CENTRAL BANK OF NIGERIA

# ECONOMIC REPORT
# SECOND QUARTER 2017

The Central Bank of Nigeria Quarterly Economic Report is designed for the dissemination of financial and economic information on the Nigerian economy on current basis. The Report analyses developments in the financial, fiscal, real and external sectors of the economy, as well as international economic issues of interest. The Report is directed at a wide spectrum of readers including economists and financial analysts in government and the private sector, as well as general readers.

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## 1.0 Summary[1]

*The fall in domestic credit (net), on quarter-on-quarter basis, led to the decline in key monetary aggregates in the second quarter of 2017. Consequently, broad money supply ($M_2$) and narrow money supply ($M_1$) fell by 1.6 per cent and 0.7 per cent, respectively, below the levels at end-March 2017. Over the level at end-December 2016, broad money supply ($M_2$) fell by 7.3 per cent, compared with the 5.8 per cent decline at the end of the preceding quarter. The development reflected the 7.5 per cent and 10.5 per cent fall in foreign assets (net) and other assets (net) of the banking system. Similarly, narrow money supply ($M_1$), fell by 10.7 per cent, compared with 10.1 per cent decline at the end of the preceding quarter and reflected the fall in its currency and demand deposit components.*

*The continued restrictive monetary policy stance of the Bank led to the general increase in banks lending rates, while deposit rates indicated mixed developments in the second quarter of 2017. The margin between the average savings deposit and the maximum lending rates widened to 26.46 percentage points. Similarly, the spread between the weighted average term deposit and maximum lending rates widened to 21.84 percentage points at the end of the second quarter of 2017. The weighted average inter-bank call rate rose significantly to 33.11 per cent, reflecting the liquidity surfeit in the banking system.*

*The total value of money market assets outstanding at the end of the second quarter of 2017 stood at ₦11,687.69 billion, reflecting a decline of 0.56 per cent below the level at the end of the first quarter of 2017. The development was due to the fall in FGN Bonds and Bankers Acceptances outstanding in the review period. Transactions on the Nigerian Stock Exchange (NSE) were bullish.*

*Federally-collected revenue, at ₦1,573.88 billion in the second quarter of 2017, was lower than the quarterly budget estimate by 41.4 per cent, but was above the receipts in the first quarter of 2017 by 8.8 per cent. The development reflected the shortfall in receipts from both oil and non-oil revenue in the review quarter. Federal Government estimated retained revenue and total expenditure were ₦674.07 billion and ₦914.91 billion, respectively, resulting in an estimated deficit of ₦240.84 billion in the second quarter of 2017.*

*Due to the favourable weather condition across the country, agricultural activities were dominated by harvesting of maize and*

[1] Data on monetary aggregates, government spending and foreign exchange flows are provisional and subject to changes

*yam in the Southern States, while planting and off-season harvesting dominated in the Northern States. In the livestock sub-sector, the outbreak of Bird Flu in 7 states, including the FCT could hinder production. The end-period inflation, on year-on-year and 12-month moving average basis for the second quarter of 2017, were 16.1 per cent and 17.6 per cent, respectively.*

*World crude oil demand and supply were estimated at 95.33 mbd and 96.06 mbd, respectively, in the second quarter of 2017. Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 1.66 million barrels per day (mbd) or 151.06 million barrels (mb) for the second quarter of 2017. Crude oil export was estimated at 1.21 mbd, while deliveries to the refineries for domestic consumption stood at 0.45 mbd or 40.95 million barrels in the review quarter. The average price of Nigeria's reference crude, the Bonny Light ($37^0$ API), was US$50.21 per barrel in the review quarter, compared with US$54.17 per barrel at end-March 2017.*

*Foreign exchange inflow and outflow through the CBN amounted to US$8.40 billion and US$7.72 billion, respectively, resulting in a net inflow of US$0.68 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US$6.40 billion. The average exchange rate of the naira vis-à-vis the US dollar at the inter-bank market depreciated to ₦305.76/US$ from ₦305.64/US$ in the preceding quarter. The external reserves increased by 1.0 per cent to US$30.30 billion at the end–June 2017.*

*Other major international economic developments and meetings of importance to the domestic economy in the review period included: The 2017 Association of African Central Banks (AACB) continental seminar held in Accra, Ghana from May 3 – 5, 2017; the Mid-Year Statutory meeting of the Economic Community of West African states (ECOWAS) held at Monrovia, Liberia from May 25 – June 4, 2017; and the 2017 Spring Meetings of the Board of Governors of the World Bank Group (WBG) and the International Monetary Fund (IMF) held in Washington D. C., USA from April 17 – 23, 2017. A sideline meeting of the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Developments was also held along with the Brettonwood institutions meetings; and the African Development Bank held its 2017 Annual Meetings in Ahmedabad, India from May 22 – 27, 2017.*

# 2.0 Financial Sector Developments

*On quarter-on-quarter basis, broad money supply ($M_2$) fell by 1.6 per cent below the level at end-June 2017 and reflected, wholly, the fall in domestic credit (net). Banks' lending rates trended upward due to tight liquidity condition in the market, while deposit rates showed mixed developments. The value of money market assets outstanding fell, due, largely, to the decline in FGN Bonds and Bankers Acceptances. Developments on the Nigerian Stock Exchange (NSE) were mixed.*

## 2.1 Monetary and Credit Developments

*Key monetary aggregates fell during Q2 of 2017.*

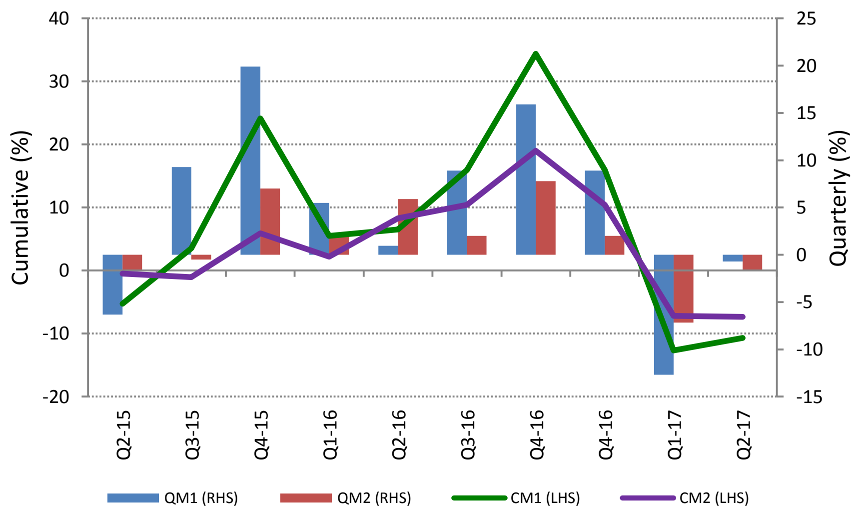
The Bank maintained a restrictive monetary policy stance and sustained its open market operations to mop-up excess liquidity in the system in the second quarter of 2017. The development generally constrained aggregate credit expansion leading to deceleration in the growth of money supply. On quarter-on-quarter basis, broad money supply ($M_2$), at ₦21,674.21 billion, fell by 1.6 per cent at the end of the review quarter, compared with the decline of 5.8 per cent at the end of the preceding quarter. This, however, contrasted with the growth of 7.9 per cent recorded at the end of the corresponding period of 2016. The development relative to the preceding quarter, reflected, the 1.7 per cent decline in domestic credit (net) which more than offset the 11.0 and 5.6 per cent growth in net foreign assets and other asset (net) of the banking system, respectively.

Narrow money supply ($M_1$), at ₦9,883.82 billion, fell by 0.7 per cent at the end of the second quarter of 2017, compared with the decline of 10.1 per cent at the end of the preceding quarter. The fall in $M_1$ relative to the preceding quarter, reflected, wholly, the significant decline of 11.1 per cent in currency outside banks.

Over the level at end-December 2016, broad money supply ($M_2$) fell by 7.3 per cent, compared with the 5.8 per cent decline at the end of the preceding quarter. The development reflected the 7.5 per cent and 10.5 per cent fall in foreign assets (net) and other assets (net) of the banking system. Similarly, narrow money supply ($M_1$), fell by 10.7 per cent, compared with 10.1 per cent decline at the end of the preceding quarter and reflected the fall in its currency and demand deposit components.

Quasi-money, at ₦11,790.39 billion, fell by 2.3 per cent in the review quarter, compared with the decline of 2.0 per cent in the preceding quarter. This, however, contrasted with the 9.9 per cent growth in the corresponding period of 2016. The development relative to the preceding quarter was due to the fall in time and savings deposits of banks. Over the level at end-December 2016, quasi money fell by 4.3 per cent, compared with the decline of 2.0 per cent at the end of the preceding quarter (Fig. 1, Table 1).

**Figure 1: Growth Rate of Narrow Money ($M_1$) and Broad Money ($M_2$)[2]**




Source: CBN

Aggregate credit (net) to the economy, at ₦26,921.03 billion, declined by 1.7 per cent at the end of the review quarter, in contrast to the respective growth of 0.9 per cent and 8.6 per cent at end-march 2017 and end-December 2016. The development relative to the preceding quarter reflected the decline in net claims on the Federal Government and the private sector. Over the level at end-December 2016, aggregate credit (net) grew by 1.0 per cent due, wholly, to expansion in credit to the Federal Government.

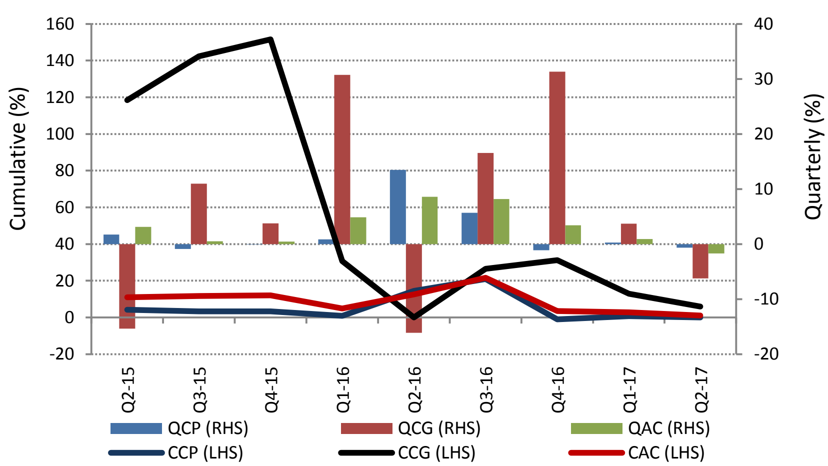
[2] QM1 and QM2 represent quarter-on-quarter changes, while CM1 and CM2 represent cumulative changes (year-to-date).

*Banking system's credit to the Federal Government fell by 6.2 per cent at end-June 2017.*

Banking system's net claims on the Federal Government, at the end of the second quarter of 2017 stood at ₦4,942.46 billion. This indicated 6.2 per cent and 16.1 per cent decline below the levels in the preceding quarter and the corresponding period of 2016, respectively. The development was attributed, largely, to the fall in banks' holding of government securities. It, however, contrasted with the 3.7 per cent growth at the end of the preceding quarter. Over the level at end-December 2016, claims on the Federal Government rose by 5.9 per cent, reflecting increase in banks' holdings of government securities.

At ₦21,978.57 billion, banking system's credit to the private sector, contracted marginally by 0.6 per cent, at the end of the second quarter of 2017, in contrast to the 0.3 and 13.6 per cent growth at the end of the preceding quarter and corresponding period of 2016, respectively. The development relative to the preceding quarter, reflected banks' conservative approach towards lending, as credit to the core private sector fell by 1.1 per cent during the review quarter (Fig. 2, Table 1).

**Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy[3]**




Source: CBN

[3] QCP, QCG and QAC represent quarter-on-quarter changes in credit to private sector, credit to government (net) and aggregate credit (net) to the domestic economy, respectively, while CCP, CCG

*Foreign assets (net) of the banking system increased at the end of the review quarter.*

Interventions by the Bank continued to sustain stability in the foreign exchange market. Consequently, foreign assets (net) of the banking system, at ₦8,468.08 billion, rose by 11.0 per cent, on quarter-on-quarter basis, in contrast to the decline of 16.6 per cent at the end of the preceding quarter. The development was attributed to the rise in monetary authority and banks' holdings of foreign assets. Over the level at end-December 2016, foreign assets (net) of the banking system fell by 7.5 per cent, compared with 16.6 per cent decline at the end of the preceding quarter.

Other assets (net) of the banking system, on quarter-on-quarter basis, declined by 5.6 per cent to negative ₦13,714.90 billion at end-June 2017, compared with the fall of 4.7 per cent and 24.6 per cent at end-March 2017 and the corresponding period of 2016, respectively. The development relative to the level at end-March 2017 was attributed to the increase in unclassified assets of the DMBs in the review period. Over the level at end-December 2016, other assets (net) of the banking system fell by 10.5 per cent, compared with the decline of 4.7 per cent at the end of the preceding quarter.

