16%. The highest yield decline was witnessed in the JUL-2030 bond as the yield declined by 204bps to close at 8.94% compared to 10.97% the previous week.

The Sovereign Eurobond market closed on a bullish note as the average yield fell by 11bps to close at 7.39% compared to 7.50% the previous week. The Corporate Eurobond market also closed bullish as the average yield fell by 2bps to close at 7.97% compared to 7.96% the previous week.

We expect the interest in the Eurobond space to continue given Oil price of above \$40 per barrel.

Description	Maturity Date	Yield 26-06-20	Yield 03-07-20	%Change
14.50 15-JUL-2021	15-Jul-21	4.16	4.48	+0.32
16.39 27-JAN-2022	27-Jan-22	4.91	4.00	-0.91
12.75 27-APR-2023	27-Apr-23	6.01	5.46	-0.55
14.20 14-MAR-2024	14-Mar-24	6.20	5.37	-0.84
13.53 23-MAR-2025	23-Mar-25	7.14	6.31	-0.84
12.50 22-JAN-2026	22-Jan-26	8.40	7.07	-1.33
16.2884 17-MAR-2027	17-Mar-27	8.76	8.12	-0.64
13.98 23-FEB-2028	23-Feb-28	9.41	8.17	-1.23
15.00 28-NOV-2028	28-Nov-28	9.27	8.50	-0.77
14.55 26-APR-2029	26-Apr-29	9.19	8.68	-0.52
12.49 22-MAY-2029	22-May-29	9.40	8.68	-0.72
8.50 20-NOV-2029	20-Nov-29	10.01	8.80	-1.21
10.00 23-JUL-2030	23-Jul-30	10.97	8.94	-2.04
12.1493 18-JUL-2034	18-Jul-34	10.30	9.77	-0.54
12.50 27-MAR-2035	27-Mar-35	10.23	9.92	-0.31
12.40 18-MAR-2036	18-Mar-36	10.14	10.14	0.00
16.2499 18-APR-2037	18-Apr-37	10.05	10.04	0.00
14.80 26-APR-2049	26-Apr-49	11.26	10.80	-0.46
12.98 27-MAR-2050	27-Mar-50	11.36	10.86	-0.50

Source: Anchoria AM Research, FMDQ OTC

## Treasury Bills

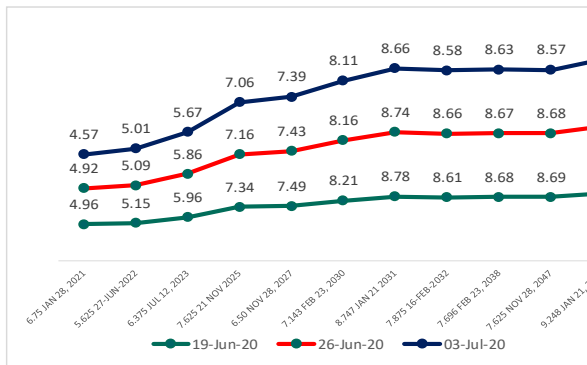
The Treasury bills market closed bullish last week as the average yield fell by 15bps to close at 2.09% compared to 2.24% the previous week. Conversely, OMO bills rose by 9bps to close at 5.11% compared to 5.02% the previous week. At the Treasury Bills auction held during the week, the CBN offered a total of N88.86 billion across all tenors which were all oversubscribed. The CBN allotted N10.00 billion – 91 day, N20.00 billion – 182 day and N58.86 billion – 364 day. Stop rates declined further across all tenors on high liquidity. The 364-day closed lower at 3.39%. (See next page for T-Bills result).

