



# FINANCIAL MARKETS MONTHLY REPORT

May 2024

## Glossary

Abbreviation	Definition	Abbreviation	Definition
<b>bn</b>	Billion	<b>OTC</b>	Over-the-Counter
<b>bps</b>	Basis Points	<b>ppts</b>	Percentage Points
<b>CBN</b>	Central Bank of Nigeria	<b>Repo</b>	Repurchase Agreement
<b>CP</b>	Commercial Paper	<b>RHS</b>	Right Hand Side
<b>D</b>	Day	<b>T.bills</b>	Treasury Bills
<b>DMO</b>	Debt Management Office	<b>trn</b>	Trillion
<b>FGN</b>	Federal Government of Nigeria	<b>US</b>	The United States of America
<b>FX</b>	Foreign Exchange	<b>Y</b>	Year
<b>LCY</b>	Local Currency	<b>YoY</b>	Year-on-Year
<b>LHS</b>	Left Hand Side		
<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>NAFEM</b>	Nigerian Autonomous Foreign Exchange Market		
<b>NBS</b>	National Bureau of Statistics		
<b>NDFs</b>	Cleared Naira-Settled (USD/NGN) Non-Deliverable Forwards		
<b>NV</b>	Notional Value		
<b>OMO</b>	Open Market Operations		
<b>O/N</b>	Overnight		
<b>OPR</b>	Open Repos		

**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 ₦913.64bn across its auctions in May 2024, representing a 30.48% (₦400.63bn) MoM decrease on the value of T-bills sold across its auctions in April 2024 (₦1,314.28bn).

Similarly, the DMO sold FGN Bonds worth ₦682.07bn (inclusive of ₦301.30bn non-competitive bids) in May 2024. This represented an 8.82% (₦55.26bn) MoM increase on the amount sold in April 2024 (₦626.81bn).

The ratio of total value of sovereign securities sold by the DMO relative to the amount offered<sup>1</sup> across its auctions in April 2024 was 132.73% and 151.57%, for T.bills and FGN Bonds, respectively, indicating sustained demand for sovereign securities.

In May 2024, the CBN sold OMO Bills worth ₦538.29bn in the primary market, representing a MoM 20.45% (₦138.36bn) decrease on the amount sold in April 2024 (₦676.65bn).

#### Average T.Bills Discount Rates in May. 2024

**91-day – 16.37%**  
16.24% (Apr. '24) ▲

**182-day – 17.22%**  
17.00% (Apr. '24) ▲

**364-day – 20.70%**  
20.70% (Apr. '24) ↔

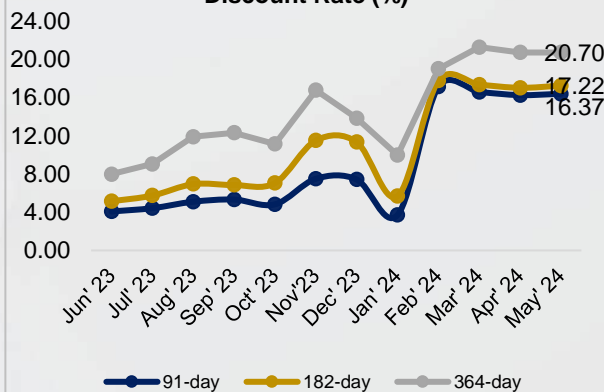
#### Average FGN Bond Coupon Rates in May. 2024

**5Y – 19.29%**  
19.30% (Apr. '24) ▼

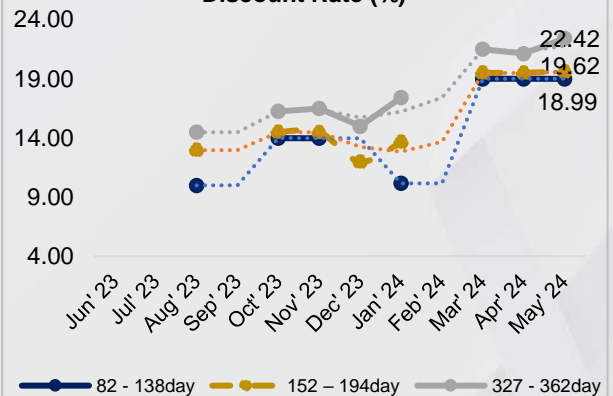
**7Y – 19.74%**  
19.75% (Apr. '24) ▼

**9Y – 19.89%**  
N/A (Apr. '24)

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



**Chart 2: Trend in Average OMO Bills Discount Rate (%)<sup>^</sup>**



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

Product	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr. '24	May '24
<b>T.bills</b>	404.51	406.10	457.20	544.05	406.90	1,058.91	1,184.97	381.22	2,589.35	2,668.89	1,314.28	913.64
<b>FGN Bonds</b>	473.16	657.84	230.26	316.49	374.76	434.50	273.63	418.20	1,494.91	608.86	626.81	682.07

