



**FINANCIAL MARKETS
MONTHLY REPORT**

July 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 ₦277.96bn across its auctions in July 2024, representing a 55.02% (₦339.95bn) MoM decrease on the value of T-bills sold across its auctions in June 2024 (₦617.92bn).

Similarly, the DMO sold FGN Bonds worth ₦225.71bn in July 2024. This represented a 24.00% (₦71.29bn) MoM decrease on the amount sold in June 2024 (₦297.01bn).

Sovereign securities offered¹ by the DMO in its T.bills auctions achieved full subscription. In contrast, only 75.24% of FGN Bonds were sold, indicating a 24.76% undersubscription.

In July 2024, the CBN did not conduct any public OMO Bills auction in the primary market, compared to ₦1,773.16bn worth of OMO Bills sold across its auctions in June 2024.

Average T.bills Discount Rates in Jul. 2024

91-day – 18.50%
16.37% (Jun. '24) ▲

182-day – 19.50%
17.46% (Jun. '24) ▲

364-day – 22.10%
20.62% (Jun. '24) ▲

Average FGN Bond Coupon Rates in Jul. 2024

5Y – 19.89%
19.64% (Jun. '24) ▲

7Y – 21.00%
20.19% (Jun. '24) ▲

9Y – 21.98%
21.50% (Jun. '24) ▲

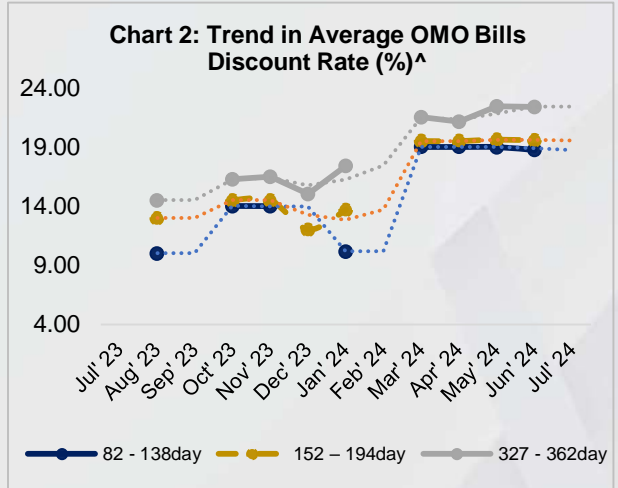
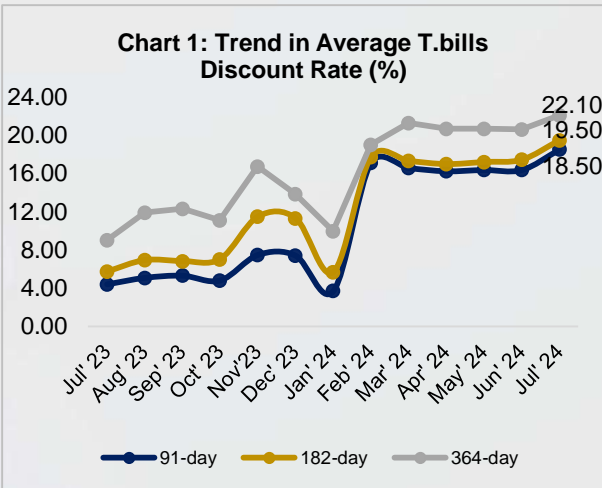


Table 1: Value of New Issuances (₦'bn)

Product	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr. '24	May '24	Jun. '24	Jul. '24
T.bills	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	277.96
FGN Bonds	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	225.71

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

Product	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr '24	May '24	Jun. '24	Jul. '24
T.bills	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	12,297.10
FGN* Bonds	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	26,450.21

Notes:

¹ – Amount Offered in July 2024 was ₦ 277.96bn and ₦300.00bn 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 July 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 July 2024 was ₦17.79bn, representing a MoM decrease of 80.78% (₦74.75bn) from the value of CPs quoted in June 2024 (₦92.54bn). In July 2024, quoted CPs were majorly issued by institutions from the Financial Services (3) sector, jointly followed by the Manufacturing (1), Agriculture (1), Health (1), and Oil & Gas (1) sectors. (See Chart 3)

As a result, the outstanding value for CPs decreased MoM by 8.71% (₦85.24bn) to ₦893.28bn in July 2024 offsetting the impact of the ₦103.03bn worth of CPs that matured during the review period. (See Table 5)

