

Chart 1: FIC Market Turnover (N'trn)

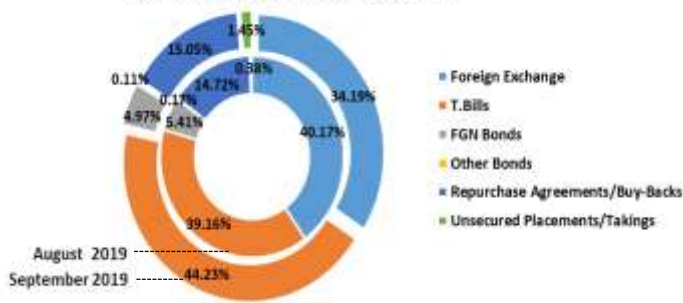


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	September	August	MoM Δ ³ (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	1.49	1.56	(0.07)	(4.36)
	FX Forwards	0.04	0.11	(0.08)	(66.82)
	FX Swaps	0.88	0.51	0.36	70.13
	FX Futures	0.00	0.00	0.00	0.00
	Others**	0.80	1.14	(0.35)	(30.24)
	FX Derivatives	1.71	1.77	(0.06)	(3.48)
	Total	3.20	3.33	(0.13)	(3.89)
Member-Client	FX Spot	8.12	9.43	(1.31)	(13.91)
	FX Forwards	0.53	0.83	(0.30)	(36.30)
	FX Swaps	2.11	3.75	(1.64)	(43.77)
	FX Futures	0.26	1.06	(0.80)	(75.12)
	Others	0.25	0.31	(0.06)	(20.64)
	FX Derivatives	3.16	5.97	(2.81)	(47.09)
	Total	11.27	15.39	(4.12)	(26.77)
Member-CBN	FX Spot	1.70	3.36	(1.66)	(49.43)
	FX Forwards	1.43	1.38	0.06	4.02
	FX Swaps	0.00	0.50	(0.50)	(100.00)
	FX Futures	0.52	1.73	(1.21)	(69.98)
	Others	0.00	0.00	0.00	0.00
	FX Derivatives	1.95	3.61	(1.66)	(45.91)
	Total	3.65	6.97	(3.32)	(47.61)
Total Turnover	18.12	25.69	(7.57)	(29.47)	

Table 2 - Trading Intensity

	Sep'19	Aug'19	Sep'18	YTD'19	Jan-Sep'18
T.bills	0.48	0.51	0.52	4.09	3.99
FGN bonds	0.11	0.14	0.17	1.22	1.20

Chart 2: Fixed Income Turnover (N'trn)

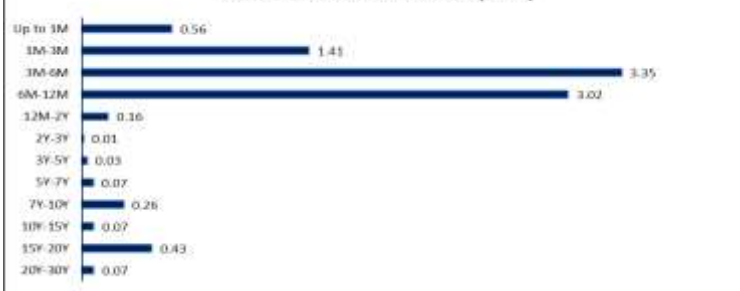
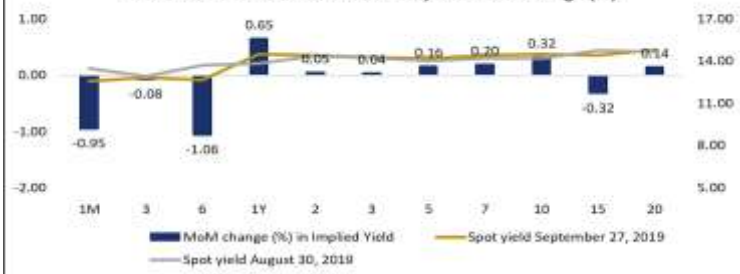


