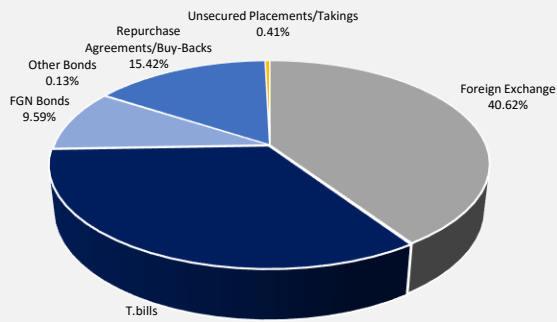


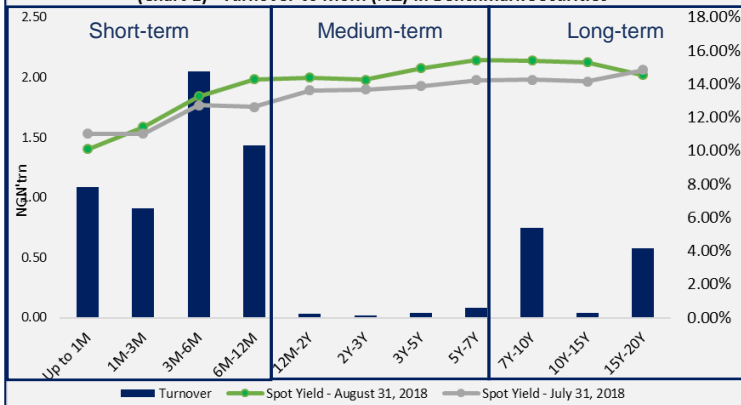
OTC Turnover



(Table 1) - FX MARKET TURNOVER (\$'bn)

	August	July	MoM Δ ¹ (\$'bn)	MoM Change Δ (%)	
Inter-Member*	FX Spot	2.11	1.59	0.52	32.55
	FX Swaps	0.43	0.37	0.06	17.77
	FX Futures	0.00	0.00	0.00	0.00
	Others**	0.04	0.02	0.02	64.68
	Total	2.58	1.99	0.60	30.03
Member-Clients	FX Spot	7.11	4.80	2.31	48.06
	FX Swaps	1.75	1.33	0.43	32.07
	FX Futures	0.29	0.39	-0.10	-25.72
	Others	0.58	0.40	0.18	45.64
	Total	10.20	7.16	3.04	42.49
Member-CBN	FX Spot	3.22	1.50	1.73	115.13
	FX Swaps	0.10	0.20	-0.10	-50.00
	FX Futures	0.47	0.40	0.07	16.72
	Others	1.60	0.76	0.85	111.83
	Total	6.25	3.47	2.78	80.10
Total Turnover	19.03	12.61	6.42	50.87	

(Chart 1) - Turnover vs MoM (%) in Benchmark Securities



(Table 2) - MONEY MARKET TURNOVER (N'bn)

	August	July	MoM Δ (N'bn)	MoM Δ (%)
Repurchase Agreement/Buy backs	2,495.71	2,442.08	53.63	2.20
Unsecured Placement/Takings	66.51	29.81	36.69	123.08
Total	2,562.21	2,471.89	90.33	3.65

(Table 3) - MARKET ACTIVITY - EXECUTED TRADE COUNT

	August			July			MoM Δ (%)
	AFO ⁹	RFQ ¹⁰	Total	AFO	RFQ	Total	
T.bills	980	10,156	11,136	1,250	11,529	12,779	-12.86%
FGN bonds	850	2,114	2,964	414	1,344	1,758	68.60%
Total	1,830	12,270	14,100	1,664	12,873	14,537	-3.01%

Notes:

*Member**All references to Member means Dealing Member (Banks); *Others*** include 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.

Source: FMDQ OTC Securities Exchange

OTC Market Summary

- Turnover in the Fixed Income and Currency (FIC) market for the month ended August 31, 2018 was ₦16.18trn representing a 23.56% (₦3.09trn) MoM¹ increase on turnover of ₦13.10trn recorded in July, and a 47.37% (₦5.20trn) YoY² increase.
- The Foreign Exchange (FX) and Treasury bills (T.bills) market remained the major drivers of turnover in the FIC market, jointly accounting for 74.45% of total turnover in August, a marginal increase of 0.19 percentage points (ppts) from their contribution in July (74.26%)

