



# FINANCIAL MARKETS MONTHLY REPORT

March 2023

## Glossary

Abbreviation	Definition	Abbreviation	Definition
<b>bn</b>	Billion	<b>T.bills</b>	Treasury Bills
<b>bps</b>	Basis Points	<b>trn</b>	Trillion
<b>CBN</b>	Central Bank of Nigeria	<b>US</b>	The United States of America
<b>CP</b>	Commercial Paper	<b>Y</b>	Year
<b>DMO</b>	Debt Management Office	<b>YoY</b>	Year-on-Year
<b>FGN</b>	Federal Government of Nigeria		
<b>FX</b>	Foreign Exchange		
<b>I&amp;E FX Window or I&amp;E</b>	Investors' and Exporters' Foreign Exchange Window		
<b>LCY</b>	Local Currency		
<b>M</b>	Month		
<b>mm</b>	Million		
<b>MM</b>	Money Market		
<b>MoM</b>	Month-on-Month		
<b>N/A</b>	Not Applicable		
<b>NBS</b>	National Bureau of Statistics		
<b>NV</b>	Notional Value		
<b>OMO</b>	Open Market Operations		
<b>O/N</b>	Overnight		
<b>OPR</b>	Open Repos		
<b>OTC</b>	Over-the-Counter		
<b>ppts</b>	Percentage Points		
<b>Repo</b>	Repurchase Agreement		

**Sources:**

FMDQ Securities Exchange Limited, DMO, CBN, NBS

**Note:**

Minor discrepancies between sums of constituent figures and totals shown reflect rounding.

## Primary Market

### Sovereign Securities

The DMO sold T.bills valued at ₦631.84bn across its auctions in March 2023, representing a 139.79% (₦368.34bn) MoM increase on the value of T-bills sold across its auctions in February 2023 (₦263.50bn).

Similarly, the DMO re-opened two (2) 10Y, one (1) 20Y and one (1) 30Y FGN Bonds worth ₦563.36bn in March 2023. The total sale represented a 156.49% oversubscription of the amount offered<sup>1</sup>, and a 26.91% (₦207.46bn) MoM decrease on the amount sold in February 2023 (₦770.82bn) for the same FGN Bond maturities.

The CBN did not auction OMO Bills in the primary market for the third consecutive month in March 2023.

#### Average Treasury Bills Discount Rates in Mar. 2023

**91-day** – 3.33%  
3.00% (Feb. '23) ▲

**182-day** – 6.33%  
3.24% (Feb. '23) ▲

**364-day<sup>^</sup>** – 11.41%  
9.90% (Feb. '23) ▲

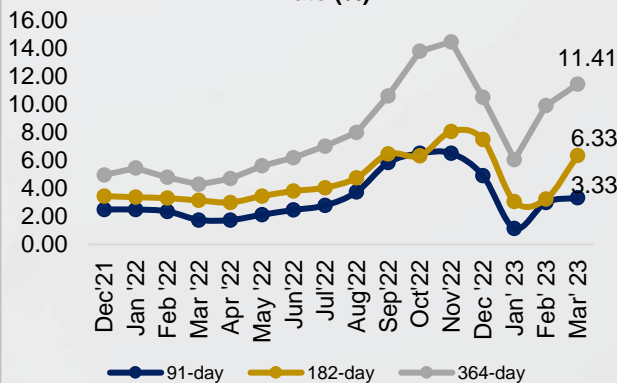
#### Average FGN Bond Coupon Rates in Mar. 2023

