



FINANCIAL MARKETS MONTHLY REPORT

NOVEMBER 2022

Glossary

Abbreviation	Definition	Abbreviation	Definition
bn	Billion	OTC	Over-the-Counter
bps	Basis Points	ppts	Percentage Points
CBN	Central Bank of Nigeria	QoQ	Quarter-on-Quarter
CP	Commercial Paper	Repo	Repurchase Agreement
DMO	Debt Management Office	T.bills	Treasury Bills
FCY	Foreign Currency	trn	Trillion
FGN	Federal Government of Nigeria	US	The United States of America
FIC	Fixed Income and Currencies	USD	US Dollar
FX	Foreign Exchange	Y	Year
H1	First Half of the Year Under Consideration	YoY	Year-on-Year
I&E FX Window or I&E	Investors' and Exporters' Foreign Exchange Window	YTD	Year-to-Date
LCY	Local Currency		
M	Month		
mm	Million		
MM	Money Market		
MoM	Month-on-Month		
N/A	Not Applicable		
NBS	National Bureau of Statistics		
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 ₦523.55bn across its auctions in November 2022, representing a 263.57% (₦379.55bn) MoM increase on the value of T-bills sold across its auctions in October 2022 (₦144.00bn).

Similarly, the DMO sold FGN Bonds worth ₦269.15bn in November 2022 via re-openings of two (2) 10Y and one (1) 20Y bonds (exceeding the total amount of FGN Bonds offered¹ by ₦44.15bn), as well as representing a 149.49% (₦161.27bn) MoM increase relative to the amount sold in October 2022 (₦107.88bn) for the same FGN Bond maturities.

In the review month, the CBN sold OMO Bills worth ₦20.00bn, representing the first issuance of OMO Bills by the CBN in Q4 2022.

Treasury Bills Discount Rates in Nov. 2022

91-day – 6.50%

6.49% (Oct. '22) ▲

182-day – 8.05%

6.32% (Oct. '22) ▲

364-day – 14.42%

13.75% (Oct. '22) ▲

FGN Bond Coupon Rates in Nov. 2022

10Y – 14.98%

14.75% (Oct. '22) ▲

20Y – 16.20%

16.00% (Oct. '22) ▲

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

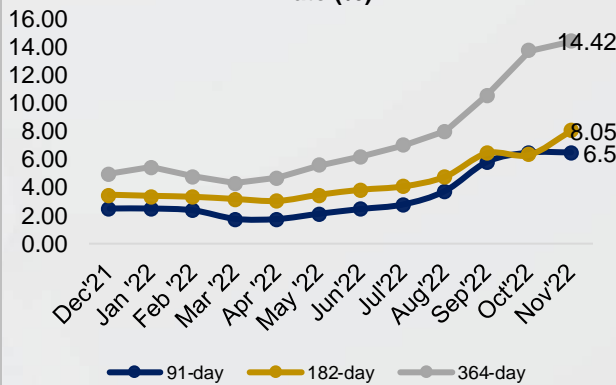


Chart 2: Trend in Average OMO Bills Discount Rate (%)

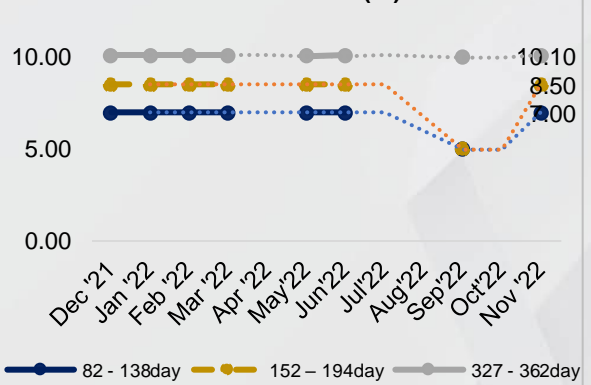


Table 1: Value of New Issuances (₦'bn)

