



FINANCIAL MARKETS MONTHLY REPORT

MARCH 2022

Glossary

Abbreviation	Definition	Abbreviation	Definition
bn	Billion	QoQ	Quarter-on-Quarter
bps	Basis Points	Repo	Repurchase Agreement
CBN	Central Bank of Nigeria	T.bills	Treasury Bills
CP	Commercial Paper	US	The United States of America
DMO	Debt Management Office	USD	US Dollar
FCY	Foreign Currency	Y	Year
FGN	Federal Government of Nigeria	YoY	Year-on-Year
FIC	Fixed Income and Currencies	YTD	Year-to-Date
FX	Foreign Exchange	trn	Trillion
H1	First Half of the Year Under Consideration		
I&E FX Window or I&E	Investors' and Exporters' Foreign Exchange Window		
LCY	Local Currency		
M	Month		
mm	Million		
MM	Money Market		
MoM	Month-on-Month		
NV	Notional Value		
OMO	Open Market Operations		
O/N	Overnight		
OPR	Open Repos		
OTC	Over-the-Counter		
ppts	Percentage Points		

Primary Market

Sovereign Securities

The DMO sold T.bills valued at ₦410.72bn across its auctions in March 2022. Although, this exceeded the amount offered (₦237.29bn) indicating the sustained demand for T.bills, it represents a 13.16% (₦62.25bn) MoM decrease in T.bills sold relative to February 2022 (₦472.97bn).

Similarly, the DMO sold 10Y and 20Y FGN Bonds valued at ₦297.01bn indicating its sustained demand¹ although it represents a 28.50% (₦118.41bn) MoM decrease from the ₦415.42bn sold for the same issues in February 2022.

In March 2022, the CBN sold OMO Bills worth ₦170.00bn representing 100% of the amount offered (₦170.00bn) and 37.04% (₦100.00bn) decrease from ₦270.00bn worth of OMO bills sold in February 2022.

Treasury Bills Discount Rates in March 2022

91-day – 1.75%
2.36% (Feb. '22) ▼

182-day – 3.14%
3.30% (Feb. '22) ▼

364-day – 4.28%
4.78% (Feb. '22) ▼

FGN Bond Coupon Rates in March 2022

10Y – 10.15%
10.95% (Feb. '22) ▼

20Y – 12.70%
13.00% (Feb. '22) ▼

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

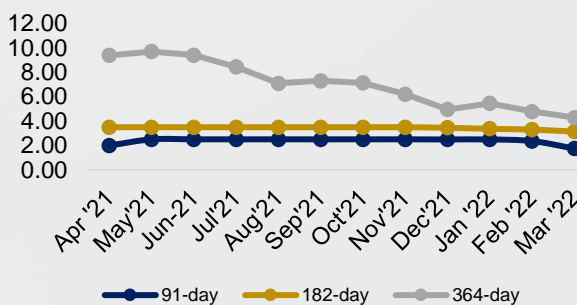


Chart 2: Trend in Average OMO Bills Discount Rate (%)

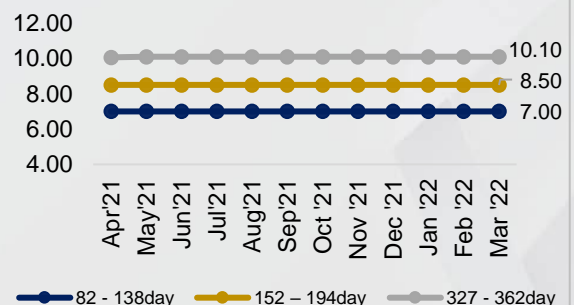


Table 1: Amount Sold (₦'bn)

Product	Apr. '21	May '21	Jun. '21	Jul. '21	Aug. '21	Sep. '21	Oct. '21	Nov. '21	Dec. '21	Jan. '22	Feb. '22	Mar. '22
T.Bills	311.66	290.10	373.46	415.24	463.66	480.80	422.28	2,294.90	112.36	281.30	472.97	410.72
OMO Bills	72.84	75.56	65.60	37.00	60.00	100.00	99.00	80.00	130.00	130.00	270.00	170.00
FGN Bonds	274.45	175.24	330.30	241.97	260.09	277.05	192.76	225.25	99.99	170.64	415.42	297.01

Table 2: End Outstanding Volume (₦'bn)

