



FMDQ SPOTLIGHT

NEWSLETTER EDITION 113 – MARCH 2024





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FMDQ Group Joins the Global Community to Commemorate International Women's Day

Investing in women is not only a human rights imperative, but also a cornerstone for building inclusive societies. Despite significant progress, women still face significant obstacles to achieving equal participation in the economy.

International Women's Day (IWD), observed annually on March 8, is a day dedicated to celebrating the achievements and contributions of women around the world, while also acknowledging the continued struggle for gender equality. Over the years, the IWD campaign has gained prominence, adopting themes that reflect the current global discourse on women's rights and empowerment. The 2024 IWD campaign theme "**Inspire Inclusion**", aims to collectively forge a more inclusive world for women and inspire others to understand and value women's inclusion.

As a socially responsible organisation, FMDQ Group PLC ("**FMDQ Group**") recognises the importance of fostering an inclusive and diverse work environment. Embracing and promoting gender inclusion is not only the right thing to do but also aligns with FMDQ Group's culture of ensuring that all employees are treated fairly and have equal opportunities to succeed. This commitment to inclusion helps create a level playing field where merit, talent, and integrity are the primary factors in career advancement and decision-making processes. In commemorating the 2024 IWD held on Friday, March 8, 2024, FMDQ Group ran an active IWD social media campaign across various social media platforms from March 8 – 11, 2024. The campaign showcased FMDQ staff expressing their support for gender inclusion as well as a 'Ring the Bell for Gender Equality' Ceremony in support of the World Federation of Exchange's initiative to raise awareness on the importance of fostering a gender-equal world.

FMDQ Group remains committed to championing gender inclusion and embracing diversity. This ensures that all employees, regardless of gender and across all levels, feel respected, valued, heard, and empowered to reach their full potential thereby contributing to the overall success of the organisation.



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93rd FX Futures Contract Matures and Settles on FMDQ Exchange

On Wednesday, March 27, 2024, the 93rd FX Futures contract – NGUS MAR 27 2024, with a nominal value of \$0.19 billion, matured and settled on FMDQ Securities Exchange Limited (“**FMDQ Exchange**” or the “**Exchange**”). This maturity brings the total value of matured FX Futures contracts on the Exchange, since the inception of the market in June 2016, to circa \$65.70 billion; with a total of circa \$67.79 billion so far traded.

The matured contract was valued for settlement against the NAFEX – the Nigerian Autonomous Foreign Exchange Fixing – the FMDQ Exchange reference Spot FX rate published the same day. The associated clearing/settlement activities were effected accordingly by FMDQ Clear Limited (“**FMDQ Clear**”).

FMDQ Exchange introduced a new contract, NGUS MAR 28 2029 with a rate of \$/₦3,225.27, replacing the matured contract. Furthermore, the Exchange has updated quotes for the existing 1 to 60-month contracts. The contracts quotes are published daily on FMDQ’s website at www.fmdqgroup.com

[Click here to view Open Cleared Naira-Settled Non-Deliverable Forwards Contracts](#)

Update on Clearing and Settlement Activities

Following the activation of its Central Counterparty role, FMDQ Clear has persistently provided tailored risk management services aimed at mitigating risks inherent in the Nigerian financial markets. These efforts include the elimination of inherent counterparty risks, enhancing capital and cost efficiency to its Members, and ensuring settlement finality across all cleared markets.

The tables below provide an overview of the clearing and settlement activities across the derivatives (currency futures) and fixed income markets.

Table 1: Clearing and Settlement Activities in the Currency Futures (Derivatives) Market

S/N	Currency Futures	January 2024	February 2024	Change (%)
Clearing				
1	No. of Cleared Contracts	6,255	6,255	N/A
2	Value of Cleared Contracts (\$'bn)	67.79	67.79	N/A
3	Value of Open Contracts (\$'bn)	2.63	2.28	(13.20)
Settlement				
4	No. of Matured & Settled Contracts	6,093	6,119	0.43
5	Value of Matured & Settled Contracts (\$'bn)	65.16	65.51	0.53

Table 2: Clearing and Settlement Activities in the Sovereign Fixed Income Market

S/N	Sovereign Fixed Income	January 2024	February 2024	Change (%)
1	Total Value of Trades Processed (₦'bn)	16,613.17	20,390.30	22.74
2	Value of Trades Settled (₦'bn)	14,395.37	18,273.71	26.94
3	Value of Unsettled Trades (₦'bn)	2,217.80	2,116.59	(4.56)

