



FINANCIAL MARKETS MONTHLY REPORT

APRIL 2022

Glossary

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

Primary Market

Sovereign Securities

The DMO sold T.bills valued at ₦289.09bn across its auctions in April 2022. Although, this exceeded the amount offered (₦262.33bn) indicating the sustained demand for T.bills, it represents a 29.61% (₦121.63bn) MoM decrease in T.bills sold relative to March 2022 (₦410.72bn).

In April 2022, the DMO reopened the 10Y and 20Y FGN Bonds and issued a new 10Y FGN Bond, with the total value of bonds sold equalling ₦348.58bn indicating its sustained demand¹, representing a 17.36% (₦51.57bn) MoM increase from March 2022 figures for the reopened issues.

However, the CBN did not auction OMO Bills in the primary market in April 2022 compared to ₦170.00bn worth of OMO Bills sold in March 2022.

Treasury Bills Discount Rates in April 2022

91-day – 1.74%
1.75% (Mar. '22) ▼

182-day – 3.00%
3.14% (Mar. '22) ▼

364-day – 4.70%
4.28% (Mar. '22) ▲

FGN Bond Coupon Rates in April 2022

10Y – 11.25%
10.15% (Mar. '22) ▲

20Y – 12.90%
12.70% (Mar. '22) ▲

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

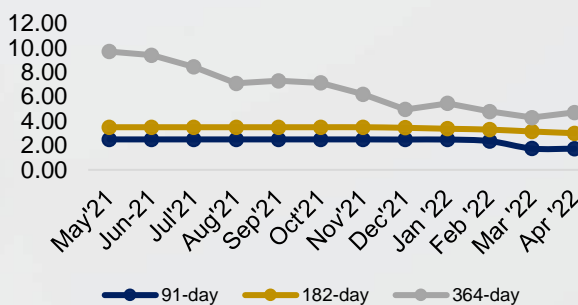


Chart 2: Trend in Average OMO Bills Discount Rate (%)

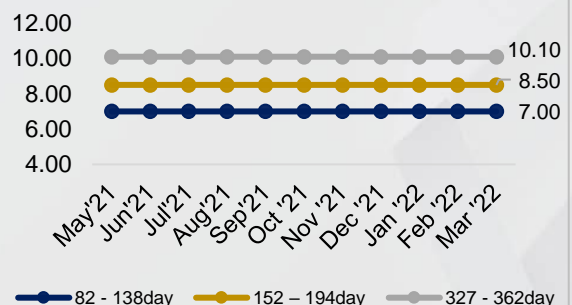


Table 1: Amount Sold (₦'bn)

Product	May '21	Jun. '21	Jul. '21	Aug. '21	Sep. '21	Oct. '21	Nov. '21	Dec. '21	Jan. '22	Feb. '22	Mar. '22	Apr. '22
T.Bills	290.10	373.46	415.24	463.66	480.80	422.28	2,294.90	112.36	281.30	472.97	410.72	289.09
OMO Bills	75.56	65.60	37.00	60.00	100.00	99.00	80.00	130.00	130.00	270.00	170.00	0.00
FGN Bonds	175.24	330.30	241.97	260.09	277.05	192.76	225.25	99.99	170.64	415.42	297.01	348.58

Table 2: End Outstanding Volume (₦'bn)

Product	May '21	Jun. '21	Jul. '21	Aug. '21	Sep. '21	Oct. '21	Nov. '21	Dec. '21	Jan. '22	Feb. '22	Mar. '22	Apr. '22
T.Bills	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	4,435.02
OMO Bills	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	850.00
FGN Bonds	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	13,483.27

Notes:

1 – Amount Offered in April 2022 was ₦225.00bn

Primary Market

Non-Sovereign Securities

There were no corporate¹ bonds listed on FMDQ Exchange in April 2022 compared to March 2022 during which corporate bonds worth ₦45.30bn were listed on the Exchange.