Chart 3: Benchmark Securities' Implied Yield Change (%)



FIC Market Summary

- Turnover in the Fixed Income and Currency ("FIC") markets for the month ended September 30, 2019 was ₦19.20trn, representing a MoM¹ decrease of 17.28% (₦4.01trn) on the turnover recorded in August 2019 (₦23.21trn) and a YoY² increase of 15.32% (₦2.55trn) on the turnover recorded in September 2018 (₦16.65trn)

Treasury bills and FX product segments persisted as the major drivers of turnover, jointly accounting for 78.42% of the total FIC market turnover in September 2019 and representing a MoM decrease of 0.91% in the joint contribution recorded in August 2019 (79.33%), driven by an increase in the contribution of Repurchase Agreements/Buy-Backs and Unsecured Placements/Takings to 15.05% and 1.45% respectively. (See Chart 1)

FX Market

- Total FX market turnover in September 2019 was \$18.12bn (₦6.56trn), representing a 29.47% (\$7.57bn) MoM decrease from August 2019. (See Table 1)
- Analysis of FX market turnover by trade type indicates MoM decrease across all categories, with Member-CBN trades recording the highest percentage MoM decrease at 47.61% (\$3.32bn), while Member-Client trades recorded the highest MoM decrease in dollar (nominal) terms, at \$4.12bn (26.77%)
- Further, analysis by product type indicates that the MoM decrease in FX turnover was mainly driven by a 21.20% (\$3.04bn) and 39.90% (\$4.53bn) MoM decrease in FX Spot and FX Derivatives turnover respectively
- In September 2019, the Naira-settled OTC FX Futures Contract (NGUS SEP 18 2019) with a total open contract value of \$1.29bn matured and was settled, and a new contract, NGUS OCT 28 2020 for \$1.00bn at \$/₦365.50 was introduced. This brings the total value of open OTC FX Futures Contracts to c.\$10.24bn, while the total value of contracts settled since inception to date at c.\$19.58bn
- In September 2019, the CBN Official Spot rate for US\$/₦ remained constant at \$/₦307.00. Similarly, the parallel market rate remained constant at \$/₦360.00, while the Naira appreciated against the US Dollar at the Investors' and Exporters' ("I&E") FX Window by \$/₦0.70 to close at \$/₦362.23 in September 2019

Fixed Income Market (T.bills and FGN⁵ bonds)

- In September 2019, total OMO⁶ bills issued was ₦15.22trn, representing a MoM increase of 0.53% (₦0.08trn), whilst average T.bills outstanding remained constant at ₦2.58trn. Furthermore, average outstanding FGN bonds recorded a MoM increase of 0.68% (₦0.06trn) to close at ₦8.83trn in September 2019 from ₦8.77trn reported in August 2019
- Trading intensity for T.bills decreased to 0.48 in September 2019 from 0.51 recorded in August 2019, similarly, trading intensity for FGN bonds decreased from 0.14 in August 2019 to 0.11 in September 2019. YTD⁷ Trading intensity for T.bills and FGN bonds stood at 4.09 and 1.22 respectively compared to 3.99 and 1.20 recorded in the corresponding period in 2018. (See Table 2)
- In September 2019, T.bills within the 3M - 6M maturity bracket remained the most actively traded among the short-term securities (i.e. 1M – 2Y) accounting for 35.44% of the total Fixed Income market turnover, while FGN bonds within the 15Y – 20Y maturity bracket were the most actively traded among the medium to long-term securities, accounting for 4.60% of the total Fixed Income market turnover. (See Chart 2)
- Weighted average yields on the short and long-term Fixed Income maturities decreased by 0.25% and 0.09% respectively in September 2019. This can be attributed to the normalisation of activities in the fixed income market, relative to August 2019 where a significant increase in FPI outflows was reported. Conversely, weighted average yield on medium-term maturities increased by 0.10%. However, inflation-adjusted yield remained positive across all tenors in the period under review. (See Chart 3 & 4)