Table 3: Clearing and Settlement Activities in the Non-Sovereign Fixed Income Market

S/N	Non-Sovereign Fixed Income	January 2024	February 2024	Change (%)
1	Total Value of Trades Processed (₦'bn)	14.72	1.04	(92.93)
2	Value of Trades Settled (₦'bn)	14.72	1.04	(92.93)
3	Value of Unsettled Trades (₦'bn)	0.00	0.00	N/A

For more information on FMDQ Clear, please click [here](#).

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Update on Admitted Securities on FMDQ Depository

FMDQ Depository Limited (“**FMDQ Depository**”) continues to uphold its reputation as a reliable and efficient depository in the Nigerian debt markets. The company remains committed to providing responsive settlement services for fixed income securities trades, ensuring zero incidences of failed settlement cycles and defaults. These achievements are a testament to the effectiveness of FMDQ Depository's technology platforms, operational practices, and risk management framework.

During the period under review, FMDQ Depository successfully admitted the following securities on its platform:

- Fintrak Software Company Limited ₦0.88 billion Series 1 Commercial Paper (CP) under its ₦1.00 billion CP Issuance Programme
- Valency Agro Nigeria Limited ₦2.81 billion Series 26 and ₦4.03 billion Series 27 CPs under its ₦40.00 billion CP Issuance Programme
- Eunisell Limited ₦1.97 billion Series 5 CP under its ₦20.00 billion CP Issuance Programme
- CapitalSage Technology Limited ₦1.75 billion Series 7 and ₦2.37 billion Series 8 CPs under its ₦15,000,000,000 Commercial Paper Issuance Programme
- Daraju Industries Limited ₦0.77 billion Series 18 and ₦1.59 billion Series 19 CPs under its ₦20.00 billion CP Issuance Programme

For more information on FMDQ Depository service offerings, please click [here](#).

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FMDQ LISTINGS & QUOTATIONS

Coronation Group Limited Registers Yet Another Commercial Paper Programme on FMDQ Exchange Platform

Having successfully met the FMDQ Exchange CP quotation requirements and following the subsequent approval of the Board Listings and Markets Committee of FMDQ Exchange, **the Coronation Group Limited ₦20.00 billion CP Programme** was successfully registered on the Exchange's platform, on March 4, 2024. The successful registration of this CP Programme represents another significant achievement in FMDQ Exchange's commitment to fostering a dynamic, vibrant, and efficient debt market.

Coronation Group Limited (the "Issuer") is a leading African financial services provider that offer a range of financial solutions such as Insurance, Asset Management, Private Banking, Securities Trading and Brokerage, Wealth Management and Trustees and Registrar Services, to professionals, institutions, and individuals across Africa and globally. This CP Programme, sponsored by Coronation Merchant Bank Limited – a Registration Member (Quotations) of the Exchange, strategically positions Coronation Group Limited to raise short-term finance from the Nigerian CP market at any time deemed suitable, through CP issues, within the approved Programme limit.

In support of its mandate to deepen the Nigerian financial markets, FMDQ Exchange will continue to support the efficient allocation of capital by providing a credible platform for capital formation and effective intermediation towards fostering economic growth and development. The Exchange will continue to fulfil its market development, organiser, and governance mandates, by providing a cost effective, efficient, well-regulated, transparent, and trusted platform where the raising and transfer of capital can take place, whilst adding value to its diverse stakeholder groups.

Fintrak Software Company Limited Issues Series 1 Commercial Paper on FMDQ Exchange's Platform

Staying steadfast in its dedication to bolstering the Nigerian debt markets, FMDQ Exchange persists in aiding issuers to secure bespoke financing solutions. This assistance empowers them to achieve their strategic objectives while effectively positioning the Nigerian debt markets for further growth. In line with this commitment, FMDQ Exchange, through its Board Listings and Markets Committee on March 14, 2024, has approved the quotation of **the Fintrak Software Company Limited ₦0.88 billion Series 1 Commercial Paper (CP) under its ₦1.00 billion CP Issuance Programme**, on the Exchange's Platform.

