

Chart 1: FIC Market Turnover (₦trn)



Chart 2: Contribution to FIC Market Turnover (%)

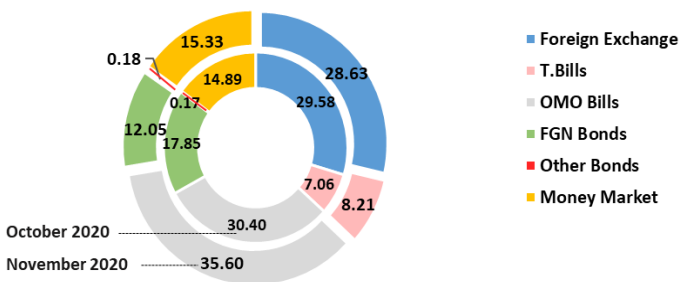
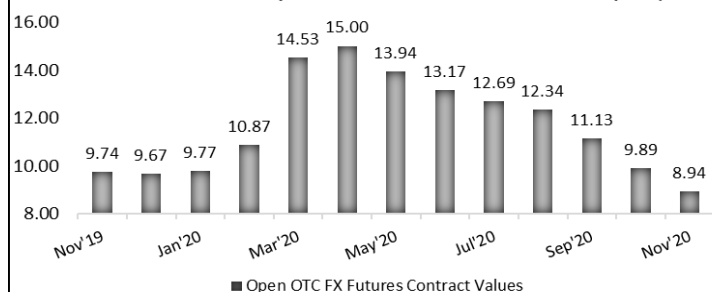


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	November	October	MoM Δ ⁵ (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	1.03	1.11	(0.08)	(7.21)
	FX Forwards	0.01	0.00	0.01	N/A
	FX Swaps	0.18	0.22	(0.04)	(18.18)
	FX Futures	0.00	0.01	(0.01)	(100.00)
	Others**	0.36	0.30	0.06	20.00
	FX Derivatives	0.55	0.53	0.02	3.77
	Total	1.58	1.64	(0.06)	(3.66)
Member-Client	FX Spot	2.64	2.75	(0.11)	(4.00)
	FX Forwards	0.87	0.93	(0.06)	(6.45)
	FX Swaps	3.18	3.72	(0.54)	(14.52)
	FX Futures	0.36	0.43	(0.07)	(16.28)
	Others	0.23	0.23	0.00	0.00
	FX Derivatives	4.64	5.31	(0.67)	(12.62)
	Total	7.28	8.06	(0.78)	(9.68)
Member-CBN	FX Spot	0.58	0.68	(0.10)	(14.71)
	FX Forwards	1.02	0.95	0.07	7.37
	FX Swaps	0.00	0.50	(0.50)	(100.00)
	FX Futures	0.42	0.57	(0.15)	(26.32)
	Others	0.00	0.00	0.00	N/A
	FX Derivatives	1.44	2.02	(0.58)	(28.71)
	Total	2.02	2.70	(0.68)	(25.19)
Total Turnover	10.88	12.40	(1.52)	(12.26)	

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 November 30, 2020 was ₦14.70trn (See Chart 1), representing a MoM¹ and YoY² decrease of 9.09% (₦1.47trn) and 31.98% (₦6.91trn) respectively. The YTD³ turnover as at November 30, 2020, was c.₦195.19trn, representing a YoY decrease of 9.73% (₦21.05trn) on the YTD turnover of ₦216.24trn recorded as at November 29, 2019
- OMO⁴ bills and Foreign Exchange ("FX") transactions remained the highest contributors to the FIC markets in November 2020, jointly accounting for 64.23% of the total FIC market turnover. (See Chart 2)

