

Chart 1: FIC Market Turnover (₦'trn)

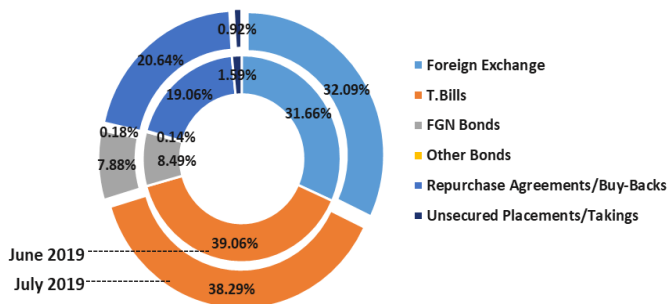


Table 1 - FX Market Turnover (\$'bn)

| Trade Type | Product Type | July | June | MoM Δ ³ (\$'bn) | MoM Δ (%) |
|-----------------------|----------------|--------------|---------------|----------------------------|------------------|
| Inter-Member* | FX Spot | 1.07 | 1.49 | (0.42) | (28.02) |
| | FX Forwards | 0.04 | 0.14 | (0.10) | (70.06) |
| | FX Swaps | 0.49 | 0.84 | (0.36) | (42.46) |
| | FX Futures | 0.00 | 0.00 | 0.00 | N/A ⁴ |
| | Others** | 0.73 | 0.63 | 0.10 | 15.94 |
| | FX Derivatives | 1.25 | 1.61 | (0.35) | (22.09) |
| | Total | 2.33 | 3.10 | (0.77) | (24.95) |
| Member-Client | FX Spot | 5.45 | 5.52 | (0.07) | (1.31) |
| | FX Forwards | 0.54 | 0.51 | 0.02 | 4.45 |
| | FX Swaps | 2.17 | 3.23 | (1.06) | (32.83) |
| | FX Futures | 0.72 | 0.95 | (0.23) | (24.55) |
| | Others | 0.24 | 0.22 | 0.02 | 10.12 |
| | FX Derivatives | 3.66 | 4.91 | (1.25) | (25.42) |
| | Total | 9.11 | 10.43 | (1.32) | (12.66) |
| Member-CBN | FX Spot | 1.35 | 1.18 | 0.17 | 14.14 |
| | FX Forwards | 0.84 | 0.63 | 0.20 | 32.35 |
| | FX Swaps | 0.00 | 0.00 | 0.00 | N/A |
| | FX Futures | 0.89 | 1.23 | (0.34) | (27.88) |
| | Others | 0.01 | 0.20 | (0.19) | (94.00) |
| | FX Derivatives | 1.74 | 2.07 | (0.33) | (15.83) |
| | Total | 3.09 | 3.25 | (0.16) | (4.92) |
| Total Turnover | 14.53 | 16.78 | (2.25) | (13.41) | |

Table 2 - Trading Intensity

| | Jul'19 | Jun'19 | Jul'18 | YTD'19 | Jan-Jul'18 |
|-----------|--------|--------|--------|--------|------------|
| T.bills | 0.35 | 0.43 | 0.39 | 3.10 | 3.06 |
| FGN bonds | 0.15 | 0.18 | 0.11 | 0.97 | 0.83 |

Chart 2: Fixed Income Turnover (₦'trn)

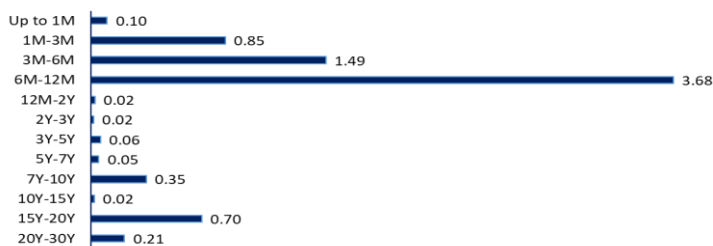
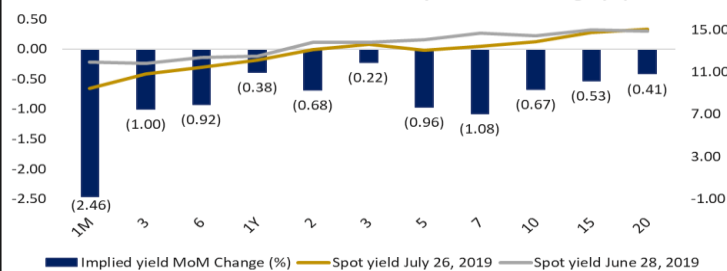


