



FINANCIAL MARKETS MONTHLY REPORT

August 2024

Glossary

Abbreviation	Definition	Abbreviation	Definition
bn	Billion	OTC	Over-the-Counter
bps	Basis Points	ppts	Percentage Points
CBN	Central Bank of Nigeria	Repo	Repurchase Agreement
CP	Commercial Paper	RHS	Right Hand Side
D	Day	T.bills	Treasury Bills
DMO	Debt Management Office	trn	Trillion
FGN	Federal Government of Nigeria	US	The United States of America
FX	Foreign Exchange	Y	Year
LCY	Local Currency	YoY	Year-on-Year
LHS	Left Hand Side		
M	Month		
mm	Million		
MM	Money Market		
MoM	Month-on-Month		
N/A	Not Applicable		
NAFEM	Nigerian Autonomous Foreign Exchange Market		
NBS	National Bureau of Statistics		
NDFs	Cleared Naira-Settled (USD/NGN) Non-Deliverable Forwards		
NV	Notional Value		
OMO	Open Market Operations		
O/N	Overnight		
OPR	Open Repos		

Sources:

FMDQ Securities Exchange Limited, DMO, CBN, NBS

Note:

Minor discrepancies between sums of constituent figures and totals shown reflect rounding.

Primary Market

Sovereign Securities

The DMO sold T.bills valued at ₦507.13bn across its auctions in August 2024, representing an 82.44% (₦229.16bn) MoM increase on the value of T-bills sold across its auctions in July 2024 (₦277.96bn).

Similarly, the DMO sold FGN Bonds worth ₦374.75bn in August 2024. This represented a 66.03% (₦149.04bn) MoM increase on the amount sold in July 2024 (₦225.71bn).

Sovereign securities offered¹ by the DMO in its FGN Bond auctions were oversubscribed by 142.20%. In contrast, only 81.00% of T.bills were sold, despite the 141.83% oversubscription during the review period.

In August 2024, the CBN sold OMO Bills worth ₦1,627.46bn, compared to July 2024 where the CBN did not conduct any public OMO Bills auction in the primary market.

Average T.bills Discount Rates in Aug. 2024

91-day – 18.35%
18.50% (Jul. '24) ▼

182-day – 19.35%
19.50% (Jul. '24) ▼

364-day – 21.39%
22.10% (Jul. '24) ▼

Average FGN Bond Coupon Rates in Aug. 2024

5Y – 20.30%
19.89% (Jul. '24) ▲

7Y – 20.90%
21.00 (Jul. '24) ▼

9Y – 21.50%
21.98% (Jul. '24) ▼

Chart 1: Trend in Average T.bills Discount Rate (%)

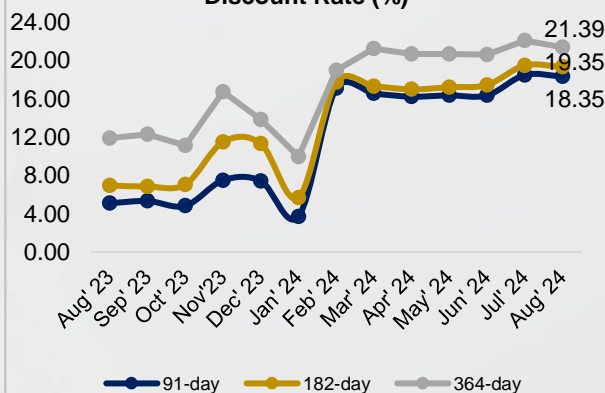


Chart 2: Trend in Average OMO Bills Discount Rate (%)^

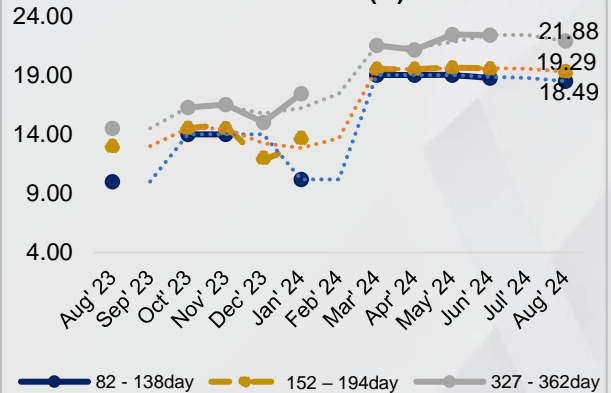


Table 1: Value of New Issuances (₦'bn)

