



FINANCIAL MARKETS MONTHLY REPORT

March 2024

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 (USD/NGN) 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 ₦2,668.89bn across its auctions in March 2024, representing a 3.07% (₦79.54bn) MoM increase on the value of T-bills sold across its auctions in February 2024 (₦2,589.35bn).

Similarly, the DMO sold FGN Bonds worth ₦608.86bn (inclusive of ₦133.20bn non-competitive bids) via the issuance of a new 3Y, as well as the re-openings of a 7Y and 10Y FGN Bonds in March 2024. The total sale represents a 35.30% oversubscription of the amount offered¹ and a 59.27% (₦886.05bn) MoM decrease on the amount sold in February 2024 (₦1,494.91bn) across the 7Y and 10Y FGN Bond maturities.

In March 2024, the CBN sold OMO Bills worth ₦1,056.30bn auction in the primary market.

Average Treasury Bills Discount Rates in Mar. 2024

91-day – 16.57%
17.12% (Feb. '24) ▼

182-day – 17.33%
17.75% (Feb. '24) ▼

364-day – 21.25%
19.00% (Feb. '24) ▲

Average FGN Bond Coupon Rates in Mar. 2024

3Y – 19.94%
N/A (Feb. '24)

7Y – 20.00%
18.50% (Feb. '24) ▲

10Y – 20.45%
19.00% (Feb. '24) ▲

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

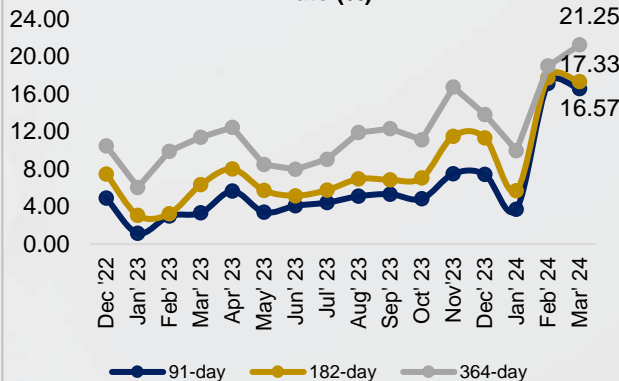


Chart 2: Trend in Average OMO Bills Discount Rate (%)[^]

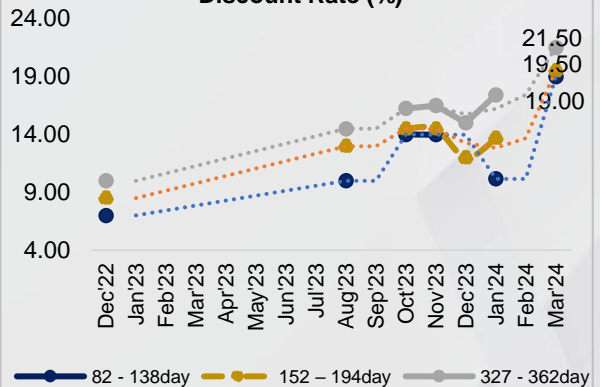


Table 1: Value of New Issuances (₦'bn)

Product	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24
T.bills	281.10	324.43	404.51	406.10	457.20	544.05	406.90	1,058.91	1,184.97	381.22	2,589.35	2,668.89
FGN Bonds	552.47	545.26	473.16	657.84	230.26	316.49	374.76	434.50	273.63	418.20	1,494.91	608.86

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

Product	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24
T.bills	4,591.26	4,834.98	4,501.06	4,688.17	4,722.71	4,722.71	4,984.92	5,522.00	6,521.99	6,522.47	8,428.78	10,884.71
FGN Bonds	17,128.50	17,673.59	18,148.91	18,807.45	19,038.60	19,317.19	19,693.24	20,130.17	20,439.81	20,441.57	22,355.89	22,246.55

Notes:

1 – Amount Offered in March 2024 was ₦450.00bn

[^] – 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

There were also no new listings of Non-Sovereign bonds on the FMDQ Exchange in March 2024. However, Corporate bonds worth ₦15.00bn matured and were redeemed resulting in a 0.68% (₦15.00bn) MoM decrease in the value of Non-Sovereign Bonds outstanding to ₦2,194.51bn in March 2024.

The total value of CPs quoted on the FMDQ Exchange in March 2024 was ₦112.62bn, representing a MoM increase of 123.76% (₦62.29bn) from the value of CPs quoted in February 2024. Quoted CPs were issued by institutions from various sectors including Financial Services (10), Manufacturing (4), Retail (2), Health & Pharmaceuticals (1), Agriculture (1), Technology (1), and Chemical Supply & Oil Field Service (1). However, ₦39.26bn CPs matured and were redeemed resulting in a 9.28% (₦73.36bn) MoM increase in the total outstanding value to ₦864.11bn in March 2024.