Fintrak Software Company Limited (the “**Issuer**”) is a leading global financial technology organisation, renowned for delivering cutting-edge technology and business solutions to financial institutions worldwide. Amongst its offerings are Budget Planning Solution, E-payment Solution, Data Warehouse and Business Intelligence Solution and Fintrak Financial Reporting System. The proceeds from this CP, which is sponsored by Emerging Africa Capital Advisory Limited – a Registration Members (Quotations) of the Exchange, will be used for the purpose of supporting the short-term working capital and funding requirements of the Issuer.

Positioned to instigate revolutionary transformations in the Nigerian debt markets and the broader Nigerian economy, FMDQ Exchange remains committed to innovation while delivering prompt and cost-effective Securities Admission Services. These services aim to aid stakeholders, particularly issuers and investors, in accessing capital within the Nigerian debt markets, alongside a range of other offerings.

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FMDQ Exchange Admits Dangote Sugar Refinery PLC Commercial Paper Programme on its Platform

FMDQ Exchange has played a pivotal role in revitalising the Nigerian CPs market, establishing essential governance and structure in a previously disjointed landscape. Through streamlined processes ensuring unparalleled speed to market for short-term securities, CP issuers benefit from the exceptional service experience provided by FMDQ Exchange, offering them much-needed relief. In continuance of this mandate, FMDQ Exchange, through its Board Listings and Markets Committee, approved the **quotation of Dangote Sugar Refinery PLC ₦39.39 billion Series 1 CP under its ₦150.00 billion CP Issuance Programme on its platform on March 26, 2024.**

Dangote Sugar Refinery PLC (the “**Issuer**”) is a leading sugar manufacturer in Nigeria, renowned for its high-quality products and significant contribution to the country's economy. With a commitment to excellence and sustainable practices, Dangote Sugar Refinery PLC continues to play a pivotal role in meeting the sugar demands of both domestic and international markets. The proceeds from this CP, which is sponsored by Stanbic IBTC Capital Limited (*Lead Sponsor*); Absa Capital Markets Nigeria Limited, Greenwich Merchant Bank Limited, Cordros Capital Limited, Futureview Financial Services Limited, Iron Global Markets Limited, Meristem Capital Limited, Quantum Zenith Capital and Investments Limited, Rand Merchant Bank Nigeria Limited, SCM Capital Limited, Vetiva Advisory Services Limited and Kairos Capital Limited (*Co-Sponsors*) – all Registration Member (Quotations) of the Exchange, will be used by the Issuer to support its short-term financing requirements and general corporate purposes.

The timely and efficient admission of this CP on the Exchange will allow the Issuer gain access to a wide range of knowledgeable and capitalised investors (qualified institutional & eligible individual

investors), thereby allowing them to diversify their portfolios and improve the returns on their investments.

Smart Residences Limited Joins Other Corporates in Tapping the Nigerian Debt Markets

... Registers Pioneer Commercial Paper Programme on FMDQ Exchange

FMDQ Securities Exchange Limited (“**FMDQ Exchange**” or the “**Exchange**”) continues to demonstrate its commitment to fostering the development of the Nigerian debt markets by championing and supporting strategic market-driven initiatives, as well as remaining the choice platform for the registration, listing, quotation, trading and reporting of financial securities, amongst other activities. In line with this commitment, the Exchange, through its Board Listings and Markets Committee, has approved the **registration of Smart Residences Limited ₦2.50 billion Commercial Paper (CP) Programme** on its platform.

Smart Residences Limited (“**Smart Residences**” or the “**Company**”) is a flexible accommodation and unique hospitality service provider in Nigeria. The Company’s core business activities involve providing serviced short-let apartments to corporate clients, individuals and tourists in need of decent, comfortable and home-like accommodation for short periods. This CP Programme, sponsored by Cordros Capital Limited – a Registration Member (Quotations) of the Exchange, strategically positions Smart Residences Limited to raise short-term finance from the Nigerian CP market at any time deemed suitable, through CP issues within the approved Programme limit.

The timely admission of this CP issue, along with other securities on FMDQ Exchange, attests to the efficiency of the Exchange’s Securities Admission Service. Like all other securities listed and quoted on the Exchange’s platform, this CP shall be availed global visibility through the Exchange’s website and systems, transparency through inclusion in the FMDQ Daily Quotations List, governance and continuous information disclosure to protect investors’ interests, credible price formation, among other benefits.