Product	Apr. '21	May '21	Jun. '21	Jul. '21	Aug. '21	Sep. '21	Oct. '21	Nov. '21	Dec. '21	Jan. '22	Feb. '22	Mar. '22
T.Bills	2,778.78	2,866.83	2,991.87	3,379.56	3,418.34	3,493.21	3,643.79	3,570.40	3,570.40	3,860.48	4,120.15	4,408.16
OMO Bills	2,834.39	2,646.95	2,525.29	2,470.29	2,399.79	2,279.79	2,051.79	1,863.69	1,863.69	1,460.69	940.95	758.95
FGN Bonds	11,612.56	11,787.52	12,117.39	11,800.46	12,061.18	12,337.59	12,530.96	12,755.68	12,855.56	12,420.33	12,835.77	13,135.32

Notes:

1 – Amount Offered in March 2022 was ₦150.00bn

Primary Market

Non-Sovereign Securities

Total value of corporate¹ bonds listed on FMDQ Exchange in March 2022 was ₦45.30bn representing a 51.03% (₦47.20bn) MoM decrease from the value of corporate bonds listed in February 2022 (₦92.50bn) despite the MoM increase in the number of listings from two (2) to three (3) bonds. Corporate bond listings varied across Oil & Gas (2) and Transportation & Logistics sectors (1).

Similarly, total value of CPs² quoted on FMDQ Exchange in March 2022 was ₦72.06bn, representing a MoM decrease of 26.33% (₦25.76bn) from the value of CPs quoted in February 2022 (₦97.82bn). Quoted CPs varied across Financial services (6), Agriculture (1) and Manufacturing (4) sectors.

In March 2022, total outstanding value for corporate bonds and CPs increased MoM by 3.28% (₦32.58bn) and 21.84% (₦50.86bn) to ₦1,026.15bn and ₦283.75bn respectively. (See Table 4)

Average Coupon Rates for Corporate Bonds in March 2022

7Y – 13.30%

10Y – 13.33%

Average Discount Rate for Quoted CPs in March 2022

230 days – 10.68%
11.18% (Feb. '22) ▼

Chart 3: Average Discount Rate for Quoted CPs (%) vs Tenor (No. of Days)



Table 3: Listings/Quotation Size (₦'bn)

Product	Apr. '21	May '21	Jun. '21	Jul. '21	Aug. '21	Sep. '21	Oct. '21	Nov. '21	Dec. '21	Jan. '22	Feb. '22	Mar. '22
Corporate Bonds	128.00	12.00	0.00	41.33	50.00	0.00	110.00	3.00	1.25	0.00	92.50	45.30
CPs	91.59	62.23	12.48	16.40	70.09	14.80	9.83	0.00	48.54	5.52	97.82	72.06

Table 4: Total Outstanding Value (₦'bn)

Product	Apr. '21	May '21	Jun. '21	Jul. '21	Aug. '21	Sep. '21	Oct. '21	Nov. '21	Dec. '21	Jan. '22	Feb. '22	Mar. '22
Corporate Bonds	777.13	774.78	738.27	776.71	838.71	831.24	939.86	906.17	904.29	901.25	993.57	1,026.15
CPs	311.86	344.55	306.91	291.39	317.48	283.29	293.31	253.81	224.22	168.99	232.89	283.75

Notes:

1 – LCY Corporate Bonds; 2 – LCY Commercial Papers; * No CP was quoted in the respective months

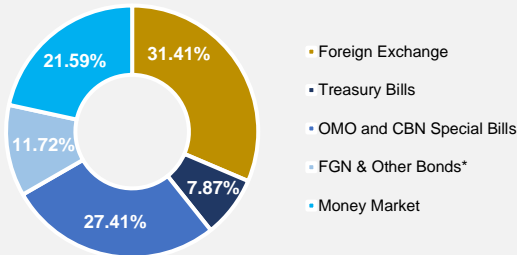
Secondary Market

Market Turnover by Products

Turnover in FMDQ markets for the month ended March 31, 2022 was ₦15.16trn, representing a MoM increase of 6.54% (₦0.93trn) and YoY decrease of 22.46% (₦4.39trn), respectively.

