

Chart 1: FIC Market Turnover (N'trn)

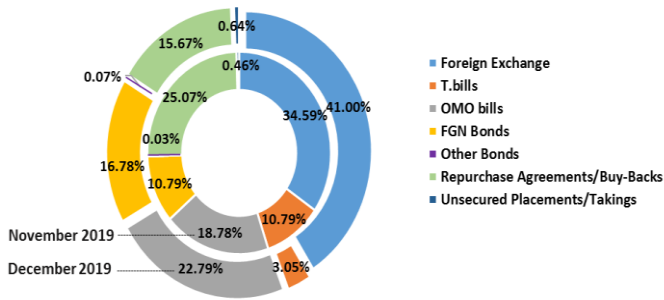


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	December	November	MoM Δ <sup>3</sup> (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	1.02	1.73	(0.71)	(41.03)
	FX Forwards	0.04	0.04	0.00	0.00
	FX Swaps	0.77	0.44	0.33	75.01
	FX Futures	0.00	0.00	0.00	0.00
	Others**	0.82	0.82	0.00	0.00
	FX Derivatives	1.62	1.30	0.33	25.20
	<b>Total</b>	<b>2.64</b>	<b>3.03</b>	<b>(0.38)</b>	<b>(12.56)</b>
Member-Client	FX Spot	7.19	8.27	(1.09)	(13.14)
	FX Forwards	0.97	0.83	0.14	16.53
	FX Swaps	1.50	1.38	0.12	8.83
	FX Futures	0.76	1.38	(0.62)	(44.86)
	Others	0.28	0.25	0.03	12.56
	FX Derivatives	3.51	3.84	(0.33)	(8.53)
	<b>Total</b>	<b>10.70</b>	<b>12.11</b>	<b>(1.41)</b>	<b>(11.68)</b>
Member-CBN <sup>4</sup>	FX Spot	1.83	1.91	(0.08)	(4.05)
	FX Forwards	1.01	1.37	(0.36)	(26.05)
	FX Swaps	0.04	0.20	(0.16)	0.00
	FX Futures	0.97	1.80	(0.83)	(45.99)
	Others	1.30	0.20	1.10	0.00
	FX Derivatives	3.32	3.57	(0.25)	(6.91)
	<b>Total</b>	<b>5.15</b>	<b>5.48</b>	<b>(0.32)</b>	<b>(5.91)</b>
<b>Total Turnover</b>	<b>18.49</b>	<b>20.61</b>	<b>(2.12)</b>	<b>(10.30)</b>	

Chart 2: Trend in Trading Intensity

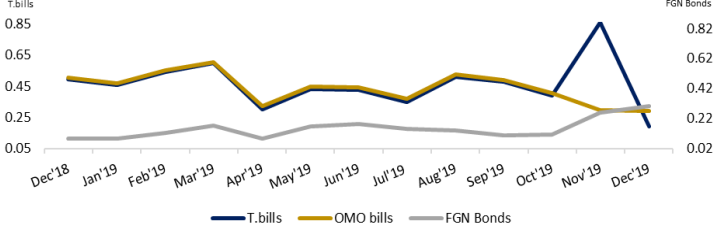
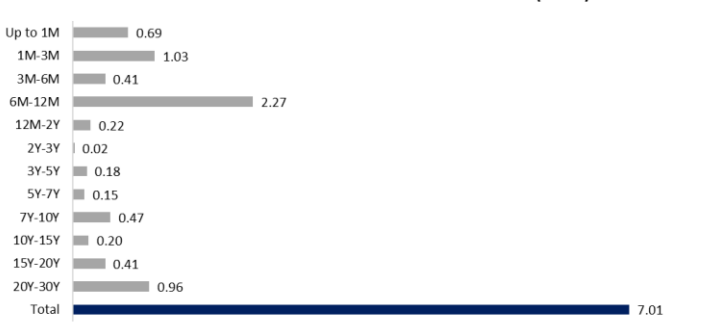


Chart 3: Fixed Income Turnover - December 2019 (N'trn)



**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 - Open Market Operations; 4 - Change; 5 - Central Bank of Nigeria; 6 - Federal Government of Nigeria; 7 - Year-to-Date

**FIC Market Summary**

- Turnover in the Fixed Income and Currency ("FIC") markets for the month ended December 31, 2019 was ₦16.45trn, representing a MoM<sup>1</sup> decrease of 23.88% (₦5.16trn) on the turnover recorded in November 2019 (₦21.61trn) and a YoY<sup>2</sup> decrease of 7.11% (₦1.26trn) in comparison to the turnover recorded in December 2018 (₦17.71trn)
- Foreign Exchange ("FX") and OMO<sup>3</sup> bills were the most traded products jointly accounting for 63.79% of the total FIC market turnover recorded in December 2019. (See Chart 1)