FMDQ Group is Africa’s first vertically integrated FMI group, strategically positioned to provide registration, listing, quotation and noting services; integrated trading platform, clearing & central counterparty, and settlement services for financial market transactions; depository of securities, as well as data and information services, across the debt capital, foreign exchange, derivatives and equity markets, through its wholly owned subsidiaries – FMDQ Securities Exchange Limited, FMDQ Clear Limited, FMDQ Depository Limited and FMDQ Private Markets Limited. As a sustainability-focused FMI group, FMDQ Group, through FMDQ Exchange, operates Africa’s premier Green Exchange – FMDQ Green Exchange – positioned to lead the transition towards a sustainable future.

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FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

FMDQ Turnover & Dealing Member (Banks)' League Table Report

The FMDQ Market Turnover Report shows the turnover on all products traded in the FMDQ secondary market – Foreign Exchange (FX), Treasury Bills (T.bills), OMO Bills, CBN Special Bills, Promissory Notes, Bonds (FGN Bonds, other Bonds (Agency, Sub-national, Corporate & Supranational), Sukuk & Eurobonds) Commercial Papers and Money Market Transactions (Repurchase Agreements and Unsecured Placements/Takings). These figures exclude primary market auctions in T.bills and Bonds.

The data, collated from the weekly trade data submissions by FMDQ Exchange Dealing Member (Banks), represents trades executed amongst the Dealing Member (Banks), Dealing Member (Banks) & Clients, and Dealing Member (Banks) & the CBN.

FMDQ Exchange Market Turnover (January – February 2024)

Product Category	(N'mm)	(\$'mm)
Foreign Exchange	16,807,860	12,912
Foreign Exchange Derivatives	11,041,590	9,129
Treasury Bills	6,162,189	4,934
OMO Bills	5,959,893	4,938
CBN Special Bills	1,765,871	1,553
FGN Bonds	3,893,893	3,432
Promissory Notes	12,728	12
Other Bonds*	-	-
Eurobond	102,869	79
Repurchase Agreements/Open Repos	15,559,906	12,719
Unsecured Placements/Takings	75,974	76
Money Market Derivatives	-	-
Commercial Papers	-	-
Sukuk Bonds	245,438	233
Total	61,628,209	50,017
<i>No. of Business Days</i>	39	39
<i>Average Daily Turnover</i>	1,580,210	1,282

Average Year-to-Date (YTD) \$/₦ @ 1,232.14

mm - million

*Other Bonds include Agency, Sub-national, Corporate & Supranational Bonds

Note: Figures may be subject to change due to potential adjustments from Dealing Member (Banks) or CBN

Source: FMDQ Data Portal as @ March 7, 2024; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for Jan. – Feb. 2024 period amounted to ₦61.28 trillion. Trading activities in the FX (Spot FX and FX Derivatives) market had the largest contribution, accounting for 45.19% of overall market turnover. Repurchase Agreements (Repos) accounted for 25.25%, whilst transactions in OMO Bills accounted for 9.67%. Bonds, T.bills, CBN Special Bills, Promissory Notes and Unsecured Placements & Takings accounted for 6.88%, 10.00%, 2.87%, 0.02% and 0.12% of overall market turnover.

FMDQ Dealing Member (Banks) League Table (January – February 2024)

The FMDQ Exchange Dealing Member (Banks) League Table shows the rankings of the top ten (10) Dealing Member (Banks) in the FMDQ Exchange markets by overall market turnover, respectively.

RANK	DEALING MEMBER (BANKS)
1	STANBIC IBTC BANK PLC
2	UNITED BANK FOR AFRICA PLC
3	ACCESS BANK PLC
4	FIRST BANK OF NIGERIA LIMITED
5	CITIBANK NIGERIA LIMITED
6	RAND MERCHANT BANK NIGERIA LIMITED
7	ECOBANK NIGERIA LIMITED
8	ZENITH BANK PLC
9	CORONATION MERCHANT BANK LIMITED
10	FIRST CITY MONUMENT BANK LIMITED

Stanbic IBTC Bank PLC, United Bank for Africa PLC, and Access Bank PLC ranked 1st, 2nd and 3rd positions respectively, based on value traded for the review period. The top ten (10) Dealing Member (Banks) accounted for 70.05% (₦43.17 trillion), while the top three (3) accounted for 37.43% (₦23.07 trillion) of the overall turnover of trades in the secondary market.