Product	Dec. '21	Jan. '22	Feb. '22	Mar. '22	Apr. '22	May '22	Jun. '22	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22
T.bills	112.36	281.30	472.97	583.33	289.09	311.35	544.87	407.55	446.15	553.66	144.00	523.55
OMO Bills	130.00	130.00	270.00	170.00	0.00	180.01	40.00	0.00	0.00	25.60	0.00	20.00
FGN Bonds	99.99	170.64	415.42	297.01	348.58	378.41	226.12	123.84	200.58	261.50	107.88	269.15

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

Product	Dec. '21	Jan. '22	Feb. '22	Mar. '22	Apr. '22	May '22	Jun. '22	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22
T.Bills	3,570.40	3,860.48	4,120.15	4,408.16	4,435.02	4,465.85	4,504.79	4,504.80	4,504.80	4,542.78	4,225.63	4,519.20
OMO Bills	1,863.69	1,460.69	940.95	758.95	850.00	770.00	810.00	740.00	605.00	600.00	500.00	480.00
FGN Bonds	12,855.56	12,420.33	12,835.77	13,135.32	13,483.27	13,863.55	14,089.34	14,214.12	14,414.32	14,419.34	14,788.29	15,058.28

Notes:

1 – Amount Offered in November 2022 was ₦225.00bn

Primary Market

Non-Sovereign Securities

The total value of corporate bonds listed on FMDQ Exchange in November 2022 was ₦199.31bn across three (3) issuers and representing a 297.95% (149.23bn) MoM increase from the value of corporate bonds listed in October 2022. Corporate bond listings emanated solely from issuers in the Financial Services (1) and the Manufacturing sectors (2). As a result, the total outstanding value for corporate bonds increased MoM by 16.29% (₦197.53bn) to ₦1,409.89bn.

The total value of CPs quoted on FMDQ Exchange in November 2022 was ₦72.53bn, representing a MoM increase of 9.06% (₦6.03bn) from the value of CPs quoted in October 2022. Quoted CPs were issued by institutions from sectors including Financial Services (14), Real Estate (5), and Manufacturing (2).

In November 2022, CPs with a total value of ₦79.37bn matured and were redeemed resulting in a MoM decrease of CPs outstanding by 1.65% (₦6.84bn) to ₦407.71bn.

(See Table 6)

Table 3: Average Discount Rates for Quoted CPs

Tenor	Nov. 22	Oct. 22	Trend
<=90 days	14.95%	16.00%	▼
91 – 180 days	16.29%	15.25%	▲
181 – 270 days	16.25%	16.05%	▲

Table 4: Average Coupon Rates for Listed Corporate Bonds

Tenor	Nov. 22	Oct. 22	Trend
<=5 years	15.00%	13.50%	▲
>5 – 10 years	13.13%	14.50%	▼
>10 – 20 years	-	-	N/A
>20 years	-	-	N/A

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

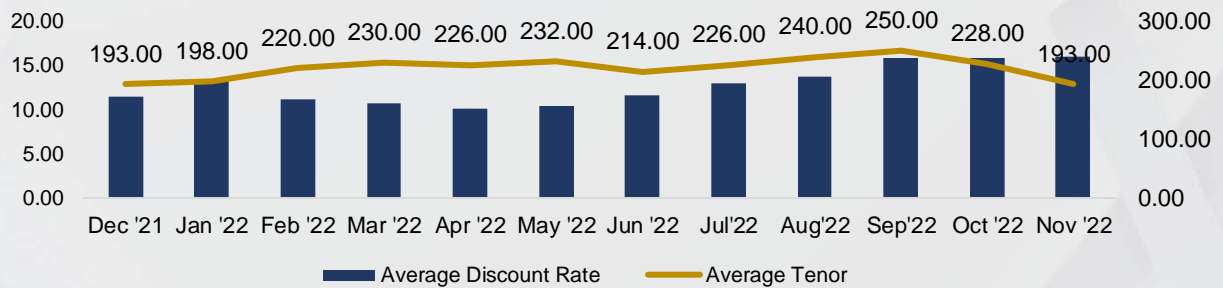


Table 5: Value of New Listings/Quotations (₦'bn)

