

Chart 1: FIC Market Turnover (₦'trn)

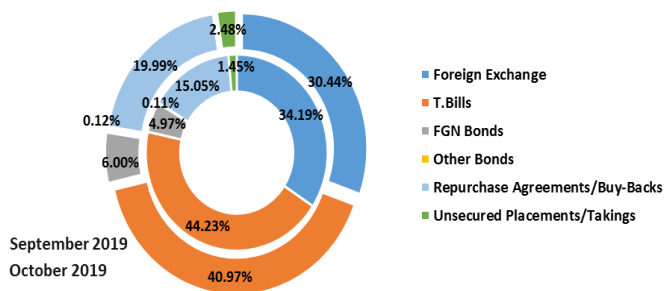


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	October	September	MoM Δ ³ (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	1.64	1.49	0.15	10.34
	FX Forwards	0.04	0.04	0.00	0.23
	FX Swaps	0.52	0.88	(0.35)	(40.23)
	FX Futures	0.00	0.00	0.00	0.00
	Others**	0.79	0.80	(0.01)	(1.44)
	FX Derivatives	1.35	1.71	(0.36)	(21.25)
	Total	2.99	3.20	(0.21)	(6.56)
Member-Client	FX Spot	5.93	8.12	(2.19)	(26.98)
	FX Forwards	0.65	0.53	0.12	21.84
	FX Swaps	1.33	2.11	(0.78)	(37.11)
	FX Futures	0.30	0.26	0.04	14.47
	Others	0.25	0.25	0.00	1.70
	FX Derivatives	2.53	3.16	(0.62)	(19.79)
	Total	8.46	11.27	(2.81)	(24.97)
Member-CBN	FX Spot	1.27	1.70	(0.43)	(25.18)
	FX Forwards	0.87	1.43	(0.56)	(39.29)
	FX Swaps	0.00	0.00	0.00	0.00
	FX Futures	0.38	0.52	(0.14)	(26.16)
	Others	0.00	0.00	0.00	0.00
	FX Derivatives	1.25	1.95	(0.70)	(35.79)
	Total	2.52	3.65	(1.13)	(30.85)
Total Turnover	13.97	18.12	(4.15)	(22.90)	

Table 2-Trading Intensity

	Oct'19	Sep'19	Oct'18	YTD'19	Jan-Oct'18
T.bills	0.39	0.48	0.40	4.47	4.39
FGN Bonds	0.11	0.11	0.09	1.33	1.29

Chart 2: Fixed Income Turnover (₦'trn)

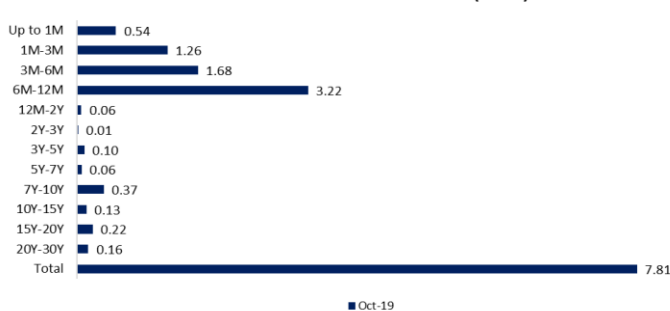
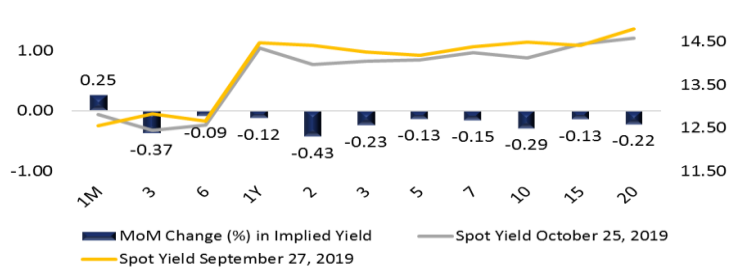


Chart 3: Benchmark Securities' Implied Yield Change (%)



FIC Market Summary

- Turnover in the Fixed Income and Currency ("FIC") markets for the month ended October 31, 2019 was ₦16.63trn, representing a MoM¹ decrease of 13.39% (₦2.57trn) on the turnover recorded in September 2019 (₦19.20trn) despite representing a YoY² increase of 24.57% (₦3.28trn) in comparison to the turnover recorded in October 2018 (₦13.35trn)
- Treasury bills ("T.bills") and Foreign Exchange ("FX") product segments persisted as the major drivers of turnover, jointly accounting for 71.41% of the total FIC market turnover recorded in October 2019 but representing a MoM decrease of 701bps compared to their joint contribution as recorded in September 2019 (78.42%). (See Chart 1)

FX Market

- Total FX market turnover in October 2019 was \$13.97bn (₦5.06trn), representing a 22.90% (\$4.15bn) MoM decrease from the turnover recorded in September 2019. (See Table 1)
- Analysis of FX market turnover by trade type indicated MoM decreases across all trade type categories, with Member-CBN trades recording the highest percentage MoM decrease at 30.85% (\$1.13bn), while Member-Client trades recorded the highest MoM decrease in dollar (nominal) terms, at \$2.81bn (24.97%)
- Additionally, analysis by product type indicates that the MoM decrease in FX turnover was mainly driven by the 21.80% (\$2.46bn) decrease in FX Spot turnover. Similarly, FX Derivatives turnover recorded a MoM decrease of 24.73% (\$1.69bn) driven by the 38.02% (\$1.14bn) MoM decrease in FX Swaps turnover
- In October 2019, the Naira-settled OTC FX Futures Contract (NGUS OCT 30 2019) with a total open contract value of \$1.19bn matured and was settled, and a new contract, NGUS NOV 25 2020 for \$1.00bn at \$/₦366.22 was introduced. This brings the total value of open OTC FX Futures Contracts to c.\$9.74bn, while the total value of contracts settled since inception to date stands at c.\$20.77bn
- In October 2019, the CBN Official Spot rate for US\$/₦ remained constant at \$/₦307.00. Similarly, the parallel market rate remained constant at \$/₦360.00, while the Naira depreciated against the US Dollar at the Investors' and Exporters' ("I&E") FX Window by \$/₦0.43 to close at \$/₦362.66 in October 2019 (\$/₦362.23 in September 2019)