**10Y** – 14.38%  
14.45% (Feb. '23) ▼

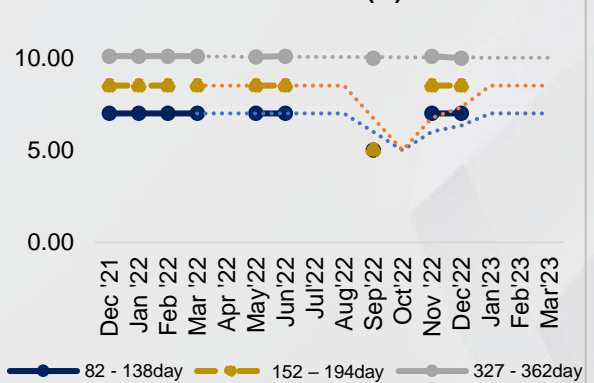
**20Y** – 15.20%  
15.90% (Feb. '23) ▼

**30Y** – 15.75%  
16.00 (Feb. '23) ▼

**Chart 1: Trend in Average T.bills Discount Rate (%)**



**Chart 2: Trend in Average OMO Bills Discount Rate (%)**



**Table 1: Value of New Issuances (₦'bn)**

Product	Apr. '22	May '22	Jun. '22	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22	Dec. '22	Jan. '23	Feb. '23	Mar. '23
<b>T.bills</b>	289.09	311.35	544.87	407.55	446.15	553.66	144.00	523.55	185.38	277.47	263.50	531.84
<b>OMO Bills</b>	0.00	180.01	40.00	0.00	0.00	25.60	0.00	20.00	30.00	0.00	0.00	0.00
<b>FGN Bonds</b>	348.58	378.41	226.12	123.84	200.58	261.50	107.88	269.15	264.52	662.62	770.82	563.36

**Table 2: Value of Outstanding Securities (₦'bn)**

Product	Apr. '22	May '22	Jun. '22	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22	Dec. '22	Jan. '23	Feb. '23	Mar. '23
<b>T.Bills</b>	4,435.02	4,465.85	4,504.79	4,504.80	4,504.80	4,542.78	4,225.63	4,519.20	4,422.72	4,422.72	4,622.72	4,722.72
<b>OMO Bills</b>	850.00	770.00	810.00	740.00	605.00	600.00	500.00	480.00	445.00	385.00	215.00	145.00
<b>FGN Bonds</b>	13,483.27	13,863.55	14,089.34	14,214.12	14,414.32	14,419.34	14,788.29	15,058.28	15,314.25	15,313.89	16,747.30	17,311.11

**Notes:**

<sup>1</sup> – Amount Offered in March 2023 was ₦360.00bn

<sup>^</sup> – The stop rate for the 364-day bills rose to c.15% at the last auction in Mar. '23. This can be attributable to the cross effects of the policy rate hike and the banking system's liquidity levels

## Primary Market

### Non-Sovereign Securities

The total value of corporate bonds listed on FMDQ Exchange in March 2023 was ₦112.42bn, representing a 2.24% (₦2.58bn) MoM decrease from February 2023 listings. The corporate bond listings emanated solely from a single issuer in the manufacturing sector. As a result, the total outstanding value for corporate bonds increased MoM by 7.45% (₦111.60bn) to ₦1,610.24bn in the review month.

The total value of CPs quoted on FMDQ Exchange in March 2023 was ₦354.18bn, representing a MoM increase of 247.80% (₦252.34bn) from the value of CPs quoted in February 2023. Quoted CPs were issued by institutions from various sectors including Manufacturing (10), Agriculture (4), Financial Services (4), Real Estate (2), Telecommunications (2), Commodities Trading (2), and General Commerce (1).

As a result, the total outstanding value of CPs increased MoM by 82.76% (₦303.11bn) to ₦669.36bn. (See Table 6)

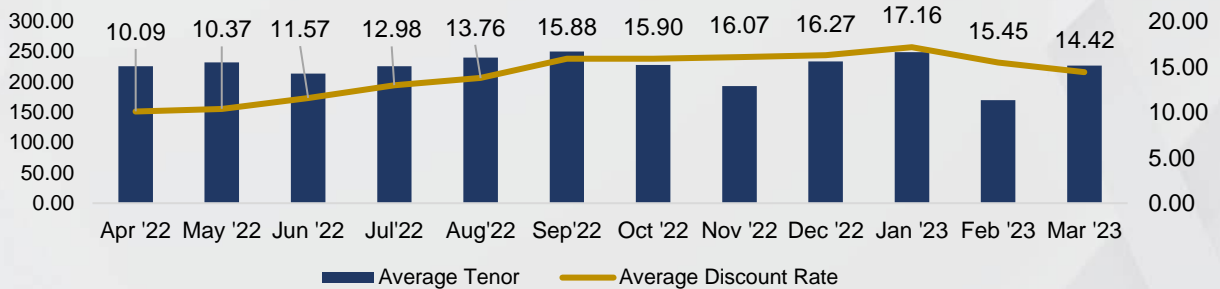
**Table 3: Average Discount Rates for Quoted CPs**