Product	Dec. '21	Jan. '22	Feb. '22	Mar. '22	Apr. '22	May '22	Jun. '22	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22
Corporate Bonds	1.25	0.00	92.50	45.30	0.00	10.00	38.00	116.00	27.28	0.00	50.09	199.31
CPs	48.54	5.52	97.82	72.06	120.95	166.48	40.85	21.16	29.05	22.40	66.51	72.53

Table 6: Outstanding Value of Admitted Corporate Bonds and CPs (₦'bn)

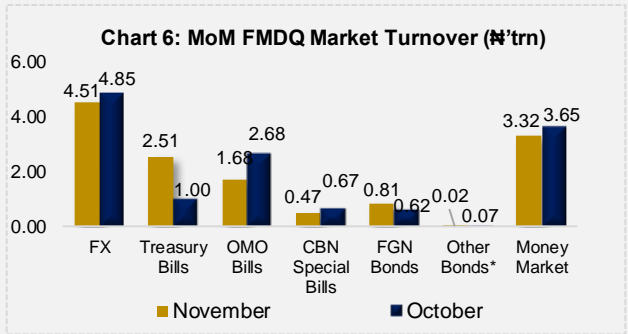
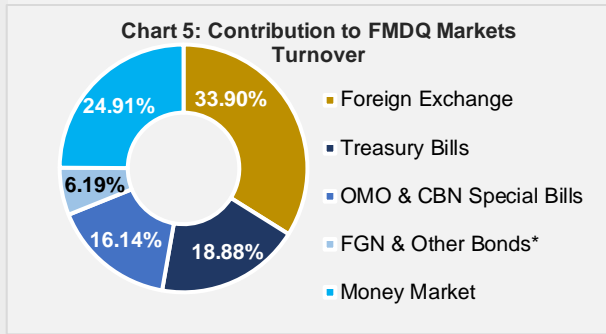
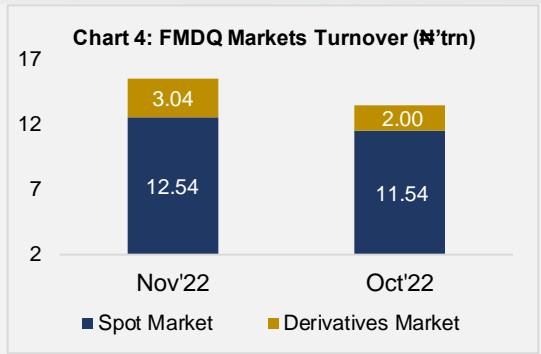
Product	Dec. '21	Jan. '22	Feb. '22	Mar. '22	Apr. '22	May '22	Jun. '22	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22
Corporate Bonds	904.29	901.25	993.57	1,026.15	1,024.69	1,004.60	1,039.70	1,153.50	1,180.59	1,169.81	1,212.36	1,409.89
CPs	224.22	168.99	232.89	283.75	311.07	484.61	518.80	524.58	494.89	487.73	414.55	407.71

Secondary Market

Market Turnover by Products

Secondary market turnover on FMDQ Exchange in November 2022 was ₦15.58trn, representing a MoM increase of 15.06% (2.04trn) and a YoY decrease of 1.47% (₦0.23trn) from October 2022 and November 2021 figures respectively.

Foreign Exchange (FX), Money Market (MM) and Treasury Bills transactions dominated secondary market activity in November 2022, accounting for 77.69% of the total secondary market turnover. (See Chart 5)



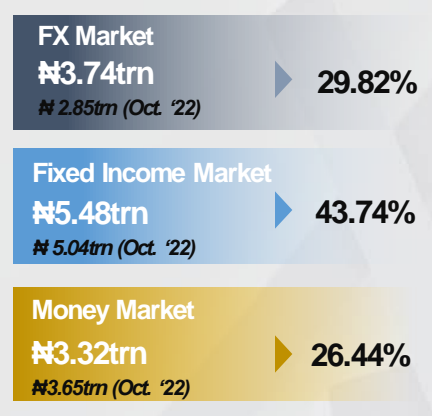
Spot Market

Total spot market turnover for all products traded in the secondary market was ₦12.54trn in November 2022, representing a MoM increase of 8.69% (₦1.00trn) from October 2022 figures.

