

Chart 1: FIC Market Turnover (₦'trn)

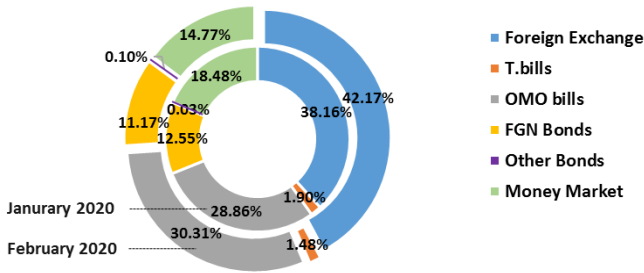


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	February	January	MoM Δ ⁴ (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	1.75	1.93	(0.18)	(9.31)
	FX Forwards	0.04	0.02	0.00	0.00
	FX Swaps	0.30	0.42	(0.12)	(29.56)
	FX Futures	0.01	0.00	0.01	0.00
	Others**	0.92	0.89	0.00	0.00
	FX Derivatives	1.26	1.33	(0.12)	(8.88)
	Total	3.01	3.26	(0.30)	(9.14)
Member-Client	FX Spot	9.42	8.38	1.04	12.38
	FX Forwards	0.88	1.05	(0.17)	(15.99)
	FX Swaps	2.90	3.19	(0.28)	(8.90)
	FX Futures	2.65	1.67	0.97	57.97
	Others	0.29	0.27	0.03	10.32
	FX Derivatives	6.73	6.18	0.55	8.84
	Total	16.15	14.56	1.58	10.88
Member-CBN ⁴	FX Spot	4.04	2.16	1.88	86.79
	FX Forwards	0.87	1.21	(0.34)	(28.30)
	FX Swaps	0.00	0.00	0.00	0.00
	FX Futures	3.06	2.36	0.70	29.73
	Others	0.00	0.80	(0.80)	0.00
	FX Derivatives	3.93	4.37	(0.44)	(10.09)
	Total	7.96	6.53	1.43	21.97
Total Turnover	27.12	24.35	2.77	11.37	

Chart 2: Trend in Trading Intensity

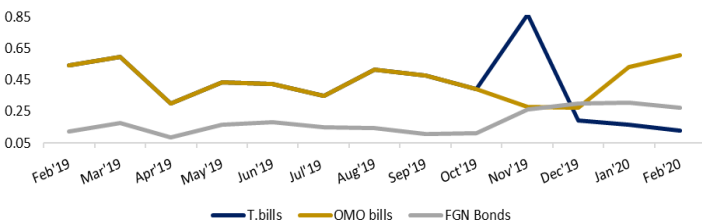
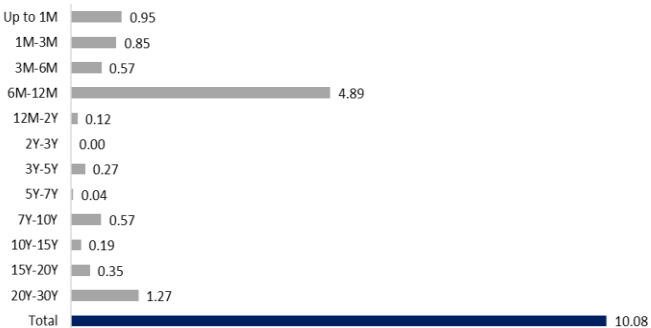


Chart 3: Fixed Income Turnover - February 2020 (₦'trn)



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 February 29, 2020 was ₦23.47trn, representing a MoM¹ increase of 1.21% from the turnover recorded in January 2020 (₦23.19trn) and a YoY² increase of 22.37% (₦4.29trn) from the turnover recorded in February 2019 (₦19.18trn)
- Foreign Exchange (“FX”) and OMO³ bills remained the most actively traded products, jointly accounting for 72.48% of the total FIC market turnover recorded in February 2020. (See Chart 1)