Notes:
*Member - All references to Member means Dealing Member (Banks); **Others includes Options & Cross Currency Interest Rate Swaps;

1 – Month-on-Month; 2 – Year-on-Year; 3 – Change; 4 – Not Applicable; 5 – Federal Government of Nigeria; 6 – Open Market Operations; 7 – Year-to-Date

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Chart 4: Inflation Adjusted Yield (%)

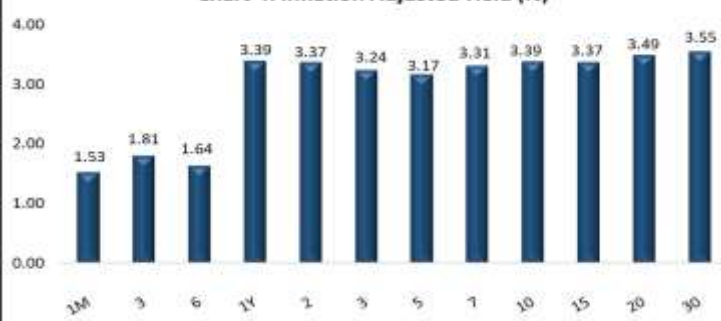


Table 3 - Money Market Turnover (₦'trn)

	Sep-19	Aug-19	MoM Δ (₦'trn)	MoM Δ (%)	Sep-18	YoY Δ (₦'trn)	YoY Δ (%)
Repos/Buy-Backs	2.89	3.42	(0.53)	(15.46)	2.12	0.77	36.47
Unsecured Placements / Takings	0.28	0.09	0.19	215.44	0.04	0.24	652.48
Total	3.17	3.51	(0.34)	(9.65)	2.15	1.01	47.05

Table 4 - Market Activity - Executed Trade Count

	September			August			MoM Δ (%)
	AFO ¹⁰	RFQ ¹¹	Total	AFO	RFQ	Total	
T.bills	435	11,601	12,036	444	16,459	16,903	(28.79)
FGN bonds	71	1,119	1,190	200	1,549	1,749	(31.96)
Total	506	12,720	13,226	644	18,008	18,652	(29.09)

Notes:
8 – Overnight; 9 – Open Buy-back; 10 – Anonymous Firm Order; 11 – Request-for-Quote

Money Market (Repurchase Agreements /Buy-Backs and Unsecured Placements/Takings)

- Total turnover in the Money Market decreased MoM by 9.65% (₦0.34trn) to ₦3.17trn in September 2019, driven majorly by the MoM decrease in Repurchase Agreements/Buy-Backs segment by 15.46% (₦0.53trn) to ₦2.89trn in September 2019 from ₦3.42trn in August 2019. This can be attributed to improved liquidity in the system, evidenced by the decrease of the average O/N⁸ and OBB⁹ rates by 204bps and 201bps respectively to an average of 11.91% and 10.83% in September 2019 from 13.95% and 12.84% in August 2019
- Turnover in Unsecured Placements/Takings in September 2019 was ₦0.28trn, representing a 215.44% (₦0.19trn) MoM increase from the ₦0.09trn recorded in August 2019, and a YoY increase of 652.48% (₦0.24trn) from the turnover recorded in September 2018 (₦0.04trn). This can be attributed to the increased liquidity in the inter-bank market. *(See Table 3)*

Market Surveillance

- Total number of trades executed reported on the E-Bond Trading System in September 2019 was 13,226, representing a 29.09% (5,426) MoM decrease in the number of trades executed in August 2019 (18,652), driven by a MoM decrease in T.bills and FGN bonds' trades by 28.79% (4,867) and 31.96% (559) respectively. *(See Table 4)*