The MoM increase in total spot market turnover was majorly driven by an increase in Fixed Income (FI) and FX turnover which increased MoM by 8.84% (₦0.45trn) and 31.25% (₦0.89trn) respectively thereby offsetting the MoM marginal decrease in MM turnover in November 2022.

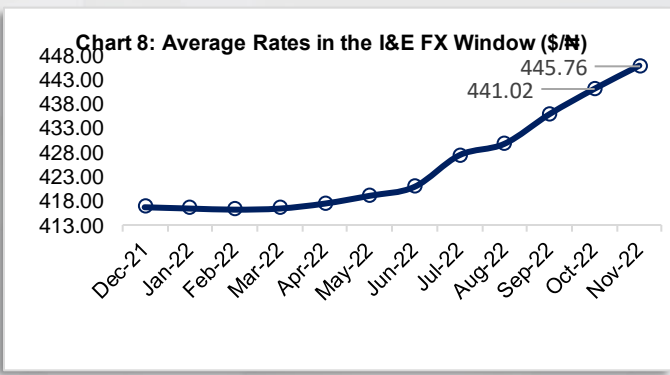
The slump in MM turnover was solely driven by the MoM decrease in Repos/Buy-backs. Conversely, the increase in Fixed Income turnover was mutually driven by an uptrend in T.Bills and FGN Bonds turnover which offset the MoM decrease in CBN Bills and Other Bonds turnover respectively in the review period.

Chart 7: Spot Market Turnover and Percentage Contribution



Spot FX Market

Spot FX market turnover was ₦3.74trn (\$8.39bn) in November 2022, representing a MoM increase of 31.25% (₦0.89trn) from the turnover recorded in October 2022 (₦2.85trn).



In the Spot FX Market, the Naira depreciated against the US Dollar, with the exchange rate (\$/₦) increasing by 1.07% (₦4.74) to close at an average of \$/₦445.76 in November 2022 from \$/₦441.02 recorded in October 2022 (See Chart 8)

Further, exchange rate volatility decreased in November 2022 as the Naira traded within an exchange rate range of \$/₦444.70 - \$/₦446.67 compared to \$/₦436.63 - \$/₦444.75 recorded in October 2022

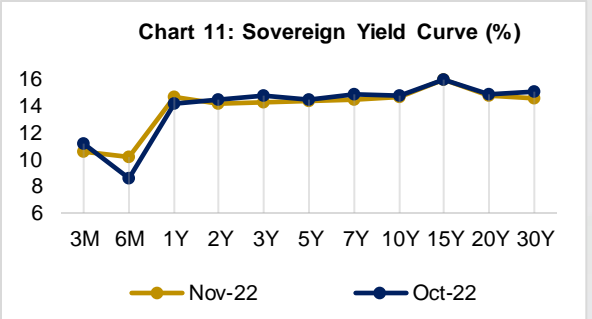
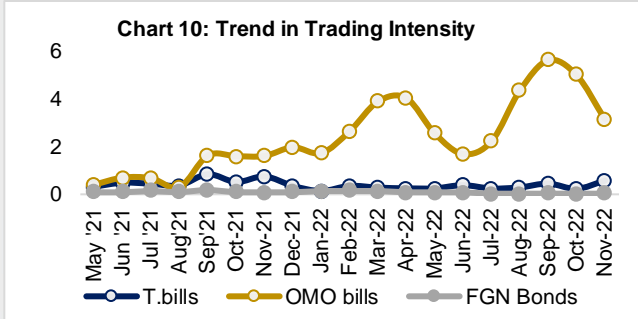
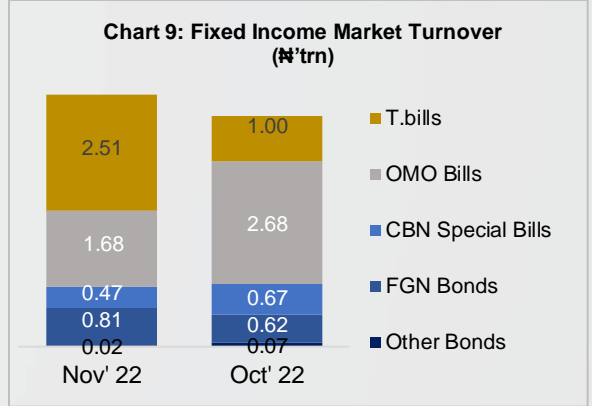
Notes:

