



FINANCIAL MARKETS MONTHLY REPORT

November 2023

Glossary

Abbreviation	Definition	Abbreviation	Definition
bn	Billion	ppts	Percentage Points
bps	Basis Points	Repo	Repurchase Agreement
CBN	Central Bank of Nigeria	RHS	Right Hand Side
CP	Commercial Paper	T.bills	Treasury Bills
DMO	Debt Management Office	trn	Trillion
FGN	Federal Government of Nigeria	US	The United States of America
FX	Foreign Exchange	Y	Year
LCY	Local Currency	YoY	Year-on-Year
LHS	Left Hand Side		
M	Month		
mm	Million		
MM	Money Market		
MoM	Month-on-Month		
N/A	Not Applicable		
NAFEM	Nigerian Autonomous Foreign Exchange Market		
NBS	National Bureau of Statistics		
NDFs	Cleared Naira-Settled Non-Deliverable Forwards		
NV	Notional Value		
OMO	Open Market Operations		
O/N	Overnight		
OPR	Open Repos		
OTC	Over-the-Counter		

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 ₦1,058.91bn across its auctions in November 2023, representing a 160.24% (₦652.01bn) MoM increase on the value of T-bills sold across its auctions in October 2023 (₦406.90bn).

Similarly, the DMO sold FGN Bonds worth ₦434.50bn via the reopening of two (2) 10Y, one (1) 15Y, and one (1) 30Y FGN Bond in November 2023. The total sale represents a 120.69% oversubscription of the amount offered¹ and a 15.94% (₦59.74bn) MoM increase on the amount sold in October 2023 (₦374.76bn) for the same FGN Bond maturities.

In November 2023, the CBN sold OMO Bills worth ₦250.00bn, representing a 37.50% (₦150.00bn) MoM decrease on the value of OMO Bills sold across its auctions in October 2023 (₦400.00bn).

Average Treasury Bills Discount Rates in Nov. 2023

91-day – 7.50%
4.83% (Oct. '23) ▲

182-day – 11.50%
7.06% (Oct. '23) ▲

364-day – 16.75%
11.13% (Oct. '23) ▲

Average FGN Bond Coupon Rates in Nov. 2023

10Y – 16.50%
15.33% (Oct. '23) ▲

15Y – 17.50%
15.80% (Oct. '23) ▲

30Y – 18.00%
16.60% (Oct. '23) ▲

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

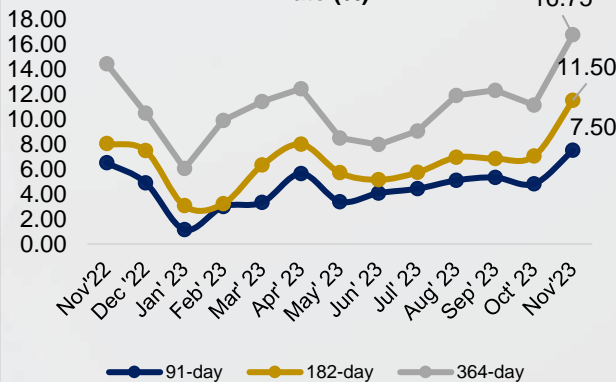


Chart 2: Trend in Average OMO Bills Discount Rate (%)[^]

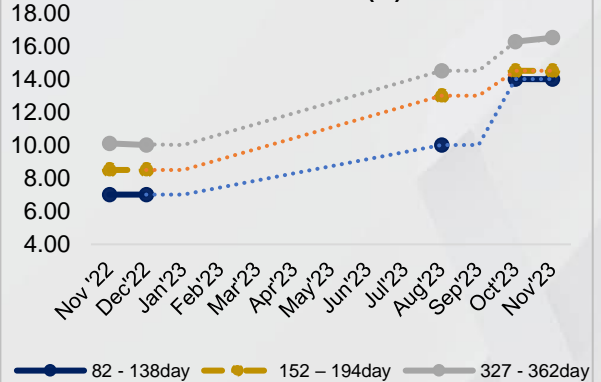


Table 1: Value of New Issuances (₦'bn)

