

Chart 1: FIC Market Turnover (₦trn)

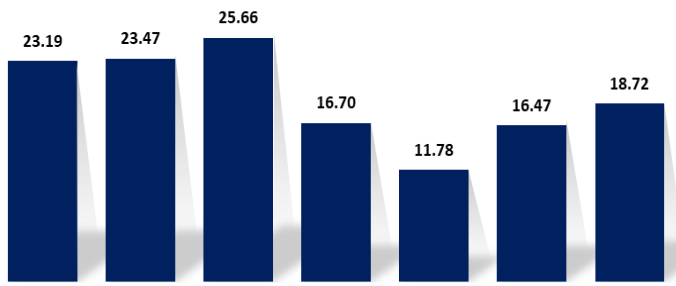


Chart 2: FIC Market Turnover (%)

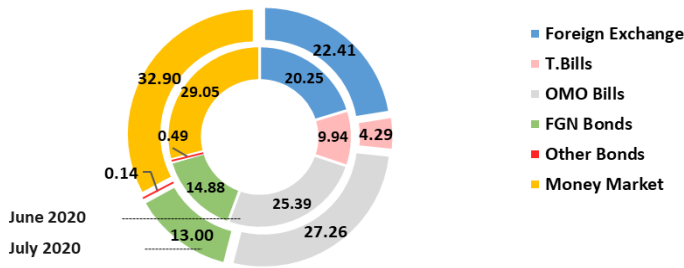
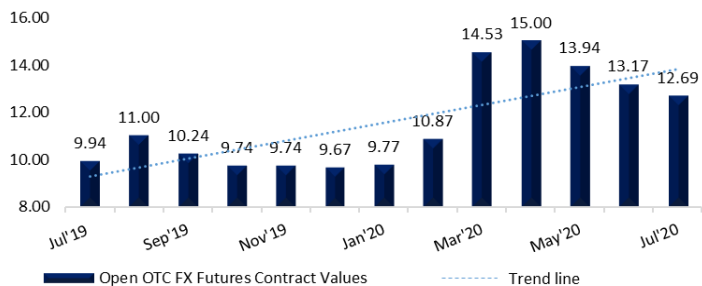


Table 1 - FX Market Turnover (\$'bn)

Trade Type	Product Type	July	June	MoM Δ ⁵ (\$'bn)	MoM Δ (%)
Inter-Member*	FX Spot	0.96	0.69	0.27	39.13
	FX Forwards	0.00	0.00	0.00	0.00
	FX Swaps	0.26	0.15	0.11	73.33
	FX Futures	0.00	0.00	0.00	0.00
	Others**	0.33	0.19	0.14	73.68
	FX Derivatives	0.59	0.34	0.25	73.53
	Total	1.55	1.03	0.52	50.49
Member-Client	FX Spot	1.93	1.58	0.35	22.15
	FX Forwards	0.81	0.30	0.51	170.00
	FX Swaps	3.60	1.97	1.63	82.74
	FX Futures	0.88	1.20	(0.32)	(26.67)
	Others	0.29	0.26	0.03	11.54
	FX Derivatives	5.58	3.73	1.85	49.60
	Total	7.51	5.31	2.20	41.43
Member-CBN	FX Spot	0.27	0.24	0.03	12.50
	FX Forwards	0.49	0.32	0.17	53.13
	FX Swaps	0.00	0.00	0.00	0.00
	FX Futures	1.00	1.33	(0.33)	(24.81)
	Others	0.00	0.40	(0.40)	(100.00)
	FX Derivatives	1.49	2.05	(0.56)	(27.32)
	Total	1.76	2.29	(0.53)	(23.14)
Total Turnover	10.82	8.63	2.19	25.38	

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; 9: Basis Points

FIC Market Summary

- Turnover in the Fixed Income and Currency (“FIC”) markets for the month ended July 29, 2020 was ₦18.72trn, indicating a MoM¹ increase of 13.66% (₦2.25trn) from the turnover recorded in June 2020 (₦16.47trn) (See Chart 1), and a YoY² increase of 14.43% (₦2.36trn) from the turnover recorded in July 2019 (₦16.36trn). As at July 29, 2020, YTD³ turnover was c. ₦136.00trn, representing a YoY increase of 0.30% (₦0.41trn) on the YTD turnover of ₦135.58trn recorded in July 2019
- OMO⁴ bills and Money Market transactions (Repurchase Agreements [“Repos”] & Unsecured Placements/Takings) remained the highest contributors to the FIC markets in July 2020, jointly accounting for 60.16% of the total FIC market turnover. (See Chart 2)