(See Table 6)

Table 3: Average Discount Rates for Quoted CPs

Tenor	Mar. 24	Feb. 24	Trend
<=90 days	-	-	N/A
91 – 180 days	17.24%	16.44%	▲
181 – 270 days	17.77%	16.13%	▲

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

Tenor	Mar. 24	Feb. 24	Trend
<=5 years	-	-	N/A
>5 – 10 years	-	-	N/A
>10 – 20 years	-	-	N/A
>20 years	-	-	N/A

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

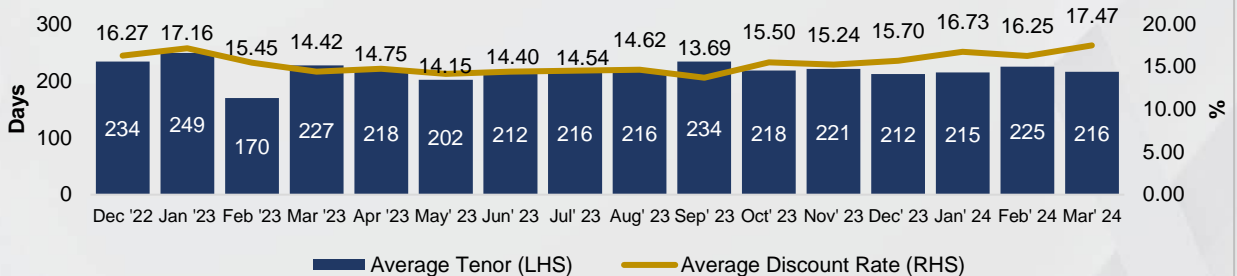


Table 5: Value of New Listings/Quotations (₦'bn)

Product	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24
CPs	114.27	191.89	82.13	117.32	145.27	146.22	36.51	77.40	246.33	168.89	50.33	112.62
Corporate Bonds	0.00	31.00	17.50	0.00	46.00	0.00	23.00	26.00	0.00	5.50	0.00	0.00
Subnational Bonds	0.00	0.00	0.00	137.33	19.81	115.00	0.00	0.00	0.00	0.00	0.00	0.00

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

Product	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24
CPs	720.54	845.19	831.94	917.40	938.34	966.39	948.56	806.35	821.25	887.96	790.75	864.11
Corporate Bonds	1,709.61	1,740.61	1,751.11	1,743.15	1,789.15	1,789.15	1,796.86	1,822.86	1,787.76	1,793.26	1,793.26	1,778.26
Subnational Bonds	144.11	144.11	144.11	281.43	301.25	416.25	416.25	416.25	416.25	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 March 2024 was ₦48.87trn, representing a MoM and YoY increase of 21.22% (₦8.55trn) and 100.67% (24.51trn) from February 2024 and March 2023 figures, respectively.

Foreign Exchange (FX) and Money Market (MM) transactions dominated secondary market activity, jointly accounting for 75.36% of the total secondary market turnover in March 2024. (See Chart 5)

Chart 5: Contribution to FMDQ Markets Turnover

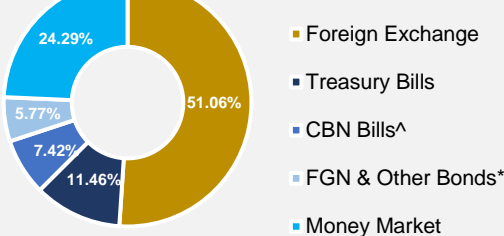
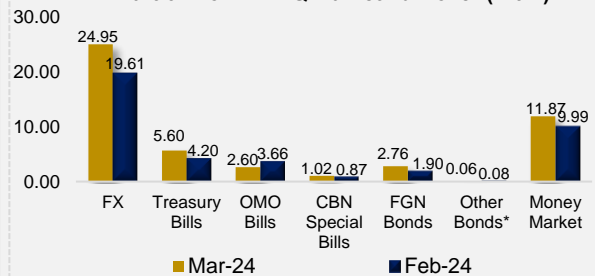


Chart 4: FMDQ Markets Turnover (₦'trn)



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



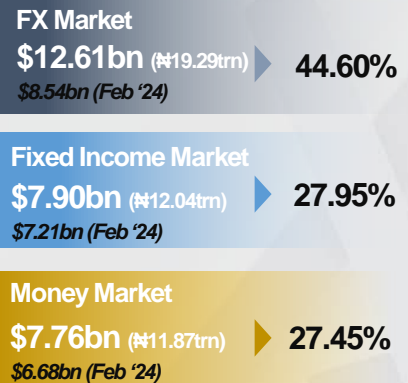
Spot Market

Total spot market turnover for all products traded in the secondary market in March 2024 was ₦43.20trn, representing a MoM increase of 29.05% (₦9.73trn) from February 2024 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 51.01% (₦6.52trn), 18.77% (₦1.88trn) and 12.45% (₦1.33trn), respectively.

