



# FINANCIAL MARKETS MONTHLY REPORT

June 2023

## Glossary

Abbreviation	Definition	Abbreviation	Definition
<b>bn</b>	Billion	<b>Repo</b>	Repurchase Agreement
<b>bps</b>	Basis Points	<b>RHS</b>	Right Hand Side
<b>CBN</b>	Central Bank of Nigeria	<b>T.bills</b>	Treasury Bills
<b>CP</b>	Commercial Paper	<b>trn</b>	Trillion
<b>DMO</b>	Debt Management Office	<b>US</b>	The United States of America
<b>FGN</b>	Federal Government of Nigeria	<b>Y</b>	Year
<b>FX</b>	Foreign Exchange	<b>YoY</b>	Year-on-Year
<b>I&amp;E FX Window or I&amp;E</b>	Investors' and Exporters' Foreign Exchange Window		
<b>LCY</b>	Local Currency		
<b>LHS</b>	Left Hand Side		
<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		

**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 ₦204.50bn across its auctions in June 2023, representing a 36.97% (₦119.93bn) MoM decrease on the value of T-bills sold across its auctions in May 2023 (₦324.43bn).

Similarly, the DMO sold FGN Bonds worth ₦473.16bn in June 2023 via the reopening of one (1) off-the-run<sup>1</sup> and issuance of three (3) on-the-run<sup>2</sup> FGN Bonds. The total sale represented a 131.43% oversubscription of the amount offered<sup>3</sup>, and a 13.22% (₦72.10bn) MoM decrease on the amount sold in May 2023 (₦545.26bn) across the two (2) 10Y, one (1) 20Y and one (1) 30Y reopened FGN Bond maturities.

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

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

**91-day – 3.88%**  
3.40% (May '23) ▲

**182-day – 5.12%**  
5.72% (May '23) ▼

**364-day – 7.24%**  
8.49% (May '23) ▼

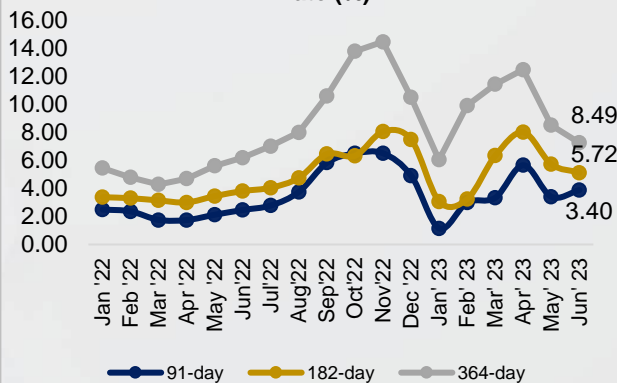
#### Average FGN Bond Coupon Rates in Jun. 2023

**10Y – 14.40%**  
14.50% (May '23) ▲

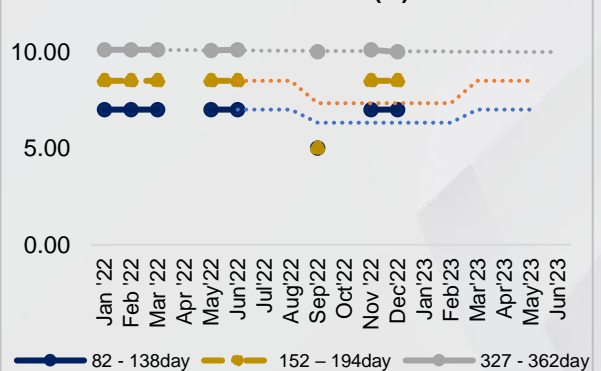
**15Y – 15.45%**  
N/A (May '23) ( )

**30Y – 15.70%**  
15.80 (May '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	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22	Dec. '22	Jan. '23	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23
<b>T.bills</b>	407.55	446.15	553.66	144.00	523.55	185.38	277.47	263.50	631.84	281.10	324.43	204.50
<b>OMO Bills</b>	0.00	0.00	25.60	0.00	20.00	30.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>FGN Bonds</b>	123.84	200.58	261.50	107.88	269.15	264.52	662.62	770.82	563.36	552.47	545.26	473.16

