

Chart 1: FIC Market Turnover (₦'trn)

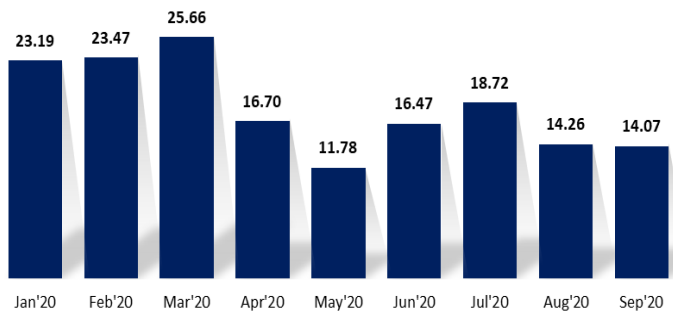


Chart 2: FIC Market Turnover (%)

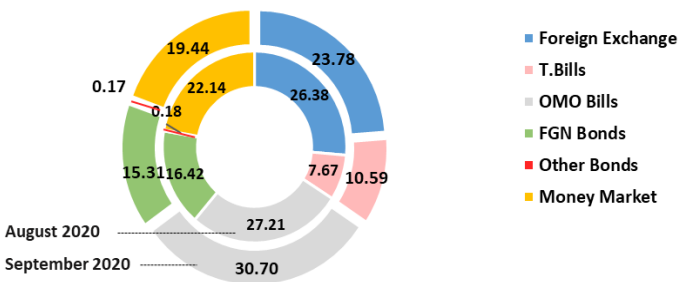
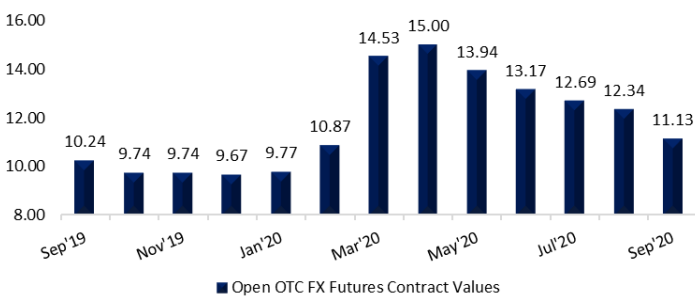


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	September	August	MoM Δ <sup>6</sup> (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	0.77	0.93	(0.16)	(17.20)
	FX Forwards	0.00	0.00	0.00	N/A
	FX Swaps	0.12	0.15	(0.03)	(20.00)
	FX Futures	0.01	0.01	0.00	0.00
	Others**	0.46	0.52	(0.06)	(11.54)
	FX Derivatives	0.59	0.68	(0.09)	(13.24)
	<b>Total</b>	<b>1.36</b>	<b>1.61</b>	<b>(0.25)</b>	<b>(15.53)</b>
Member-Client	FX Spot	2.26	1.53	0.73	47.71
	FX Forwards	0.83	0.35	0.48	137.14
	FX Swaps	2.39	2.74	(0.35)	(12.77)
	FX Futures	0.14	1.10	(0.96)	(87.27)
	Others	0.24	0.24	0.00	0.00
	FX Derivatives	3.60	4.43	(0.83)	(18.74)
	<b>Total</b>	<b>5.86</b>	<b>5.96</b>	<b>(0.10)</b>	<b>(1.68)</b>
Member-CBN	FX Spot	0.62	0.25	0.37	148.00
	FX Forwards	0.68	0.37	0.31	83.78
	FX Swaps	0.00	0.25	(0.25)	(100.00)
	FX Futures	0.14	1.22	(1.08)	(88.52)
	Others	0.00	0.10	(0.10)	(100.00)
	FX Derivatives	0.82	1.94	(1.12)	(57.73)
	<b>Total</b>	<b>1.44</b>	<b>2.19</b>	<b>(0.75)</b>	<b>(34.25)</b>
<b>Total Turnover</b>	<b>8.66</b>	<b>9.76</b>	<b>(1.10)</b>	<b>(11.27)</b>	

Chart 3: Trend in Open OTC FX Futures Contract Values (\$'bn)



**Notes:**  
\*Member - All references to Member means Dealing Member (Banks); Inter-Member Turnover reported includes both sides of the transaction; \*\*Others includes Options & Cross Currency Interest Rate Swaps.

