

Chart 1: FIC Market Turnover (₦trn)

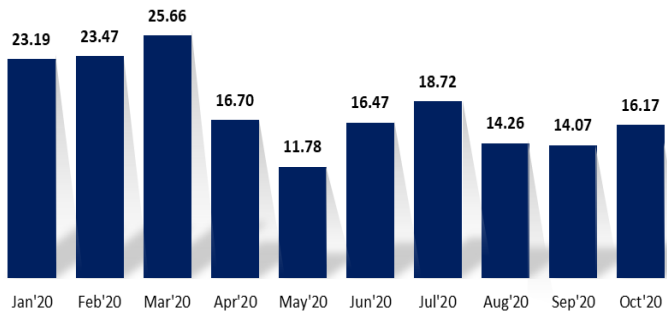


Chart 2: Contribution to FIC Market Turnover (%)

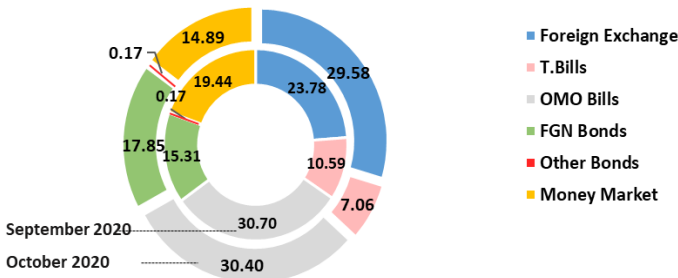
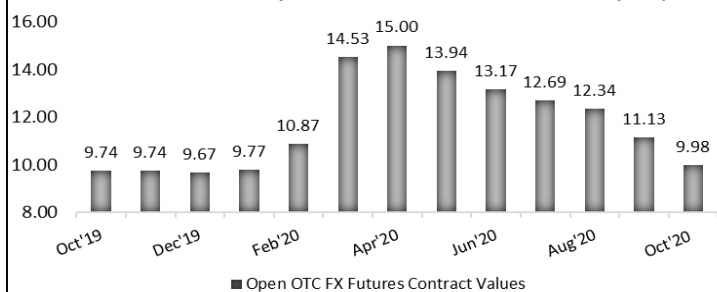


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	October	September	MoM Δ ⁶ (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	1.11	0.77	0.34	44.16
	FX Forwards	0.00	0.00	0.00	N/A
	FX Swaps	0.22	0.12	0.10	83.33
	FX Futures	0.01	0.01	0.00	0.00
	Others**	0.30	0.46	(0.16)	(34.78)
	FX Derivatives	0.53	0.59	(0.06)	(10.17)
	Total	1.64	1.36	0.28	20.59
Member-Client	FX Spot	2.75	2.26	0.49	21.68
	FX Forwards	0.93	0.83	0.10	12.05
	FX Swaps	3.72	2.39	1.33	55.65
	FX Futures	0.43	0.14	0.29	207.14
	Others	0.23	0.24	(0.01)	(4.17)
	FX Derivatives	5.31	3.60	1.71	47.50
	Total	8.06	5.86	2.20	37.54
Member-CBN	FX Spot	0.68	0.62	0.06	9.68
	FX Forwards	0.95	0.68	0.27	39.71
	FX Swaps	0.50	0.00	0.50	N/A
	FX Futures	0.57	0.14	0.43	307.14
	Others	0.00	0.00	0.00	N/A
	FX Derivatives	2.02	0.82	1.20	146.34
	Total	2.70	1.44	1.26	87.50
Total Turnover	12.40	8.66	3.74	43.19	

Chart 3: Trend in Open OTC FX Futures Contract Values (\$'bn)



Notes:
*Member - All references to Member means Dealing Member (Banks); Inter-Member Turnover reported includes both sides of the transaction; **Others includes Options & Cross Currency Interest Rate Swaps.