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

Product	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22	Dec. '22	Jan. '23	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23
<b>T.Bills</b>	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	4,834.98	4,501.06
<b>OMO Bills</b>	740.00	605.00	600.00	500.00	480.00	445.00	385.00	215.00	145.00	145.00	71.39	60.00
<b>FGN Bonds</b>	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	17,673.59	18,148.91

**Notes:**

1 – 14.55% FGN APR 2029 (Re-opening, 10-Year Bond)

2 – 14.70% FGN JUN 2033 (New, 10-Year Bond), 15.45% FGN JUN 2038 (New, 15-Year Bond) & 15.70% FGN JUN 2053 (New, 30-Year Bond)

3 – Amount Offered in June 2023 was ₦360.00bn

## Primary Market

### Non-Sovereign Securities

The total value of corporate bonds listed on FMDQ Exchange in June 2023 was ₦17.50bn representing a 43.55% (₦13.50bn) MoM decrease from May 2023 listings. The corporate bond listings emanated solely from a single issuer in the Construction sector. As a result, the total outstanding value for corporate bonds increased MoM by 0.82% (₦13.35bn) to ₦1,650.34bn in the review month.

The total value of CPs quoted on FMDQ Exchange in June 2023 was ₦52.13bn, representing a MoM decrease of 68.17% (₦111.64bn) from the value of CPs quoted in May 2023. Quoted CPs were issued by institutions from various sectors including Financial Services (12), Manufacturing (3), Agriculture (2), Real Estate (2), and Commodities Trading (2).

As a result, the total outstanding value of CPs increased MoM by 4.85% (₦38.24bn) to ₦826.67bn. (See Table 6)

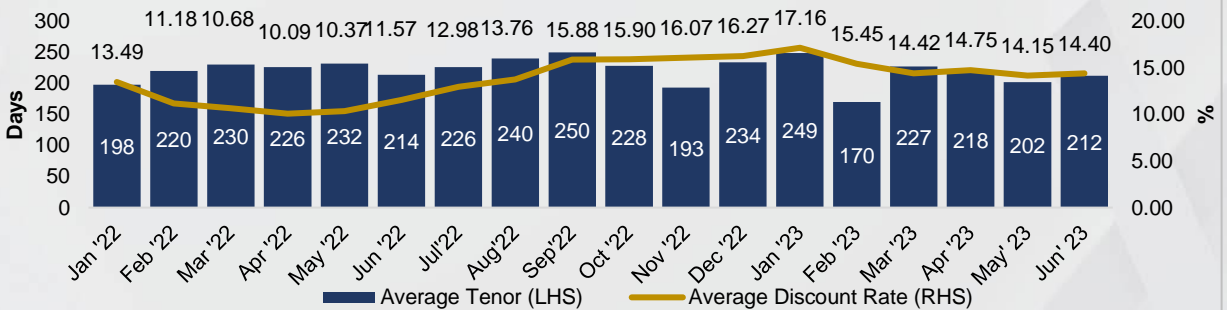
**Table 3: Average Discount Rates for Quoted CPs**

Tenor	Jun. 23	May 23	Trend
<=90 days	-	13.54%	N/A
91 – 180 days	14.85%	13.88%	▲
181 – 270 days	14.27%	14.35%	▼

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

Tenor	Jun. 23	May 23	Trend
<=5 years	-	17.00%	N/A
>5 – 10 years	-	-	N/A
>10 – 20 years	15.25%	-	N/A
>20 years	-	16.00%	N/A

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



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

Product	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22	Dec. '22	Jan. '23	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23
Corporate Bonds	116.00	27.28	0.00	50.09	199.31	0.00	0.00	115.00	112.42	0.00	31.00	17.50
CPs	21.16	29.05	22.40	66.51	72.53	9.68	83.20	101.84	354.18	114.27	163.77	52.13