Tenor	Mar. 23	Feb. 23	Trend
<=90 days	-	17.92%	N/A
91 – 180 days	15.15%	14.87%	▲
181 – 270 days	14.23%	16.08%	▼

**Table 4: Average Coupon Rates for Listed Corporate Bonds**

Tenor	Mar. 23	Feb. 23	Trend
<=5 years	-	13.50%	N/A
>5 – 10 years	16.75%	14.50%	▲
>10 – 20 years	-	-	N/A
>20 years	-	-	N/A

**Chart 3: Average Tenor (No. of Days) vs Discount Rate for Quoted CPs (%)**



**Table 5: Value of New Listings/Quotations (₦'bn)**

Product	Apr. '22	May '22	Jun. '22	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22	Dec. '22	Jan. '23	Feb. '23	Mar. '23
Corporate Bonds	0.00	10.00	38.00	116.00	27.28	0.00	50.09	199.31	0.00	0.00	115.00	112.42
CPs	120.95	166.48	40.85	21.16	29.05	22.40	66.51	72.53	9.68	83.20	101.84	354.18

**Table 6: Outstanding Value of Admitted Corporate Bonds and CPs (₦'bn)**

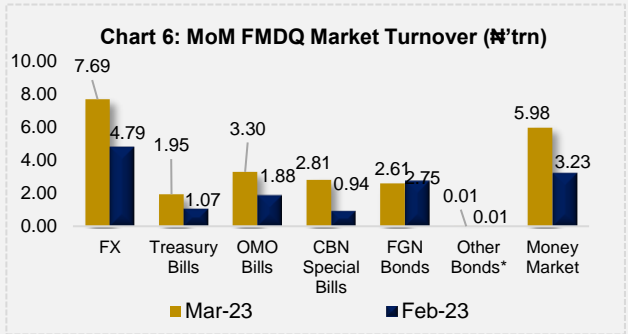
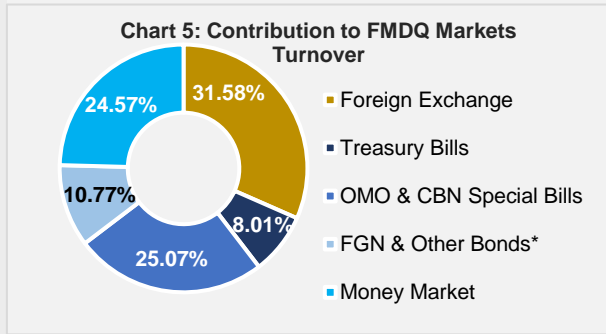
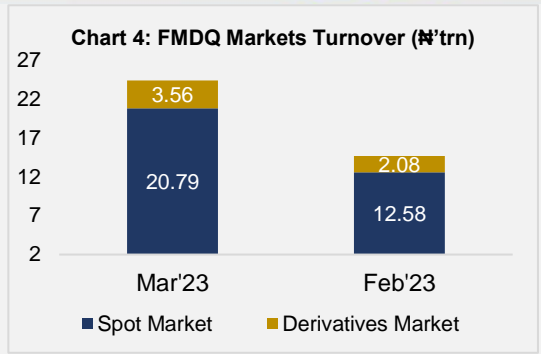
Product	Apr. '22	May '22	Jun. '22	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22	Dec. '22	Jan. '23	Feb. '23	Mar. '23
Corporate Bonds	1,024.69	1,004.60	1,039.70	1,153.50	1,180.59	1,169.81	1,212.36	1,409.89	1,403.72	1,401.34	1,498.64	1,610.24
CPs	311.07	484.61	518.80	524.58	494.89	487.73	414.55	407.71	251.46	221.56	366.25	669.36

## Secondary Market

### Market Turnover by Products

Secondary market turnover on FMDQ Exchange in March 2023 was ₦24.35trn, representing a MoM and YoY increase of 66.07% (9.69trn) and 60.61% (₦9.19trn) from February 2023 and March 2022 figures respectively.