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Understanding FX Market Products

The previous articles explored the intricacies of the foreign exchange (FX) market, its structure, and the diverse instruments that facilitate currency trading on a global scale. ([Click here](#) to view previous articles).

In this article, we delve into the concept of exchange rates, how they are determined, and the factors that influence movements in these rates. An understanding of these concepts is pivotal for end users and other relevant market stakeholders seeking to participate in the FX market.

The Essence of Exchange Rates

An exchange rate is the rate at which one currency (known as the base currency) is expressed in terms of another currency (known as the counter currency). It represents the ratio at which one nation's currency can be converted into another. These rates are determined in the FX market and can be quoted either directly or indirectly.

Types of Exchange Rates

There are various types of exchange rates, each serving different purposes within the financial ecosystem:

- **FX Spot Rate:** The FX spot rate is the rate at which a currency can be bought or sold for immediate delivery. In Nigeria, FX spot rates are used to settle FX spot transactions up to two (2) business days after the trade date
- **FX Forward Rate:** This is the rate agreed at the initiation date of an FX forward contract at which the transaction, scheduled to occur at the expiration of the forward deal, will take place
- **FX Futures Rate:** The FX Futures rate is the rate agreed at the initiation of an FX Futures transaction at which the parties to the futures contract agree to exchange the underlying FX obligation at the future date
- **FX Swap Rate:** The rate at which counterparties in an FX Swap deal agree to make a series of cashflow (or interest) payments among themselves, usually in different currencies

How Exchange Rates are Determined

Currencies are national assets issued by a country's government as a medium of exchange for goods and services, and for the settlement of transactions. Each government establishes policy frameworks or systems for determining exchange rates, which dictates the level of control it exercises over the currency's value. This policy framework is also known as the Exchange Rate Regime.

Exchange rate regimes are discussed in more details below:

- **Fixed Exchange Rate:** In this regime, the value of a country's currency is pegged to another currency, a basket of currencies, or a precious metal (like gold). Monetary authorities set and maintain the exchange rate by actively intervening in the FX market to keep currency values stable and within a predefined fluctuation band. Countries such as Russia, Argentina and China adopt a fixed exchange rate regime
- **Floating Exchange Rate:** Under this regime, a currency's value is determined by the activities of FX market participants and exchange rates are allowed to fluctuate freely in response to its supply and demand. Monetary authorities do not frequently intervene to maintain specific exchange rates but may engage in FX market operations to influence their currency's value to address excessive volatility. Countries such as Nigeria, United States of America and the United Kingdom operate under this regime

Factors Influencing Exchange Rates

Fluctuations in currency value affects the global competitiveness of a country and are a major consideration for Investors when making decisions about foreign investments. They also directly impacts the cost of imports and revenue from domestic exports. Several factors influence movements in exchange rates, which are examined below:

- **Economic Indicators:** These are statistics provided by government and established private organisations that provide information on the state of the overall economy. These indicators communicate an economy's recent past activity or its current or future position in the business cycle. In Nigeria, the major economic indicators that influence exchange rate include foreign reserve balance, interest rates, inflation rate, and Gross Domestic Product (GDP)
- **Political Stability:** The consistency and predictability of a country's political environment, including factors such as government stability, absence of civil unrest, and reliable policymaking impacts the attractiveness of a country's currency. Countries with stable political environments and sound fiscal policies are considered safe havens and tend to attract foreign investments, increasing the demand for their currency and vice versa
- **Market Sentiment:** The overall mood of FX market participants can be driven by optimism or pessimism regarding a currency in response to the latest news, rumors, or projections that influence buying or selling activity of that currency. Positive sentiment towards a currency can cause its value to rise, while negative sentiment can lead to a depreciation in that currency



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Conclusion

Exchange rates are a vital component of the global financial system, serving as a barometer of a country's economic health and influencing cross-border economic activities. Their dynamic nature requires market participants to be well-informed and proactive in managing the risks associated with currency fluctuations. As we continue to observe the interplay of factors influencing exchange rates, from economic policies to geopolitical developments, it becomes increasingly important for stakeholders to develop a robust understanding of FX market mechanisms. By doing so, they can navigate the complexities of international finance with greater confidence and strategic insight.

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