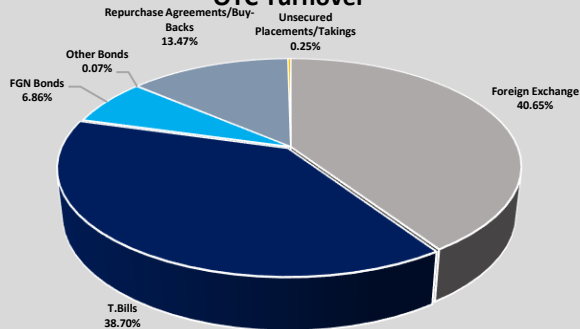


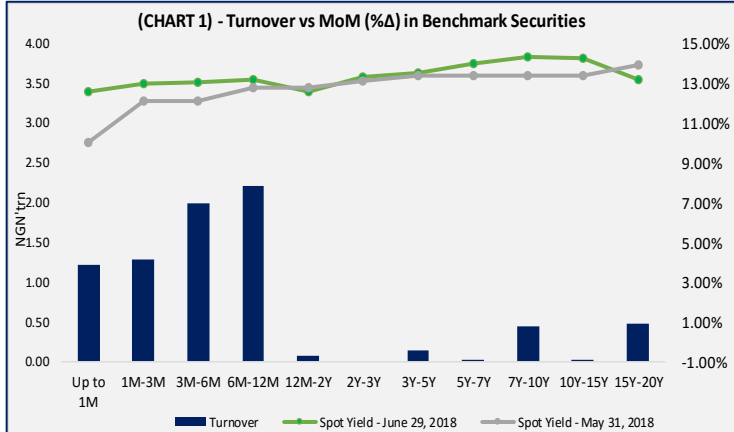
### OTC Turnover



(TABLE 1) - FX MARKET TURNOVER (\$'bn)

		June	May	MoM Δ <sup>1</sup> (\$'bn)	MoM Change Δ (%)
Inter-Member*	FX Spot	2.53	1.29	1.24	95.64
	FX Swaps	0.41	0.33	0.09	26.70
	FX Futures	0.00	0.00	0.00	0.00
	Others**	0.01	0.01	0.00	40.48
	<b>Total</b>	<b>2.98</b>	<b>1.63</b>	<b>1.35</b>	<b>82.65</b>
Member-Clients	FX Spot	7.39	6.13	1.27	20.66
	FX Swaps	1.57	1.47	0.10	6.61
	FX Futures	1.55	0.36	1.18	327.71
	Others	0.38	0.33	0.04	12.53
	<b>Total</b>	<b>11.21</b>	<b>8.70</b>	<b>2.52</b>	<b>28.97</b>
Member-CBN	FX Spot	2.22	1.94	0.29	14.89
	FX Swaps	0.00	0.60	-0.60	0.00
	FX Futures	1.67	0.46	1.21	261.59
	Others	1.05	0.96	0.09	9.29
	<b>Total</b>	<b>5.60</b>	<b>4.44</b>	<b>1.16</b>	<b>26.11</b>
<b>Total Turnover</b>	<b>19.80</b>	<b>14.77</b>	<b>5.03</b>	<b>34.04</b>	

(CHART 1) - Turnover vs MoM (%) in Benchmark Securities



(TABLE 2) - MONEY MARKET TURNOVER (₦'bn)

	June	May	MoM Δ (₦'bn)	MoM Δ (%)
Repurchase Agreement/Buy backs	2,321.02	2,435.43	-114.41	-4.70
Unsecured Placement/Takings	42.66	74.25	-31.59	-42.54
<b>Total</b>	<b>2,363.68</b>	<b>2,509.68</b>	<b>-146.00</b>	<b>-5.82</b>

(TABLE 3) - MARKET ACTIVITY - EXECUTED TRADE COUNT

	June			May			MoM Δ (%)
	AFO <sup>9</sup>	RFQ <sup>10</sup>	Total	AFO	RFQ	Total	
T.bills	705	10,706	11,411	1,162	15,411	16,573	-31.15%
FGN bonds	411	1,279	1,690	869	1,628	2,497	-32.32%
<b>Total</b>	<b>1,116</b>	<b>11,985</b>	<b>13,101</b>	<b>2,031</b>	<b>17,039</b>	<b>19,070</b>	<b>-31.30%</b>

Notes:

\*Member\*\*All references to Member means Dealing Member (Banks); \*Others\*\*\* include FX Forwards, Options & Cross Currency Interest Rate Swaps  
 .1 - Month-on-Month; 2 - Year-on-Year (YoY) 3 - Represents the Period of January - June 2018; 4 - Change; 5 - Central Bank of Nigeria; 6 - Federal Government of Nigeria; 7 - Overnight; 8 - Nigerian Inter-Bank Offered Rate; 9 - Anonymous Firm Order; 10 - Request-for-Quote.

### OTC Market Summary

- Turnover in the Fixed Income and Currency (FIC) market for the month ended June 30, 2018 was ₦17.23trn, a 20.53% (₦2.93trn) MoM<sup>1</sup> increase and a 36.49% (₦4.61trn) YoY<sup>2</sup> increase on the turnover recorded in June 2017. The Treasury bills (T.bills) and Foreign Exchange (FX) segments jointly accounted for 79.35% of total turnover in the FIC market in June, representing a marginal increase of 3.44 percentage points (ppts) from the 75.91% recorded in May.
- FX market turnover recorded the highest MoM increase, growing by 34.50% (₦1.79trn), while Unsecured Placement/Takings turnover recorded the highest MoM decrease, falling by 42.54% (₦0.03trn).

