



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
FOURTH QUARTER 2018***

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 Summary¹

The Bank maintained a non-expansionary monetary policy stance in the fourth quarter of 2018, aimed at further curbing inflationary pressure. Broad money supply (M_3), on quarter-on-quarter basis, grew by 8.3 per cent to ₦33,421.71 billion at end-December 2018, compared with the growth of 5.1 per cent at end-September 2018. The development reflected, wholly, the 4.5 per cent increase in domestic credit (net) of the banking system. Over the level at end-December 2017, broad money supply, (M_3), grew by 16.6 per cent, compared with the 7.6 per cent and 0.6 per cent growth recorded at the end of the preceding quarter of 2018 and the corresponding quarter of 2017, respectively. The growth in M_3 was due to the 6.4 per cent and 18.5 per cent increase in domestic credit (net) and foreign assets (net) of the banking system, respectively. On quarter-on-quarter basis, narrow money supply (M_1), rose by 9.2 per cent, compared with 0.5 per cent and 11.0 per cent at the end of the preceding quarter. The development was due to the 19.4 per cent and 7.5 increase in its currency outside banks and demand deposit components, respectively.

Developments in banks' deposit rates were mixed, while lending rates trended downwards in the review quarter. With the exception of the 1-month and 3-month deposit rates which fell by 0.26 and 0.04 percentage point to 8.79 per cent and 9.43 per cent, respectively, all other deposit rates of various maturities rose from a range of 3.68 – 10.10 per cent to 3.86 – 10.52 per cent at end-December 2018. The average savings rate remain unchanged at 4.07 per cent, same as at the end of the third quarter of 2018, while the average term deposit rate rose by 0.12 percentage points to 8.63 per cent at end of the review quarter. The average prime and maximum lending rates declined by 0.09 percentage point and 0.18 percentage point to 16.60 per cent and 30.75 per cent, respectively.

Consequently, the spread between the weighted average term deposits and maximum lending rates, narrowed by 0.30 percentage point to 22.12 percentage points at end-December 2018. Likewise, the spread between the weighted average savings and the maximum lending rates, narrowed by 0.18 percentage point to 26.68 percentage points. The weighted average inter-bank call rate rose by 4.11 percentage points to 9.93 per cent at end-December 2018.

The total value of money market assets outstanding increased by 0.4 per cent to ₦11,897.40 billion, at end-December 2018. The

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

development was attributed to the increase in banker's acceptances and FGN Bonds outstanding in the review quarter. Developments on the Nigerian Stock Exchange (NSE) were generally mixed.

Federally-collected revenue, at ₦2,412.21 billion, in the fourth quarter of 2018, was 27.4 per cent and 4.8 per cent lower than the estimate and the receipts in the preceding quarter, respectively. The development relative to budget estimate was due to the shortfall in receipts from both oil and non-oil revenue in the review quarter. Federal Government estimated retained revenue and total expenditure were ₦916.44 billion and ₦1,826.85 billion, respectively, resulting in an estimated deficit of ₦910.41 billion in the fourth quarter of 2018.

The cessation of rainfall in the period led to widespread dryness across the country. Agricultural activities in the review quarter, were dominated by harvesting of tubers, grains and vegetables. In the livestock sub-sector, farmers continued with the breeding of poultry birds and fattening of cattle in anticipation of end of year sales. The end-period headline inflation, on year-on-year and 12-month moving average bases for the review period were 11.44 per cent and 12.10 per cent, respectively.

Foreign exchange inflow and outflow through the CBN amounted to US\$14.51 billion and US\$14.60 billion, respectively, resulting in a net outflow of US\$0.09 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US\$9.18 billion. The average exchange rate of the naira vis-à-vis the US dollar depreciated to ₦306.70/US\$, ₦364.27/US\$ and ₦364.42/US\$ at the inter-bank segment, the Investors' and Exporters' (I&E) Window and BDC segment respectively, in the review quarter. The external reserves decreased by 0.2 per cent to US\$42.54 billion as at December 31, 2018.

World crude oil demand and supply were estimated at 99.98 mbd and 99.99 mbd, respectively, in the fourth quarter of 2018. Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 1.86 mbd or 171.12 million barrels (mb) in the review quarter. The average price of Nigeria's reference crude, the Bonny Light (37^o API), was US\$69.89 per barrel, compared with US\$76.50 per barrel in the third quarter of 2018.

Major international developments of importance to the domestic economy in the review quarter included: ECOWAS sub-committee meeting on monetary and exchange rate policy held in Lome, Togo from October 1 – 3, 2018. The 54th Ordinary Session of the Authority

of Heads of States and Government of the Economic Community of West African States (ECOWAS) was convened on December 22, 2018 in Abuja, Nigeria.

2.0 Financial Sector Developments²

On quarter-on-quarter basis, broad money supply (M_3), grew by 8.3 per cent at end-December 2018, reflecting the 4.5 per cent increase in domestic credit (net) of the banking system. Narrow money supply (M_1) rose by 9.2 per cent due to increase in its currency outside banks and demand deposits components. Interest rates reflected

² All monetary aggregate numbers are provisional and subject to revision

liquidity condition in the money market during the review period. The value of money market assets outstanding rose above the level in the preceding quarter. Activities on the Nigerian Stock Exchange (NSE) were generally bearish in the fourth quarter of 2018.

2.1 Monetary and Credit Developments

The Bank's Monetary Policy stance remained, largely, non-expansionary in the review period as the Monetary Policy Rate remain unchanged at 14.00 per cent. Broad money supply (M_3), on quarter-on-quarter basis, grew by 8.3 per cent to ₦33,421.71 billion at end-December, 2018, compared with the growth of 5.1 per cent at the end of the preceding quarter, but was in contrast to the 3.9 per cent decline recorded at the end of the corresponding period of 2017. The increase reflected, wholly, the 4.5 per cent rise in domestic credit (net), which more than offset the 2.2 per cent and 12.5 per cent decline in foreign assets (net) and other assets (net) of the banking system, respectively.

Over the level at end-December 2017, broad money supply, (M_3), grew by 16.6 per cent at end-December 2018, compared with the growth of 7.6 per cent and 0.6 per cent at the end of third quarter of 2018 and the corresponding period of 2017, respectively. The development reflected the increase of 6.4 per cent and 18.5 per cent in domestic credit (net) and foreign assets (net) of the banking system, respectively.

Narrow money supply (M_1) rose by 9.2 per cent, relative to the level at end-September 2018. The increase reflected the 19.4 per cent and 7.5 per cent rise in currency outside banks and demand deposits, respectively.

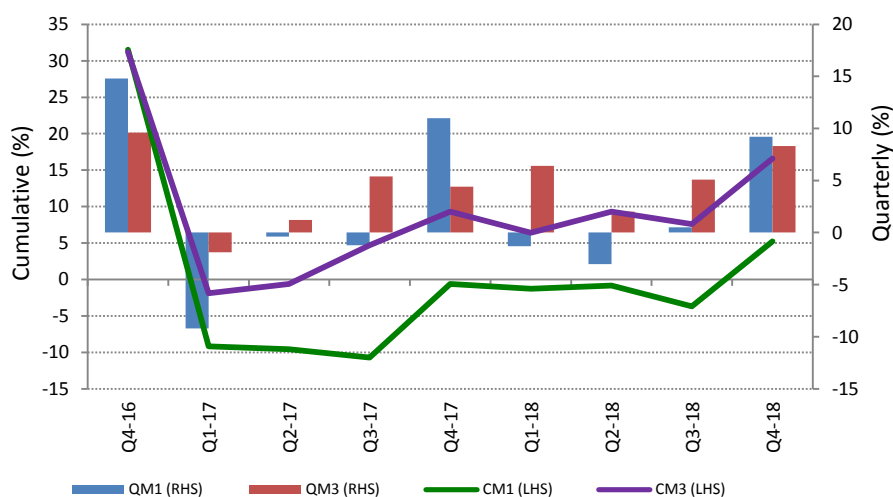
Over the level at end-December 2017, narrow money supply (M_1), rose by 5.2 per cent, in contrast to the 3.7 per cent decline at end-September 2018. This was due to the 7.3 per cent and 4.7 per cent increase in currency outside banks and the demand deposits, respectively.

Relative to the level at end-September 2018, quasi-money rose by 3.5 per cent to ₦15,327.69 billion at end-December 2018, compared with the increase of 4.9 per cent at end-September 2018. The development reflected the increase in time and savings deposits of commercial banks. Relative to the level at end-December 2017, quasi-money grew by 18.2

Growth in key monetary aggregates were significant in the review period.

per cent at end-December 2018, compared with the 14.2 per cent growth at end-September 2018. The growth was due to the increase in time and savings deposits of banks (Figure 1, Table 1).

Figure 1: Growth Rate of Narrow Money (M₁) and Broad Money (M₃)³



Source: CBN

Aggregate credit to the domestic economy, on quarter-on-quarter basis, rose by 4.5 per cent to ₦27,594.15 billion at end-December 2018, compared with the increase of 3.3 per cent at the end of the preceding quarter. The development reflected, wholly, the 41.5 per cent increase in net claims on the Federal Government. Over the level at end-December 2017, aggregate credit to the domestic economy grew by 6.4 per cent at end-December 2018, compared with the 1.9 per cent growth at end-September 2018. This was due, to the 33.8 per cent and 2.0 per cent increase in net claims on the Federal Government and claims on the private sector, respectively.

Relative to the level at end-September 2018, net claims on the Federal Government rose by 41.5 per cent to ₦4,867.58 billion at end-December 2018, compared with the increase of 4.7

Banking system's credit to the Federal Government rose in the review period.

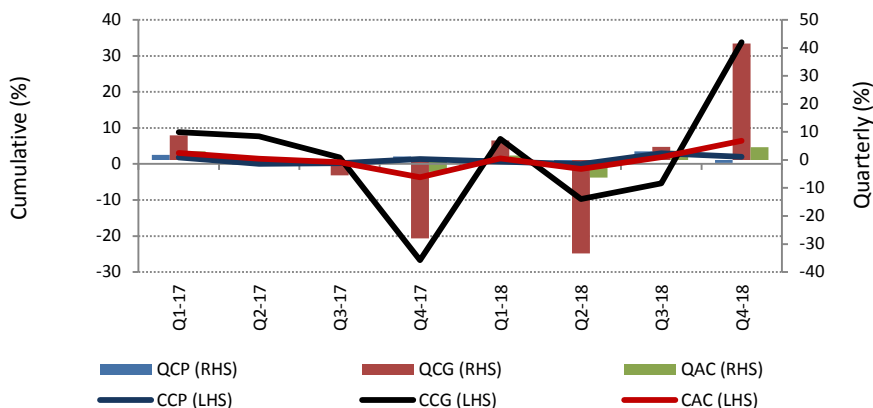
³ QM1 and QM2 represent quarter-on-quarter changes, while CM1 and CM2 represent cumulative changes (year-to-date).

per cent at the end of the preceding quarter. The development was due mainly to the 28.1 per cent increase in Federal Government securities held by banks during the review quarter. Over the level at end-December 2017, net claims on the Federal Government rose by 33.8 per cent, in contrast to the decline of 5.4 per cent at end-September 2018.

On quarter-on-quarter basis, banking system's credit to the private sector fell by 1.1 per cent to ₦22,726.57 billion at end-December 2018, in contrast to the increase of 3.1 per cent at the end of the preceding quarter. The development was as a result of the 2.1 per cent decline in claims on core private sector. Over the level at end-December 2017, banking system's credit to the private sector grew by 2.0 per cent, compared with the 3.0 per cent growth at end-September 2018. This was due to the 2.0 and 0.6 per cent increase in claims on core private sector and claims on state and local government, respectively (Figure 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy⁴

⁴ 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



Source: CBN

Foreign assets (net) of the banking system fell by 2.2 per cent to ₦18,397.82 billion at end-December 2018, in contrast to the growth of 2.6 per cent at the end of the preceding quarter. The development was attributed to the 59.8 per cent and 0.5 per cent decrease in foreign asset holdings of merchant banks and the CBN, respectively. Over the level at end-December 2017, foreign assets (net) of the banking system grew by 18.5 per cent at end of fourth quarter 2018, compared with the growth of 21.2 per cent at end-September 2018, due to the increase of 20.1 per cent in the foreign assets holdings of the CBN.

