

Chart 1: OTC Turnover (N'trn)

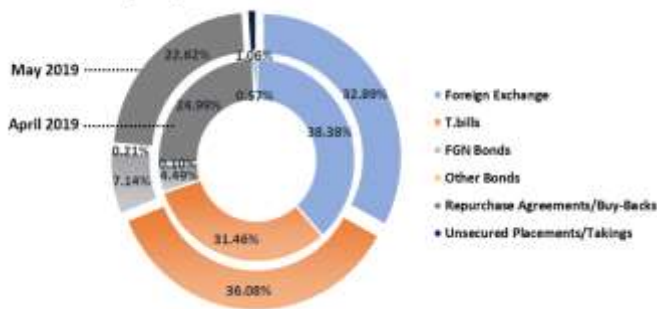


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	May	April	MoM Δ (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	1.72	1.46	0.25	17.22
	FX Forwards	0.09	0.10	(0.01)	(06.41)
	FX Swaps	0.45	0.57	(0.12)	(20.93)
	FX Futures	0.04	0.00	0.04	N/A <sup>5</sup>
	Others**	0.87	0.67	0.20	29.12
	FX Derivatives	1.45	1.34	0.11	8.31
	<b>Total</b>	<b>3.16</b>	<b>2.80</b>	<b>0.36</b>	<b>12.96</b>
Member-Clients	FX Spot	7.59	6.85	0.75	10.91
	FX Forwards	0.68	0.60	0.08	13.36
	FX Swaps	2.50	1.54	0.96	62.65
	FX Futures	1.09	1.02	0.08	7.40
	Others	0.32	0.30	0.03	8.86
	FX Derivatives	4.59	3.45	1.14	33.17
	<b>Total</b>	<b>12.18</b>	<b>10.29</b>	<b>1.89</b>	<b>18.37</b>
Member-CBN	FX Spot	1.36	2.35	(0.99)	(42.25)
	FX Forwards	0.82	0.61	0.21	33.60
	FX Swaps	0.00	0.00	0.00	N/A
	FX Futures	1.16	1.37	(0.21)	(15.60)
	Others	0.00	0.00	0.00	N/A
	FX Derivatives	1.98	1.98	(0.01)	(0.43)
	<b>Total</b>	<b>3.33</b>	<b>4.34</b>	<b>(1.00)</b>	<b>(23.11)</b>
<b>Total Turnover</b>	<b>18.68</b>	<b>17.43</b>	<b>1.25</b>	<b>7.18</b>	

Table 2 - I&E FX Window Inflow

Source	May			April			MoM Δ	
	Value (\$'bn)	Sizing (%)	Total Sizing (%)	Value (\$'bn)	Sizing (%)	Total Sizing (%)	MoM Δ (\$'bn)	MoM Δ (%)
International Sources	FDIs	0.11	4.69	0.16	6.54	66.39	(0.05)	(32.21)
	FPIs	1.57	67.49	1.44	58.68	33.61	0.13	8.73
	Other Corporates	0.07	2.95	0.03	1.17		0.04	138.19
Local Sources	CBN	0.00	0.00	0.01	0.41		(0.01)	(100.00)
	Exporters	0.08	3.29	0.08	3.32		(0.01)	(6.24)
	Individuals	0.01	0.27	0.00	0.17		0.00	46.51
	Non-Bank Corporates	0.50	21.31	0.73	29.71		(0.24)	(32.19)
<b>Total</b>	<b>2.33</b>	<b>100.00</b>	<b>2.46</b>	<b>100.00</b>		<b>(0.13)</b>	<b>(5.46)</b>	

Chart 2: OMO Auction Results for May and April 2019 (N'bn)

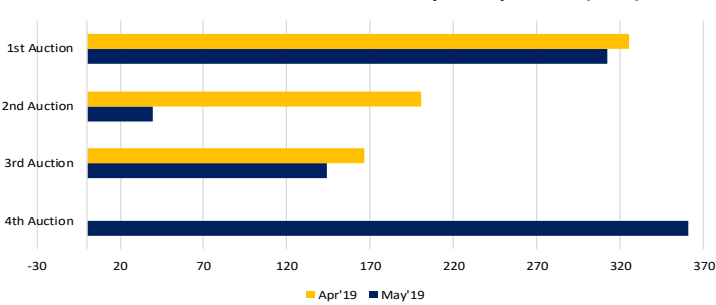
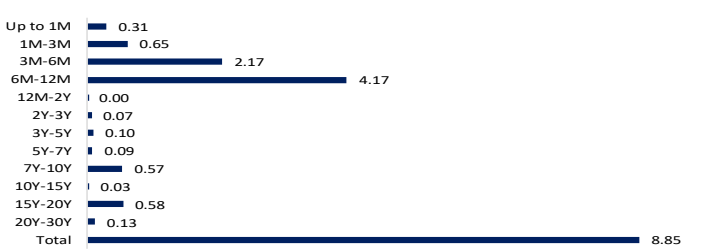


