

Chart 1: FIC Market Turnover (₦'trn)

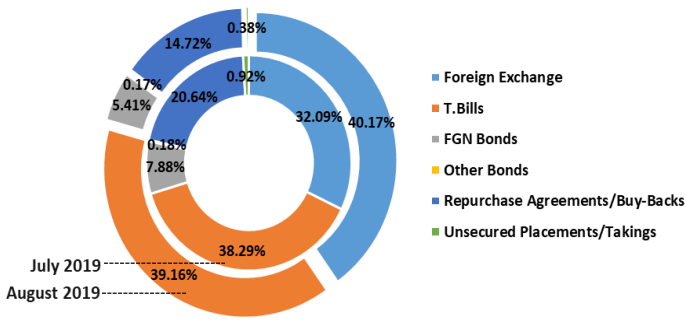


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	August	July	MoM Δ ³ (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	1.56	1.07	0.48	44.93
	FX Forwards	0.11	0.04	0.07	178.43
	FX Swaps	0.51	0.49	0.03	6.04
	FX Futures	0.00	0.00	0.00	0.00
	Others**	1.14	0.73	0.42	57.63
	FX Derivatives	1.77	1.25	0.52	41.61
	Total	3.33	2.33	1.00	43.15
Member-Client	FX Spot	9.43	5.45	3.98	72.99
	FX Forwards	0.83	0.54	0.30	55.88
	FX Swaps	3.75	2.17	1.59	73.21
	FX Futures	1.06	0.72	0.34	47.76
	Others	0.31	0.24	0.07	30.47
	FX Derivatives	5.97	3.66	2.30	62.87
	Total	15.39	9.11	6.28	68.92
Member-CBN	FX Spot	3.36	1.35	2.01	148.84
	FX Forwards	1.38	0.84	0.54	64.20
	FX Swaps	0.50	0.00	0.50	50.00
	FX Futures	1.73	0.89	0.84	94.43
	Others	0.00	0.01	(0.01)	(100.00)
	FX Derivatives	3.61	1.74	1.87	107.28
	Total	6.97	3.09	3.88	125.45
Total Turnover	25.69	14.53	11.16	76.82	

Table 2 - Trading Intensity

	Aug'19	Jul'19	Aug'18	YTD'19	Jan-Aug'18
T.bills	0.51	0.35	0.41	3.62	3.47
FGN bonds	0.14	0.15	0.20	1.11	1.03

Chart 2: Fixed Income Turnover (₦'trn)

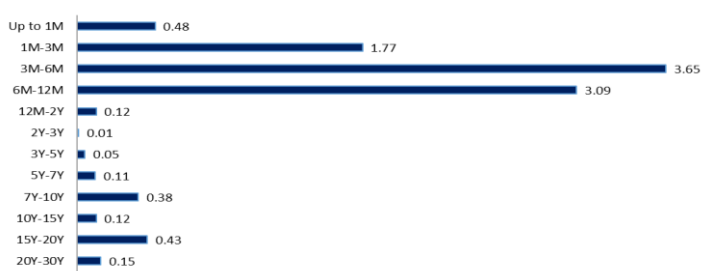
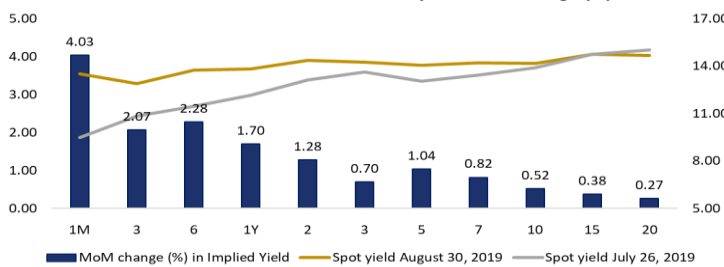


Chart 3: Benchmark Securities' Implied Yield Change (%)



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 August 30, 2019 was ₦23.21trn, representing a 41.87% (₦6.85trn) MoM¹ increase on the turnover recorded in July 2019 (₦16.36trn) and a 43.36% (₦7.02trn) YoY² increase from the turnover recorded in August 2018 (₦16.19trn)
- Treasury Bills and FX product segments remained the major contributors to turnover in the FIC market, jointly accounting for 79.33% of the total FIC market turnover in August 2019 and representing an 8.95% increase in their joint contribution recorded in July 2019 (70.38%). (See Chart 1)

FX Market

- Total FX market turnover in August 2019 was \$25.69bn (₦9.32trn), representing a 76.82% (\$11.16bn) MoM increase. (See Table 1)
- Analysis of FX turnover by trade type indicates MoM increase across all categories, with Member-CBN trades recording the highest percentage MoM increase at 125.45% (\$3.88bn), while Member-Client trades recorded the highest MoM increase in dollar (nominal) terms, at \$6.28bn (68.92%)
- Further, analysis by product type indicates that the MoM increase in FX turnover was mainly driven by the 82.18% (\$6.47bn) MoM increase in FX Spot turnover, with FX Derivatives turnover also reporting a MoM increase of 70.48% (\$4.69bn)
- In August 2019, the 38th Naira-settled OTC FX Futures Contract (NGUS AUG 21 2019) with a total contract value of \$638.23mm matured and was settled, with the Central Bank of Nigeria (CBN) introducing a new contract, NGUS SEP 30 2020 for \$1.00bn at \$/₦365.47. This brings the total value of OTC FX Futures Contracts traded (i.e. open and settled) to c.\$29.30bn and c.\$11.01bn in open contracts
- In August 2019, the CBN Official Spot rate depreciated by \$/₦0.15 to close at \$/₦307.00. Similarly, the closing rate for the Naira against the US Dollar at the Investors' and Exporters' ("I&E") FX Window depreciated by \$/₦1.25 to close at \$/₦362.93, while the parallel market rate remained constant at \$/₦360.00 in August 2019