Table 3: Average Rates for Non-Sovereign Securities

Type	Tenor	Jul. 24	Jun. 24	Trend
CPs	91D – 180D	24.42%	22.86%	▲
	181D – 270D	25.13%	22.40%	▲
Non-Sovereign Bonds*	>5Y – 10Y	-	-	N/A

Chart 3: Sectoral Allocation of Quoted CPs

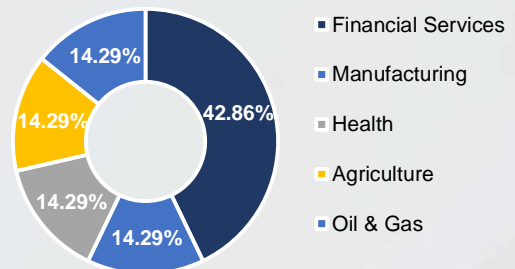


Chart 4: Average Tenor (Days) vs Discount Rates (%) for Quoted CPs

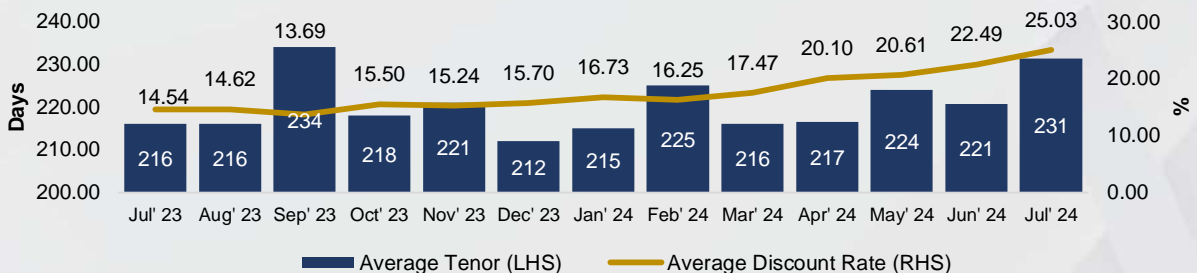


Table 4: Value of New Listings/Quotations (₦'bn)

Product	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr. '24	May '24	Jun. '24	Jul. '24
CPs	117.32	145.27	146.22	36.51	77.40	246.33	168.89	50.33	112.62	63.07	258.19	92.54	17.79
Corporate Bonds	0.00	46.00	0.00	23.00	26.00	0.00	5.50	0.00	0.00	0.00	1.15	0.00	0.00
Subnational Bonds	137.33	19.81	115.00	0.00	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	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr. '24	May '24	Jun. '24	Jul. '24
CPs	917.40	938.34	966.39	948.56	806.35	821.25	887.96	790.75	864.11	791.35	925.68	978.52	893.28
Corporate Bonds	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	1,775.77
Subnational Bonds	281.43	301.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25

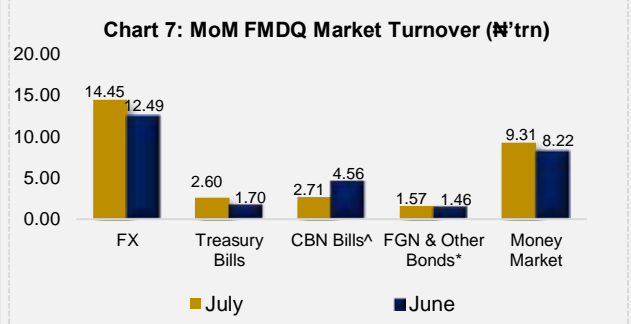
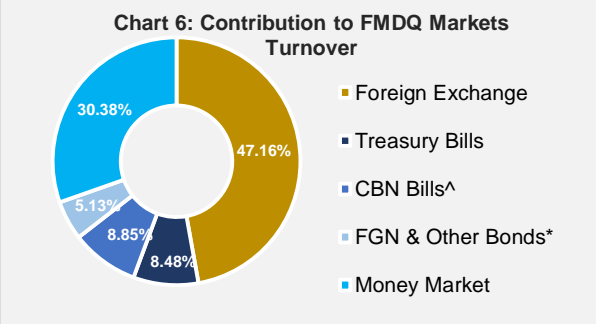
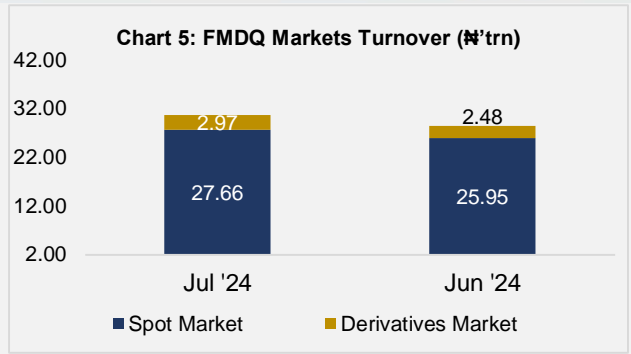
Note: *Non-Sovereign Bonds include LCY Corporate Bonds and LCY Subnational Bonds (includes LCY Sukuk)

