



FINANCIAL MARKETS MONTHLY REPORT

February 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 ₦2,589.35bn across its auctions in February 2024, representing a 579.23% (₦2,208.13bn) MoM increase on the value of T-bills sold across its auctions in January 2024 (₦381.22bn).

Similarly, the DMO sold FGN Bonds worth ₦1,494.91bn via new issuance of one (1) 7Y and one (1) 10Y FGN Bond in February 2024. The total sale represents a 40.20% undersubscription of the amount offered¹ and a 275.46% (₦1,076.71bn) MoM increase on the amount sold in January 2024 (₦418.20bn) across three (3) 10Y and one (1) 15Y FGN Bond maturities.

In February 2024, the CBN did not conduct any public OMO Bills auction in the primary market, compared to ₦1,008.20bn worth of OMO Bills sold across its auctions in January 2024.

Average Treasury Bills Discount Rates in Feb. 2024

91-day – 17.12%
3.72% (Jan. '24) ▲

182-day – 17.75%
5.69% (Jan. '24) ▲

364-day – 19.00%
9.97% (Jan. '24) ▲

Average FGN Bond Coupon Rates in Feb. 2024

7Y – 18.50%
N/A (Jan. '24)

10Y – 19.00% ▲
15.50% (Jan. '24)

15Y – N/A
16.50% (Jan. '24)

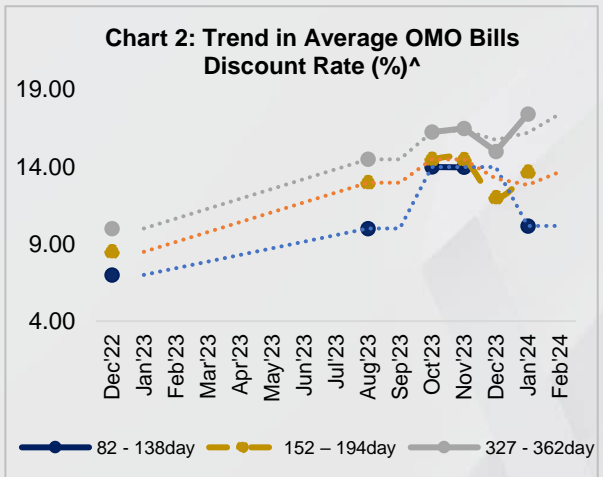
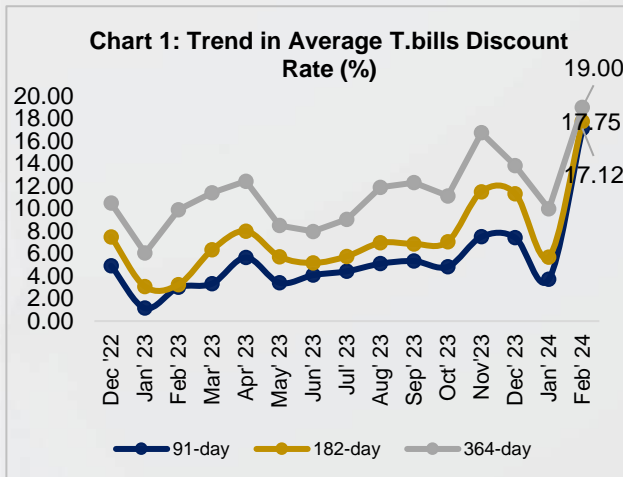


Table 1: Value of New Issuances (₦'bn)

Product	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24
T.bills	631.84	281.10	324.43	404.51	406.10	457.20	544.05	406.90	1,058.91	1,184.97	381.22	2,589.35
FGN Bonds	563.36	552.47	545.26	473.16	657.84	230.26	316.49	374.76	434.50	273.63	418.20	1,494.91

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

Product	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24
T.bills	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	8,428.78
FGN Bonds	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	22,355.89

Notes:

1 – Amount Offered in February 2024 was ₦2,500.00bn

^ – 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

There were no new listings of Non-Sovereign bonds on FMDQ Exchange in February 2024, compared to new Non-Sovereign bonds listings worth ₦5.50bn in January 2024. As a result, the total outstanding value of Non-Sovereign bonds remained unchanged at ₦2,209.51bn in February 2024.

The total value of CPs quoted on FMDQ Exchange in February 2024 was ₦50.33bn, representing a MoM decrease of 70.20% (₦118.56bn) from the value of CPs quoted in January 2024 (₦168.89bn). Quoted CPs were issued by institutions from various sectors including Agriculture (4), Financial Services (2), and Manufacturing (2).