Fixed Income Market (T.bills and FGN⁵ bonds)

- In August 2019, total OMO⁶ bills issued was ₦15.14trn, representing a MoM decrease of 1.17% (₦0.18trn), whilst average T.bills outstanding was ₦2.58trn, representing a MoM increase of 0.78% (₦0.02trn). Furthermore, average outstanding FGN bonds recorded a MoM increase of 1.74% (₦0.15trn) to close at ₦8.77trn in August 2019 from ₦8.62trn reported in July 2019
- Trading intensity for FGN bonds decreased from 0.15 in July 2019 to 0.14 in August 2019, while trading intensity for T.bills increased to 0.51 in August 2019 from 0.35 in July 2019. YTD⁷ Trading intensity for T.bills and FGN bonds stood at 3.62 and 1.11 respectively compared to 3.47 and 1.03 recorded in the corresponding period in 2018, indicating a marginal pick up in fixed income secondary market liquidity. (See Table 2)
- In August 2019, T.bills within the 3M - 6M maturity bracket were the most actively traded among the short-term securities (i.e. 1M - 2Y) accounting for 35.24% of the total Fixed Income market turnover, while FGN bonds within the 15Y - 20Y maturity bracket were the most actively traded among the medium to long-term securities, accounting for 4.19% of the total Fixed Income market turnover. (See Chart 2)
- Weighted average yields on the short- and medium-term Fixed Income maturities increased by 1.84% and 1.11% respectively in August 2019 which may be attributed to tight system liquidity which triggered selloffs, particularly on the shorter end of the yield curve. Conversely, weighted average yield on long-term maturities decreased by 0.15% as investors sought securities with higher returns, with the 2037 FGN bond showing an increase in demand. However, inflation-adjusted yield remained positive across all tenors in the period under review. (See Chart 3 & 4)

Chart 4: Inflation Adjusted Yield (%)

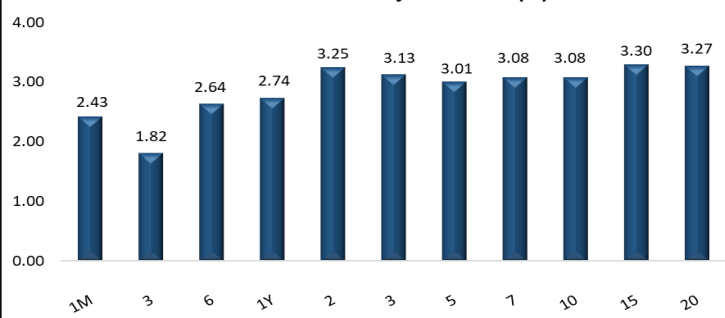


Table 3 - Money Market Turnover (₦'trn)

	Aug-19	Jul-19	MoM Δ (₦'trn)	MoM Δ (%)	Aug-18	YoY Δ (₦'trn)	YoY Δ (%)
Repos/Buy-Backs	3.42	3.38	0.04	1.23	2.50	0.92	36.91
Unsecured Placements / Takings	0.09	0.15	(0.06)	(41.43)	0.07	0.02	32.56
Total	3.51	3.53	(0.02)	(0.59)	2.56	0.94	36.80

Table 4 - Market Activity - Executed Trade Count

	August			July			MoM Δ (%)
	AFO ¹⁰	RFQ ¹¹	Total	AFO	RFQ	Total	
T.bills	444	16,459	16,903	556	12,165	12,721	32.87
FGN bonds	200	1,549	1,749	382	1,642	2,024	(13.59)
Total	644	18,008	18,652	938	13,807	14,745	26.50

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 increased MoM from ₦3.38trn in July 2019 to ₦3.42trn in August 2019, representing a 1.23% (₦0.04trn) MoM increase, whilst recording a 36.91% (₦0.92trn) YoY increase from the turnover recorded in August 2018 (₦2.50trn).
- The MoM decrease in total turnover in the Money Market by 0.59% (₦0.02trn) to ₦3.51trn in August 2019 indicates a MoM decrease in liquidity in the inter-bank market. Consequently, the average Money Market O/N⁸ and OBB⁹ rates increased by 529bps and 500bps respectively to an average of 13.95% and 12.87% in August 2019 from 8.66% and 7.87% in July 2019.
- Turnover in Unsecured Placements/Takings in August 2019 was ₦0.09trn, representing a 41.43% (₦0.06trn) MoM decrease from the ₦0.15trn recorded in July 2019, and a YoY increase of 32.56% (₦0.02trn) from the turnover recorded in August 2018 (₦0.07trn). (See Table 3)

Market Surveillance

- Total number of executed trades reported on the E-Bond Trading System in August 2019 was 18,652 representing a 26.50% (3,907) MoM increase from the number of trades executed in July 2019 (14,745), driven by a MoM increase in T.bills trades by 32.87% (4,182). However, FGN bonds trades declined by 13.59% (275). (See Table 4)