

Fixed Income Market Monitor

Monday, 03 – Friday, 07 August 2020

Money Market

The average money market rate rose significantly by 5.00% to settle at 6.75% from 1.75% in the previous week. This is attributable to the absence of inflow and CRR debit by the CBN witnessed during the week.

For the Interbank rate, Open Buy Back (OBB) closed at 6.33% compared to 1.40% in the previous week while Overnight rate (OVN) closed at 7.17% compared to 2.10% the previous week.

We expect the system liquidity to remain buoyant in this week due to OMO Maturity barring any surprise CRR debit from CBN.

Instrument	31/07/2020	07/08/2020	Change
OBB	1.40%	6.33%	+4.93%
OVN	2.10%	7.17%	+5.07%

Source: Anchororia AM Research, FMDQ OTC

Forex: USD/NGN

Nigeria's exchange rate at the Investors & Exporters (I&E) forex window appreciated to N386.00/\$ compared to N389.25/\$ the previous week due to significant increase in turnover during the week.

In the parallel market, the rate retained its position at N475/\$ w-o-w. The pressure in the forex market is due to declining external reserves and continuous forex scarcity in the parallel market.

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

	31/07/2020	07/08/2020	Change
CBN Official Rate	381.00	381.00	+0.00%
I&E FX Window	389.25	386.00	-0.83%
Everdon BDC Rate	475.00	475.00	+0.00%

Commodities

Gold futures is still relatively bullish on growing global geopolitical uncertainty. The precious metal closed at \$2,028 per ounce compared to \$1,975.69 per ounce the previous week. It is expected that rising COVID-19 cases, geopolitical risks, high liquidity as a result of economic stimulus from different governments and blurry economic outlook will keep the price of Gold upward.

Oil prices closed the week on a positive note as prices were supported by a weakening of the U.S. dollar, which typically makes buying oil cheaper for holders of other currencies. Also, Oil prices were supported by the two reports of a crude oil inventory draw in the United States. According to Bloomberg, the American Petroleum Institute (API) reported a draw in crude oil inventories of 8.587 million barrels for the week ending July 31.

Instrument	31-07-20	07-08-20	Change
Brent Oil	43.64	44.40	1.74%
WTI Oil	40.44	41.22	1.93%

Fixed Income

Bond: FGN

The secondary sovereign Bond market closed bearish last week as the average yield rose by 71bps to close at 7.81% compared to 7.09% in the previous week. The highest yield decline was witnessed in the JAN-2022 bond which declined by 87bps to close at 2.97% compared to 3.84% the previous week while the highest yield increase was seen in the MAR-2036 bond which rose by 169bps to close at 10.55%.

The Sovereign Eurobond market closed on a bullish note as the average yield fell by 35bps to close at 6.93% compared to 7.28% the previous week. In the same vein, the corporate Eurobond market closed bullish as the average yield fell by 17bps to close at 7.47% compared to 7.64% the previous week.

We expect continuous interest in the Eurobond market due to anticipated positive outlook in the crude oil market.

Description	Maturity Date	Yield 31-07-20	Yield 07-08-20	%Change
14.50 15-JUL-2021	15-Jul-21	3.03	2.81	-0.23
16.39 27-JAN-2022	27-Jan-22	3.84	2.97	-0.87
12.75 27-APR-2023	27-Apr-23	3.92	3.90	-0.03
14.20 14-MAR-2024	14-Mar-24	3.98	4.54	+0.56
13.53 23-MAR-2025	23-Mar-25	4.96	5.96	+1.00
12.50 22-JAN-2026	22-Jan-26	5.35	7.11	+1.76
16.2884 17-MAR-2027	17-Mar-27	6.75	7.91	+1.16
13.98 23-FEB-2028	23-Feb-28	7.24	7.23	-0.01
15.00 28-NOV-2028	28-Nov-28	7.35	7.69	+0.34
14.55 26-APR-2029	26-Apr-29	7.41	7.94	+0.53
12.49 22-MAY-2029	22-May-29	7.48	8.04	+0.56
8.50 20-NOV-2029	20-Nov-29	7.69	8.46	+0.77
10.00 23-JUL-2030	23-Jul-30	8.03	9.08	+1.06
12.1493 18-JUL-2034	18-Jul-34	8.88	10.47	+1.59
12.50 27-MAR-2035	27-Mar-35	8.87	10.50	+1.63
12.40 18-MAR-2036	18-Mar-36	8.86	10.55	+1.69
16.2499 18-APR-2037	18-Apr-37	9.20	9.84	+0.63
9.80 24-JUL-2045	24-Jul-45	9.56	10.25	+0.69
14.80 26-APR-2049	26-Apr-49	9.72	10.43	+0.71
12.98 27-MAR-2050	27-Mar-50	9.76	10.48	+0.72