However, CPs worth ₦147.54bn matured and were redeemed resulting in a 10.95% (₦97.21bn) MoM decrease in the total outstanding value of CPs from ₦887.96bn in January 2024 to ₦790.75bn in February 2024. (See Table 6)

Table 3: Average Discount Rates for Quoted CPs

Tenor	Feb. 24	Jan. 24	Trend
<=90 days	-	-	N/A
91 – 180 days	16.44%	16.95%	▼
181 – 270 days	16.13%	16.64%	▼

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

Tenor	Feb. 24	Jan. 24	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 (%)

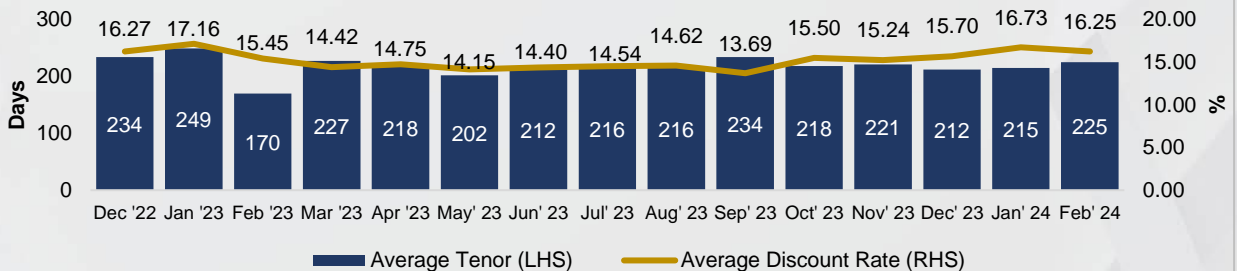


Table 5: Value of New Listings/Quotations (₦'bn)

Product	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24
CPs	354.18	114.27	191.89	82.13	117.32	145.27	146.22	36.51	77.40	246.33	168.89	50.33
Corporate Bonds	112.42	0.00	31.00	17.50	0.00	46.00	0.00	23.00	26.00	0.00	5.50	0.00
Subnational Bonds	0.00	0.00	0.00	0.00	137.33	19.81	115.00	0.00	0.00	0.00	0.00	0.00

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

Product	Mar. '23	Apr. '23	May '23	Jun. '23	Jul. '23	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24
CPs	669.85	720.54	845.19	831.94	917.40	938.34	966.39	948.56	806.35	821.25	887.96	790.75
Corporate Bonds	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	1,793.26
Subnational Bonds	144.11	144.11	144.11	144.11	281.43	301.25	416.25	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 February 2024 was ₦40.31trn, representing a MoM and YoY increase of 91.31% (₦19.24trn) and 174.97% (25.65trn) from January 2024 and February 2023 figures, respectively.

Foreign Exchange (FX) and Money Market (MM) transactions dominated secondary market activity, jointly accounting for 73.43% of the total secondary market turnover in February 2024. (See Chart 5)

Chart 5: Contribution to FMDQ Markets Turnover

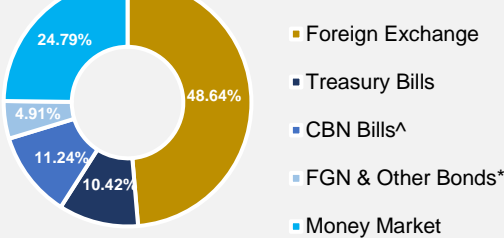


Chart 4: FMDQ Markets Turnover (₦trn)

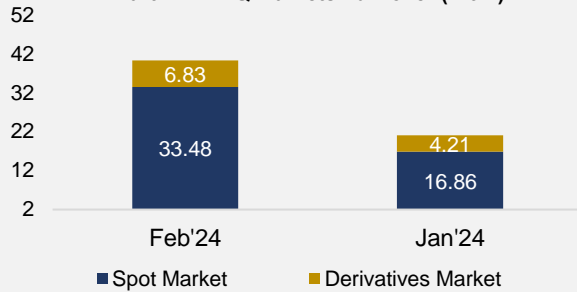
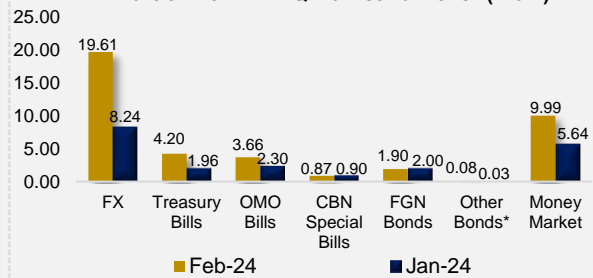