Product	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr. '24	May '24	Jun. '24	Jul. '24	Aug. '24
T.bills	457.20	544.05	406.90	1,058.91	1,184.97	381.22	2,589.35	2,668.89	1,314.28	913.64	617.92	277.96	507.13
FGN Bonds	230.26	316.49	374.76	434.50	273.63	418.20	1,494.91	608.86	626.81	682.07	297.01	225.71	374.75

Table 2: Value of Outstanding Securities (₦'bn)

Product	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr '24	May '24	Jun. '24	Jul. '24	Aug. '24
T.bills	4,722.71	4,722.71	4,984.92	5,522.00	6,521.99	6,522.47	8,428.78	10,884.71	11,906.79	12,132.09	12,255.94	12,297.10	12,178.15
FGN* Bonds	19,038.60	19,317.19	19,693.24	20,130.17	20,439.81	20,441.57	22,355.89	22,246.55	25,234.92	25,922.05	26,222.00	26,450.21	26,828.85

Notes:

1 – Amount Offered in August 2024 was ₦ 626.07bn and ₦190.00bn for T.bills and FGN Bonds, respectively

^ – Chart 2 has trend lines due to missing data as a result of no primary market activity for OMO Bills

* – FGN Bonds includes FGN Bonds, FGN Savings Bonds and FGN Green Bonds

Primary Market

Non-Sovereign Securities

Two (2) Corporate Bonds worth ₦62.40bn were listed on FMDQ Exchange in August 2024, as such the value of Non-Sovereign Bonds outstanding increased to ₦2,254.42bn.

The total value of CPs quoted on FMDQ Exchange in August 2024 was ₦66.93bn, representing a MoM increase of 276.23% (₦49.14bn) from the value of CPs quoted in July 2024 (₦17.79bn). In August 2024, quoted CPs were issued by institutions from the Manufacturing (3) sector, followed by the Financial Services (2), Agriculture (2), Retail (2), and Health (1) sectors. (See Chart 3)

The outstanding value for CPs decreased MoM by 28.82% (₦257.43bn) to ₦635.85bn in August 2024 due to the ₦324.36bn worth of CPs that matured during the review period. (See Table 5)

Table 3: Average Rates for Listed/Quoted Non-Sovereign Securities

Type	Tenor	Aug. 24	Jul. 24	Trend
CPs	≤90D	17.00%	-	N/A
	91D – 180D	23.67%	24.42%	▼
	181D – 270D	24.05%	25.13%	▼
Non-Sovereign Bonds*	5Y – 10Y	21.50%	-	N/A

Chart 3: Sectoral Allocation of Quoted CPs

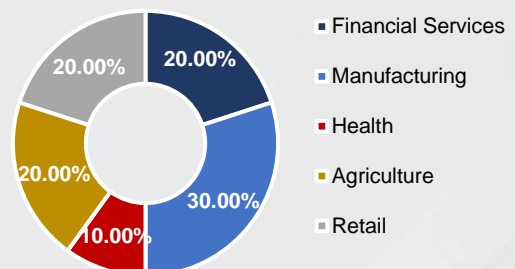


Chart 4: Average Tenor (Days) vs Discount Rates (%) for Quoted CPs

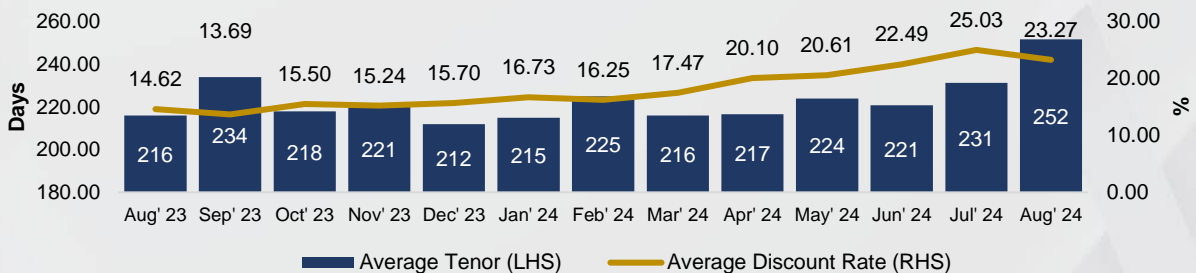


Table 4: Value of New Listings/Quotations (₦'bn)

