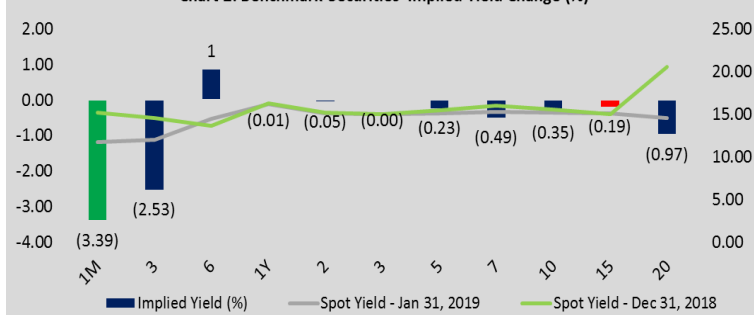


(Table 1) - FX Market Turnover (\$'bn)

	January	December	MoM Δ ⁴ (\$'bn)	MoM Δ (%)
Inter-Member*				
FX Spot	1.84	1.69	0.14	8.56
FX Swaps	0.30	0.43	(0.14)	(31.41)
FX Futures	0.00	0.00	0.00	0.00
Others**	0.07	0.07	0.00	5.92
Total	2.21	2.19	0.01	0.61
Member-Clients				
FX Spot	5.77	0.00	5.77	0.00
FX Swaps	2.04	1.90	0.14	7.58
FX Futures	0.43	0.58	(0.15)	(26.43)
Others	0.63	1.06	(0.43)	(40.37)
Total	8.88	3.54	5.33	150.61
Member-CBN				
FX Spot	1.92	0.00	1.92	0.00
FX Swaps	0.10	2.10	(2.00)	0.00
FX Futures	0.58	0.98	(0.40)	(41.14)
Others	1.22	2.20	(0.98)	(44.43)
Total	3.82	5.28	(1.45)	(27.55)
Total Turnover	14.91	11.01	3.89	35.36

Chart 2: Benchmark Securities' Implied Yield Change (%)



(Table 2) - Money Market Turnover (₦'bn)

	Jan-19	Dec-18	MoM Δ (₦'bn)	MoM Δ (%)	Jan-18	YoY Δ (₦'bn)	YoY Δ (%)
Repos/Buy-Backs	2,448.16	3,371.51	(923.35)	(27.39)	1,857.81	590.35	31.78
Unsecured Placements / Takings	49.95	56.55	(6.60)	(11.68)	120.61	(70.66)	(58.58)
Total	2,498.11	3,428.07	(929.96)	(27.13)	1,978.41	519.70	26.27

(Table 3) - Market Activity - Executed Trade Count

	January			December			MoM Δ (%)
	AFO ⁹	RFQ ¹⁰	Total	AFO	RFQ	Total	
T.bills	612	11,966	12,578	3,878	10,759	14,637	(14.07)
FGN bonds	207	851	1,058	176	945	1,121	(5.62)
Total	819	12,817	13,636	4,054	11,704	15,758	(13.47)

Notes:
 *Member** All references to Member means Dealing Member (Banks); "Others**" includes Cross Currency Interest Rate Swaps
 1 – Month-on-Month; 2 – Year-on-Year; 3 – Central Bank of Nigeria; 4 – Change; 5 – Federal Government of Nigeria; 6 – Open Market Operations; 7 – Overnight; 8 – Nigerian Inter-Bank Offered Rate; 9 – Anonymous Firm Order; 10 – Request-for-Quote.

OTC Market Summary

- Turnover in the Fixed Income and Currency (FIC) market for the month ended January 31, 2019 was ₦15.08trn, representing a 14.85% (₦2.63trn) MoM¹ decrease on the turnover of ₦17.71trn recorded in December 2018, and a 28.78% (₦3.37trn) YoY² increase
- The Treasury Bills (T. bills) and Foreign Exchange (FX) market segments remain the major drivers of turnover in the FIC market, jointly accounting for 78.69% of turnover in January and higher by 2.21 percentage points (ppts) from their contribution to turnover in December (76.48%) (See Chart 1)