Foreign assets (net) of the banking system fell at the end of the review period.

Relative to the level at end-September 2018, other assets (net) of the banking system fell by 12.5 per cent to negative ₦12,570.23 billion, compared with the decline of 1.3 per cent at the end of the third quarter of 2018. This was attributed to the decrease in unclassified assets of CBN and banks. Over the level at end-December 2017, other assets (net) of the banking system grew by 1.7 per cent at end-December, in contrast to the 12.5 per cent at the end of the preceding quarter.

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

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Domestic Credit (Net)	0.5	3.5	5.3	-6.3	3.3	4.5
Claims on Federal Government (Net)	1.8	-25.3	35.4	-33.4	4.7	41.5
Claims on Private Sector	0.2	1.4	0.3	-0.4	3.1	-1.1
Claims on Other Private Sector	-1.1	-1.2	-1.2	0.1	5.3	-2.1
Foreign Assets (Net)	9.9	69.6	5.1	12.4	2.6	-2.2
Other Assets (Net)	4.2	-37.2	-1.6	-3.6	-1.3	-12.5
Broad Money Supply (M3)	4.7	9.3	6.4	2.0	5.1	8.3
Quasi-Money	-3.5	5.2	3.3	5.4	4.9	3.5
Narrow Money Supply (M1)	-10.7	-0.9	-1.3	-3.0	0.5	9.2
Memorandum Items:						
Reserve Money (RM)	-4.9	10.9	4.2	-5.9	7.0	4.9

Source: CBN

*figures are provisional

2.2 Currency-in-circulation and Deposits at the CBN

Currency-in-circulation (CIC) at end-December 2018, rose by 20.9 per cent to ₦2,329.71 billion, compared with the growth of 1.4 per cent at end-September 2018. The development relative to the preceding quarter reflected, mainly, the 19.4 per cent and 7.5 per cent increase in its currency outside banks and demand deposit components, respectively.

Total deposits at the CBN amounted to ₦15,703.93 billion at end-December 2018, indicating a 6.5 per cent increase above the level at end-September 2018. The increase was attributed to 13.0 per cent and 9.5 per cent rise in the deposits of the private sector and Federal Government, respectively. Of the total deposits at the CBN, the shares of the Federal Government, banks and private sector deposits were 49.6 per cent, 30.6 per cent and 19.8 per cent, respectively.

Reserve money rose by 4.9 per cent to ₦7,135.73 billion at end-December 2018, compared with the increase of 7.0 per cent at end-September 2018. The development reflected the increase in total bank reserves.

Reserve money (RM) rose at the end of the review period.

2.3 Money Market Developments

The money market was generally stable in the fourth quarter of 2018. Liquidity was buoyed by inflow from fiscal injections, Federal Government (FGN) Bonds, Nigerian Treasury Bills (NTBs) and maturing Central Bank of Nigeria (CBN) bills. Outflow, such as sale of CBN bills, FGN securities and provisioning and settlement for foreign exchange purchases, impacted on

The money market was relatively stable during the review period.

market liquidity. Overall, banks continued to access the intra-day and standing facilities window to meet their short-term liquidity needs during the review quarter.

Total value of money market assets outstanding at the end of the fourth quarter of 2018 was ₦11,897.40 billion, showing an increase of 0.4 per cent, compared with 1.4 per cent increase, at the end of the third quarter of 2018. The increase was as a result of the 12.5 per cent and 1.5 per cent increase in bankers' acceptances and FGN Bonds outstanding, respectively, during the review quarter.

2.3.1 Interest Rate Developments

Interest rates reflected the liquidity condition in the money market during the review period. Developments in banks' deposit rates were mixed, while lending rates trended downwards in the fourth quarter of 2018. With the exception of the 1-month and 3-month deposit rates, which fell by 0.26 and 0.04 percentage points to 8.79 per cent and 9.43 per cent, respectively, all other deposit rates of various maturities rose from a range of 3.68 – 10.10 per cent to 3.86 – 10.52 per cent at end-December 2018. The average savings rate remain unchanged at 4.07 per cent, same as at the end of the third quarter of 2018, while the average term deposit rate rose by 0.12 percentage point to 8.63 per cent at end-December 2018.

Interest rates reflected the liquidity condition in the money market in the review period.

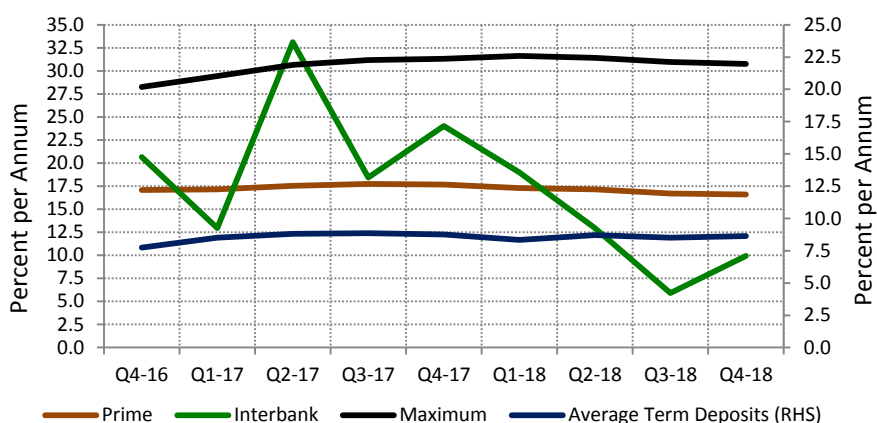
The average prime and maximum lending rates declined by 0.09 percentage point and 0.18 percentage points to 16.60 per cent and 30.75 per cent, respectively. Consequently, the spread between the weighted average term deposits and maximum lending rates, narrowed by 0.30 percentage point to 22.12 percentage points at end-December 2018. Likewise, the spread between the weighted average savings and the maximum lending rates, narrowed by 0.18 percentage point to 26.68 percentage points. The weighted average inter-bank call rate rose by 4.11 percentage points to 9.93 per cent at end-December 2018. With the headline inflation at 11.44 per cent at end-December 2018, all deposit rates were negative in real terms, while lending rates were positive.

At the inter-bank funds segment, the weighted average inter-bank call rate, which stood at 5.83 per cent at end-

Inter-bank call rate rose in Q4 2018.

September 2018, rose by 4.11 percentage points to 9.93 per cent at end-December 2018. Similarly, the Nigeria inter-bank offered rate (NIBOR) for the 30-day tenor rose to 13.09 per cent at end-December 2018 from 12.63 per cent at end-September 2018. Also, the weighted average rate at the Open-Buy-Back (OBB) segment rose by 1.72 percentage points to 10.65 per cent at the end of the review quarter (Figure 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)



Source: CBN

Table 2: Selected Interest Rates (Percent, Averages)

	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Average Term Deposits	7.75	8.52	8.82	8.87	8.77	8.34	8.72	8.52	8.63
Prime Lending	17.08	17.16	17.54	17.74	17.66	17.31	17.16	16.69	16.60
Interbank	20.67	12.95	33.11	18.45	24.02	18.98	12.94	5.92	9.93
Maximum Lending	28.26	29.44	30.67	31.18	31.30	31.61	31.43	30.93	30.70

Source: CBN

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by banks, amounted to ₦15.12 billion, in the fourth quarter of 2018, showing a decrease of 35.2 per cent, compared with ₦23.33 billion recorded at end-September 2018. The increase was due to the rise in investments in CP by merchant banks during the review quarter. Thus, CP constituted 0.1 per cent of the total value of money market assets outstanding during the review period, compared with 0.2 per cent in the preceding quarter.

2.3.3 *Bankers' Acceptances (BAs)*

Bankers' Acceptances (BAs) outstanding stood at ₦12.12 billion in the fourth quarter of 2018, showing an increase of 12.5 per cent, compared with ₦10.77 billion recorded at the end of the third quarter of 2018. The development was attributed to investments in BAs by commercial banks during the review quarter. Consequently, BAs accounted for 0.1 per cent of the total value of money market assets outstanding at end-December 2018, compared with 0.09 per cent at the end of the preceding quarter.

Banks' holdings of BAs increased in Q4 of 2018.

2.3.4 *Open Market Operations*

The Bank sustained its intervention through direct Open Market Operations (OMO) auctions during the review quarter. The tenors to maturity of the instruments ranged from 87 days to 364 days. Total amount offered, subscribed to and allotted were ₦8,918.23 billion, ₦5,690.10 billion and ₦5,670.61 billion, respectively. The bid rates ranged from 11.25 per cent to 15.00 per cent, while the stop rates ranged from 11.25 per cent to 15.00 per cent. Repayment of matured CBN bills amounted to ₦5,750.99 billion, translating to a net injection of ₦80.38 billion.

2.3.5 *Primary Market*

At the Government securities market, NTBs of 91- 182- and 364-day tenors, amounting to ₦705.26 billion, ₦1,581.84 billion and ₦705.26 billion were offered, subscribed to and allotted, respectively, at the auctions held in the fourth quarter of 2018, on behalf of the Debt Management Office (DMO). Total subscription and allotment at the 91-day auction, were ₦51.56 billion and ₦50.98 billion, respectively. The bid rates ranged from 10.60 per cent to 13.00 per cent, while the stop rates ranged from 10.90 per cent to 10.98 per cent. The bid to cover ratio was 1.01

For the 182-day auction, total subscription and allotment were ₦222.74 billion and ₦130.45 billion, respectively. The bid rates ranged from 11.50 per cent to 14.00 per cent, while the stop rates ranged from 12.10 per cent to 13.49 per cent. The bid to cover ratio was 1.71. Total subscription and allotment at the 364-day auction were ₦1,307.53 billion and ₦523.83 billion, respectively, with bid rates ranging from 12.50 per cent to 18.00 per cent, while stop rates ranged from 13.33 per cent to

14.45 per cent. The bid to cover ratio was 2.50.

2.3.6 Bonds Market

Tranches of the 5-, 7-, and 10-year FGN Bonds were offered for sale in the fourth quarter of 2018. The term to maturity of the bonds ranged from 4 years, 4 months to 9 years, 4 months. Total amount offered, subscribed to and allotted were ₦300.00 billion, ₦340.30 billion and ₦133.35 billion, respectively. The bid rates on all tenors ranged from 12.98 per cent to 16.70 per cent, while the marginal rates were from 15.00 per cent to 15.83 per cent. The bid to cover ratio was 1.13. There was no allotment on non-competitive basis, as well as, repayment in the fourth quarter.

Tranches of FGN Bonds of various maturities were offered for sale in the Q4 of 2018.

2.3.7 CBN Standing Facilities

The banks continued to access the CBN's Standing Facilities window to square up their positions either by borrowing from the standing lending facility (SLF) window or depositing excess reserves at the standing deposit facility (SDF) window of the CBN at the end of each business day. Total request for the Standing Lending Facility (SLF) inclusive of Intra-day lending facilities (ILF) that was converted to overnight repo during the review quarter stood at ₦3,702.73 billion, compared with ₦977.54 billion in the preceding quarter. Daily average transaction value amounted to ₦62.73 billion in 59 transaction days, with total interest earned at ₦2.57 billion, compared with the daily average of ₦18.80 billion in 52 transaction days, with total interest earned of ₦0.62 billion at the end of the preceding quarter.

Total standing deposit facility (SDF) granted during the review period was ₦4,407.04 billion, with daily average of ₦75.99 billion, compared with ₦5,787.67 billion, in the third quarter of 2018. The cost incurred on SDF in the review quarter amounted to ₦1.56 billion, compared with ₦2.09 billion in the preceding quarter.

2.4 Commercial Banks' Activities

The total assets and liabilities of commercial banks stood at ₦37,136.23 billion at end-November 2018, representing 0.4 per cent decrease below the level at end-September 2018. Funds were sourced, largely, from foreign liabilities, draw down on

reserves and acquisition of credit from Central Bank. The funds were used, mainly, for payment of matured demand deposits, and settlement of claims on Central Bank and Federal Government.

At ₦19,752.17 billion, banks' credit to the domestic economy, at end-November 2018 showed an increase of 2.0 per cent above the level at end-September 2018. The development reflected, the 9.0 per cent and 32.8 per cent rise in claims on the Federal Government and state and local governments, respectively, which more than offset the decline in claims on other private sector in the review period.