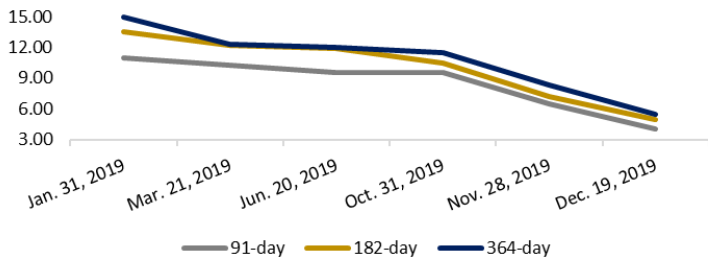
**FX Market**

- Total FX market turnover in December 2019 was \$18.49bn (₦6.74trn), representing a 10.30% (\$2.12bn) MoM decrease from the turnover recorded in November 2019. (See Table 1)
- Analysis of FX market turnover by trade type indicated MoM decreases across all categories, with Inter-Member trades recording the highest percentage MoM decrease at 12.56% (\$0.38bn), while Member-Client trades recorded the highest MoM decrease in dollar (nominal) terms, at \$1.41bn (11.68%)
- Additionally, analysis by product type indicated that the MoM decrease in FX turnover was driven by the 15.73% (\$1.87bn) and 2.88% (\$0.25bn) decrease in FX Spot and FX Derivatives turnover, accounting for 88.18% and 11.82% of the MoM decrease in total FX market turnover respectively
- In December 2019, the Naira-settled OTC FX Futures Contract (NGUS DEC 24 2019) with total open contract value of \$1.71bn matured and was settled, and a new contract, NGUS JAN 27 2021 for \$1.00bn at \$/₦367.48 was introduced. This brings the total value of open OTC FX Futures Contracts to c.\$9.67bn, while the total value of contracts traded (i.e. open and settled) stands at c.\$33.62bn
- The CBN Official Spot rate for US\$/₦ remained constant at \$/₦307.00 in December 2019, while, the parallel market rate depreciated by \$/₦2.00 to close at \$/₦362.00 from \$/₦360.00 recorded in November 2019. Further, the Naira depreciated against the US Dollar at the Investors' and Exporters' ("I&E") FX Window by \$/₦1.70 to close at \$/₦364.51 in December 2019 (\$/₦362.81 in November 2019)

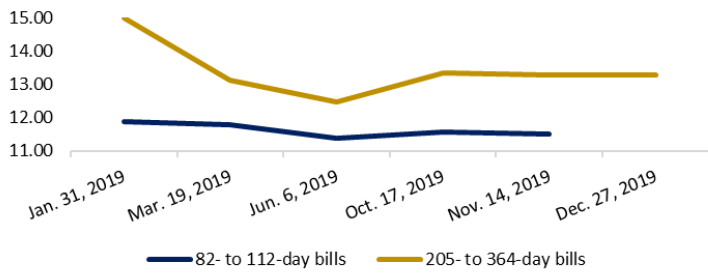
**Fixed Income Market (T.bills, OMO bills and FGN<sup>6</sup> Bonds)**

- At the end of December 2019, the outstanding value of OMO bills decreased by 9.15% (₦1.31trn) MoM to ₦13.01trn, whilst the outstanding value of T.bills remained flat at ₦2.58trn. Conversely, the outstanding value of FGN Bonds increased MoM by 3.17% (₦0.29trn) to close at ₦9.43trn in December 2019
- Trading intensity for T.bills and OMO bills decreased to 0.19 and 0.27 respectively in December 2019 from 0.86 and 0.28 recorded in November 2019. The substantial decrease in T.bills trading intensity was driven by the 77.48% (₦1.72trn) MoM decrease in T.bills turnover in December 2019. Conversely, trading intensity for FGN Bonds increased to 0.30 in December 2019 from 0.26 recorded in November 2019. YTD<sup>7</sup> trading intensity for bills (T.bills and OMO bills) and FGN Bonds stood at 5.09 and 1.91 respectively compared to 5.50 and 1.49 recorded in the corresponding period in 2018. (See Chart 2)
- In December 2019, T.bills and OMO bills within the 6M - 12M maturity bracket were the most actively traded among the short-term securities (i.e. 1M - 5Y) accounting for 32.38% of the total Fixed Income market turnover, while FGN Bonds within the 20Y - 30Y maturity bracket were the most actively traded among the medium to long-term securities (i.e. 5Y - 30Y), accounting for 13.69% of the total Fixed Income market turnover. (See Chart 3)
- Weighted average yields on short, medium and long-term fixed income maturities decreased by 0.79%, 9.66% and 0.27% respectively in December 2019. In addition, the stop rates for T.bills at the primary market declined in December 2019 from the rates recorded in November 2019 across all tenors whilst the stop rates for OMO bills declined for the 205-day to the 364-day tenor which is attributable to the continued impact of the CBN directive on OMO auctions; no OMO bills were sold for the 82-day to 112-day tenor. (See Chart 4 and 5). Consequently, inflation-adjusted yield was negative across all tenors of the yield curve excluding the 15Y, 20Y and 30Y tenors which remained positive in December 2019. (See Chart 6)