**Table 1: Growth in Monetary and Credit Aggregates (Per cent) Over Preceding Quarter**

| | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 | Jun-17 |
|---|---|---|---|---|---|---|---|---|
| Domestic Credit (Net) | 0.5 | 0.4 | 4.9 | 8.6 | 8.2 | 1.5 | 0.9 | -1.7 |
| *Claims on Federal Government (Net)* | 11.0 | 3.8 | 30.7 | -16.3 | 26.6 | 32.8 | 3.7 | -6.2 |
| *Claims on Private Sector* | -0.9 | -0.1 | 0.9 | 13.6 | 5.7 | -3.3 | 0.3 | -0.6 |
| *Claims on Other Private Sector* | -1.3 | -0.2 | -0.4 | 13.0 | 6.0 | -2.8 | 0.0 | -1.1 |
| Foreign Assets (Net) | -14.6 | 11.2 | -1.8 | 13.1 | 9.0 | 18.2 | -16.6 | 11.0 |
| Other Assets (Net) | 7.8 | 8.2 | 7.1 | -24.6 | -22.5 | -3.6 | -4.7 | -5.6 |
| Broad Money Supply (M2) | -0.5 | 7.0 | 2.2 | 7.9 | 2.0 | 6.2 | -5.8 | -1.6 |
| Quasi-Money | -5.7 | -1.0 | -0.3 | 9.9 | -3.0 | 1.1 | -2.0 | -2.3 |
| Narrow Money Supply (M1) | 9.3 | 19.9 | 5.5 | 5.3 | 8.9 | 12.6 | -10.1 | -0.7 |
| *Memorandum Items:* | | | | | | | | |
| Reserve Money (RM) | -2.7 | 0.4 | -0.9 | -7.6 | 6.1 | 0.6 | -3.4 | -2.8 |

Source: CBN

## 2.2 Currency-in-circulation (CIC) and Deposits at CBN

At ₦1,873.54 billion, currency-in-circulation fell by 5.5 per cent below the level in the first quarter of 2017. The development was due, largely, to the decline in its currency outside banks component.

Total deposits at the CBN amounted to ₦11,508.23 billion, indicating a 0.4 per cent increase above the level at the end of the first quarter of 2017. The development reflected, mainly, the 5.9 per cent rise in the private sector deposits in the review quarter. Of the total deposits at CBN, the shares of the Federal Government, Banks and ''Others'' were ₦5,624.69 (48.9 per cent), ₦3,616.09 billion (31.4 per cent) and ₦2,267.45 billion (19.7 per cent), respectively.

Reserve money (RM) fell marginally by 2.8 per cent, below the level at end-March 2017, to ₦5,489.64 billion at the end of the second quarter of 2017. This was as a result of a decline in DMBs' reserves with the CBN.

*Reserve money (RM) fell at the end of the second quarter of 2017.*

## 2.3 Money Market Developments

Developments in the domestic money market were mixed in the review quarter as inflow from fiscal injections and maturing CBN bills boosted liquidity, while withdrawals arose from CBN interventions in the market via Open Market Operations (OMO) to mop-up excess liquidity in the system. Also, banking system liquidity was impacted by interventions and settlements for foreign exchange sales. Consequently, the financial market was stable in the second quarter of 2017.

*The financial market was relatively stable during the review period .*

To meet their short-term liquidity and funding needs, banks continued to access the intra-day liquidity facility for temporary credit requirements. As in the preceding quarter, the request for the Standing Lending Facility (SLF) exceeded the Standing Deposit Facility (SDF). The short-term inter-bank call and Open-Buy-Back (OBB) rates moved in tandem with the level of liquidity, mostly closing well above the Monetary Policy Rate (MPR).

Total value of money market assets outstanding declined by 0.56 per cent to ₦11,687.69 billion at end-June 2017, in contrast to the 8.04 per cent increase in the preceding quarter. The development was attributed to the respective fall of 4.93 per cent and 2.04 per cent in Bankers Acceptances and FGN Bonds outstsanding.

### 2.3.1 Interest Rate Developments

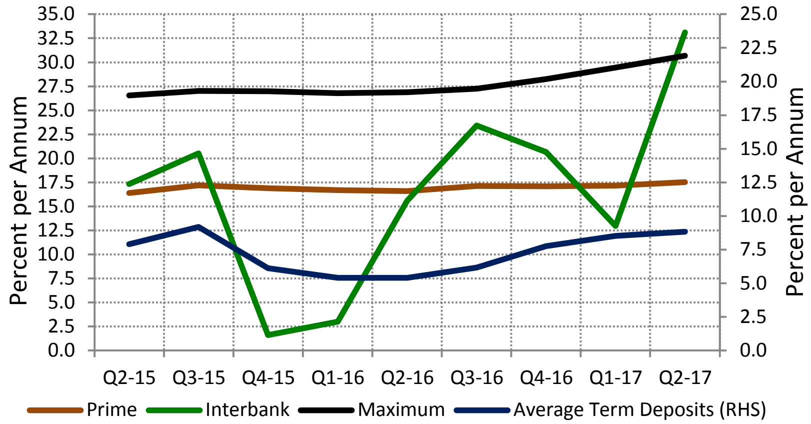
*Banks' deposit rates showed mixed developments while lending rates trended upward in the second quarter of 2017.*

Banks' deposit rates indicated mixed developments, while lending rates generally trended upward in the second quarter of 2017. With the exception of the 7-day deposit and average savings rates, which declined by 0.19 and 0.09 percentage point to 4.21 per cent and 4.13 per cent, respectively, all other deposit rates of various maturites rose from a range of 8.20 – 10.57 per cent to 8.20 – 11.85 per cent. At 8.82 per cent, the average term deposit rate increased by 0.30 percentage point above the level in the first quarter of 2017. The average prime and maximum lending rates rose by 0.38 and 1.23 percentage points to 17.54 and 30.67 per cent, respectively. Consequently, the spread between the weighted average term deposit and maximum lending rates widened by 0.92 percentage point to 21.84 percentage points at the end of the second quarter of 2017. Similarly, the margin between the average savings and the maximum lending rates widened by 1.42 percentage points to 26.46 percentage points. With headline inflation at 16.10 per cent at end-June 2017, all deposit rates were negative in real terms, while lending rates were positive in real terms.

*Interbank call rate rose in Q2 2017.*

At the inter-bank funds segment, the weighted average inter-bank call rate, which stood at 12.95 per cent at the end of the first quarter of 2017, rose by 20.16 percentage points to 33.11 per cent in the second quarter of 2017. The development reflected the tight liquidity condition in the banking system. There were, however, no transactions for most part of the review period. The Nigeria inter-bank offered rate (NIBOR) for the 30-day tenor rose from 16.88 per cent in the first quarter of 2017 to 38.93 per cent in the second quarter of 2017. Similarly, the weighted average rate at the Open-Buy-Back (OBB) segment rose by 17.30 percentage points to 39.97 per cent (Fig. 3, Table 2).

**Figure 3: Selected DMBs Interest Rates (Average)**




Source: CBN

**Table 2: Selected Interest Rates (Percent, Averages)**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| Average Term Deposits | 7.9 | 9.2 | 6.1 | 5.4 | 5.4 | 6.2 | 7.8 | 8.5 | 8.8 |
| Prime Lending | 16.4 | 17.2 | 16.9 | 16.7 | 16.6 | 17.1 | 17.1 | 17.2 | 17.5 |
| Interbank | 17.3 | 20.5 | 1.6 | 3.0 | 15.6 | 23.4 | 20.7 | 13.0 | 33.1 |
| Maximum Lending | 26.6 | 27.0 | 27.0 | 26.8 | 26.9 | 27.3 | 28.3 | 29.4 | 30.7 |

Source: CBN

### 2.3.2 *Commercial Paper (CP)*

Commercial Paper (CP) outstanding held by banks stood at ₦0.50 billion at the end of the second quarter of 2017, indicating a rise of 4.2 per cent over the level in the preceding quarter. The development was due to the rise in investment in CP by the banks in the review period. Thus, CP constituted 0.004 per cent of the total value of money market assets outstanding during the review period.

### 2.3.3 *Bankers' Acceptances (BAs)*

*DMBs' holdings of BAs decreased in Q2 of 2017.*

Bankers' Acceptances (BAs), which stood at ₦41.04 billion at end-June 2017, fell by 4.9 per cent below the ₦43.17 billion recorded at the end of the preceding quarter. The development was attributed to the declined investment in BAs by banks in the review quarter. Consequently, BAs accounted for 0.35 per cent of the total value of money market assets outstanding at end-June 2017, compared with 0.37 per cent at the end of the preceding quarter

### 2.3.4 Open Market Operations

The Bank intervened through Open Market Operations (OMO) to mop up excess liquidity. The tenors of the instruments (NTBs) ranged from 154 to 362 days. Total amount offered, subscribed to and allotted were ₦1,599.99 billion, ₦1,792.58 billion, and ₦1,721.64 billion, respectively. The bid rates ranged from 16.0000 to 20.0000 per cent, while the stop rates ranged from 16.0000 to 18.6000 per cent. Repayment and maturity of CBN bills was ₦1,150.92 billion, translating to a net withdrawal of ₦21.72 billion.

### 2.3.5 Primary Market

At the Government securities market, NTBs with tenors of 91-, 182- and 364-day and long-term (FGN Bonds) were issued on behalf of the Debt Management Office (DMO). The amount of Treasury Bills offered was ₦1,115.02 billion, while ₦1,508.13 billion and ₦1,153.12 billion were subscribed to and allotted, respectively, in the second quarter of 2017.

Total subcription and allotment, respectively, were: ₦234.14 billion and ₦229.14 billion for 91-day tenor; ₦208.19 billion and ₦193.82 billion for 182-day tenor; and ₦1,062.93 billion and ₦812.15 billion for 364-day tenor. The stop rates ranged from: 13.4000 to 13.6000 per cent for the 91-day tenor; 17.1390 to 17.5000 per cent for the 182-day tenor; and 18.6500 to 18.9800 per cent for the 364-day tenor. On all maturities, the stop rates ranged from 13.4000 to 18.9800 per cent. A total of ₦646.71 billion was sold on non-competitive basis.

### 2.3.6 Bonds Market

*Subscription for FGN Bonds of various maturities were reopened during the second quarter of 2017.*

Tranches of the 5-, 10- and 20-year FGN Bonds were offered for sale in the review period. The term to maturity of the bonds ranged from 4 years, 1 month to 19 years 9 months. Total amount offered, subscribed to and allotted were ₦415.00 billion, ₦462.77 billion and ₦324.58 billion, respectively. There was no allotment on non-competitive basis and no maturity in the review period. The bid rate ranged from 15.9855 to 16.3000 per cent, while the marginal rates for the 5-, 10-, and 20-year bond ranged from 15.9855 to 16.3000 per cent. The bid to cover ratio was 1.43.

### 2.3.7 CBN Standing Facilities

Developments at the CBN standing facilities window in the review quarter indicated higher patronage at the Standing

Lending Facility (SLF) window than at the Standing Deposit Facility (SDF) window. Total request for Standing Lending Facility (inclusive of Intra-day lending facilities (ILF) that was converted to overnight repo), was ₦12,648.46 billion with daily average of ₦218.08 billion in the review quarter, compared with ₦12,250.18 billion in the preceding quarter. Daily request ranged from ₦121.16 billion to ₦1,721.84 and total interest earned was ₦13.77 billion, compared with the total interest of ₦9.30 billion in the preceding quarter.

Total standing deposit facility (SDF) granted during the review quarter was ₦1,223.56 billion, with a daily average of ₦25.49 billion, compared with ₦3,355.10 billion and daily average of ₦57.50 billion in the first quarter of 2017. The cost incurred on SDF in the review quarter was ₦1.12 billion, compared with ₦1.74 billion in the preceding quarter.

## 2.4 Deposit Money Banks' Activities

The total assets and liabilities of the commercial banks stood at ₦32,875.34 billion at the end of the second quarter of 2017, representing a 1.4 per cent increase above the level at end-March 2017. The funds were sourced, mainly, from increased unclassified liabilities and sale of foreign assets. The funds were used, mainly, to extend credit to the government and shore up capital. At ₦21,311.33 billion, banks' credit to the domestic economy, fell by 1.8 per cent, relative to the level at end-March 2017. The development reflected the fall in claims on the Federal Government and the private sector in the review quarter.

*Liquidity ratio in Q2 2017 was above the stipulated minimum, and the Loan-to-deposit ratio was above the prescribed maximum.*

Central Bank's credit to the commercial banks rose by 2.6 per cent to ₦1,025.95 billion, at the end of the review quarter. Total specified liquid assets of the banks stood at ₦7,466.21 billion, representing 40.8 per cent of their total current liabilities. At that level, the liquidity ratio expanded by 2.97 percentage point above the level at the end of the preceding quarter and was 10.8 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 82.01 per cent, was 3.68 percentage points, above the level at the end of the preceding quarter and 2.01 percentage points above the prescribed maximum of 80.0 per cent.