1: Month-on-Month; 2: Year-on-Year; 3: Year-to-Date; 4: Open Market Operations; 5: This refers to the OTC FX Futures Contract that is closest to its maturity date at any given time; 6: Change; 7: Treasury Bills; 8: Federal Government of Nigeria

## FIC Market Summary

- Turnover in the Fixed Income and Currency ("FIC") markets for the month ended September 30, 2020 was ₦14.07trn (See Chart 1), indicating a MoM<sup>1</sup> and YoY<sup>2</sup> decrease of 1.33% (₦0.19trn) and 26.76% (₦5.14trn) from ₦14.26trn (August 2020) and ₦19.21trn (September 2019) respectively. The YTD<sup>3</sup> turnover as at September 30, 2020, was c.₦164.32trn, representing a YoY decrease of 7.69% (₦13.68trn) on the YTD turnover of ₦178.00trn recorded as at September 30, 2019
- OMO<sup>4</sup> bills and Foreign Exchange transactions were the highest contributors to the FIC markets in September 2020, jointly accounting for 54.48% of the total FIC market turnover. (See Chart 2)

## Foreign Exchange ("FX") Market

- Total FX market turnover in September 2020 was \$8.66bn (₦3.34trn), representing a MoM decrease of 11.27% (\$1.10bn) from the turnover recorded in August 2020 \$9.76bn (₦3.76trn) as liquidity challenges in the FX market persisted, despite the interventions by the Central Bank of Nigeria ("CBN") in form of FX Sales to Dealing Member (Banks) to reduce the backlog of unmet FX demand in September 2020. (See Table 1)
- Analysis of FX market turnover indicates that FX Derivatives turnover decreased MoM by 28.94% (\$2.04bn) whilst FX Spot turnover increased by 34.69% (\$0.94bn) in September 2020
- In the OTC FX Futures market, the near month contract<sup>5</sup> (NGUS SEP 30 2020) with a total outstanding notional value of \$1.54bn matured and was settled, whilst a new long-term (60-month) contract, NGUS SEP 24 2025 was introduced at a rate of \$/₦589.09. The total notional value ("NV") of open OTC FX Futures contracts as at September 30, 2020 stood at c.\$11.13bn, representing a 9.81% (\$1.21bn) decrease on the NV of open contracts as at August 31, 2020 (c.\$12.34bn), and continuing the downward trend in the NV of open contracts since May 2020 (See Chart 3). The total NV of OTC FX Futures contracts traded since inception stood at \$50.41bn as at September 30, 2020
- The CBN Official Spot US\$/₦ exchange rate closed at an average of \$/₦379.04 in September 2020, representing a 0.37% (\$/₦1.39) appreciation of the exchange rate from \$/₦380.43 recorded in August 2020. At the Investors' and Exporters' ("I&E") FX Window, the Naira appreciated against the US Dollar, gaining 0.06% (\$/₦0.25) to close at an average of \$/₦386.01 in September 2020 from \$/₦386.26 recorded in August 2020. Similarly, in the parallel market, the Naira appreciated against the US Dollar gaining 3.90% (\$/₦18.55) to close at an average of \$/₦456.74 in September 2020 from \$/₦475.29 recorded in August 2020. This can be attributed to the resumption of FX intervention sales by the CBN to Bureau de Change operators in September 2020. Consequently, the average spread between the exchange rate in the I&E FX Window and the parallel market reduced by 20.55% (\$/₦18.30) to \$/₦70.73 in September 2020 from \$/₦89.03 in August 2020