Foreign Exchange (FX), CBN Bills<sup>1</sup> and Money Market (MM) transactions dominated secondary market activity in March 2023, accounting for 81.22% of the total secondary market turnover. (See Chart 5)



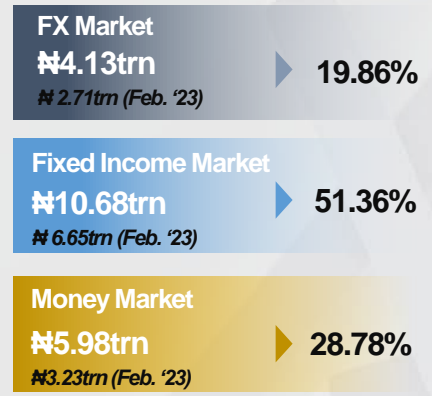
## Spot Market

Total spot market turnover for all products traded in the secondary market was ₦20.79trn in March 2023, representing a MoM increase of 65.23% (₦8.21trn) from February 2023 figures.

The MoM increase in total spot market turnover was jointly driven by an increase in turnover across all products with contributions by MM, FI and FX increasing MoM by 85.50% (₦2.76trn), 60.64% (₦4.03trn) and 52.35% (₦1.42trn), respectively.

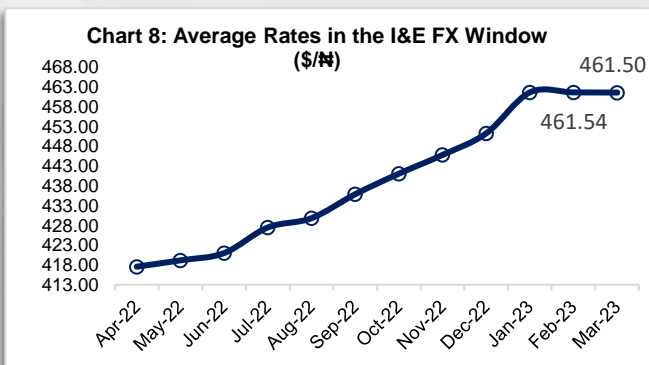
The increase in MM turnover was driven by an increase in Repos/Buy-backs transactions. Likewise, the uptrend in FI turnover was driven by a MoM increase in T.bills and CBN Bills transactions which offset the MoM decrease in FGN and Other Bonds turnover, respectively in the review period.

Chart 7: Spot Market Turnover and Percentage Contribution



## Spot FX Market

Spot FX market turnover was \$8.95bn (₦4.13trn) in March 2023, representing a MoM increase of 52.21% (\$3.07bn) from the turnover recorded in February 2023 (\$5.88bn).



In the FX Market, the Naira appreciated marginally against the US Dollar, with the spot exchange rate (\$/₦) decreasing by 0.94bps (\$/₦0.04) to close at an average of \$/₦461.50 in March 2023 from \$/₦461.54 recorded in February 2023. (See Chart 8)