Total specified liquid assets of the banks was ₦12,160.76 billion at end-November 2018, representing 56.8 per cent of the total current liabilities. At that level, the liquidity ratio was 3.0 percentage points below the level at end-September 2018, but 33.42 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 65.04 per cent, was 0.13 percentage points and 14.96 percentage points lower than the level at end-September 2018 and the prescribed maximum of 80.0 per cent, respectively.

Liquidity ratio was above the prescribed minimum, while the Loan-to-deposit ratio was below the prescribed maximum in September of 2018.

2.5 Capital Market Developments

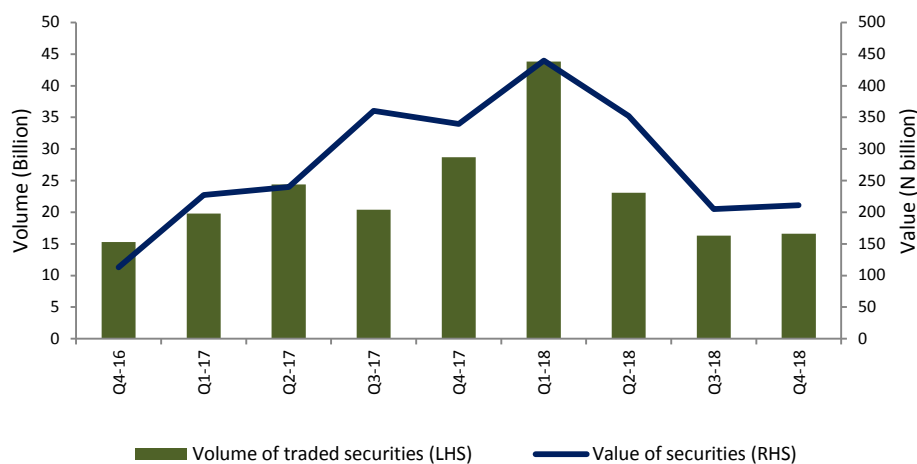
2.5.1 Secondary Market

Market sentiments remained generally uncertain due to investors' strong profit-taking and capital flow reversals on account of higher interest rates in the United States. However, the effects on the market were moderated by the release of third quarter earnings by some companies. Consequently, volatility in the market continued, leading to mixed developments on the Nigerian Stock Exchange (NSE) in the fourth quarter of 2018. The aggregate volume and value of traded securities rose by 16.6 per cent and 3.0 per cent to 18.9 billion shares and ₦211.2 billion in 196,065 deals, compared with 16.3 billion shares and ₦205.0 billion in 216,568 deals, recorded in the third quarter of 2018.

Activities in the Financial Services sector (measured by volume) led the chart with 14.0 billion shares, valued at ₦127.1 billion, traded in 103,117 deals, compared with 11.61 billion shares, valued at ₦125.4 billion, traded in 123,868 deals in the third quarter of 2018. This constituted 73.1 per cent and 60.2

per cent of the total volume and value of traded securities, compared with 71.3 per cent and 61.2 per cent, respectively, in the third quarter of 2018. The banking sub-sector (measured by volume) was the most active in the review quarter.

Figure 4: Volume and Value of Traded Securities



Source: NSE

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

	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Volume (Billion)	15.3	19.8	24.4	20.4	28.7	43.8	23.1	16.3	16.6
Value (N Billion)	112.8	227	240	360.4	339.4	439.7	359	205	211

Source: NSE

2.5.2 New Issues Market/Supplementary Listings

There was no new and supplementary equity listing in the fourth quarter of 2018.

2.5.3 Market Capitalisation

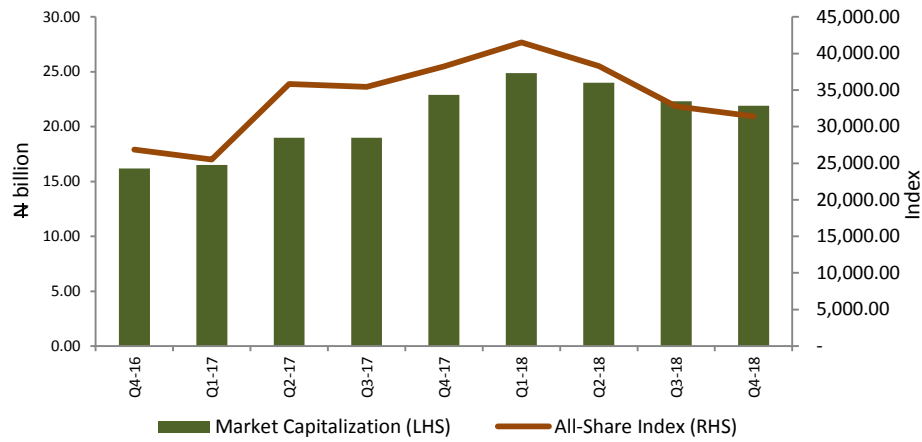
Heightened volatility, on account of the general uncertainties, and persistent profit-taking dampened the performance of quoted securities on the Nigeria Stock Exchange during the review period. The aggregate market capitalisation of all listed securities (Equities and Debts) fell by 1.8 per cent from ₦22.3 trillion at the end of the third quarter of 2018, to ₦21.9 trillion at end of fourth quarter 2018. Similarly, market capitalisation of the equities segment fell by 1.7 per cent to ₦11.7 trillion and constituted 53.4 per cent of the aggregate market capitalisation, compared with ₦11.9 trillion and 53.4

per cent at end of third quarter 2018.

2.5.4 NSE All-Share Index

Developments in the sectoral indices reflected a decline in the performance of quoted stocks on the Exchange in the review period. The All-Share Index fell by 4.1 per cent to close at 31,430.50 in the fourth quarter of 2018, below the level in the third quarter of 2018. Developments in the sectoral indices were, however, generally mixed in the review period. The NSE-Oil and Gas and NSE-Insurance indices rose by 5.1 per cent and 1.0 per cent, respectively, to 302.23 and 126.48 above the levels at end-December, 2018. The NSE-Industrial, NSE-Premium, NSE-Banking, NSE-Pension, NSE-Consumer Goods, NSE-Lotus, and NSE-AseM fell by 19.0 per cent, 6.8 per cent, 3.0 per cent, 1.5 per cent, 1.3 per cent, 1.3 per cent and 0.5 per cent to close at 1,237.88, 2,195.03, 398.94, 1,207.46, 748.83, 2,233.95 and 793.81 below the levels at the end of the preceding quarter of 2018, respectively.

Figure 5: Market Capitalisation and All-Share Index



Source: NSE

Table 4: Market Capitalization and All Share Index (NSE)

	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Market Capitalization (₦trillion)	16.2	16.5	19	19.6	22.9	24.869	23.9	22.3	21.9
All-Share Index (Equities)	26,874.62	25,516.34	33,117.48	35,439.98	38,243.19	41,504.51	38,278.55	32,766.37	31,430.50

Source: NSE

3.0 Fiscal Operations⁵

Federally collected revenue in the fourth quarter of 2018 fell below the proportionate quarterly budget estimate and preceding quarter by 27.4 per cent and 4.8 per cent,

⁵ All figures on government revenue and expenditure are provisional and subject to changes\

respectively. Federal Government retained revenue for the review quarter was ₦916.44 billion, while total estimated expenditure amounted to ₦1,826.85 billion, resulting in an estimated deficit of ₦910.40 billion.

3.1 Federation Account Operations

At ₦2,412.21 billion, federally-collected revenue in the fourth quarter of 2018, was lower than the proportionate quarterly budget estimate of ₦3,321.36 billion by 27.4 per cent. It also, fell below the receipts in the preceding quarter by 4.8 per cent. The decline in federally-collected revenue (gross) relative to the proportionate quarterly budget estimate was attributed to the shortfall in receipts from both oil and non-oil revenue components during the review period (Figure 6, Table 5).

Gross federally-collected revenue fell by 27.4 per cent below the proportionate budget estimate.

Figure 6: Components of Gross Federally Collected Revenue

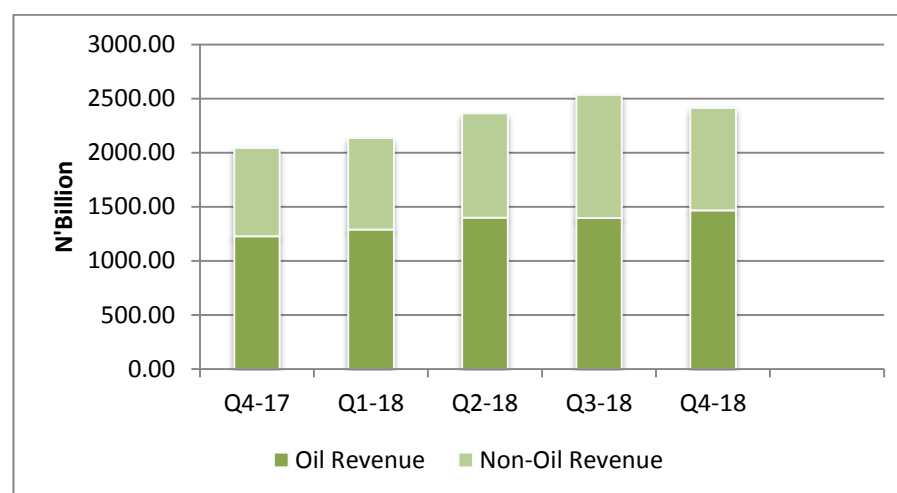


Table 5: Gross Federation Account Revenue (₦ Billion)

	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Federally-collected revenue (Gross)	2,043.73	2,135.46	2,362.14	2,534.68	2,412.21
Oil Revenue	1,226.04	1,288.06	1,398.06	1,394.19	1,465.31
Non-Oil Revenue	817.70	847.40	964.08	1,140.49	946.90

Source: Federal Ministry of Finance

* All figures are provisional

Gross oil receipt, at ₦1,465.31 billion or 60.7 per cent of the total revenue, was below the proportionate quarterly budget estimate by 23.7 per cent, but higher than receipts in the third quarter of 2018 by 5.1 per cent. Despite the increase in crude oil price, oil revenue declined relative to the proportionate budget owing to shortfalls in crude oil production and exports, arising from maintenance at various NNPC terminals (Figure 7, Table 6).

Figure 7: Gross Oil Revenue and Its Components

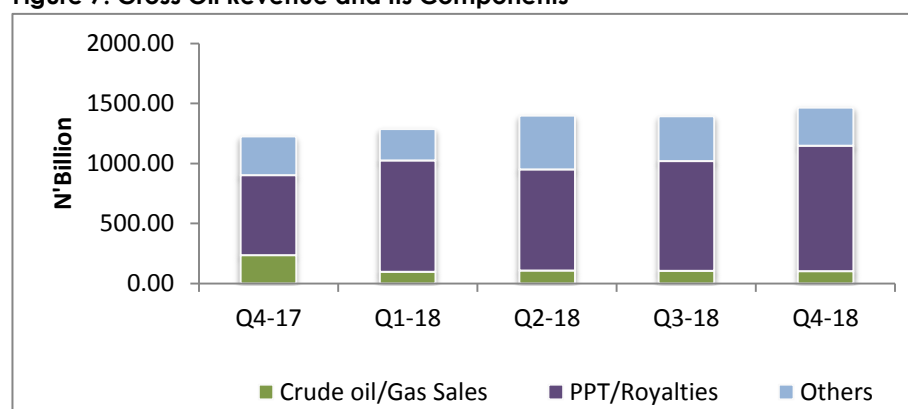


Table 6: Components of Gross Oil Revenue (₦ Billion)

	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Oil Revenue Gross	1,226.04	1,288.06	1,398.06	1,394.19	1,465.31
Crude oil/Gas Sales	236.69	98.21	109.32	104.49	103.62
PPT/Royalties	666.10	926.33	841.03	914.56	1,044.17
Others	323.24	263.51	447.71	375.14	317.52

Source: Federal Ministry of Finance

* All figures are provisional

Non-oil revenue, at ₦946.90 billion or 67.6 per cent of the total, was below the proportionate quarterly budget estimate of ₦1,400.74 billion and the level in the preceding quarter by 32.4 per cent and 17.0 per cent, respectively. The lower non-oil revenue relative to the proportionate quarterly budget estimate was due to the shortfalls in receipts from Federal Government Independent Revenue and VAT in the review period (Figure 8, Table 7).