## Fixed Income ("FI") Market (T.bills<sup>7</sup>, OMO bills and FGN<sup>8</sup> Bonds)

- In the primary market, average discount rates for the 91-day and 182-day T.bills both decreased MoM by 8 basis points ("bps") to 1.09% and 1.51% respectively in September 2020, whilst the average discount rates for the 364-day T.bill decreased MoM by 30bps to 2.97% in September 2020. Similarly, the discount rates for OMO bills decreased MoM by an average of 3bps to close at a range of 4.86% - 8.92% in September 2020
- In the primary market for sovereign bonds, the marginal rates for FGN Bonds decreased by an average of 84bps to close at a range of 6.00% - 8.94% respectively in September 2020
- The total value of T.bills and OMO bills outstanding as at September 30, 2020 decreased MoM by 1.45% (₦0.04trn) and 12.13% (₦1.03trn) to ₦2.72trn and ₦7.46trn respectively, whilst the total value of FGN Bonds outstanding as at September 30, 2020 increased MoM by 1.05% (₦0.11trn) to ₦10.54trn, leading to a 0.44% (c.₦0.06trn) MoM increase in local public debt to c.₦13.62trn as at September 30, 2020 and a YoY increase of 16.01% (c.₦1.88trn) relative to September 2019

Chart 4: Trend in Trading Intensity

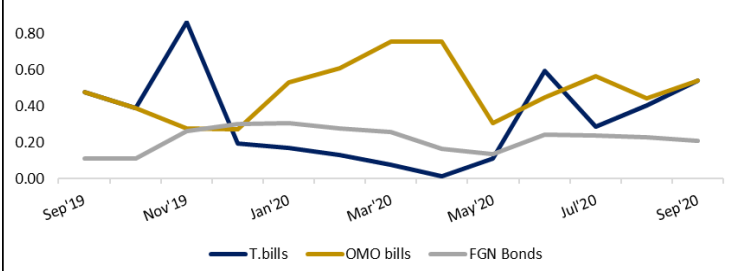


Chart 5: Fixed Income Turnover - September 2020 (₦trn)

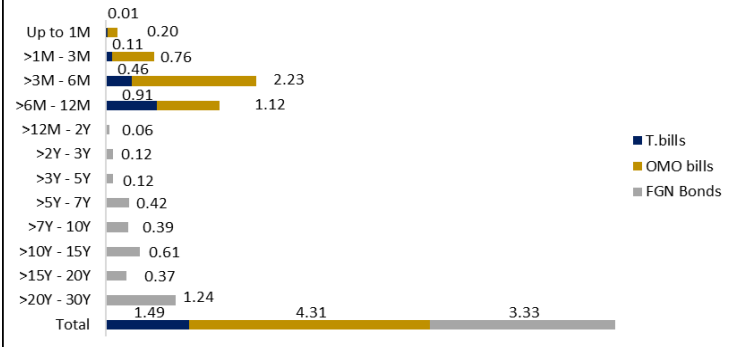


Chart 6: Sovereign Yield Curve (%)

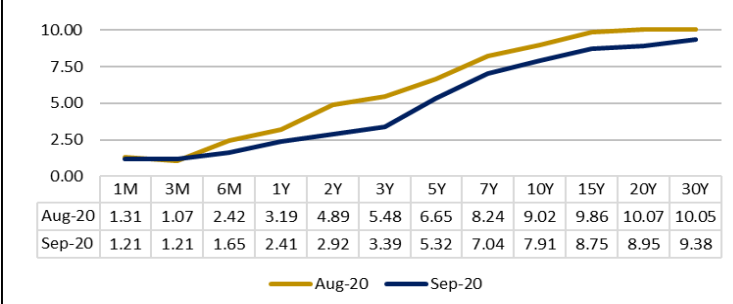


Chart 7: Inflation Adjusted Yield as at September 30, 2020 ^ (%)

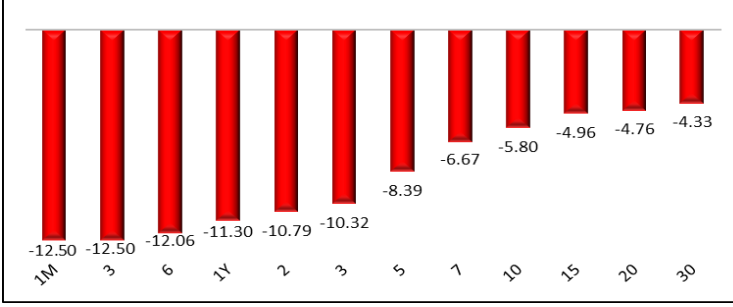


Table 2 - Money Market Turnover (₦trn)