Foreign Exchange (FX) and Money Market transactions were the highest contributors to the FMDQ markets turnover in March 2022, jointly accounting for 53.00% of the total FMDQ markets turnover. (See Chart 5)

Chart 5: Contribution to FMDQ Markets Turnover



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

Chart 4: FMDQ Markets Turnover (₦trn)

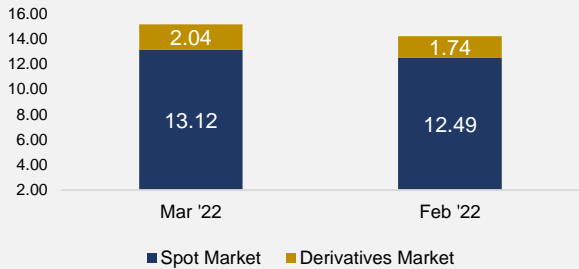
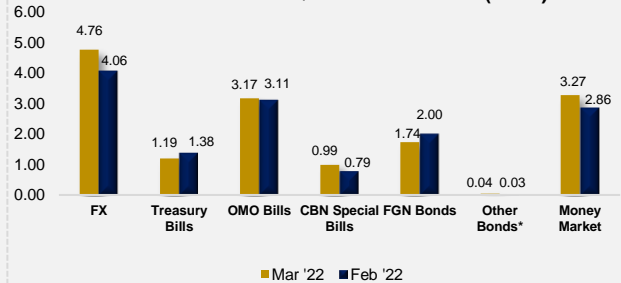


Chart 6: MoM FMDQ Market Turnover (₦trn)



Spot Market

Total market turnover for all products traded in the spot market was ₦13.12trn in March 2022, representing a MoM increase of 5.04% (₦0.63trn) from the turnover recorded in February 2022 (₦12.49trn).

The MoM increase in total spot market turnover was driven by the 18.18% (₦0.42trn) and 14.34% (₦0.41trn) increase in FX market and money market (MM) turnover despite the 2.61% (₦0.19trn) decrease in fixed income (FI) market turnover in March 2022.

The MoM decrease in FI market turnover was driven by the MoM decrease in T.bills and FGN Bonds by 13.77% (₦0.19trn) and 13.00% (₦0.26trn) respectively despite the 1.93% (₦0.06trn), 25.32% (₦0.20trn) and 33.33% (₦0.01trn) increase in OMO Bills, CBN Special Bills and Other Bonds respectively.

Chart 7: Spot Market Turnover and Percentage Contribution

FX Market

₦2.73trn

₦2.31trn (Feb. '22)

20.81%

Fixed Income Market

₦7.12trn

₦7.32trn (Feb. '22)

54.27%

Money Market

₦3.27trn

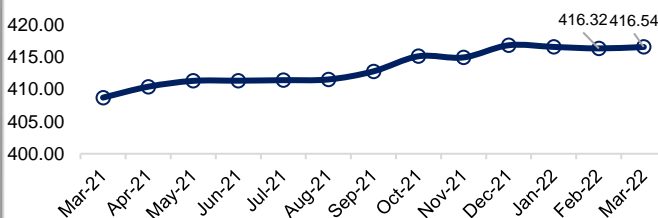
₦2.86trn (Feb. '22)

24.92%

Spot FX Market

FX market turnover was ₦2.73trn (\$6.55bn) in March 2022, representing a MoM increase of 18.18% (₦0.42trn) from the turnover recorded in February 2022 (₦2.31trn).

Chart 8: Average Rates in the I&E FX Window (\$/₦)



In the FX Market, the Naira depreciated against the US Dollar, losing 0.05% (\$/₦0.22) to close at an average of \$/₦416.54 in March 2022 from \$/₦416.32 recorded in February 2022. (See Chart 8)

Further, exchange rate volatility remained constant (traded within 100bps) in March 2022 compared to February 2022 as the Naira traded within an exchange rate range of \$/₦416.00 - \$/₦417.00 in March 2022 compared to \$/₦415.75 - \$/₦416.75 recorded in February 2022.

Spot Fixed Income Market

FI market turnover was ₦7.12trn in March 2022, representing a MoM decrease of 2.73% (₦0.20trn) from the turnover recorded in February 2022 (₦7.32trn).