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

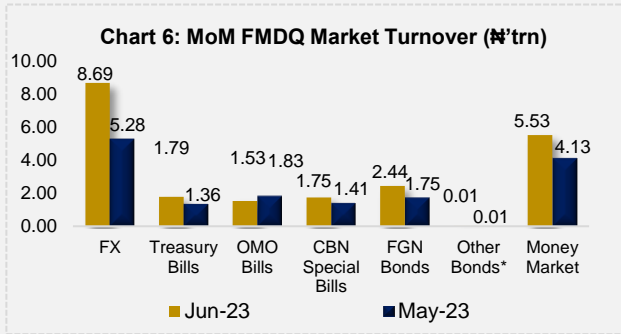
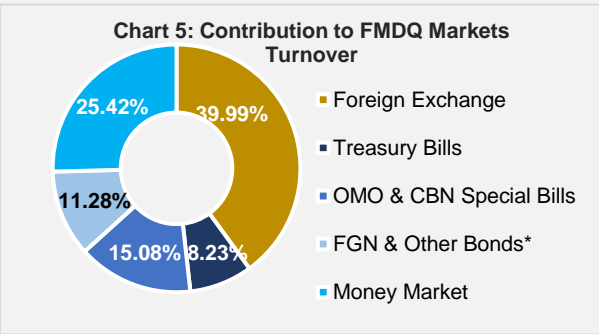
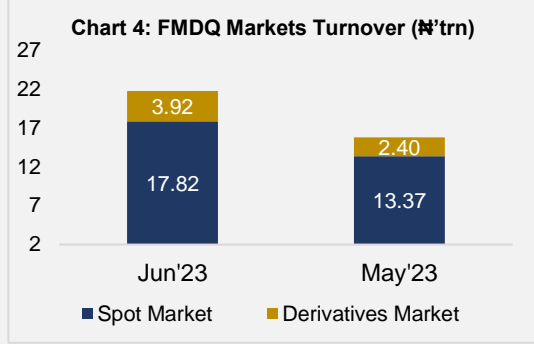
Product	Jul. '22	Aug. '22	Sep. '22	Oct. '22	Nov. '22	Dec. '22	Jan. '23	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23
Corporate Bonds	1,153.50	1,180.59	1,169.81	1,212.36	1,409.89	1,403.72	1,401.34	1,498.64	1,610.24	1,609.49	1,636.99	1,650.34
CPs	524.58	494.89	487.73	414.55	407.71	251.46	221.56	366.25	669.36	715.28	788.43	826.67

## Secondary Market

### Market Turnover by Products

Secondary market turnover on FMDQ Exchange in June 2023 was ₦21.74trn, representing a MoM and YoY increase of 37.78% (5.96trn) and 19.41% (₦3.53trn) from May 2023 and June 2022 figures, respectively.

Foreign Exchange (FX), Money Market (MM) and CBN Bills<sup>1</sup> transactions dominated secondary market activity, accounting for 80.49% of the total secondary market turnover in June 2023. (See Chart 5)



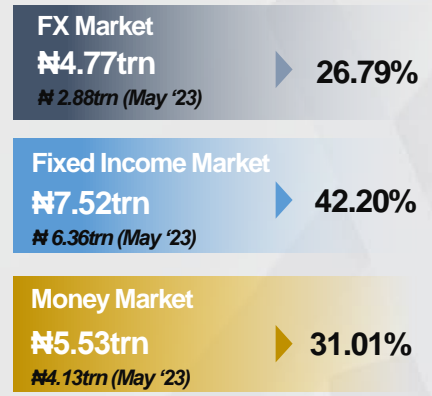
## Spot Market

Total spot market turnover for all products traded in the secondary market was ₦17.82trn in June 2023, representing a MoM increase of 33.24% (₦4.45trn) from May 2023 figures.

The MoM increase in total spot market turnover was jointly driven by an improvement in turnover across all products with FX, MM and FI transactions increasing MoM by 65.82% (₦1.89trn), 33.70% (₦1.39trn) and 18.21% (₦1.16trn), respectively.

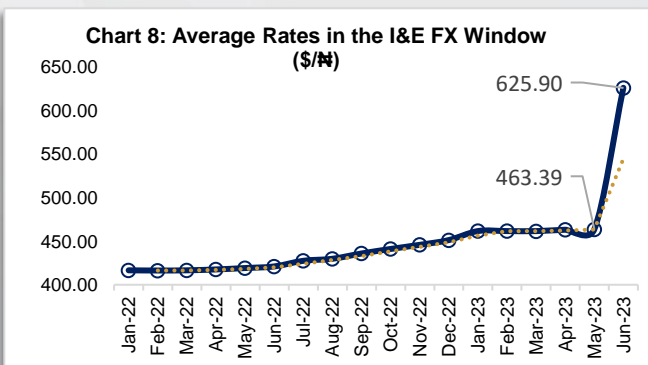
The uptick in MM turnover was driven by an increase in Repos/Buy-backs, offsetting the MoM decline in Unsecured Placement/Takings transactions. Likewise, the improvement in FI turnover was driven by a MoM increase across all FI products, excluding OMO Bills and Other Bonds\* which decreased in the review period.

