



FINANCIAL MARKETS MONTHLY REPORT

January 2024

Glossary

Abbreviation	Definition	Abbreviation	Definition
bn	Billion	ppts	Percentage Points
bps	Basis Points	Repo	Repurchase Agreement
CBN	Central Bank of Nigeria	RHS	Right Hand Side
CP	Commercial Paper	T.bills	Treasury Bills
DMO	Debt Management Office	trn	Trillion
FGN	Federal Government of Nigeria	US	The United States of America
FX	Foreign Exchange	Y	Year
LCY	Local Currency	YoY	Year-on-Year
LHS	Left Hand Side		
M	Month		
mm	Million		
MM	Money Market		
MoM	Month-on-Month		
N/A	Not Applicable		
NAFEM	Nigerian Autonomous Foreign Exchange Market		
NBS	National Bureau of Statistics		
NDFs	Cleared Naira-Settled (USD/NGN) Non-Deliverable Forwards		
NV	Notional Value		
OMO	Open Market Operations		
O/N	Overnight		
OPR	Open Repos		
OTC	Over-the-Counter		

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 ₦381.22bn across its auctions in January 2024, representing a 67.83% (₦803.75bn) MoM decrease on the value of T-bills sold across its auctions in December 2023 (₦1,184.97 bn).

Similarly, the DMO sold FGN Bonds worth ₦418.20bn via the reopening of three (3) 10Y and one (1) 15Y FGN Bond in January 2024. The total sale represents a 16.17% oversubscription of the amount offered¹ and a 52.83% (₦144.57bn) MoM increase on the amount sold in December 2023 (₦273.63bn) across two (2) 10Y, one (1) 15Y, and one (1) 30Y FGN Bond maturities.

In January 2024, the CBN sold OMO Bills worth ₦1,008.20bn, representing a 900.20% (₦907.40bn) MoM increase on the value of OMO Bills sold across its auctions in December 2023 (₦100.80bn).

Average Treasury Bills Discount Rates in Jan. 2024

91-day – 3.72%
7.42% (Dec. '23) ▼

182-day – 5.69%
11.33% (Dec. '23) ▼

364-day – 9.97%
13.83% (Dec. '23) ▼

Average FGN Bond Coupon Rates in Jan. 2024

10Y – 15.50%
15.75% (Dec. '23) ▼

15Y – 16.50% ↔
16.50% (Dec. '23)

30Y – N/A
17.15% (Dec. '23)

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

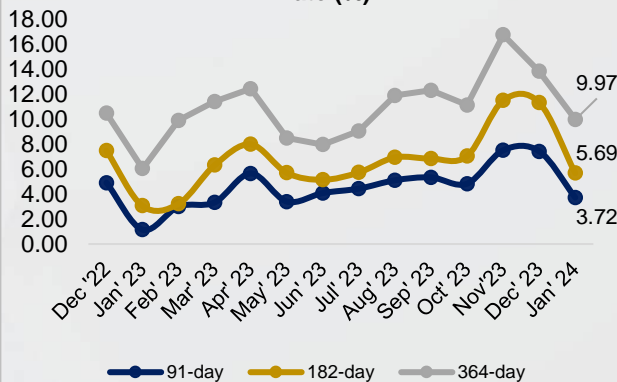


Chart 2: Trend in Average OMO Bills Discount Rate (%)[^]

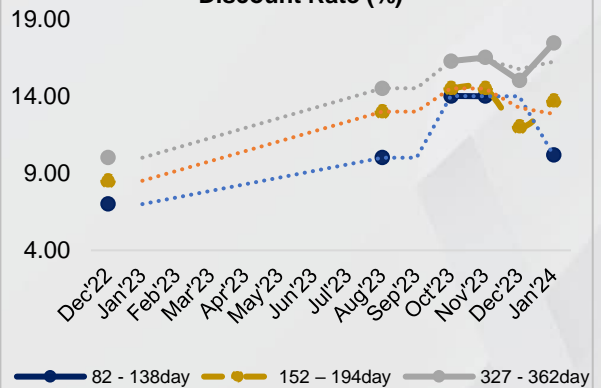


Table 1: Value of New Issuances (₦'bn)