1: Month-on-Month; 2: Year-on-Year; 3: Year-to-Date; 4: Open Market Operations; 5: This refers to the OTC FX Futures Contract that is closest to its maturity date at any given time; 6: Change; 7: Treasury Bills; 8: Federal Government of Nigeria

FIC Market Summary

- Turnover in the Fixed Income and Currency (“FIC”) markets for the month ended October 30, 2020 was ₦16.17trn (See Chart 1), representing a MoM¹ increase of 14.93% (₦2.10trn) on September 2020 figures (₦14.07trn), and a YoY² decrease of 2.77% (₦0.46trn) on October 2019 figures (₦16.63trn). The YTD³ turnover as at October 30, 2020, was c.₦180.49trn, representing a YoY decrease of 7.27% (₦14.14trn) on the YTD turnover of ₦194.63trn recorded as at October 31, 2019
- OMO⁴ bills and Foreign Exchange transactions remained the highest contributors to the FIC markets in October 2020, jointly accounting for 59.98% of the total FIC market turnover. (See Chart 2)

Foreign Exchange (“FX”) Market

- Total FX market turnover in October 2020 was \$12.40bn (₦4.78trn), representing a MoM increase of 43.19% (\$3.74bn) from the turnover recorded in September 2020 \$8.66bn (₦3.34trn). The increase in FX market turnover was majorly driven by the Central Bank of Nigeria’s (“CBN”) intervention sales to Dealing Member (Banks) to reduce the backlog of unfulfilled FX demand. (See Table 1)
- Analysis of FX market turnover indicates that FX Derivatives turnover increased MoM by 56.89% (\$2.85bn) whilst FX Spot turnover increased by 24.38% (\$0.89bn) in October 2020
- In the OTC FX Futures market, the near month contract⁵ (NGUS OCT 28 2020) with a total outstanding notional value (“NV”) of \$1.48bn matured and was settled, whilst a new long-term (60-month or 60M) contract, NGUS OCT 29 2025 was introduced at a rate of \$/₦589.03, representing \$/₦0.06 MoM appreciation in the futures price of the Naira when compared to the offer rate (\$/₦589.09) of the previous 60M contract (NGUS SEP 30 2020). The total NV of open OTC FX Futures contracts as at October 30, 2020 stood at c.\$9.89bn, representing a decrease of 11.14% (\$1.24bn) on the NV of open contracts as at September 30, 2020 (c.\$11.13bn), and continuing its downward trend since May 2020 (See Chart 3).
- The CBN Official Spot \$/₦ exchange rate closed at an average of \$/₦379.05 in October 2020, representing a \$/₦0.01 depreciation of the exchange rate from \$/₦379.04 recorded in September 2020. Conversely, the Naira appreciated against the US Dollar at the Investors’ and Exporters’ (“I&E”) FX Window, gaining 0.03% (\$/₦0.12) to close at an average of \$/₦385.90 in October 2020 from \$/₦386.01 recorded in September 2020
- In the parallel market, the Naira depreciated against the US Dollar losing 1.03% (\$/₦4.71) to close at an average of \$/₦461.45 in October 2020 from \$/₦456.74 recorded in September 2020, widening the average spread between the exchange rates in the formal (I&E FX Window) and irregulated (parallel) FX markets by 6.81% to \$/₦75.55 in October 2020, from \$/₦70.73 in September 2020

Fixed Income (“FI”) Market (T.bills⁷, OMO bills and FGN⁸ Bonds)

- In the primary markets, average discount rates for the 91-day, 182-day and 364-day T.bills decreased MoM by 42 - 148 basis points (“bps”), to a range of 0.67% - 1.49% in October 2020, while the discount rates for CBN OMO bills decreased MoM by an average of 97bps to close at a range of 3.77% - 7.98% in October 2020
- Similarly, the marginal coupon rates for FGN Bonds decreased by an average of 323bps to close at a range of 4.97% - 6.00% in October 2020 for the re-opening of the 15Y and 25Y bonds
- The total value of T.bills outstanding as at October 30, 2020 remained constant at ₦2.72trn MoM. However, the total value of OMO bills outstanding as at October 30, 2020 declined to ₦6.13trn, representing a MoM decrease of 17.83% (₦1.33trn), whilst the total value of FGN Bonds outstanding as at October 30, 2020 increased MoM by 0.47% (₦0.05trn) to ₦10.59trn