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

Product	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr '24	May '24
<b>T.bills</b>	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	11,906.79	12,132.09
<b>FGN* Bonds</b>	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	25,234.92	25,922.05

**Notes:**

1 – Amount Offered in May 2024 was ₦ 688.34bn and ₦450.00bn for T.bills and FGN Bonds, respectively

<sup>^</sup> – Chart 2 has trend lines due to missing data as a result of no primary market activity for OMO Bills

\* – FGN Bonds includes FGN Bonds, FGN Savings Bonds and FGN Green Bonds

## Primary Market

### Non-Sovereign Securities

The total value of Non-Sovereign Bonds listed on FMDQ Exchange in May 2024 was ₦1.15bn, compared to the previous month which witnessed no listings. However, Corporate Bonds worth ₦3.64bn matured and were redeemed resulting in a 0.11% (₦2.49bn) decrease in the total outstanding value of Non-Sovereign Bonds to ₦2,192.02bn in May 2024.

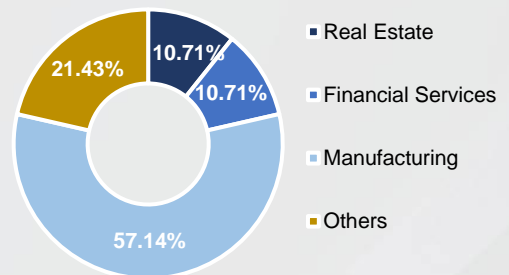
The total value of CPs quoted on FMDQ Exchange in May 2024 was ₦258.19bn, representing a MoM increase of 309.39% (₦195.12bn) from the value of CPs quoted in April 2024 (₦63.07bn). Most of the quoted CPs were issued by institutions from the Manufacturing sector (16), followed by the Financial Services (3) and Real Estate Sectors (3), whilst Others emanated from the Health (2), Agriculture (2), Hospitality (1), and Free Trade Zone (1). (See Chart 3)

As a result, the outstanding value for CPs increased MoM by 16.97% (₦134.33bn) to ₦926.32bn in May 2024 offsetting the impact of the ₦123.22bn worth of CPs that matured during the review period. (See Table 5)

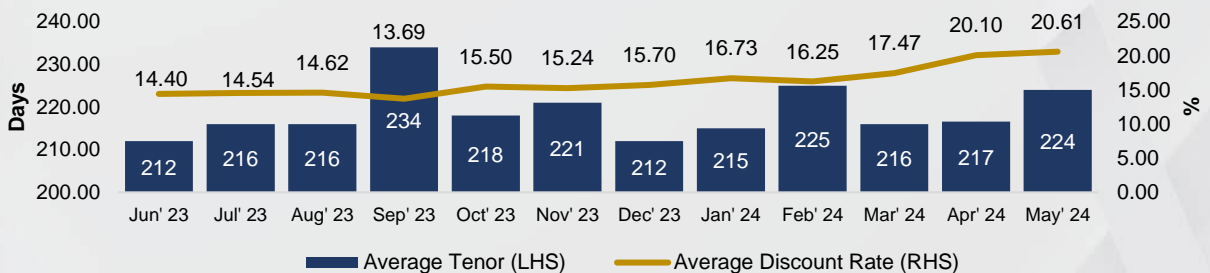
**Table 3: Average Rates for Non-Sovereign Securities**

Type	Tenor	May 24	Apr. 24	Trend
CPs	91D – 180D	20.84%	19.70%	▲
	181D – 270D	20.53%	20.34%	▲
Non-Sovereign Bonds*	>5Y – 10Y	18.00%	-	N/A