In March 2022, CBN Special Bills were the most traded FI securities, with a 25.32% (₦0.20trn) MoM increase in turnover to ₦0.99trn. (See Chart 9). Similarly, turnover across other fixed income products such as OMO Bills and Other Bonds also increased MoM in March 2022. Trading intensity for OMO bills increased by 126bps to 3.91 from 2.65 in February 2022. (See Chart 10)

Chart 9: Fixed Income Market Turnover (₦'trn)

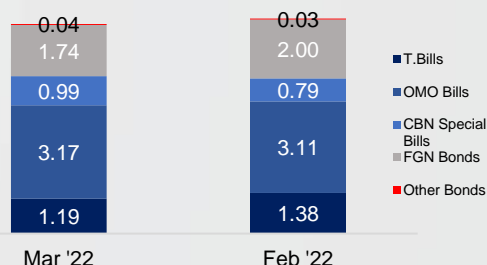


Chart 10: Trend in Trading Intensity

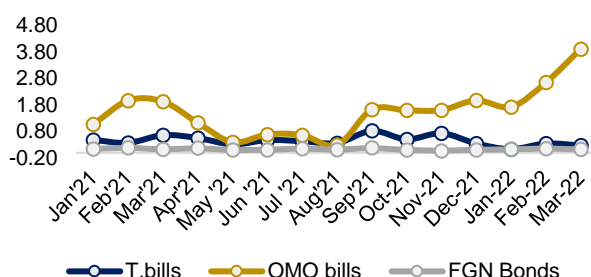
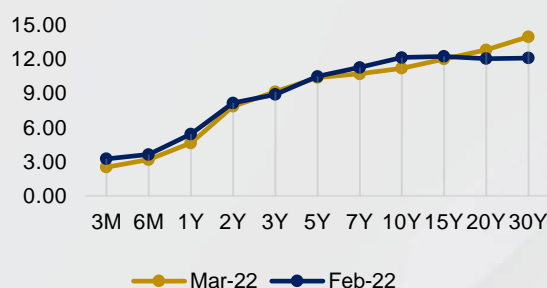


Chart 11: Sovereign Yield Curve (%)



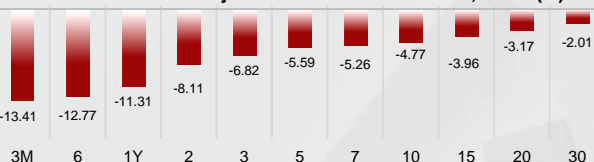
T.bills within the >6M – 12M tenor range were the most traded sovereign debt securities, accounting for 37.00% (₦1.08trn) of turnover for sovereign debt securities, while FGN Bonds with term-to-maturity of >5Y – 10Y were the most traded long-term sovereign debt securities, accounting for 13.96% (₦0.41trn) of total turnover for sovereign debt securities. (See table below)

T.bills			FGN Bonds						
Up to 3M	>3M - 6M	>6M - 12M	>12M - 3Y	>3Y - 5Y	>5Y - 10Y	>10Y - 15Y	>15Y - 20Y	>20Y	Total
0.03	0.08	1.08	0.24	0.38	0.41	0.20	0.33	0.18	2.93

In March 2022, the yield spread between the 3M and 30Y sovereign debt securities increased by 2.60ppts to 11.40ppts, indicating a steepening of the sovereign yield curve. (See Chart 11)

Real (inflation-adjusted) yields remained negative across the yield curve in March 2022. (See Chart 12)

Chart 12: Inflation Adjusted Yields as at March 31, 2022* (%)



Spot Market – (Money Market)

Total turnover in the Money Market segment increased MoM by 14.34% (₦0.41trn) to ₦3.27trn in March 2022. The MoM increase was driven by the 10.99% (₦0.31trn) and 250.00% (₦0.10trn) increase in Repos/Buy-backs and Unsecured Placement/Takings turnover, respectively. (See Chart 13)

The average O/N rate and OPR rate (secured lending rate) increased by 0.35ppts and 0.24ppts respectively, to close at an average of 7.05% and 6.52% in March 2022. (See Chart 14)

Chart 13: Money Market Turnover (₦'trn)

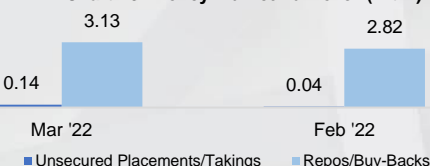
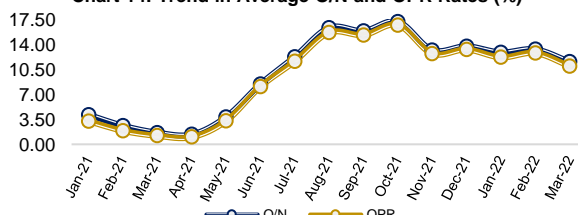