Source: Anchororia AM Research, FMDQ OTC

Treasury Bills

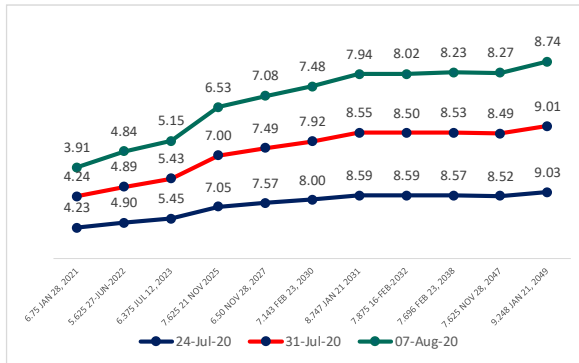
The Treasury bills market closed bullish last week as the average yield fell by 4bps to close at 1.71% compared to 1.75% the previous week. In the same vein, OMO bills fell by 29bps to close at 4.06% compared to 4.35% the previous week.

We expect increased demand in the T-bills market as investors take position in the market.

Secondary Market

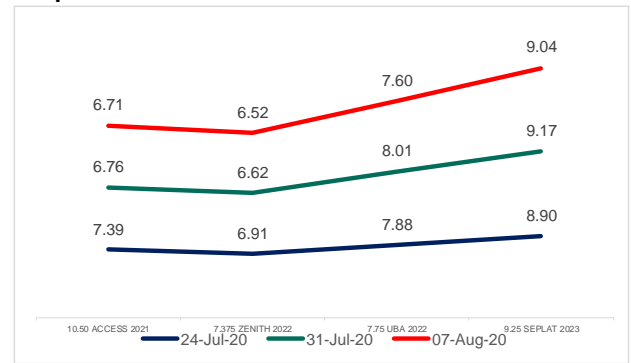
DTM	Maturity Date	Yield 31-07-20	Yield 07-08-20	%Change
13	20-Aug-20	1.55	3.13	+1.58
20	27-Aug-20	2.61	3.66	+1.05
27	03-Sep-20	3.46	4.19	+0.73
34	10-Sep-20	4.73	4.72	-0.01
41	17-Sep-20	4.67	4.72	+0.06
48	24-Sep-20	4.71	4.47	-0.24
55	01-Oct-20	4.76	4.26	-0.50
62	08-Oct-20	4.80	4.04	-0.76
69	15-Oct-20	4.85	3.89	-0.96
76	22-Oct-20	4.47	3.74	-0.73
81	27-Oct-20	5.06	3.63	-1.43
88	03-Nov-20	3.94	3.48	-0.46
95	10-Nov-20	3.94	3.33	-0.61
102	17-Nov-20	3.95	3.18	-0.77
109	24-Nov-20	3.95	3.23	-0.72
116	01-Dec-20	3.38	3.38	0.00
123	08-Dec-20	5.27	3.49	-1.78

FGN Eurobond



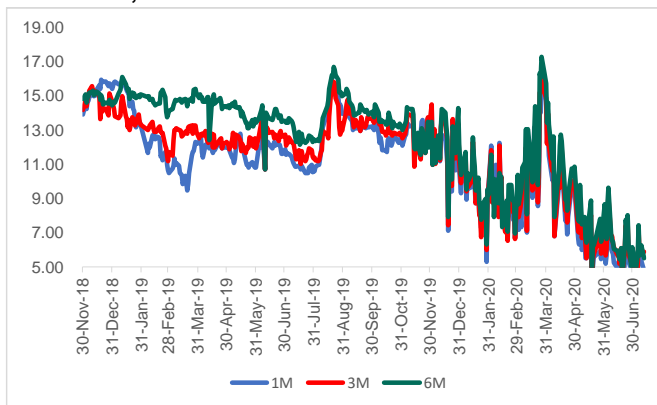
Source: Anchoria AM Research, FMDQ OTC

Corporate Eurobond



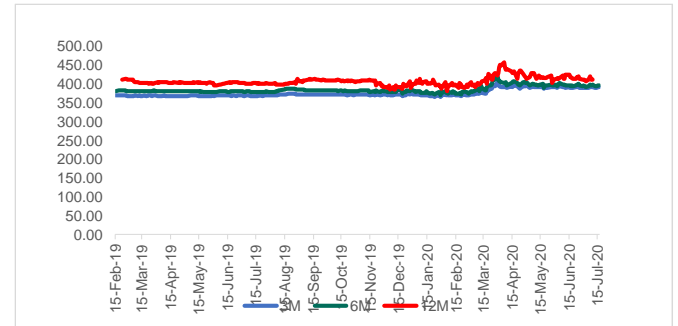
Source: Anchoria AM Research, FMDQ OTC

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 Aug 10, 2020 (Year-To-Date Return/Yield)			
	Bid Price	Offer Price	Total Return/Yield
Anchoria Money Market Fund	100.00	100.00	6.36% /annum
Anchoria Fixed Income Fund	1.27	1.27	10.24% YTD
Anchoria Equity Fund	98.33	98.61	-3.66% YTD

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