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

Spot Fixed Income Market

FI market turnover was ₦5.48trn in November 2022, representing a MoM increase of 8.84% (₦0.45trn) from the turnover recorded in October 2022 (₦5.04trn). The MoM increase in the FI market turnover was driven by the increase in T.bills and FGN Bonds turnover which offset the MoM decrease of 35.86% (₦1.20trn), and 76.84% (₦0.06trn) in CBN Bills¹ and Other Bonds turnover respectively. (See Chart 9)

As a result, the trading intensity (TI) for T.bills, and FGN Bonds increased by 0.34 and 0.01 points to 0.57 and 0.05 respectively, whilst TI for OMO Bills decreased MoM by 1.86 points to 3.15. (See Chart 10)

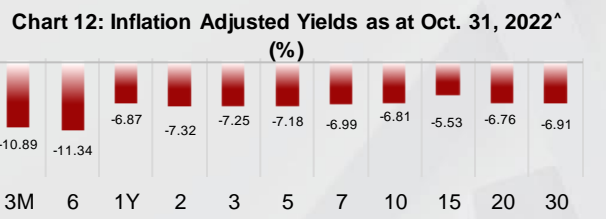


T.bills and FGN Bonds within the >6M – 12M and >10Y – 15Y tenors respectively were the most traded sovereign FI securities, accounting for 65.06% (₦2.16trn) and 10.24% (₦0.34trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table below)

T.Bills			FGN Bonds							Total
Up to 3M	>3M - 6M	>6M - 12M	>12M - 3Y	>3Y - 5Y	>5Y - 10Y	>10Y - 15Y	>15Y - 20Y	>20Y		
0.10	0.25	2.16	0.04	0.06	0.22	0.34	0.04	0.11	3.32	

In November 2022, the yield spread between the 3M and 30Y sovereign FI securities increased by 0.14ppts to 3.98ppts, indicating a steepening of the sovereign yield curve (See Chart 11).

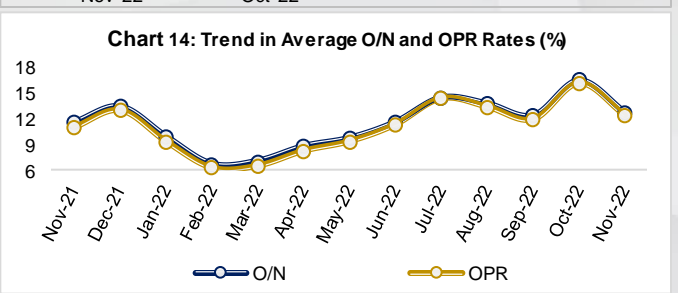
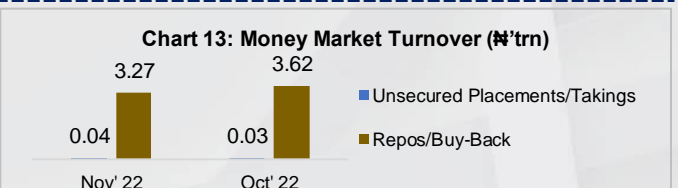
Real (inflation-adjusted) yields remained negative across the yield curve in November 2022 (See Chart 12).