**Chart 3: Sectoral Allocation of Quoted CPs**



**Chart 4: Average Tenor (Days) vs Discount Rates (%) for Quoted CPs**



**Table 4: Value of New Listings/Quotations (₦'bn)**

Product	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr '24	May '24
CPs	82.13	117.32	145.27	146.22	36.51	77.40	246.33	168.89	50.33	112.62	63.07	258.19
Corporate Bonds	17.50	0.00	46.00	0.00	23.00	26.00	0.00	5.50	0.00	0.00	0.00	1.15
Subnational Bonds	0.00	137.33	19.81	115.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Table 5: Outstanding Value of Admitted Securities (₦'bn)**

Product	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr. '24	May '24
CPs	831.94	917.40	938.34	966.39	948.56	806.35	821.25	887.96	790.75	864.11	791.35	926.32
Corporate Bonds	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	1,778.26	1,775.77
Subnational Bonds	144.11	281.43	301.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25

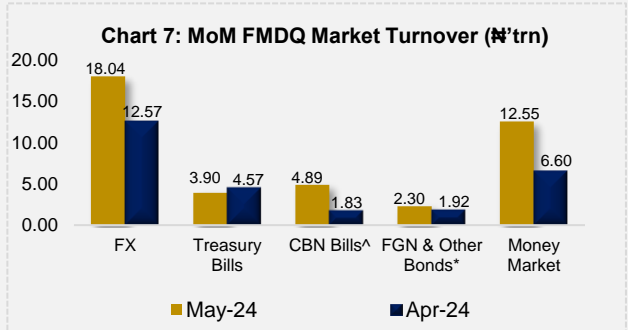
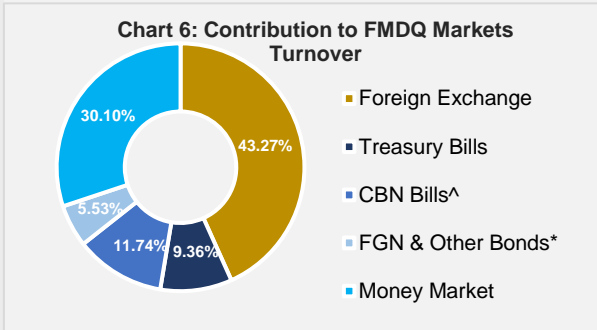
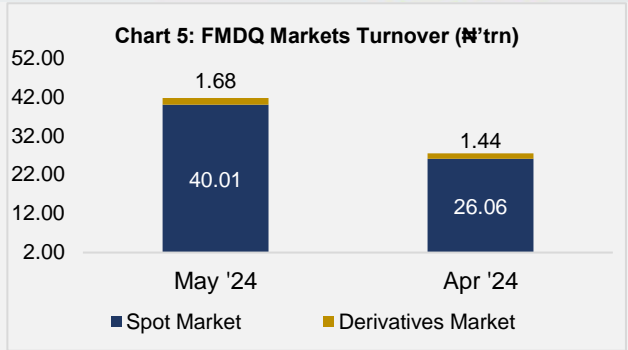
Note: \*Non-Sovereign Bonds include LCY Corporate Bonds and LCY Subnational Bonds (includes LCY Sukuk)

## Secondary Market

### Market Turnover by Products

In May 2024, the total secondary market turnover on FMDQ Exchange was ₦41.69trn, representing a MoM increase of 51.62% (₦14.19trn) and a YoY increase of 164.26% (25.92trn) from April 2024 and May 2023 figures, respectively.

Foreign Exchange (FX) and Money Market (MM) transactions dominated secondary market activity, jointly accounting for 73.37% of the total secondary market turnover in May 2024. (See Chart 6)



## Spot Market

Total spot market turnover for all products traded in the secondary market in May 2024 was ₦40.01trn, representing a MoM increase of 53.53% (₦13.95trn) from April 2024 figures.

The MoM increase in total spot market turnover was driven by the increase in turnover across all spot market product categories, as FX, FI and MM turnover increased MoM by 46.91% (₦5.22trn), 33.36% (₦2.78trn) and 90.15% (₦5.95trn), respectively.

The increase in MM turnover was driven by the MoM increase in Repos/Buy-backs and Unsecured Placement/Takings transactions. Similarly, the uptick in FI turnover was driven by the increase in FGN Bonds and OMO Bills, offsetting the decrease in T.bills, CBN Special bills and Other Bonds.