Secondary Market

Market Turnover by Products

In July 2024, the total secondary market turnover on FMDQ Exchange was ₦30.63trn, representing a MoM increase of 7.78% (₦2.21) and a YoY increase of 53.78% (₦10.71trn) from June 2024 and July 2023 figures, respectively.

Foreign Exchange (FX) and Money Market (MM) transactions dominated secondary market activity, jointly accounting for 77.54% of the total secondary market turnover in July 2024. (See Chart 6)



Spot Market

Total spot market turnover for all products traded in the secondary market in July 2024 was ₦27.66trn, representing a MoM increase of 6.64% (₦1.72trn) from June 2024 figures.

The MoM increase in total spot market turnover was driven by the increase in turnover across the FX and MM turnover by 14.72% (₦1.47trn) and 13.32% (₦1.09trn), respectively, offsetting the 10.93% (₦0.84trn) decline in FI turnover.

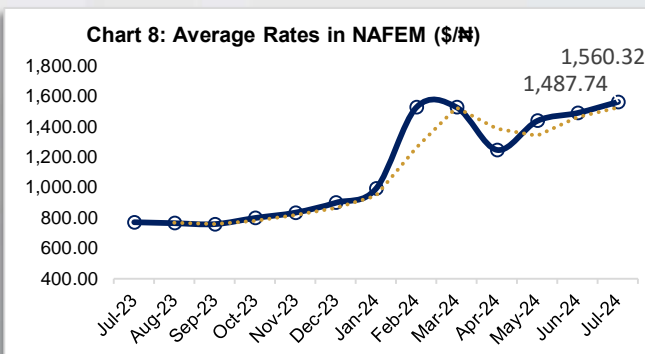
The increase in MM turnover was driven by the MoM increase in Repos/Buy-backs despite the decrease in Unsecured Placement/Takings transactions. Meanwhile, the decline in FI turnover was solely driven by the decrease in OMO Bills, offsetting the increase in other FI product categories, whilst CBN Special Bills remained inactive.

Spot Market Turnover and Percentage Contribution

FX Market	₦11.48trn (\$7.39bn)	▶ 41.43%
	₦10.01trn (Jun '24)	
Fixed Income Market	₦6.88trn (\$4.46bn)	▶ 24.99%
	₦7.72m (Jun '24)	
Money Market	₦9.31trn (\$5.99bn)	▶ 33.58%
	₦8.22m (Jun '24)	

Spot FX Market

Spot FX market turnover was \$7.39bn (₦11.48trn) in July 2024, representing a 10.02% (\$0.67bn) MoM increase from the turnover recorded in June 2024 (\$6.72bn).



In the FX Market, the Naira depreciated against the US Dollar, with the spot exchange rate (\$/₦) increasing by 4.88% (\$/₦72.58) to close at an average of \$/₦1,560.32 in July 2024 from \$/₦1,487.74 recorded in June 2024. (See Chart 8)

Further, exchange rate volatility increased in July 2024 as the Naira traded within an exchange rate range of \$/₦1,500.32 – \$/₦1,621.12 compared to \$/₦1,473.66 – \$/₦1,510.10 recorded in June 2024.

Notes:

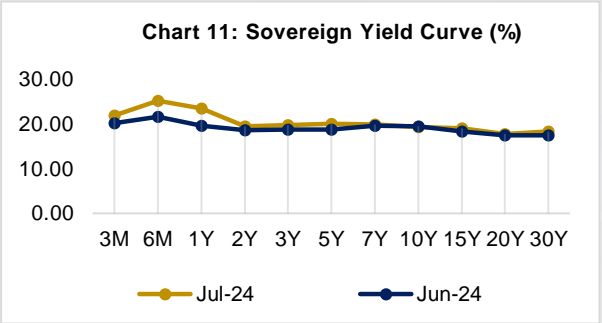
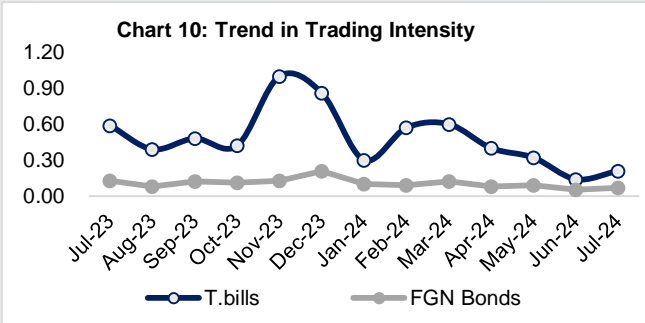
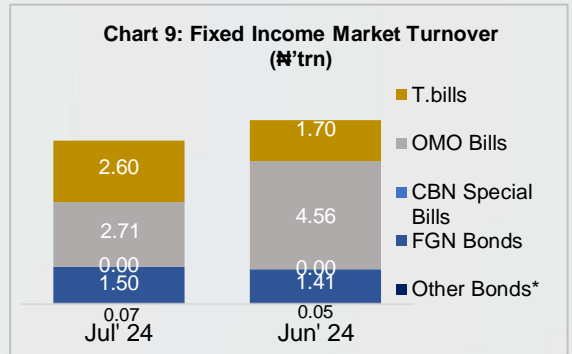
^ Refers to OMO and CBN Special Bills

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

Spot Fixed Income Market

FI market turnover in July 2024 was ₦6.88trn, representing a MoM decrease of 10.93% (₦0.84trn) from the turnover recorded in June 2024 (₦7.72trn). The MoM decrease in turnover was driven by the 40.61% (₦1.85trn) decrease in OMO Bills turnover, offsetting the 52.85% (₦0.90trn), 24.55% (₦0.01trn) and 6.93% (₦0.10trn) increase in T .bills, Other Bonds* and FGN Bonds transactions, respectively. (See Chart 9).

The trading intensity (TI) for T.bills and FGN Bonds increased MoM by 0.07bps and 0.01bps to 0.21 and to 0.06, respectively. (See Chart 10)

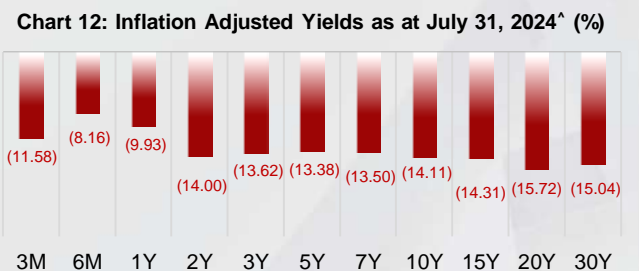


T.bills with term-to-maturity (TTM) between >6M – 12M and FGN Bonds with TTM between >5Y - 10Y, were the most traded sovereign FI securities, accounting for 56.59% (₦2.32trn) and 20.24% (₦0.83trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table 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	0.23	2.32	0.24	0.09	0.83	0.13	0.02	0.20	4.10	

The sovereign yield curve experienced a 1.77ppts MoM increase in yield spread¹ to -2.53ppts in July 2024, as the yield curve remained inverted (See Chart 11)

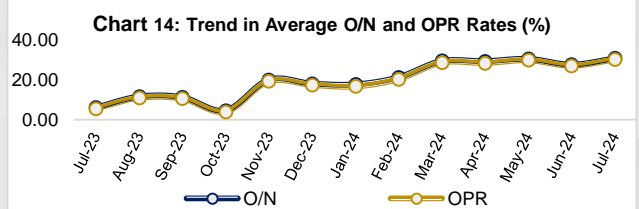
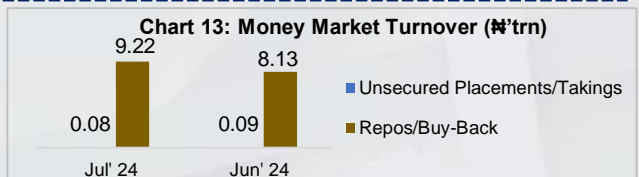
Real (inflation-adjusted) yields remained negative across the yield curve, despite the decrease in inflation in July 2024. (See Chart 12)



Spot Market – (Money Market)

Total turnover in the MM segment increased MoM by 13.32% (₦1.09trn) to ₦9.31trn in July 2024. The MoM increase was driven by the 13.49% (₦1.10trn) increase in Repos/Buy-backs, offsetting the 2.85% (₦0.01trn) decrease in Unsecured Placement/Takings transactions (See Chart 13).

The average O/N rate and OPR rate (secured lending rate) increased MoM by 3.10ppts and 3.14ppts respectively, to close at an average of 30.59% and 29.99% in July 2024 (See Chart 14).