Product	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24
T.bills	263.50	631.84	281.10	324.43	404.51	406.10	457.20	544.05	406.90	1,058.91	1,184.97	381.22
FGN Bonds	770.82	563.36	552.47	545.26	473.16	657.84	230.26	316.49	374.76	434.50	273.63	418.20

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

Product	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24
T.bills	4,622.72	4,722.72	4,591.26	4,834.98	4,501.06	4,688.17	4,722.71	4,722.71	4,984.92	5,522.00	6,521.99	6,522.47
FGN Bonds	16,747.30	17,311.11	17,128.50	17,673.59	18,148.91	18,807.45	19,038.60	19,317.19	19,693.24	20,130.17	20,439.81	20,441.57

Notes:

1 – Amount Offered in January 2024 was ₦360.00bn

[^] – Chart 2 has trend lines due to missing data as a result of no primary market activity for OMO Bills

Primary Market

Non-Sovereign Securities

The total value of Non-Sovereign bonds listed on FMDQ Exchange in January 2024 was ₦5.50bn, compared to the previous month which witnessed no listings. Non-Sovereign bonds listings emanated solely from a corporate issuer in the Quick Service Restaurant sector. As a result, the total outstanding value of Non-Sovereign bonds increased MoM by 0.25% (₦5.50bn) from ₦2,204.01bn in December 2023 to ₦2,209.51bn in January 2024.

The total value of CPs quoted on FMDQ Exchange in January 2024 was ₦168.89bn, representing a MoM decrease of 31.44% (₦77.44bn) from the value of CPs quoted in December 2023. Quoted CPs were issued by institutions from various sectors including Financial Services (6), Manufacturing (3), Health & Pharmaceuticals (3), Agriculture (2), Retail (2), Construction (1), and General Commerce (1).

As a result, the total outstanding value for CPs increased MoM by 8.12% (₦66.71bn) to ₦887.96bn in January 2024. (See Table 6)

Table 3: Average Discount Rates for Quoted CPs

Tenor	Jan. 24	Dec. 23	Trend
<=90 days	-	-	N/A
91 – 180 days	16.95%	15.46%	▲
181 – 270 days	16.64%	15.80%	▲

Table 4: Average Coupon Rates for Listed Non-Sovereign Bonds*

Tenor	Jan. 24	Dec. 23	Trend
<=5 years	16.00%	-	N/A
>5 – 10 years	-	-	N/A
>10 – 20 years	-	-	N/A
>20 years	-	-	N/A

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

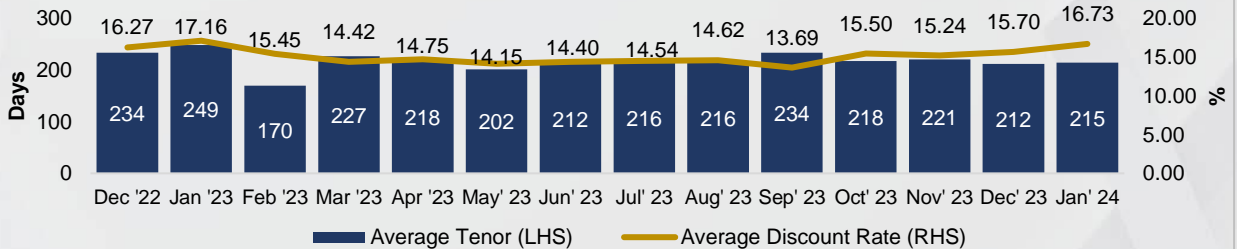


Table 5: Value of New Listings/Quotations (₦'bn)

Product	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24
CPs	101.84	354.18	114.27	191.89	82.13	117.32	145.27	146.22	36.51	77.40	246.33	168.89
Corporate Bonds	115.00	112.42	0.00	31.00	17.50	0.00	46.00	0.00	23.00	26.00	0.00	5.50
Subnational Bonds	0.00	0.00	0.00	0.00	0.00	137.33	19.81	115.00	0.00	0.00	0.00	0.00

Table 6: Outstanding Value of Admitted Securities (₦'bn)

Product	Feb. '23	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24
CPs	376.11	669.85	720.54	845.19	831.94	917.40	938.34	966.39	948.56	806.35	821.25	887.96
Corporate Bonds	1,597.19	1,709.61	1,709.61	1,740.61	1,751.11	1,743.15	1,789.15	1,789.15	1,796.86	1,822.86	1,787.76	1,793.26
Subnational Bonds	144.11	144.11	144.11	144.11	144.11	281.43	301.25	416.25	416.25	416.25	416.25	416.25