Figure 8: Gross Non-Oil Revenue and Its Components

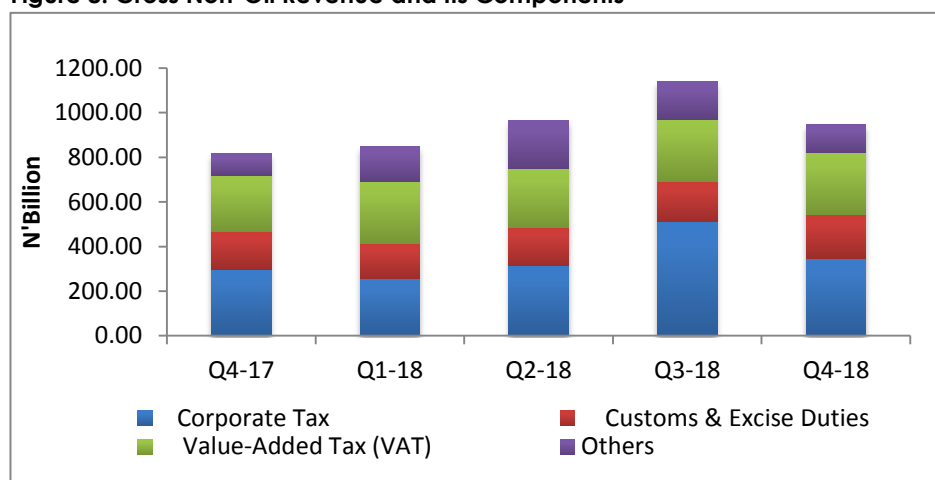


Table 7: Components of Gross Non-Oil Revenue (N' Billion)

	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Non-Oil Revenue	817.70	847.40	964.08	1,140.49	946.90
Value-Added Tax (VAT)	253.46	277.26	264.00	279.69	276.41
Companies Income Tax & Other Taxes	297.56	256.86	315.14	510.79	347.15
Customs & Excise Duties	169.05	158.42	169.60	181.06	196.37
Others/1	97.64	154.87	215.34	168.95	126.98

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

* All figures are provisional

After statutory deductions and transfers of ₦288.34 billion and ₦392.33 billion, respectively, a net sum of ₦1,731.54 billion was retained in the Federation account and shared among the three tiers of government. Of this amount, the Federal Government received ₦828.66 billion, while State and Local governments received ₦420.31 billion and ₦324.04 billion, respectively. The balance of ₦158.54 billion was transferred to the 13.0% Derivation Fund for distribution among the oil producing states.

In addition, the Federal Government received ₦39.80 billion, while the State and Local governments received ₦132.67 billion and ₦92.87 billion, respectively, from the VAT Pool Account.

The sum of ₦ 1,731.54 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.

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

	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Total Deductions 1/	376.63	117.24	287.28	396.91	288.34
Oil Revenue Deductions	337.00	79.30	250.24	352.61	245.80
Non-Oil Revenue Deductions	39.63	37.93	37.04	44.30	42.54
Total Transfers	340.96	421.32	468.78	437.45	392.33
Federal Gov't. Ind. Revenue	35.80	72.05	147.58	55.95	12.58
VAT Pool Account	243.32	266.45	253.44	268.50	265.35
Others 2/	61.84	82.81	67.76	113.00	114.40
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

* All figures are provisional

The sum of ₦4.40 billion was shared as non-oil excess revenue from which the Federal Government received ₦2.32 billion, while the state and local governments received ₦1.18 billion and ₦0.91 billion, respectively. In addition, Exchange Gain, amounting to ₦2.14 billion was shared as follows: Federal Government, ₦1.00 billion; state governments, ₦0.51 billion; and local governments, ₦0.39 billion. The balance of ₦0.24 billion was transferred to the 13.0% Derivation Fund for distribution among the oil-producing states. Furthermore, the sum of ₦70.00 billion was shared as Excess crude/PPT Revenue from which Federal, State and Local governments received ₦32.08 billion, ₦16.27 billion, and ₦12.55 billion, respectively. The balance of ₦9.10 was distributed among the oil-producing states.

Thus, the total statutory and VAT revenue allocation to the three tiers of government in the fourth quarter of 2018 amounted to ₦2,073.43 billion, compared with the proportionate quarterly budget estimate of ₦2,829.08 billion.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

Federal Government retained revenue for the fourth quarter of 2018 was estimated at ₦916.44 billion. This was below the proportionate quarterly budget estimate and the receipts in the preceding quarter by 51.5 per cent and 11.5 per cent, respectively. Of the total revenue, Federation Account accounted for 90.4 per cent, while VAT, Excess crude/PPT, Federal Government Independent Revenue, Excess Non-oil and Exchange Gain accounted for 4.3, 3.5, 1.4, 0.3 and 0.1 per cent, respectively (Figure 9).

At ₦916.44 billion, the estimated FGN retained revenue was 51.5 per cent lower than the proportionate quarterly budget estimate.

Figure 9: Federal Government Retained Revenue

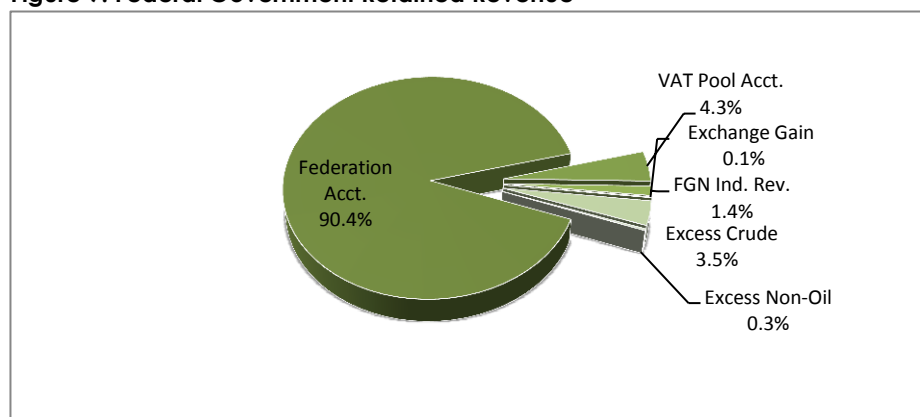


Table 9: Federal Government Fiscal Operations (₦ Billion)

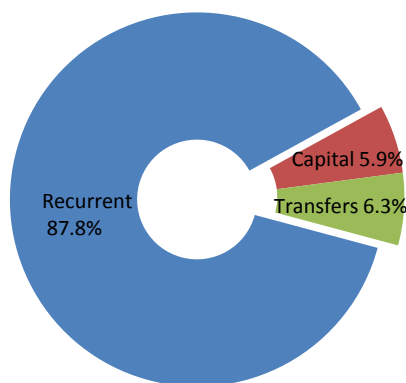
	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Retained Revenue	748.56	884.88	1,125.31	1,035.72	916.44
Expenditure	1,957.94	2,015.60	1,630.11	1,890.80	1,826.85
Current Surplus(+)/Deficit(-)	(631.34)	(509.45)	(158.75)	(549.62)	(688.14)
Primary Surplus(+)/Deficit(-)	(743.69)	(426.27)	(136.00)	(114.10)	(169.57)
Overall Balance: Surplus(+)/Deficit(-)	(1,209.38)	(1,130.72)	(504.80)	(855.09)	(910.40)

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

*All figures are provisional

The estimated Federal Government expenditure for the fourth quarter of 2018 stood at ₦1,826.85 billion and was below the proportionate quarterly budget estimate of ₦2,376.93 billion by 23.1 per cent and the level in the preceding quarter by 3.4 per cent. A breakdown of the total expenditure showed that the recurrent component accounted for 87.8 per cent, while capital and statutory transfers accounted for 5.9 and 6.3 per cent, respectively. A further breakdown of the recurrent expenditure showed that the non-debt component accounted for 53.8 per cent, while debt service payments was 46.2 per cent (Figure 10).

Figure 10: Federal Government Expenditure



Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦910.41 billion, compared with the proportionate quarterly budget deficit of ₦488.62 billion.

Fiscal operations of the FG resulted in an estimated deficit of ₦910.41 billion in Q4 2018.

3.2.2 Statutory Allocations to State Governments

At ₦738.81 billion, the total allocation to state governments from the Federation Account, including the 13.0% Derivation Fund and the VAT Pool Account was lower than the proportionate quarterly budget estimate by 30.4 per cent. A breakdown showed that receipts from the Federation Account was ₦606.14 billion (82.0%), while the share from VAT pool account stood at ₦132.67 billion (18.0%). The receipts from both the Federation and VAT Pool Accounts fell below the proportionate budget estimate by 30.9 and 28.4 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 fourth quarter of 2018 stood at ₦430.75 billion. This was below the proportionate quarterly budget estimate by 26.8 per cent. Of the total amount, allocation from the Federation Account was ₦337.88 billion (78.4%), while the VAT Pool Account stood at ₦92.87 billion (21.6%).

4.0 Domestic Economic Conditions

The cessation of rainfall led to widespread dryness across the

country. Agricultural activities in the review quarter, were dominated by harvest of tubers, grains and vegetables. In the livestock sub-sector, farmers continued with the breeding of poultry birds and fattening of cattle in anticipation of end of year sales. End-period headline inflation, on year-on-year and 12-month moving average bases for the fourth quarter of 2018 stood at 11.44 and 12.10 per cent, respectively.

4.1 Agricultural Sector

The cessation of rainfall led to widespread dryness of severe-to-extreme intensity across the country in fourth quarter of 2018. Generally, the predominant agricultural activities during the review quarter were the harvesting of tubers, grains and vegetables. Pre-planting operations in preparation for dry season planting commenced. In the livestock sub-sector, farmers engaged in the fattening of cattle and stocking of broilers to take advantage of yuletide season sales.

4.2 Agricultural Credit Guarantee Scheme

A total of ₦852.15 million was guaranteed to 5,454 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the fourth quarter of 2018. The amount represented a decrease of 40.1 per cent and 5.9 per cent below the levels in the preceding quarter and the corresponding period of 2017, respectively. Sub-sectoral analysis showed that food crops got the largest share, amounting to ₦369.54 million (43.4%), guaranteed to 2,373 beneficiaries; followed by mixed crop sub-sector, which received ₦162.75 million (19.1%), guaranteed to 1,710 beneficiaries ₦138.44 million (16.2%) was guaranteed to livestock sub-sector in favour of 564 beneficiaries; while cash crop, Fisheries and "others" sub-sectors got ₦105.28 million (12.4%), ₦58.82 million (6.9%), and ₦17.32 million (2.0%), guaranteed to 542, 175 and 90 beneficiaries, respectively.

Analysis by state showed that 30 states and the Federal Capital Territory benefited from the Scheme with the highest and lowest sums of ₦95.83 million (11.3 per cent) and ₦1.99 million (0.2 per cent) guaranteed to Ogun and Bayelsa states, respectively.

4.3 Commercial Agricultural Credit Scheme (CACS)

As at November 19, 2018, the total amount released by the

CBN under the Commercial Agriculture Credit Scheme (CACs) from inception to the participating banks for disbursement stood at ₦596.44 billion for 576 projects. Of the total number of projects, 34 were in respect of state governments (Table 10).

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

S/N	Participating Banks	Amt Disbursed (₦ billion)	Number of Projects
1	Access Bank Plc	36.66	26
2	Citibank Plc	3.00	2
3	Diamond Bank Plc	4.85	21
4	ECOBANK	6.38	10
5	FCMB Plc.	18.53	28
6	Fidelity Bank Plc	21.67	17
7	First Bank of Nigeria Plc	50.49	100
8	GTBank Plc	39.85	29
9	Heritage Bank Plc	6.82	14
10	Keystone Bank	30.05	22
11	Jaiz Bank Plc	0.50	2
12	Skye Bank Plc	13.77	10
13	Stanbic IBTC Bank	27.66	45
14	Sterling Bank Plc	72.17	42
15	Union Bank Nigeria PLC	28.91	39
16	United Bank for Africa (UBA) Plc	83.06	51
17	Unity Bank Plc	25.18	27
18	Wema Bank	2.89	13
19	Zenith Bank	122.16	76
20	Suntrust Bank Ltd	1.85	2
	TOTAL	596.44	576

4.4 Industrial Production⁶

Activities in the industrial sector showed improvements during the fourth quarter of 2018, on account of expansion in the manufacturing activities due to increased employment, output and new orders in the manufacturing sub-sector. Slowdown in prices of input also contributed to increased activities. Thus, industrial production in the review quarter indicated a marginal increase over the level in the preceding quarter. At 119.1 (2010=100), the estimated index of industrial production in the review quarter, rose by 1.7 per cent above the level in the preceding quarter. The increase reflected, improved activities in all sub-sector of the industry.

