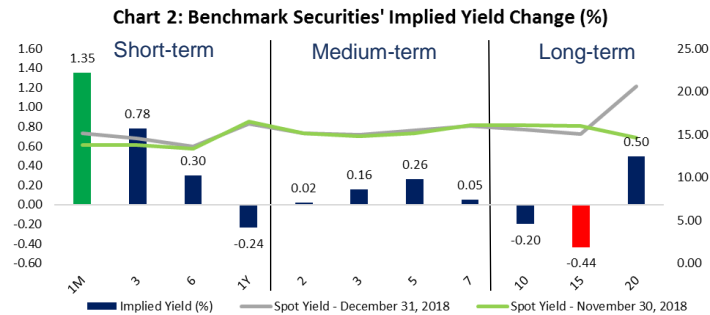


	December	November	MoM Δ ⁵ (\$'bn)	MoM Δ (%)
Inter-Member*				
FX Spot	1.69	1.76	-0.07	-3.78%
FX Swaps	0.43	0.44	-0.01	-2.29%
FX Futures	0.00	0.00	0.00	0.00%
Others**	0.07	0.05	0.02	32.10%
Total	2.19	2.25	-0.06	-2.68%
Member-Clients				
FX Spot	0.00	2.88	-2.88	-100.00%
FX Swaps	1.90	1.95	-0.06	-2.96%
FX Futures	0.58	0.38	0.21	55.11%
Others	1.06	0.89	0.17	19.49%
Total	3.54	6.10	-2.56	-41.96%
Member-CBN				
FX Spot	0.00	2.06	-2.06	-100.00%
FX Swaps	2.10	0.00	2.10	0.00%
FX Futures	0.98	0.63	0.35	55.97%
Others	2.20	2.25	-0.06	-2.48%
Total	5.28	4.94	0.33	6.75%
Total Turnover	11.01	13.30	-2.29	-17.20%



	Dec-18	Nov-18	MoM Δ (₦'bn)	MoM Δ (%)	Dec-17	YoY Δ (N)	YoY Δ (%)
Repos/Buy-Backs	3,371.51	4,245.55	-874.04	-20.71%	2,741.47	630.04	22.99%
Unsecured Placements / Takings	56.55	63.08	-6.53	-10.35%	141.37	-84.82	-60.00%
Total	3,428.07	4,308.63	-880.57	-20.44%	2,882.84	545.22	18.91%

	December			November			MoM Δ (%)
	AFO ⁹	RFQ ¹⁰	Total	AFO	RFQ	Total	
T.bills	3,878	10,759	14,637	951	11,706	12,657	15.64%
FGN bonds	176	945	1,121	229	1,293	1,522	-26.35%
Total	4,054	11,704	15,758	1,180	12,999	14,179	11.14%

Notes:
 *Member** All references to Member means Dealing Member (Banks); *Others*** includes FX Forwards, Options & Cross Currency Interest Rate Swaps
 1 - Month-on-Month; 2 - Year-on-Year; 3 - Year-to-Date; 4 - Central Bank of Nigeria; 5 - Change; 6 - Federal Government of Nigeria; 7 - Overnight; 8 - Nigerian Inter-Bank Offered Rate; 9 - Anonymous Firm Order; 10 - Request-for-Quote.

OTC Market Summary

- Turnover in the Fixed Income and Currency (FIC) market for the month ended December 31, 2018 was ₦17.71trn, representing an 9.09% (₦1.77trn) MoM¹ decrease on the turnover of ₦19.48trn recorded in November, and a 49.33% (₦5.85trn) YoY² increase
- Treasury bills (T. bills) and Foreign Exchange (FX) remained the major drivers of turnover in the FIC market, jointly accounting for 76.48% of turnover in December and higher by 3.47 percentage points (ppts) from their level of contribution in November (73.01%) (see Chart 1)

