

Chart 1: OTC Turnover (₦'trn)

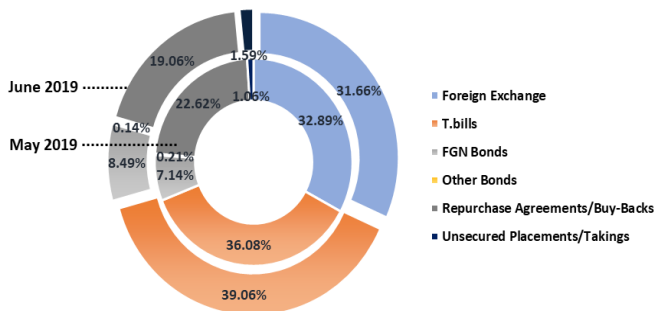


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	June	May	MoM Δ <sup>3</sup> (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	1.49	1.72	(0.22)	(13.11)
	FX Forwards	0.14	0.09	0.04	47.16
	FX Swaps	0.84	0.45	0.39	87.99
	FX Futures	0.00	0.04	(0.04)	N/A <sup>4</sup>
	Others**	0.63	0.87	(0.24)	(27.68)
	FX Derivatives	1.61	1.45	0.16	10.93
	<b>Total</b>	<b>3.10</b>	<b>3.16</b>	<b>(0.07)</b>	<b>(2.11)</b>
Member-Clients	FX Spot	5.52	7.59	(2.07)	(27.26)
	FX Forwards	0.51	0.68	(0.17)	(24.64)
	FX Swaps	3.23	2.50	0.73	29.26
	FX Futures	0.95	1.09	(0.14)	(12.61)
	Others	0.22	0.32	(0.10)	(31.96)
	FX Derivatives	4.91	4.59	0.32	7.02
	<b>Total</b>	<b>10.43</b>	<b>12.18</b>	<b>(1.75)</b>	<b>(14.35)</b>
Member-CBN	FX Spot	1.18	1.36	(0.17)	(12.87)
	FX Forwards	0.63	0.82	(0.18)	(22.61)
	FX Swaps	0.00	0.00	0.00	N/A
	FX Futures	1.23	1.16	0.08	6.50
	Others	0.20	0.00	0.20	N/A
	FX Derivatives	2.07	1.98	0.09	4.57
	<b>Total</b>	<b>3.25</b>	<b>3.33</b>	<b>(0.08)</b>	<b>(2.53)</b>
<b>Total Turnover</b>		<b>16.78</b>	<b>18.68</b>	<b>(1.90)</b>	<b>(10.16)</b>

Table 2 - Trading Intensity

	May'19	Jun'19	Q1'18	Q1'19	H1'18	H1'19
T.bills	0.43	0.43	1.27	1.60	2.67	2.74
FGN bonds	0.17	0.18	0.33	0.39	0.71	0.82
Weighted Average	0.39	0.39	1.14	1.16	1.43	2.39

Chart 2: Fixed Income Turnover (₦'trn)

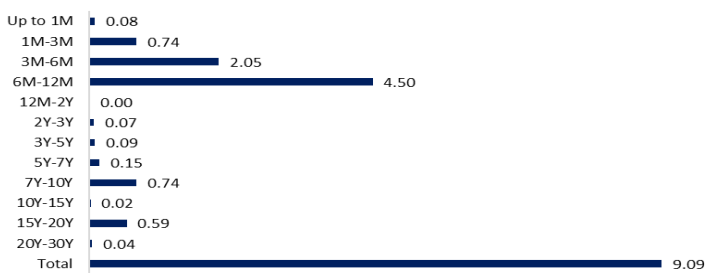
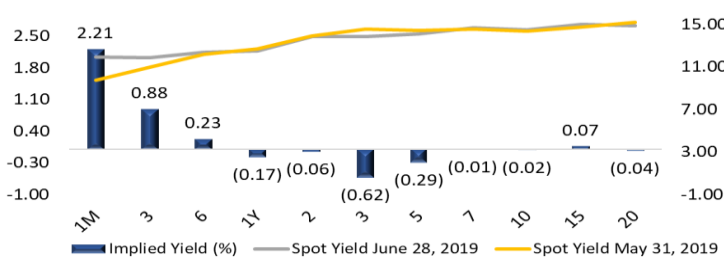