Product	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr. '24	May '24	Jun. '24	Jul. '24	Aug. '24
CPs	145.27	146.22	36.51	77.40	246.33	168.89	50.33	112.62	63.07	258.19	92.54	17.79	66.93
Corporate Bonds	46.00	0.00	23.00	26.00	0.00	5.50	0.00	0.00	0.00	1.15	0.00	0.00	62.40
Subnational Bonds	19.81	115.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 5: Outstanding Value of Admitted Securities (₦'bn)

Product	Aug. '23	Sep. '23	Oct. '23	Nov. '23	Dec. '23	Jan. '24	Feb. '24	Mar. '24	Apr. '24	May '24	Jun. '24	Jul. '24	Aug. '24
CPs	938.34	966.39	948.56	806.35	821.25	887.96	790.75	864.11	791.35	925.68	978.52	893.28	635.85
Corporate Bonds	1,789.15	1,789.15	1,796.86	1,822.86	1,787.76	1,793.26	1,793.26	1,778.26	1,778.26	1,775.77	1,775.77	1,775.77	1,838.17
Subnational Bonds	301.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25	416.25

Note: *Non-Sovereign Bonds include LCY Corporate Bonds and LCY Subnational Bonds (includes LCY Sukuk)

Secondary Market

Market Turnover by Products

In August 2024, the total secondary market turnover on FMDQ Exchange was ₦40.43trn, representing a MoM increase of 31.97% (₦9.79) and a YoY increase of 128.57% (₦22.74trn) from July 2024 and August 2023 figures, respectively.

Foreign Exchange (FX) and Money Market (MM) transactions dominated secondary market activity, jointly accounting for 69.98% of the total secondary market turnover in August 2024. (See Chart 6)

Chart 6: Contribution to FMDQ Markets Turnover

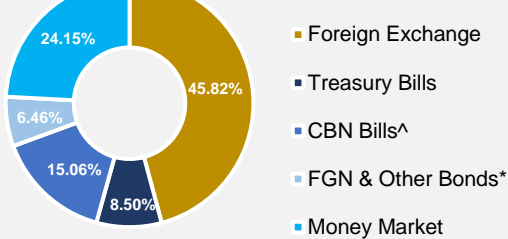


Chart 5: FMDQ Markets Turnover (₦trn)

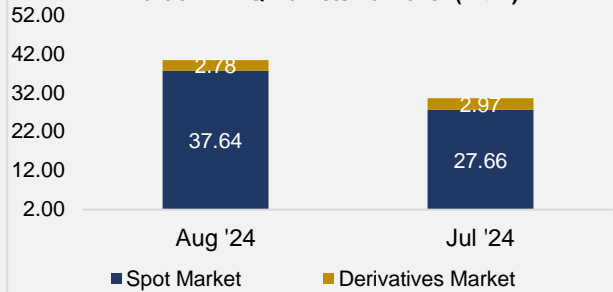
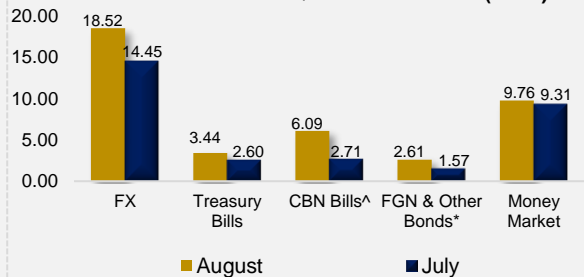


Chart 7: MoM FMDQ Market Turnover (₦trn)



Spot Market

Total spot market turnover for all products traded in the secondary market in August 2024 was ₦37.64trn, representing a MoM increase of 36.07% (₦9.98trn) from July 2024 figures.

The MoM increase in total spot market turnover was driven by the increase in turnover across the FX, MM, and FI turnover by 37.12% (₦4.26trn), 4.93% (₦0.46trn), and 76.43% (₦5.26trn), respectively,

The increase in MM turnover was driven by the MoM increase in Repos/Buy-backs transactions. Meanwhile, the increase in FI turnover was driven by the increase across all FI product categories, offsetting the decrease in Other Bonds, whilst CBN Special Bills remained inactive.

