

Chart 1: FIC Market Turnover (₦'trn)

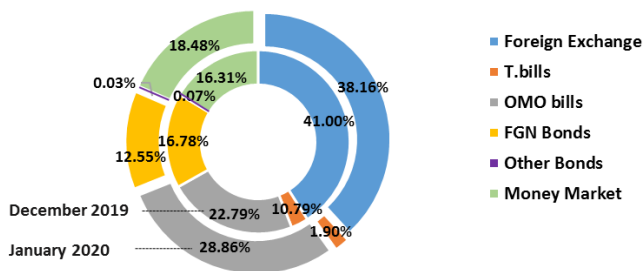


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	Jan-20	Dec-19	MoM Δ <sup>3</sup> (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	1.93	1.02	0.92	90.04
	FX Forwards	0.02	0.04	0.00	0.00
	FX Swaps	0.42	0.77	(0.35)	(45.20)
	FX Futures	0.00	0.00	0.00	0.00
	Others**	0.89	0.82	0.00	0.00
	FX Derivatives	1.33	1.62	(0.34)	(21.02)
	<b>Total</b>	<b>3.26</b>	<b>2.64</b>	<b>0.57</b>	<b>21.76</b>
Member-Client	FX Spot	8.38	7.19	1.20	16.63
	FX Forwards	1.05	0.97	0.09	8.94
	FX Swaps	3.19	1.50	1.69	112.59
	FX Futures	1.67	0.76	0.92	120.56
	Others	0.27	0.28	(0.02)	(6.16)
	FX Derivatives	6.18	3.51	2.67	76.14
	<b>Total</b>	<b>14.56</b>	<b>10.70</b>	<b>3.87</b>	<b>36.15</b>
Member-CBN <sup>4</sup>	FX Spot	2.16	1.83	0.33	18.05
	FX Forwards	1.21	1.01	0.19	19.23
	FX Swaps	0.00	0.04	(0.04)	0.00
	FX Futures	2.36	0.97	1.39	143.00
	Others	0.80	1.30	(0.50)	0.00
	FX Derivatives	4.37	3.32	1.05	31.48
	<b>Total</b>	<b>6.53</b>	<b>5.15</b>	<b>1.38</b>	<b>26.71</b>
<b>Total Turnover</b>	<b>24.35</b>	<b>18.49</b>	<b>5.86</b>	<b>31.71</b>	

Chart 2: Trend in Trading Intensity

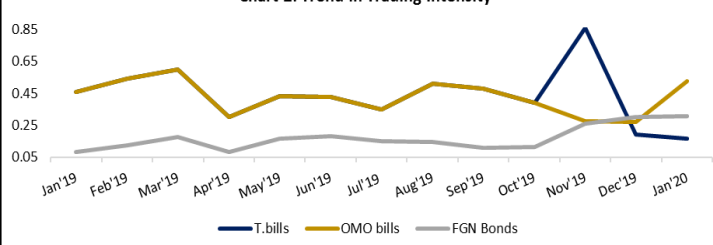
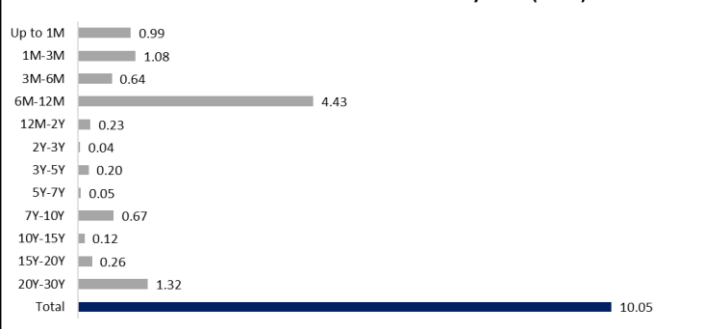


Chart 3: Fixed Income Turnover - January 2020 (₦'trn)



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 January 31, 2020 was ₦23.19trn, representing a MoM<sup>1</sup> increase of 40.97% (₦6.74trn) from the turnover recorded in December 2019 (₦16.45trn) and a YoY<sup>2</sup> increase of 53.78% (₦8.11trn) from the turnover recorded in January 2019 (₦15.08trn)
- Foreign Exchange ("FX") and OMO<sup>3</sup> bills remained the most actively traded products, jointly accounting for 67.02% of the total FIC market turnover recorded in January 2020. (See Chart 1)

