



# **FINANCIAL MARKETS MONTHLY REPORT**

**April 2023**

## Glossary

| Abbreviation                        | Definition  | Abbreviation   | Definition                   |
|-------------------------------------|---|----------------|------------------------------|
| <b>bn</b>                           | Billion   | <b>T.bills</b> | Treasury Bills               |
| <b>bps</b>                          | Basis Points                                      | <b>trn</b>     | Trillion                     |
| <b>CBN</b>                          | Central Bank of Nigeria                           | <b>US</b>      | The United States of America |
| <b>CP</b>                           | Commercial Paper                                  | <b>Y</b>       | Year                         |
| <b>DMO</b>                          | Debt Management Office                            | <b>YoY</b>     | Year-on-Year                 |
| <b>FGN</b>                          | Federal Government of Nigeria                     |                |                              |
| <b>FX</b>                           | Foreign Exchange                                  |                |                              |
| <b>I&amp;E FX Window or I&amp;E</b> | Investors' and Exporters' Foreign Exchange Window |                |                              |
| <b>LCY</b>                          | Local Currency                                    |                |                              |
| <b>M</b>                            | Month   |                |                              |
| <b>mm</b>                           | Million   |                |                              |
| <b>MM</b>                           | Money Market                                      |                |                              |
| <b>MoM</b>                          | Month-on-Month                                    |                |                              |
| <b>N/A</b>                          | Not Applicable                                    |                |                              |
| <b>NBS</b>                          | National Bureau of Statistics                     |                |                              |
| <b>NV</b>                           | Notional Value                                    |                |                              |
| <b>OMO</b>                          | Open Market Operations                            |                |                              |
| <b>O/N</b>                          | Overnight   |                |                              |
| <b>OPR</b>                          | Open Repos  |                |                              |
| <b>OTC</b>                          | Over-the-Counter                                  |                |                              |
| <b>ppts</b>                         | Percentage Points                                 |                |                              |
| <b>Repo</b>                         | Repurchase Agreement                              |                |                              |

### Sources:

FMDQ Securities Exchange Limited, DMO, CBN, NBS

### Note:

Minor discrepancies between sums of constituent figures and totals shown reflect rounding.

## Primary Market

### Sovereign Securities

The DMO sold T.bills valued at ₦281.10bn across its auctions in April 2023, representing a 55.51% (₦350.74bn) MoM decrease on the value of T-bills sold across its auctions in March 2023 (₦631.84bn).

Similarly, the DMO sold FGN Bonds worth ₦552.47bn via re-openings of two (2) 10Y, one (1) 20Y and one (1) 30Y maturities in April 2023. The total sale represented a 153.46% oversubscription of the amount offered<sup>1</sup>, and a 1.93% (₦10.90bn) MoM decrease on the amount sold in March 2023 (₦563.36bn) for the same FGN Bond maturities.

The CBN did not auction OMO Bills in the primary market for the fourth consecutive month in April 2023.

#### Average Treasury Bills Discount Rates in Apr. 2023

**91-day – 5.65%**  
3.33% (Mar. '23) ▲

**182-day – 8.00%**  
6.33% (Mar. '23) ▲

**364-day – 12.44%**  
11.41% (Mar. '23) ▲

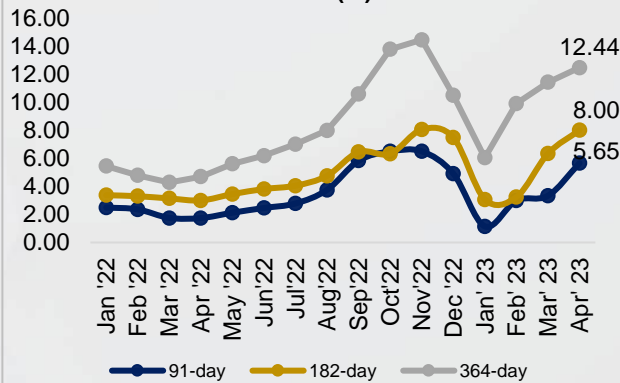
#### Average FGN Bond Coupon Rates in Apr. 2023