FX Market

- Total FX market turnover in December was \$11.01bn, representing a 17.22% (\$2.29bn) MoM decline from the turnover recorded in November (\$13.30bn). Turnover at the Investors & Exporters (I&E) FX Window recorded an 8.50% (\$0.46bn) MoM decrease to close at \$4.95bn from the \$5.41bn recorded in November. YTD³ turnover at the I&E FX Window closed at \$59.75bn as at December 31, 2018
- The decrease in FX turnover in December can be attributed to the 41.96% and 2.66% decline in Member-Clients and Inter-Member trades which was only partly offset by the 6.75% increase in Member-CBN⁴ trades (see Table 1)
- Analysis of FX turnover by product type showed that FX Derivatives was the main driver of the overall MoM decline in FX turnover, with a MoM increase of 41.33% (\$2.73bn), driven mainly by an 84.79% rise in FX Swaps turnover. Contrastingly, FX Spot recorded a MoM decrease of 74.75% (\$5.01bn). In December, the 30th Naira-settled OTC FX Futures Contract (NGUS DEC 26, 2018) with total open contract of \$664.78mm matured and was settled on FMDQ, while a new 12-month Futures contract (NGUS DEC 24, 2019) with a notional principal of \$1.00bn and futures price of \$/₦366.24 was listed on the OTC Exchange
- In December, the Nigerian Naira appreciated against the US Dollar at the I&E FX Window, with \$/₦ rate decreasing by 10 kobo to close the month at \$/₦ 364.00 (from \$/₦364.10 recorded in November), while the CBN Official Spot rate depreciated by \$/₦0.20 to close at \$/₦307.00 (from \$/₦306.80 recorded in November). The \$/₦ rate at the Parallel market also appreciated between December and November by ₦8.00 to close at \$/₦362.00 from \$/₦370.00

Fixed Income Market (T. bills and FGN⁶ Bonds)

- Total T. bills and FGN Bonds outstanding recorded a MoM decrease of ₦1.13trn and increase of ₦0.01trn to close at ₦12.39trn and ₦8.26trn respectively as at December 31, 2018. Also, the split in sovereign debt between long and short-term debt as at December was 40:60 (long vs. short term), as against the planned ratio of 75:25 outlined in the Debt Management Strategy (2016 -2019)
- Monthly Trading Intensity in the T. bills and FGN Bonds markets decreased from 0.61 and 0.11 in November, to 0.49 and 0.09 in December respectively. YTD trading intensity in both markets stood at 5.32 and 1.50 respectively compared to 6.61 and 1.38 as at the same period in 2017, suggesting more issuances and the growth in outstanding debt may have impacted trading on some securities in 2018. T. bills within the 6-12 months maturity bracket were the most actively traded in December, accounting for 28.33% of the total FI market turnover in December
- Weighted average yields on short, medium and long-term maturities on the sovereign yield curve rose by 0.54ppts, 0.17ppts and 1.10ppts respectively in December (see Chart 2)
- Yield spread between the 3-month T. bills and the 10-year FGN Bond decreased by 126 basis points (bps) to close at 1.01% in December (2.27% in November)

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

- Turnover recorded in the Repos/Buy-Backs segment of the Money Market was ₦3.37trn in December, representing a 20.71% (₦0.88trn) MoM decrease from ₦4.25trn recorded in November, and a 22.99% (₦0.63trn) YoY increase from the turnover recorded in December 2017 (see Table 2)
- Furthermore, Unsecured Placements/Takings closed the month with a turnover of ₦56.55bn, representing a 10.35% (₦6.53bn) MoM decrease from ₦63.08bn recorded in November, and a YoY decline of 60.00% (₦84.82bn) (see Table 2)
- Average O/N⁷ NIBOR⁸ increased by 16.70ppts to close at 25.29% in December from 8.59% reported for November, indicating a decrease in liquidity in the inter-bank market

Market Surveillance

- Total number of executed trades reported on the E-Bond Trading System in December was 15,758 representing a 11.14% (1,579) MoM increase from the number of trades executed in November (14,179), driven by a MoM increase in T. bills trade by 1,980 (15.64%). Conversely, FGN Bonds witnessed a MoM decrease by 401 (26.35%) respectively (see Table 3)

Source: FMDQ OTC Securities Exchange