## 2.5 Capital Market Developments

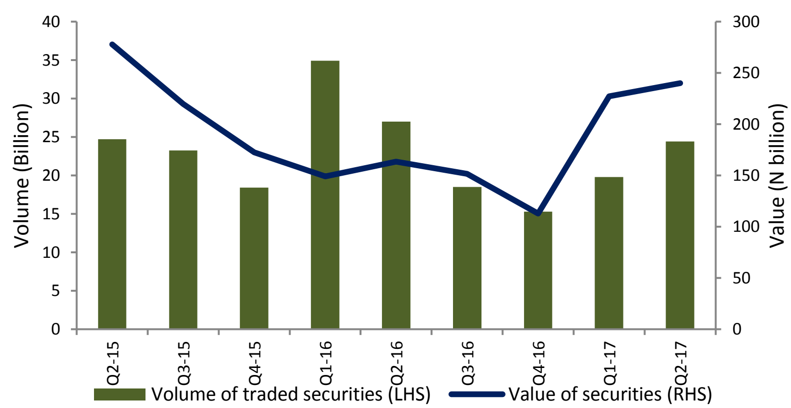
### *2.5.1 Secondary Market*

Developments in the Nigerian capital market in the second quarter of 2017 were bullish, reflecting increased investor's confidence in the domestic economy. The continued rally in the market was predicated on improved certainty in the direction of domestic economic policy, sustained implementation of polices to ease the demand-supply imbalance in the foreign exchange market. Consequently, the major market indicators trended upward in the review quarter. The aggregate volume and value of traded securities rose by 23.5 per cent and 5.6 per cent, respectively, to 24.4 billion shares valued at ₦240.0 billion in 266,373 deals, compared with 19.8 billion valued at ₦227.2 billion in 182,764 deals, in the first quarter of 2017.

The Financial Services Industry (measured by volume) led the activity chart with 19.6 billion shares valued at ₦148.3 billion, traded in 156,471 deals, thus contributing 80.3 per cent and 62.0 per cent of the total equity turnover volume and value, respectively, compared with 17.0 billion shares worth ₦66.5 billion, traded in 106,994 deals, in the first quarter of 2017.

There were no Over-the-Counter (OTC) transactions in the review month.

**Figure 4: Volume and Value of Traded Securities**




Source: NSE

**Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| Volume (Billion) | 24.7 | 23.26 | 18.4 | 34.9 | 27 | 18.5 | 15.3 | 19.8 | 24.4 |
| Value (₦ Billion) | 277.9 | 219.76 | 172.6 | 148.9 | 163.4 | 151.4 | 112.8 | 227.2 | 240.0 |

Source: NSE

### 2.5.2 New Issues Market/Supplementary Listings

There were ten (10) supplementary equity listings in the review period.

**Table 4: New and Supplementary Listing on the Nigerian Stock Exchange**

| S/N | Company | Additional Shares (Units) | Reasons | Listing |
|---|---|---|---|---|
| 1 | FBN Holdings Plc | 3.263 billion shares | Bonus Issue | Supplementary |
| 2 | Glaxo Smithkline Consumer Nig. Plc | 239.175 million shares | Bonus Issue | Supplementary |
| 3 | Nigeria Aviation Handling Company Plc | 147.656 millkon shares | Bonus Issue | Supplementary |
| 4 | Vitafoam Nigeria Plc | 163.8 million shares | Bonus Issue | Supplementary |
| 5 | Sye Bank Plc | 660.966 million | Bonus Issue | Supplementary |
| 6 | Pharma Deko Plc | 116.819 million | Rights Issue | Supplementary |
| 7 | Prestige Assurance Plc | 3.01 billion shares | Rights Issue | Supplementary |
| 8 | Champion Brewries Plc | 629.496 million shares | Placing | Supplementary |
| 9 | Portland Paints and Product Nigeria Plc | 393.41 million ordinary shares | Rights Issue | Supplementary |
| 10 | Lafarge Africa Plc | 15.85 million ordinary shares | Consideration of AshakaCem | Supplementary |

Source: NSE

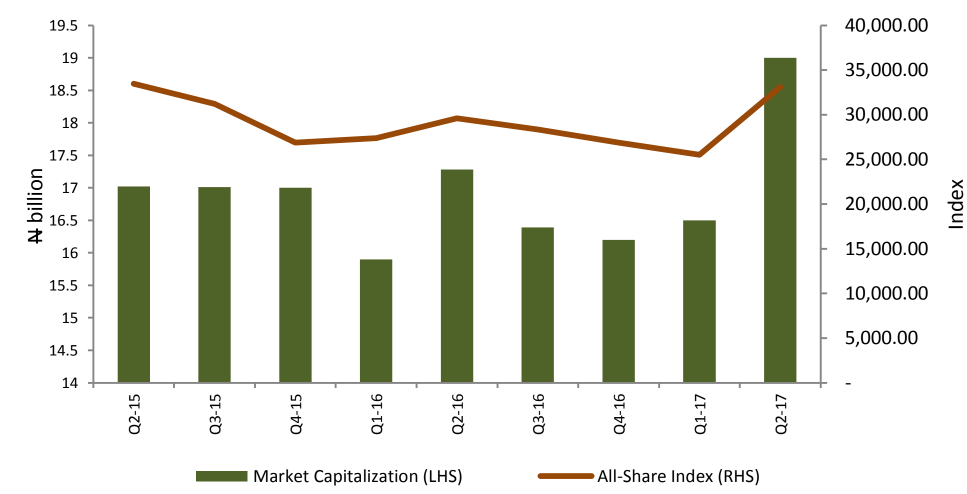
### 2.5.3 Market Capitalisation

The relative macroeconomic stability and improved investors' confidence in the review quarter impacted positively on the value of quoted stocks as investors' risk appetite continued to rise. Consequently, the aggregate market capitalisation for all listed securities (Equities and Debts) rose by 15.3 per cent to ₦19.0 trillion at end-June, 2017 from ₦16.5 trillion at the end of the first quarter of 2017. The development reflected, mainly, the increase in the market capitalisation of equities, which more than offset the decline in market capitalisation of debt securities. Market capitalisation for the equities segment rose by 29.7 per cent to ₦11.5 trillion and constituted 60.3 per cent of the aggregate market capitalisation, compared with ₦8.8 trillion and 53.5 per cent at end-March 2017.

### 2.5.4 NSE All-Share Index

The All-Share Index, which opened at 25,516.34 at end-March 2017, rose by 29.8 per cent to close at 33,117.48 in the second quarter of 2017. Similarly, with the exception of the NSE-AseM, which fell by 1.7 per cent to 1,174.61 at end-June 2017, all other sectoral indices rose above their levels in the first quarter of 2017. The NSE-Banking, NSE-Pension and NSE-Premium indices rose by 45.1 per cent, 45.0 per cent and 36.1 per cent, to close at 397.97, 1,157.67 and 2,223.63, respectively, at end-June 2017. Similarly, the NSE-Consumer Goods, NSE-Industrial Goods, NSE-Lotus Islamic, NSE-Insurance and NSE-Oil and Gas indices rose by 26.7 per cent, 21.0 per cent, 19.9 per cent, 11.3 per cent and 10.5 per cent, to close at 795.40, 1,932.20, 2,046.92, 137.86 and 323.16, respectively, at end-June 2017.

**Figure 5: Market Capitalisation and All-Share Index**




Source: NSE

**Table 5: Market Capitalization and All Share Index (NSE)**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| Market Capitalization (₦ trillion) | 17.02 | 17.01 | 17.00 | 15.88 | 17.28 | 16.39 | 16.20 | 16.50 | 19.00 |
| All-Share Index (Equities) | 33,456.86 | 31,217.77 | 26,871.24 | 27,385.69 | 29,597.79 | 28,335.40 | 26,874.62 | 25,516.34 | 33,117.48 |

Source: NSE

# 3.0 Fiscal Operations

*Federally collected revenue in the second quarter of 2017 fell below the provisional quarterly budget estimate by 41.4 per cent, but was 8.8 per cent higher than the receipts in the first quarter of 2017. Federal Government provisional retained revenue for the review quarter was ₦674.07 billion, while total provisional expenditure was ₦914.91 billion, resulting in estimated deficit of ₦240.84 billion.*

## 3.1 Federation Account Operations

At ₦1,573.88 billion, federally-collected revenue in the second quarter of 2017, was lower than the proportionate quarterly budget estimate of ₦2,683.64 billion by 41.4 per cent. It, however, exceeded the receipts in the preceding quarter by 8.8 per cent. The decline in federally-collected revenue (gross) relative to the proportionate quarterly budget estimate[4] was attributed to the shortfall in receipts from both oil and non-oil revenue during the review quarter (Fig. 1, Table 1).

Gross federally - collected revenue rose by 8.8 per cent above the level in the first quarter of 2017.

**Figure 6: Components of Gross Federally Collected Revenue**

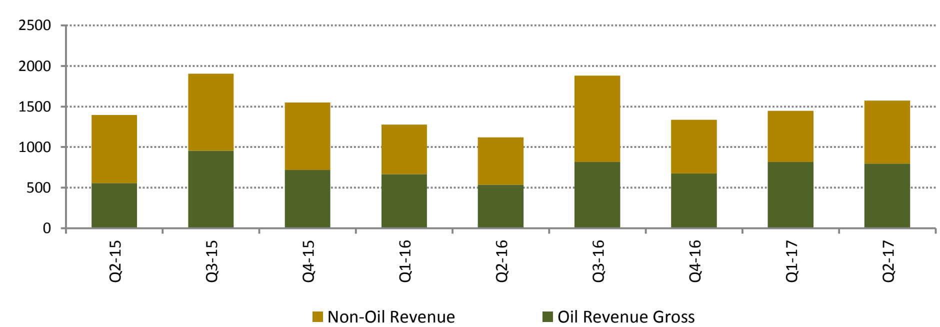



**Table 6: Gross Federation Account Revenue (₦ Billion)**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| Federally-collected revenue (Gross) | 1,397.21 | 1,911.71 | 1,547.96 | 1,276.38 | 1,118.56 | 1,848.52 | 1,434.49 | 1,446.14 | 1,573.88 |
| Oil Revenue | 839.02 | 949.45 | 830.81 | 666.13 | 537.19 | 817.48 | 673.10 | 817.48 | 795.55 |
| Non-Oil Revenue | 558.19 | 962.25 | 717.15 | 610.25 | 581.37 | 1,031.04 | 761.39 | 628.66 | 778.33 |

Source:Federal Ministry of Finance

[4] The proportionate quarterly budget estimate is the 2017 approved budget.

At ₦795.55 billion or 50.5 per cent of the total revenue, gross oil receipt was lower than both the proportionate quarterly budget estimate and the receipts in the preceding quarter by 41.0 and 2.7 per cent, respectively. The decline in oil revenue relative to the proportionate quarterly budget estimate was attributed to the decline in receipts from crude oil/gas export, owing to the drop in the price of crude oil in the international market. Leakages, Force Majeure and shut-ins and shut-downs at some NNPC terminals also affected revenue during the period (Fig. 7, Table 7).

**Figure 7: Gross Oil Revenue and Its Components**

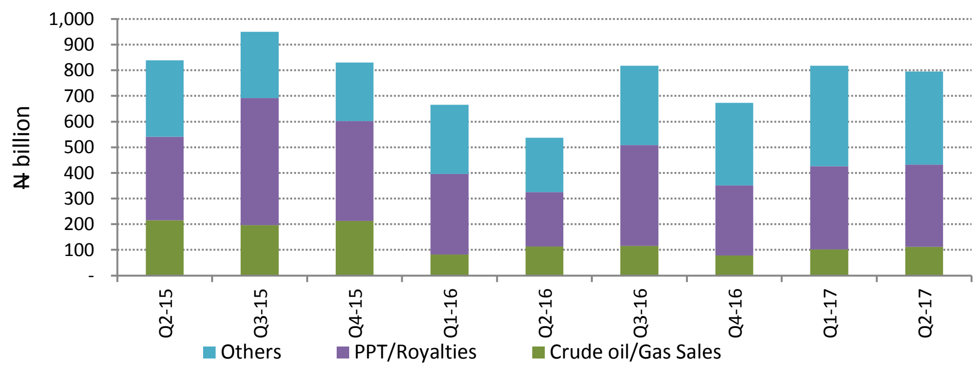



**Table 7: Components of Gross Oil Revenue (₦ Billion)**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| Oil Revenue Gross | 839.02 | 949.45 | 830.81 | 666.13 | 537.19 | 817.48 | 673.10 | 817.48 | 795.55 |
| Crude oil/Gas Sales | 215.40 | 196.29 | 212.86 | 82.43 | 112.54 | 115.95 | 78.63 | 101.33 | 111.84 |
| PPT/Royalties | 325.03 | 495.39 | 388.66 | 314.04 | 212.78 | 392.38 | 273.13 | 325.38 | 320.49 |
| Others | 298.59 | 257.78 | 229.28 | 269.66 | 211.86 | 309.15 | 321.34 | 390.78 | 363.22 |

Source: Federal Ministry of Finance

At ₦778.33 billion or 49.5 per cent of the total, non-oil receipts (gross) fell below the proportionate quarterly budget estimate of ₦1,334.78 billion by 41.7 per cent. It was, however, above the level in the preceding quarter by 23.8 per cent. The lower non-oil revenue relative to the proportionate quarterly budget estimate was due to the decline in most components of non-oil revenue except Customs Special Levies (Federation Account component), during the review quarter (Fig. 8, Table 8).