**10Y – 14.40%**  
14.38% (Mar. '23) ▲

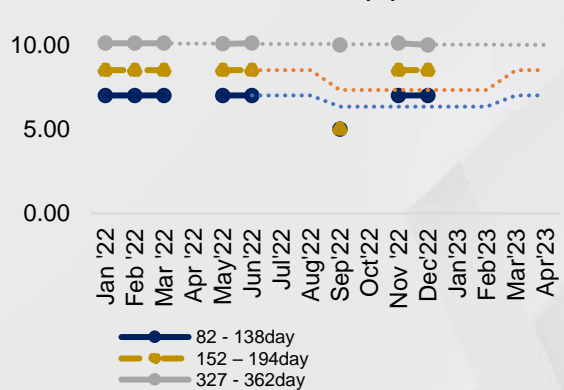
**20Y – 15.40%**  
15.20% (Mar. '23) ▲

**30Y – 15.80%**  
15.75 (Mar. '23) ▲

**Chart 1: Trend in Average T.bills Discount Rate (%)**



**Chart 2: Trend in Average OMO Bills Discount Rate (%)**



**Table 1: Value of New Issuances (₦'bn)**

| Product   | May '22 | Jun. '22 | Jul. '22 | Aug. '22 | Sep. '22 | Oct. '22 | Nov. '22 | Dec. '22 | Jan. '23 | Feb. '23 | Mar. '23 | Apr. '23 |
|-----------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| T.bills   | 311.35  | 544.87   | 407.55   | 446.15   | 553.66   | 144.00   | 523.55   | 185.38   | 277.47   | 263.50   | 631.84   | 281.10   |
| OMO Bills | 180.01  | 40.00    | 0.00     | 0.00     | 25.60    | 0.00     | 20.00    | 30.00    | 0.00     | 0.00     | 0.00     | 0.00     |
| FGN Bonds | 378.41  | 226.12   | 123.84   | 200.58   | 261.50   | 107.88   | 269.15   | 264.52   | 662.62   | 770.82   | 563.36   | 552.47   |

**Table 2: Value of Outstanding Securities (₦'bn)**

| Product   | May '22   | Jun. '22  | Jul. '22  | Aug. '22  | Sep. '22  | Oct. '22  | Nov. '22  | Dec. '22  | Jan. '23  | Feb. '23  | Mar. '23  | Apr. '23  |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| T.Bills   | 4,465.85  | 4,504.79  | 4,504.80  | 4,504.80  | 4,542.78  | 4,225.63  | 4,519.20  | 4,422.72  | 4,422.72  | 4,622.72  | 4,722.72  | 4,591.26  |
| OMO Bills | 770.00    | 810.00    | 740.00    | 605.00    | 600.00    | 500.00    | 480.00    | 445.00    | 385.00    | 215.00    | 145.00    | 145.00    |
| FGN Bonds | 13,863.55 | 14,089.34 | 14,214.12 | 14,414.32 | 14,419.34 | 14,788.29 | 15,058.28 | 15,314.25 | 15,313.89 | 16,747.30 | 17,311.11 | 17,128.50 |

**Notes:**

1 – Amount Offered in April 2023 was ₦360.00bn

## Primary Market

### Non-Sovereign Securities

There were no corporate bonds listed on FMDQ Exchange in April 2023 compared to ₦112.42bn worth of corporate bonds listed in March 2023. As a result, the total outstanding value for corporate bonds decreased MoM by 0.05% (₦0.75bn) from ₦1,610.24bn in March 2023 to ₦1,609.49bn in the review month.