Product	Dec. '22	Jan. '23	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23
T.bills	185.38	277.47	263.50	631.84	281.10	324.43	404.51	406.10	457.20	544.05	406.90	1,058.91
FGN Bonds	264.52	662.62	770.82	563.36	552.47	545.26	473.16	657.84	230.26	316.49	374.76	434.50

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

Product	Dec. '22	Jan. '23	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23
T.Bills	4,422.72	4,422.72	4,622.72	4,722.72	4,591.26	4,834.98	4,501.06	4,688.17	4,722.71	4,722.71	4,984.92	5,522.00
FGN Bonds	15,314.25	15,313.89	16,747.30	17,311.11	17,128.50	17,673.59	18,148.91	18,807.45	19,038.60	19,317.19	19,693.24	20,130.17

Notes:

¹ – Amount Offered in November 2023 was ₦360.00bn

[^] – Chart 2 has trend lines due to missing data as a result of no primary market activity for OMO Bills

Primary Market

Non-Sovereign Securities

Non-Sovereign bonds listed on FMDQ Exchange in November 2023 were worth ₦26.00bn, representing a 13.04% (₦3.00bn) MoM increase from October 2023 listings. The Non-Sovereign bonds listing emanated solely from a corporate issuer in the Financial Services sector. As a result, the total outstanding value for Non-Sovereign bonds increased MoM by 1.19% (₦26.00bn) from ₦2,187.99bn in October 2023 to ₦2,213.99bn in the review month.

The total value of CPs quoted on FMDQ Exchange in November 2023 was ₦77.40bn, representing a MoM increase of 112.00% (₦40.89bn) from the value of CPs quoted in October 2023. Quoted CPs were issued by institutions from various sectors including Financial Services (8), Manufacturing (4), Agriculture (4), Real Estate (4), and Health & Pharmaceuticals (2).

As a result, the total outstanding value for CPs increased MoM by 8.16% (₦77.40bn) to ₦1,025.96bn in November 2023. (See Table 6)

Table 3: Average Discount Rates for Quoted CPs

Tenor	Nov. 23	Oct. 23	Trend
<=90 days	11.42%	-	N/A
91 – 180 days	14.84%	15.77%	▼
181 – 270 days	15.64%	15.35%	▲

Table 4: Average Coupon Rates for Listed Non-Sovereign Bonds*

Tenor	Nov. 23	Oct. 23	Trend
<=5 years	-	14.40%	N/A
>5 – 10 years	-	-	N/A
>10 – 20 years	-	-	N/A
>20 years	16.00%	-	N/A

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

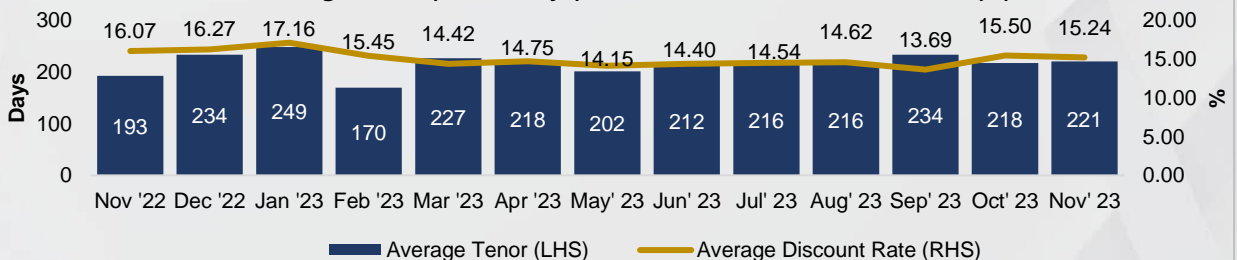


Table 5: Value of New Listings/Quotations (₦'bn)

Product	Dec. '22	Jan. '23	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23
CPs	9.68	83.20	101.84	354.18	114.27	163.77	82.13	117.32	239.04	146.22	36.51	77.40
Corporate Bonds	0.00	20.00	115.00	112.42	0.00	31.00	17.50	0.00	46.00	0.00	23.00	26.00
Subnational Bonds	0.00	00.00	0.00	0.00	0.00	0.00	0.00	137.33	19.81	115.00	0.00	0.00