### Spot Market Turnover and Percentage Contribution

#### FX Market

₦16.36trn (\$11.42bn) ▶ 40.89%  
₦11.14trn (Apr '24)

#### Fixed Income Market

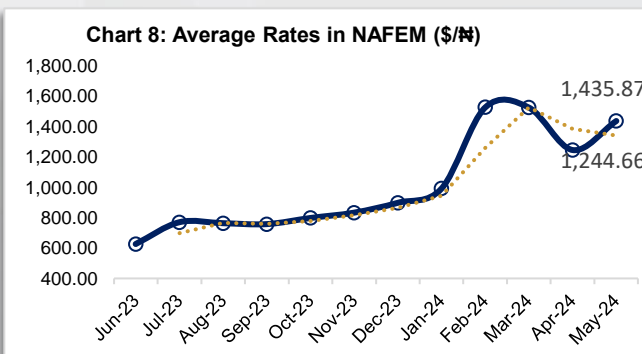
₦11.10trn (\$7.77bn) ▶ 27.75%  
₦8.33trn (Apr '24)

#### Money Market

₦12.55trn (\$8.76bn) ▶ 31.36%  
₦6.60trn (Apr '24)

## Spot FX Market

Spot FX market turnover was \$11.42bn (₦16.36trn) in May 2024, representing a 25.23% (\$2.30bn) MoM increase from the turnover recorded in April 2024 (\$9.12bn).



In the FX Market, the Naira depreciated against the US Dollar, with the spot exchange rate (\$/₦) increasing by 13.32% (\$/₦191.21) to close at an average of \$/₦1,435.87 in May 2024 from \$/₦1,244.66 recorded in April 2024. (See Chart 8)

Further, exchange rate volatility increased in May 2024 as the Naira traded within an exchange rate range of \$/₦1,173.88 – \$/₦1,533.99 compared to \$/₦1,072.74 – \$/₦1,419.11 recorded in April 2024.

**Notes:**

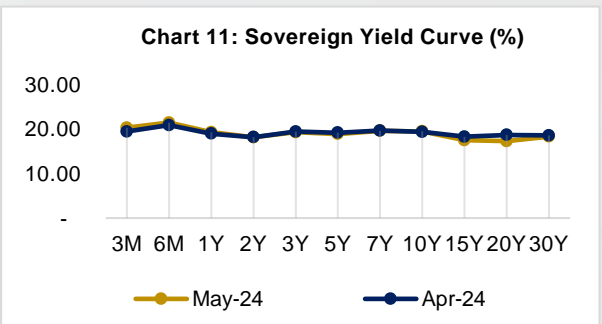
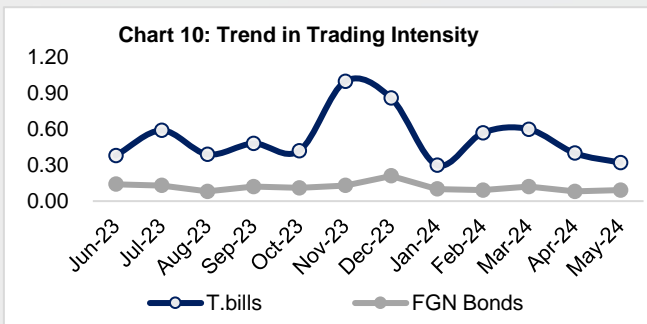
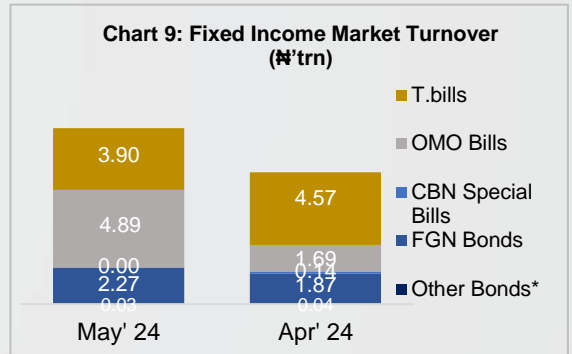
^ Refers to OMO and CBN Special Bills

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

### Spot Fixed Income Market

FI market turnover in May 2024 was ₦11.10trn, representing a MoM increase of 33.36% (₦2.78trn) from the turnover recorded in April 2024 (₦8.33trn). The MoM increase in turnover was driven by the 189.03% (₦3.20trn) and 21.31% (₦0.40trn) increase in OMO Bills and FGN Bonds, offsetting the 14.64% (₦0.67trn), 99.98% (₦0.14trn), and 28.50% (₦0.01trn) decrease in turnover across T.Bills, CBN Special Bills, and Other Bonds\* transactions, respectively. (See Chart 9).