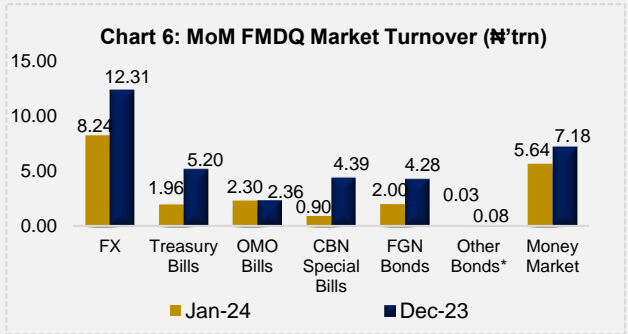
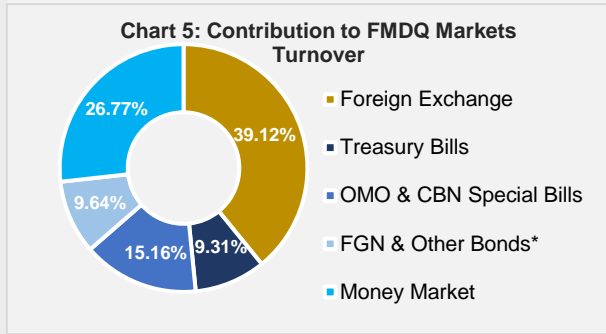
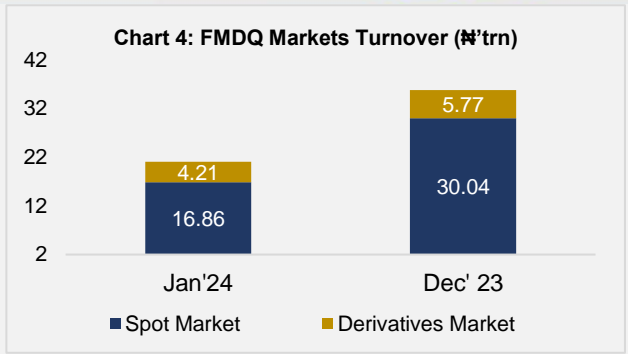
Note: Non-Sovereign Bonds include LCY Corporate Bonds and LCY Subnational Bonds (includes LCY Sukuk)

Secondary Market

Market Turnover by Products

Secondary market turnover on FMDQ Exchange in January 2024 was ₦21.07trn, representing a MoM decrease and YoY increase of 41.16% (₦14.74trn) and 61.58% (8.03trn) from December 2023 and January 2023 figures, respectively.

Foreign Exchange (FX), CBN Bills¹ and Money Market (MM) transactions dominated secondary market activity, accounting for 81.05% of the total secondary market turnover in January 2024. (See Chart 5)



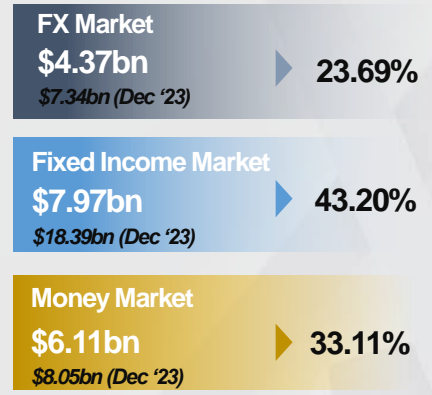
Spot Market

Total spot market turnover for all products traded in the secondary market in January 2024 was ₦16.86trn, representing a MoM decrease of 43.87% (₦13.18trn) from December 2023 figures.

The MoM decrease in total spot market turnover was jointly driven by a decrease in turnover across all spot market product categories, with contributions by FX, MM and FI transactions decreasing MoM by 38.47% (₦2.52trn), 21.45% (₦1.54trn) and 55.92% (₦9.12trn), respectively.