Spot Market Turnover and Percentage Contribution

FX Market

₦15.74trn (\$9.90bn) ▶ 41.81%
₦11.48trn (Jul '24)

Fixed Income Market

₦12.14trn (\$7.72bn) ▶ 32.24%
₦6.88trn (Jul '24)

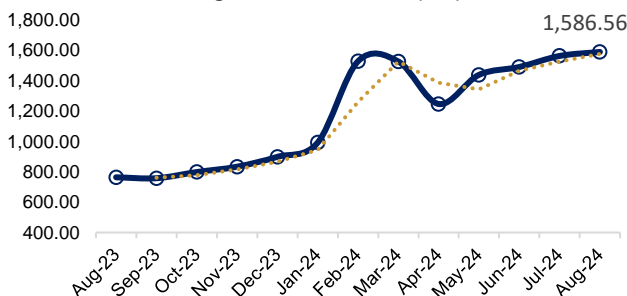
Money Market

₦9.76trn (\$6.14bn) ▶ 25.94%
₦9.31trn (Jul '24)

Spot FX Market

Spot FX market turnover was \$9.90bn (₦15.74trn) in August 2024, representing a 33.88% (\$2.51bn) MoM increase from the turnover recorded in July 2024 (\$7.39bn).

Chart 8: Average Rates in NAFEM (\$/₦)



In the FX Market, the Naira depreciated against the US Dollar, with the spot exchange rate (\$/₦) increasing by 1.68% (\$/₦26.24) to close at an average of \$/₦1,586.56 in August 2024 from \$/₦1,560.32 recorded in July 2024. (See Chart 8)

Further, exchange rate volatility increased in August 2024 as the Naira traded within an exchange rate range of \$/₦1,543.84 – \$/₦1,617.08 compared to \$/₦1,500.32 – \$/₦1,621.12 recorded in July 2024.

Notes:

^ Refers to OMO and CBN Special Bills

* Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes

Spot Fixed Income Market

FI market turnover in August 2024 was ₦12.14trn, representing a MoM increase of 76.43% (₦5.26trn) from the turnover recorded in July 2024 (₦6.88trn).

The MoM increase in turnover was driven by the increase in T.bills, OMO Bills, and FGN Bonds transactions, while transactions in Other Bonds* recorded a MoM decrease of 18.43% (₦0.01trn). (See Chart 9).

The trading intensity (TI) for T.bills and FGN Bonds increased MoM by 0.07bps and 0.04bps to 0.28 and to 0.10, respectively. (See Chart 10)

Chart 9: Fixed Income Market Turnover (₦'trn)

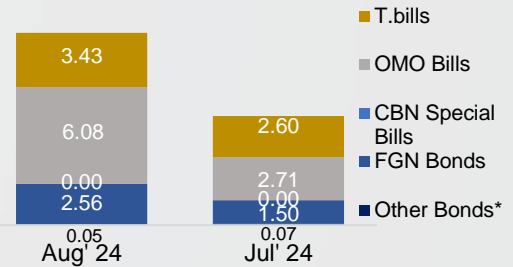


Chart 10: Trend in Trading Intensity

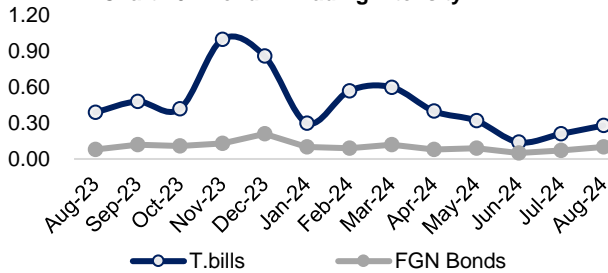
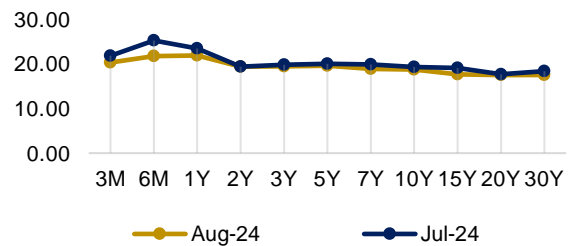


Chart 11: Sovereign Yield Curve (%)



T.bills with term-to-maturity (TTM) between >6M – 12M and FGN Bonds with TTM between >5Y - 10Y, were the most traded sovereign FI securities, accounting for 36.23% (₦2.17trn) and 26.88% (₦1.61trn) of the secondary market turnover for sovereign FI securities in the spot market, respectively. (See table 6 below)