Table 6: Outstanding Value of Admitted Securities (₦'bn)

Product	Dec. '22	Jan. '23	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23
CPs	251.46	221.56	366.25	669.36	715.28	788.43	831.94	949.26	1,029.98	926.41	948.56	1,025.96
Corporate Bonds	1,422.11	1442.11	1,557.11	1,669.52	1,700.53	1,700.53	1,718.03	1,718.03	1,764.03	1,764.03	1,771.74	1,797.74
Subnational Bonds	144.11	144.11	144.11	144.11	144.11	144.11	144.11	281.43	301.25	416.25	416.25	416.25

Note: Non-Sovereign Bonds include LCY Corporate Bonds and LCY Subnational Bonds (includes LCY Sukuk)

Secondary Market

Market Turnover by Products

Secondary market turnover on FMDQ Exchange in November 2023 was ₦27.87trn, representing a MoM and YoY increase of 28.43% (₦6.17trn) and 109.39% (14.56trn) from October 2023 and November 2022 figures, respectively.

Foreign Exchange (FX), CBN Bills¹ and Money Market (MM) transactions dominated secondary market activity, accounting for 71.68% of the total secondary market turnover in November 2023. (See Chart 5)

Chart 5: Contribution to FMDQ Markets Turnover

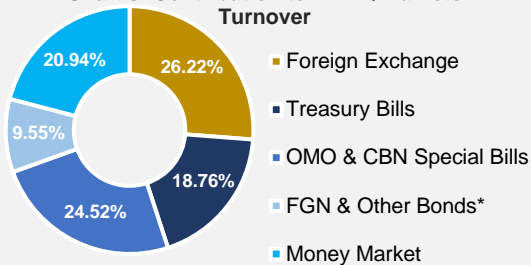


Chart 4: FMDQ Markets Turnover (₦'trn)

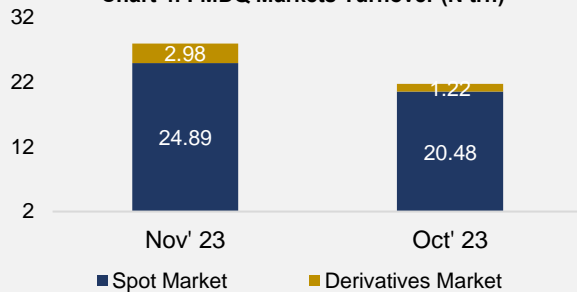
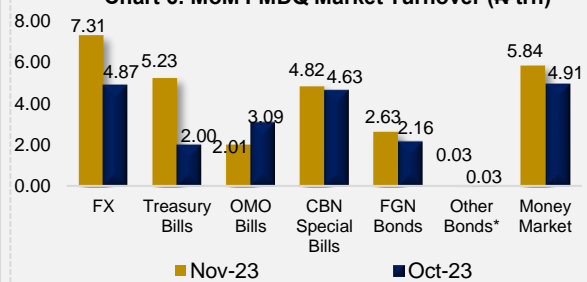


Chart 6: MoM FMDQ Market Turnover (₦'trn)



Spot Market

Total spot market turnover for all products traded in the secondary market in November 2023 was ₦24.89trn, representing a MoM increase of 21.53% (₦4.41trn) from October 2023 figures.

The MoM increase in total spot market turnover was jointly driven by an increase in turnover across all spot market product categories, with contributions by FX, MM and FI transactions increasing MoM by 18.31% (₦0.67trn), 18.94% (₦0.93trn) and 23.68% (₦2.82trn), respectively.

The increase in MM turnover was solely driven by an uptick in Repos/Buy-backs, offsetting the MoM decline in Unsecured Placement/Takings transactions. In contrast, the uptick in FI turnover was driven by a MoM increase across all FI products, excluding OMO Bills which decreased in the review period.