The total value of CPs quoted on FMDQ Exchange in April 2023 was ₦114.27bn, representing a MoM decrease of 67.74% (₦239.91bn) from the value of CPs quoted in March 2023. Quoted CPs were issued by institutions from various sectors including Financial Services (5), Manufacturing (4), Real Estate (2), Retail (2) and Health and Pharmaceuticals (1).

As a result, the total outstanding value of CPs increased MoM by 6.86% (₦45.92bn) to ₦715.28bn. (See Table 6)

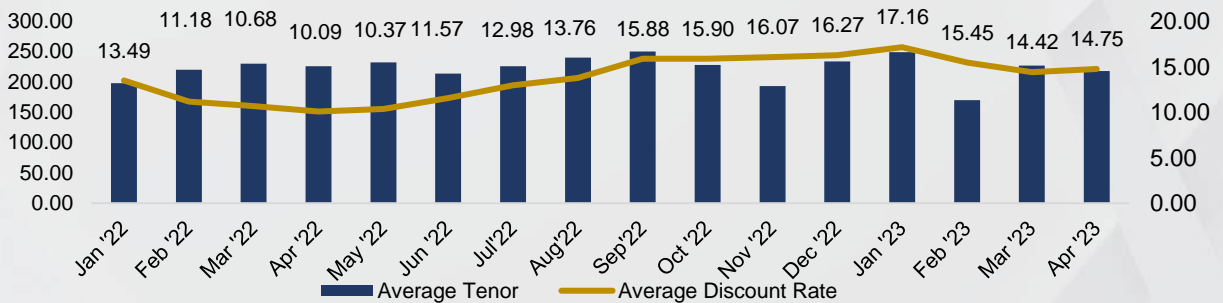
**Table 3: Average Discount Rates for Quoted CPs**

| Tenor          | Apr. 23 | Mar. 23 | Trend |
|----------------|---------|---------|-------|
| <=90 days      | -       | -       | N/A   |
| 91 – 180 days  | 15.84%  | 15.15%  | ▲     |
| 181 – 270 days | 14.31%  | 14.23%  | ▲     |

**Table 4: Average Coupon Rates for Listed Corporate Bonds**

| Tenor          | Apr. 23 | Mar. 23 | Trend |
|----------------|---------|---------|-------|
| <=5 years      | -       | -       | N/A   |
| >5 – 10 years  | -       | 16.75%  | N/A   |
| >10 – 20 years | -       | -       | N/A   |
| >20 years      | -       | -       | N/A   |

**Chart 3: Average Tenor (No. of Days) vs Discount Rate for Quoted CPs (%)**



**Table 5: Value of New Listings/Quotations (₦'bn)**

| Product         | May '22 | Jun. '22 | Jul. '22 | Aug. '22 | Sep. '22 | Oct. '22 | Nov. '22 | Dec. '22 | Jan. '23 | Feb. '23 | Mar. '23 | Apr. '23 |
|-----------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Corporate Bonds | 10.00   | 38.00    | 116.00   | 27.28    | 0.00     | 50.09    | 199.31   | 0.00     | 0.00     | 115.00   | 112.42   | 0.00     |
| CPs             | 166.48  | 40.85    | 21.16    | 29.05    | 22.40    | 66.51    | 72.53    | 9.68     | 83.20    | 101.84   | 354.18   | 114.27   |

**Table 6: Outstanding Value of Admitted Corporate Bonds and CPs (₦'bn)**

| Product         | May '22  | Jun. '22 | Jul. '22 | Aug. '22 | Sep. '22 | Oct. '22 | Nov. '22 | Dec. '22 | Jan. '23 | Feb. '23 | Mar. '23 | Apr. '23 |
|-----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Corporate Bonds | 1,004.60 | 1,039.70 | 1,153.50 | 1,180.59 | 1,169.81 | 1,212.36 | 1,409.89 | 1,403.72 | 1,401.34 | 1,498.64 | 1,610.24 | 1,609.49 |
| CPs             | 484.61   | 518.80   | 524.58   | 494.89   | 487.73   | 414.55   | 407.71   | 251.46   | 221.56   | 366.25   | 669.36   | 715.28   |



## Secondary Market

### Market Turnover by Products

Secondary market turnover on FMDQ Exchange in April 2023 was ₦12.55trn, representing a MoM and YoY decrease of 48.45% (11.80trn) and 35.09% (₦6.79trn) from March 2023 and April 2022 figures respectively.