FX Market

- Total FX market turnover in February 2020 was \$27.12bn (₦9.90trn), representing a MoM increase of 11.37% (\$2.77bn) from the turnover recorded in January 2020 (\$24.35bn). (See Table 1)
- Analysis of FX market turnover by trade type indicated that turnover increased MoM across all categories, excluding the Inter-Member trade type which recorded a MoM decrease of 9.14% (\$0.30). Further, analysis of FX market turnover by product type indicated that the MoM increase recorded was majorly driven by the MoM increase of 21.90% (\$2.73bn) in FX Spot turnover, which accounted for 98.66% of the MoM increase in total FX market turnover
- In the OTC FX Futures Market, the near month OTC FX Futures contract (NGUS FEB 26 2020) with a total open contract value of \$2.03bn matured and was settled. In February 2020, forty-seven (47) new monthly long-term OTC FX Futures contracts were introduced, increasing the number and tenor of monthly OTC FX Futures contracts to sixty (60). These new long-term OTC FX Futures contracts, i.e. fourteen (14) – sixty (60) months contracts, were introduced for hedging specific eligible underlying transactions (See MB – 37), and offered at futures prices ranging \$/₦367.38 - \$/₦380.00. Consequently, the total value of open OTC FX Futures contracts as at February 29, 2020 stood at c.\$10.87bn representing a \$1.10bn increase on the value of open contracts as at January 31, 2020 (c.\$9.77bn), while the total value of contracts settled since inception to date stands at c.\$38.43bn
- The CBN Official Spot US\$/₦ exchange rate appreciated against the US Dollar by \$/₦0.05 to close at \$/₦306.95 in February 2020 (January 31, 2020 - \$/₦307.00), while, FX (\$/₦) rate in the parallel market remained constant against the US Dollar to close at \$/₦360.00. However, the Naira depreciated against the US Dollar at the Investors’ and Exporters’ (“I&E”) FX Window by \$/₦1.28 to close at \$/₦365.25 in February 2020 (\$/₦363.97 as at January 31, 2020)

Fixed Income Market (T.bills, OMO bills and FGN⁶ Bonds)

- As at February 29, 2020, total T.bills outstanding remained flat at ₦2.65trn while FGN Bonds outstanding decreased MoM by 4.57% (₦0.45trn) to ₦9.39trn. Similarly, OMO bills outstanding as at February 29, 2020 decreased to ₦11.00trn from ₦12.20trn as at January 31, 2020
- Liquidity in the T.bills market segment declined further in February 2020 as trading intensity for T.bills fell to 0.13 from 0.17 in January 2020 as investors continue to hold their T.bills investment to maturity. Conversely, the trading intensity for OMO bills increased from 0.53 in January 2020 to 0.61 in February 2020 as OMO bills turnover recorded a MoM increase of 6.43% (₦0.43trn) to ₦7.12trn in addition to the MoM decreases in outstanding OMO bills as at February 29, 2020. Similarly, trading intensity for FGN Bonds declined in February 2020 with trading intensity for FGN Bonds decreasing from 0.31 in January 2020 to 0.28 in February 2020, as FGN Bonds turnover decreased MoM by 0.31% (₦0.03trn). YTD⁷ trading intensity for bills (combined for T.bills and OMO bills) and FGN Bonds stood at 0.98 and 0.58 respectively in February 2020, compared to 1.00 and 0.21 recorded in the corresponding period in 2019. (See Chart 2)
- In February 2020, OMO bills within the 6M - 12M maturity bucket were the most traded across all tenors on the sovereign yield curve, accounting for 48.51% 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 12.60% of the total Fixed Income market turnover. (See Chart 3)

Chart 4: Inflation Adjusted Yield as at Feb. 29, 2020 (%)

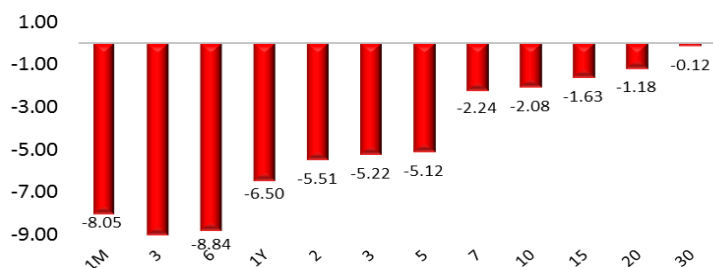


Chart 5: Trend in Average T.bills Stop Rates (%)