Foreign Exchange Market

- Total FX market turnover in November 2020 was \$10.88bn (₦4.21trn), representing a MoM decrease of 12.26% (\$1.52bn) from the turnover recorded in October 2020 \$12.40bn (₦4.78trn), despite the Central Bank of Nigeria's ("CBN") continued 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 Spot and FX Derivatives turnover decreased MoM by 6.39% (\$0.29bn) and 15.65% (\$1.23bn) respectively in November 2020
- In the OTC FX Futures market, the near month contract⁵ (NGUS NOV 25 2020) with a total outstanding notional value ("NV") of \$1.45bn matured and was settled, whilst a new long-term (60-month or 60M) contract, NGUS NOV 26 2025 was introduced at a Futures price of \$/₦589.03. The total NV of open OTC FX Futures contracts as at November 30, 2020 stood at c.\$8.94bn, representing a further decrease of 9.61% (\$0.95bn) from its value as at October 30, 2020 (c.\$9.89bn), and continuing its downward trend since May 2020. (See Chart 3)
- The average CBN Official Spot \$/₦ exchange rate was \$/₦379.00 in November 2020, representing a 0.01% (\$/₦0.05) appreciation of the exchange rate from the average recorded in October 2020 (\$/₦379.05). Conversely, the Naira depreciated against the US Dollar at the Investors' and Exporters' ("I&E") FX Window, losing 0.26% (\$/₦1.01) to close at an average of \$/₦386.91 in November 2020 from \$/₦385.90 recorded in October 2020
- In the parallel market, the Naira depreciated against the US Dollar losing 2.99% (\$/₦13.79) to close at an average of \$/₦475.24 in November 2020 from \$/₦461.45 recorded in October 2020, widening the average spread between the exchange rates in the formal (I&E FX Window) and irregulated (parallel) FX markets by 16.92% to \$/₦88.33 in November 2020, from \$/₦75.55 in October 2020. On November 30, 2020, the CBN issued a circular allowing beneficiaries of diaspora remittances to receive inflows in US Dollars. This directive has been positively received generally by market participants and is expected to help boost FX supply and consumption in the Nigerian economy

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 0.63 - 1.26% points, to a range of 0.03% - 0.23% (falling to its lowest level in over a decade) in November 2020, while the discount rates for CBN OMO bills decreased MoM by an average of 1.17% points to close at a range of 2.68% - 7.02% in November 2020
- Similarly, the coupon rates of the 15Y and 25Y FGN Bond issuances decreased by an average of 0.09% points to close at a range of 5.00% - 5.79% in November 2020
- The total value of T.bills outstanding as at November 30, 2020 remained constant at ₦2.72trn MoM. However, the total value of OMO bills outstanding as at November 30, 2020 declined MoM by 12.40% (₦0.76trn) to ₦5.37trn, whilst the total value of FGN Bonds outstanding as at November 30, 2020 increased MoM by 0.76% (₦0.08trn) to ₦10.67trn

Chart 4: Trend in Trading Intensity

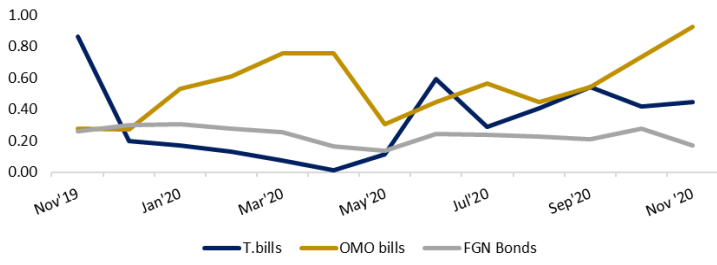


Chart 5: Fixed Income Turnover - November 2020 (₦'trn)

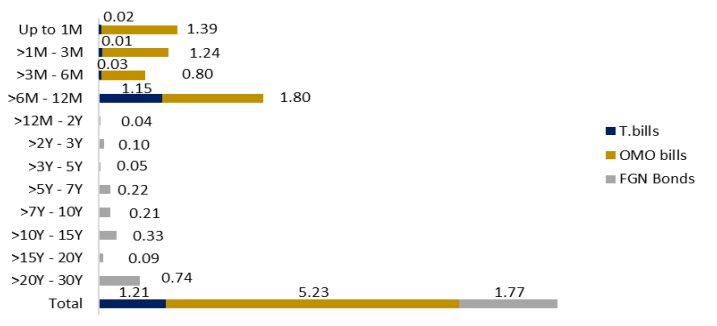


Chart 6: Sovereign Yield Curve (%)

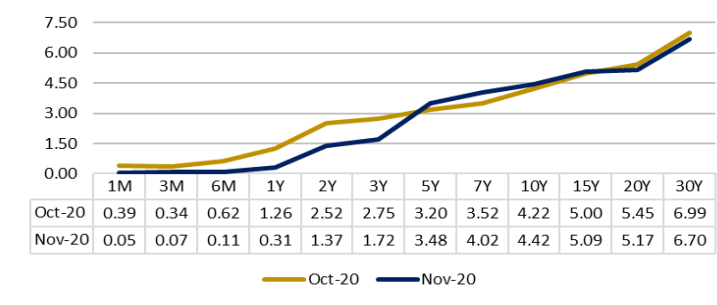


Chart 7: Inflation Adjusted Yields as at November 30, 2020 ^ (%)