Chart 14: Trend in Average O/N and OPR Rates (%)



Notes:

*Adjusted with March 2022 inflation rate

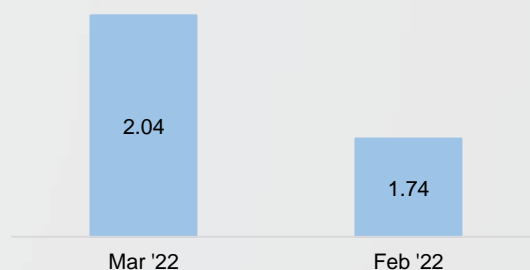
Derivatives Market

Total market turnover for products traded in the derivatives market was ₦2.04trn in March 2022, representing a MoM increase of 17.24% (₦0.30trn) from the turnover recorded in February 2022 (₦1.74trn).

The MoM increase in derivatives market turnover was solely driven by the increase in FX market turnover by 17.24% (₦0.30trn) in March 2022 to ₦2.04trn.

The MoM increase in FX derivatives turnover was driven by MoM increase in turnover for FX Swaps and FX Forwards despite the decrease in FX Futures.

Chart 15: Derivatives Market Turnover (₦trn)



Derivatives Market – (FX Market)

Total turnover in the FX market segment was ₦2.04trn (\$4.88bn), representing a MoM increase by 17.24% (₦0.30trn) in March 2022.

The MoM increase was driven by the 7.59% (₦0.06trn) and 39.76% (₦0.33trn) increase in FX Swaps and FX Forwards to ₦0.85trn and ₦1.16trn, respectively despite the 75.00% (₦0.09trn) decrease in FX Futures.

Naira-settled OTC FX Futures Market

In the OTC FX Futures market, the near month contract¹ (NGUS MAR 30, 2022) expired and open positions with a total notional value (NV) of \$0.50bn were settled. A far month (60M) contract, NGUS MAR 31, 2027 was introduced at a Futures price of \$/₦626.97.

The total NV of open OTC FX Futures contracts as at March 28, 2022, stood at circa \$4.09bn² representing a MoM and YoY decrease of 7.67% (\$0.34bn) and 19.65% (\$1.00bn) from its value as at February 28, 2022 and March 31, 2021, respectively.

FX Swaps

₦0.85trn (\$2.04bn)

41.67%

FX Forwards

₦1.16trn (\$2.78bn)

56.86%

FX Futures

₦0.03trn (\$0.07bn)

1.47%

Matured Contract

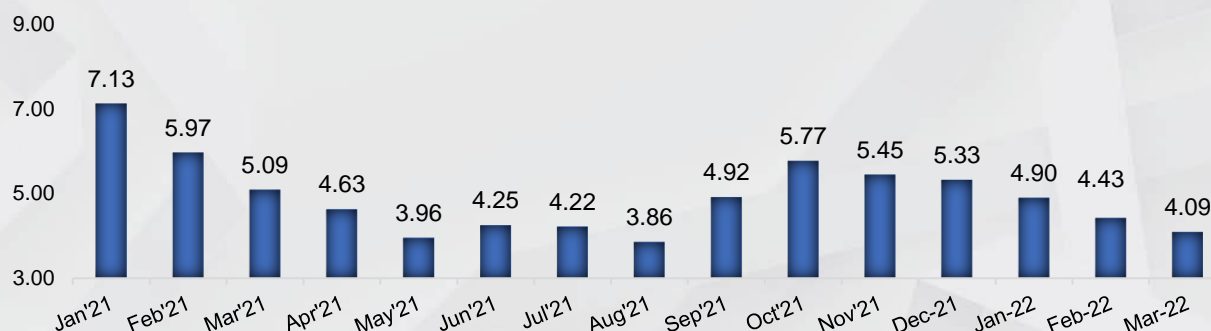
NGUS MAR 30, 2022
(\$/₦427.24)

New 60M Contract

NGUS MAR 31, 2027
(\$/₦626.97)

NV of Open Positions in
OTC FX Futures
Contracts –\$4.09bn

Chart 16: Trend in Open OTC FX Futures Contract Values (\$'bn)



Notes:

1 – This refers to the OTC FX Futures Contract that is closest to its maturity date at any given time; 2 – The 6M contract, NGUS SEP 28, 2022, had the highest NV of open OTC FX Futures Contracts (\$0.61bn) as at March 31, 2022

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