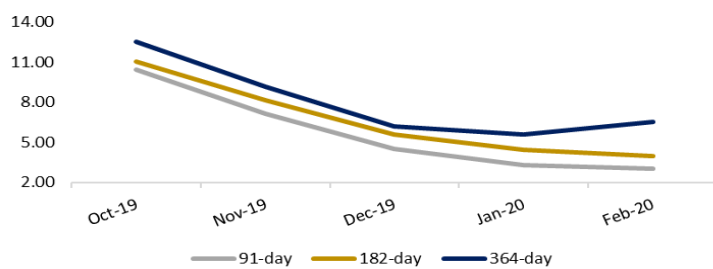


Table 2 - Money Market Turnover (₺trn)

	Feb-20	Jan-20	MoM Δ (₺'bn)	MoM Δ (%)	Feb-19	YoY Δ (₺'bn)	YoY Δ (%)
Repos/Buy-Backs	3.22	4.14	(0.91)	(22.07)	3.09	0.13	4.37
Unsecured Placements / Takings	0.24	0.15	0.09	61.15	0.10	0.14	138.12
Total	3.47	4.29	(0.82)	(19.14)	3.19	0.28	8.64

Table 3 - Market Activity - Executed Trade Count

	February			January			MoM Δ (%)
	AFO ¹⁰	RFQ ¹¹	Total	AFO	RFQ	Total	
Bills	227	8,544	8,771	191	8,223	8,414	4.24
FGN Bonds	283	2,595	2,878	408	2,564	2,972	(3.16)
Total	510	11,139	11,649	599	10,787	11,386	2.31

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

- Weighted average yields on short-term maturities increased by 78bps, while weighted average yields on the medium-term and long-term fixed income maturities decreased by 59bps and 8bps respectively in February 2020. Additionally, inflation-adjusted yield was negative across all tenors of the yield curve in February 2020. (See Chart 4)

- The average discount rates for T.bills at the primary market declined further in February 2020 as the discount rates on the 91-day and 182-day T.bills fell to 3.00% and 4.00% (3.32% in January 2020) and (4.45% in January 2020) respectively, whilst the average discount rate for the 364-day tenor increased by 94bps to 6.54%. (See Chart 5). Similarly, the marginal rates for FGN Bonds declined in February 2020 from January 2020 for the 5-year, 10-year and 30-year bonds to 8.75%, 10.70% and 12.15% respectively

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

- Total turnover in the Money Market decreased MoM by 19.14% (₺0.82trn) to ₺3.47trn in February 2020. This was driven by the MoM decrease in Repurchase Agreements/Buy-Backs segment by 22.07% (₺0.91trn) to ₺3.22trn in February 2020 from ₺4.14trn recorded in January 2020. However, a YoY increase of 4.37% (₺0.13trn) was recorded from the turnover in February 2019 (₺3.09trn)
- Conversely, turnover in Unsecured Placements/Takings increased to ₺0.24trn in February 2020, representing an increase of 61.15% (₺0.09trn) MoM and 138.12% (₺0.14trn) YoY respectively. (See Table 2)
- Average O/N⁸ and OBB⁹ rates further increased by 132bps and 134bps respectively to close at an average of 8.24% and 7.42% in February 2020 from 6.92% and 6.08% in January 2020, indicating a further decrease in liquidity in the inter-bank market

Market Surveillance

- Total number of executed trades reported on the Bloomberg E-Bond Trading System in February 2020 was 11,649, representing a MoM increase of 2.31% (263) against the number of executed trades recorded in January 2020 (11,386), driven mainly by the MoM increase of 4.24% (357) in OMO bills trades. However, FGN Bonds' trades recorded a MoM decrease of 3.16% (94) in the number of executed trades in February 2020 (2,878). (See Table 3)