Foreign Exchange (“FX”) Market

- Total FX market turnover in July 2020 was \$10.82bn (₦4.20trn), representing a MoM increase of 25.38% (\$2.19bn) from the turnover recorded in June 2020 \$8.63bn (₦3.34trn). (See Table 1)
- Analysis of FX market turnover indicates that FX Derivatives accounted for 70.32% (\$1.54bn) of the total MoM increase in FX market turnover in July 2020. (See Table 1)
- In the OTC FX Futures market, the near month contract⁵ (NGUS JUL 29 2020) with a total outstanding notional value of \$1.37bn matured and was settled, whilst a new long-term (60-month) contract, NGUS JUL 30 2025 was introduced at a rate of \$/₦581.52. The total notional value of open OTC FX Futures contracts as at July 29, 2020 stood at c.\$12.69bn, representing a 3.64% (\$0.48bn) decrease on the value of open contracts as at June 30, 2020 (c.\$13.17bn), and continuing the downward trend in the value of open contracts since May 2020 (See Chart 3), while the total notional value of OTC FX Futures contracts traded since inception stood at \$48.85bn as at July 29, 2020
- On July 7, 2020, the Central Bank of Nigeria (“CBN”) Official Spot US\$/₦ exchange rate closed at \$/₦381.00, representing a decrease of \$/₦20.00 (5.54%) in the Official Spot FX rate compared to the closing rate of \$/₦361.00 as at July 6, 2020. Further, this represents the first (1st) \$/₦ FX rate devaluation by the CBN since March 20, 2020, when the Official Spot FX rate was adjusted to \$/₦361.00 from \$/₦307.00. Consequently, the CBN Official Spot FX rate closed at an average of \$/₦377.19 in July 2020, representing a decrease of 4.48% (\$/₦16.19) from \$/₦361.00 recorded in June 2020
- At the Investors’ and Exporters’ (“I&E”) FX Window, the Naira depreciated against the US Dollar, losing 0.28% (\$/₦1.09) to close at an average of \$/₦387.48 in July 2020 from \$/₦386.39 recorded in June 2020. Similarly, in the parallel market, the Naira depreciated against the US Dollar losing 3.38% (\$/₦15.29) to close at an average of \$/₦467.67 in July 2020 from \$/₦452.38 recorded in June 2020

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

- In the primary market, average discount rates on the 91-day, 182-day and 364-day T.bills decreased MoM by 47bps⁹, 38bps and 50bps to 1.43%, 1.74% and 3.38% respectively in July 2020. The discount rates on the 82 – 89 day, 159 – 194 day and 334 – 348 day OMO bills remained unchanged MoM and stood at 4.95%, 7.79% and 8.99% respectively in July 2020
- Further, the marginal rates for the 15-year and 30-year FGN Bond re-openings decreased by 150bps and 220bps to 9.50% and 9.95% respectively in July 2020, compared to the marginal rates for FGN Bond re-openings in June 2020. During its monthly FGN Bond Auction in July 2020, the Debt Management Office did not re-open the 5-year FGN Bond, instead it re-opened the 10-year FGN Bond at a marginal rate of 6.00% and introduced a new issue with a 25-year tenor at a marginal rate of 9.80%
- The total value of T.bills outstanding as at July 29, 2020 increased MoM by 2.17% (₦0.06trn) to ₦2.82trn, whilst the value of OMO bills outstanding as at July 29, 2020 decreased MoM by 2.40% (₦0.22trn) to ₦8.93trn. Total outstanding value of FGN Bonds as at July 29, 2020 increased MoM by 1.78% (₦0.18trn) to ₦10.31trn

Chart 4: Trend in Trading Intensity

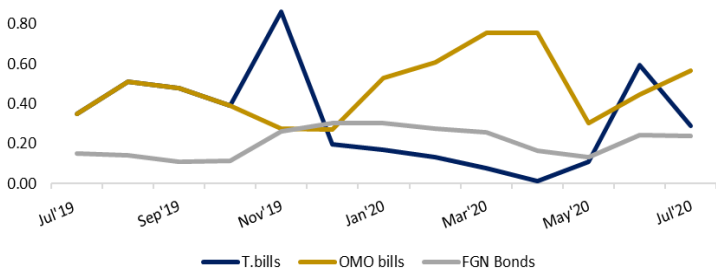


Chart 5: Fixed Income Turnover - July 2020 (₦'trn)

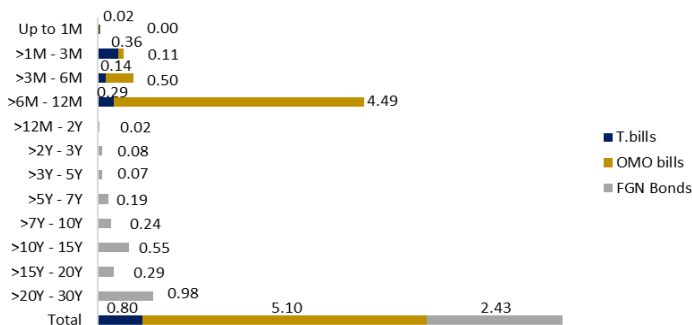


Chart 6: Inflation Adjusted Yield as at July 29, 2020 ^ (%)