Foreign Exchange (FX), CBN Bills<sup>1</sup> and Money Market (MM) transactions dominated secondary market activity in April 2023, accounting for 79.65% of the total secondary market turnover.

(See Chart 5)

Chart 5: Contribution to FMDQ Markets Turnover

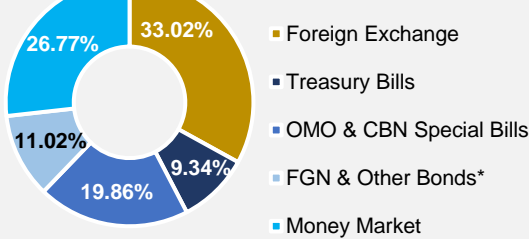


Chart 4: FMDQ Markets Turnover (₦'trn)

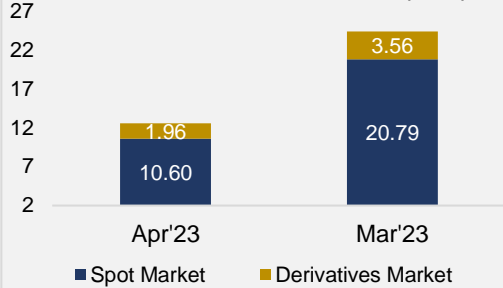
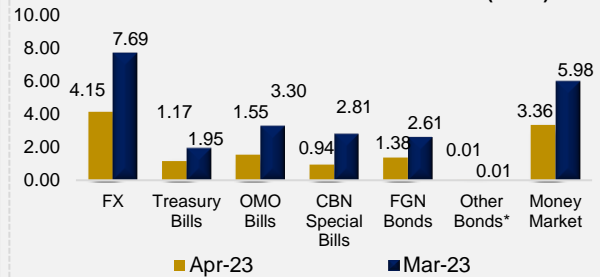


Chart 6: MoM FMDQ Market Turnover (₦'trn)



## Spot Market

Total spot market turnover for all products traded in the secondary market was ₦10.60trn in April 2023, representing a MoM decrease of 49.04% (₦10.19trn) from March 2023 figures.

The MoM decrease in total spot market turnover was jointly driven by a decline in turnover across all products with contributions by MM, FI and FX decreasing MoM by 43.84% (₦2.62trn), 52.71% (₦5.63trn) and 47.08% (₦1.94trn), respectively.

The decrease in MM turnover was driven by a decrease in Repos/Buy-backs and Unsecured Placement/Takings transactions. Likewise, the decline in FI turnover was driven by a MoM decrease across all FI products in the review period.

Chart 7: Spot Market Turnover and Percentage Contribution

### FX Market

₦2.18trn

₦4.13trn (Mar. '23)

20.62%

### Fixed Income Market

₦5.05trn

₦10.68trn (Mar. '23)

47.66%

### Money Market

₦3.36trn

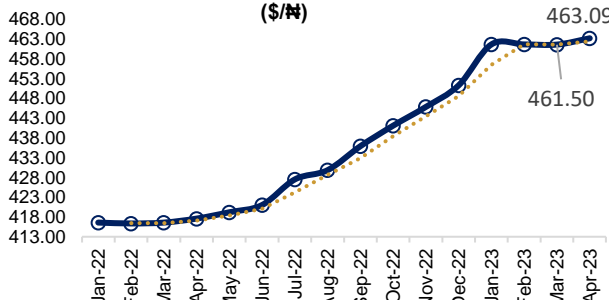
₦5.98trn (Mar. '23)

31.72%

## Spot FX Market

Spot FX market turnover was ₦2.18trn (\$4.72bn) in April 2023, representing a MoM decrease of 47.08% (₦1.94trn) from the turnover recorded in March 2023 (₦4.13trn).