Conversely, total value of CPs² quoted on FMDQ Exchange in April 2022 was ₦120.95bn, representing a MoM increase of 67.85% (₦48.89bn) from the value of CPs quoted in March 2022 (₦72.06bn). Issuers of CPs quoted in April 2022 were in Financial services (9), Agriculture (2), Health & Pharmaceuticals (1), Manufacturing (3) and Real Estate (2) sectors.

In April 2022, total outstanding value for corporate bonds decreased by 0.14% (₦1.46bn) while CPs increased MoM by 9.63% (₦27.32bn) to ₦1,024.69bn and ₦311.07bn respectively. (See Table 4)

Average Coupon Rates for Corporate Bonds in April 2022

N/A

N/A

Average Discount Rate for Quoted CPs in April 2022

226 days – 10.09%
230 days – 10.68% ▼
(Mar. '22)

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



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

Product	May '21	Jun. '21	Jul. '21	Aug. '21	Sep. '21	Oct. '21	Nov. '21	Dec. '21	Jan. '22	Feb. '22	Mar. '22	Apr. '22
Corporate Bonds	12.00	0.00	41.33	50.00	0.00	110.00	3.00	1.25	0.00	92.50	45.30	0.00
CPs	62.23	12.48	16.40	70.09	14.80	9.83	0.00	48.54	5.52	97.82	72.06	120.95

Table 4: Total Outstanding Value (₦'bn)

Product	May '21	Jun. '21	Jul. '21	Aug. '21	Sep. '21	Oct. '21	Nov. '21	Dec. '21	Jan. '22	Feb. '22	Mar. '22	Apr. '22
Corporate Bonds	774.78	738.27	776.71	838.71	831.24	939.86	906.17	904.29	901.25	993.57	1,026.15	1,024.69
CPs	344.55	306.91	291.39	317.48	283.29	293.31	253.81	224.22	168.99	232.89	283.75	311.07

Notes:

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

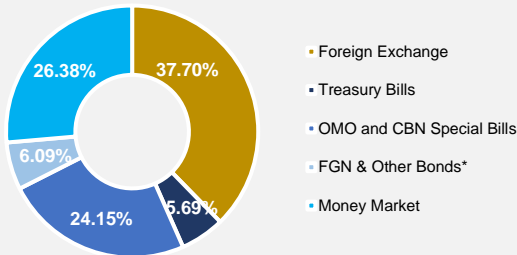
Secondary Market

Market Turnover by Products

Turnover in FMDQ markets for the month ended April 29, 2022 was ₦19.34trn, representing a MoM and YoY increase of 27.57% (₦4.18trn) and 19.53% (₦3.16trn), respectively.

Foreign Exchange (FX) and Money Market transactions were the highest contributors to the FMDQ markets turnover in April 2022, jointly accounting for 64.08% 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)

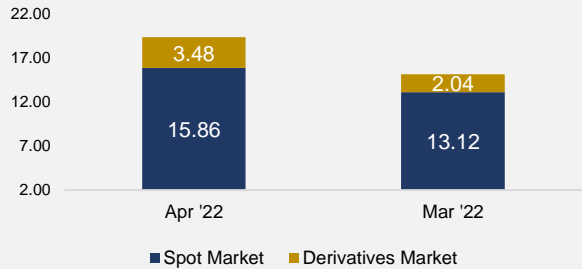
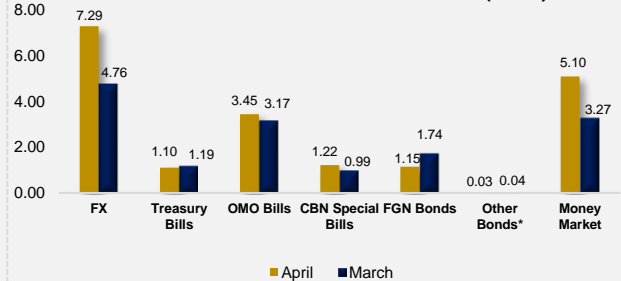


Chart 6: MoM FMDQ Market Turnover (₦trn)



Spot Market

Total market turnover for all products traded in the spot market was ₦15.86trn in April 2022, representing a MoM increase of 20.89% (₦2.74trn) from the turnover recorded in March 2022.