Chart 3: Fixed Income Turnover (N'trn)



Notes:  
\*Member - All references to Member means Dealing Member (Banks); \*\*Others includes Options & Cross Currency Interest Rate Swaps;

1 - Month-on-Month; 2 - Year-on-Year; 3 - Conversion rate is the average I&E Turnover rate of \$/N363.70; 4 - Central Bank of Nigeria; 5 - Federal Government of Nigeria; 6 - Open Market Operations; 7 - Year-to-Date

## OTC Market Summary

- Turnover in the Fixed Income and Currency ("FIC") markets for the month ended May 31, 2019 was ₦20.49trn, representing a 25.18% (₦4.12trn) MoM<sup>1</sup> increase on the turnover recorded in April 2019 (₦16.37trn); and a 43.31% YoY<sup>2</sup> increase from ₦14.30trn recorded in May 2018
- Treasury Bills and FX product segments remained the dominant and major driver of OTC market activity, jointly accounting for 68.97% of the total OTC market turnover in May 2019; representing a 0.87% and 6.94% decrease in their joint contribution in April 2019 and May 2018 respectively

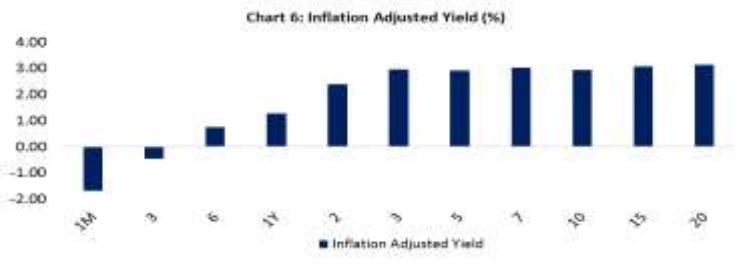
## FX Market

- Total FX market turnover in May 2019 was \$18.68bn (₦6.74trn<sup>3</sup>), representing a 7.18% (\$1.25bn) MoM increase from the turnover recorded in April 2019 (\$17.43bn) (See Chart 1, 2 & Table 1)
- In May 2019, analysis by trade type indicated that the MoM increase in total FX turnover was largely driven by the 18.37% MoM increase in Member-Clients trades, while the 12.96% (\$0.36bn) MoM increase in Inter-Member trades was offset by the 23.11% (\$1.00bn) MoM decrease in Member-CBN<sup>4</sup> trades. Despite the increase in FX market activity, turnover at the Investors & Exporters ("I&E") FX Window in May 2019 recorded an 8.29% (\$0.44bn) MoM decrease to close at \$4.87bn from the \$5.31bn recorded in April 2019, whilst achieving a marginal YoY increase of 2.10% (\$0.10bn) from the \$4.77bn turnover recorded in May 2018
- Analysis of FX turnover by product type indicated growth in both FX Spot and Derivatives turnover, with FX Spot turnover increasing MoM marginally by 0.05% (\$0.01bn) and FX Derivatives increasing MoM by 18.41% (\$1.25bn). The MoM increase in FX Derivatives accounted for 99.58% of the total MoM increase in FX turnover, and was driven mainly by MoM increases in FX Swaps (\$0.84bn) and Forwards (\$0.28bn) turnover, jointly accounting for 89.71% of the MoM increase in total FX turnover. In May 2019, the 35<sup>th</sup> Naira-settled OTC FX Futures Contract (NGUS MAY 29 2019) with total open contracts size of \$938.89mm matured and was settled, bringing the total value of OTC FX Futures Contracts settled on FMDQ since the introduction of the derivatives contract to c.\$16.21bn out of \$24.43bn worth of contracts traded to date. A new 12-month contract (NGUS MAY 27 2020) with a notional principal of \$1.00bn and futures price of \$/₦362.28 was introduced
- In May 2019, the Naira depreciated against the US Dollar at the I&E FX Window and parallel market by ₦0.11 and ₦1.00 to close the month at \$/₦360.74 and ₦361.00 respectively while the CBN Official Spot rates remained unchanged at \$/₦306.95

- Despite the overall MoM decline in I&E FX turnover in May 2019; FX inflows for Foreign Portfolio Investments ("FPI") increased by 8.73%, accounting 67.49% of total I&E FX inflows, due to sustained interest in the Nigerian fixed income securities amidst renewed expectations of superior yields following the re-appointment of the CBN Governor, Mr. Godwin Emefiele in May 2019 (See Table 2)