Chart 8: Average Rates in the I&E FX Window (\$/₦)



In the FX Market, the Naira depreciated against the US Dollar, with the spot exchange rate (\$/₦) increasing by 0.34% (\$/₦1.59) to close at an average of \$/₦463.09 in April 2023 from \$/₦461.50 recorded in March 2023. (See Chart 8)

Further, exchange rate volatility increased marginally in April 2023 as the Naira traded within an exchange rate range of \$/₦462.00 - \$/₦464.00 compared to \$/₦461.00 - \$/₦462.00 recorded in March 2023.

### Notes:

<sup>1</sup> Refers to Open Market Operations ("OMO") and CBN Special Bills

\*Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes

### Spot Fixed Income Market

FI market turnover was ₦5.05trn in April 2023, representing a MoM decrease of 52.71% (₦5.63trn) from the turnover recorded in March 2023 (₦10.68trn). The MoM decrease in the FI market turnover was jointly driven by a decline in turnover across all FI products with contributions by T.Bills, OMO<sup>1</sup> Bills, CBN Special Bills, FGN Bonds and Other Bonds declining by 39.87% (₦0.78trn), 52.99% (₦1.75trn), 66.42% (₦1.86trn), 47.24% (₦1.23trn) and 39.62% (₦0.004trn) respectively. (See Chart 9)

As a result, the trading intensity (TI) for T.Bills, OMO Bills and FGN Bonds decreased MoM by 0.16, 7.83 and 0.07 points to 0.25, 10.69 and 0.08 respectively (See Chart 10).

Chart 9: Fixed Income Market Turnover (₦trn)

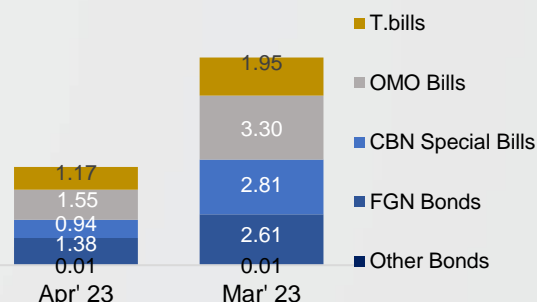


Chart 10: Trend in Trading Intensity

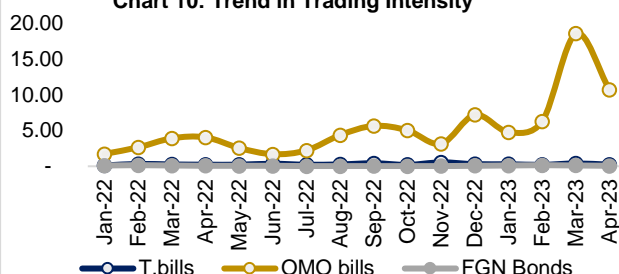
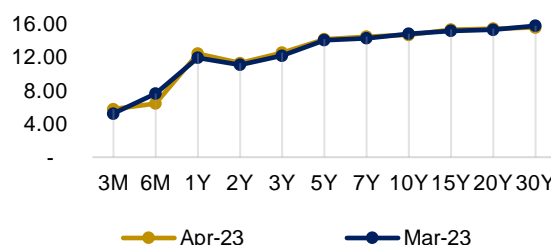


Chart 11: Sovereign Yield Curve (%)