Chart 3: Benchmark Securities' Implied Yield Change (%)



Notes:
*Member - All references to Member means Dealing Member (Banks); **Others includes Options & Cross Currency Interest Rate Swaps;

1 - Month-on-Month; 2 - Year-on-Year; 3 - Change; 4 - Not Applicable; 5 - Federal Government of Nigeria; 6 - Open Market Operations; 7 - Year-to-Date

FIC Market Summary

- Turnover in the Fixed Income and Currency ("FIC") markets for the month ended July 31, 2019 was ₦16.36trn, representing a 14.44% (₦2.76trn) MoM¹ decrease on the turnover recorded in June 2019 (₦19.12trn); whilst recording a 24.89% (₦3.26trn) YoY² increase from the turnover recorded in July 2018 (₦13.10trn).
- Treasury Bills and FX product segments remained the major contributors to turnover in the FIC market, jointly accounting for 70.38% of the total FIC market turnover in July 2019 and representing a 34bps decrease in their joint contribution recorded in June 2019 (70.72%). (See Chart 1)

FX Market

- Total FX market turnover in July 2019 was \$14.53bn (₦5.27trn), representing a 13.41% (\$2.25bn) MoM decrease. (See Table 1)
- Analysis of FX turnover by trade type indicates MoM decrease across all categories, with Inter-Member trades recording the highest percentage MoM decrease at 24.95% (\$0.77bn), while Member-Client trades recorded the highest MoM decrease in dollar (nominal) terms, at 12.66% (\$1.32bn).
- Further, analysis by product type indicates that the MoM decrease in FX turnover was mainly driven by the 22.49% (\$1.93bn) MoM decrease in FX Derivatives turnover, with FX Spot turnover also reporting a MoM decrease of 3.94% (\$0.32bn).
- In July 2019, the 37th Naira-settled OTC FX Futures Contract (NGUS JUL 24 2019) with a total contract value of \$398.87mm matured and was settled, with the Central Bank of Nigeria (CBN) introducing a new contract, NGUS JUL 29 2020 for \$1.00bn at \$/₦363.38 to replace the matured contract. This brings the total value of OTC FX Futures Contracts offered and settled since inception to date to c.\$17.66bn and c.₦9.93bn in open contracts.
- In July 2019, the CBN Official Spot rate appreciated by \$/₦0.05 to close at \$/₦306.85. However, the closing rate for the Naira against the US Dollar at the Investors' and Exporters' ("I&E") FX Window depreciated by \$/₦0.94 to close at \$/₦361.68, while the parallel market rate appreciated by \$/₦1.00 to close at \$/₦360.00 in July 2019.

Fixed Income Market (T.bills and FGN⁵ bonds)

- In July 2019, average OMO⁶ bills and T.bills outstanding was ₦15.32trn and ₦2.56trn respectively, representing MoM increases of 2.40% (₦0.36trn) and 0.20% (₦0.01trn) respectively. Conversely, average outstanding FGN bonds recorded a MoM decrease of 2.49% (₦0.22trn) to close at ₦8.62trn in July 2019 from ₦8.84trn in June 2019.
- Trading intensity for FGN bonds decreased from 0.18 in June 2019 to 0.15 in July 2019, while trading intensity for T.bills also declined to 0.35 in July 2019 from 0.43 in June 2019. Trading intensity in the T.bills and FGN bonds markets YTD⁷ stood at 3.10 and 0.97 respectively compared to 3.06 and 0.83 for the corresponding period in 2018. (See Table 2)
- T.bills within the 6-12 months maturity bracket remained the most actively traded in July 2019, accounting for 48.79% of the total Fixed Income market turnover. (See Chart 2)
- In July 2019, weighted average yields on the short-term, medium-term and long-term maturities decreased by 0.65%, 0.80% and 0.04% respectively. This may be attributed to the increased interest in the fixed income market partly due to the bearish trend in the equities market, causing investors to reallocate investment to the fixed income market. Further, inflation-adjusted yield remained positive across the 6M-20Y tenor in the period under review. (See Chart 3 & 4)