Fixed Income Market (T.bills and FGN⁴ bonds)

- In October 2019, total OMO⁵ bills outstanding was ₦14.87trn, representing a MoM decrease of 2.30% (₦0.35trn), whilst average T.bills outstanding remained constant at ₦2.58trn. However, average FGN bonds outstanding increased MoM by 0.79% (₦0.07trn) to close at ₦8.90trn in October 2019 from ₦8.83trn reported in September 2019
- Trading intensity for T.bills decreased to 0.39 in October 2019 from 0.48 recorded in September 2019, however, trading intensity for FGN bonds remained constant at 0.11 in October 2019. YTD⁶ Trading intensity for T.bills and FGN bonds stood at 4.47 and 1.33 respectively compared to 4.39 and 1.29 recorded in the corresponding period in 2018. (See Table 2)
- In October 2019, T.bills within the 6M - 12M maturity bracket were the most actively traded among the short-term securities (i.e. 1M - 2Y) accounting for 41.23% of the total Fixed Income market turnover, while FGN bonds within the 7Y - 10Y maturity bracket were the most actively traded among the medium to long-term securities (i.e. 2Y - 30Y), accounting for 4.74% of the total Fixed Income market turnover. (See Chart 2)
- Weighted average yields on the short, medium and long-term fixed income maturities decreased by 0.06%, 0.16% and 0.36% respectively in October 2019. This can be attributed to the sustained interest in fixed income securities by foreign portfolio investors and local institutional investors due to favourable real returns compared to other asset classes. However, inflation-adjusted yield remained positive across all tenors in the period under review. (See Chart 3 & 4)

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 - Federal Government of Nigeria; 5 - Open Market Operations; 6 - Year-to-Date

Chart 4: Inflation Adjusted Yield (%)

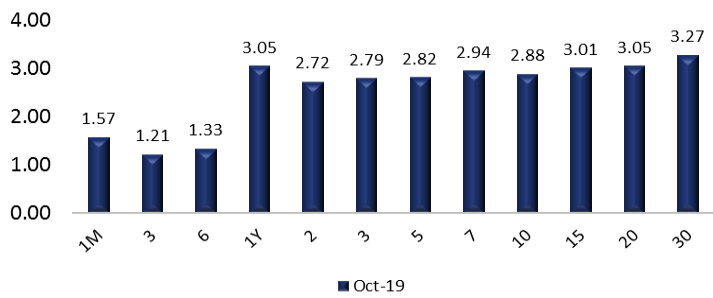


Table 3 - Money Market Turnover (₺'bn)

	Oct-19	Sep-19	MoM Δ (₺'bn)	MoM Δ (%)	Oct-18	YoY Δ (₺'bn)	YoY Δ (%)
Repos/Buy-Backs	3,324.75	2,888.73	436.02	15.09	2,639.54	685.21	25.96
Unsecured Placements / Takings	412.14	278.11	134.03	48.19	66.90	345.23	516.02
Total	3,736.89	3,166.84	570.05	18.00	2,706.44	1,030.45	38.07

Table 4 - Market Activity - Executed Trade Count

	October			September			MoM Δ (%)
	AFO ¹¹	RFQ ¹²	Total	AFO	RFQ	Total	
T.bills	284	8,358	8,642	435	11,601	12,036	(28.20)
FGN bonds	124	965	1,089	71	1,119	1,190	(8.49)
Total	408	9,323	9,731	506	12,720	13,226	(26.43)

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

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

- Total turnover in the Money Market increased MoM by 18.00% (₺0.57trn) to ₺3.74trn in October 2019, driven majorly by the Repurchase Agreements/Buy-Backs segment which recorded a MoM increase of 15.09% (₺0.44trn) in turnover to ₺3.32trn in October 2019 from ₺2.89trn in September 2019. (See Table 3)
- Turnover in Unsecured Placements/Takings in October 2019 was ₺0.41trn, representing a 48.19% (₺0.13trn) MoM increase from the ₺0.28trn recorded in September 2019, and a YoY increase of 516.02% (₺0.35trn) from the turnover recorded in October 2018 (₺0.07trn). This can be attributed to the increased liquidity in the inter-bank market
- Improved liquidity in the financial system is evidenced by the decrease of the average O/N⁷ and OBB⁸ rates by 490bps and 460bps respectively to an average of 7.01% and 6.23% in October 2019 from 11.91% and 10.83% in September 2019

Market Surveillance

- Total number of executed trades reported on the Bloomberg E-Bond Trading System in October 2019 was 9,731, representing a 26.43% (3,495) MoM decrease in the number of executed trades in September 2019 (13,226), driven by the 28.20% (3,394) and 8.49% (101) MoM decreases in T.bills and FGN bonds' trades respectively. (See Table 4)