The estimated index of manufacturing production in the fourth quarter of 2018, at 188.6 (2010=100), showed a marginal increase of 3.2 per cent, when compared with the level in the preceding quarter. Capacity utilisation was estimated at 55.0 per cent showing a marginal increase of 0.2 percentage point

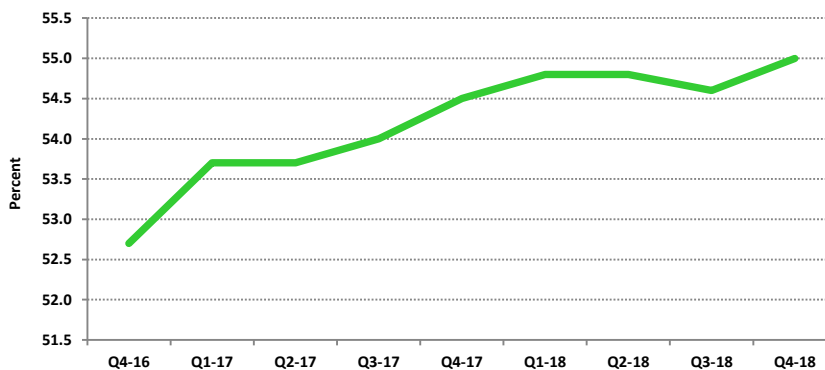
Industrial activities improved in the review quarter due to increased new orders and slowdown in input prices.

Industrial capacity utilisation stood at 55.0 per cent in the review quarter.

⁶ Indices are staff estimates and subject to changes and revision

over the level in the preceding quarter. The improvement was due to continued expansion in consumer demand and moderated input prices (Figure 11).

Figure 11: Manufacturing Capacity Utilization Rate



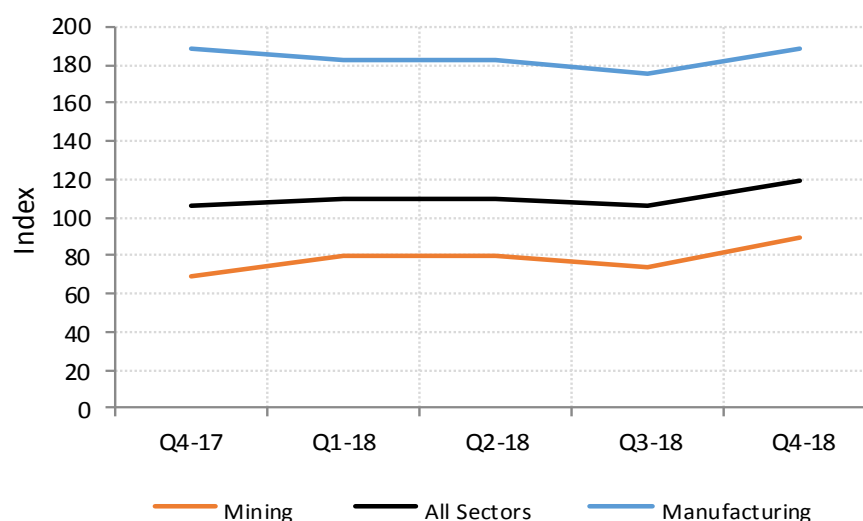
Source: Staff Estimate

At 89.1 (2010=100), the estimated index of mining production in the fourth quarter of 2018, rose by 0.1 per cent, above the level at end-September 2018. The rise reflected the improvement in crude oil and gas production (Figure 12, Table 12).

Electricity generation improved during the review quarter. At 2,735.0 mw/h, average estimated electricity generation rose by 1.15 per cent, when compared with the level at the end of the third quarter of 2018. The increase was attributed to the improved gas supply to thermal stations and higher water level at the hydro stations.

At 2,490.0 mw/h, average estimated electricity consumption rose by 1.14 per cent, above the level at the end of the preceding quarter. The increase in electricity consumption was attributed to increased electricity generation.

Average electricity generation and consumption improved in the review quarter.

Figure 12: Index of Industrial Production (2010=100) ⁷

Source: Staff Estimate

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

	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
All Sectors (1990=100)	106.80	109.70	105.30	105.90	119.10
Manufacturing	188.22	182.3	175.9	176.1	188.6
Mining	69.63	79.8	74	73.7	89.1
Capacity Utilisation (%)	54.50	54.80	54.40	54.60	55.00

Source: Staff Estimate

4.5 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, averaged 1.86 mbd or 171.12 million barrels (mb) during the review quarter. This represented an increase of 2.2 per cent, compared with 1.82 mbd or 167.44 million barrels at the end of the third quarter of 2018. The estimated increase in production was attributed, largely, to gains from sustained partnership with government and stakeholders in the Niger-Delta region and the security measures put in place to forestall production disruption and losses through pipeline vandalism.

Crude oil export averaged 1.41 mbd or 129.7 mb, representing an increase of 2.9 per cent above 1.37 mbd or 126.0 mb in the preceding quarter. Allocation of crude oil for domestic

Crude oil and natural gas production rose in the fourth quarter of 2018.

Crude oil export rose in Q4 2018.

⁷ Index measurement (2010=100) from first quarter 2015

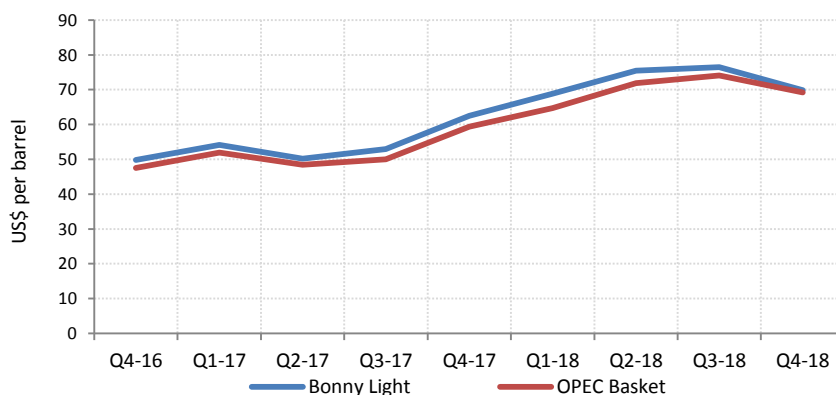
consumption was 0.45 mbd or 41.4 million barrels during the period under review.

The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), fell to US\$69.89/b in the fourth quarter 2018, from US\$76.50/b in the preceding quarter. This represented quarter-on-quarter decrease of 8.6 per cent. The fall in oil price was attributed mainly, to supply glut in the global market, particularly rising U.S. crude oil inventories. The UK Brent at US\$68.41/b, WTI at US\$53.59/b and the Forcados at US\$69.96/b exhibited similar trend as the Bonny Light.

Average crude oil prices, including Bonny Light (37° API) fell in the international crude oil market in Q4 2018,.

The average price of OPEC basket of fifteen selected crude streams was US\$67.98/b in the fourth quarter of 2018. This represented a decrease of 8.3 per cent below the level in the preceding quarter but an increase of 14.5 per cent above the level in the corresponding period of 2017 (Figure 13, Table 12).

Figure 13: Trends in Crude Oil Prices



Source: Reuters

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

	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Bonny Light	49.84	54.17	50.21	52.92	62.48	68.55	75.43	76.5	69.89
OPEC Basket	47.52	51.95	48.47	49.97	59.35	64.76	71.88	74.10	67.98

Source: Reuters

4.6 Consumer Prices⁸

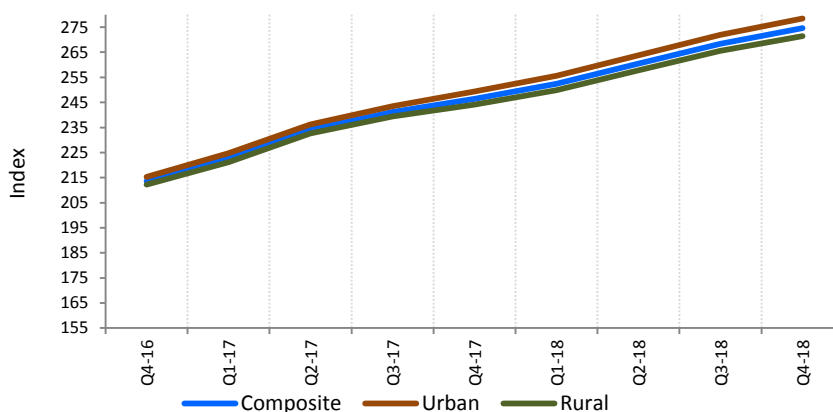
The all-items composite Consumer Price Index (CPI), at end-December 2018, was 274.6 (November 2009=100), indicating a 2.3 per cent and 11.4 per cent increase over the levels in the third quarter of 2018 and the corresponding period of 2017, respectively. The development was attributed to increase in both food and non-food categories.

The general price level increased in Q4 2018 over the level in the preceding quarter.

The urban All-items CPI (November 2009=100) was 278.5 at end-December 2018, representing 2.4 per cent and 11.7 per cent increase, compared with the levels at end-September 2018 and end-December 2017, respectively. The rural all-items CPI (November 2009=100), was 271.4 at end-December 2018, representing 2.2 per cent and 11.2 per cent increase, compared with the levels at end-September 2018 and the corresponding period of 2017, respectively (Figure 14, Table 14).

The composite food index (with a weight of 50.7 per cent in the CPI basket) was 296.6 at end-December 2018, compared with 289.0 and 261.0, at the end of the preceding quarter and the corresponding period of 2017, respectively. The price increase was attributed to hike in prices during the yuletide celebrations.

Figure 14: Consumer Price Index



Source: NBS

⁸ 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 18TH October 2010. All values are staff estimates.

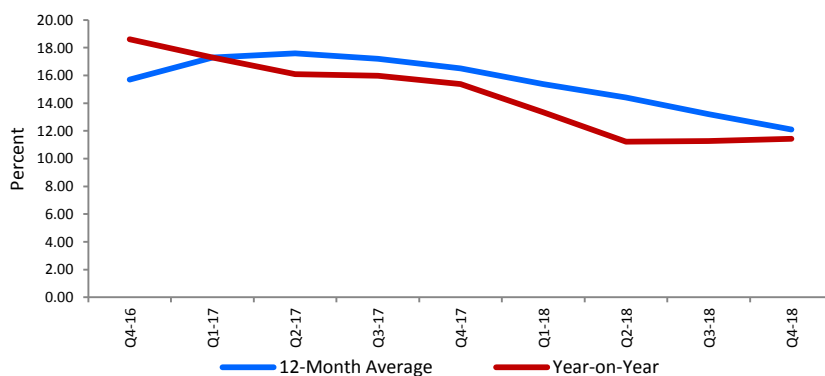
Table 13: Consumer Price Index (November 2009=100)

	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Composite	213.6	222.7	234.2	241.2	246.4	252.4	260.5	268.4	274.6
Urban	215.3	224.7	236.2	243.5	249.3	255.6	263.8	272	278.5
Rural	212.2	221.2	232.6	239.4	244.1	249.9	257.8	265.5	271.4

Headline inflation stood at 11.44 per cent at end-December 2018, compared with the 11.28 per cent and 15.37 per cent at the end of the preceding quarter and the corresponding period of 2017, respectively. This reflected the rise in prices of selected food items, fuel and lubricants for personal transport equipment and solid fuels, among others.

The headline inflation (y-o-y) stood at 11.44 per cent in Q4 2018.

The Twelve-Month Moving Average (12MMA) inflation for December 2018 stood at 12.10 per cent, compared with 13.20 per cent and 16.50 per cent in the preceding quarter and corresponding period of 2017, respectively (Figure 15, Table 15).