## Fixed Income Market (T.bills and FGN<sup>5</sup> bonds)

- Average OMO<sup>6</sup> bills outstanding in May 2019 was ₦14,544.18bn representing a MoM increase of 0.12% (₦17.25bn) from the ₦14,526.93bn recorded in April 2019 as the CBN increased the frequency and size of its liquidity mop up via OMO auctions to curtail increase in inflationary pressures; the CBN carried out four (4) auctions of OMO bills worth ₦856.61bn in May 2019 compared to the three (3) auctions carried out in April 2019 (See Chart 3). Similarly, average FGN bonds outstanding recorded a MoM increase of 0.97% (₦83.78bn) to close at ₦8.74trn in May 2019
- Trading intensity in the T.bills and FGN bonds markets increased from 0.30 and 0.08 in April 2019, to 0.43 and 0.17 in May 2019 respectively (See Table 3). YTD<sup>7</sup> trading intensity in the markets stood at 2.32 and 0.64 respectively compared to 2.19 and 0.56 for the same period in 2018. T.bills within the 6-12 months maturity bracket remained the most actively traded in May 2019, accounting for 47.12% of the total FI market turnover (See Chart 4)
- In May 2019, weighted average yields on the short-term and medium-term maturities decreased by 1.23% and 0.13% respectively, while weighted average yields on long-term maturities increased by 0.34% due to the increase in yield on 20Y securities, resulting in a steeper yield curve. The trend in yields may be attributed to the sustained demand for Nigerian fixed income securities for positive returns due to the underperformance of the equities market, as well as increased liquidity in the system. Furthermore, inflation-adjusted yield in May 2019 remained positive across the 6M to 20Y tenors within the period under review (See Chart 5 & 6)



**Table 3 - Trading Intensity**

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	YTD'19	Jan '18 - May '18
T.bills	0.46	0.54	0.60	0.30	0.43	2.32	2.19
FGN bonds	0.08	0.12	0.18	0.08	0.17	0.64	0.56

**Table 4 - Money Market Turnover (₦'bn)**

	May-19	Apr-19	MoM Δ (₦'bn)	MoM Δ (%)	May-18	YoY Δ (₦'bn)	YoY Δ (%)
Repos/Buy-Backs	4,634.65	4,089.52	545.13	13.33	2,435.43	2,199.22	90.30
Unsecured Placements / Takings	217.62	94.04	123.58	131.42	74.25	143.36	193.08
<b>Total</b>	<b>4,852.27</b>	<b>4,183.55</b>	<b>668.71</b>	<b>15.98</b>	<b>2,509.68</b>	<b>2,342.59</b>	<b>93.34</b>

**Table 5 - Market Activity - Executed Trade Count**

	May			April			MoM Δ (%)
	AFO <sup>11</sup>	RFQ <sup>12</sup>	Total	AFO	RFQ	Total	
T.bills	781	12,438	13,219	585	9,573	10,158	30.13
FGN bonds	301	1,425	1,726	302	1,106	1,408	22.59
<b>Total</b>	<b>1,082</b>	<b>13,863</b>	<b>14,945</b>	<b>887</b>	<b>10,679</b>	<b>11,566</b>	<b>29.21</b>

Notes:  
8- Overnight; 9 - Open Buy-back; 11 - Anonymous Firm Order; 12- Request-for-Quote

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

- Turnover recorded in the Repos/Buy-Backs segment of the Money Market was ₦4,634.65bn in May 2019, representing a 13.33% (₦545.13bn) MoM increase from ₦4,089.52bn recorded in April 2019, and 90.30% (₦2,199.22bn) YoY increase from the turnover recorded in May 2018
- Similarly, Unsecured Placements/Takings closed the month with a turnover of ₦217.62bn, representing a 131.42% (₦123.58bn) MoM increase from ₦94.04bn recorded in April 2019, and a YoY increase of 193.08% (₦143.36bn) from the turnover recorded in May 2018 (See Table 4)
- The increase in turnover in the Money Market is attributable to the 7.67% and 7.47% decrease in average Money Market O/N<sup>8</sup> and OBB<sup>9</sup> rates respectively, which closed at 9.01% and 8.21% in May 2019 from 16.68% and 15.68% in April 2019; indicating an increase in liquidity in the inter-bank market as average OMO stop rates declined by 41bps from 12.70% in April 2019 to 12.29% in May 2019

### Market Surveillance

- Total number of executed trades reported on the E-Bond Trading System in May 2019 was 14,945 representing a 29.21% (3,379) MoM increase from the number of trades executed in April 2019 (11,566), driven by a MoM increase in T.bills and FGN bonds trades by 3,061 (30.13%) and 318 (22.59%) respectively (See Table 5)