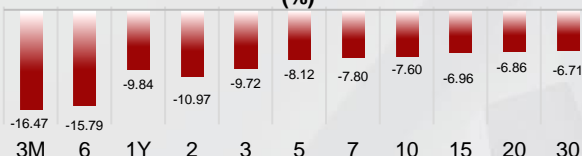
T.bills and FGN Bonds within the >6M – 12M and >20Y tenors respectively were the most traded sovereign FI securities, accounting for 42.85% (₦1.09trn) and 22.04% (₦0.56trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table below)

| T.Bills  |          |           | FGN Bonds |          |           |            |            |      |       |
|----------|----------|-----------|-----------|----------|-----------|------------|------------|------|-------|
| Up to 3M | >3M - 6M | >6M - 12M | >12M - 3Y | >3Y - 5Y | >5Y - 10Y | >10Y - 15Y | >15Y - 20Y | >20Y | Total |
| 0.04     | 0.04     | 1.09      | 0.07      | 0.23     | 0.10      | 0.35       | 0.07       | 0.56 | 2.55  |

In April 2023, the yield spread between the 3M and 30Y sovereign FI securities decreased by 0.74ppts to 9.76ppts, indicating a flattening of the sovereign yield curve (See Chart 11).

Real (inflation-adjusted) yields remained negative across the yield curve in April 2023 (See Chart 12).

Chart 12: Inflation Adjusted Yields as at Apr. 28, 2023<sup>^</sup>



### Spot Market – (Money Market)

Total turnover in the MM segment decreased MoM by 43.84% (₦2.62trn) to ₦3.36trn in April 2023. The MoM decrease was jointly driven by the 43.44% (₦2.56trn) and 68.76% (₦0.06trn) decline in Repos/Buy-backs and Unsecured Placement/Takings transactions respectively (See Chart 13).

The average O/N rate and OPR rate (secured lending rate) increased MoM by 3.18ppts and 3.25ppts respectively, to close at an average of 17.35% and 16.97% in April 2023 (See Chart 14).

Chart 13: Money Market Turnover (₦trn)

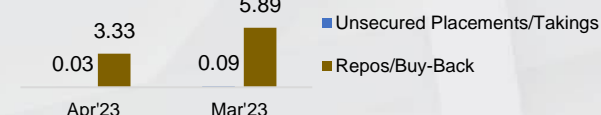
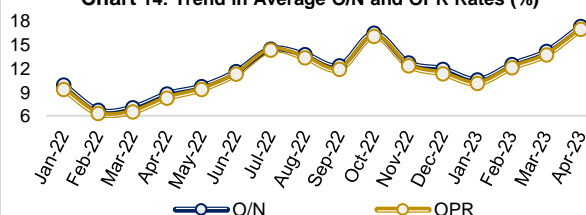


Chart 14: Trend in Average O/N and OPR Rates (%)



#### Notes:

<sup>^</sup>Adjusted with April 2023 inflation rate

<sup>1</sup> outstanding value in issue remained unchanged as there were neither matured bills nor additional issuances in the review period

## Derivatives Market

### Derivatives Market – (FX Market)

Total turnover in the FX derivatives market segment was ₦1.96trn (\$4.23bn) in April 2023, representing a MoM decrease of 45.00% (₦1.60trn) from March 2023 figures.

The MoM decrease in the FX derivatives turnover was jointly driven by a decline in turnover across all products with contributions by FX Futures, FX Swaps and FX Forwards decreasing MoM by 51.44% (₦0.28trn), 49.93% (₦1.06trn) and 29.27% (₦0.26trn) to ₦0.26trn, ₦1.07trn and ₦0.63trn, respectively.

**FX Swaps**  
**₦1.07trn** (\$2.30bn) ▶ **54.44%**

**FX Forwards**  
**₦0.63trn** (\$1.36bn) ▶ **32.16%**

**FX Futures**  
**₦0.26trn** (\$0.57bn) ▶ **13.40%**

### Naira-settled OTC FX Futures Market

In the OTC FX Futures market, the near month contract<sup>1</sup> (NGUS APR 26, 2023) expired and open positions with a total notional value (NV) of \$0.18bn were settled. A far month (60M) contract, NGUS APR 26, 2028 was introduced at a Futures price of \$/₦703.61, representing a 1.01% (\$/₦7.03) rate depreciation from the Futures price (\$/₦696.58) of the previous far month contract NGUS MAR 29, 2028.