The MoM increase in total spot market turnover was driven by the 39.61% (₦1.08trn) and 55.96% (₦1.83trn) increase in FX market and money market (MM) turnover, respectively, which offset the 2.39% (₦0.17trn) decrease in fixed income (FI) market turnover in April 2022.

The MoM decrease in FI market turnover was driven by the MoM decrease in bonds turnover by 33.71% (₦0.60trn). Although, the turnover for T.bills also decreased MoM by 7.56% (₦0.09trn), total bills turnover increased MoM by 7.85% (₦0.42trn) due to the combined MoM increase in OMO and CBN Special Bills turnover by 12.26% (₦0.51trn).

Chart 7: Spot Market Turnover and Percentage Contribution

FX Market

₦3.81trn

₦2.73trn (Mar. '22)

24.03%

Fixed Income Market

₦6.95trn

₦7.12trn (Mar '22)

43.82%

Money Market

₦5.10trn

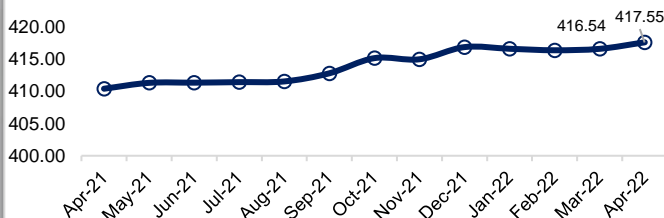
₦3.27trn (Mar '22)

32.15%

Spot FX Market

FX market turnover was ₦3.81trn (\$9.13bn) in April 2022, representing a MoM increase of 39.61% (₦1.08trn) from the turnover recorded in March 2022 (₦2.73trn).

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



In the FX Market, the Naira depreciated against the US Dollar, losing 0.24% (\$/₦1.01) to close at an average of \$/₦417.55 in April 2022 from \$/₦416.54 recorded in March 2022. (See Chart 8)

Further, exchange rate volatility increased in April 2022 compared to March 2022 as the Naira traded within an exchange rate range of \$/₦416.50 - \$/₦419.50 in April 2022 compared to \$/₦416.00 - \$/₦417.00 recorded in March 2022.

Spot Fixed Income Market

FI market turnover was ₦6.95trn in April 2022, representing a MoM decrease of 2.39% (₦0.17trn) from the turnover recorded in March 2022 (₦7.12trn).

In April 2022, CBN Special Bills were the most traded FI securities, with a 23.23% (₦0.23trn) MoM increase in turnover to ₦1.22trn. (See Chart 9). Similarly, OMO Bills turnover increased MoM by 8.83% (₦0.28trn). Consequently, trading intensity (TI) for OMO bills increased by 14bps to 4.05 from 3.91 in March 2022, while TI for FGN Bonds and T.bills declined by 3bps and 4bps to 0.25 and 0.09, respectively. (See Chart 10)

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

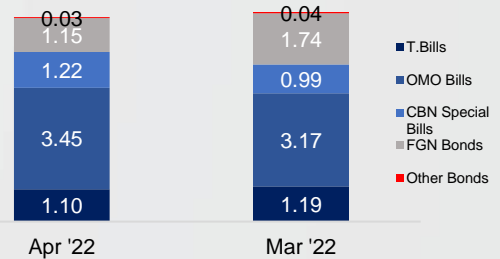


Chart 10: Trend in Trading Intensity

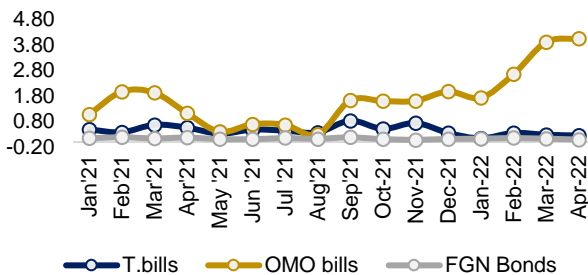
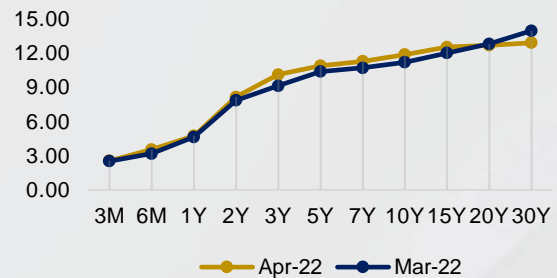