**Figure 8: Gross Non-Oil Revenue and its Components**

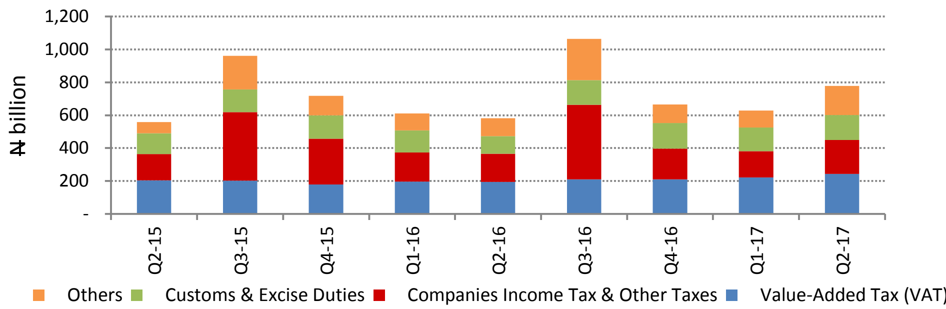



**Table 8: Components of Gross Non-Oil Revenue (₦ Billion)**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| Non-Oil Revenue | 558.19 | 962.25 | 717.15 | 610.25 | 581.37 | 1,031.04 | 761.39 | 628.66 | 778.33 |
| *Value-Added Tax (VAT)* | *203.18* | *202.11* | *177.78* | *196.57* | *194.61* | *210.35* | *209.47* | *222.00* | *243.31* |
| *Companies Income Tax & Other Taxes* | *159.36* | *415.67* | *279.13* | *176.26* | *171.71* | *453.74* | *186.73* | *158.95* | *206.38* |
| *Customs & Excise Duties* | *127.59* | *138.83* | *141.67* | *135.51* | *106.54* | *150.15* | *156.62* | *144.17* | *150.67* |
| *Others/1* | *68.06* | *205.64* | *118.57* | *101.91* | *108.51* | *216.80* | *208.58* | *103.54* | *177.98* |

*1/Includes FGN Independent Revenue, Education Tax, NITDF & Customs Federation/Non-Federation Account Levies (Port, Sugar, ETLS, Steel, CISS & Cement Levies)*

*Source: Federal Ministry of finance*

A net sum of ₦843.96 billion was retained in the Federation Account from the gross federally-collected revenue after total statutory deductions of ₦318.36 billion and transfers of ₦411.56 billion. Of the ₦843.96 billion, the Federal Government received ₦408.63 billion, while the State and Local governments got ₦207.26 billion and ₦159.79 billion, respectively. The balance of ₦68.27 billion was allocated to the 13.0% Derivation Fund for distribution among the oil-producing states.

The sum of ₦843.96 billion of the gross federally collected revenue was distributed among the three tiers of government and the 13.0% Derivation Fund for oil producing states.

In addition, the Federal Government received ₦35.04 billion, while the State and Local governments received ₦116.79 billion and ₦81.75 billion, respectively, from the VAT Pool Account.

**Table 8b: Summary of Federally-Collected Revenue Deductions and Transfers** (Naira Billion)

| | Q2 2016 | Q1 2017 | Quarterly Budget | Q2 2017 |
|---|---|---|---|---|
| **Total Deductions 1/** | **157.55** | **393.37** | **128.07** | **318.36** |
| Oil Revenue Deductions | 135.40 | 36122 | 76.25 | 270.38 |
| Non-Oil Revenue Deductions | 22.16 | 32.16 | 5182 | 47.98 |
| **Total Transfers** | **295.34** | **372.46** | **699.74** | **359.23** |
| Federal Govt. Ind. Revenue | 59.10 | 77.71 | 20189 | 72.33 |
| VAT Pool Account | 186.83 | 213.12 | 432.00 | 233.58 |
| Others 2/ | 49.41 | 8162 | 65.85 | 53.32 |
| 1/ Refer to Table 1 for breakdown of deductions | | | | |
| 2/ Includes Federation and Non-Federation Special Levies, Education Tax & NITDEF | | | | |

**Source:** Office of the Accountant General of the Federation (OAGF) and Federal Ministry of Finance

In addition, the sum of ₦170.30 billion was distributed as Exchange Gain as follows: Federal Government, ₦79.85 billion; state governments, ₦40.50 billion; local governments, ₦31.22 billion; and 13% Derivation Fund, ₦18.72 billion. Similarly, the sum of ₦42.68 billion was drawn-down from the Excess Crude&PPT Account and distributed as follows: Federal Government, ₦19.56 billion; state governments, ₦9.92 billion; local governments, ₦7.65 billion; and 13% Derivation Fund, N5.55 billion.

Finally, the sum of ₦6.33 billion was received by the Federal Government in April 2017 being the last instalment refund of NNPC's indebtedness to the Federal Governmnt.

Thus, the total statutory and VAT revenue allocation to the three tiers of government in the second quarter of 2017 amounted to ₦1,296.85 billion, compared with the proportionate quarterly budget estimate of ₦2,350.72 billion and the sum of ₦1,233.57 billion received in the preceding quarter.

## 3.2 The Fiscal Operations of the Three Tiers of Government

### *3.2.1 The Federal Government*

At ₦674.07 billion, the estimated FGN retained revenue was lower than the proportionate quarterly budget estimate by 50.0 per cent.

Provisional data on Federal Government finances indicated that the Federal Government retained revenue for the second quarter of 2017 amounted to ₦674.07 billion. This was below the proportionate quarterly budget estimate by 50.0 per cent. It was, however, above the receipts in the preceding quarter by 22.1 per cent. Of the total revenue, Federation Account accounted for 60.6 per cent, while Federal Government Independent Revenue, Exchange Gain, VAT, Excess Crude, and NNPC Refund accounted for 18.5, 11.8, 5.2 2.9, and 1.0 per cent, respectively (Fig. 9).

**Figure 9: Federal Government Retained Revenue**

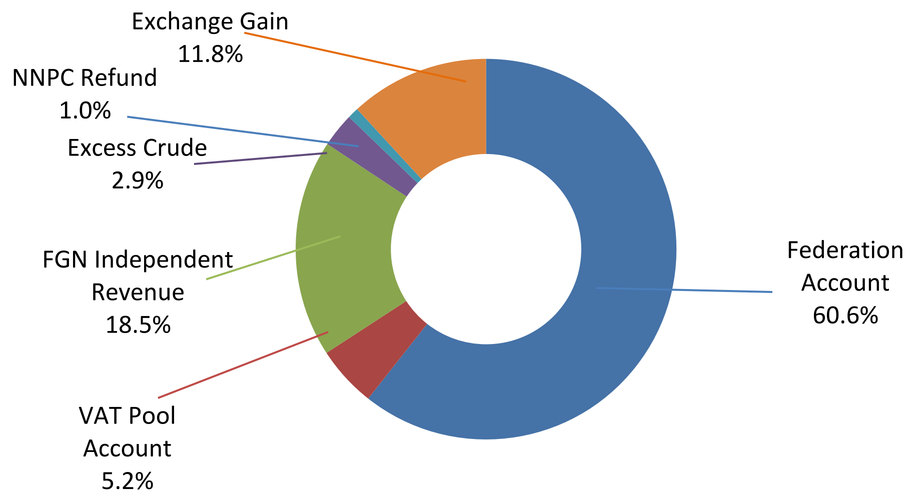



**Table 9: Federal Government Fiscal Operations (₦ Billion)**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| Retained Revenue | 538.60 | 1,044.92 | 802.63 | 587.92 | 722.37 | 1,000.03 | 977.38 | 552.29 | 674.07 |
| Expenditure | 1,024.55 | 1,176.17 | 1,538.46 | 1,140.24 | 1,381.51 | 1,301.02 | 1,658.21 | 924.67 | 914.91 |
| Current Surplus(+)/Deficit(-) | (275.55) | 31.20 | (136.57) | (365.84) | (213.76) | (158.60) | (178.42) | (289.83) | (107.90) |
| Primary Surplus(+)/Deficit(-) | (246.25) | 159.82 | (522.58) | (187.51) | (414.43) | 205.90 | (412.31) | (119.88) | 8.92 |
| Overall Balance: Surplus(+)/Deficit(-) | (485.95) | (131.25) | (735.83) | (552.32) | (659.14) | (300.99) | (680.83) | (372.38) | (240.84) |

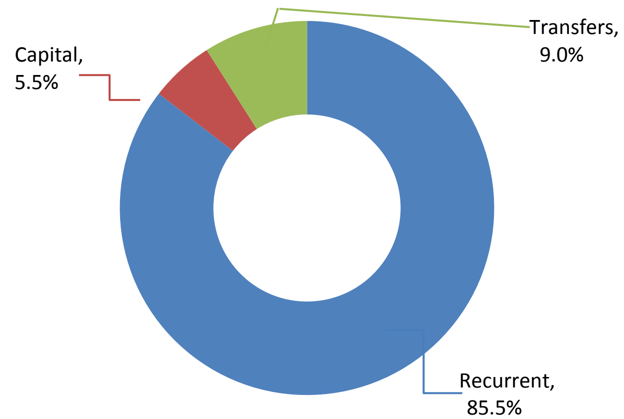
Source: Fiscal Liquidity Assessment Committee (FLAC) & the Office of the Accountant General of the Federation

At ₦914.91 billion, the estimated Federal Government expenditure for the second quarter of 2017 was below the proportionate quarterly budget estimate of ₦1,937.98 billion and the level in the preceding by 52.8 and 1.3 per cent, respectively. The decline relative to the proportionate quarterly budget estimate was attributed, mainly, to the fall in recurrent and capital expenditures in the period. A breakdown of the total expenditure showed that the recurrent component accounted for 85.5 per cent, while capital and statutory transfers accounted for 5.5 and 9.0 per cent, repectively. A further breakdown of the recurrent expenditure showed that the non-debt component accounted for 68.1 per cent, while debt service payments was 31.9 per cent.

Fiscal operations of the FG resulted in an estimated deficit of ₦240.84 billion in Q2 2017.

Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦240.84 billion, compared with the the proportionate quarterly budget deficit of ₦589.19 billion.

**Figure 10: Federal Government Expenditure**




Source: Fiscal Liquidity Assessment Committee (FLAC) & the Office of the Accountant General of the Federation

### 3.2.2 *Statutory Allocations to State Governments*

Total allocation to state governments from the Federation Account, including 13.0% Derivation Fund and the VAT Pool Account stood at ₦467.02 billion during the review quarter. This was lower than the proportionate quarterly budget estimate by 45.0 per cent. A breakdown showed that the receipts from the Federation Account was ₦350.23 billion (75.0 per cent), while the share of VAT pool account stood at ₦116.79 billion (25.0 per cent). The receipts from both the Federation and VAT Pool Accounts fell below the proportionate budget estimate by 44.6 and 45.9 per cent, respectively.

### 3.2.3 *Statutory Allocations to Local Government Councils*

Total allocations to local governments from the Federation and VAT Pool Accounts in the second quarter of 2017 stood at ₦280.42 billion. This was below the proportionate quarterly budget estimate by 45.3 per cent. Of the total amount, allocation from the Federation Account was ₦198.67 billion (70.8 per cent), while the VAT Pool Account stood at ₦81.75 billion (29.2 per cent).

# 4.0 Domestic Economic Conditions

*Following the favourable weather conditions across the country, agricultural activities in the Southern States were dominated by harvesting of maize and yam, while planting and off-season harvesting dominated in the Northern States. In the livestock sub-sector, farmers engaged in the breeding of poultry but the outbreak of Bird Flu in seven (7) states, including the FCT hindered production.*

## 4.1 Agricultural Sector

Analysis of the 3-month Standardised Precipitation Index (SPI) indicated general improvements in the soil moisture condition across the country in the second quarter of 2017. Favourable weather conditions across the country resulted in conditions of severe wetness in selected states in the North-East, North-Central as well as the South-South and South-Eastern States. Different levels of rainfall in many other states resulted in mild and mild-to-moderate dryness conditions. Consequently, agricultural activities in the Southern States were dominated by harvesting of maize and yam, while farmers in the Northern States concentrated on planting and off-season harvesting. Following the launch of the "export yam" campaign, 72 metric tonnes of yam was exported to United States and Europe. The development is expected to enhance non-oil export contribution to national output and improve foreign exchange earnings of the country.

In the livestock sub-sector, farmers engaged in the breeding of poultry but the outbreak of Bird Flu in seven (7) states, including the FCT hindered production. Consequently, the Federal Government embarked on decontamination, quarantine of the infected birds and movement control to contain the virus.

## 4.2 Agricultural Credit Guarantee Scheme

A total of ₦1,396.2 million was guaranteed to 10,763 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the second quarter of 2017. The amount represented a decline of 30.0 per cent and 14.4 per cent below the levels in the preceding quarter and the corresponding quarter of 2016, respectively. Sub-sectoral analysis showed that food crops obtained the largest share of ₦836.5 million (59.9 per cent) guaranteed to 7,713 beneficiaries followed by livestock sub-sector, which got ₦203.0 million (14.5 per cent) guaranteed to

831 beneficiaries. The cash crop sub-sector received ₦137.4 million (9.8 per cent) guaranteed to 805 beneficiaries, while fisheries got ₦108.9 million (7.8 per cent) guaranteed to 382 beneficiaries. The Mixed Crop sub-sector received ₦81.3 million (5.8 per cent) guaranteed to 824 beneficiaries, while 'Others' received a total of ₦29.1 million (2.2 per cent) guaranteed to 208 beneficiaries.