As a result, the trading intensity (TI) for FGN Bonds slightly increased MoM by 0.01bps to 0.09 while the TI for T.Bills decreased MoM by 0.08bps to 0.32. (See Chart 10)

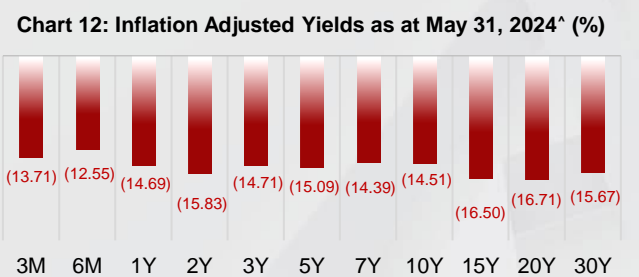


T.bills with term-to-maturity (TTM) between >6M – 12M and FGN Bonds with TTM between >5Y - 10Y, were the most traded sovereign FI securities, accounting for 55.83% (₦3.45trn) and 16.34% (₦1.01trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table 6 below)

T.Bills			FGN Bonds							Total
Up to 3M	>3M - 6M	>6M - 12M	>12M - 3Y	>3Y - 5Y	>5Y - 10Y	>10Y - 15Y	>15Y - 20Y	>20Y		
0.26	0.20	3.45	0.44	0.12	1.01	0.33	0.05	0.32	<b>6.18</b>	

In May 2024, the sovereign yield curve experienced a 0.74ppts MoM decrease in yield spread<sup>1</sup> to -0.80ppts, indicating an inversion of the yield curve. (See Chart 11)

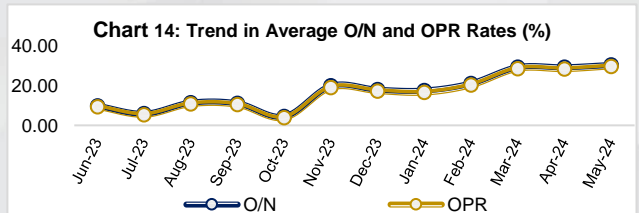
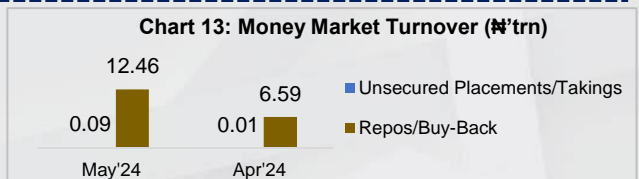
Real (inflation-adjusted) yields remained negative across the yield curve in May 2024, declining further as rising inflation outpaces policy interest rates. (See Chart 12)



### Spot Market – (Money Market)

Total turnover in the MM segment increased MoM by 90.15% (₦5.95trn) to ₦12.55trn in May 2024. The MoM increase was driven by the 89.04% (₦5.87trn) and the 836.00% (₦0.08bn) increase in Repos/Buy-backs and Unsecured Placement/Takings transactions, respectively (See Chart 13).

The average O/N rate and OPR rate (secured lending rate) increased MoM by 1.18ppts and 1.38ppts respectively, to close at an average of 30.38% and 29.61% in May 2024 (See Chart 14).



**Notes:**

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

^ – Adjusted with May 2024 inflation rate (33.95%)

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

## Derivatives Market

### FX Derivatives Market

Total turnover in the FX derivatives segment in May 2024 was \$1.17bn (₦1.68trn), representing a MoM decrease of 0.28% from April 2024 figures(\$1.18bn).

The MoM decrease in the FX derivatives turnover was driven by the 5.70% (\$0.06bn) decrease in FX Swaps offsetting the FX Forwards transactions which increased by 64.82% (\$0.06bn) whilst the FX Futures market remained inactive during the review period.