Chart 4: Trend in Trading Intensity

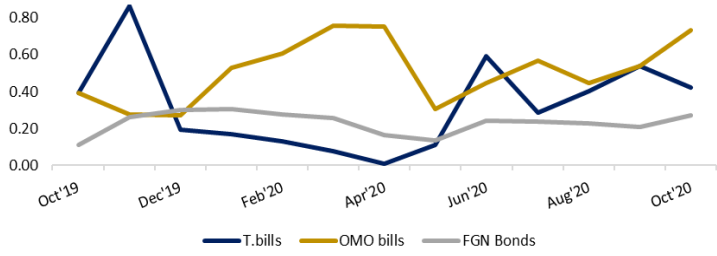


Chart 5: Fixed Income Turnover - October 2020 (₦'trn)

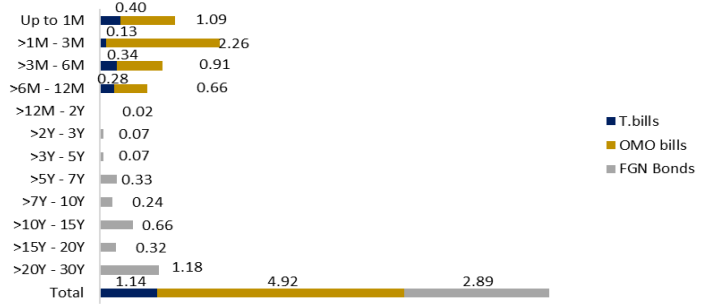


Chart 6: Sovereign Yield Curve (%)

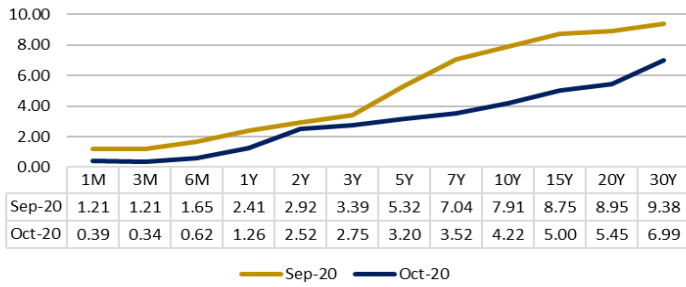


Chart 7: Inflation Adjusted Yield as at October 30, 2020 ^ (%)

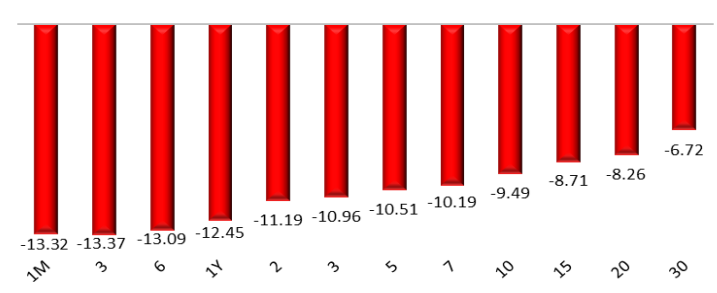


Table 2 - Money Market Turnover (₦'trn)

	Oct-20	Sep-20	MoM Δ (₦'trn)	MoM Δ (%)	Oct-19	YoY Δ (₦'trn)	YoY Δ (%)
Repos/Buy-Backs	2.16	2.48	(0.32)	(12.90)	3.32	(1.16)	(34.94)
Unsecured Placements / Takings	0.25	0.26	(0.01)	(3.85)	0.41	(0.16)	(39.02)
Total	2.41	2.74	(0.33)	(12.04)	3.73	(1.32)	(35.39)

Table 3 - Market Activity - Executed Trade Count

	October			September			MoM Δ (%)
	AFO ¹³	RFQ ¹⁴	Total	AFO	RFQ	Total	
T.bills	3	690	693	1	794	795	(12.83)
OMO bills	1	954	955	0	1,941	1,941	(50.80)
FGN Bonds	30	3,593	3,623	25	3,068	3,093	17.14
Total	34	5,237	5,271	26	5,803	5,829	(9.57)

Notes:

^ Adjusted with the September 2020 Headline Inflation rate of 13.71%.