Chart 11: Sovereign Yield Curve (%)



T.bills within the >6M – 12M tenor range were the most traded sovereign debt securities, accounting for 35.72% (₦0.80trn) of turnover for sovereign debt securities, while FGN Bonds with term-to-maturity of >10Y – 15Y were the most traded long-term sovereign debt securities, accounting for 13.66% (₦0.31trn) 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
0.10	0.20	0.80	0.11	0.24	0.14	0.31	0.23	0.12	2.25

In April 2022, the yield spread between the 3M and 30Y sovereign debt securities decreased by 1.08ppts to 10.33ppts, indicating a flattening of the sovereign yield curve. (See Chart 11)

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

Chart 12: Inflation Adjusted Yields as at April 29, 2022* (%)



Spot Market – (Money Market)

Total turnover in the Money Market segment increased MoM by 55.96% (₦1.83trn) to ₦5.10trn in April 2022. The MoM increase was driven by the 55.27% (₦1.73trn) and 71.43% (₦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 1.73ppts and 1.72ppts respectively, to close at an average of 8.77% and 8.25% in April 2022. (See Chart 14)

Chart 13: Money Market Turnover (₦'trn)

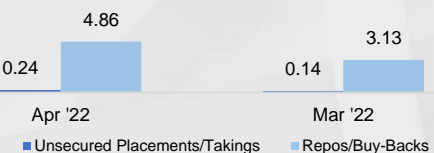
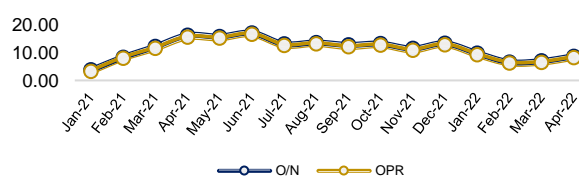


Chart 14: Trend in Average O/N and OPR Rates (%)



Notes:

*Adjusted with April 2022 inflation rate

Derivatives Market

Derivatives Market – (FX Market)

Total turnover in the FX market segment was ₦3.48trn (\$8.34bn), representing a MoM increase of 70.49% (₦1.44trn) in April 2022.

The MoM increase was driven by the 157.65% (₦1.34trn), 0.39% (₦8.63bn) and 311.43% (₦0.09trn) increase in FX Swaps, FX Forwards and FX Futures to ₦2.19trn, ₦1.16trn and ₦0.12trn, respectively.

FX Swaps

₦2.19trn (\$5.25bn)

62.97%

FX Forwards

₦1.16trn (\$2.79bn)

33.48%

FX Futures

₦0.12trn (\$0.30bn)

3.55%

Naira-settled OTC FX Futures Market

In the OTC FX Futures market, the near month contract¹ (NGUS APR 27, 2022) expired and open positions with a total notional value (NV) of \$0.43bn were settled. A far month (60M) contract, NGUS APR 28, 2027 was introduced at a Futures rate of \$/₦626.97; which has been the Futures price for the far month contract for four (4) consecutive months.

The total NV of open OTC FX Futures contracts as at April 29, 2022, stood at circa \$3.72bn² representing a MoM and YoY decrease of 9.02% (\$0.37bn) and 19.62% (\$0.91bn) from its value as at March 31, 2022 and April 30, 2021, respectively.