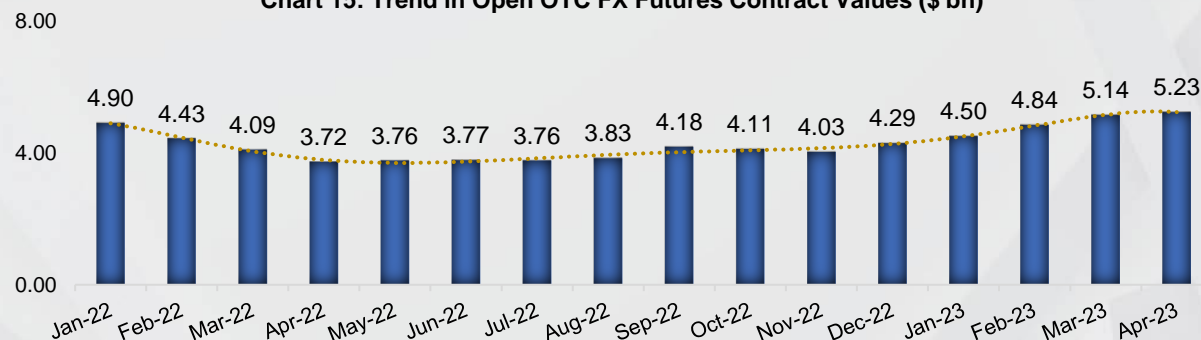
The cumulative NV of open OTC FX Futures contracts increased for the fifth consecutive month to circa \$5.23bn<sup>2</sup> as at previous month ended April 28, 2023. This represents a MoM and YoY increase of 1.75% (\$0.09bn) and 40.59% (\$1.51bn) from its value as at March 31, 2023 and April 29, 2022, respectively.

**Matured Contract**  
 NGUS APR 26, 2023  
 (\$/₦471.38) ↔

**New 60M Contract**  
 NGUS APR 26, 2028  
 (\$/₦703.61) ▲

**NV of Open Positions**  
 in OTC FX Futures  
 Contracts –\$5.23bn ▲

**Chart 15: Trend in Open OTC FX Futures Contract Values (\$'bn)**



Market activity in the OTC FX Futures in April 2023, accounted for \$0.27bn worth of trades, representing a MoM decrease of 52.95% (\$0.30bn) relative to the value recorded in March 2023 (\$0.57bn)

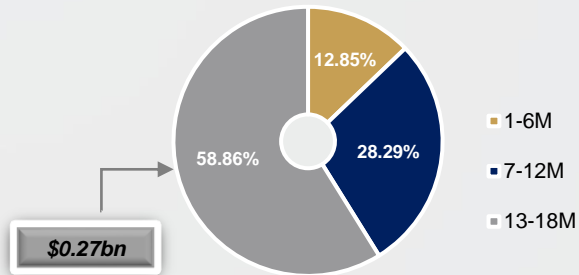
The NV of OTC FX Futures contracts traded across the short-dated (1M – 13M) decreased by 45.32% (\$0.22bn) to \$0.27bn whilst the long-dated (14M – 60M) contracts did not record any trades in the review period. As a result, traded value was concentrated within the 13 – 18M tenor range which accounted for 58.86% (\$0.16bn) of trading turnover across nine (9) of the twenty-three (23) deals conducted in the review period (See [Chart 16](#)).