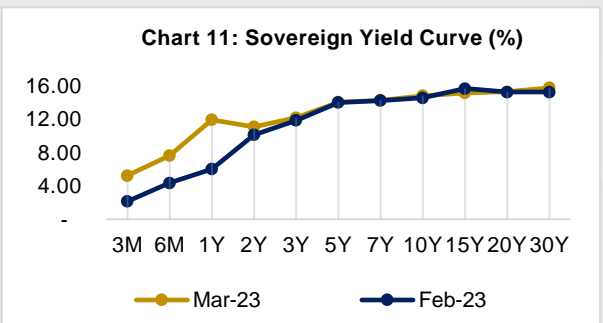
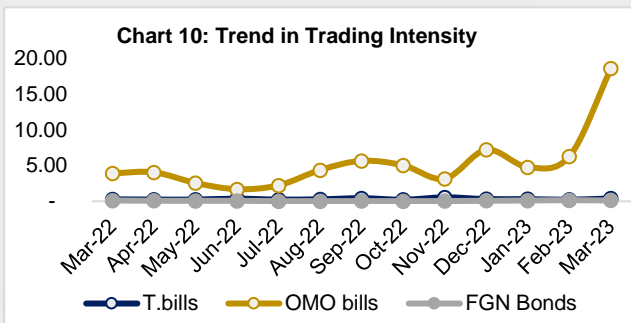
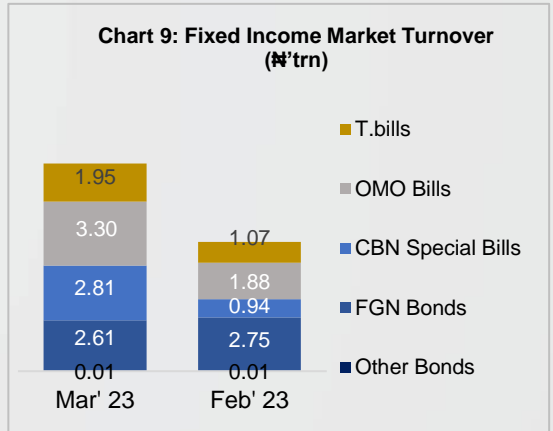
Further, exchange rate volatility decreased marginally in March 2023 as the Naira traded within an exchange rate range of \$/₦461.00 - \$/₦462.00 compared to \$/₦461.00 - \$/₦462.17 recorded in February 2023.

**Notes:**  
<sup>1</sup> Refers to Open Market Operations ("OMO") and CBN Special Bills  
 \*Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes

### Spot Fixed Income Market

FI market turnover was ₦10.68trn in March 2023, representing a MoM increase of 60.64% (₦4.03trn) from the turnover recorded in February 2023 (₦6.65trn). The MoM increase in the FI market turnover was jointly driven by the 83.00% (₦0.88trn), 75.52% (₦1.42trn) and 198.83% (₦1.87trn) uptick in T.Bills, OMO Bills<sup>1</sup> and CBN Special Bills transactions which offset the MoM decline in FGN Bonds and Other Bonds turnover respectively. (See Chart 9)

As a result, the trading intensity (TI) for T.Bills and OMO Bills increased by 0.19 and 12.24 points to 0.42 and 18.52 respectively, whilst TI for FGN Bonds decreased MoM by 0.02 points to 0.15 (See Chart 10).

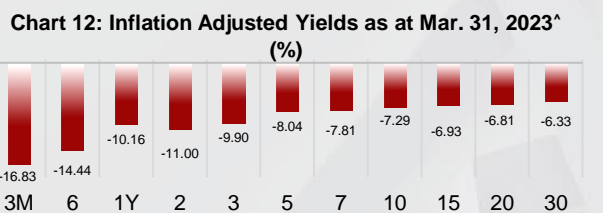


T.bills and FGN Bonds within the >6M – 12M and >20Y tenors respectively were the most traded sovereign FI securities, accounting for 36.60% (₦1.67trn) and 22.15% (₦1.01trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table below)

T.Bills					FGN Bonds					Total
Up to 3M	>3M - 6M	>6M - 12M	>12M - 3Y	>3Y - 5Y	>5Y - 10Y	>10Y - 15Y	>15Y - 20Y	>20Y		
0.20	0.08	1.67	0.30	0.20	0.27	0.77	0.06	1.01	<b>4.56</b>	

In March 2023, the yield spread between the 3M and 30Y sovereign FI securities decreased by 2.56ppts to 10.50ppts, indicating a flattening of the sovereign yield curve (See Chart 11).