Chart 7: Spot Market Turnover and Percentage Contribution



### Spot FX Market

Spot FX market turnover was ₦4.77trn (\$7.73bn) in June 2023, representing a MoM increase of 65.82% (₦1.89trn) from the turnover recorded in May 2023 (₦2.88trn).



In the FX Market, the US Dollar appreciated against the Naira, with the spot exchange rate (\$/₦) increasing by 35.07% (\$/₦162.51) to close at an average of \$/₦625.90 in June 2023 from \$/₦463.39 recorded in May 2023. (See Chart 8)

Further, exchange rate volatility spiked in June 2023 as the Naira traded within an exchange rate range of \$/₦464.67 - \$/₦770.38 compared to \$/₦462.23 - \$/₦465.13 recorded in May 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 ₦7.52trn in June 2023, representing a MoM increase of 18.21% (₦1.16trn) from the turnover recorded in May 2023 (₦6.36trn). The MoM increase in the FI market turnover was driven by the 31.88% (₦0.43trn), 24.11% (₦0.34trn) and 39.59% (₦0.69trn) uptick in turnover across T.Bills, CBN Special Bills, FGN Bonds which offset the MoM decrease in turnover by 16.58% (₦0.30trn) and 26.98% (₦0.003trn) for OMO Bills<sup>1</sup> and Other Bonds respectively. (See Chart 9)

As a result, the trading intensity (TI) for T.Bills, OMO Bills and FGN Bonds increased MoM by 0.09, 3.82 and 0.04 points to 0.38, 25.50 and 0.14 respectively (See Chart 10).

Chart 9: Fixed Income Market Turnover (₦trn)

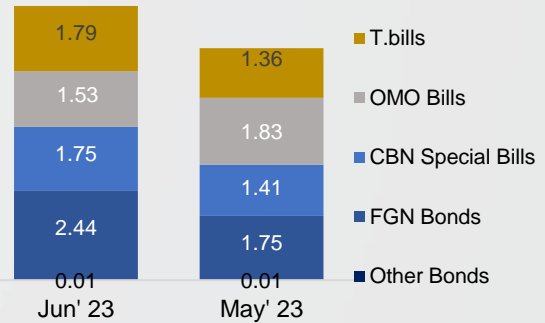


Chart 10: Trend in Trading Intensity

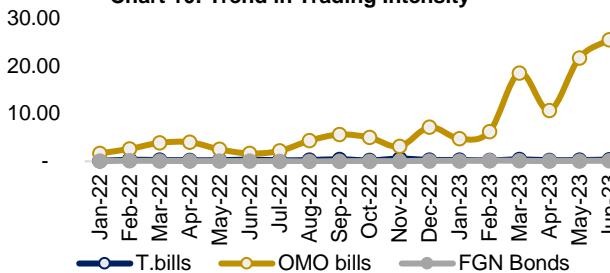
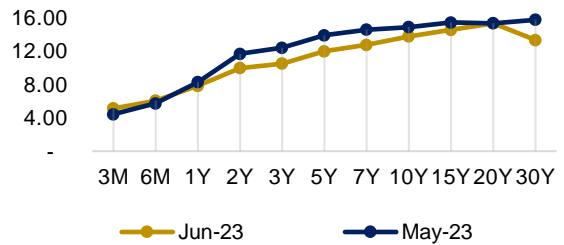


Chart 11: Sovereign Yield Curve (%)



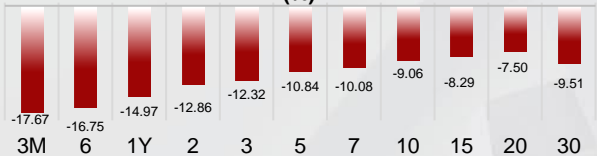
T.bills and FGN Bonds within the >6M – 12M and >20Y tenors respectively were the most traded sovereign FI securities, accounting for 30.35% (₦1.28trn) and 17.47% (₦0.74trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table below)