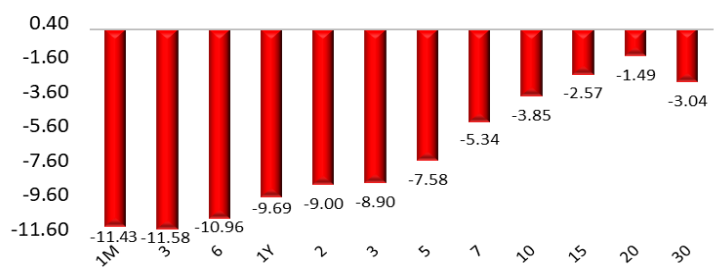


Table 2 - Money Market Turnover (₦'trn)

	Jul-20	Jun-20	MoM Δ (₦'trn)	MoM Δ (%)	Jul-19	YoY Δ (₦'trn)	YoY Δ (%)
Repos/Buy-Backs	6.07	4.70	1.37	29.15	3.38	2.69	79.59
Unsecured Placements / Takings	0.09	0.09	0.00	0.00	0.15	(0.06)	(40.00)
Total	6.16	4.79	1.37	28.60	3.53	2.63	74.50

Table 3 - Market Activity - Executed Trade Count

	July			June			MoM Δ (%)
	AFO ¹²	RFQ ¹³	Total	AFO	RFQ	Total	
T.bills	5	515	520	0	647	647	(19.63)
OMO bills	7	1,403	1,410	4	2,148	2,152	(34.48)
FGN Bonds	53	2,514	2,567	82	2,822	2,904	(11.60)
Total	65	4,432	4,497	86	5,617	5,703	(21.15)

Notes:
 ^ Adjusted with the July 2020 Headline Inflation rate of 12.82%
 10: Overnight; 11: Open Buy-back; 12: Anonymous Firm Order; 13: Request-for-Quote

- Turnover for T.bills decreased by 51.22% (₦0.84trn) to ₦0.80trn, resulting in a decrease in its trading intensity to 0.29 in July 2020 from 0.59 in June 2020, whilst OMO bills turnover increased MoM by 22.01% (₦0.92trn) to ₦5.10trn in July 2020, resulting in the increase in its trading intensity to 0.57 in July 2020 from 0.45 in June 2020. FGN Bonds turnover decreased MoM by 0.82% (₦0.02trn) to ₦2.43trn in July 2020. (See Chart 4)
- In July 2020, OMO bills within the >6M – 12M maturity bucket was the most traded across all tenors in the Fixed Income market, accounting for 53.85% (₦4.49trn) of the total Fixed Income market turnover. T.bills within the >1M – 3M maturity bucket was the most traded across short-term tenors, accounting for 4.32% (₦0.36trn) of the total Fixed Income market turnover, whilst FGN Bonds within the >20Y – 30Y maturity bucket was the most traded across all tenors, accounting for 11.75% (₦0.98trn) of the total Fixed Income market turnover. (See Chart 5)
- Weighted average yields on short and medium-term maturities decreased MoM by 20.17% and 2.21% respectively in July 2020, while the weighted average yields on long-term maturities increased by 5.74%. Additionally, inflation-adjusted yields remained negative across the short, medium and long-term tenors in July 2020. (See Chart 6)

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

- Total turnover in the Money Market segment increased MoM and YoY by 28.60% (₦1.37trn) and 74.50% (₦2.63trn) respectively to a total of ₦6.16trn in July 2020. This was driven by the MoM and YoY increases of 29.15% (₦1.37trn) and 79.59% (₦2.69trn) respectively in Repos/Buy-Backs turnover to ₦6.07trn in July 2020, whilst turnover in Unsecured Placements/Takings remained unchanged MoM and recorded a YoY decrease of 40.00% (₦0.06trn) to ₦0.09trn in July 2020 (See Table 2). Average O/N¹⁰ and OBB¹¹ rates decreased by 82bps and 84bps to close at 10.49% and 9.53% respectively in July 2020 from 11.31% and 10.37% recorded in June 2020

Market Surveillance

- Total number of executed trades reported on the Bloomberg E-Bond Trading System in July 2020 was 4,497, representing a MoM decrease of 21.15% (1,206) from the number of executed trades recorded in June 2020 (5,703). This was driven by the MoM decrease recorded across executed trades on T.bills, OMO bills and FGN Bonds in July 2020. (See Table 3)