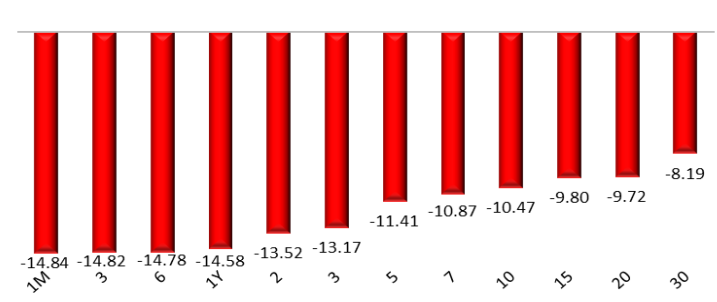


Table 2 - Money Market Turnover (₦'trn)

	Nov-20	Oct-20	MoM Δ (₦'trn)	MoM Δ (%)	Nov-19	YoY Δ (₦'trn)	YoY Δ (%)
Repos/Buy-Backs	2.13	2.16	(0.03)	(1.39)	5.42	(3.29)	(60.70)
Unsecured Placements / Takings	0.12	0.25	(0.13)	(52.00)	0.10	0.02	20.00
Total	2.25	2.41	(0.16)	(6.64)	5.52	(3.27)	(59.24)

Table 3 - Market Activity - Executed Trade Count

	November			October			MoM Δ (%)
	AFO ¹³	RFQ ¹⁴	Total	AFO	RFQ	Total	
T.bills	0	443	443	3	690	693	(36.08)
OMO bills	2	1,248	1,250	1	954	955	30.89
FGN Bonds	26	2,616	2,642	30	3,593	3,623	(27.08)
Total	28	4,307	4,335	34	5,237	5,271	(17.76)

Notes:

^ Adjusted with the November 2020 Headline Inflation rate of 14.89%.

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 trade types (Member-CBN and Member-Client trades) are typically reported on the FMDQ Exchange Weekly Data Portal

- Turnover for T.bills and OMO bills increased by 6.14% (₦0.07trn) and 6.30% (₦0.31trn) to ₦1.21trn and ₦5.23trn respectively, resulting in an increase in their trading intensities to 0.44 and 0.92 in November 2020 from 0.42 and 0.73 recorded in the previous month. Conversely, FGN Bonds' turnover decreased MoM by 38.75% (₦1.12trn) to ₦1.77trn in November 2020, resulting in a decrease in its trading intensity to 0.17 from 0.27 recorded in October 2020. (See Chart 4)
- In November 2020, 6M – 12M OMO bills were the most traded across all tenor buckets in the Fixed Income market, accounting for 21.92% (₦1.80trn) of the total Fixed Income market turnover. Similarly, 6M – 12M T.bills were the most traded short-term⁹ sovereign securities, accounting for 14.01% (₦1.15trn) of the total Fixed Income market turnover, whilst 20Y - 30Y FGN Bonds remained the most active long-term¹⁰ sovereign securities, accounting for 9.01% (₦0.74trn) of the total Fixed Income market turnover. (See Chart 5)
- There was a general decline in yields across the sovereign yield curve between October and November 2020 except for long-term tenors (i.e., 5Y, 7Y, 10Y and 15Y tenors). The spread between the 3M and 30Y sovereign securities decreased by 2 basis points ("bps") to 663bps in November 2020 from 665bps in October 2020, indicating a marginal flattening in the sovereign yield curve. (See Chart 6)
- Weighted average yields on short-term and long-term maturities decreased MoM by 0.37% and 1.49% respectively in November 2020, whilst the weighted average yields on medium-term maturities increased by 0.40% in November 2020. Further, inflation-adjusted yields remained negative across the short, medium and long-term tenors in November 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 6.64% (₦0.16trn) and 59.24% (₦3.27trn) respectively to a total of ₦2.25trn in November 2020. This was driven mainly by the corresponding 1.39% (₦0.03trn) MoM and 60.70% (₦3.29trn) YoY decreases in Repos/Buy-Backs turnover to ₦2.13trn in November 2020. Turnover in Unsecured Placements/Takings decreased MoM by 52.00% (₦0.13trn) and increased YoY by 20.00% (₦0.02trn) to ₦0.12trn in November 2020 (See Table 2). Average O/N¹¹ and OBB¹² rates decreased by 97bps and 70bps to close at 1.62% and 1.19% respectively in November 2020 from 2.59% and 1.89% recorded in October 2020

Market Surveillance

- Total number of executed trades¹⁵ reported on the Bloomberg E-Bond Trading System in November 2020 was 4,335, representing a MoM decrease of 17.76% (936) from the number of executed trades recorded in October 2020 (5,271). This was jointly driven by the MoM decrease in the number of trades on T.bills and FGN Bonds, despite the 30.89% (295) increase in trades on OMO bills in November 2020. (See Table 3)