	Sep-20	Aug-20	MoM Δ (₦trn)	MoM Δ (%)	Sep-19	YoY Δ (₦trn)	YoY Δ (%)
Repos/Buy-Backs	2.48	3.04	(0.56)	(18.42)	2.89	(0.41)	(14.19)
Unsecured Placements / Takings	0.26	0.12	0.14	116.67	0.28	(0.02)	(7.14)
Total	2.74	3.16	(0.42)	(13.29)	3.17	(0.43)	(13.56)

Table 3 - Market Activity - Executed Trade Count

	September			August			MoM Δ (%)
	AFO <sup>13</sup>	RFQ <sup>14</sup>	Total	AFO	RFQ	Total	
T.bills	1	794	795	0	673	673	18.13
OMO bills	0	1,941	1,941	2	1,801	1,803	7.65
FGN Bonds	25	3,068	3,093	34	2,411	2,445	26.50
Total	26	5,803	5,829	36	4,885	4,921	18.45

Notes:

^ Adjusted with the September 2020 Headline Inflation rate of 13.71%.

9: 1M – 3Y; 10: 5Y – 30Y; 11: Overnight; 12: Open Buy-back; 13: Anonymous Firm Order; 14: Request-for-Quote

- Turnover for T.bills and OMO bills increased by 36.70% (₦0.40trn) and 11.34% (₦0.44trn) to ₦1.49trn and ₦4.32trn respectively, resulting in an increase in trading intensity to 0.54 for both securities in September 2020 from 0.40 and 0.44 respectively in August 2020. Conversely, FGN Bonds turnover decreased MoM by 8.12% (₦0.19trn) to ₦2.15trn in September 2020, resulting in a marginal decrease in its trading intensity to 0.21 (0.23 in August 2020). (See Chart 4)
- In September 2020, OMO bills within the >3M – 6M maturity bucket was the most traded across all tenors in the Fixed Income market, accounting for 24.42% (₦2.23trn) of the total Fixed Income market turnover. T.bills within the >6M – 12M maturity bucket was the most traded across short-term tenors<sup>9</sup>, accounting for 9.97% (₦0.91trn) of the total Fixed Income market turnover, whilst FGN Bonds within the >20Y – 30Y maturity bucket was the most traded across medium to long term tenors<sup>10</sup>, accounting for 13.58% (₦1.24trn) of the total Fixed Income market turnover. (See Chart 5)
- There was a general decrease in yields across the sovereign yield curve between August and September 2020 except on the 3M tenor of the curve. Furthermore, the highest spreads were recorded on the securities with 2Y and 3Y maturities. (See Chart 6)
- Weighted average yields on short-term, medium-term and long-term maturities decreased MoM by 5.18%, 1.27% and 0.24% respectively in September 2020. Additionally, inflation-adjusted yields remained negative across the short, medium and long-term tenors in September 2020. (See Chart 7)

Money Market [Repurchase Agreements (“Repos”)/Buy-Backs and Unsecured Placements/Takings]

- Total turnover in the Money Market segment decreased MoM and YoY by 13.29% (₦0.42trn) and 13.56% (₦0.43trn) respectively to a total of ₦2.74trn in September 2020. This was driven by the MoM and YoY decreases of 18.42% (₦0.56trn) and 14.19% (₦0.41trn) respectively in Repos/Buy-Backs turnover to ₦2.48trn in September 2020, whilst turnover in Unsecured Placements/Takings significantly increased MoM by 116.67% (₦0.14trn) to ₦0.26trn in September 2020 and decreased YoY by 7.14% (₦0.02trn) (See Table 2). Average O/N<sup>11</sup> and OBB<sup>12</sup> rates however, decreased by 448bps and 451bps to close at 4.12% and 3.24% respectively in September 2020 from 8.60% and 7.75% recorded in August 2020

Market Surveillance

- Total number of executed trades reported on the Bloomberg E-Bond Trading System in September 2020 was 5,829, representing a MoM increase of 18.45% (908) from the number of executed trades recorded in August 2020 (4,921). This was driven by the MoM increase recorded across trades on T.bills, OMO bills and FGN Bonds in September 2020. (See Table 3)