FX Market

- Total FX market turnover in January 2019 was \$14.91bn, representing a 35.36% (\$3.89bn) MoM increase from the turnover recorded in December 2018 (\$11.01bn). The increase in FX turnover in January can be attributed to the 150.61% and 0.61% rise in Member-Clients and Inter-Member trades which was only marginally offset by the 27.55% decrease in Member-CBN³ trades (See Table 1). Contrastingly, turnover at the Investors & Exporters (I&E) FX Window in January 2019 recorded 22.42% (\$1.11bn) and 26.86% (\$1.41bn) MoM and YoY decreases respectively to close at \$3.84bn from the \$4.95bn and \$5.25bn recorded in December and January 2018 respectively
- Analysis of FX turnover by product type showed that FX Spot was the main driver of the overall increase in FX turnover, with a MoM increase of 462.93% (\$7.84bn). The increase in FX Spot can be attributed to FX inflow for investments in the higher yielding FGN⁵ fixed income securities. Conversely, FX Derivatives recorded a MoM decrease of 42.34% (\$3.95bn), driven mainly by a 44.89% decline in Member-CBN FX Swaps turnover, while turnover in FX Futures also declined by 35.66%. In January, the 31st Naira-settled OTC FX Futures Contract (NGUS JAN 30, 2019) with total open contract of \$515.09mm matured and was settled on FMDQ, while a new 12-month Futures contract (NGUS JAN 29, 2020) with a notional principal of \$1.00bn and futures price of \$/₦364.65 was listed on the OTC Exchange
- In January 2019, the Nigerian Naira appreciated against the US Dollar at the I&E FX Window, gaining 97 kobo to close the month at \$/₦363.03 (from \$/₦364.00 recorded in December 2018). However, relative to January 2018, the Naira has depreciated by ₦3.03 (\$/₦360.00 in January 2018). Similarly, the CBN Official Spot rate appreciated by 25 kobo to close at \$/₦306.75 (from \$/₦307.00 recorded in December in 2018). The \$/₦ rate at the Parallel market appreciated by ₦2.00 to close at \$/₦361.00 (from \$/₦363.00 recorded in December)

Fixed Income Market (T.bills and FGN bonds)

- Total T. bills (including OMO⁶ bills) outstanding recorded a MoM decrease of ₦0.16trn to close at ₦2.58trn as the CBN continued mopping up liquidity via its OMO auctions to curtail build-up of inflationary pressure. FGN Bonds remained flat at ₦8.26trn as at January 31, 2019. Furthermore, the split in sovereign debt between long and short-term debt as at January was 76:24 (long vs. short term), close to the target ratio of 75:25 outlined in the Debt Management Strategy (2016 -2019)
- Monthly Trading Intensity in the T. bills and FGN Bonds markets decreased marginally from 0.49 and 0.09 in December 2018, to 0.46 and 0.08 in January respectively, as the 12.77% rise in T. bills and FGN Bonds outstanding did not result in similar or higher growth in turnover. T. bills within the 6-12 months maturity bracket remained the most actively traded in January 2019, accounting for 44.57% of the total FI market turnover
- Weighted average yields on short, medium and long-term maturities on the sovereign yield curve decreased by 0.80ppts, 0.07ppts and 2.18ppts respectively in January 2019 (See Chart 2)
- Yield spread between the 3-month T. bill and the 10-year FGN Bond decreased by 217 basis points (bps) to close at 3.18ppts in January 2019 (1.01ppts in December 2018)

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

- Turnover recorded in the Repos/Buy-Backs segment of the Money Market was ₦2.45trn in January 2019, representing a 27.39% (₦0.92trn) MoM decrease from ₦3.37trn recorded in December 2018, and a 31.78% (₦0.59trn) YoY increase from the turnover recorded in January 2018 (See Table 2)
- Furthermore, Unsecured Placements/Takings closed the month with a turnover of ₦49.95bn, representing a 11.68% (₦6.60bn) MoM decrease from ₦56.55bn recorded in December 2018, and a YoY decrease of 58.58% (₦70.66bn) (See Table 2)
- Average O/N⁷ NIBOR⁸ decreased by 6.20ppts to close at 19.09% in January 2019 from 25.29% reported for December 2018, indicating an increase in liquidity in the inter-bank market

Market Surveillance

- Total number of executed trades reported on the E-Bond Trading System in January was 13,636 representing a 13.47% (2,122) MoM decrease from the number of trades executed in December (15,758), driven by a MoM decrease in T. bills and FGN Bonds trade by 2,059 (14.07%) and 63 (5.62%) respectively (See Table 3)