

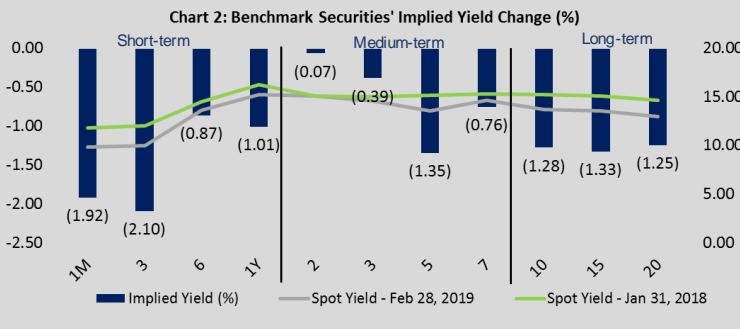
(Table 1) - FX Market Turnover (\$'bn)

		February		January		MoM Δ <sup>4</sup> (\$'bn)		MoM Δ (%)	
		Value	Sizing (%)	Value	Sizing (%)	Value	Sizing (%)	Value	Sizing (%)
Inter-Member*	FX Spot	1.43	1.67	(0.24)	(14.40)				
	FX Forwards	0.07	0.04	0.03	62.85				
	FX Swaps	0.30	0.31	(0.01)	(3.54)				
	FX Futures	0.00	0.00	0.00	0.00				
	Others**	0.62	0.72	(0.09)	(12.97)				
	<b>Total</b>	<b>2.42</b>	<b>2.74</b>	<b>(0.32)</b>	<b>(11.61)</b>				
Member-Clients	FX Spot	5.42	8.15	(2.73)	0.00				
	FX Forwards	0.52	0.54	(0.02)	0.00				
	FX Swaps	2.04	2.00	0.04	2.13				
	FX Futures	0.43	0.89	(0.46)	(51.97)				
	Others	0.47	0.34	0.13	38.16				
	<b>Total</b>	<b>8.88</b>	<b>11.92</b>	<b>(3.04)</b>	<b>(25.52)</b>				
Member-CBN	FX Spot	1.92	1.62	0.30	0.00				
	FX Forwards	0.64	0.63	0.00	0.00				
	FX Swaps	0.10	0.00	0.10	0.00				
	FX Futures	0.58	1.45	(0.87)	(60.17)				
	Others	0.05	0.02	0.03	158.55				
	<b>Total</b>	<b>3.29</b>	<b>3.72</b>	<b>(0.43)</b>	<b>(11.59)</b>				
<b>Total Turnover</b>	<b>14.59</b>	<b>18.38</b>	<b>(3.79)</b>	<b>(20.63)</b>					

(Table 2) - I&E Window FX Inflows

Source	February			January			MoM Δ	
	Value (\$'bn)	Sizing (%)	Total Sizing (%)	Value (\$'bn)	Sizing (%)	Total Sizing (%)	MoM Δ (\$'bn)	MoM Δ (%)
International Sources	FDIs	0.20	6.59	0.23	8.79	62.09	(0.03)	(13.27)
	FPIs	1.75	59.01	1.32	51.34	62.09	0.43	32.82
	Other Corporates	0.03	1.10	0.05	1.97	62.09	(0.02)	(35.45)
	<b>Total</b>	<b>2.98</b>	<b>66.70</b>	<b>1.60</b>	<b>62.09</b>	<b>62.09</b>	<b>0.40</b>	<b>(13.27)</b>
Local Sources	CBN	0.15	4.92	0.45	17.65	37.91	(0.31)	(67.81)
	Exporters	0.08	2.72	0.08	3.15	37.91	0.00	(0.37)
	Individuals	0.02	0.73	0.00	0.18	37.91	0.02	359.57
	Non-Bank Corporates	0.74	24.93	0.22	8.66	37.91	0.52	232.82
	Other Corporates	0.00	0.00	0.21	8.26	37.91	(0.21)	(100.00)
	<b>Total</b>	<b>2.96</b>	<b>100.00</b>	<b>2.57</b>	<b>100.00</b>	<b>100.00</b>	<b>0.40</b>	<b>15.55</b>