FX Market

- Total FX market turnover in August was \$19.03bn (₦6.89trn), a 50.87% (\$6.42bn) increase from the turnover recorded in July (\$12.61bn). Turnover at the Investors & Exporters (I&E) FX Window in August was \$5.51bn, representing a 62.54% MoM increase from the value recorded in July (\$3.39bn). The MoM increase in turnover at the I&E FX Window resulted in a 1.07ppts increase in its contribution to total FX market turnover from 26.88% in July to 28.95% in August, bringing the total YTD³ turnover at the I&E FX Window to \$39.18bn
- Analysis of FX turnover by trade type shows that in August, Member-CBN⁴ trades recorded the highest MoM percentage increase of 80.10% (\$2.78bn), while Member-Clients trades recorded the highest MoM increase in value, growing by \$3.04bn (42.49%) (see Table 1)
- Analysis of contribution to total FX turnover by trade type indicated Member-Client and Member-CBN trades remained the major drivers in this segment, contributing 53.59% and 32.83% respectively to total turnover
- Analysis by product type showed that turnover in FX Spot and Derivatives both increased MoM by 57.67% (\$4.55bn) and 36.23% (\$1.40bn) respectively, with majority of the growth in FX Derivatives recorded in FX Forwards. In August, the 26th Naira-settled OTC FX Futures contract (NGUS AUG 29, 2018) with a total open contract size of \$349.44mm, matured and was settled on FMDQ, whilst a new 12-month contract (NGUS AUG 21, 2019) with a notional principal of \$1.00bn with a futures price of \$/₦364.40 was introduced to replace the matured contract
- In August, the USD/NGN rate at the I&E FX Window depreciated by \$/₦0.10 to close the month at 362.50 (from \$/₦362.40 as at July 31, 2018). Similarly, the CBN Official Spot rate depreciated in August, losing \$/₦0.25 to close at \$/₦306.15 (from \$/₦305.90 as at July 31, 2018). The Parallel market rate also depreciated in August, losing \$/₦1.00 to close at 361.00 (from \$/₦360.00 as at July 31, 2018), resulting in the closing USD/NGN rate at the parallel market being lower than the USD/NGN rate at the I&E FX Window for the second consecutive month in 2018

Fixed Income Market (T.bills and FGN⁶ Bonds)

- In August, total turnover in the Fixed Income (FI) market was ₦7.03trn, representing a 14.08% (₦0.87trn) MoM increase from turnover reported in July. Turnover in the T.bills market recorded a MoM increase of 3.98% (₦0.21trn). Similarly, turnover in the FGN Bonds market increased MoM by 73.53% (0.66trn)
- Total T.bills outstanding as at August 31, 2018, stood at ₦12.57trn, representing a 6.71% (₦0.90trn) MoM decline while total FGN Bonds outstanding increased by 1.39% (₦0.11trn) MoM to close at ₦8.02trn. This indicates a 61:39 mix for domestic debt between short-term and long-term debt, contrary to the 25:75 mix targeted by the Debt Management Office (DMO)
- Monthly Trading Intensity in the T.bills and FGN Bonds markets increased from 0.39 and 0.11 in July, to 0.41 and 0.20 in August respectively. T.bills within the 3-6 months maturity bracket remained the most actively traded, accounting for 29.20% of the total FI market turnover in August
- Weighted average yields across the short, medium and long-term maturities on the sovereign yield curve increased by 0.44ppts, 0.83ppts and 0.50ppts respectively (see Chart 1)
- Yield spread between the 3-month T.bills and the 10-year FGN Bond increased by 73 basis points (bps) to close at a 3.98% in August (3.25% in July) due to disproportionate MoM rise in yields (MoM increase in the yield of the 10Y bond while yield of the 3M T.bills declined) due to sell-offs in the 10Y Bonds, as investors sought to exit lower yield bonds for on-the-run T.bills with better yields

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

- Turnover recorded in the Repos/Buy-Backs segment of the Money Market was ₦2.50trn in August, representing a 2.20% (₦0.05trn) MoM increase from the value recorded in July (₦2.44trn) and a 0.74% (₦0.02trn) YoY decline on the turnover recorded in August 2017
- Conversely, Unsecured Placements/Takings closed the month with a turnover of ₦66.51bn, representing a 123.08% (₦36.69bn) MoM increase on the turnover recorded in July (₦36.69bn), and a YoY decline of 26.81% (₦24.36bn) (see Table 2)
- Average O/N⁷ NIBOR⁸ declined by 3.39ppts to close at 8.94% in August from 12.33% reported for July, suggesting an increase in liquidity in the inter-bank market

Market Surveillance

- Total number of executed trades reported on the E-Bond Trading System in August was 14,100, representing a MoM decrease of 437 in the number of executed trades, driven by a MoM decline in the number of executed trades in T.bills by 1,643 (12.86%), offsetting the MoM increase by 1,206 (68.60%) in the total number of executed trades for FGN bonds in August 2018 (see Table 3)