9: 1M – 3Y; 10: 5Y – 30Y; 11: Overnight; 12: Open Buy-back; 13: Anonymous Firm Order; 14: Request-for-Quote; 15: This represents majority Inter-Member trades, whilst other trades types (Member-CBN and Member-Client trades) are typically reported on the FMDQ Exchange Weekly Data Portal

- Turnover for OMO bills and FGN Bonds increased by 13.89% (₦0.60trn) and 34.42% (₦0.74trn) to ₦4.92trn and ₦2.89trn respectively, resulting in an increase in their trading intensities to 0.73 and 0.27 in October 2020 from 0.54 and 0.21 recorded in the previous month. Conversely, T.bills turnover decreased MoM by 23.49% (₦0.35trn) to ₦1.14trn in October 2020, resulting in a decrease in its trading intensity to 0.42 (0.54 in September 2020). (See Chart 4)
- In October 2020, 1M - 3M OMO bills were the most traded across all tenor buckets in the Fixed Income market, accounting for 25.28% (₦2.26trn) of the total Fixed Income market turnover. For short-term⁹ sovereign securities, 1M T.bills were the most traded, accounting for 4.47% (₦0.40trn) of the total Fixed Income market turnover, whilst 20Y - 30Y FGN Bonds remained the most active long-term¹⁰ sovereign securities, accounting for 13.20% (₦1.18trn) of the total Fixed Income market turnover. (See Chart 5)
- There was a general decline in yields across the sovereign yield curve between September and October 2020 with the highest spread of -375bps recorded on the 15Y tenor. Furthermore, the yield curve flattened in October 2020 as the spread between the 3M and 30Y sovereign securities decreased by 152bps from 817bps in September 2020 to 665bps in October 2020 as the demand for medium and long term securities increased due to their higher coupon rates. (See Chart 6)
- Weighted average yields on short-term, medium-term and long-term maturities decreased MoM by 1.40%, 0.21% and 3.17% respectively in October 2020. Additionally, inflation-adjusted yields remained negative across the short, medium and long-term tenors in October 2020. (See Chart 7)

Money Market [Repurchase Agreements ("Repos")/Buy-Backs and Unsecured Placements/Takings]

- Total turnover in the Money Market segment decreased MoM and YoY by 12.04% (₦0.33trn) and 35.39% (₦1.32trn) respectively to a total of ₦2.41trn in October 2020. This was driven mainly by the corresponding 12.90% (₦0.32trn) MoM and 34.94% (₦1.16trn) YoY decreases
- in Repos/Buy-Backs turnover to ₦2.16trn in October 2020. Similarly, turnover in Unsecured Placements/Takings decreased MoM and YoY by 3.85% (₦0.01trn) and 39.02% (₦0.16trn) to ₦0.25trn in October 2020 (See Table 2). Consequently, average O/N¹¹ and OBB¹² rates decreased by 153bps and 135bps to close at 2.59% and 1.89% respectively in October 2020 from 4.12% and 3.24% recorded in September 2020

Market Surveillance

- Total number of executed trades¹⁵ reported on the Bloomberg E-Bond Trading System in October 2020 was 5,271, representing a MoM decrease of 9.57% (558) from the number of executed trades recorded in September 2020 (5,829). This was driven by the MoM decrease in the number trades on T.bills and OMO bills, despite the 17.14% (530) increase in trades on FGN Bonds in October 2020. (See Table 3)