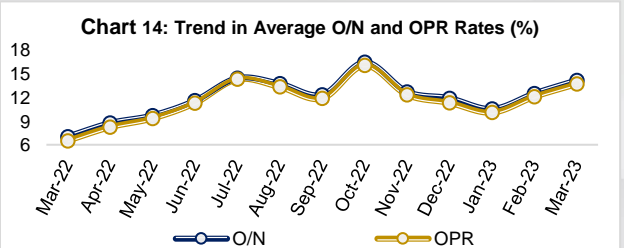
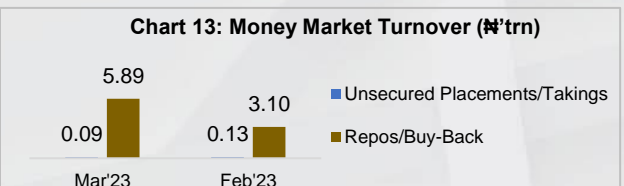
Real (inflation-adjusted) yields remained negative across the yield curve in March 2023 (See Chart 12).



### Spot Market – (Money Market)

Total turnover in the MM segment increased MoM by 85.50% (₦2.76trn) to ₦5.98trn in March 2023. The MoM increase was solely driven by the 90.18% (₦2.79trn) increase in Repos/Buy-backs turnover which offset the 27.51% (₦0.04trn) decrease in Unsecured Placement/Takings transactions respectively (See Chart 13).

The average O/N rate and OPR rate (secured lending rate) increased MoM by 1.66ppts and 1.61ppts respectively, to close at an average of 14.18% and 13.72% in March 2023 (See Chart 14).



**Notes:**

<sup>^</sup>Adjusted with March 2023 inflation rate

<sup>1</sup> outstanding value in issue also declined as there were matured bills and no additional issuances

## Derivatives Market

### Derivatives Market – (FX Market)

Total turnover in the FX derivatives market segment was ₦3.56trn (\$7.71bn) in March 2023, representing a MoM increase of 71.18% (₦1.48trn) from February 2023 figures.

The MoM increase in the FX derivatives turnover was jointly driven by an increase in turnover across all products with contributions by FX Swaps, FX Forwards and FX Futures increasing MoM by 166.21% (₦1.33trn), 14.17% (₦0.11trn) and 10.29% (₦0.05trn) to ₦2.13trn, ₦0.89trn and ₦0.54trn, respectively.

Product	Contribution
FX Swaps ₦2.13trn (\$4.61bn)	59.81%
FX Forwards ₦0.89trn (\$1.93bn)	25.01%
FX Futures ₦0.54trn (\$1.17bn)	15.18%

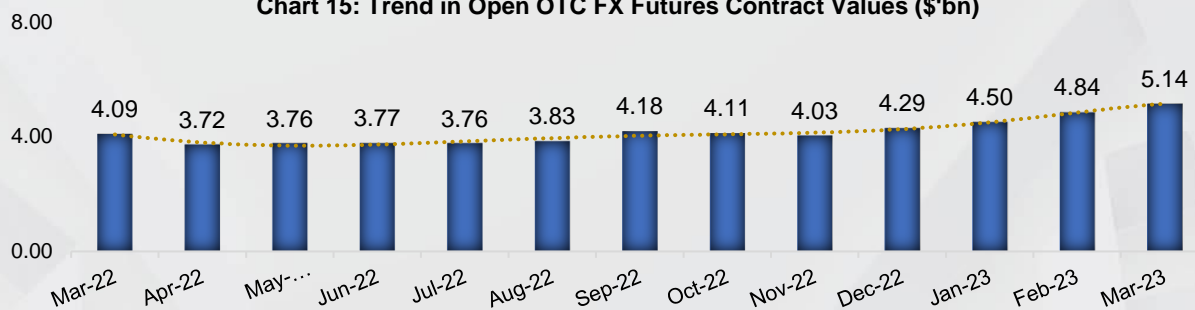
### Naira-settled OTC FX Futures Market

In the OTC FX Futures market, the near month contract<sup>1</sup> (NGUS MAR 29, 2023) expired and open positions with a total notional value (NV) of \$0.26bn were settled. A far month (60M) contract, NGUS MAR 29, 2028 was introduced at a Futures price of \$/₦696.58, representing the same Futures price (\$/₦696.58) when the previous far month contract NGUS FEB 23, 2028 was introduced in February 2023.