Chart 7: Spot Market Turnover and Percentage Contribution

FX Market

₦4.33trn

₦3.66trn (Oct '23)

17.39%

Fixed Income Market

₦14.73trn

₦11.91trn (Oct '23)

59.16%

Money Market

₦5.84trn

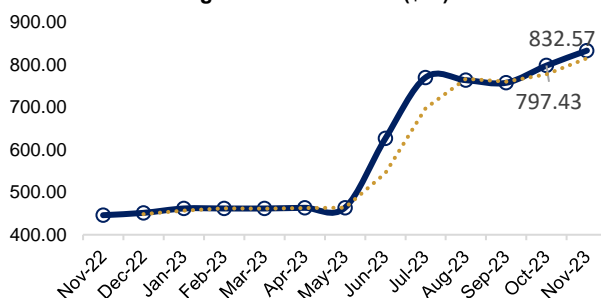
₦4.91trn (Oct '23)

23.45%

Spot FX Market

Spot FX market turnover in November 2023 was \$5.17bn (₦4.33trn), representing a MoM increase of 10.94% (\$0.51bn) from the turnover recorded in October 2023 (\$4.66bn).

Chart 8: Average Rates in NAFEM (\$/₦)



In the FX Market, the US Dollar appreciated against the Naira, with the spot exchange rate (\$/₦) increasing by 4.41% (\$/₦35.14) to close at an average of \$/₦832.57 in Nov. 2023 from \$/₦797.43 recorded in Oct. 2023. (See Chart 8)

Further, exchange rate volatility decreased in November 2023 as the Naira traded within an exchange rate range of \$/₦750.14 – \$/₦996.75 compared to \$/₦741.85 – \$/₦993.82 recorded in October 2023.

Notes:

¹ 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 in November 2023 was ₦14.73trn, representing a MoM increase of 23.68% (₦2.82trn) from the turnover recorded in October 2023 (₦11.91trn). The MoM increase in the FI market turnover was driven by the 161.50% (₦3.23trn), 21.76% (₦0.47trn), 4.10% (₦0.19trn) and 8.97% (₦0.001trn) increase in turnover across T.Bills, FGN Bonds, CBN Special Bills and Other Bonds, offsetting the 34.95% (₦1.08trn) and 37.50% (₦0.03trn) MoM decline in OMO Bills and Unsecured Placement/Takings transactions, respectively. (See Chart 9)

As a result, the trading intensity (TI) for T.Bills and FGN Bonds increased MoM by 0.58 and 0.02 to 1.00 and 0.13, respectively (See Chart 10).

Chart 9: Fixed Income Market Turnover (₦trn)

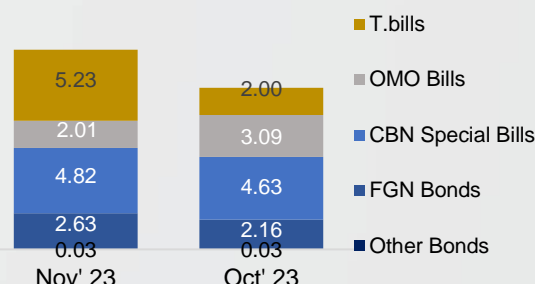


Chart 10: Trend in Trading Intensity

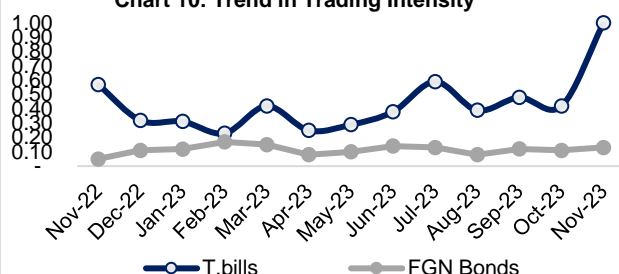
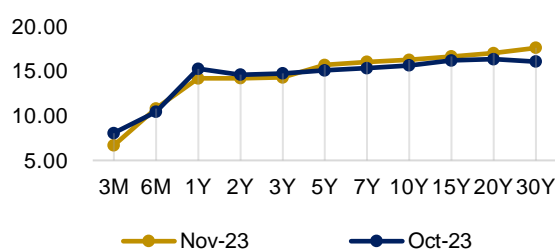