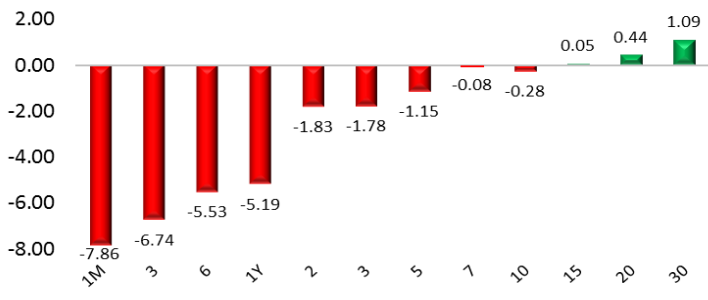
**Chart 4: Trend in T.bills Stop Rates (%)**



**Chart 5: Trend in OMO bills Stop Rates (%)**



**Chart 6: Inflation Adjusted Yield as at Dec. 27, 2019 (%)**



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

	Dec-19	Nov-19	MoM Δ (₦'bn)	MoM Δ (%)	Dec-18	YoY Δ (₦'bn)	YoY Δ (%)
Repos/Buy-Backs	2,577.46	5,417.29	(2,839.83)	(52.42)	3,371.51	(794.05)	(23.55)
Unsecured Placements / Takings	104.66	100.39	4.27	4.25	56.55	48.10	85.06
<b>Total</b>	<b>2,682.12</b>	<b>5,517.68</b>	<b>(2,835.56)</b>	<b>(51.39)</b>	<b>3,428.07</b>	<b>(745.94)</b>	<b>(21.76)</b>

**Table 3 - Market Activity - Executed Trade Count**

	December			November			MoM Δ (%)
	AFO <sup>10</sup>	RFQ <sup>11</sup>	Total	AFO	RFQ	Total	
T.bills	4,464	6,028	10,492	267	10,374	10,641	(1.40)
FGN bonds	291	2,272	2,563	545	2,443	2,988	(14.22)
<b>Total</b>	<b>4,755</b>	<b>8,300</b>	<b>13,055</b>	<b>812</b>	<b>12,817</b>	<b>13,629</b>	<b>(4.21)</b>

**Notes:**  
8 – Overnight; 9 – Open Buy-back; 10 – Anonymous Firm Order; 11 – Request-for-Quote

**Money Market (Repurchase Agreements/Buy-Backs and Unsecured Placements/Takings)**

- Total turnover in the Money Market decreased MoM by 51.39% (₦2.84trn) to ₦2.68trn in December 2019, driven by the Repurchase Agreements/Buy-Backs segment which recorded a MoM decrease of 52.42% (₦2.84trn) in turnover to ₦2.58trn in December 2019 from ₦5.42trn in November 2019. (See Table 2)
- Turnover in Unsecured Placements/Takings in December 2019 was ₦104.66bn, representing a 4.25% MoM increase (₦4.27bn) from the ₦100.39bn recorded in November 2019, and a YoY increase of 85.06% (₦48.10bn) from the turnover recorded in December 2018 (₦56.55bn). This can be attributed to increased liquidity in the inter-bank market
- Increased liquidity in the financial system is evidenced by the decrease in average O/N<sup>8</sup> and OBB<sup>9</sup> rates by 355bps and 342bps respectively to an average of 3.79% and 3.09% in December 2019 from 7.34% and 6.51% in November 2019. Further, financial data from the CBN revealed a 63.33% (₦0.19trn) increase in average opening balances of deposit money banks to ₦0.49trn in December 2019 from ₦0.30trn in November 2019

**Market Surveillance**

- Total number of executed trades reported on the Bloomberg E-Bond Trading System in December 2019 was 13,055, representing a 4.21% (574) MoM decrease against the number of executed trades recorded in November 2019 (13,629), driven by the 1.40% (149) and 14.22% (425) MoM decreases in T.bills and FGN Bonds' trades respectively. (See Table 3)