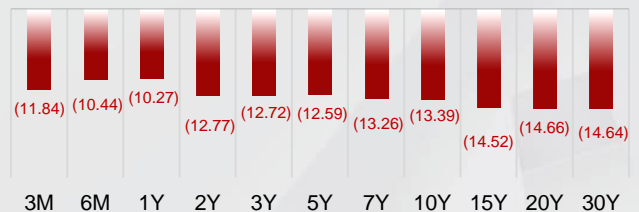
Table 6: Fixed Income Turnover (₦'trn)

T.bills			FGN Bonds						
Up to 3M	>3M - 6M	>6M - 12M	>12M - 3Y	>3Y - 5Y	>5Y - 10Y	>10Y - 15Y	>15Y - 20Y	>20Y	Total
0.68	0.58	2.17	0.39	0.12	1.61	0.19	0.01	0.24	5.99

The sovereign yield curve experienced a 0.98ppts MoM increase in yield spread¹ to -1.55ppts in August 2024, indicating a flattening of the yield curve. (See Chart 11)

Real (inflation-adjusted) yields remained negative across the yield curve, despite the decrease in headline inflation in August 2024. (See Chart 12)

Chart 12: Inflation Adjusted Yields as at August 30, 2024*(%)



Spot Market – (Money Market)

Total turnover in the MM segment increased MoM by 4.93% (₦0.46trn) to ₦9.76trn in August 2024. The MoM increase was driven by the 5.22% (₦0.48trn) increase in Repos/Buy-backs, offsetting the 26.58% (₦0.02trn) decrease in Unsecured Placement/Takings transactions (See Chart 13).

The average O/N rate and OPR rate (secured lending rate) decreased MoM by 2.02ppts and 2.07ppts respectively, to close at an average of 28.57% and 27.92% in August 2024 (See Chart 14).

Chart 13: Money Market Turnover (₦'trn)

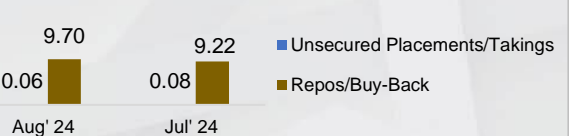
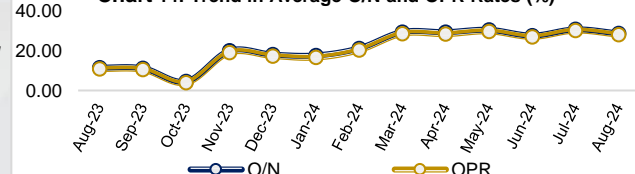


Chart 14: Trend in Average O/N and OPR Rates (%)



Notes:

¹ – Refers to the yield spread between the 3M and 10Y sovereign FI securities

[^] – Adjusted with August 2024 inflation rate (32.15%)

* – Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes

Derivatives Market

FX Derivatives Market

Total turnover in the FX derivatives segment in August 2024 was \$1.75bn (₦2.78trn), representing a MoM decrease of 8.39% (\$0.16bn) from July 2024 figures (\$1.91bn).

The MoM decrease in the FX derivatives turnover was driven by the 8.50% (\$0.16bn) and 5.12% (\$0.003bn) decrease in FX Swaps and FX Forwards transactions, whilst the FX Futures market remained inactive during the review period.

FX Swaps ¹	Contribution
\$1.69bn (₦2.69trn)	▶ 96.74%
FX Forwards	
\$0.06bn (₦0.09trn)	▶ 3.26%
FX Futures	
\$0.00bn (₦0.00trn)	▶ 0.00%

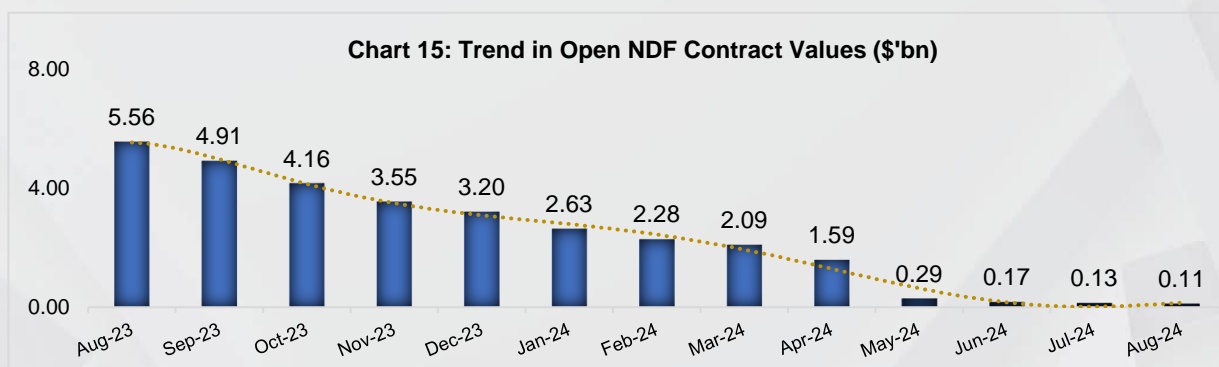
Cleared Naira-Settled Non-Deliverable Forwards