Analysis by state showed that 34 states and the Federal Capital Territory benefited from the scheme in the second quarter of 2017. The highest and lowest sums of ₦136.7 million (10.0 per cent) and ₦0.7 million (0.1 per cent) were guaranteed to Ogun and Adamawa States, respectively,

At end-June 2017, total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) from inception to the participating banks for disbursement stood at ₦473.01 billion for 513 projects(Table 10).

**Table 10: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACS)**

| S/N | Participating Banks | Amt Disbursed (₦ billion) | Number of Projects/State Governments |
|---|---|---|---|
| 1 | Access Bank Plc | 25.63 | 23 |
| 2 | Citibank Plc | 3.00 | 2 |
| 3 | Diamond Baqnk Plc | 4.73 | 20 |
| 4 | ECOBANK | 6.38 | 10 |
| 5 | FCMB Plc. | 11.37 | 22 |
| 6 | Fidelity Bank Plc | 16.32 | 15 |
| 7 | First Bank of Nigeria Plc | 42.89 | 98 |
| 8 | GTBank Plc | 31.70 | 24 |
| 9 | Heritage Bank Plc | 6.82 | 14 |
| 10 | Keystone Bank | 4.05 | 9 |
| 11 | Jaiz Bank Plc | 0.00 | 1 |
| 12 | Skye Bank Plc | 13.77 | 10 |
| 13 | Stanbic IBTC Bank | 25.41 | 43 |
| 14 | Sterling Bank Plc | 58.68 | 36 |
| 15 | Union Bank Nigeria PLC | 24.24 | 35 |
| 16 | United Bank for Africa (UBA) Plc | 65.56 | 44 |
| 17 | Unity Bank Plc | 24.33 | 26 |
| 18 | Wema Bank | 2.12 | 12 |
| 19 | Zenith Bank | 104.16 | 67 |
| 20 | Suntrust Bank Ltd | 1.85 | 2 |
| | **TOTAL** | 473.01 | 513 |

Source: CBN

## 4.3 Industrial Production

Activities in the Industrial sector improved in the second quarter of 2017. The development was attributed, largely, to increased access to foreign exchange for importation of raw materials and intermediate input. Furthermore, inflationary pressures continued to ease, thereby softening input price.

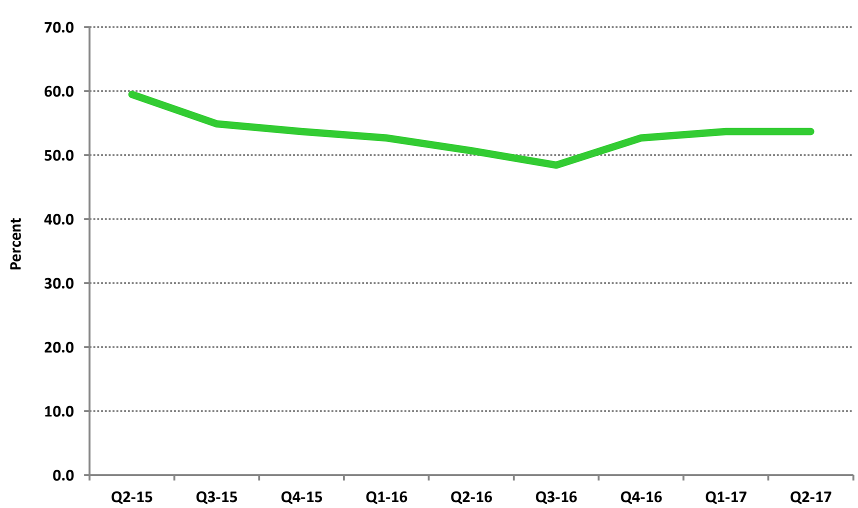
*Industrial activities rose in the review quarter due to increased activities in all sub-sectors.*

At 103.8 (2010=100), the estimated index of industrial production rose by 0.74 per cent above the level in the preceding quarter, but showed a 6.2 per cent decline relative to the level in the corresponding period of 2016. Increased activities were noticed in all the subsectors.

The index of manufacturing production in the second quarter of 2017, at 176.9 (2010=100), showed a marginal increase of 0.33 per cent, compared with the level in the preceding quarter. It also indciated 1.71 per cent increase, relative to the level in the corresponding period of 2016. The increase was occasioned by improved power supply, increased new orders and better supply of foreign exchange needed for import of raw materials and intermediate input. The estimated capacity utilisation remained at 53.7 per cent (Fig.11).

*Industrial capacity utilisation remained at 53.7 percentage points in the review quarter.*

**Figure11: Manufacturing Capacity Utilization Rate**




Source: Staff Estimate

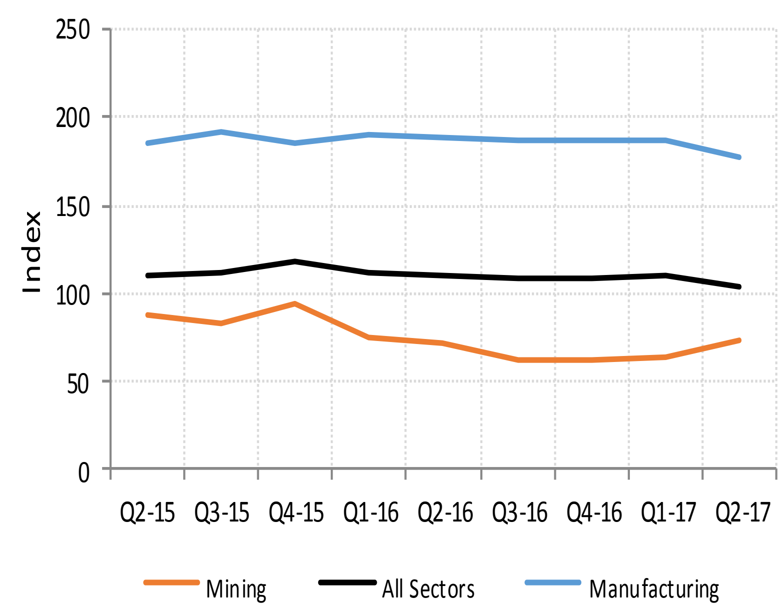
At 73.5 (1990=100), the index of mining production in the second quarter of 2017 rose by 1.1 per cent above the level in the preceding quarter. It, however, represented a 13.1 per cent decline below the level in the corresponding period of 2016. The improved mining production in the review quarter was attributed to increased crude oil and gas production.

*Average electricity generation and consumption rose during the review quarter.*

Estimated average electricity generation in the second quarter of 2017 rose by 1.7 per cent to 3,556 MW/h, compared with 3,496 MW/h attained in the preceding quarter. The increase was attributed to the rising level of water supply in the hydro stations.

At 3,102 MW/h, average estimated electricity consumed also rose by 3.4 per cent, compared with the level in the preceding quarter. The increase was attributed to improvement in generation and transmission (Figure 12, Table 11).

**Figure 12: Index of Industrial Production (2010=100)** [5]




Source: Staff Estimate

[5] Index measurement (2010=100) from first quarter 2015

**Table 11: Index of Industrial Production and Manufacturing Capacity Utilisation Rate**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| **All Sectors (1990=100)** | **110.20** | **112.50** | **118.80** | **111.10** | **110.30** | **108.50** | **108.50** | **109.90** | **103.80** |
| *Manufacturing* | *185.1* | *191.8* | *185.5* | *190.2* | *188.9* | *186.6* | *186.7* | *187.9* | *176.9* |
| *Mining* | *87.4* | *83.1* | *94.5* | *75* | *72* | *62.7* | *62.3* | *63.1* | *73.5* |
| **Capacity Utilisation (%)** | *59.5* | *54.90* | *53.70* | *52.70* | *50.70* | *48.46* | *48.46* | *48.46* | *53.70* |

Source: Saff Estimate

## 4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, averaged 1.66 mbd or 151.06 million barrels (mb) in the review quarter. This represented an increase of 0.07 mbd or 4.4 per cent, compared with 1.59 mbd or 143.10 mb recorded in the preceeding quarter.

*Crude oil and natural gas production increased in the second quarter of 2017.*

Crude oil export stood at 1.21 mbd or 110.11 mb, representing 6.1 per cent increase, compared with 1.14 mbd or 102.6 mb in the preceding quarter. The development was due, mainly, to recovery in production as a result of ceasation of attacks by the Niger Delta militants which crippled production in 2016. Also, loading of forcados resumed and Shell Petroleum Development Company of Nigeria lifted its force majeure condition in the review period. Allocation of crude oil for domestic consumption was maintained at 0.45 mbd or 40.95 million barrels in the review quarter.

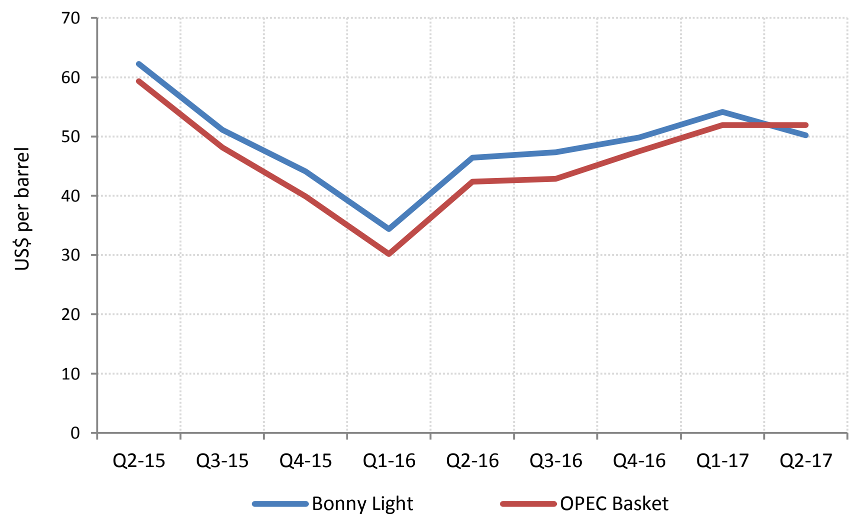
*Crude oil export increased in Q2 2017.*

The oil market witnessed a sell-off of product amidst significant bearish sentiment ignited by excess oil supply and still-high oil inventories, despite ongoing agreement by OPEC and non-OPEC participating producers. Oil prices continued to be weighed down by the slow pace of inventory drawdown globally amidst a rebound in global oil supplies, especially from the US. The developments led to a 7.3 per cent fall in the price of Nigeria's reference crude, the Bonny Light (37° API) from US$54.17/b per barrel in the first quarter of 2017 to US$50.21/b per barrel recorded in the review quarter. The average prices of other competing crudes, namely the UK Brent at US$49.13/b, the WTI at US$47.29 and the Forcados at US$49.68/b exhibited a similar trend as the Bonny Light.

*Average crude oil prices, including Nigeria's Bonny Light (37° API) fell in the international crude oil market in Q2 2017.*

The average price of OPEC basket of 14 selected crude streams was US$48.47/b in the second quarter of 2017. This represented a decline of 6.7 per cent and 14.4 per cent below the US$51.95/b and US$42.38/b recorded in the preceding quarter and the corresponding quarter of 2016, respectively (Figure 13, Table 12).

**Figure13: Trends in Crude Oil Prices**




Source: Reuters

**Table 12: Average Crude Oil Prices in the International Oil Market**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| Bonny Light | 62.22 | 51.15 | 44.08 | 34.39 | 46.44 | 47.33 | 49.84 | 54.17 | 50.21 |
| OPEC Basket | 59.31 | 48.14 | 39.9 | 30.16 | 42.38 | 42.86 | 47.52 | 51.95 | 48.47 |

Source: Reuters

## 4.5 Consumer Prices[6]

*The general price level declined in Q2 2017, compared with the level in the first quarter of 2017.*

Sustained implementation of the general and sector-specific measures by the government continued to support the positive expectations that the Nigerian economy may be exiting recession soon. Accordingly, inflationary pressures maintained the downward trend in the second quarter of

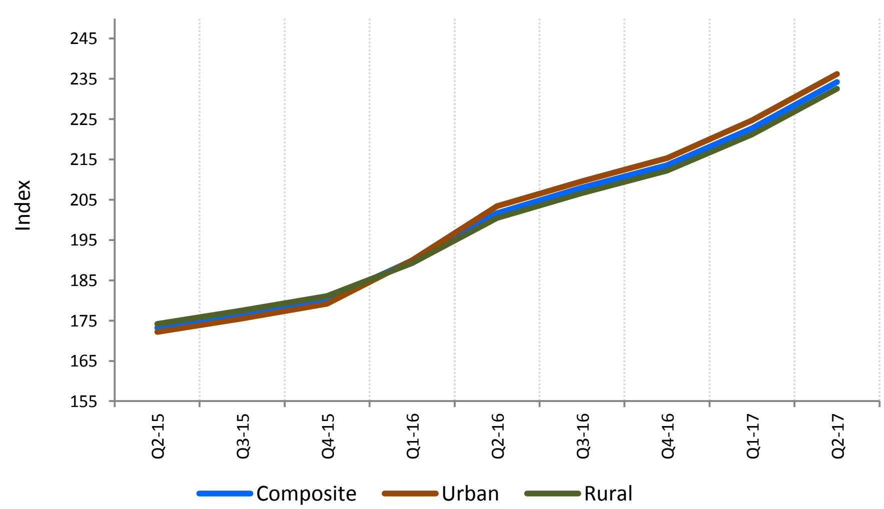
[6] New CPI with November 2009 = 100 as base and new weight based on the 2003/2004 Nigeria Living Standard Survey (NLSS) was released by the National Bureau of Statistics (NBS) ON 18$^{TH}$ October 2010.