Chart 11: Sovereign Yield Curve (%)



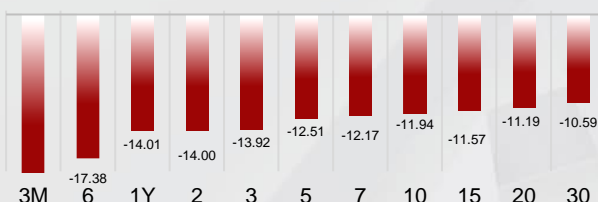
T.bills and FGN Bonds within the >6M – 12M and >20Y tenors respectively were the most traded sovereign FI securities, accounting for 54.33% (₦4.27trn) and 14.50% (₦1.14trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table below)

T.Bills			FGN Bonds						
Up to 3M	>3M - 6M	>6M - 12M	>12M - 3Y	>3Y - 5Y	>5Y - 10Y	>10Y - 15Y	>15Y - 20Y	>20Y	Total
0.31	0.64	4.27	0.49	0.28	0.34	0.36	0.03	1.14	7.86

In November 2023, the yield spread between the 3M and 30Y sovereign FI securities increased by 2.93ppts to 10.94ppts, indicating a steepening of the sovereign yield curve (See Chart 11).

Real (inflation-adjusted) yields remained negative across the yield curve in November 2023, declining further on the back of surging inflation which remains higher than policy interest rates and continues to outpace increase in nominal yields (See Chart 12).

Chart 12: Inflation Adjusted Yields as at Nov. 30, 2023^ (%)



Spot Market – (Money Market)

Total turnover in the MM segment increased MoM by 18.94% (₦0.93trn) to ₦5.84trn in November 2023. The MoM increase was solely driven by the 19.88% (₦0.96trn) increase in Repos/Buy-backs, which offset the 37.50% (₦0.03trn) decline in Unsecured Placement/Takings transactions, respectively (See Chart 13).

The average O/N rate and OPR rate (secured lending rate) increased MoM by 15.41ppts and 15.13ppts respectively, to close at an average of 19.91% and 19.00% in November 2023 (See Chart 14).

Chart 13: Money Market Turnover (₦trn)

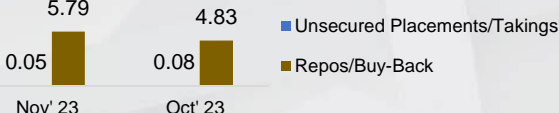
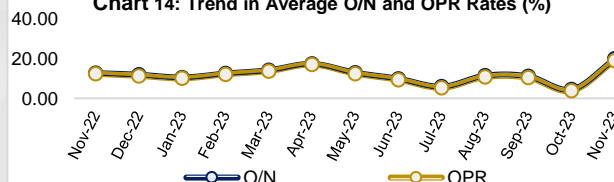


Chart 14: Trend in Average O/N and OPR Rates (%)



Notes:

^Adjusted with November 2023 inflation rate (28.20%)

Derivatives Market

FX Derivatives Market

Total turnover in the FX derivatives market segment in November 2023 was \$3.55bn (₦2.98trn), representing a MoM increase of 129.03% (\$2.00bn) from October 2023 figures.

The MoM increase in the FX derivatives turnover was solely driven by the 164.06% (\$2.10bn) increase in FX Swaps turnover, which offset the 5.56% (\$0.01bn) decline in FX Forwards transaction whilst there was no activity across FX Futures transactions.