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

## Secondary Market

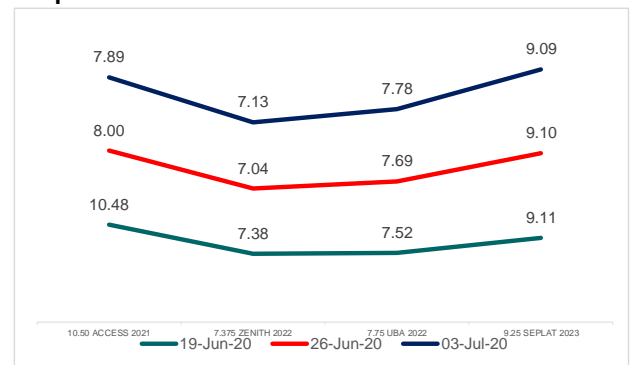
DTM	Maturity Date	Yield 26-06-20	Yield 03-07-20	%Change
13	16-Jul-20	3.76	3.76	0.00
41	13-Aug-20	3.35	3.95	+0.60
48	20-Aug-20	4.16	4.02	-0.13
55	27-Aug-20	3.86	4.06	+0.21
62	03-Sep-20	4.44	4.11	-0.33
69	10-Sep-20	4.21	4.18	-0.02
76	17-Sep-20	4.55	4.54	0.00
83	24-Sep-20	4.50	4.53	+0.03
90	01-Oct-20	4.45	4.51	+0.06
97	08-Oct-20	4.40	4.49	+0.09
104	15-Oct-20	4.50	4.56	+0.06
111	22-Oct-20	4.60	5.71	+1.12

### FGN Eurobond



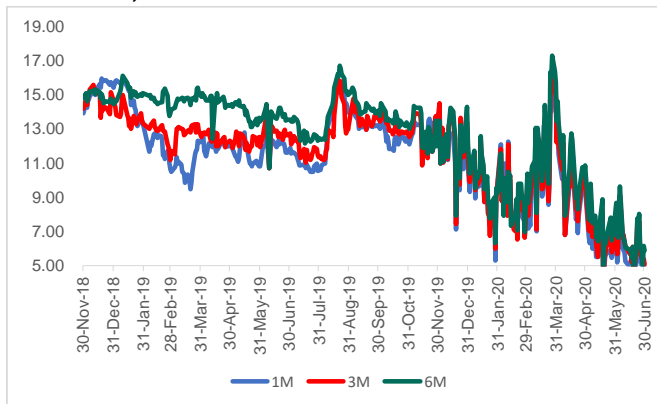
Source: Anchoria AM Research, FMDQ OTC

### Corporate Eurobond



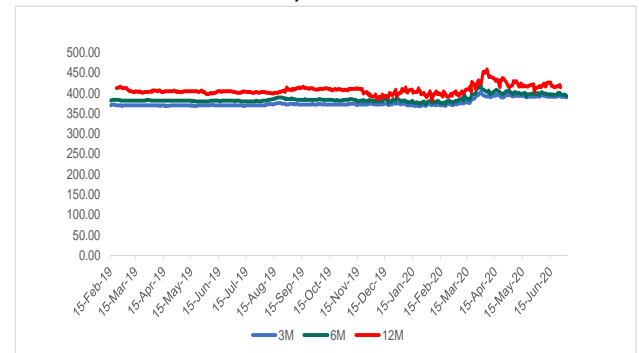
Source: Anchoria AM Research, FMDQ OTC

### NIBOR -1M, 3M & 6M



Source: Anchoria AM Research, FMDQ OTC

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



Source: Anchoria AM Research, FMDQ OTC

### NTB Auction Result 01 July, 2020

	91 day	182 day	364 day
Offer Amount (N'bn)	10.00	20.00	58.86
Total Subscription (N'bn)	24.98	58.82	246.88
Allotment (N'bn)	10.00	20.00	58.86
Subscription Rate	2.50	2.94	4.19
Current Stop Rates (%):	1.78%	1.91%	3.39%
Previous Stop Rates	1.80%	2.04%	3.75%

### Anchoria Mutual Fund Price as at July 06, 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	1.30	1.30	12.31% YTD
Anchoria Equity Fund	97.15	97.48	-4.92% YTD

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