Spot Market – (Money Market)

Total turnover in the MM segment decreased MoM by 9.14% (₦0.33trn) to ₦3.32trn in November 2022. The MoM decrease was solely driven by the 9.53% (₦0.34trn) decrease in Repos/Buy-backs which offset the 33.84% (₦0.01trn) increase in unsecured Placement/Takings turnover, respectively (See Chart 13).

The average O/N rate and OPR rate (secured lending rate) decreased MoM by 3.74ppts and 3.73ppts respectively, to close at an average of 12.73% and 12.35% in November 2022 (See Chart 14).



Notes:
 1- refers to OMO Bills and CBN Special Bills
 ^Adjusted with November 2022 inflation rate

Derivatives Market

Derivatives Market – (FX Market)

Total turnover in the FX derivatives market segment was ₦3.04trn (\$6.82bn) in November 2022, representing a MoM increase of 51.82% (₦1.04trn) from October 2022 figures.

The MoM increase in the FX derivatives turnover in the review month was jointly driven by the 64.88% (₦0.47trn), 53.29% (₦0.50trn) and 16.64% (₦0.06trn) increase across FX Forwards, FX Swaps and FX Futures turnover, respectively.

FX Swaps	Contribution
₦1.45trn (\$3.25bn) ▶	47.70%
FX Forwards	
₦1.20trn (\$2.70bn) ▶	39.47%
FX Futures	
₦0.39trn (\$0.87bn) ▶	12.83%

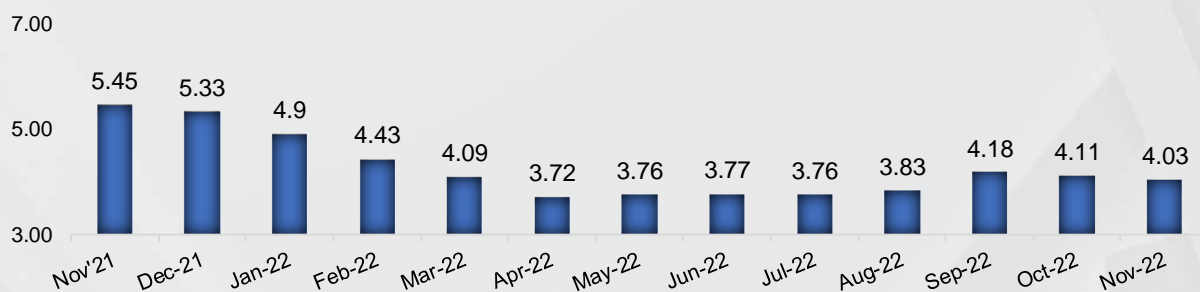
Naira-settled OTC FX Futures Market

In the OTC FX Futures market, the near month contract¹ (NGUS NOV 30, 2022) expired and open positions with a total notional value (NV) of \$0.39bn were settled. A far month (60M) contract, NGUS NOV 24, 2027 was introduced at a Futures price of \$/₦673.37, representing the same Futures price (\$/₦673.37) when the previous far month contract (NGUS OCT 27, 2027) was introduced in October 2022.

The total NV of open OTC FX Futures contracts as at November 30, 2022, stood at circa \$4.03bn² representing a MoM decrease of 1.95% (\$0.08bn) and a YoY decrease of 26.06% (\$1.42bn) from its value as at October 31, 2022 and November 30, 2021, respectively.

Matured Contract NGUS NOV 30, 2022 (\$/₦454.73) ▲
New 60M Contract NGUS NOV 24, 2027 (\$/₦673.37) ↔
NV of Open Positions in OTC FX Futures Contracts –\$4.03bn ▼

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



In the review month, market activity in the OTC FX Futures accounted for \$0.19bn worth of trades, representing a MoM decrease of 54.24% (\$0.23bn) relative to the traded value recorded in October 2022 (\$0.42bn). Traded value was concentrated within the 13 – 18M tenor range, which accounted for 48.95% (\$0.09bn) of trading turnover and twelve (12) of the twenty-seven (27) deals conducted in November 2022.