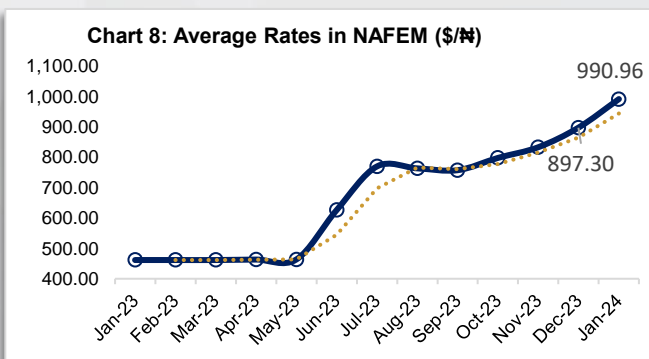
The decrease in FI turnover was jointly driven by a MoM decline across all FI products. Similarly, the decrease in MM turnover was solely driven by a decline in Repos/Buy-backs, offsetting the MoM increase in Unsecured Placement/Takings transactions.

Chart 7: Spot Market Turnover and Percentage Contribution



Spot FX Market

Spot FX market turnover in January 2024 was \$4.37bn (₦4.03trn), representing a MoM decrease of 40.46% (\$2.97bn) from the turnover recorded in December 2023 (\$7.34bn).



In the FX Market, the US Dollar appreciated against the Naira, with the spot exchange rate (\$/₦) increasing by 10.44% (\$/₦93.66) to close at an average of \$/₦990.96 in Jan. 2024 from \$/₦897.30 recorded in Dec. 2023. (See Chart 8)

Further, exchange rate volatility increased in January 2024 as the Naira traded within an exchange rate range of \$/₦838.95 – \$/₦1,482.57 compared to \$/₦806.73 – \$/₦1,099.05 recorded in December 2023.

Notes:

¹ Refers to Open Market Operations (“OMO”) and CBN Special Bills

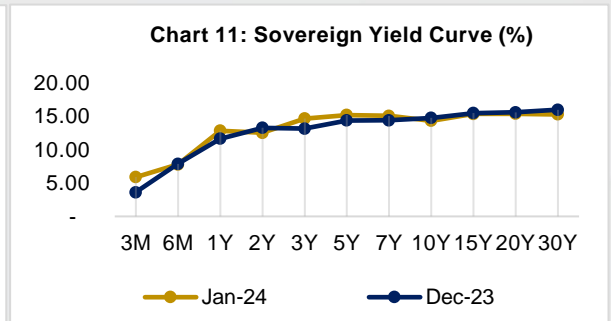
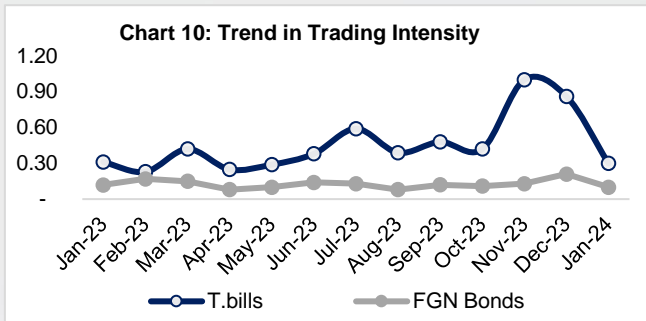
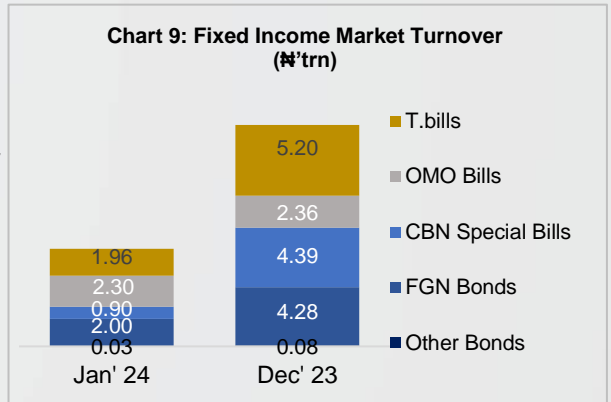
*Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes

Spot Fixed Income Market

FI market turnover in January 2024 was ₦7.19trn, representing a MoM decrease of 55.92% (₦9.12trn) from the turnover recorded in December 2023 (₦16.31trn).