Chart 2: Benchmark Securities' Implied Yield Change (%)



**Notes:**  
 \*\*Member\* All references to Member means Dealing Member (Banks); \*\*\*Others\*\* includes FX Forwards, Options & Cross Currency Interest Rate Swaps  
 1 – Month-on-Month; 2 – Year-on-Year; 3 – Central Bank of Nigeria; 4 – Change; 5 – Federal Government of Nigeria; 6 – Open Market Operations; 7 – Year-to-Date

### OTC Market Summary

- Turnover in the Fixed Income and Currency (FIC) markets for the month ended February (Feb) 28, 2019 was ₦19.18trn, representing a 27.19% (₦4.10trn) MoM<sup>1</sup> increase on the turnover recorded in January 2019 (₦15.08trn), and a 52.38% YoY<sup>2</sup> increase from ₦12.59trn recorded in Feb '18
- The Treasury Bills (T. bills) and Foreign Exchange (FX) market segments remain the major drivers of turnover in the FIC markets, jointly accounting for 77.88% of turnover in Feb '19, which was 0.81 percentage points (ppts) lower than their contribution in Jan '19 (78.69%) (See Chart 1)

### FX Market

- Total FX market turnover in Feb '19 was \$14.59bn (₦5.28trn), representing a 20.63% (\$3.79bn) MoM decrease from the turnover recorded in January (\$18.38bn) (See Table 1). Analysis of FX turnover by trade type indicates a decline across all three (3) segments, as FX turnover for Inter-Member, Member-Clients and Member-CBN<sup>3</sup> trades declined by 11.61%, 25.52% and 11.59% respectively (See Table 1). Conversely, turnover at the Investors & Exporters ("I&E") FX Window in February recorded a 232% (\$6.96bn) MoM increase to close at \$9.96bn from the \$3.00bn recorded in January 2019 and an 82.75% (\$4.51bn) YoY increase from the \$5.45bn recorded in February 2018 respectively, as inflows from foreign investors picked up in the week following the conclusion of the presidential elections
- Analysis of FX turnover by product type showed a decline for both FX Spot and FX Derivatives, with FX Spot recording a MoM decrease of 23.33% (\$2.67bn) and accounting for 70.44% of the total MoM decline in FX turnover. The MoM decrease of 16.14% (\$1.12bn) in FX Derivatives was driven by a 57.04% decline in FX Futures turnover, despite MoM increases in FX Swaps and FX Forwards turnover by 5.89% and 0.99% respectively. In February, the 32<sup>nd</sup> Naira-settled OTC FX Futures (FX Futures) Contract (NGUS FEB 27 2019) with total open contract size of \$563.55mm matured and was settled on FMDQ, bringing the total value of FX Futures contracts settled on FMDQ since inception to c.\$14.34bn; out of FX Futures contracts worth \$20.05bn traded to date. A new 12-month Futures contract (NGUS FEB 26 2020) with a notional principal of \$1.00bn and futures price of \$/₦363.40 was listed on FMDQ.
- In February 2019, the Nigerian Naira appreciated against the US Dollar at the Investors' & Exporters' FX Window ("IEFW") and the parallel market, gaining ₦2.04 and ₦1.00 to close the month at \$/₦360.99 (\$/₦363.03 in January) and \$/₦361.00 (\$/₦362.00 in January) respectively, driven by the MoM increase in FX inflows in the IEFW (See Table 2). Conversely, the CBN Official Spot rate depreciated by 10 kobo to close at \$/₦306.85 (from \$/₦306.75 recorded in January)