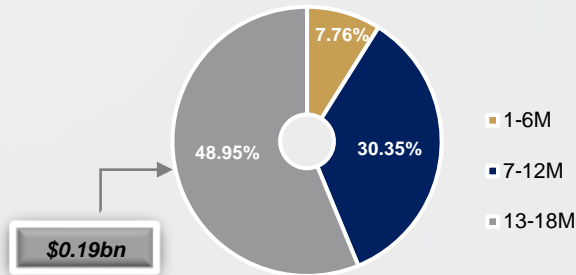
The NV of OTC FX Futures contracts traded across short-dated (1M – 13M) contracts decreased by 65.14% (\$0.24bn) to \$0.13bn. Conversely, the NV of OTC FX Futures contracts traded across the long-dated (14M – 60M) contracts increased by 13.26% (\$0.01bn) to \$0.07bn.

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 MAY 31, 2023, had the highest NV of open OTC FX Futures Contracts (\$0.73bn) as at November 30, 2022

Derivatives Market../2

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



The average Futures price of OTC FX Futures contracts remained flat across all tenor buckets in November 2022 relative to October 2022 (*See Table 7*).

However, Deliverable Forwards rates in November 2022 increased MoM across all tenor buckets relative to October 2022, with the 6M deliverable FX Forward contracts recording the highest MoM increase in price (*i.e., expected depreciation of Nigerian Naira against the US Dollar*) in November 2022. (*See Table 8*)

Table 7: 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
Nov-22	460.22	473.39	491.50	513.46	535.99	559.04	583.27	608.35	634.71	662.00
Oct-22	460.22	473.39	491.50	513.46	535.99	559.04	583.27	608.35	634.71	662.00
Change	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔

Table 8: Indicative Deliverable Forward Rates (\$/₦)

	1M	2M	3M	6M	12M
Nov-22	452.75	459.20	463.22	486.70	507.22
Oct-22	449.34	452.31	458.49	476.31	501.41
Change	3.41 ↓	6.89 ↓	4.73 ↓	10.39 ↓	5.81 ↓

DISCLAIMER: This report is produced by the Fixed Income and Currencies Markets Group of FMDQ Securities Exchange Limited (FMDQ Exchange) for information purposes only. FMDQ Exchange is NOT an investment advisor and does not endorse or recommend any securities or other investments. Market data and other information in this report, as well as reference materials and/or links to other sites, have been compiled from publicly available sources believed to be reliable and are for general informational purposes only. This report does not constitute any offer, recommendation, or solicitation to any person to enter any transaction or adopt any hedging, trading, or investment strategy, nor does it constitute any prediction to likely future movements in rates or prices or any representation that any such future movements will not exceed those shown in any illustration contained therein. All rates and figures appearing are for illustrative purposes only. To the extent that the research data emanate from public sources, the accuracy or completeness of the information contained herein is not guaranteed and is not intended to be relied upon for investment purposes. All information is provided "as is" without warranty of any kind. FMDQ Exchange (and affiliates) and the third-party information providers make no representations and disclaim all express, implied, and statutory warranties of any kind to the user and/or any third-party including warranties as to accuracy, timeliness, completeness, merchantability, or fitness for any purpose. Unless, in the event of wilful tortious misconduct or gross negligence, FMDQ Exchange (and affiliates) and the third-party information providers have no liability in tort, contract, or otherwise (and as permitted by law, product liability), to user and/or any third party. FMDQ Exchange (and affiliates) and the third-party information providers shall under no circumstance be liable to user, and/or any third party for any lost profits or lost opportunity, indirect, special, consequential, incidental, or punitive damages whatsoever, even if FMDQ Exchange has been advised of the possibility of such damages.