In the Cleared Naira-Settled (USD/NGN) Non-Deliverable Forwards market, the near month contract (NGUS AUG 28, 2024) expired and open positions with a total notional value (NV) of \$0.02bn were settled. However, no new far month (60M) contract² was introduced in the Cleared Naira-Settled Non-Deliverable Forwards market in the review period, continuing the trend since August 2023. Consequently, the TTM of the farthest open contract is forty-eight (48) months (i.e., NGUS AUG 30, 2028 contract)

As a result, the cumulative NV of open Cleared Naira-Settled Non-Deliverable Forwards contracts, continued its downward trend as it decreased to \$0.11bn as at August 31, 2024, representing a MoM and YoY decrease of 15.38% (\$0.02bn) and 98.02% (\$5.45bn), respectively.

(See Chart 15)

Matured Contract NGUS AUG 28, 2024 (\$/₦914.19*)	▲
New 60M Contract Not Applicable (N/A) (\$/₦0.00)	
NV of Open Positions in NDF Contracts – \$0.11bn	▼



In the period under review, no new trades were recorded on contracts between 13M – 60M.

Notes:

* – Refers to the last published rate for **NGUS FEB 28 2024** contract as at June 13, 2023.

1 – Includes Other FX Derivatives

2 – In response to ongoing reforms in NAFEM, the Central Bank of Nigeria ("**CBN**") halted the quotation of offer rates for all Cleared Naira-Settled Non-Deliverable Forwards contracts on September 26, 2023.

Derivatives Market..2

The average modelled forward rates for the long-term (i.e., 37M – 60M) Cleared USD/NGN Non-Deliverable Forwards contracts in August 2024 were lower than those for July 2024 across all tenors. (See Table 7)

Likewise, the indicative rates for short-term (i.e., ≤12M) Non-Deliverable FX Forwards contracts in August 2024 were lower than indicative rates for July 2024 across all tenors. (See Table 8)

Table 7: Average Modelled Rates (\$/₦)¹ of Cleared Naira-Settled Non-Deliverable Forwards*

	37-42M	43-48M	49-54M	55-60M
Aug-24	3,286.72	3,677.41	4,117.47	4,602.47
Jul-24	3,298.97	3,691.17	4,129.82	4,622.94
Change	12.25 ↓	13.76 ↓	12.35 ↓	20.47 ↓

Table 8: Indicative Rates (\$/₦) of Non-Deliverable Forwards

	1M	2M	3M	6M	12M
Aug-24	1,624.90	1,647.09	1,670.42	1,750.35	1,904.16
Jul-24	1,651.35	1,679.43	1,707.29	1,788.77	1,960.31
Change	26.45 ↓	32.34 ↓	36.87 ↓	38.42 ↓	56.15 ↓

Notes:

1 – In response to ongoing reforms in NAFEM, the Central Bank of Nigeria ("CBN") halted the quotation of offer rates for all Cleared Naira-Settled Non-Deliverable Forwards ("Cleared USD/NGN NDFs") contracts on September 26, 2023. However, due to the protracted unavailability of offer quotes in the Market, as well as to facilitate price formation and effective risk management in the Market, FMDQ Securities Exchange Limited ("FMDQ Exchange" or the "Exchange") commenced the publication of modelled Cleared USD/NGN NDFs rates (using the FMDQ Cleared USD/NGN NDFs Closing Rate Methodology) to ensure consistency, standardisation, and transparency, broadly in line with the tenets and best practices of derivatives markets globally (click [here](#) for more information).

* - Following the introduction of the long dated Naira Settled Exchange-Traded FX Futures ("NSEFF"), the 13M – 36M Cleared Naira-Settled Non-Deliverable Forward contracts were suspended in July 2024 to ensure adequate delineation from the NSEFF

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