



FINANCIAL MARKETS MONTHLY REPORT

June 2024

Glossary

Abbreviation	Definition	Abbreviation	Definition
bn	Billion	OTC	Over-the-Counter
bps	Basis Points	ppts	Percentage Points
CBN	Central Bank of Nigeria	Repo	Repurchase Agreement
CP	Commercial Paper	RHS	Right Hand Side
D	Day	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		

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 ₦617.92bn across its auctions in June 2024, representing a 32.37% (₦295.73bn) MoM decrease on the value of T-bills sold across its auctions in May 2024 (₦913.64bn).

Similarly, the DMO sold FGN Bonds worth ₦297.01bn in June 2024. This represented a 56.46% (₦385.06bn) MoM decrease on the amount sold in May 2024 (₦682.07bn).

The ratio of sovereign securities sold by the DMO relative to the amount offered¹ across its auctions in June 2024 was 125.07% and 66.00%, for T.bills and FGN Bonds, respectively.

In June 2024, the CBN sold OMO Bills worth ₦1,773.16bn in the primary market, representing a 229.40% MoM (₦1,234.87bn) increase on the amount sold in May 2024 (₦538.29bn).

Average T.Bills Discount Rates in Jun. 2024

91-day – 16.37%
16.37% (May '24) ↔

182-day – 17.46%
17.22% (May '24) ▲

364-day – 20.62%
20.70% (May '24) ▼

Average FGN Bond Coupon Rates in Jun. 2024

5Y – 19.64%
19.29% (May '24) ▲

7Y – 20.19%
19.74% (May '24) ▲

9Y – 21.50%
19.89% (May '24) ▲

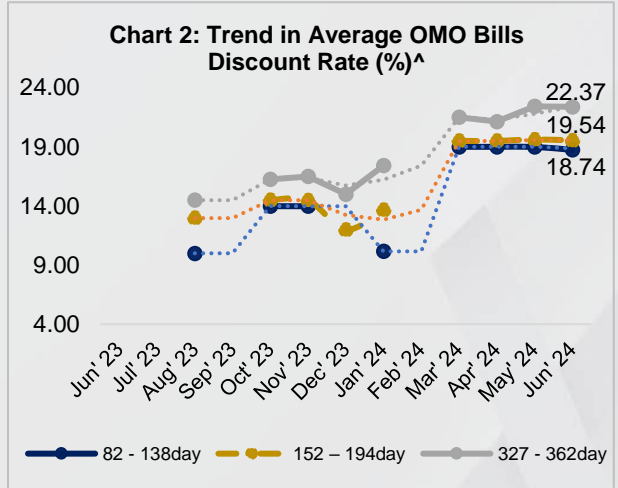
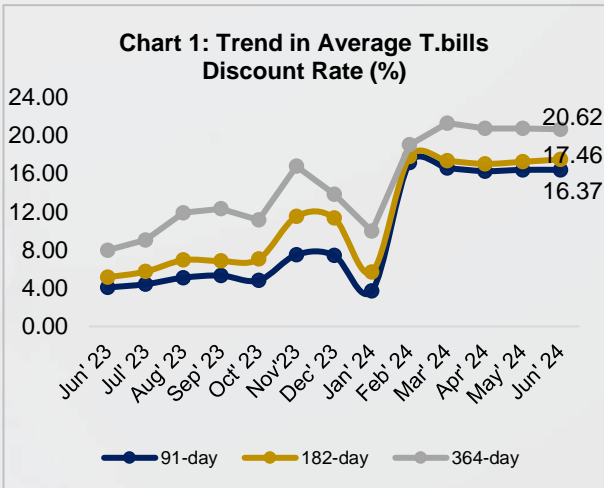


Table 1: Value of New Issuances (₦'bn)

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	Jun. '24
T.bills	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	617.92
FGN Bonds	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	297.01

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	Jun. '24
T.bills	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	12,255.94
FGN* Bonds	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	26,222.00

Notes:

1 – Amount Offered in June 2024 was ₦ 494.07bn and ₦450.00bn for T.bills and FGN Bonds, respectively

^ – 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

There were no new listings and redemptions of Non-Sovereign Bonds listed on FMDQ Exchange in June 2024, as such the value of Non-Sovereign Bonds outstanding remained flat at ₦2,192.02bn.