The uptick in MM turnover was solely driven by the MoM increase in Repos/Buy-backs, offsetting the MoM decrease in Unsecured Placement/Takings transactions. Similarly, the surge in FI turnover was jointly driven by a MoM increase across all FI products excluding OMO Bills and Other Bonds which declined in the review period.

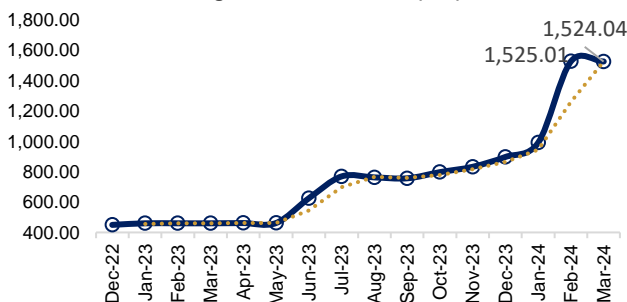
Chart 7: Spot Market Turnover and Percentage Contribution



Spot FX Market

Spot FX market turnover in March 2024 was \$12.61bn (₦19.29trn), representing a MoM increase of 47.66% (\$4.07bn) from the turnover recorded in February 2024 (\$8.54bn).

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



In the FX Market, the US Dollar marginally depreciated against the Naira, with the spot exchange rate (\$/₦) decreasing by 0.06% (\$/₦0.97) to close at an average of \$/₦1,524.04 in Mar. 2024 from \$/₦1,525.01 recorded in Feb. 2024. (See Chart 8)

Further, exchange rate volatility increased in March 2024 as the Naira traded within an exchange rate range of \$/₦1,300.43 – \$/₦1,627.40 compared to \$/₦1,418.78 – \$/₦1,665.50 recorded in February 2024.

Notes:

[^] Refers to OMO and CBN Special Bills

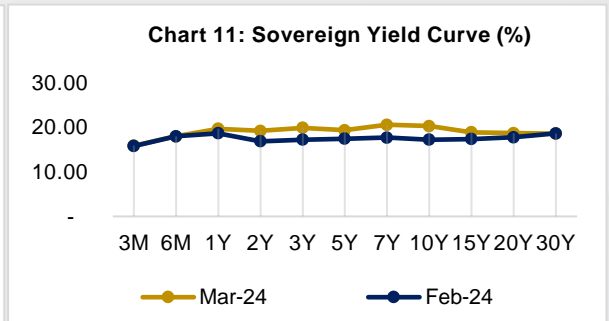
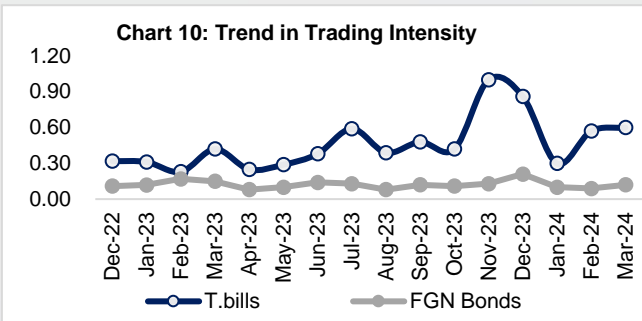
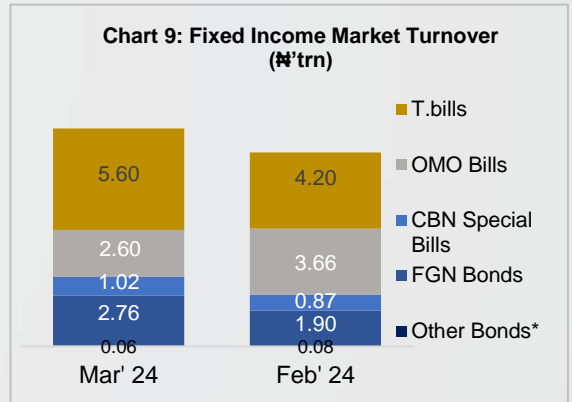
^{*} Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes

Spot Fixed Income Market

FI market turnover in March 2024 was ₦12.04trn, representing a MoM increase of 13.22% (₦1.42trn) from the turnover recorded in February 2024 (₦10.71trn).