### FX Market

- Total FX market turnover in June was \$19.80bn, a 34.04% (\$5.03bn) increase from the turnover recorded in May (\$14.77bn). Turnover at the Investors & Exporters (I&E) FX Window in June was \$3.93bn, representing a 38.59% (\$2.47bn) MoM decrease from the value recorded in May (\$6.40bn), and resulting in a decrease in its contribution to the total FX market turnover to 19.85% from 43.33% in May. However, the total turnover at the I&E FX Window for H1 2018<sup>3</sup> increased to \$30.28bn
- Analysis of FX turnover by trade type showed that turnover increased across all trade types, with Inter-Member trades recording the highest relative MoM growth in turnover, increasing by 82.65% (\$1.35bn), while Member-Clients trades recorded the highest nominal MoM growth in turnover, increasing by \$2.52bn (28.97%). Member-CBN<sup>5</sup> trades also recorded a MoM increase in turnover by 26.11% (\$1.16bn) (see table 1)
- In terms of contribution to total FX turnover, Inter-Member trades contributed 15.05% to total FX turnover in June, a 4.01ppts increase from the 11.04% contribution recorded in May. Member-Client and Member-CBN trades both contributed 56.62% and 28.28% to total FX turnover in June, decreasing from 58.90% and 30.06% in May respectively
- Analysis of FX turnover by product type showed that turnover in FX Spot and Derivatives increased MoM in line with the trend in total FX turnover, with both increasing by 29.82% and 46.60% respectively. FX Spot remained the main driver of total FX turnover, with a MoM increase by \$2.80bn (29.70%), while FX Derivatives recorded a MoM increase of \$2.25bn (41.59%) driven mainly by FX Futures turnover which increased MoM by \$2.39bn (292.68%). In June, the 24<sup>th</sup> Naira-settled OTC FX Futures contract (NGUS JUN 27, 2018) with a contract size of \$638.87mm, matured and was settled, whilst a new \$1.00bn 12-month contract (NGUS JUN 26, 2019) was offered by the CBN at \$/₦362.60
- In June, the Naira depreciated at the I&E FX Window, losing ₦0.35 to close at \$/₦361.32 (from \$/₦360.97 as at May 31, 2018). The depreciation of the Naira at the I&E FX Window resulted in a lower spread of ₦0.68 between the \$/₦ rate at the I&E FX Window and the parallel market, due to the appreciation of the Naira by ₦1.00 at the parallel market in June to close at \$/₦362.00 (from \$/₦363.00 as at May 31, 2018). The CBN Official Spot rate appreciated by ₦0.20 to close at \$/₦305.75 (from \$/₦305.95 as at May 31, 2018)

### Fixed Income Market (T.bills and FGN<sup>6</sup> bonds)

- In June, the total turnover in the fixed income (FI) market was ₦7.85trn, representing a 19.73% (₦1.29trn) MoM increase in turnover. The increase in turnover was driven mainly by an 18.13% (₦1.02trn) MoM increase in T.bills turnover, as it remained the major driver of liquidity in the FI market, accounting for 84.95% of the total FI market turnover, albeit 1.15ppts lower than its contribution in May
- Total T.bills outstanding as at June 30, 2018 stood at ₦13.76trn, representing a 1.75% (₦0.24trn) MoM decline, driven by a net redemption of T.bills in the month of June. Conversely, total FGN Bonds outstanding increased marginally by 0.41% (₦0.03trn) MoM to close at ₦7.83trn, suggesting the FGN refinanced some of its short-term obligations with longer term FGN Bonds while increasing cash liquidity in the market
- Trading Intensity in the T.bills and FGN Bonds markets increased from 0.41 and 0.11 in May, to 0.48 and 0.15 in June respectively, while Trading Intensity for T.bills and FGN Bonds in H1 2018 were 2.67 and 0.71, compared to 3.75 and 0.79 in H1 2017 respectively. T.bills within the 6-12 months maturity remained the most actively traded, accounting for 28.28% of the total FI market turnover in June, despite decreasing from the 37.42% contribution reported in May
- Weighted average yields across the short, medium and long-term maturities on the sovereign yield curve increased by 0.72ppts, 0.03ppts and 0.16ppts respectively, leading to a flatter sovereign yield curve from its shape in May (see chart 1)
- Yield spread between the 3-month T.bills and the 10-year FGN Bond increased by 3bps to close at a 132bps spread in June

### Money Market (Repos/Buy-Backs and Unsecured Placements/Takings)

- Turnover recorded in the secured Money Market (i.e. Repos/Buy-Backs) was ₦2.32trn for June, representing a 4.70% (₦0.11trn) MoM decrease from the value recorded in May (₦2.44trn), and a YoY decrease of 33.98% in June, compared to the 6.98% YoY decrease recorded in May
- Similarly, Unsecured Placements/Takings closed the month with a turnover of ₦42.66bn, representing a 42.54% (₦31.59bn) MoM decrease on the turnover recorded in May (₦74.25bn), and a YoY decrease of 68.23% (₦91.64bn)
- Average O/N<sup>7</sup> NIBOR<sup>8</sup> decreased by 11.12ppts to close at 11.65% in June from 22.77% reported for May, suggesting an increase in liquidity in the inter-bank market, possibly driven by injection of cash in the market from the FGN's activity in the FI market during the month

### Market Surveillance

- Total number of executed trades reported on the E-Bond Trading System in June was 13,101, representing a MoM decline of 5,969 in the number of executed trades, as total executed trades in T.bills and FGN bonds declined by 5,162 (31.15%) and 807 (32.32%) respectively in June 2018 (see table 3)

Source: FMDQ OTC Securities Exchange