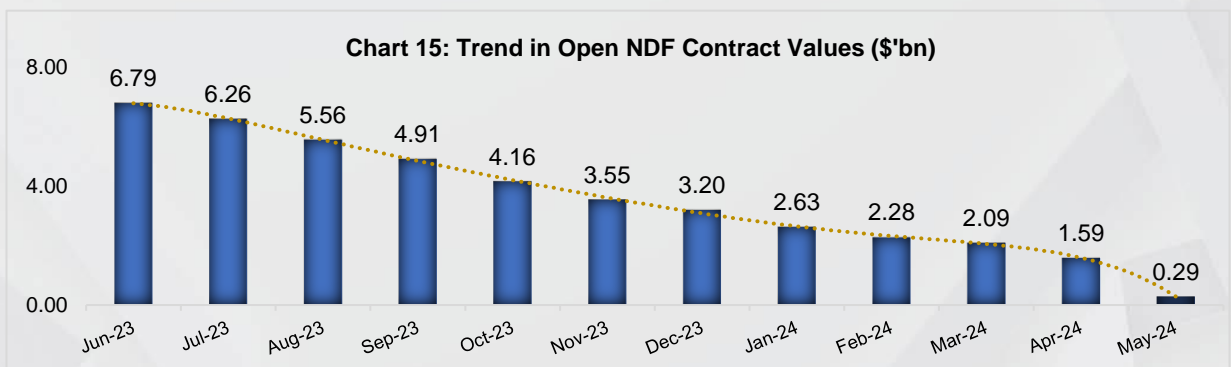
FX Swaps <sup>1</sup>	Contribution
<b>\$1.02bn</b> (₦1.47trn)	▶ <b>87.29%</b>
<b>\$0.15bn</b> (₦0.21trn)	▶ <b>12.71%</b>
<b>\$0.00bn</b> (₦0.00trn)	▶ <b>0.00%</b>

### Cleared Naira-Settled Non-Deliverable Forwards

In the Cleared Naira-Settled (USD/NGN) Non-Deliverable Forwards market, the near month contract (NGUS MAY 29, 2024) expired and open positions with a total notional value (NV) of \$1.30bn were settled. However, no new far month (60M) contract<sup>2</sup> was 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-one (51) months (i.e., NGUS AUG 30, 2028 contract)

As a result, the cumulative NV of open Cleared Naira-Settled Non-Deliverable Forwards contracts decreased to \$0.29bn as at May 31, 2024, representing a MoM and YoY decrease of 81.76% (\$1.30bn) and 94.92% (\$5.42bn), respectively, and continuing its downward trend for the eleventh (11<sup>th</sup>) consecutive month (See Chart 15)

<b>Matured Contract</b> NGUS MAY 29, 2024 (\$/₦500.38*)	▲
<b>New 60M Contract</b> Not Applicable (N/A) (\$/₦0.00)	
NV of Open Positions in NDF Contracts – \$0.29bn	▼



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

**Notes:**

\* – Refers to the last published rate for **NGUS FEB 28 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 average modelled forward rates for the long-term (i.e., 13M – 60M) Cleared USD/NGN Non-Deliverable Forwards contracts in May 2024 was higher than the rates for April 2024 across all tenors, mainly as a result of the MoM depreciation of the Nigerian Naira against the US Dollar in the spot market. (See Table 7)

Likewise, the indicative rates for short-term (i.e., ≤12M) Non-Deliverable FX Forwards contracts in May 2024 were higher than indicative rates for April 2024 across all tenors. (See Table 8)

**Table 7: Average Modelled Rates (\$/₦)<sup>1</sup> of Cleared Naira-Settled Non-Deliverable Forwards**

	13-18M	19-24M	25-30M	31-36M	37-42M	43-48M	49-54M	55-60M
May-24	1,865.19	2,050.78	2,253.57	2,477.81	2,722.75	2,991.91	3,291.59	3,620.77
Apr-24	1,460.39	1,596.19	1,743.69	1,905.84	2,081.89	2,274.21	2,487.11	2,732.62
Change	404.80 ↑	454.59 ↑	509.88 ↑	571.97 ↑	640.86 ↑	717.70 ↑	804.48 ↑	888.15 ↑

**Table 8: Average Indicative Rates (\$/₦) of Non-Deliverable Forwards**

	1M	2M	3M	6M	12M
May-24	1,515.63	1,537.21	1,559.64	1,626.00	1,795.08
Apr-24	1,410.63	1,434.22	1,454.89	1,505.73	1,638.43
Change	105.00 ↑	102.99 ↑	104.75 ↑	120.27 ↑	156.65 ↑

**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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