Figure 15: Inflation Rate

Source: NBS

Table 14: Headline Inflation Rate (%)

	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
12-Month Moving Average	15.70	17.30	17.60	17.20	16.50	15.60	14.40	13.20	12.10
Year-on-Year	18.60	17.26	16.10	15.98	15.37	13.34	11.23	11.28	11.44

Source: NBS

5.0 External Sector Developments⁹

Foreign exchange inflow through the CBN in the fourth quarter of 2018 rose by 12.3 per cent, while outflow fell by 13.8 per cent, relative to the levels in the third quarter of 2018. Total non-oil export proceeds received through banks rose by 22.5 per cent above the level at end-September 2018. The average exchange rate at the investors' and exporters' window, the BDC and the inter-bank segment of the foreign exchange market were ₦364.27/US\$, ₦362.52/US\$ and ₦306.70/US\$, respectively, in the review quarter. At US\$42.54 billion, the gross external reserves fell by 0.2 per cent, compared with the level at end-September 2018.

5.1 Foreign Exchange Flows

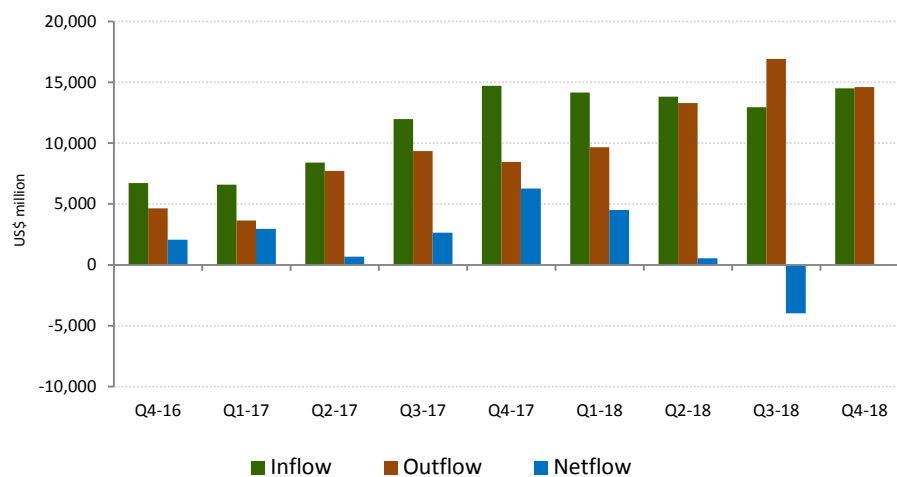
Favourable international price and increased domestic production of crude oil strengthened the external sector in the fourth quarter of 2018. Consequently, aggregate foreign exchange inflow through the CBN amounted to US\$14.51 billion, and indicated 12.3 per cent and 1.3 per cent increase over the levels in the preceding quarter and the corresponding period of 2017, respectively. The increase reflected the rise in both oil and non-oil receipts, including proceeds from government debts, TSA, third party receipts, interest on reserves and investments, unutilised funds from foreign exchange transactions, unutilised IMTO funds and other official receipts.

Foreign exchange inflow through the CBN rose, while outflow decreased, resulting in a net outflow of US\$0.09 billion in Q4 of 2018.

Aggregate outflow through the CBN, fell to US\$14.60 billion, from US\$16.94 billion in the fourth quarter of 2018, but increased above the US\$8.38 billion recorded in the corresponding period of 2017. The decline in outflow relative to the preceding quarter, reflected the fall in inter-bank utilisation, external debt service, forex special payment and SDR charges. Overall, a net outflow of US\$0.09 billion was recorded through the Bank, compared with US\$4.02 billion in the preceding quarter and a net inflow of US\$5.94 billion in the corresponding period of 2017, respectively (Figure 16, Table 15).

⁹ Data on foreign exchange flows through the CBN and the Economy, as well as foreign exchange utilisation 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)

	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Inflow	6,597.73	9,355.29	11,984.05	14,708.45	14,159.09	13,822.78	12,949.01	14,512.91
Outflow	3,646.89	9,048.62	9,343.06	8,444.27	9,652.66	13,290.53	16,931.36	14,600.13
Netflow	2,950.84	306.67	2,640.99	6,264.18	4,506.43	532.25	(3,982.36)	(87.22)

Source: CBN

Aggregate foreign exchange inflow into the economy amounted to US\$27.64 billion at end-December 2018, indicating an increase of 2.8 per cent and 7.1 per cent, above the levels in the preceding quarter and the corresponding period of 2017, respectively. The development was as a result of the 12.3 per cent increase in inflow through the Central Bank of Nigeria. Oil sector receipts, which accounted for US\$3.02 billion, indicated a decrease of 14.5 per cent below the level at the end of preceding quarter but an increase of 9.2 per cent above the level at the end of the corresponding period of 2017.

Non-oil public sector inflow, at US\$11.49 billion (41.6 per cent of the total), rose by 22.5 per cent above the level at the end of the third quarter of 2018, but declined by 0.6 per cent, below the level in the corresponding period of 2017. Autonomous inflow, at US\$13.13 billion, fell by 6.1 per cent and 14.8 per cent below the levels at the end of the preceding quarter and the corresponding period of 2017, respectively.

Autonomous inflow into the economy fell by 6.1 per cent in Q4 2018.

Inflow from autonomous sources accounted for 47.5 per cent of the total.

At US\$15.54 billion, aggregate foreign exchange outflow from the economy fell by 12.7 per cent below the level in the preceding quarter, but was 69.0 per cent higher than the level in the corresponding period of 2017. The development, relative to the preceding quarter was driven, mainly, by 13.8 per cent decline in outflow through the CBN. Thus, foreign exchange flows through the economy resulted in a net inflow of US\$12.10 billion in the review quarter, compared with US\$9.09 billion and US\$20.54 billion in the preceding quarter and the corresponding period of 2017, respectively.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings received through the banks during the review period amounted to US\$1.16 billion, representing an increase of 1.5 per cent and 85.9 per cent above the levels in the preceding quarter and the corresponding quarter in 2017, respectively. The development was due, mainly, to the respective increases of 39.1 per cent, 3.7 per cent and 2.5 per cent in earnings from foods products, industrial, and minerals sub-sectors. A breakdown by sectors showed that proceeds were: minerals, (US\$657.80 million); manufactured products, (US\$195.65 million); agricultural sector, (US\$164.74 million); industrial sector, (US\$109.51 million); and food products, (US\$36.43 million).

Total non-oil export earnings by exporters rose in Q4 2018.

The percentage shares of minerals, manufactured products, agricultural products, industrial sector and food products in the total non-oil export proceeds were 56.5 per cent, 16.8 per cent, 14.2 per cent, 9.4 per cent and 3.1 per cent, respectively.

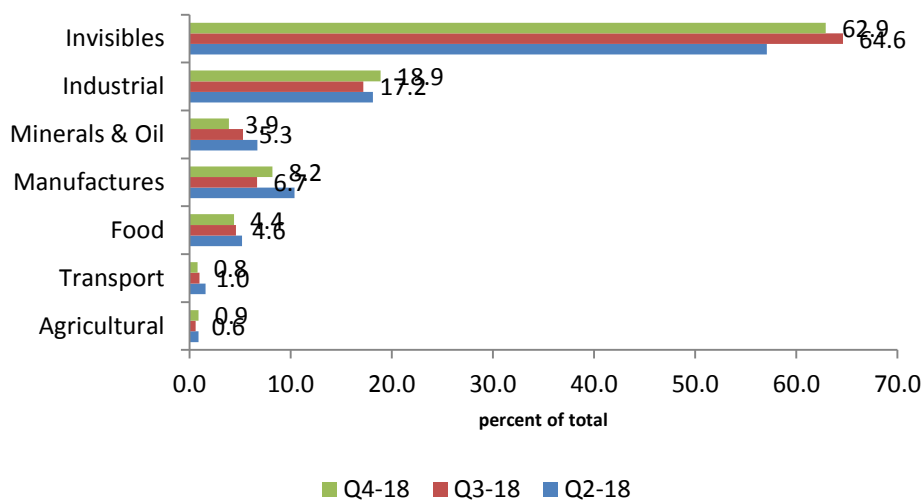
5.3 Sectoral Utilisation of Foreign Exchange

Aggregate sectoral foreign exchange utilisation in the fourth quarter of 2018 was estimated at US\$8.21 billion, indicating 31.4 per cent and 2.2 per cent decrease below the levels at the end of the third quarter of 2018 and the corresponding period of 2017, respectively. The invisible sector accounted for the bulk (62.9%) of total foreign exchange disbursed in the review quarter, followed by the industrial sector (18.9%). Others were: manufactured products, 8.2 per cent; food

The invisible sector accounted for the bulk of the total foreign exchange disbursed in Q4 2018.

products, 4.4 per cent; minerals and oil, 3.9 per cent; agricultural sector, 0.7 per cent; and transport, 1.0 per cent (Figure17).

Figure17: Sectoral Utilisation of Foreign Exchange



Source: CBN

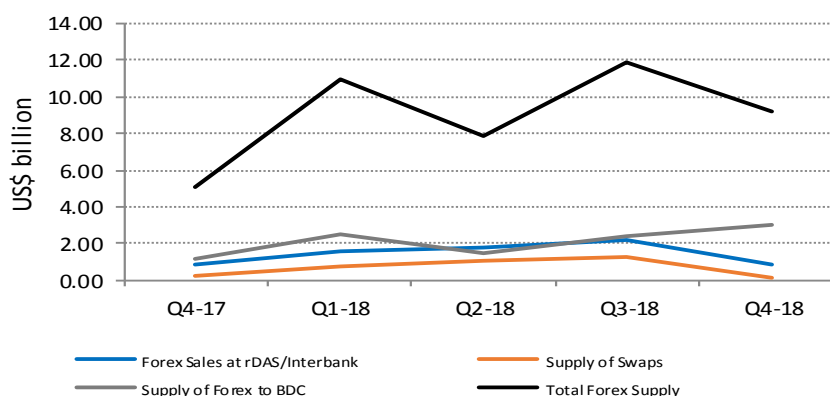
5.4 Foreign Exchange Market Developments

A total of US\$9.18 billion was sold by the CBN to authorised dealers in the fourth quarter of 2018. This represented 16.1 per cent decline below the level in the third quarter of 2018, but was 80.6 per cent above the level in the corresponding period of 2017. The development, relative to the preceding quarter reflected the decline in inter-bank sales and swaps transactions in the review quarter.

Of the total, foreign exchange forwards disbursed at maturity was US\$3.15 billion (34.3 per cent); sales to BDCs, US\$2.98 billion (32.5 per cent); I&E window, US\$2.09 billion (22.8 per cent); interbank sales, US\$0.82 billion (8.7 per cent); and swaps transactions, US\$0.13 billion (1.5 per cent).

Supply for foreign exchange by authorized dealers fell in Q4 2018.

Figure 18: Supply of Foreign Exchange



Source: CBN

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

	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Forex Sales at rDAS/Interbank	0.90	1.58	1.80	2.16	0.82
Supply of Swaps	0.19	0.74	1.04	1.23	0.13
Supply of Forex to BDC	1.19	2.55	1.50	2.41	2.98
Forward	2.80	6.11	3.47	3.24	3.15
Total Forex Supply(BDC and rDAS)	5.08	10.97	7.89	11.88	9.18

Source: CBN

The CBN sustained its interventions at both the inter-bank and the BDC segments of the foreign exchange market in the review quarter. However, the average exchange rate of the naira vis-à-vis the US dollar at the inter-bank segment depreciated by 0.2 per cent to ₦306.70/US\$, relative to the level at end-September 2018. Similarly, at the BDC segment, the average exchange rate, depreciated by 0.9 per cent and 0.01 per cent below the levels in the preceding quarter and corresponding period of 2017 to ₦362.42/US\$.