Chart 3: Benchmark Securities' Implied Yield Change (%)



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 - Change; 4 - Not Applicable; 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 June 30, 2019 was ₦19.12trn, representing a 6.70% (₦1.37trn) MoM<sup>1</sup> decrease on the turnover recorded in May 2019 (₦20.49trn); whilst recording a 10.93% (₦1.88trn) YoY<sup>2</sup> increase from ₦17.23trn recorded in June 2018.
- Treasury Bills and FX product segments remained the major contributor to turnover in the OTC market, jointly accounting for 70.72% of the total OTC market turnover in June 2019 and representing a 1.75% increase on their joint contribution in May 2019 (68.97%). (See Chart 1)

## FX Market

- Total FX market turnover in June 2019 was \$16.78bn (₦6.05trn at \$/₦360.74), representing a 10.16% (\$1.90bn) MoM decrease. (See Table 1)
- Analysis of FX turnover by trade type indicated MoM decrease across all categories, with Member-Clients trades recording the highest MoM decrease at 14.35% (\$1.75bn).
- Analysis by product type indicated that the MoM decrease in FX turnover was driven by the 23.15% (\$2.47bn) MoM decrease in FX Spot, despite the 7.13% (\$0.57bn) MoM increase in FX Derivatives turnover.
- In June 2019, the 36th Naira-settled OTC FX Futures Contract (NGUS JUN 26 2019) with total open contracts size of \$529.10mm matured and was settled, bringing the total value of OTC FX Futures Contracts offered and settled on the Exchange since the introduction of the product to c.\$17.26bn out of c.\$26.58bn worth of contracts traded to date. In addition to the new 12-month contract (NGUS JUN 24 2020) introduced in June at a price of \$/₦362.38, a newly introduced contract, the 13-month contract (NGUS JUL 29 2020) with futures price of \$/₦362.53 was also listed in June 2019 to enable market participants obtain a full 365-day hedge on their FX exposures. In June 2019, the CBN Official Spot rates and the average exchange rate of the Naira against the US Dollar at the I&E FX Window appreciated from the rates recorded in May 2019 by \$/₦0.05 and \$/₦0.09 close at \$/₦306.90 and \$/₦360.64 respectively, while the average parallel market rate remained constant at \$/₦361.00.

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

- In June 2019, average OMO<sup>6</sup> bills outstanding was ₦14.96trn, representing a MoM increase of 2.86% (₦0.42trn) from ₦14.54trn recorded in May 2019. Conversely, average T.bills outstanding recorded a MoM decrease of 0.89% (₦0.02trn) from ₦2.58trn in May 2019 to ₦2.56trn in June 2019. On the other hand, average FGN bonds outstanding recorded a MoM increase of 1.12% (₦0.10trn) to close at ₦8.84trn in June 2019 from ₦8.74trn in May 2019.
- Trading intensity, representing the ratio of turnover to outstanding amount for FGN bonds increased from 0.17 in May 2019 to 0.18 in June 2019 while it remained unchanged for T.bills (See Table 2). Trading intensity in the T.bills and FGN bonds markets YTD<sup>7</sup> stood at 2.74 and 0.82 respectively compared to 2.67 and 0.71 for the same period in 2018. T.bills within the 6-12 months maturity bracket remained the most actively traded in June 2019, accounting for 49.52% of the total FI market turnover. (See Chart 2)
- In June 2019, weighted average yields on the medium-term and long-term maturities decreased by 0.47% and 0.13% respectively, whilst weighted average yields on short-term maturities increased by 0.15% due to the increase in yield on 1M securities. This may be attributable to sustained demand for securities with longer term maturities as market participants are focused on booking profits in anticipation of a further decrease in OMO stop rates by the CBN. Furthermore, inflation-adjusted yield in the period under review remained positive for the 1M tenor. (See Chart 3 & 4)