The total value of CPs quoted on FMDQ Exchange in June 2024 was ₦92.54bn, representing a MoM decrease of 64.16% (₦165.64) from the value of CPs quoted in May 2024 (₦258.19bn). In June 2024, quoted CPs were issued by institutions from the Financial Services (8) and Manufacturing sectors (3) only. (See Chart 3)

As a result, the outstanding value for CPs increased MoM by 5.64% (₦52.21bn) to ₦978.52bn in June 2024 offsetting the impact of the ₦39.70bn worth of CPs that matured during the review period. (See Table 5)

Table 3: Average Rates for Non-Sovereign Securities

Type	Tenor	Jun 24	May 24	Trend
CPs	91D – 180D	22.86%	20.84%	▲
	181D – 270D	22.40%	20.53%	▲
Non-Sovereign Bonds*	>5Y – 10Y	-	18.00%	N/A

Chart 3: Sectoral Allocation of Quoted CPs

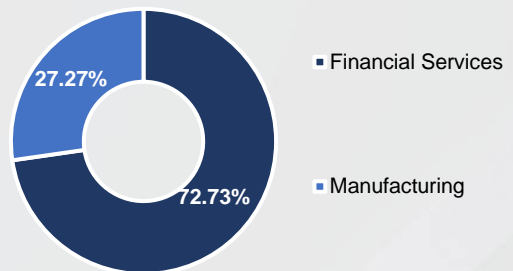


Chart 4: Average Tenor (Days) vs Discount Rates (%) for Quoted CPs

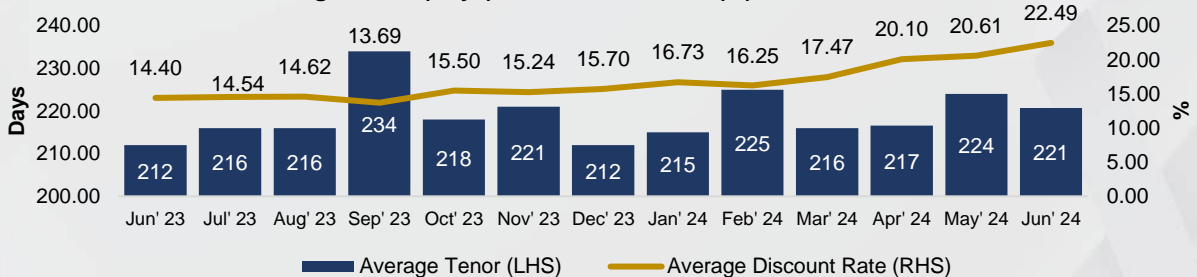


Table 4: Value of New Listings/Quotations (₦'bn)

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	Jun. '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	92.54
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	0.00
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	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	Jun. '24
CPs	831.94	917.40	938.34	966.39	948.56	806.35	821.25	887.96	790.75	864.11	791.35	925.68 [^]	978.52
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	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	416.25

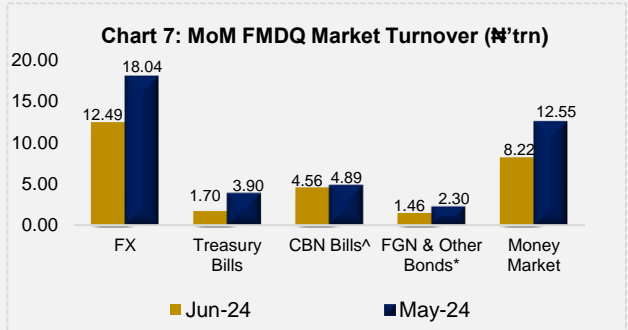
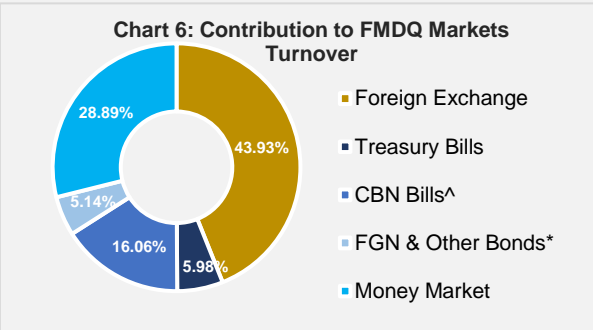
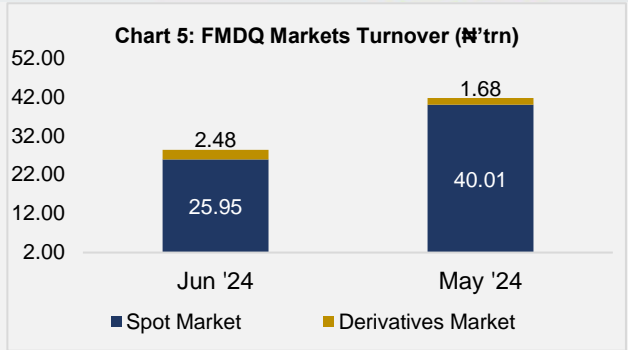
Note: *Non-Sovereign Bonds include LCY Corporate Bonds and LCY Subnational Bonds (includes LCY Sukuk)
[^] - May figure was revised from ₦926.32bn