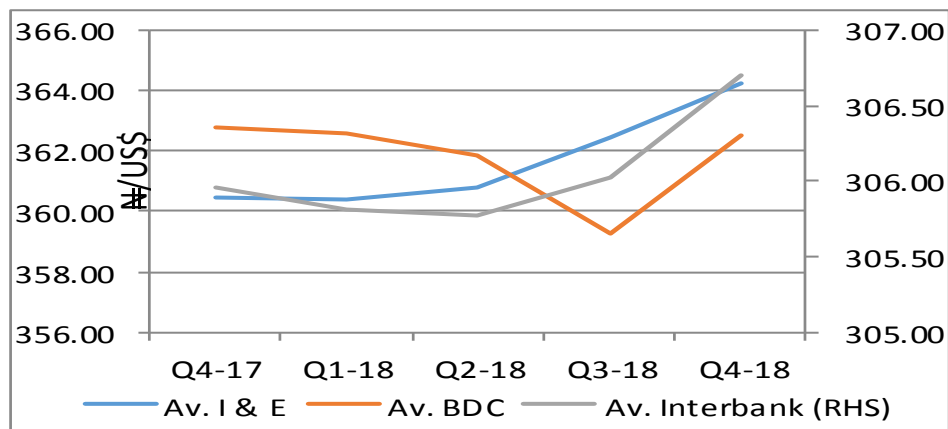
The average naira exchange rate vis-à-vis the US dollar depreciated at the inter-bank segment, BDC segment and I&E Window in Q4 2018.

At the I&E window segment, the average exchange rate stood at ₦364.27/US\$, representing 0.5 per cent and 1.0 per cent depreciation relative to the levels in the preceding quarter and the corresponding period of 2017, respectively.

Consequently, the premium between the average inter-bank and BDC rates widened by 0.8 percentage points in the review quarter, from 18.2 percentage points at the end of the fourth quarter of 2018, but the spread between the average exchange rates at the Investors' and Exporters' window and

the BDC segment narrowed further to 0.5 per cent, from 0.9 per cent at the end of the preceding quarter (Figure 19, Table 18).

Figure 19: Average Exchange Rate Movements



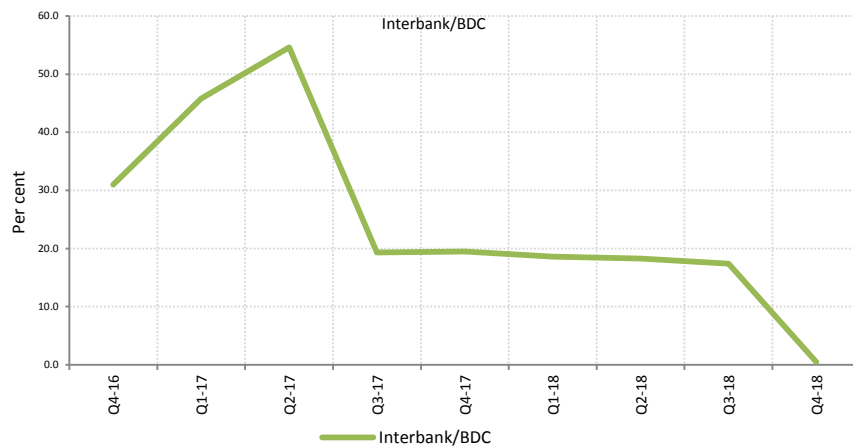
Source: CBN

Table 17: Exchange Rate Movements and Exchange Rate Premium

Average Exchange Rate (N/US\$)	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Investors and Exporters Window	N/A	N/A	376.81	362.15	360.47	360.38	360.80	362.49	364.27
BDC	445.03	472.49	379.05	365.56	362.83	362.63	361.84	359.27	362.52
Interbank	305.21	305.64	305.76	305.81	305.96	305.81	305.77	306.03	306.70
Premium (%)									
I&E/Interbank	N/A	N/A	N/A	N/A	N/A	N/A	18.0	18.4	18.3
BDC/Interbank	31.00	45.80	54.60	19.30	19.50	18.59	18.30	17.40	0.50

Source: CBN

Figure 20: Exchange Rate Premium



Source: CBN

5.5 Gross Official External Reserves

Gross external reserves was US\$42.54 billion at end-December 2018. This indicated a decline of 0.2 per cent below the level in the third quarter of 2018. The external reserves position would cover 6.3 months of import of goods and services or 10.1 months of import of goods only, based on the estimated value of import for the fourth quarter of 2018. A breakdown of the official external reserves by ownership showed that CBN reserves stood at US\$35.27 billion (82.9 per cent), Federal Government reserves, US\$6.79 billion (16.0 per cent) and the Federation reserves, US\$0.48 billion (1.1 per cent) (Figure 21, Table 19).

Gross external reserves rose during the fourth quarter of 2018.

Figure 21: Gross Official External Reserves

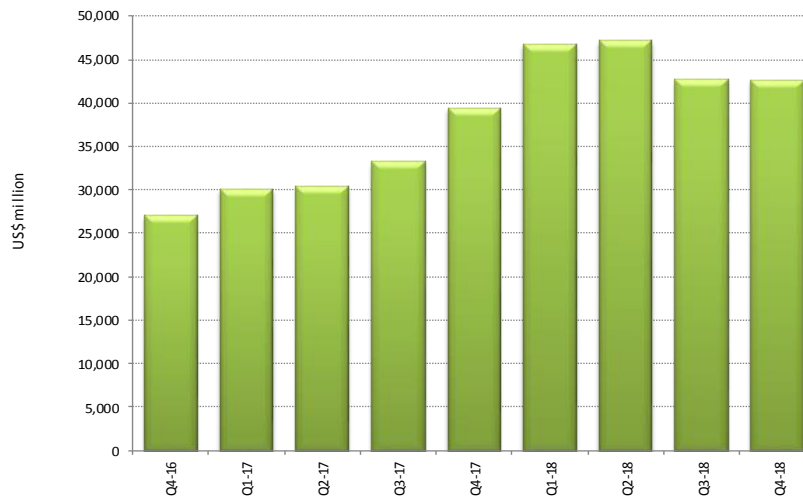


Table 18: Gross Official External Reserves (US\$ million)

	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
External Reserves	33,159.7	39,353.5	46,730.5	47,157.9	42,609.0	42,542.82

6.0 Global Economic Conditions

6.1 Global Output

Global growth was estimated at 3.7 percent for 2018, same as was for 2017. This was due to a weaker outlook for some key emerging market and developing economies, arising from country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills.

Growth in advanced economies, was estimated at 2.4 per cent in 2018 compared with 2.3 per cent in 2017. The United States economy, was projected to peak at 2.9 percent compared with 2.2 per cent in 2017. This was supported by the procyclical Fiscal Stimulus after eight consecutive years of expansion and still-loose financial conditions (despite expected monetary tightening). In the Euro area, growth gradually slowed further to 2.0 per cent compared with 2.4 per cent in 2017.

In the emerging market and developing economies, growth was estimated to remain steady at 4.7 percent in 2018 when compared with the figure in 2017. The growth prospects of many energy exporting economies were boosted by higher oil prices, but growth was revised downward for Argentina, Brazil, Iran, and Turkey, among others, reflecting country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills. Growth in China was estimated at 6.6 percent in 2018, reflecting slowing external demand growth and necessary financial regulatory tightening.

In sub-Saharan Africa, Growth was on the mend, with the region's average growth projected to rise to 3.1 percent in 2018 from 2.7 per cent in 2017. The increase was attributed to stronger global growth, higher commodity prices, and improved capital market access, following efforts to improve fiscal balances in the aftermath of the commodity price slump. Growth performance varied, however, across countries in Africa on the backdrop of improved prospects for the largest economy, Nigeria. Nigeria's growth was projected to increase from 0.8 percent in 2017 to 1.9 percent in 2018.

6.2 Global Inflation

In advanced economies, inflation was generally projected at 2.0 percent in 2018, up from 1.7 percent in 2017. The United States, headline consumer price inflation was projected to increase to 2.4 per cent in 2018, from 2.1 per cent in 2017.

In the Euro Area, inflation was estimated to be 1.7 percent in 2018 and 2019. With the recovery boosting growth above

potential for 2018, core inflation was expected to increase to 1.2 per cent in 2018, up from 1.1 per cent in 2017. The core harmonized index of consumer prices was projected to increase slowly to 2 percent by 2022, given a strong backward-looking element in the euro area inflation process.

In emerging markets and developing economies, inflation in China was expected to pick up to 2.2 per cent in 2018, up from 1.6 per cent in 2017, and to about 3.0 percent over the medium term, driven by higher food and energy prices. Inflation in India is on the rise, estimated at 4.7 per cent in fiscal year 2018, compared with 4.5 per cent in fiscal year 2017, amid accelerating demand and rising fuel prices. In South Africa, inflation moderated to 4.8 per cent in 2018 from 5.3 per cent in 2017 with the easing of drought conditions. In Nigeria and Angola, tighter monetary policy and moderation in food price increases, contributed to tapering inflation. In Nigeria, inflation was projected to fall to 12.4 per cent in 2018, from 16.5 per cent in 2017, while in Angola, it was projected to fall to 20.5 per cent in 2018 from 29.8 per cent in 2017.

6.3 Global Commodity Demand and Prices

Global crude oil supply in the review quarter was estimated at 99.99 mbd, representing 0.6 per cent increase above the level in the preceding quarter. World crude oil demand was estimated at an average of 99.98 mbd, indicating a 0.7 per cent increase above the level in the third quarter of 2018.

The average price of OPEC Reference Basket (ORB) of 15 selected crude streams was US\$67.98/b in the fourth quarter of 2018, and represented 8.3 per cent decrease below the level in the preceding quarter. The decrease in oil price was attributed to slowing global economic momentum amid US-China trade tensions and the prospect of lower growth in global oil demand.

6.4 International Financial Markets

Developments in the international stock markets were generally mixed in the fourth quarter of 2018. In North America, the United States S&P 500, Canada S&P/TSX Composite and Mexico bolsa (IPC) decreased by 8.2 per cent, 5.8 per cent and 0.9 per cent, respectively. In South America, the Argentine Marvel and Brazilian Bovespa and the

Colombian COLCAP indices decreased by 9.8 per cent, 2.7 per cent and 5.8 per cent, respectively.

In Europe, the UK FTSE 100, the France CAC 40, and German DAX indices decreased by 0.8 per cent, 2.5 per cent, and 1.3 per cent, respectively. Similarly, in Asia, Japan's Nikkei 225, and China's Shanghai indices decreased by 6.9 per cent and 3.4 per cent, respectively, while the India's BSE Sensex increased by 0.2 per cent.

In Africa, the South African JSE African AS and the Egypt EGX CSE 30 increased by 0.8 per cent and 6.7 per cent, while the Nigerian ASI, Kenya Nairobi NSE 20, and the Ghanaian GSE All share decreased by 0.3 per cent, 2.3 per cent and 2.7 per cent respectively, in the review period.

In the foreign exchange market, twelve (12) out of the sixteen (16) currencies surveyed depreciated against the US dollar in the fourth quarter of 2018, reflecting continued sluggish recovery of global output, decline in commodity prices and investor appetite for dollar-denominated assets. A summary of developments in the foreign exchange market were as follows:

- **Africa:** The Nigerian naira, South African rand, Kenyan shillings and Ghanaian cedi all depreciated by 0.2 per cent, 1.7 per cent, 0.9 per cent and 1.5 per cent, respectively. The depreciation was attributed in part to declining external reserves and sustained capital reversals in response to higher yields in advanced countries and partly to reduced output growth. The Egyptian pound, appreciated by 0.1 per cent, on account of increased foreign direct investments, diaspora remittances and inflows from export earnings.
- **North America:** The Canadian dollar and Mexican peso both depreciated by 5.1 per cent and 4.6 per cent, respectively.
- **South America:** The Brazilian real and Argentine peso appreciated by 4.4 per cent and 9.7 per cent, respectively, while the Colombian peso depreciated by 8.6 per cent.

- **Europe:** The British pound, the euro and the Russian ruble depreciated by 1.6 per cent, 0.9 per cent and 5.9 per cent, respectively.
- **Asia:** The, Chinese Yuan and Indian rupee depreciated by 5.4 per cent and 8.5 per cent, respectively, while the Japanese yen appreciated by 2.4 per cent.