Chart 4: Inflation Adjusted Yield (%)

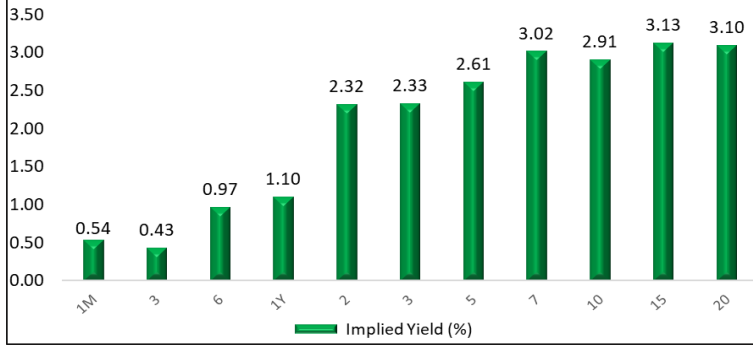


Table 3 - Money Market Turnover (₺'bn)

	Jun-19	May-19	MoM Δ (₺'bn)	MoM Δ (%)	Jun-18	YoY Δ (₺'bn)	YoY Δ (%)
Repos/Buy-Backs	3,642.85	4,634.65	(991.80)	(21.40)	2,321.02	1,321.84	56.95
Unsecured Placements / Takings	304.11	217.62	86.49	39.75	42.66	261.45	612.84
<b>Total</b>	<b>3,946.96</b>	<b>4,852.27</b>	<b>(905.31)</b>	<b>(18.66)</b>	<b>2,363.68</b>	<b>1,583.28</b>	<b>66.98</b>

Table 4 - Market Activity - Executed Trade Count

	June			May			MoM Δ (%)
	AFO <sup>10</sup>	RFQ <sup>11</sup>	Total	AFO	RFQ	Total	
T.bills	617	9,452	10,069	781	12,438	13,219	(23.83)
FGN bonds	160	1,249	1,409	301	1,425	1,726	(18.37)
<b>Total</b>	<b>777</b>	<b>10,701</b>	<b>11,478</b>	<b>1,082</b>	<b>13,863</b>	<b>14,945</b>	<b>(23.20)</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)

- Turnover in the Repurchase Agreements/Buy-Backs segment of the Money Market has declined consistently from March 2019 where turnover stood at ₺5.38trn. In June 2019, turnover was recorded at ₺3.64trn, representing a 21.40% (₺1.00trn) MoM decrease from ₺4.63trn recorded in May 2019, whilst recording a 56.95% (₺1.32trn) YoY increase from the turnover recorded in June 2018 (₺2.32trn).
- However, turnover in Unsecured Placements/Takings in June 2019 was ₺0.30trn, representing a 39.75% (₺0.09trn) MoM increase from the ₺0.22trn recorded in May 2019, and a YoY increase of 612.84% (₺0.26trn) from the turnover recorded in June 2018 (₺0.04trn). (See Table 3)
- The MoM decrease in total turnover in the Money Market is attributable to the 0.93% and 0.71% decrease in average Money Market O/N<sup>8</sup> and OBB<sup>9</sup> rates respectively, which closed at 8.08% and 7.50% in June 2019 from 9.01% and 8.21% in May 2019; 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 June 2019 was 11,478 representing a 23.20% (3,467) MoM decrease from the number of trades executed in May 2019 (14,945), driven by a MoM decrease in T.bills and FGN bonds trades by 3,150 (23.83%) and 317 (18.37%) respectively. (See Table 4)