The cumulative NV of open OTC FX Futures contracts as at March 31, 2023, stood at circa \$5.14bn<sup>2</sup> representing a MoM and YoY increase of 6.20% (\$0.30bn) and 25.67% (\$1.05bn) from its value as at February 28, 2023 and March 31, 2022, respectively. The increase in NV of open OTC FX Futures continued the recent trend (since November 2022) indicating a slow and gradual pick-up in the use of the product for hedging purposes as NV of open OTC FX Futures contract reached its peak in fifteen (15) months since December 2021.

<b>Matured Contract</b> NGUS MAR 29, 2023 (\$/₦471.38)	↔
<b>New 60M Contract</b> NGUS MAR 29, 2028 (\$/₦696.58)	↔
<b>NV of Open Positions in OTC FX Futures Contracts – \$5.14bn</b>	▲

Chart 15: Trend in Open OTC FX Futures Contract Values (\$'bn)



In March 2023, market activity in the OTC FX Futures accounted for \$0.57bn worth of trades, representing a MoM increase of 30.02% (\$0.13bn) relative to the value recorded in February 2023 (\$0.44bn)

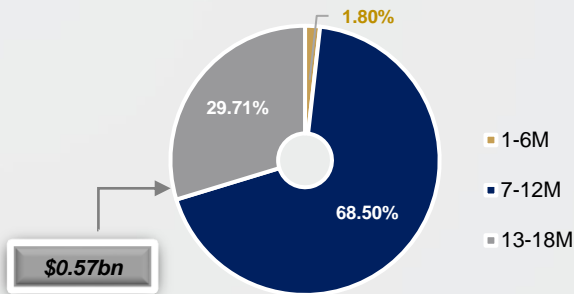
The NV of OTC FX Futures contracts traded across the short-dated (1M – 13M) and long-dated (14M – 60M) contracts increased by 16.85% (\$0.07bn) and 326.57% (\$0.06) to \$0.49bn and \$0.08bn, respectively. Specifically, traded value was concentrated within the 7 – 12M tenor range, which accounted for 68.50% (\$0.39bn) of trading turnover across twenty-six (26) of the forty-four (44) deals conducted in the review period (See Chart 16).

**Notes:**

1 – This refers to the OTC FX Futures Contract that is closest to its maturity date at any given time; 2 – The 2M contract, NGUS MAY 31, 2023, had the highest NV of open OTC FX Futures Contracts (\$0.74bn) as at March 31, 2023

**Derivatives Market..2**

**Chart 16: Analysis of Traded OTC FX Futures Contracts by Tenor Ranges**



The average Futures price of OTC FX Futures contracts remained flat across all tenor buckets in March 2023 relative to February 2023. (See Table 7)

Conversely, Deliverable Forwards rates decreased across all tenor buckets in the review period. The 6M deliverable FX Forward contracts recorded the highest MoM decrease in price (i.e., expected appreciation of Nigerian Naira against the US Dollar), relative to February 2023. (See Table 8)

**Table 7: Average OTC FX Futures Contract Rates (\$/₦)**

	0-6M	7-12M	13-18M	19-24M	25-30M	31-36M	37-42M	43-48M	49-54M	55-60M
Mar-23	476.84	489.93	508.43	531.15	554.46	578.30	603.37	629.31	656.59	684.82
Feb-23	476.84	489.93	508.43	531.15	554.46	578.30	603.37	629.31	656.59	684.82
Change	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔

**Table 8: Indicative Deliverable Forward Rates (\$/₦)**

	1M	2M	3M	6M	12M
Mar-23	467.25	474.37	483.08	511.96	565.28
Feb-23	474.56	482.97	492.49	526.26	575.00
Change	(7.31) ↑	(8.60) ↑	(9.41) ↑	(14.30) ↑	(9.72) ↑



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