T.Bills					FGN Bonds					Total
Up to 3M	>3M - 6M	>6M - 12M	>12M - 3Y	>3Y - 5Y	>5Y - 10Y	>10Y - 15Y	>15Y - 20Y	>20Y		
0.34	0.17	1.28	0.42	0.26	0.29	0.65	0.09	0.74	4.23	

In June 2023, the yield spread between the 3M and 30Y sovereign FI securities decreased by 3.13ppts to 8.16ppts, indicating a flattening of the sovereign yield curve (See Chart 11).

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

Chart 12: Inflation Adjusted Yields as at June. 30, 2023<sup>\*</sup> (%)



### Spot Market – (Money Market)

Total turnover in the MM segment increased MoM by 33.70% (₦1.39trn) to ₦5.53trn in June 2023. The MoM uptick was driven by the 51.21% (₦1.77trn) increase in Repos/Buy-backs which offset the 54.74% (₦0.37trn) decrease in Unsecured Placement/Takings transactions, respectively (See Chart 13).

The average O/N rate and OPR rate (secured lending rate) decreased MoM by 3.01ppts and 3.00ppts respectively, to close at an average of 9.89% and 9.41% in June 2023 (See Chart 14).

Chart 13: Money Market Turnover (₦trn)

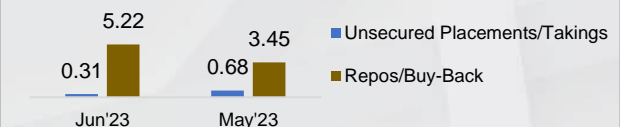
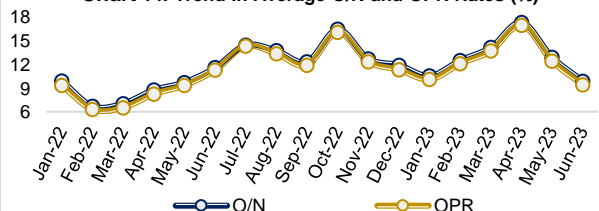


Chart 14: Trend in Average O/N and OPR Rates (%)



**Notes:**

<sup>\*</sup>Adjusted with June 2023 inflation rate

<sup>1</sup> outstanding value in issue dropped as there were matured bills and no additional issuances in the review period

## Derivatives Market

### Derivatives Market – (FX Market)

Total turnover in the FX derivatives market segment was ₦3.92trn (\$6.35bn) in June 2023, representing a MoM increase of 63.03% (₦1.52trn) from May 2023 figures.

The MoM uptick in the FX derivatives turnover was jointly driven by the 77.28% (₦0.78trn) and 105.51% (₦0.74trn) improvement in FX Swaps and FX Futures turnover which offset the 1.07% (₦0.01trn) MoM decrease in FX Forwards transactions, respectively.

FX Swaps	Contribution
₦1.79trn (\$2.89bn) ▶	45.60%
FX Forwards	
₦0.68trn (\$1.11bn) ▶	17.44%
FX Futures	
₦1.45trn (\$2.34bn) ▶	36.96%

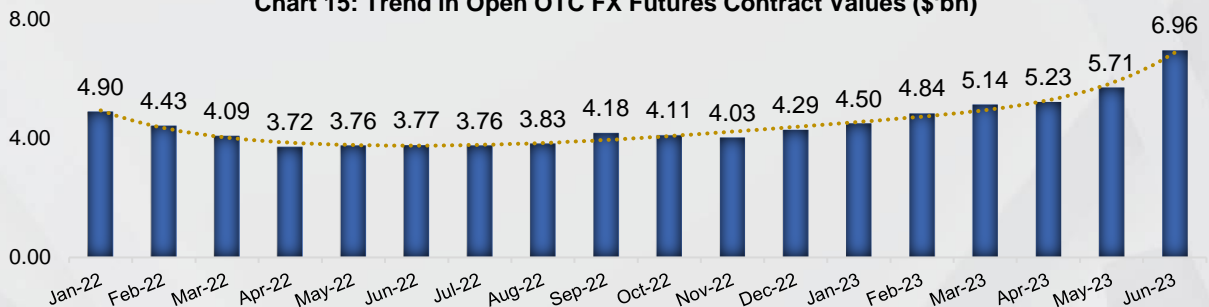
### Naira-settled OTC FX Futures Market<sup>1</sup>