Matured Contract

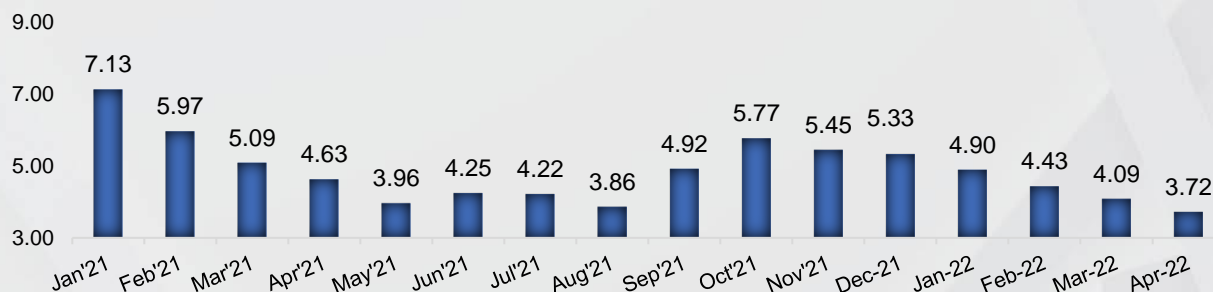
NGUS APR 27, 2022
(\$/₦427.24)

New 60M Contract

NGUS APR 28, 2027
(\$/₦626.97)

NV of Open Positions in
OTC FX Futures
Contracts –\$3.72bn

Chart 15: Trend in Open OTC FX Futures Contract Values (\$'bn)



The total NV of OTC FX Futures Contracts traded decreased by 59.82% (\$0.10bn) to \$0.06bn in April 2022 from \$0.16bn recorded in March 2022. In April 2022, the hedge concentration in the OTC FX Futures Market was within the 0 – 6M maturity bucket, accounting for 71.00% (\$0.05bn) of the total traded values across four (4) deals of the six (6) deals conducted in the period under review.

The NV of OTC FX Futures Contracts traded across short-dated contracts (0 – 12M) decreased by 25.00% (\$0.02bn) to \$0.06bn while the NV of OTC FX Futures Contracts traded across long-dated contracts (13 – 60M) decreased by 100.00% (\$0.02bn) as there were no trades in this category for the period under review.

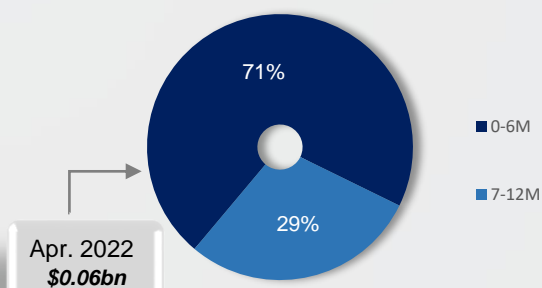
Notes:

* ₦8.63bn

1 – This refers to the OTC FX Futures Contract that is closest to its maturity date at any given time; 2 – The 1M contract, NGUS MAY 25, 2022, had the highest NV of open OTC FX Futures Contracts (\$0.64bn) as at April 29, 2022

Derivatives Market../2

Chart 16: Analysis of Traded OTC FX Futures Contracts by Tenor Ranges



Average OTC FX Futures Contract rates in April 2022 remained constant across all tenor buckets when compared to the previous month of March. In contrast, the rates of Deliverable Forwards in April 2022 varied across all tenor buckets when compared to the rates in March 2022. In the Deliverable Forwards market, the highest appreciation in rate was recorded on the 6M contract while the highest depreciation in the rate was recorded in the 2M contract.

Table 5: Average OTC FX Futures Contract Rates (\$/₪)

	0-6M	7-12M	13-18M	19-24M	25-30M	31-36M	37-42M	43-48M	49-54M	55-60M
Apr-22	431.48	441.65	457.63	478.07	499.06	520.51	543.07	566.42	590.97	616.38
Mar-22	431.48	441.65	457.63	478.07	499.06	520.51	543.07	566.42	590.97	616.38
Change	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 6: Indicative Deliverable Forward Rates (\$/₪)

	1M	2M	3M	6M	12M
Apr-22	418.31	421.99	423.77	432.48	448.53
Mar-22	418.09	420.74	424.02	432.94	448.52
Change	0.22 ↓	1.25 ↓	0.25 ↑	0.46 ↑	0.01 ↓

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