Secondary Market

Market Turnover by Products

In June 2024, the total secondary market turnover on FMDQ Exchange was ₦28.43trn, representing a MoM decrease of 31.82% (₦13.27) and a YoY increase of 30.77% (6.69trn) from May 2024 and June 2023 figures, respectively.

Foreign Exchange (FX) and Money Market (MM) transactions dominated secondary market activity, jointly accounting for 72.83% of the total secondary market turnover in June 2024. (See Chart 6)



Spot Market

Total spot market turnover for all products traded in the secondary market in June 2024 was ₦25.95trn, representing a MoM decrease of 35.16% (₦14.07trn) from May 2024 figures.

The MoM decrease in total spot market turnover was driven by the decrease in turnover across all spot market product categories, as FX, FI and MM turnover decreased MoM by 38.84% (₦6.35trn), 30.47% (₦3.38trn) and 34.50% (₦4.33trn), respectively.

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

Spot Market Turnover and Percentage Contribution

FX Market

₦10.01trn (\$6.72bn) ▶ 38.56%
₦16.36trn (May '24)

Fixed Income Market

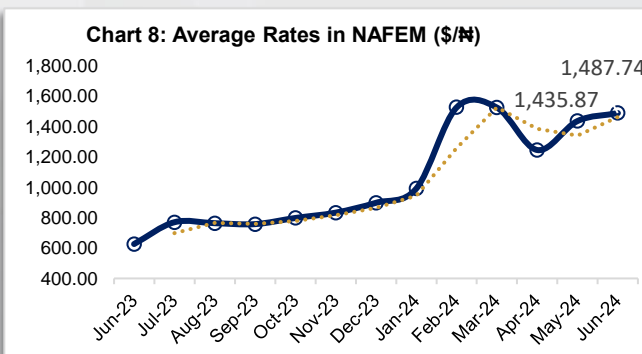
₦7.72trn (\$5.21bn) ▶ 29.75%
₦11.10trn (May '24)

Money Market

₦8.22trn (\$5.52bn) ▶ 31.68%
₦12.55m (May '24)

Spot FX Market

Spot FX market turnover was \$6.72bn (₦10.01trn) in June 2024, representing a 41.17% (\$4.70bn) MoM decrease from the turnover recorded in May 2024 (\$11.42bn).



In the FX Market, the Naira depreciated against the US Dollar, with the spot exchange rate (\$/₦) increasing by 3.61% (\$/₦51.87) to close at an average of \$/₦1,487.74 in June 2024 from \$/₦1,435.87 recorded in May 2024. (See Chart 8)

Further, exchange rate volatility decreased in June 2024 as the Naira traded within an exchange rate range of \$/₦1,473.66 – \$/₦1,510.10 compared to \$/₦1,173.88 – \$/₦1,533.99 recorded in May 2024.

Notes:

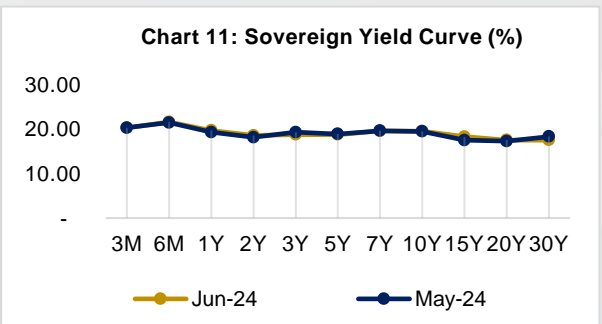
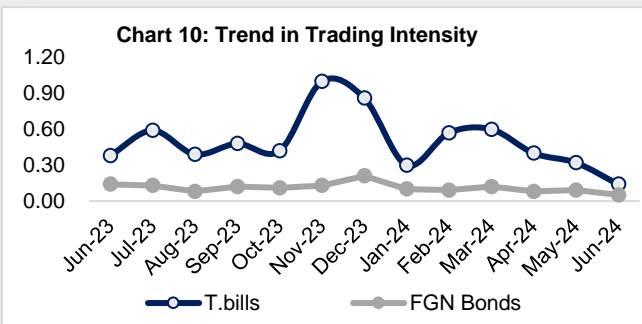
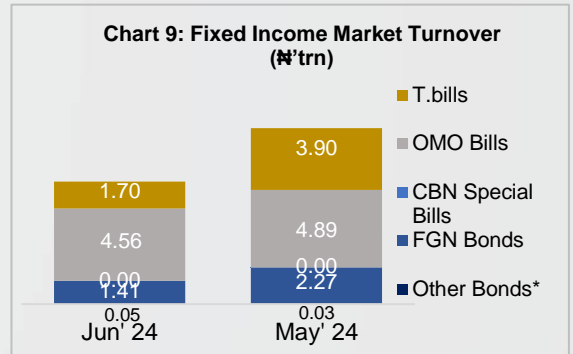
^ Refers to OMO and CBN Special Bills

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

Spot Fixed Income Market

FI market turnover in June 2024 was ₦7.72trn, representing a MoM decrease of 30.47% (₦3.38trn) from the turnover recorded in May 2024 (₦11.10trn). The MoM decrease in turnover was driven by the decrease in turnover across all FI product categories offsetting the 60.51% (₦0.02trn) increase in Other Bonds* transactions. (See Chart 9).

As a result, the trading intensity (TI) for FGN Bonds and T.Bills decreased MoM by 0.19bps and 0.03bps to 0.14 and to 0.05, respectively. (See Chart 10)



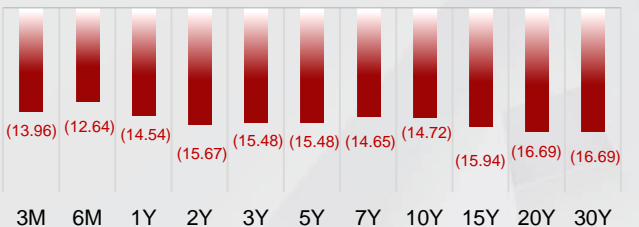
T.bills with term-to-maturity (TTM) between >6M – 12M and FGN Bonds with TTM between >5Y - 10Y, were the most traded sovereign FI securities, accounting for 50.18% (₦1.56trn) and 21.82% (₦0.68trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table 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		
0.05	0.09	1.56	0.25	0.07	0.68	0.18	0.03	0.20	3.11	

Although, the sovereign yield curve experienced a 0.04ppts MoM increase in yield spread¹ to -0.76ppts in June 2024, the yield curve remained inverted. (See Chart 11)

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

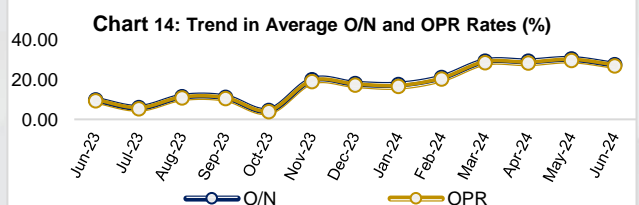
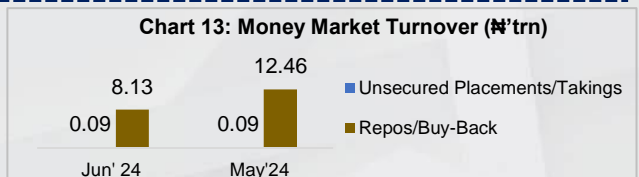
Chart 12: Inflation Adjusted Yields as at June 28, 2024* (%)



Spot Market – (Money Market)

Total turnover in the MM segment decreased MoM by 34.50% (₦4.33trn) to ₦8.22trn in June 2024. The MoM decrease was driven by the 34.74% (₦4.33trn) and the 5.89% (₦5.40trn) decrease 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 2.88ppts and 2.75ppts respectively, to close at an average of 27.49% and 26.85% in June 2024 (See Chart 14).