Notes:

1 – Refers to the yield spread between the 3M and 10Y sovereign FI securities
 ^ – Adjusted with July 2024 inflation rate (33.40%)
 * – Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes

Derivatives Market

FX Derivatives Market

Total turnover in the FX derivatives segment in July 2024 was \$1.91bn (₦2.97trn), representing a MoM increase of 13.81% (\$0.23bn) from June 2024 figures (\$1.68bn).

The MoM increase in the FX derivatives turnover was driven by the 16.47% (\$0.26bn) increase in FX Swaps offsetting the 33.15% (\$0.03bn) decline in FX Forwards transactions, whilst the FX Futures market remained inactive during the review period.

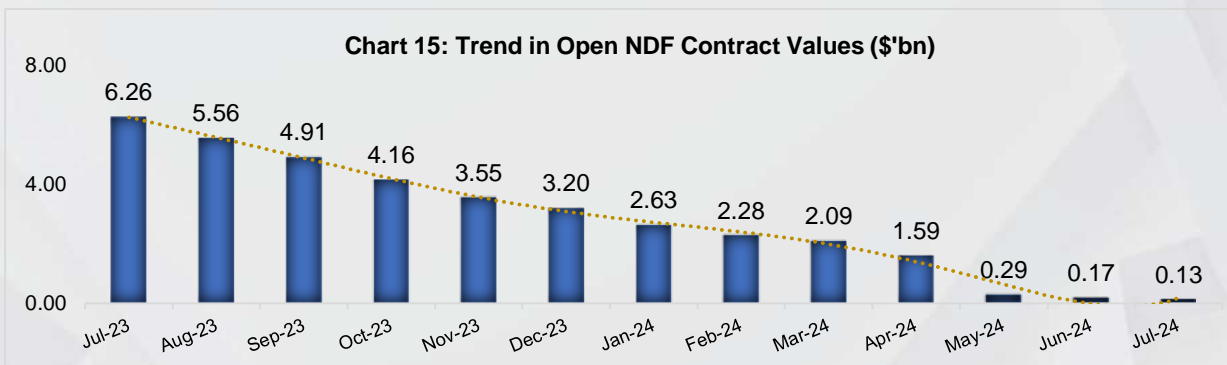
FX Swaps ¹	Contribution
\$1.85bn (₦2.87trn)	▶ 96.85%
FX Forwards	
\$0.06bn (₦0.09trn)	▶ 3.15%
FX Futures	
\$0.00bn (₦0.00trn)	▶ 0.00%

Cleared Naira-Settled Non-Deliverable Forwards

In the Cleared Naira-Settled (USD/NGN) Non-Deliverable Forwards market, the near month contract (NGUS JUL 31, 2024) expired and open positions with a total notional value (NV) of \$0.04bn 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 forty-nine (49) 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 \$0.13bn as at July 31, 2024, representing a MoM and YoY decrease of 23.53% (\$0.04bn) and 97.92% (\$6.13bn), respectively. (See Chart 15)

Matured Contract NGUS JUN 26, 2024 (\$/₦507.99*)	▲
New 60M Contract Not Applicable (N/A) (\$/₦0.00)	
NV of Open Positions in NDF Contracts – \$0.13bn	▼



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..12

The average modelled forward rates for the long-term (i.e., 37M – 60M) Cleared USD/NGN Non-Deliverable Forwards contracts in July 2024 was higher than the rates for June 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 July 2024 were higher than indicative rates for June 2024 across all tenors. (See Table 8)

Table 7: Average Modelled Rates (\$/₦)¹ of Cleared Naira-Settled Non-Deliverable Forwards¹

	13-18M	19-24M	25-30M	31-36M	37-42M	43-48M	49-54M	55-60M
Jul-24	-	-	-	-	3,298.97	3,691.17	4,129.82	4,622.94
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
Change	N/A ↑	N/A ↑	N/A ↑	N/A ↑	564.48 ↑	684.48 ↑	823.92 ↑	986.49 ↑

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

	1M	2M	3M	6M	12M
Jul-24	1,651.35	1,679.43	1,707.29	1,788.77	1,960.31
Jun-24	1,521.26	1,551.22	1,577.88	1,652.47	1,811.77
Change	130.09 ↑	128.21 ↑	129.41 ↑	136.30 ↑	148.54 ↑

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).

* - Following the introduction of the long dated Naira Settled Exchange-Traded FX Futures (“NSEFF”), the 13M – 36M Cleared Naira-Settled Non-Deliverable Forward contracts were suspended in July 2024 to ensure adequate delineation from the NSEFF

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