The MoM decrease in the FI market turnover was driven by the 62.31% (₦3.24trn), 2.54% (₦0.06trn), 79.50% (₦3.49trn), 53.27% (₦2.28trn) and 59.45% (₦0.05trn) decrease in turnover across T.Bills, OMO Bills, CBN Special Bills, FGN Bonds and Other Bonds, respectively. (See Chart 9)

As a result, the trading intensity (TI) for T.Bills and FGN Bonds decreased MoM by 0.56bps and 0.11bps to 0.30 and 0.10, respectively (See Chart 10).



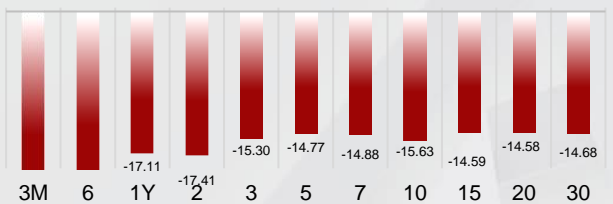
T.bills and FGN Bonds within the >6M – 12M and >20Y tenors respectively were the most traded sovereign FI securities, accounting for 35.86% (₦1.42trn) and 26.52% (₦1.05trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table below)

T.Bills			FGN Bonds							Total
Up to 3M	>3M - 6M	>6M - 12M	>12M - 3Y	>3Y - 5Y	>5Y - 10Y	>10Y - 15Y	>15Y - 20Y	>20Y		
0.38	0.16	1.42	0.04	0.14	0.20	0.53	0.04	1.05	3.96	

In January 2024, the yield spread between the 3M and 30Y sovereign FI securities decreased MoM by 2.97ppts to 9.37ppts, indicating a flattening of the sovereign yield curve (See Chart 11).

Real (inflation-adjusted) yields remained negative across the yield curve in January 2024, declining further on the back of surging inflation which remains higher than policy interest rates and continues to outpace increase in nominal yields (See Chart 12).

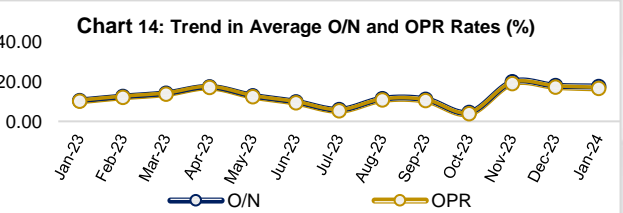
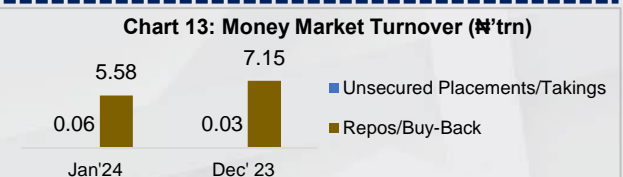
Chart 12: Inflation Adjusted Yields as at Jan. 31, 2024* (%)



Spot Market – (Money Market)

Total turnover in the MM segment decreased MoM by 21.45% (₦1.54trn) to ₦5.64trn in January 2024. The MoM decrease was solely driven by the 21.96% (₦1.57trn) decrease in Repos/Buy-backs, offsetting the 100.00% (₦0.03trn) increase in Unsecured Placement/Takings transactions, respectively (See Chart 13).

The average O/N rate and OPR rate (secured lending rate) decreased MoM by 0.39ppts and 0.76ppts respectively, to close at an average of 17.56% and 16.49% in January 2024 (See Chart 14).



Notes:

*Adjusted with January 2024 inflation rate (29.90%)

Derivatives Market

FX Derivatives Market

Total turnover in the FX derivatives market segment in January 2024 was \$4.56bn (₦4.21trn), representing a MoM decrease of 29.52% (\$1.91bn) from December 2023 figures.

The MoM decrease in the FX derivatives turnover was jointly driven by the 27.67% (\$1.71bn), 62.50% (\$0.15bn) and 100.00% (\$0.05bn) decrease in FX Swaps, FX Forwards and FX Futures transactions, respectively.