The MoM uptick in the FI market turnover was driven by the 33.36% (₦1.40trn), 45.45% (₦0.86trn), and 17.76% (₦0.15trn), increase in turnover across T.Bills, FGN Bonds, and Special Bills, offsetting the 28.96% (₦1.06trn) and 28.52% (₦0.02trn) decline in OMO Bill and Other Bonds* transactions. (See Chart 9)

As a result, the trading intensity (TI) for FGN Bonds and T.Bills increased MoM by 0.04bps and 0.03bps to 0.12 and 0.60, respectively. (See Chart 10)



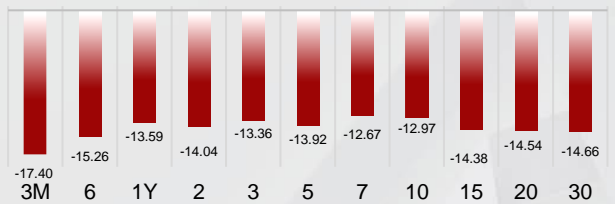
T.bills with term-to-maturity (TTM) between >6M – 12M and FGN Bonds with TTM between >5Y - 10Y, were the most traded sovereign FI securities, accounting for 56.87% (₦4.76trn) and 12.90% (₦1.08trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table below)

T.Bills					FGN Bonds					Total
Up to 3M	>3M - 6M	>6M - 12M	>12M - 3Y	>3Y - 5Y	>5Y - 10Y	>10Y - 15Y	>15Y - 20Y	>20Y		
0.39	0.46	4.76	0.44	0.31	1.08	0.41	0.06	0.46	8.37	

In March 2024, the sovereign yield curve experienced an increase in level and a corresponding 3.01ppts MoM increase in yield spread¹ to 4.43ppts, indicating a flattening and potential inversion of the yield curve (See Chart 11).

Real (inflation-adjusted) yields remained negative across the yield curve in March 2024, declining further on the back of surging inflation which remains higher than policy interest rates and continues to outpace the increase in nominal yields (See Chart 12).

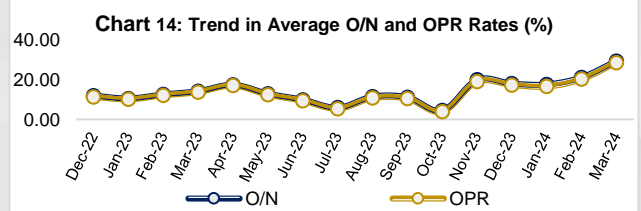
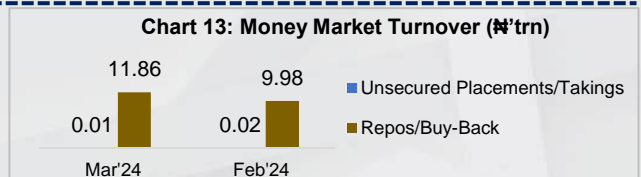
Chart 12: Inflation Adjusted Yields as at Mar. 28, 2024* (%)



Spot Market – (Money Market)

Total turnover in the MM segment increased MoM by 18.77% (₦1.88trn) to ₦11.87trn in March 2024. The MoM increase was solely driven by the 18.85% (₦1.88trn) increase in Repos/Buy-backs, offsetting the 31.89% (₦0.01trn) decrease in Unsecured Placement/Takings transactions, respectively (See Chart 13).

The average O/N rate and OPR rate (secured lending rate) increased MoM by 8.17ppts and 8.27ppts respectively, to close at an average of 29.30% and 28.46% in March 2024 (See Chart 14).



Notes:

1 – Refers to the yield spread between the 3M and 10Y sovereign FI securities

* – Adjusted with March 2024 inflation rate (33.20%)

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

Derivatives Market

FX Derivatives Market

Total turnover in the FX derivatives market segment in March 2024 was \$3.70bn (₦5.66trn), representing a MoM decrease of 18.98% (\$0.87bn) from the February 2024 figures.

The MoM decrease in the FX derivatives turnover was solely driven by the 28.52% (\$1.11bn) decline in FX Swaps transactions, offsetting the 36.47% (\$0.24bn) increase in FX Forwards turnover and lack of activity in the FX Futures market.