6.5 Other International Economic Developments and Meetings

Other major international economic developments and meetings of importance to the domestic economy in the fourth quarter of 2018 included: the ECOWAS sub-committee meeting on monetary and exchange rate policy held in Lome, Togo from October 1 – 3, 2018. The meeting brought together representatives from the Central Bank of Nigeria (CBN), the Bank of Ghana (BoG), the Central Bank of the Republic of Guinea (BCRG), the West African Monetary Agency (WAMA) and the West African Monetary Institute (WAMI). At the end of the meeting, the Sub-committee was tasked by the Committee of Governors of ECOWAS Member States with the responsibility of:

- Determining the choice of an appropriate monetary policy framework and exchange rate regime for the future ECOWAS Central Bank; and
- Defining the modalities for carrying out the assignment, as well as determining the scope of work and responsibilities of the member central banks and regional institutions for the conduct of some studies.

The 54th Ordinary Session of the Authority of Heads of States and Government of the Economic Community of West African States (ECOWAS) convened on December 22, 2018 in Abuja, Nigeria. The Meeting noted the following:

- The improvement in the growth forecast from 2.3 per cent to 3.0 per cent, which resulted from the accelerated growth noted in several countries of the community, as well as, the consolidated economic recovery in Nigeria;

- The level of progress made in the implementation of the ECOWAS Single Currency programme.
- The report of the President of the Commission on the status of implementation of the directives issued at its 53rd Session held on July 31, 2018 in Lome, Togo and the relevant recommendations made to provide the region with a stable monetary union;
- The need for member States to continue to diversify their economies and implement specific policies to support economic growth-oriented sectors; and
- Welcomed results achieved by the Ministerial Committee on the single currency programme and the Committee of Governors of the ECOWAS Central Banks.

Furthermore, the 2018 Annual Meetings of the Board of Governors of the World Bank Group (WBG) and the International Monetary Fund (IMF) were held in Bali, Indonesia from October 8 – 14, 2018. Also, sideline meetings of the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Developments were held during the period.

The G24 Ministers expressed concern that while the recovery of global growth continued, growth among emerging and developing economies was becoming increasingly uneven;

The Ministers strongly called for international cooperation to foster a rule-based, open, transparent, non-discriminatory and equitable multilateral trading system, with the World Trade Organisation at its center;

They further expressed concern on the rising debt vulnerabilities and called on the IMF and WBG to strengthen their support for domestic resource mobilisation, combating illicit financial flows and mitigating the adverse social and distributional impact of fiscal adjustment, among others;

The International Monetary and Finance Committee (IMFC) noted that, advancing financial and structural reforms were critical to lifting potential growth, employment and strengthening resilience, while effectively assisting those bearing the cost of adjustment. The Committee pledged to

monitor and, as necessary, tackle financial vulnerabilities and emerging risks, through continued regulatory cooperation and avoid fragmentation;

The Development Committee (DC) supported the role the WBG could play in helping countries find new pathways to sustainable and inclusive growth by building the foundations of the digital economy, boosting the capacity of people, firms and institutions, and brokering technology solutions.

In addition, the Sub-committee on Monetary and Exchange Rate Policy in ECOWAS was held in Lome, Togo from October 1 – 3, 2018. The Sub-committee was tasked by the Committee of Governors of ECOWAS Member States with the responsibility of determining the choice of an appropriate monetary policy framework and exchange rate regime for the future of ECOWAS Central Bank. Subsequently, the Sub-committee met to define the modalities for carrying out the assignment, determine the scope of work and articulate the responsibilities of the Member Central Banks and regional institutions.

Finally, a team from Moody's Ratings Agency, led by Mr. Aurelien Mali visited the Central Bank of Nigeria (CBN) on November 8, 2018, with the objective of reviewing Nigeria's 2018 macroeconomic performance following the last exercise carried out in 2017. The discussions focused on Macroeconomic Developments, External Reserves, Balance of Payments and Exchange Rate Management. Moody's team were informed that:

- Total external reserves stood at US\$40.65 billion at end-October 2018;
- The current operations around exchange rate windows were measures designed to stabilize the FX market; and
- Following the recovery from the recession, the financial sector had been resilient as a result of the adoption of a strict supervision methodology (risk-based supervision).

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
	<i>₦ billion</i>					
Domestic Credit (Net)	26,985.30	25,863.30	8,683.90	25,568.20	26,408.42	27,594.15
<i>Claims on Federal Government (Net)</i>	4,963.40	3,640.93	4,930.75	3,286.30	3,440.99	4,867.58
Central Bank (Net)	(137.90)	(353.56)	1,643.93	23,409.80	(91.46)	342.21
Banks	5,101.30	3,994.49	3,286.82	3,262.90	3,532.45	4,525.37
<i>Claims on Private Sector</i>	22,021.90	22,290.66	22,363.23	22,281.90	22,967.43	22,726.57
Central Bank	5,532.60	5,870.69	6,258.21	6,420.40	6,431.58	6,574.67
Banks	16,489.30	15,515.56	15,129.61	15,861.50	16,535.85	16,151.89
<i>Claims on Other Private Sector</i>	20,737.40	20,718.30	20,466.19	20,489.00	21,173.75	21,128.07
Central Bank	4,967.10	5,202.74	5,336.57	5,599.80	5,730.19	5,873.28
Banks	15,770.30	15,515.56	15,129.60	14,889.20	15,443.56	15,254.79
<i>Claims on State and Local Government</i>	1,257.10	1,544.83	1,631.93	1,628.80	1,341.87	1,553.64
Central Bank	538.10	640.43	656.53	656.50	656.53	656.53
DMBs	719.00	904.40	975.40	972.30	685.34	897.11
<i>Claims on Non-financial Public Enterprises</i>	--	--	'--	'--	'--	'--
Central Bank	--	--	'--	'--	'--	'--
DMBs	--	'--	'--	'--	'--	'--
Foreign Assets (Net)	10,050.50	15,520.76	16,316.80	18,337.50	18,815.94	18,397.82
Central Bank	9,870.20	15,134.60	15,918.20	17,844.10	18,277.81	18,181.45
DMBs and Non Interest Banks	180.30	386.10	398.70	493.50	538.13	216.37
Other Assets (Net)	(7,190.60)	(10,294.80)	(10,463.70)	(10,091.00)	(14,373.29)	(12,570.23)
Money Supply (M3)	29,845.20	31,157.60	33,147.10	33,814.70	30,851.05	33,421.74
Quasi-Money 1/	11,889.80	12,965.10	13,390.40	14,112.90	14,802.98	15,327.69
Money Supply (M1)	10,064.30	11,175.60	11,034.00	10,701.10	10,757.68	11,751.14
<i>Currency Outside Banks</i>	1,435.30	1,782.70	1,668.40	1,519.90	1,601.88	1,913.24
<i>Demand Deposits 2/</i>	8,628.90	9,392.90	9,365.60	9,181.20	9,155.79	9,837.90
Money Supply (M2)	21,954.00	24,140.60	24,424.40	24,814.00	25,560.66	27,078.83
CBN Bills held by Non-Bank Sectors	7,891.30	7,016.90	8,722.70	9,000.70	5,290.39	6,342.91
Money Supply (M3)	29,845.20	31,157.60	33,147.10	33,814.70	30,851.05	33,421.74
<i>Memorandum Items:</i>						
Reserve Money (RM)	5,559.80	6,484.30	6,755.70	6,360.50	6,802.56	7,135.73
<i>Currency in Circulation (CIC)</i>	1,781.10	2,157.20	2,039.30	1,900.70	1,926.38	2,329.71
Banks' Deposit with CBN	3,778.70	4,327.10	4,716.40	4,459.80	4,876.17	4,806.02

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)

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Nov-18
	<i>Percentage Change Over Preceding Quarter</i>					
Domestic Credit (Net)	-0.9	-3.9	5.25	-6.32	3.3	4.5
<i>Claims on Federal Government (Net)</i>	-5.47	-26.64	35.43	-33.35	4.7	41.5
<i>Claims on Private Sector</i>	0.16	1.22	0.33	-0.36	3.1	-1.1
<i>Claims on Other Private Sector</i>	-0.17	-0.09	-1.22	0.11	5.3	-2.1
<i>Claims on State and Local Government</i>	6.51	22.89	5.64	-0.19	-17.6	15.8
<i>Claims on Non-financial Public Enterprises</i>						
Foreign Assets (Net)	18.70	54.43	5.13	12.38	2.6	-2.2
Other Assets (Net)	-2.64	43.17	-1.64	-3.56	-1.3	-12.5
Money Supply (M3)	5.39	4.4	6.39	2.01	5.1	8.3
Quasi-Money 1/ Money Supply (M1)	0.8	9.0	3.28	5.4	4.9	3.5
<i>Currency Outside Banks</i>	1.24	11.04	-1.27	-3.02	0.5	9.2
<i>Demand Deposits 2/</i>	-2.83	24.2	-6.41	-8.9	5.4	19.4
Total Money Assets (M2)	-0.97	8.85	-0.29	-1.97	-0.3	7.5
CBN Bills held by Non-Bank Sectors	-0.12	9.96	1.18	1.6	3	5.9
Money Supply (M3)	24.49	-11.08	24.31	3.19	16.8	19.9
Money Supply (M3)	5.39	4.4	6.39	2.01	5.1	8.3
<i>Memorandum Items:</i>						
Reserve Money (RM)	1.45	16.63	4.19	-5.85	7	4.9
<i>Currency in Circulation (CIC)</i>	-4.9	21.12	-5.47	-6.8	1.4	20.9
<i>DMBs Demand Deposit with CBN</i>	4.77	15.51	14.43	-2.53	9.3	-10.5
	<i>Percentage Change Over Preceding December</i>					
Domestic Credit (Net)	0.48	-3.45	5.25	-1.4	1.8	6.4
<i>Claims on Federal Government (Net)</i>	1.8	-25.32	35.43	-9.74	-5.4	33.8
<i>Claims on Private Sector</i>	0.18	1.4	0.33	-0.04	3	2
<i>Claims on Other Private Sector</i>	-1.1	-1.19	-1.22	-1.11	2.2	12
<i>Claims on State and Local Governments</i>	27.04	56.12	5.64	5.44	-13.1	-1.6
<i>Claims on Non-financial Public Enterprises</i>						
Foreign Asset (Net)	6.4	9.85	69.63	5.13	21.2	18.5
Other Asset (Net)	5.9	4.2	-37.16	-1.64	12.5	1.7
Money Supply (M3)	3.48	4.71	9.32	6.39	7.6	16.6
Quasi-Money 1/ Money Supply (M1)	-2.9	-3.49	5.23	3.28	14.2	18.2
<i>Currency Outside Banks</i>	-12.3	-10.71	-0.85	-1.27	-3.7	5.2
<i>Demand Deposits 2/</i>	-16.4	-21.15	-2.07	-6.41	-10.1	7.3
Money Supply (M2)	-11.5	-8.7	-0.62	-0.29	-2.5	4.7
CBN Bills held by Non-Bank Sectors	-7.4	-6.94	2.33	1.18	5.9	12.2
Money Supply (M3)	55.7	60.71	42.91	24.31	16.8	40.1
Money Supply (M3)	3.48	4.71	9.32	6.39	7.6	16.6
<i>Memorandum Items:</i>						
Reserve Money (RM)	-6.2	-4.93	10.88	4.19	4.9	10.1
<i>Currency in Circulation (CIC)</i>	-14.3	-18.27	-1.01	-5.47	-10.7	8
<i>DMBs Demand Deposit with CBN</i>	-1.4	3.0	17.94	9.00	12.70	11.10

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.

*All figures are provisional and subject to changes

Table A3: Federal Government Fiscal Operations (₦ billion)

	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Retained Revenue	748.56	884.88	1,125.31	1,035.72	916.44
<i>Federation Account</i>	637.73	758.47	767.48	824.40	828.66
<i>VAT Pool Account</i>	36.50	38.89	38.02	40.28	39.80
<i>FGN Independent Revenue</i>	35.80	72.05	147.58	55.95	12.58
<i>Excess Crude</i>	24.24	14.10	-	-	32.08
<i>Others</i>	14.30	1.37	172.24	115.09	3.32
Expenditure	1,956.94	2,015.60	1,630.11	1,890.80	1,826.85
<i>Recurrent</i>	1,379.91	1,394.33	1,284.06	1,585.33	1,604.58
<i>Capital</i>	463.98	507.16	231.93	191.36	108.15
<i>Transfers</i>	114.06	114.11	114.11	114.11	114.11
Overall Balance: Surplus(+)/Deficit(-)	(1,208.38)	(1,130.72)	(504.80)	(855.08)	(910.41)

**All figures are provisional and subject to changes*