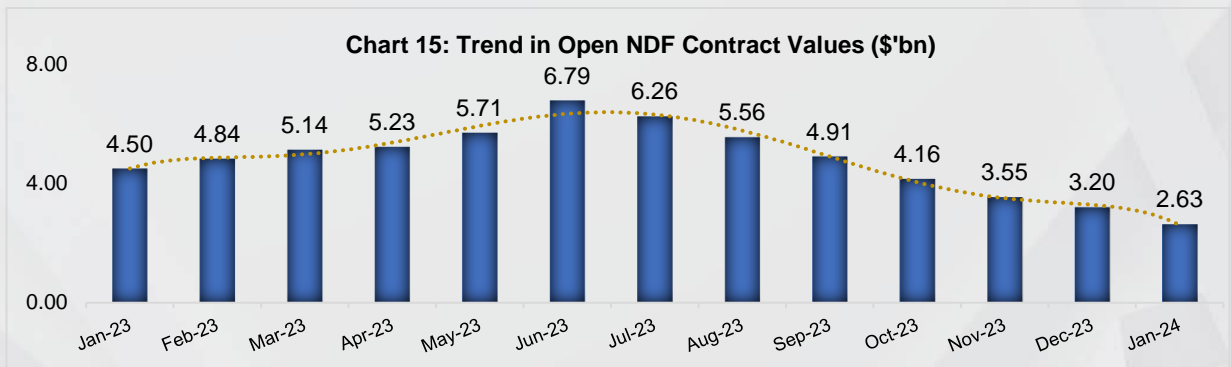
FX Swaps	Contribution
\$4.47bn (₦4.12trn)	▶ 98.03%
FX Forwards	
\$0.09bn (₦0.09trn)	▶ 1.97%
FX Futures	
\$0.00bn (₦0.00trn)	▶ 0.00%

Cleared Naira-Settled Non-Deliverable Forwards

In the Cleared Naira-Settled (USD/NGN) Non-Deliverable Forwards market, the near month contract¹ (NGUS JAN 31, 2024) expired and open positions with a total notional value (NV) of \$0.57bn were settled. However, there was no new far month (60M) contract introduced in the Cleared Naira-Settled Non-Deliverable Forwards market in the review period.

As a result, the cumulative NV of open Cleared Naira-Settled Non-Deliverable Forwards contracts decreased for the seventh consecutive month to circa \$2.63bn as at January 31, 2024, representing a MoM and YoY decrease of 17.81% (\$0.57bn) and 41.56% (\$1.87bn), respectively. (See Chart 15)

Matured Contract NGUS JAN 31, 2024 (\$/₦490.75*)	▲
New 60M Contract Not Applicable (N/A) (\$/₦0.00)	
NV of Open Positions in NDF Contracts – \$2.63bn	▼



In the period under review, there were no new trades recorded on contracts between 13M – 60M¹.

Notes:

* – Refers to the last published rate for **NGUS JAN 31 2024** contract as at June 13, 2023.

1 – In response to ongoing reforms in NAFEM, the Central Bank of Nigeria (“CBN”) halted the quotation of offer rates for all Cleared Naira-Settled Non-Deliverable Forwards contracts on September 26, 2023.

Derivatives Market..2

In January 2024, there were no rates quoted for Cleared Naira-Settled Non-Deliverable Forwards (See Table 7). Conversely, indicative non-deliverable FX Forwards rates increased across all tenor buckets. The 12M contracts recorded the highest MoM increase in price (i.e., expected depreciation in the Nigerian Naira against the US Dollar) in the review period (See Table 8).

Table 7: Average Cleared Naira-Settled Non-Deliverable Forwards Contract Rates (\$/₦)¹

	13-18M	19-24M	25-30M	31-36M	37-42M	43-48M	49-54M	55-60M
Jan-24	-	-	-	-	-	-	-	-
Dec-23	-	-	-	-	-	-	-	-
Change	N/A ↓ ↑	N/A ↓ ↑	N/A ↓ ↑	N/A ↓ ↑	N/A ↓ ↑	N/A ↓ ↑	N/A ↓ ↑	N/A ↓ ↑

Table 8: Indicative Non-Deliverable Forwards Rate (\$/₦)

	1M	2M	3M	6M	12M
Jan-24	1,424.06	1,437.18	1,450.85	1,490.56	1,582.13
Dec-23	975.32	984.01	994.26	1,022.41	1,087.08
Change	448.74 ↑	453.17 ↑	456.59 ↑	468.15 ↑	495.05 ↑

Notes:

1 – In response to ongoing reforms in NAFEM, the Central Bank of Nigeria (“CBN”) halted the quotation of offer rates for all Cleared Naira-Settled Non-Deliverable Forwards contracts on September 26, 2023.

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.