FX Swaps	Contribution
\$3.38bn (₦2.83trn)	95.21%
FX Forwards	
\$0.17bn (₦0.15trn)	4.79%
FX Futures	
\$0.00bn (₦0.00trn)	0.00%

Cleared Naira-Settled Non-Deliverable Forwards

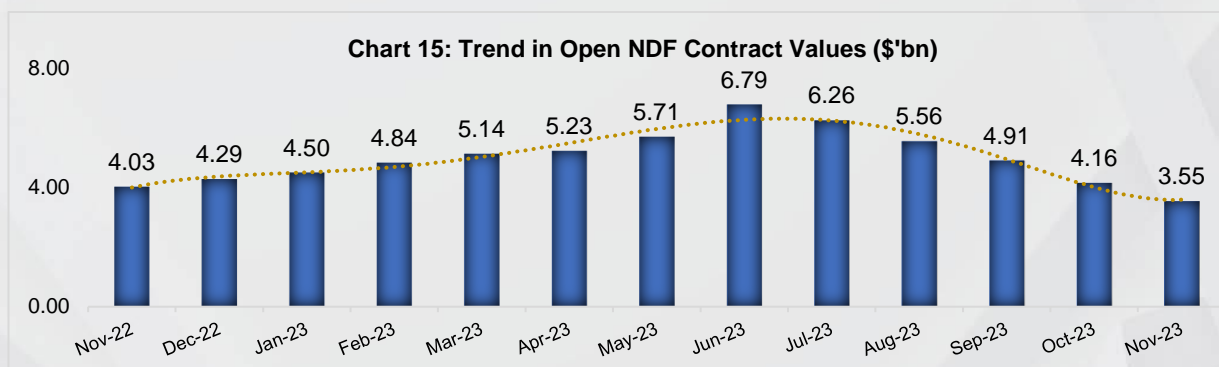
In the Cleared Naira-Settled Non-Deliverable Forwards market, the near month contract¹ (NGUS NOV 29, 2023) expired and open positions with a total notional value (NV) of \$0.61bn were settled. However, there was no new far month (60M) contract introduced in the Cleared Naira-Settled Non-Deliverable Forwards market in the review period.

As a result, the cumulative NV of open Cleared Naira-Settled Non-Deliverable Forwards contracts decreased for the fifth consecutive month to circa \$3.55bn as at November 30, 2023. This represents a MoM and YoY decrease of 14.66% (\$0.61bn) and 11.91% (\$0.48bn), respectively. (See Chart 15)

Matured Contract
NGUS NOV 29, 2023
(\$/₦485.94*)

New 60M Contract
Not Applicable (N/A)
(\$/₦0.00)

NV of Open Positions
in NDF Contracts –
\$3.55bn



In the period under review, there were no new trades recorded on contracts between 13M – 60M¹.

Notes:

* – Refers to the last published rate for **NGUS NOV 29 2023** contract as at June 13, 2023.

¹ – In response to ongoing reforms in NAFEM, the Central Bank of Nigeria ("CBN") halted the quotation of offer rates for all Cleared Naira-Settled Non-Deliverable Forwards contracts on September 26, 2023.

Derivatives Market../2

In November 2023, there were no rates quoted for Cleared Naira-Settled Non-Deliverable Forwards. (See Table 7). Conversely, indicative non-deliverable FX Forwards rates decreased across all tenor buckets. The mid-term 6M contracts recorded the highest MoM decrease in price (i.e., expected appreciation in the Nigerian Naira against the US Dollar) in the review period. (See Table 8)

Table 7: Average Cleared Naira-Settled Non-Deliverable Forwards Contract Rates (\$/₦)¹

	13-18M	19-24M	25-30M	31-36M	37-42M	43-48M	49-54M	55-60M
Nov-23	-	-	-	-	-	-	-	-
Oct-23	-	-	-	-	-	-	-	-
Change	N/A ↑ ↓	N/A ↑ ↓	N/A ↑ ↓	N/A ↑ ↓	N/A ↑ ↓	N/A ↑ ↓	N/A ↑ ↓	N/A ↑ ↓

Table 8: Indicative Non-Deliverable Forwards Rate (\$/₦)

	1M	2M	3M	6M	12M
Nov-23	857.58	867.20	876.91	894.66	971.51
Oct-23	935.95	953.75	966.87	998.23	1,068.86
Change	78.37 ↓	86.55 ↓	89.96 ↓	103.57 ↓	97.35 ↓

Notes:

1 – In response to ongoing reforms in NAFEM, the Central Bank of Nigeria ("CBN") halted the quotation of offer rates for all Cleared Naira-Settled Non-Deliverable Forwards contracts on September 26, 2023.

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