Chart 6: MoM FMDQ Market Turnover (₦trn)



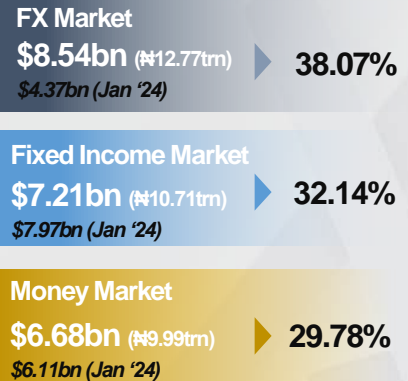
Spot Market

Total spot market turnover for all products traded in the secondary market in February 2024 was ₦33.48trn, representing a MoM increase of 98.58% (₦16.62trn) from January 2024 figures.

The MoM increase in total spot market turnover was jointly driven by an increase in turnover across all spot market product categories, with contributions by FX, MM and FI transactions increasing MoM by 216.87% (₦8.74trn), 77.18% (₦4.35trn) and 48.99% (₦3.52trn), respectively.

The uptick in MM turnover was solely driven by the MoM increase in Repos/Buy-backs, offsetting the MoM decrease in Unsecured Placement/Takings transactions. Similarly, the surge in FI turnover was jointly driven by a MoM increase across all FI products excluding CBN Special Bills and FGN Bonds which declined in the review period.

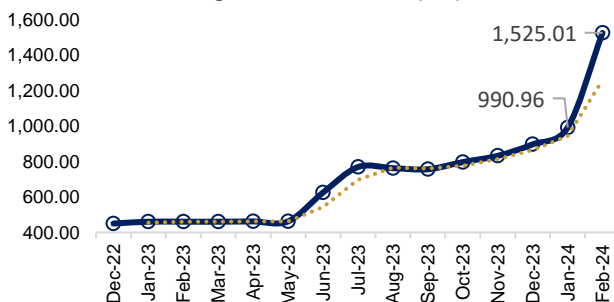
Chart 7: Spot Market Turnover and Percentage Contribution



Spot FX Market

Spot FX market turnover in February 2024 was \$8.54bn (₦12.77trn), representing a MoM increase of 95.47% (\$4.17bn) from the turnover recorded in January 2024 (\$4.37bn).

Chart 8: Average Rates in NAFEM (\$/₦)



In the FX Market, the US Dollar steeply appreciated against the Naira, with the spot exchange rate (\$/₦) increasing by 53.89% (\$/₦534.05) to close at an average of \$/₦1,525.01 in Feb. 2024 from \$/₦990.96 recorded in Jan. 2024. (See Chart 8)

Further, exchange rate volatility decreased in February 2024 as the Naira traded within an exchange rate range of \$/₦1,418.78 – \$/₦1,665.50 compared to \$/₦838.95 – \$/₦1,482.57 recorded in January 2024.

Notes:

^ Refers to OMO and CBN Special Bills

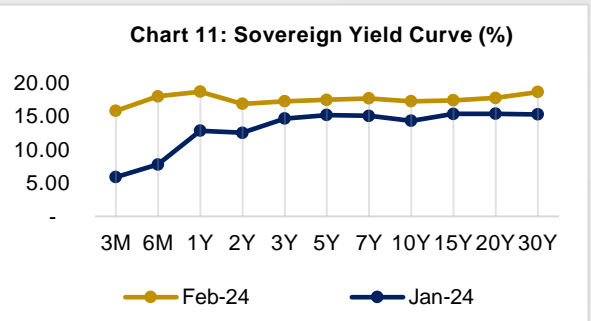
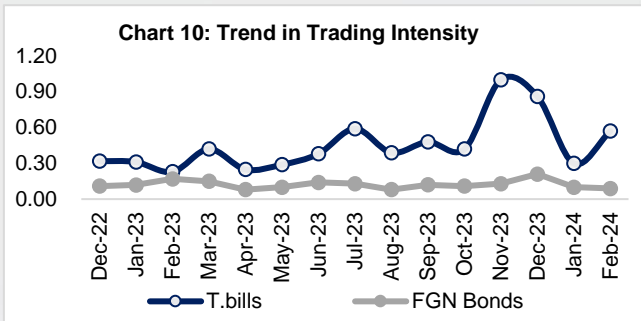
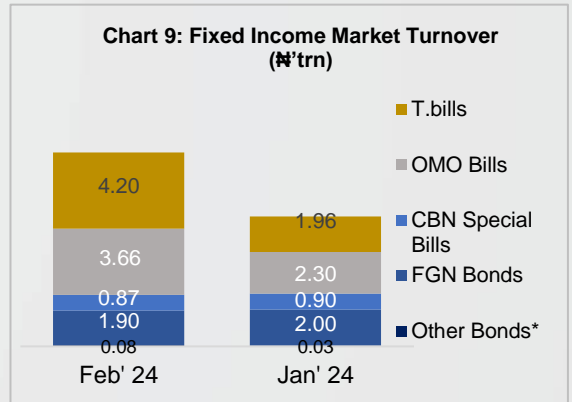
*Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes

Spot Fixed Income Market

FI market turnover in February 2024 was ₦10.71trn, representing a MoM increase of 48.99% (₦3.52trn) from the turnover recorded in January 2024 (₦7.19trn).

The MoM uptick in the FI market turnover was jointly driven by the 113.98% (₦2.24trn), 59.44% (₦1.36trn), and 154.09% (₦0.05trn) increase in turnover across T.Bills OMO Bills and Other Bonds*, offsetting the 3.33% (₦0.03trn) and 5.07% (₦0.10trn) decline across CBN Special Bills and FGN Bonds transactions, respectively. (See Chart 9)

As a result, the trading intensity (TI) for T.Bills increased MoM by 0.27bps to 0.57, whilst TI for FGN Bonds decreased MoM by 0.01bps to 0.09. (See Chart 10)



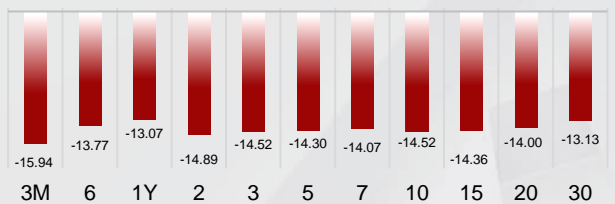
T.bills and FGN Bonds within the >6M – 12M and >10Y - 15Y tenors respectively were the most traded sovereign FI securities, accounting for 55.57% (₦3.39trn) and 12.13% (₦0.74trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table below)

T.Bills					FGN Bonds					Total
Up to 3M	>3M - 6M	>6M - 12M	>12M - 3Y	>3Y - 5Y	>5Y - 10Y	>10Y - 15Y	>15Y - 20Y	>20Y		
0.55	0.26	3.39	0.14	0.25	0.22	0.74	0.01	0.53	6.10	

In February 2024, the sovereign yield curve experienced an increase in level and a corresponding 6.56ppts MoM decrease in yield spread¹ to 2.81ppts, indicating a bearish flattening of the yield curve (See Chart 11).

Real (inflation-adjusted) yields remained negative across the yield curve in February 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).

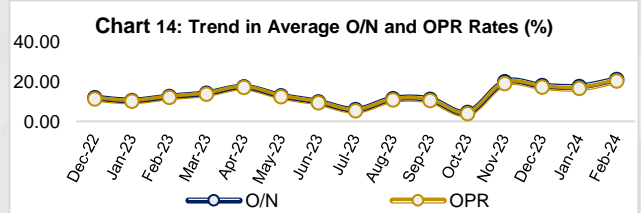
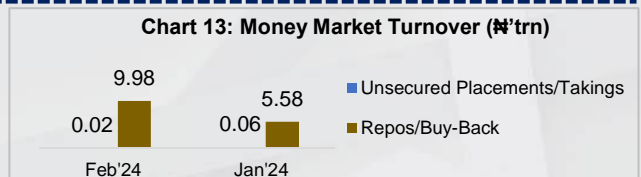
Chart 12: Inflation Adjusted Yields as at Feb. 29, 2024* (%)



Spot Market – (Money Market)

Total turnover in the MM segment increased MoM by 77.18% (₦4.35trn) to ₦9.99trn in February 2024. The MoM increase was solely driven by the 78.81% (₦4.40trn) increase in Repos/Buy-backs, offsetting the 73.59% (₦0.04trn) decrease in Unsecured Placement/Takings transactions, respectively (See Chart 13).

The average O/N rate and OPR rate (secured lending rate) increased MoM by 3.57ppts and 3.70ppts respectively, to close at an average of 21.13% and 20.19% in February 2024 (See Chart 14).



Notes:

¹ – Refers to the yield spread between the 3M and 30Y sovereign FI securities

^{*} – Adjusted with February 2024 inflation rate (31.70%)

^{*} – Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes

Derivatives Market

FX Derivatives Market

Total turnover in the FX derivatives market segment in February 2024 was \$4.57bn (₦6.83trn), representing a MoM increase of 0.22% (\$0.01bn) from January 2023 figures.