Notes:

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

^ – Adjusted with June 2024 inflation rate (34.19%)

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

Derivatives Market

FX Derivatives Market

Total turnover in the FX derivatives segment in June 2024 was \$1.68bn (₦2.48trn), representing a MoM increase of 43.20% (\$0.51bn) from May 2024 figures (\$1.17bn).

The MoM increase in the FX derivatives turnover was driven by the 55.27% (\$0.57bn) increase in FX Swaps offsetting the 39.65% (\$0.06bn) decline in FX Forwards transactions whilst the FX Futures market remained inactive during the review period.

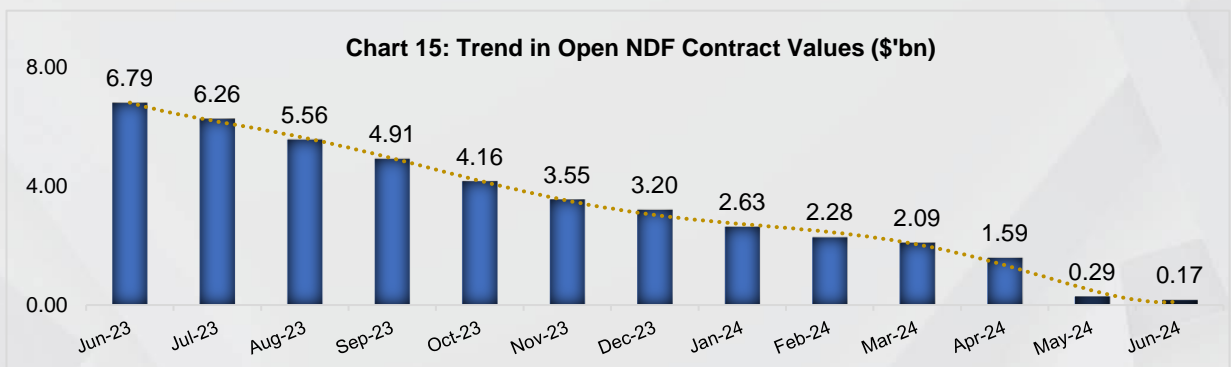
FX Swaps ¹	Contribution
\$1.59bn (₦2.35trn)	▶ 94.64%
\$0.09bn (₦0.13trn)	▶ 5.36%
\$0.00bn (₦0.00trn)	▶ 0.00%

Cleared Naira-Settled Non-Deliverable Forwards

In the Cleared Naira-Settled (USD/NGN) Non-Deliverable Forwards market, the near month contract (NGUS JUN 26, 2024) expired and open positions with a total notional value (NV) of \$0.12bn were settled. However, no new far month (60M) contract² 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 (50) months (i.e., NGUS AUG 30, 2028 contract)

As a result, the cumulative NV of open Cleared Naira-Settled Non-Deliverable Forwards contracts, continued its downward trend as it decreased to \$0.17bn as at June 28, 2024, representing a MoM and YoY decrease of 41.38% (\$0.12bn) and 97.50% (\$6.62bn), respectively. (See Chart 15)

Matured Contract NGUS JUN 26, 2024 (\$/₦503.42*)	▲
New 60M Contract Not Applicable (N/A) (\$/₦0.00)	
NV of Open Positions in NDF Contracts – \$0.17bn	▼



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 June 2024 was higher than the rates for May 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 June 2024 were higher than indicative rates for May 2024 across all tenors. (See Table 8)

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

	13-18M	19-24M	25-30M	31-36M	37-42M	43-48M	49-54M	55-60M
Jun-24	1,873.26	2,059.63	2,263.30	2,488.49	2,734.49	3,006.69	3,305.90	3,636.45
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
Change	8.07 ↑	8.86 ↑	9.73 ↑	10.68 ↑	11.73 ↑	14.78 ↑	14.31 ↑	15.68 ↑

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

	1M	2M	3M	6M	12M
Jun-24	1,521.26	1,551.22	1,577.88	1,652.47	1,811.77
May-24	1,515.63	1,537.21	1,559.64	1,626.00	1,795.08
Change	5.63 ↑	14.01 ↑	18.24 ↑	26.47 ↑	16.69 ↑

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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