FX Market

- Total FX market turnover in January 2020 was \$24.35bn (₦8.85trn), representing a 31.71% (\$5.86bn) MoM increase from the turnover recorded in December 2019. (See Table 1)
- Analysis of FX market turnover by trade type indicated MoM increases across all categories, with Member-Client trades recording the highest MoM increase at 36.15% (\$3.87bn)
- Additionally, analysis by product type indicated that the MoM increase in FX turnover was driven more by the 40.47% (\$3.42bn) increase in FX Derivatives turnover, which accounted for 58.35% of the MoM increase in total FX market turnover compared to the 24.33% (\$2.44bn) increase in FX Spot turnover
- In the OTC FX Futures Market, the near month OTC FX Futures contract (NGUS JAN 29 2020) with a total open contract value of \$1.57bn matured and was settled, and a new far month contract, NGUS FEB 24 2021 was introduced at an initial contract rate of \$/₦365.71. The total value of open OTC FX Futures contracts as at January 31, 2020 stood at c.\$9.77bn representing a 10bps (c.\$0.01bn) increase on the value of open contracts as at December 31, 2019 (c.\$9.67bn), while the total value of contracts settled since inception to date stands at c.\$25.53bn
- The CBN Official Spot US\$/₦ exchange rate closed at \$/₦307.00 in January 2020, while, the Nigerian Naira appreciated against the US Dollar in the parallel market by \$/₦2.00 to close at \$/₦360.00 (December 31, 2019 - \$/₦362.00). Similarly, the Naira appreciated against the US Dollar at the Investors' and Exporters' ("I&E") FX Window by \$/₦0.54 (\$/₦364.51 as at December 31, 2019) to close at \$/₦363.97 in January 2020

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

- At the end of January 2020, the outstanding value of T.bills increased MoM by 2.71% (₦0.07trn) to ₦2.65trn, similarly, the outstanding value of FGN Bonds increased MoM by 4.35% (₦0.41trn) to ₦9.84trn. However, the outstanding value of OMO bills decreased by 6.23% (₦0.81trn) MoM to close at ₦12.20trn in January 2020
- Trading intensity for T.bills decreased further to 0.17 in January 2020 from 0.19 recorded in December 2019, while the trading intensity for OMO bills increased to 0.53 from 0.27 over the same period. The increase in the trading intensity of OMO bills was driven jointly by the 78.40% (₦2.94trn) MoM increase in OMO bills turnover in January 2020, as well as the decrease in OMO bills outstanding. However, the trading intensity for FGN Bonds increased marginally to 0.31 in January 2020 from 0.30 recorded in December 2019 due to the 5.43% (₦0.15trn) MoM increase in FGN Bonds turnover. YTD<sup>7</sup> trading intensity for bills (combined for T.bills and OMO bills) and FGN Bonds stood at 0.47 and 0.31 respectively compared to 0.46 and 0.08 recorded in the corresponding period in 2019. (See Chart 2)
- In January 2020, T.bills and OMO bills within the 6M - 12M maturity bucket were the most traded across all tenors on the sovereign yield curve, accounting for 44.08% of the total Fixed Income market turnover. FGN Bonds within the 20Y - 30Y maturity bracket were the most traded among the medium to long-term securities (i.e. 5Y - 30Y), accounting for 13.13% of the total Fixed Income market turnover. (See Chart 3)
- Weighted average yields on short and long-term fixed income maturities decreased by 3.02% and 0.87% respectively in January 2020. However, weighted average yields on medium-term fixed income maturities increased by 8.95% in January 2020, due to the increase in weight for the 7Y - 10Y maturity bucket. In addition, the average stop rates for T.bills at the primary market declined in January 2020 from December 2019 across all tenors. The minimum tenor for new OMO bills issued in January 2020 was 361-day, with average stop rates declining by 8bps to 13.20% in January 2020 from 13.28% recorded in December 2019. (See Chart 4)