The MoM increase in the FX derivatives turnover was solely driven by the 626.26% (\$0.58bn) increase in FX Forwards turnover, offsetting the 12.73% (\$0.57bn) decline in FX Swaps transactions and lack of activity in the FX Futures market, respectively.

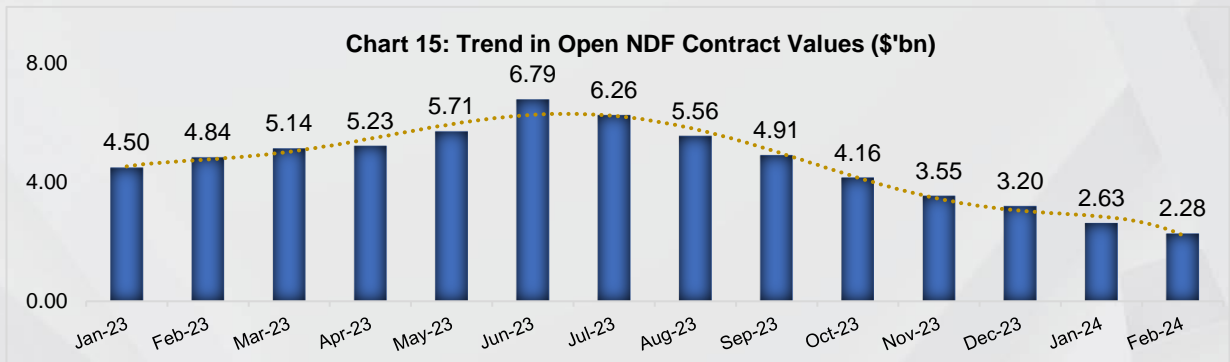
FX Swaps ¹	Contribution
\$3.90bn (₦5.51trn)	▶ 85.34%
FX Forwards	
\$0.67bn (₦1.00trn)	▶ 14.66%
FX Futures	
\$0.00bn (₦0.00trn)	▶ 0.00%

Cleared Naira-Settled Non-Deliverable Forwards

In the Cleared Naira-Settled (USD/NGN) Non-Deliverable Forwards market, the near month contract² (NGUS FEB 28, 2024) expired and open positions with a total notional value (NV) of \$0.35bn 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 declined for the eighth consecutive month to circa \$2.28bn as at February 29, 2024, representing a MoM and YoY decrease of 13.31% (\$0.35bn) and 52.89% (\$2.56bn), respectively. (See Chart 15)

Matured Contract NGUS FEB 28, 2024 (\$/₦495.57*)	▲
New 60M Contract Not Applicable (N/A) (\$/₦0.00)	
NV of Open Positions in NDF Contracts – \$2.28bn	▼



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 FEB 28 2024** contract as at June 13, 2023.

1 – Includes Other FX Derivatives

2 – 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 February 2024, the Cleared USD/NGN Non-Deliverable Forwards contracts within the longest tenor range (55-60M) recorded the highest increase in price (*i.e.*, *expected depreciation in the Nigerian Naira against the US Dollar*) relative to January 2024 (*See Table 7*).

Similarly, the farthest-term 12M Indicative Non-Deliverable FX Forwards contracts recorded the highest MoM price depreciation in the review period, despite the overall increase in rates witnessed across all tenor buckets (*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
Feb-24	1,864.43	1,988.44	2,118.93	2,260.78	2,410.15	2,569.39	2,740.28	2,923.72
Jan-24	-	-	-	-	-	-	-	-
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
Feb-24	1,605.15	1,624.15	1,651.04	1,708.73	1,840.55
Jan-24	1,424.06	1,437.18	1,450.85	1,490.56	1,582.13
Change	181.09 ↑	186.97 ↑	200.19 ↑	218.17 ↑	258.42 ↑

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 (“Cleared USD/NGN NDFs”) contracts on September 26, 2023. However, due to the protracted unavailability of offer quotes in the Market, as well as to facilitate price formation and effective risk management in the Market, FMDQ Securities Exchange Limited (“FMDQ Exchange” or the “Exchange”) commenced the publication of modelled Cleared USD/NGN NDFs rates (using the FMDQ Cleared USD/NGN NDFs Closing Rate Methodology) to ensure consistency, standardisation, and transparency, broadly in line with the tenets and best practices of derivatives markets globally (click [here](#) for more information).

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.