#### Notes:

1 – This refers to the OTC FX Futures Contract that is closest to its maturity date at any given time; 2 – The 2M contract, NGUS MAY 31, 2023, had the highest NV of open OTC FX Futures Contracts (\$0.74bn) as at March 31, 2023

## Derivatives Market../2

**Chart 16: Analysis of Traded OTC FX Futures Contracts by Tenor Ranges**



The average Futures price of OTC FX Futures contracts increased across all tenor buckets in April 2023 relative to March 2023. The average price of OTC FX Futures Contracts within the 55-60M tenor range recorded the highest MoM increase in price (*i.e., expected depreciation of Nigerian Naira against the US Dollar*) relative to March 2023 ([See Table 7](#))

Conversely, Deliverable FX Forwards prices also increased across the review period except for 12M Deliverable FX Forward contracts which recorded the highest MoM decrease in price (*i.e., expected appreciation of Nigerian Naira against the US Dollar*), whilst the 6M deliverable FX Forward contracts recorded the highest MoM depreciation in price against the US Dollar relative to March 2023. ([See Table 8](#))

**Table 7: Average OTC FX Futures Contract Rates (\$/₦)**

|        | 0-6M   | 7-12M  | 13-18M | 19-24M | 25-30M | 31-36M | 37-42M | 43-48M | 49-54M | 55-60M |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Apr-23 | 479.92 | 494.36 | 513.56 | 536.51 | 560.06 | 584.14 | 609.46 | 635.66 | 663.21 | 691.73 |
| Mar-23 | 476.84 | 489.93 | 508.43 | 531.15 | 554.46 | 578.30 | 603.37 | 629.31 | 656.59 | 684.82 |
| Change | 3.09 ↓ | 4.44 ↓ | 5.13 ↓ | 5.36 ↓ | 5.60 ↓ | 5.84 ↓ | 6.09 ↓ | 6.35 ↓ | 6.63 ↓ | 6.91 ↓ |

**Table 8: Indicative Deliverable Forward Rates (\$/₦)**

|        | 1M     | 2M      | 3M      | 6M      | 12M      |
|--------|--------|---------|---------|---------|----------|
| Apr-23 | 469.74 | 484.66  | 496.22  | 526.22  | 565.24   |
| Mar-23 | 467.25 | 474.37  | 483.08  | 511.96  | 565.28   |
| Change | 2.49 ↓ | 10.29 ↓ | 13.14 ↓ | 14.26 ↓ | (0.04) ↑ |



**DISCLAIMER:** This report is produced by the Fixed Income and Currencies Markets Group of FMDQ Securities Exchange Limited (FMDQ Exchange) for information purposes only. FMDQ Exchange is NOT an investment advisor and does not endorse or recommend any securities or other investments. Market data and other information in this report, as well as reference materials and/or links to other sites, have been compiled from publicly available sources believed to be reliable and are for general informational purposes only. This report does not constitute any offer, recommendation, or solicitation to any person to enter any transaction or adopt any hedging, trading, or investment strategy, nor does it constitute any prediction to likely future movements in rates or prices or any representation that any such future movements will not exceed those shown in any illustration contained therein. All rates and figures appearing are for illustrative purposes only. To the extent that the research data emanate from public sources, the accuracy or completeness of the information contained herein is not guaranteed and is not intended to be relied upon for investment purposes. All information is provided "as is" without warranty of any kind. FMDQ Exchange (and affiliates) and the third-party information providers make no representations and disclaim all express, implied, and statutory warranties of any kind to the user and/or any third-party including warranties as to accuracy, timeliness, completeness, merchantability, or fitness for any purpose. Unless, in the event of wilful tortious misconduct or gross negligence, FMDQ Exchange (and affiliates) and the third-party information providers have no liability in tort, contract, or otherwise (and as permitted by law, product liability), to user and/or any third party. FMDQ Exchange (and affiliates) and the third-party information providers shall under no circumstance be liable to user, and/or any third party for any lost profits or lost opportunity, indirect, special, consequential, incidental, or punitive damages whatsoever, even if FMDQ Exchange has been advised of the possibility of such damages.