2017 due, mainly, to moderated exchange rate pass-through. Consequently, the all-items composite Consumer Price Index (CPI), at end-June 2017, was 234.2 (November 2009=100), representing an increase of 5.2 per cent and 16.1 per cent, above the levels in the preceding quarter and the corresponding quarter of 2016, respectively. The development was driven, largely, by the increase in the prices of: solid and liquid fuels; potatoes, yam and other tubers; bread and cereals; meat and fish; and clothing materials, garments and other articles of clothing.

The urban all-items CPI at the end of the second quarter of 2017 was 236.2 (November 2009=100), indicating an increase of 1.6 per cent and 16.2 per cent, respectively, above the levels in the preceding quarter and the corresponding period of 2016. Similarly, the rural all-items CPI, at 232.6 (November 2009=100), represented increase of 1.6 per cent and 16.0 per cent, respectively, above the levels in the preceding quarter and the corresponding period of 2016 (Figure 14, Table 13).

The composite food index (with a weight of 50.7 per cent) was 246.3 per cent, representing an increase of 2.0 per cent, compared with the 230.8 per cent at the end of the preceding quarter. The rise in the index was driven, mainly, by increased prices of bread and cereals; meat and fish; and potatoes, yam and other tubers.

**Figure 14: Consumer Price Index**




Source: NBS

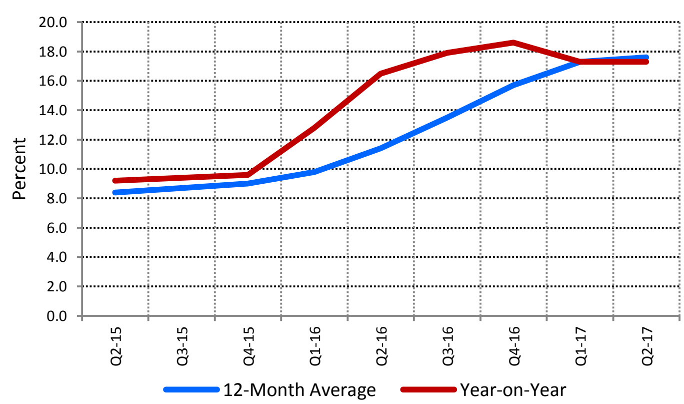
*The headline inflation (y-o-y) stood at 16.1 per cent in Q2 2017.*

**Table 13: Consumer Price Index (November 2009=100)**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| Composite | 173.2 | 176.5 | 180.2 | 189.9 | 201.7 | 208 | 213.6 | 222.7 | 234.2 |
| Urban | 172.2 | 175.5 | 179.2 | 190.0 | 203.4 | 209.6 | 215.3 | 224.7 | 236.2 |
| Rural | 174.2 | 177.5 | 181.11 | 189.9 | 200.5 | 206.7 | 212.2 | 221.2 | 232.6 |

Sustained implementation of measures to address foreign exchange demand-supply bottlenecks has moderated exchange rate volatility and reduced pass-through to domestic prices. Inflationary pressure, therefore, eased further in the second quarter of 2017. Consequently, headline inflation, at the end of the review quarter, on year-on-year basis, declined to 16.1 per cent, compared with 17.3 per cent and 16.5 per cent in the preceding quarter and the corresponding period of 2016, respectively. On a twelve-month moving average basis, inflation rose to 17.6 per cent in the second quarter of 2017, compared with 17.3 and 11.4 per cent recorded in the preceding quarter and the corresponding period of 2016, respectively (Figure 15, Table 14).

**Figure 15: Inflation Rate**




Source: NBS

**Table 14: Headline Inflation Rate (%)**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| 12-Month Moving Average | 8.4 | 8.7 | 9.0 | 9.8 | 11.4 | 13.5 | 15.7 | 17.3 | 17.6 |
| Year-on-Year | 9.2 | 9.4 | 9.6 | 12.8 | 16.5 | 17.9 | 18.6 | 17.3 | 16.1 |

Source: NBS

# 5.0 External Sector Developments[7]

*Foreign exchange inflow and outflow through the CBN in the second quarter of 2017 rose by 25.9 per cent and 115.6 per cent, respectively, over the levels in the preceding quarter and the corresponding period of 2016. Total non-oil export receipts declined by 59.3 per cent, relative to the level in the first quarter of 2017. The average exchange rate at the inter-bank segment was ₦305.76/US$, compared with ₦305.64/US$ at the end of the first quarter of 2017. At US$30.30 billion, the gross external reserves rose by 1.0 per cent, compared with the level at end-March 2017.*

## 5.1 Foreign Exchange Flows

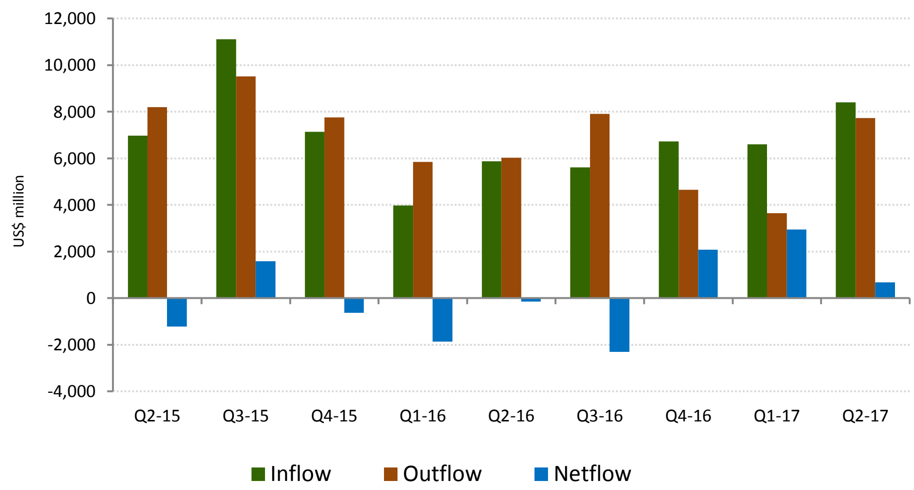
The external sector benefited from relatively stable international crude oil price in the review period due to production cut by the Organisation of Petroleum Exporting Countries (OPEC) and decline in shale oil production by the United States. Also, ceasation of hostilities by militants in the oil-rich Niger-Delta region, which hitherto distrupted production activities, positively impacted revenue from crude oil sales.

*Foreign exchange inflow and outflow through the CBN rose by 25.9 and 115.7 per cent, respectively, and resulted in a net inflow of US$0.68 billion in Q2 of 2017.*

The developments resulted in improvements in the sector despite the decline in average crude oil price from US$54.26 per barrel in the first quarter of 2017 to US$50.31 per barrel in the second quarter of 2017. Inflow increased by 25.9 per cent and 31.0 per cent above the levels at the end of the first quarter of 2017 and the corresponding period of 2016, respectively. Also, following increased inter-bank utilisation and other official payments, outflow rose significantly by 115.6 per cent above the level in the preceding quarter. Consequently, foreign exchange inflow and ouflow through the CBN in the second quarter of 2017 were US$8.40 billion and US$7.73 billion, respectively. This resulted in a net inflow of US$0.67 billion, compared with the net inflow of US$3.09 billion in the first quarter of 2017(Figure 16, Table 15).

[7] Data on foreign exchange flows through the CBN and the Economy are provisional and subject to change

**Figure 16: Foreign Exchange Flows Through the CBN**




Source: CBN

**Table 15: Foreign Exchange Flows Through the CBN (US$ million)**

| | Q2-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|
| Inflow | 11,111.00 | 7,135.41 | 3,942.89 | 5,875.18 | 5,613.01 | 6,726.01 | 6,597.73 | 8,404.37 |
| Outflow | 9,523.32 | 7,757.49 | 4,487.05 | 6,023.10 | 7,912.02 | 4,649.85 | 3,646.89 | 7,725.49 |
| Netflow | 1,587.68 | (622.08) | (544.16) | (147.92) | (2,299.01) | 2,076.16 | 2,950.84 | 678.88 |

Source: CBN

*Autonomous inflow into the economy rose by 21.3 per cent in Q2 2017 .*

Aggregate foreign exchange inflow into the economy was US$18.62 billion. This represented an increase of 23.4 per cent and 31.0 per cent, over the levels in the preceding quarter and the corresponding quarter of 2016, respectively. The development reflected the respective rise of 25.9 per cent and 21.3 per cent in inflow through the Bank and autonomous sources in the review period. Oil sector receipts, which accounted for 9.8 per cent of the total, stood at US$1.82 billion, compared with US$2.34 billion and US$1.90 billion, recorded in the first quarter of 2017 and the corresponding period of 2016, respectively.

Non-oil public sector inflow, at US$6.58 billion (35.3 per cent of the total), rose by 51.7 per cent and 148.51 per cent, above the levels at the end of the first quarter of 2017 and the corresponding period of 2016, respectively. Autonomous inflow, at US$10.2 billion, (accounting for 54.9 per cent of the total), rose by 21.3 per cent and 5.7 per cent, above the levels in the preceding quarter and the corresponding period of 2016, respectively.

At US$8.20 billion, aggregate foreign exchange outflow from the economy rose by 93.4 per cent and 20.8 per cent above the levels in the first quarter of 2017 and the corresponding period of 2016, respectively. The development was driven, largely, by increase in inter-bank utilisation, other official payments, external debt service, and bank charges which amounted to US$6.40 billion, US$0.62 billion, US$0.10 billion and US$0.0002 billion, respectively, in the second quarter of 2017. Thus, foreign exchange flows through the economy resulted in a net inflow of US$10.42 billion in the review quarter, compared with US$10.86 billion and US$7.43 billion in the first quarter of 2017 and the corresponding period of 2016, respectively.

## 5.2 Non-Oil Export Earnings by Exporters

*Total non-oil export earnings by exporters declined during the second quarter of 2017.*

Total non-oil export earnings recieved through the banks, at US$0.35 billion, significantly declined by 59.3 per cent and 38.6 per cent below the levels in the first quarter of 2017 and the corresponding period of 2016, respectively. The development was attributed, mainly, to the significant fall in receipts from all the sectors. A breakdown by sectors showed that proceeds from manufactured products, agricultural products, minerals, industrial sector and food products stood at US$102.77 million, US$100.43 million, US$98.35 million, US$30.2 million and US$22.44 million, respectively. The transport sector recorded no earnings in the review period.

The percentage shares of manufactured products, agricultural products, minerals, industrial sector and food products in the total non-oil export proceeds were 29.0, 28.4, 27.8, 8.5 and 6.3 respectively.

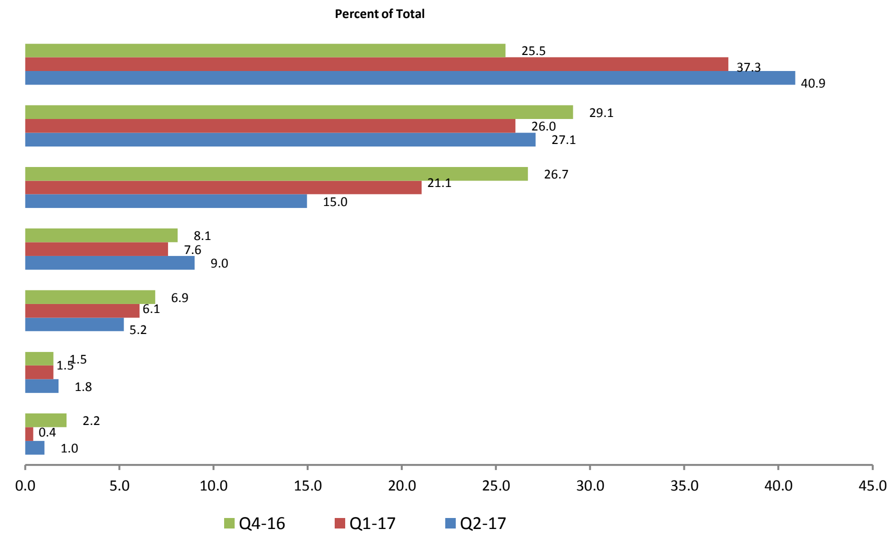
## 5.3 Sectoral Utilisation of Foreign Exchange

*The invisible sector accounted for the bulk of the total foreign exchange disbursed during Q2 2017.*

The invisible sector accounted for the bulk (40.90 per cent) of total foreign exchange disbursed in the second quarter of 2017, followed by the industrial sector (27.10 per cent). The contributions of other sectors in a descending order included: minerals and oil sector, 14.96 per cent; manufactured products, 9.00 per cent; food products, 5.24

per cent; transport sector, 1.77 per cent; and agricultural products, 1.03 per cent (Fig.17).