FX Swaps ¹	Contribution
\$2.79bn (₦4.26trn)	▶ 75.27%
FX Forwards	
\$0.92bn (₦1.40trn)	▶ 24.73%
FX Futures	
\$0.00bn (₦0.00trn)	▶ 0.00%

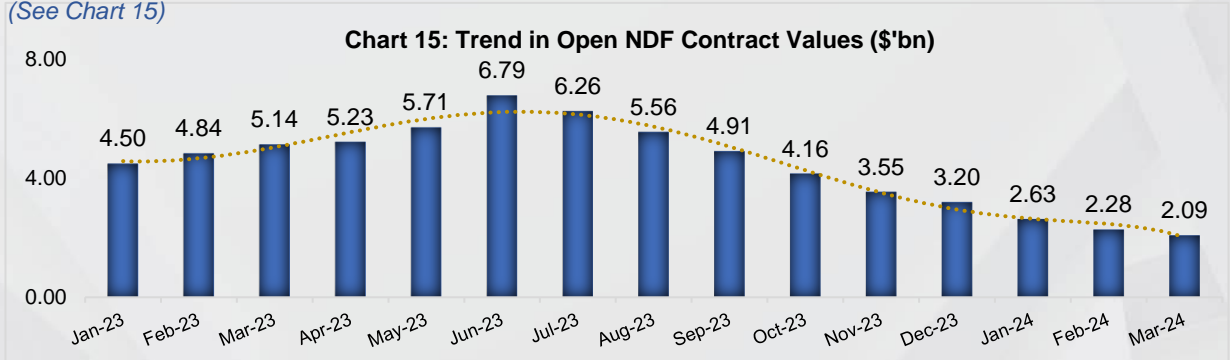
Cleared Naira-Settled Non-Deliverable Forwards

In the Cleared Naira-Settled (USD/NGN) Non-Deliverable Forwards market, the near month contract² (NGUS MAR 27, 2024) expired and open positions with a total notional value (NV) of \$0.19bn 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, continuing the trend since August, 2023. Consequently, the TTM of the farthest open contract is fifty-three (53) months (i.e., NGUS AUG 30, 2028 contract).

As a result, the cumulative NV of open Cleared Naira-Settled Non-Deliverable Forwards contracts declined for the ninth consecutive month to circa \$2.09bn as at March 28, 2024, representing a MoM and YoY decrease of 8.33% (\$0.19bn) and 59.34% (\$3.05bn), respectively.

(See Chart 15)

Matured Contract NGUS MAR 27, 2024 (\$/₦497.97*)	▲
New 60M Contract Not Applicable (N/A) (\$/₦0.00)	
NV of Open Positions in NDF Contracts – \$2.09bn	▼



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 MAR 27 2024** contract as at June 13, 2023.

¹ – Includes Other FX Derivatives

² – 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

The modelled average rates for the Cleared USD/NGN Non-Deliverable Forwards contracts within 13-42M range recorded an appreciation in the Nigerian Naira against the US Dollar, while the 43-60M contracts recorded relative price increases (*i.e., expected depreciation in the Nigerian Naira against the US Dollar*) in March 2024. (See Table 7)

Meanwhile, there was an overall decrease in rates witnessed across all tenor buckets with the farthest-term 12M Indicative Non-Deliverable FX Forwards contracts recording the highest MoM price appreciation in the review period. (See Table 8)

Table 7: Modelled 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
Mar-24	1,733.90	1,879.97	2,036.23	2,208.86	2,393.69	2,594.00	2,814.00	3,051.07
Feb-24	1,864.43	1,988.44	2,118.93	2,260.78	2,410.15	2,569.39	2,740.28	2,923.72
Change	130.53 ↓	108.47 ↓	82.70 ↓	51.92 ↓	16.46 ↓	24.61 ↑	73.72 ↑	127.35 ↑

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

	1M	2M	3M	6M	12M
Mar-24	1,334.58	1,357.57	1,375.00	1,438.11	1,541.08
Feb-24	1,605.15	1,624.15	1,651.04	1,708.73	1,840.55
Change	270.57 ↓	266.58 ↓	276.04 ↓	270.6 ↓	299.47 ↓

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 (“Cleared USD/NGN NDFs”) contracts on September 26, 2023. However, due to the protracted unavailability of offer quotes in the Market, as well as to facilitate price formation and effective risk management in the Market, FMDQ Securities Exchange Limited (“FMDQ Exchange” or the “Exchange”) commenced the publication of modelled Cleared USD/NGN NDFs rates (using the FMDQ Cleared USD/NGN NDFs Closing Rate Methodology) to ensure consistency, standardisation, and transparency, broadly in line with the tenets and best practices of derivatives markets globally (click [here](#) for more information).

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