### Fixed Income Market (T. bills and FGN<sup>5</sup> Bonds)

- Total T. bills (including OMO<sup>6</sup> bills) outstanding recorded a MoM increase of ₦1.08trn to close at ₦16.10trn, with OMO Bills accounting for 100% of the MoM increase while actual T. bills outstanding remained unchanged, as the CBN continued its liquidity mop up via OMO auctions to curtail build-up of inflationary pressure. Similarly, FGN Bonds increased MoM by ₦0.26trn to close at ₦8.52trn as at February 28, 2019. Furthermore, the split in sovereign debt between long- and short-term debt as at February 2019 was 76:24 (long vs. short term), higher than the target ratio of 75:25 outlined in the Debt Management Strategy
- Monthly Trading Intensity in the T. bills and FGN Bonds markets increased from 0.46 and 0.08 in January 2019, to 0.54 and 0.12 in February 2019 respectively. YTD<sup>7</sup> trading intensity in both markets stood at 1.00 and 0.21 respectively compared to 0.85 and 0.19 as at the same period in 2018, due to the 42.88% (₦4.98trn) growth in T. bills and FGN bonds turnover, which exceeded the 17.59% (₦3.47trn) growth in average T. bills and FGN bonds outstanding in 2019 compared to same period in 2018. T. bills within the 6-12 months maturity bracket remained the most actively traded in January 2019, accounting for 45.68% of the total FI market turnover
- Weighted average yields on short, medium and long-term maturities on the sovereign yield curve decreased by 0.89ppts, 0.14ppts and 1.52ppts respectively in February 2019 (See Chart 2)
- Yield spread between the 3-month T. bill and the 10-year FGN Bond increased by 54 basis points (bps) to close at 3.72ppts in February (3.18ppts in January), with the yield on the 10-year FGN bond decreasing by 0.99% while the yield on the 3-month T. bill increased by 0.43% relative to January, suggesting an increase in demand for the securities at the longer end of the curve

Source: FMDQ OTC Securities Exchange

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(Table 3) - Money Market Turnover (₦'bn)

	Feb-19	Jan-19	MoM Δ (₦'bn)	MoM Δ (%)	Feb-18	YoY Δ (₦'bn)	YoY Δ (%)
<b>Repos/Buy-Backs</b>	3,088.81	2,448.16	640.65	26.17	2,045.39	1,043.42	51.01
<b>Unsecured Placements / Takings</b>	102.04	49.95	52.09	104.28	93.75	8.28	8.84
<b>Total</b>	<b>3,190.85</b>	<b>2,498.11</b>	<b>692.74</b>	<b>27.73</b>	<b>2,139.15</b>	<b>1,051.70</b>	<b>49.16</b>

(Table 4) - Market Activity - Executed Trade Count

	February			January			MoM Δ (%)
	AFO <sup>10</sup>	RFQ <sup>11</sup>	Total	AFO	RFQ	Total	
<b>T.bills</b>	1,152	15,786	16,938	612	11,966	12,578	<b>34.66</b>
<b>FGN bonds</b>	837	1,240	2,077	207	851	1,058	<b>96.31</b>
<b>Total</b>	<b>1,989</b>	<b>17,026</b>	<b>19,015</b>	<b>819</b>	<b>12,817</b>	<b>13,636</b>	<b>39.45</b>

**Notes:**  
 “Member” All references to Member means Dealing Member (Banks); “Others” includes FX Forwards, Options & Cross Currency Interest Rate Swaps

8 – Overnight; 9 – Nigerian Inter-Bank Offered Rate; 10 – Anonymous Firm Order; 11 – Request-for-Quote.

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

- Turnover recorded in the Repos/Buy-Backs segment of the Money Market was ₦3.09trn in Feb '19, representing a 26.17% (₦640.65trn) MoM increase from ₦2.45trn recorded in January 2019, and a 51.01% (₦1.04trn) YoY increase from the turnover recorded in Feb '18 ([See Table 3](#))
- Similarly, Unsecured Placements/Takings closed the month with a turnover of ₦102.04bn, representing a 104.28% (₦52.09bn) MoM increase from ₦49.95bn recorded in Jan '19, and a YoY increase of 8.84% (₦8.28bn) ([See Table 3](#))
- Average O/N<sup>8</sup> NIBOR<sup>9</sup> increased by 0.12ppts to close at 19.62% in February 2019 from 19.50% reported for January 2019, indicating a decrease in liquidity in the inter-bank market

### Market Surveillance

- Total number of executed trades reported on the E-Bond Trading System in February 2019 was 19,015 representing a 39.45% (5,379) MoM increase from the number of trades executed in January 2019 (13,636), driven by a MoM increase in T. bills and FGN Bonds trade by 4,360 (34.66%) and 1,019 (96.31%) respectively ([See Table 4](#))