**Figure17: Sectoral Utilisation of Foreign Exchange**




Source: CBN

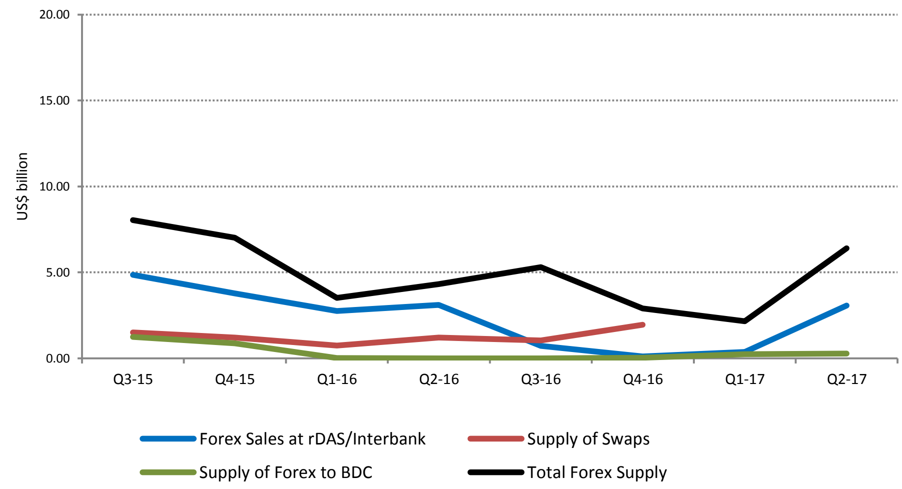
*Supply for foreign exchange by authorized dealers rose during Q2 2017.*

## 5.4 Foreign Exchange Market Developments[8]

A total of US$6.40 billion was sold by the CBN to authorised dealers during the second quarter of 2017. This represented 190.9 per cent and 49.0 per cent increase over the levels in the first quarter of 2017 and the corresponding period of 2016, respectively. The development, relative to the preceding quarter was attributed to the increased intervention by the Bank with respect to foreign exchange forwards and inter-bank sales. Of the total, foreign exchange forwards disbursed at maturity amounted to US$2.92 billion or 45.6 per cent of the total, while interbank and BDC sales were US$3.07 billion (48.0 per cent) and US$0.27 billion (4.2 per cent), respectively. Swap transactions reported in the review period was US$0.14 billion, accounting for 2.2 per cent of the total (Figure 18, Table 16).

[8] **Market Closed (MC) - wDAS and rDAS window was closed in February 2015**

**Figure 18: Supply of Foreign Exchange**




Source: CBN

**Table 16: Demand for and Supply of Foreign Exchange (US$ billion)**

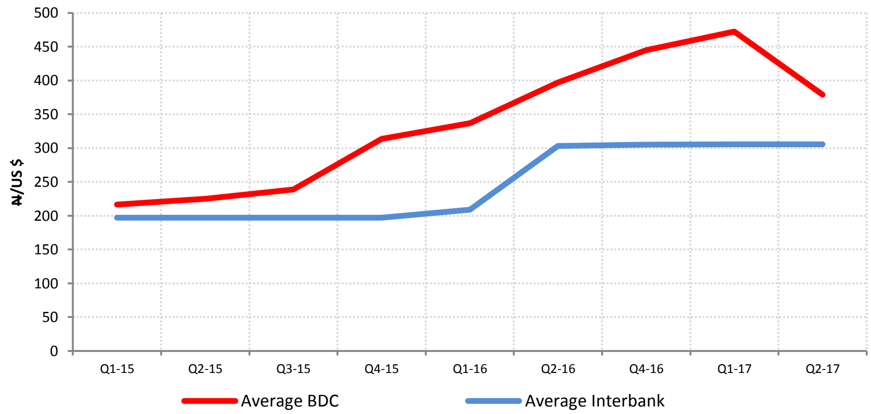
| | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|
| *Forex Sales at rDAS/Interbank* | *3.78* | *2.75* | *3.11* | *0.72* | *0.10* | *0.37* | *3.07* |
| *Supply of Swaps* | *1.20* | *0.74* | *1.20* | *1.04* | *1.96* | | *0.14* |
| *Supply of Forex to BDC* | *0.87* | *0.02* | *0.00* | *0.00* | *0.04* | *0.24* | *0.27* |
| **Total Forex Supply(BDC and rDAS)** | *7.01* | *3.51* | *4.31* | *5.30* | *2.90* | *2.15* | *6.40* |

Source: CBN

*The average naira exchange rate vis-à-vis the US dollar was ₦305.76/US$ at the interbank segment in Q2 2017.*

The average exchange rate at the inter-bank segment was ₦305.76/US$, compared with ₦305.64/US$ at the end of the first quarter of 2017. This reflected depreciation of 0.04 and 32.3 per cent relative to the rates in the preceding quarter and the corresponding period of 2016, respectively (Figure 19, Table 17).

## Figure 19: Average Exchange Rate Movements



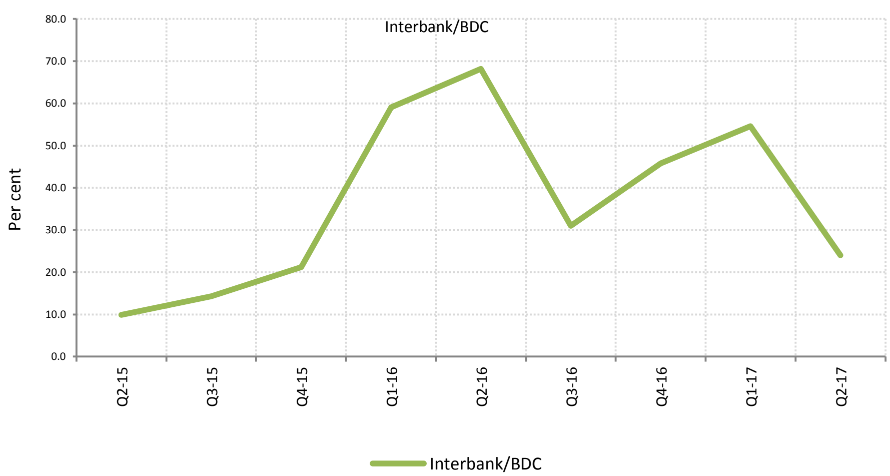

Source: CBN

## Table 17: Exchange Rate Movements and Exchange Rate Premium

| Average Exchange Rate (₦/US$) | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| *rDAS* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* |
| *BDC* | *216.41* | *225.21* | *238.69* | *313.49* | *336.67* | *397.24* | *445.03* | *472.49* | *379.05* |
| *Interbank* | *196.97* | *196.99* | *196.99* | *197.00* | *206.88* | *303.17* | *305.21* | *305.64* | *305.76* |
| **Premium (%)** | | | | | | | | | |
| *rDAS/BDC* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* |
| *rDAS/Interbank* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* |
| *BDC/Interbank* | *9.9* | *14.3* | *21.2* | *59.1* | *62.7* | *31.0* | *45.8* | *54.6* | *24.0* |

Source: CBN

## Figure 20: Exchange Rate Premium




Source: CBN

## 5.5 Gross Official External Reserves

Gross external reserves at the end of the second quarter of 2017 stood at US$30.30 billion, showing respective increase of 1.0 and 14.3 per cent, above the levels in the first quarter of 2017 and the corresponding period of 2016. The development, relative to the preceding quarter reflected, mainly, the inflow from the FGN Eurobond proceeds. A breakdown of the official external reserves showed that CBN reserves stood at US$20.64 billion (68.1 per cent), Federation reserves, US$7.03 billion (23.2 per cent) and the Federal Government reserves, US$2.63 billion (8.7 per cent) (Figure 21, Table 18).

*Gross external reserves rose during the second quarter of 2017.*

**Figure 21: Gross Official External Reserves**

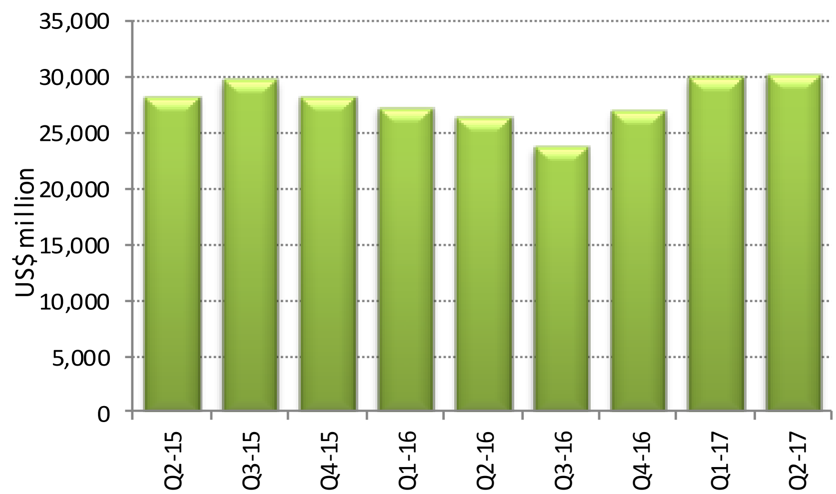



**Table 18: Gross Official External Reserves (US$ million)**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| External Reserves | 28,335.2 | 29,880.2 | 28,284.8 | 27,336.4 | 26,505.4 | 23,806.5 | 26,986.2 | 29,994.4 | 30,302.3 |

# 6.0 Global Economic Conditions

## 6.1 Global Output

The global economy showed strong growth prospects in the second quarter of 2017 following healthy economic dynamics recorded in both advanced and emerging market economies. Advanced economies continued to benefit from accommodative monetary policy conditions, tighter labour markets and the recent decline in energy prices which increased consumers disposable income. In the United States, economic activities regained momentum following rebound in private consumption, soft inflation and 16-year-low unemployment rate. Similarly, growth in the euro area has become increasingly resilient and broadened across sectors and countries. Although growth in emerging market economies continued to benefit from strong global economic conditions, wavering commodity prices and persisting economic imbalances in some of the economies remained major risks to more robust growth. Growth in sub-Saharan Africa was estimated to pick up to 2.6 per cent in 2017 and 3.2 per cent in 2018, predicated on moderately rising commodity prices and reforms to tackle macroeconomic imbalances.

## 6.2 Global Inflation

Global inflation remained generally benign in the second quarter of 2017. In the advanced economies, developments in the general price level were mixed as some countries experienced decelerating inflation, while inflation rose in others. Inflation decelerated in the Eurozone and the United States to 1.5 per cent and 2.0 per cent, but increased to 0.4 per cent in Japan in the second quarter of 2017. In the United Kingdom, inflation rose to 2.8 per cent in the second quarter of 2017 due to weaker sterling.

In the major emerging markets, moderate energy prices along with stable economic conditions and foreign exchange markets exerted downward pressure on inflation. Inflation in Brazil, Russia, China and India declined to 3.8 per cent, 4.1 per cent, 1.35 per cent and 2.6 per cent in the second quarter of 2017 from 4.8 per cent, 4.6 per cent, 1.4 per cent and 3.5 per cent, respectively, in the first quarter of 2017. Inflation in the developing economies generally trended downward due, largely, to stable foreign exchange markets.

## 6.3 Global Commodity Demand and Prices

Global crude oil supply in the review quarter was estimated at 96.06 mbd, representing a decline of 0.2 per cent below the level in the preceding quarter. Similarly, world crude oil demand was estimated at 95.33 mbd, indicating a 0.06 per cent decline below the level in the preceding quarter.

The average price of OPEC Reference Basket (ORB) of 14 selected crude streams was US$48.47 in the second quarter of 2017 and represented a 6.7 per cent decline relative to the level in the preceding quarter. The development was attributed, mainly, to the slow pace of inventory drawdown.

## 6.4 International Financial Markets

Developments in the international stock markets were mixed during the review period. In North America, the Mexican Bolsa and United States S&P 500 indices rose by 2.7 and 2.6 per cent, respectively, while the Canadian S&P/TSX Composite index fell by 2.4 per cent in the second quarter of 2017. Similarly, in Europe, the DAX index rose marginally by 0.1 per cent, while the MICEX, FTSE 100 and CAC 40 indices fell by 5.8, 0.1 and 0.04 per cent, respectively, in the review quarter.

In South America, the Argentine Merval and Colombian COLCAP indices rose by 8.1 and 7.1 per cent, respectively, while the Brazilian Bovespa index fell by 3.2 per cent. In Asia, Japan's Nikkei 225 and India's BSE Sensex indices rose by 5.9 per cent and 4.4 per cent, respectively, while China's Shanghai Stock Exchange-A index fell by 0.9 per cent.

In Africa, the Nigerian NSE All-Share, Kenyan Nairobi NSE 20, Ghanaian GSE ASI and Egyptian EGX CASE 30 indices rose by 29.8 per cent, 15.9 per cent, 5.3 per cent and 4.5 per cent, respectively, while the South African JSE All-Share index fell by 0.9 per cent in the second quarter of 2017.