In the OTC FX Futures market, the near month contract<sup>2</sup> (NGUS JUN 28, 2023) expired and open positions with a total notional value (NV) of \$0.17bn were settled. A far month (60M) contract, NGUS JUN 28, 2028 was introduced at a Futures price of \$/₦1,531.07, representing a 117.60% (\$/₦827.46) rate depreciation from the Futures price (\$/₦703.61) of the previous far month contract NGUS MAY 31, 2028.

The cumulative NV of open OTC FX Futures contracts increased for the seventh consecutive month to circa \$6.96bn<sup>3</sup> as at June 13, 2023, as hedging activity continues to pick up. This represents a MoM and YoY increase of 21.89% (\$1.25bn) and 84.62% (\$3.19bn) from its value as at May 31, 2023 and June 30, 2022, respectively.

<b>Matured Contract</b> NGUS JUN 28, 2023 (\$/₦473.90)	↔
<b>New 60M Contract</b> NGUS JUN 28, 2028 (\$/₦1,531.07)	▲
<b>NV of Open Positions in OTC FX Futures Contracts – \$6.96bn</b>	▲

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



Market activity in the OTC FX Futures accounted for \$1.25bn worth of trades in June 2023. This represents a 56.84% (\$0.45bn) MoM increase relative to the monthly traded value recorded in May 2023 (\$0.79bn)

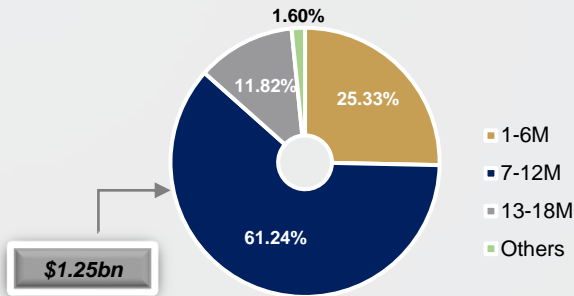
Specifically, the NV of OTC FX Futures contracts traded across the short-dated (1M – 13M) increased by 49.34% (\$0.39bn) to \$1.19bn whilst the long-dated (14M – 60M) contracts increased to \$0.06bn worth of trades. As a result, the 7 – 12M tenor range recorded the highest concentration in traded value, accounting for 61.24% (\$0.76bn) of trading turnover across thirty-three (33) of the sixty-eight (68) deals conducted in the review period (See Chart 16).

**Notes:**

- 1 – Due to ongoing reforms in the Investors' & Exporters' FX Market, the Central Bank of Nigeria ("CBN") halt the quotation of offer rates for All Naira-Settled OTC FX Futures (NSOFF) contracts on June 14, 2023. Thus, the NSOFF analysis covers the period June 1 – June 13, 2023;
- 2 – This refers to the OTC FX Futures Contract that is closest to its maturity date at any given time;
- 3 – The 12M contract, NGUS MAY 29, 2024, had the highest NV of open OTC FX Futures Contracts (\$1.30bn) as at June 13, 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 remained unchanged across all tenor buckets in the review month relative to May 2023. (See Table 7)

However, Deliverable Forwards rates in June 2023 increased MoM across all tenor buckets relative to May 2023, with the 12M deliverable FX Forward contracts recording the highest MoM increase in price (i.e., expected depreciation of Nigerian Naira against the US Dollar) in the review month.

**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
Jun-23	479.92	494.36	513.56	536.51	560.06	584.14	609.46	635.66	663.21	691.73
May-23	479.92	494.36	513.56	536.51	560.06	584.14	609.46	635.66	663.21	691.73
Change	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔	0.00 ↔

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

	1M	2M	3M	6M	12M
Jun-23	764.99	775.12	785.13	815.39	878.26
May-23	479.87	495.21	506.00	529.29	557.74
Change	285.12 ↓	279.91 ↓	279.13 ↓	286.10 ↓	320.52 ↓

**Notes:**

\* – Rates as at June 13, 2023;



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