Chart 4: Inflation Adjusted Yield (%)

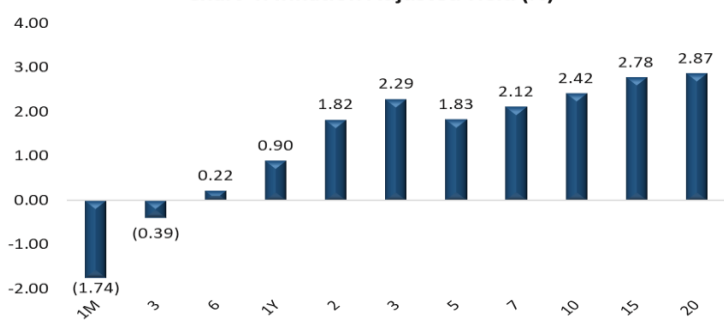


Table 3 - Money Market Turnover (₺trn)

| | Jul-19 | Jun-19 | MoM Δ (₺trn) | MoM Δ (%) | Jul-18 | YoY Δ (₺trn) | YoY Δ (%) |
|--------------------------------|-------------|-------------|---------------|----------------|-------------|--------------|--------------|
| Repos/Buy-Backs | 3.38 | 3.64 | (0.27) | (7.34) | 2.44 | 0.93 | 38.21 |
| Unsecured Placements / Takings | 0.15 | 0.30 | (0.15) | (50.50) | 0.03 | 0.12 | 404.93 |
| Total | 3.53 | 3.95 | (0.42) | (10.67) | 2.47 | 1.05 | 42.64 |

Table 4 - Market Activity - Executed Trade Count

| | July | | | June | | | MoM Δ (%) |
|--------------|-------------------|-------------------|---------------|------------|---------------|---------------|--------------|
| | AFO ¹⁰ | RFQ ¹¹ | Total | AFO | RFQ | Total | |
| T.bills | 556 | 12,165 | 12,721 | 617 | 9,452 | 10,069 | 26.34 |
| FGN bonds | 382 | 1,642 | 2,024 | 160 | 1,249 | 1,409 | 43.65 |
| Total | 938 | 13,807 | 14,745 | 777 | 10,701 | 11,478 | 28.46 |

Notes:
8 – Overnight; 9 – Open Buy-back; 10 – Anonymous Firm Order; 11 – Request-for-Quote

Money Market (Repurchase Agreements/Buy-Backs and Unsecured Placements/Takings)

- Turnover in the Repurchase Agreements/Buy-Backs segment of the Money Market has declined consistently over the past four (4) months from April 2019 where turnover stood at ₺4.09trn to ₺3.38trn in July 2019, representing a 7.34% (₺0.27trn) MoM decrease, whilst recording a 38.21% (₺0.93trn) YoY increase from the turnover recorded in July 2018 (₺2.44trn).
- Turnover in Unsecured Placements/Takings in July 2019 was ₺0.15trn, representing a 50.50% (₺0.15trn) MoM decrease from the ₺0.30trn recorded in June 2019, and a YoY increase of 404.93% (₺0.12trn) from the turnover recorded in July 2018 (₺0.03trn). (See Table 3)
- The MoM decrease in total turnover in the Money Market by 10.67% (₺0.42trn) to ₺3.53trn in July 2019 indicates a decrease in liquidity in the inter-bank market. Consequently, the average Money Market O/N⁸ and OBB⁹ rates increased by 58bps and 37bps respectively to close at 8.66% and 7.87% in July 2019 from 8.08% and 7.50% in June 2019.

Market Surveillance

- Total number of executed trades reported on the E-Bond Trading System in July 2019 was 14,745 representing a 28.46% (3,267) MoM increase from the number of trades executed in June 2019 (11,478), driven by a MoM increase in T.bills and FGN bonds trades by 26.34% (2,652) and 43.65% (615) respectively. (See Table 4)