Most currencies reviewed appreciated against the U.S. dollar in the second quarter of 2017 due, largely, to the slowdown in growth in the United States. In Africa, the South African rand, Nigerian naira and Egyptian pound appreciated by 2.20 per cent, 0.15 per cent and 0.22 per cent, respectively, while the Ghanaian cedi and Kenyan shilling depreciated against the U.S. Dollar by 2.04 per cent and 0.77 per cent, respectively.

In North America, the Canadian dollar and the Mexican peso appreciated against the U.S. dollar by 2.31 per cent and 3.31 per cent, respectively. In Europe, the British pound and euro appreciated by 3.90 per cent and 6.82 per cent, while in South America, the Brazilian real, Argentine and Colombian pesos depreciated against the US dollar. The Chinese yuan and Indian rupee appreciated against the U.S. dollar, while the Russian ruble and Japanese yen depreciated by 4.55 per cent and 0.89 per cent, respectively.

## 6.5 Other International Economic Developments and Meetings

Other major international economic developments and meetings of importance to the domestic economy during the second quarter of 2017 included: The 2017 Association of African Central Banks (AACB) continental Seminar held in Accra, Ghana from May 3 – 5, 2017. The theme of the Seminar was "Credible Communication Strategies for Central Banks in the Framework of Monetary Policy and Financial Stability". The following recommendations were made at the Seminar to guide communication by central banks:

- Training of journalists and engagement of the media via conferences to discuss implications and management of emerging crisis;
- Constitution and ready availability of a team of experts for public engagement in times of crisis;
- Communications should be well coordinated to advise management on the implications of a chosen course of action;
- Central banks should have a full-fledged and functional communications department with adequate budget allocation to carry out their mandate; and
- Central banks should use surveys and independent polls, as tools to measure the effectiveness of monetary policy communication, among others.

The Mid-Year Statutory meeting of the Economic Community of West African states (ECOWAS) was held at Monrovia, Liberia from May 25 – June 4, 2017. The objectives of the meeting were to highlight the major areas of concern with respect to the implementation of the ECOWAS Monetary Cooperation Programme (EMCP), assess the progress made, and identify matters that require urgent attention towards the 2020 monetary integration. The major outcome of the meeting was the adoption of Morocco as a member in principle.

Furthermore, the 2017 Spring Meetings of the Board of Governors of the World Bank Group (WBG), and the International Monetary Fund (IMF) were held in Washington D. C., USA, from April 17 – 23, 2017. The meeting noted that the emerging markets and developing countries (EMDCs) would continue to contribute most to growth. It noted further that strong fiscal frameworks were essestial to the mobilistaion of resources to effectively support development efforts. It was also agreed that the IMF had a key role to play in supporting member countries to sustain recovery. A sideline meeting of the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Developments was held along with the Brettonwood institutions meetings.

Finally, the African Development Bank held its 2017 Annual Meetings in Ahmedabad, India from May 22 – 27, 2017. The theme of the meeting was "*Transforming Agriculture for Wealth Creation in Africa*". The meeting agreed on the following:

- Sustain its support to the private sector in its Regional Member Countries (RMCs);
- Work with other donor agencies to crowd in financial resources, financing modalities and policy tools to unlock the potentials, and fast-track the achievement of Africa's agricultural transformation;
- Engage with Regional Central Banks to address the constraints in mobilising domestic resources as well as seek ways to enhance the size and efficiency of domestically mobilised resources; and
- Attract more investment for youth in agriculture and the implementation of the Bank Group's Jobs for Youth Initiative.

# APPENDIX TABLES

## Table A1: Money and Credit Aggregates

| | Jun-16 | Sep-16 | Dec-16 | Mar-17 | Jun-17 |
|---|---|---|---|---|---|
| | ₦ billion | | | | |
| **Domestic Credit (Net)** | **24623.6** | **26307.5** | **26649.0** | **27390.1** | **26921.0** |
| *Claims on Federal Government (Net)* | 3171.4 | 3662.0 | 4666.9 | 5270.5 | 4942.5 |
| Central Bank (Net) | -1185.8 | -1129.3 | -99.5 | 158.4 | -75.2 |
| Banks | 4357.2 | 4791.4 | 4766.4 | 5112.1 | 5017.7 |
| *Claims on Private Sector* | 21452.2 | 22645.5 | 21982.1 | 22119.6 | 21978.6 |
| Central Bank | 5402.9 | 5951.8 | 5298.3 | 5540.7 | 5684.9 |
| Banks | 16049.2 | 16693.8 | 16683.9 | 16579.0 | 16293.7 |
| *Claims on Other Private Sector* | 20403.1 | 21613.5 | 20967.0 | 21000.1 | 20772.7 |
| Central Bank | 5055.4 | 5605.8 | 4972.3 | 5131.2 | 5163.4 |
| Banks | 15347.6 | 16007.7 | 15994.7 | 15868.9 | 15609.3 |
| *Claims on State and Local Government* | 729.4 | 686.1 | 989.5 | 1089.4 | 1180.3 |
| Central Bank | 27.8 | -- | 300.4 | 379.3 | 495.9 |
| DMBs | 701.6 | 686.1 | 689.2 | 710.1 | 684.4 |
| *Claims on Non-financial Public Enterprises* | -- | -- | -- | -- | -- |
| Central Bank | -- | -- | -- | -- | -- |
| DMBs | -- | -- | -- | -- | -- |
| **Foreign Assets (Net)** | 7108.0 | 7742.3 | 9149.7 | 7628.5 | 8468.1 |
| Central Bank | 6840.4 | 7791.1 | 8790.7 | 7624.2 | 8378.9 |
| DMBs and Non Interest Banks | 267.5 | -48.9 | 359.0 | 4.4 | 89.2 |
| **Other Assets (Net)** | **-9651.3** | **-11928.5** | **-12410.3** | **-12994.4** | **-13714.9** |
| **Total Monetary Assets (M2)** | **22080.3** | **22121.3** | **23388.3** | **22024.3** | **21674.2** |
| **Quasi-Money 1/** | 12559.0 | 12184.1 | 12320.2 | 12069.7 | 11790.4 |
| **Money Supply (M1)** | 9519.0 | 9937.2 | 11068.1 | 9954.6 | 9883.8 |
| *Currency Outside Banks* | **1379.0** | **1477.4** | **1820.4** | **1661.0** | **1477.1** |
| *Demand Deposits 2/* | *8139.9* | *8459.8* | *9247.7* | *8293.6* | *8406.7* |
| **Total Monetary Liabilities (M2)** | **22080.3** | **22121.3** | **23388.3** | **22024.3** | **21674.2** |
| *Memorandum Items:* | | | | | |
| Reserve Money (RM) | *5371.9* | *6167.6* | *5847.9* | *5647.3* | *5489.6* |
| *Currency in Circulation (CIC)* | *1684.6* | *1794.3* | *2179.2* | *1983.6* | *1873.5* |
| Banks' Deposit with CBN | *3687.3* | *4373.3* | *3668.7* | *3663.7* | *3616.1* |

Source: CBN

1/ Quasi money consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Taking from Discount Houses.

2/ Demand Deposit consist of State, Local and Parastatals Deposits at CBN, State, Local Government and Private Sector Deposits as well as Demand Deposits of non-financial Public Enterprises at Deposit Money Banks.

Table A2: Money and Credit Aggregates (Growth Rates)

| | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|
| | *Percentage Change Over Preceding Quarter* | | | | |
| **Domestic Credit (Net)** | 8.64 | 8.18 | 1.5 | 0.92 | -1.71 |
| *Claims on Federal Government (Net)* | -16.13 | 26.57 | 32.77 | 3.71 | -6.22 |
| *Claims on Private Sector* | 13.6 | 5.7 | -3.33 | 0.27 | -0.64 |
| *Claims on Other Private Sector* | 13.04 | 5.96 | -2.75 | 0.01 | -1.08 |
| *Claims on State and Local Government* | 9.01 | -2.05 | 18.77 | 5.27 | 8.35 |
| *Claims on Non-financial Public Enterprises* | | | | | |
| **Foreign Assets (Net)** | 28.0 | 8.96 | 18.18 | -16.62 | 11.01 |
| **Other Assets (Net)** | 24.6 | 22.48 | 3.56 | 4.71 | 5.55 |
| **Total Monetary Assets (M2)** | **7.9** | **2.0** | **6.2** | **-5.8** | **-1.6** |
| **Quasi-Money 1/** | 9.9 | -3.0 | 1.1 | -2.0 | -2.3 |
| **Money Supply (M1)** | 5.29 | 8.89 | 12.6 | -10.06 | -0.71 |
| *Currency Outside Banks* | -4.32 | 7.12 | 23.21 | -8.76 | -11.07 |
| *Demand Deposits 2/* | 7.11 | 9.2 | 10.72 | -10.32 | 1.36 |
| **Total Monetary Liabilities (M2)** | **7.9** | **2.0** | **6.2** | **-5.8** | **-1.6** |
| *Memorandum Items:* | | | | | |
| Reserve Money (RM) | -6.75 | 14.81 | 12.52 | -3.43 | -2.79 |
| *Currency in Circulation (CIC)* | -6.99 | 6.5 | 21.45 | -8.97 | -5.55 |
| *DMBs Demand Deposit with CBN* | -6.64 | 18.6 | 7.81 | -0.14 | -1.3 |
| | *Percentage Change Over Preceding December* | | | | |
| **Domestic Credit (Net)** | 13.93 | 21.82 | 23.3 | 2.78 | 1.02 |
| *Claims on Federal Government (Net)* | 9.66 | 26.57 | 61.37 | 12.93 | 5.91 |
| *Claims on Private Sector* | 14.59 | 20.97 | 17.42 | 0.63 | -0.02 |
| *Claims on Other Private Sector* | 12.66 | 19.35 | 15.78 | 0.16 | -0.93 |
| *Claims on State and Local Governments* | 24.68 | 17.52 | 69.14 | 10.09 | 19.28 |
| *Claims on Non-financial Public Enterprises* | | | | | |
| **Foreign Asset (Net)** | 25.69 | 36.95 | 61.81 | -16.62 | -7.45 |
| **Other Asset (Net)** | -33.38 | -64.85 | -71.51 | -4.71 | -10.51 |
| **Total Monetary Assets (M2)** | **10.23** | **10.44** | **16.77** | **-5.83** | **-7.33** |
| **Quasi-Money 1/** | 9.61 | 6.34 | 7.52 | -2.03 | -4.3 |
| **Money Supply (M1)** | 11.05 | 15.93 | 29.12 | -10.06 | -10.07 |
| *Currency Outside Banks* | -5.29 | 1.47 | 25.02 | -8.76 | -18.86 |
| *Demand Deposits 2/* | 14.4 | 18.89 | 29.96 | -10.32 | -9.09 |
| **Total Monetary Liabilities (M2)** | **10.23** | **10.44** | **16.77** | **-5.83** | **-7.33** |
| *Memorandum Items:* | | | | | |
| Reserve Money (RM) | -7.58 | 6.1 | 0.61 | -3.43 | -6.13 |
| *Currency in Circulation (CIC)* | -9.32 | -3.43 | 17.29 | -8.97 | -14.03 |
| *DMBs Demand Deposit with CBN* | -6.76 | 10.58 | -7.23 | -0.14 | -1.44 |

Source: CBN

1/ Quasi money consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Taking from Discount Houses.
2/ Demand Deposit consist of State, Local and Parastatals Deposits at CBN, State, Local Government and Private Sector Deposits as well as Demand Deposits of non-financial Public Enterprises at Deposit Money Banks.

**Table A3: Federal Government Fiscal Operations (₦ billion)**

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|---|---|---|---|---|---|---|---|---|---|
| Retained Revenue | 538.60 | 1044.92 | 802.63 | 587.92 | 722.37 | 1000.03 | 977.38 | 552.29 | 674.07 |
| *Federation Account* | 430.41 | 589.66 | 482.84 | 412.24 | 323.16 | 473.73 | 314.92 | 356.53 | 408.63 |
| *VAT Pool Account* | 29.26 | 29.10 | 25.60 | 28.31 | 28.02 | 30.29 | 30.16 | 31.97 | 35.04 |
| *FGN Independent Revenue* | 10.31 | 23.47 | 8.97 | 47.52 | 59.10 | 74.29 | 119.27 | 21.89 | 72.33 |
| *Excess Crude* | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16.04 | 109.31 | 56.78 | 19.56 |
| *Others/SURE-P* | 68.63 | 402.68 | 285.24 | 99.86 | 312.08 | 405.69 | 403.72 | 85.12 | 138.51 |
| Expenditure | 1024.55 | 1176.17 | 1538.46 | 1140.24 | 1381.51 | 1301.02 | 1658.21 | 927.20 | 914.91 |
| *Recurrent* | 814.15 | 1013.07 | 945.03 | 988.37 | 936.13 | 1158.63 | 1088.33 | 842.12 | 781.97 |
| *Capital* | 162.29 | 72.31 | 463.18 | 127.74 | 332.38 | 54.54 | 389.28 | 2.53 | 50.60 |
| *Transfers* | 48.11 | 90.15 | 136.08 | 58.73 | 113.01 | 87.04 | 84.42 | 82.55 | 82.34 |
| Overall Balance: Surplus(+)/Deficit(-) | -485.95 | -131.26 | -735.83 | -552.31 | -659.14 | -300.99 | -680.83 | -374.91 | -240.84 |