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

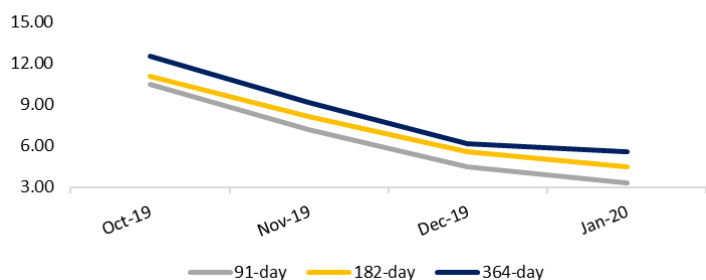


Chart 5: Inflation Adjusted Yield as at Jan. 31, 2020 (%)

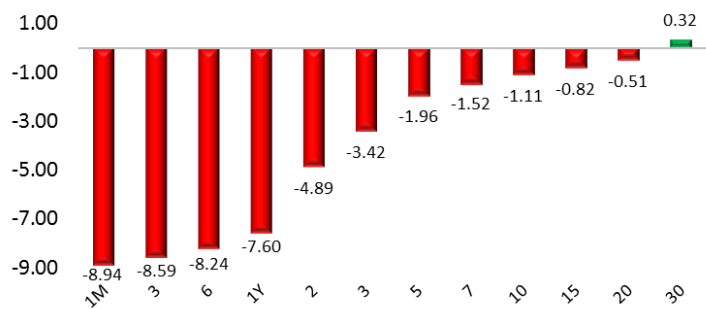


Table 2 - Money Market Turnover (₹'bn)

	Jan-20	Dec-19	MoM Δ (₹'bn)	MoM Δ (%)	Jan-19	YoY Δ (₹'bn)	YoY Δ (%)
Repos/Buy-Backs	4,136.48	2,577.46	1,559.01	60.49	2,448.16	1,688.32	68.96
Unsecured Placements / Takings	150.78	104.66	46.12	44.07	49.95	100.83	201.85
<b>Total</b>	<b>4,287.25</b>	<b>2,682.12</b>	<b>1,605.13</b>	<b>59.85</b>	<b>2,498.11</b>	<b>1,789.14</b>	<b>71.62</b>

Table 3 - Market Activity - Executed Trade Count

	Jan-20			Dec-19			MoM Δ (%)
	AFO <sup>10</sup>	RFQ <sup>11</sup>	Total	AFO	RFQ	Total	
T.bills	191	8,223	8,414	4,464	6,028	10,492	(19.81)
FGN bonds	408	2,564	2,972	291	2,272	2,563	15.96
<b>Total</b>	<b>599</b>	<b>10,787</b>	<b>11,386</b>	<b>4,755</b>	<b>8,300</b>	<b>13,055</b>	<b>(12.78)</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 increased MoM by 59.85% (₹1.61trn) to ₹4.29trn in January 2020, this was driven by the Repurchase Agreements/Buy-Backs segment which increased MoM by 60.49% (₹1.56trn) to ₹4.14trn in January 2020 from ₹2.58trn in December 2019, representing a YoY increase of 68.96% (₹1.69trn) from the turnover recorded in January 2019 (₹2.45trn)
- Similarly, turnover in Unsecured Placements/Takings increased to ₹0.15trn in January 2020, representing 44.07% (₹0.05trn) and 201.85% (₹0.10trn) MoM and YoY increases respectively. (See Table 2)
- Average O/N<sup>8</sup> and OBB<sup>9</sup> rates increased by 313bps and 299bps respectively to close at an average of 6.92% and 6.08% in January 2020 from 3.79% and 3.09% in December 2019, indicating a decrease in liquidity in the inter-bank market

Market Surveillance

- Total number of executed trades reported on the Bloomberg E-Bond Trading System in January 2020 was 11,386, representing a 12.78% (1,669) MoM decrease against the number of executed trades recorded in December 2019 (13,055), driven mainly by the 19.81% (2,078) MoM decrease in bills' (T.bills and OMO bills) trades. However, FGN Bonds' trades recorded a 15.96% (409) MoM increase in the number of executed trades in January 2020 (2,972). (See Table 3)