



**CENTRAL BANK OF NIGERIA**

***ECONOMIC REPORT  
FEBRUARY 2018***

The Central Bank of Nigeria 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.

Subscription to the Economic Report is available without charge to institutions, corporations, embassies and development agencies. Individuals, on written request, can obtain any particular issue without a charge. Please direct all inquiries on the publication to the Director of Research, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.

The Economic Reports can also be freely downloaded from the CBN website: [www.cbn.gov.ng](http://www.cbn.gov.ng)

## *Contents*

1.0	Summary.....	1
2.0	Financial Sector Developments .....	3
2.1	Monetary and Credit Developments .....	3
2.2	Currency-in-Circulation (CIC) and Deposits at the CBN.....	5
2.3	Money Market Developments .....	5
2.3.1	<i>Interest Rate Developments</i> .....	6
2.3.2	<i>Commercial Paper (CP)</i> .....	7
2.3.3	<i>Bankers' Acceptances (BAs)</i> .....	7
2.3.4	<i>Open Market Operations</i> .....	7
2.3.5	<i>Primary Market</i> .....	8
2.3.6	<i>Bonds Market</i> .....	8
2.3.7	<i>CBN Standing Facilities</i> .....	8
2.4	Deposit Money Banks' Activities.....	9
2.5	Capital Market Developments .....	10
2.5.1	<i>Secondary Market</i> .....	10
2.5.2	<i>Over-the-Counter (OTC) Bonds Market</i> .....	10
2.5.3	<i>New/Supplementary Issues Market</i> .....	10
2.5.4	<i>Market Capitalisation</i> .....	11
2.5.5	<i>NSE All-Share Index</i> .....	11
3.0	Fiscal Operations .....	13
3.1	Federation Account Operations.....	13
3.2	The Fiscal Operations of the Three Tiers of Government.....	15
3.2.1	<i>The Federal Government</i> .....	16
3.2.2	<i>Statutory Allocations to State Governments</i> .....	17
3.2.3	<i>Statutory Allocations to Local Government Councils</i> .....	17
4.0	Domestic Economic Conditions .....	19
4.1	Agricultural Sector .....	19
4.2	Agricultural Credit Guarantee Scheme .....	19
4.3	Commercial Agriculture Credit Scheme.....	20
4.4	Petroleum Sector .....	20

4.5	Consumer Prices .....	22
5.0	External Sector Developments .....	25
5.1	Foreign Exchange Flows .....	25
5.2	Non-Oil Export Earnings by Exporters.....	27
5.3	Sectoral Utilisation of Foreign Exchange .....	27
5.4	Foreign Exchange Market Developments .....	28
5.5	Gross External Reserves .....	30
6.0	Other International Economic Developments and Meetings .....	31

### ***Text Tables***

Table 1: Growth in Monetary and Credit Aggregates.....	5
Table 2: Selected Interest Rates .....	7
Table 3: Traded Securities on the Nigerian Stock Exchange.....	10
Table 4: New and Supplementary Listing on the Nigerian Stock Exchange .....	10
Table 5: Aggregate Market Capitalisation and All Share Index .....	11
Table 6: Gross Federation Account Revenue .....	13
Table 7: Components of Gross Oil Revenue .....	14
Table 8: Components of Gross Non-Oil Revenue.....	15
Table 9: Federal Government Fiscal Operations.....	16
Table 10: Statutory Allocation to State Governments and Local Government Councils.....	18
Table 11: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACs) .....	20
Table 12: Average Crude Oil Prices in the International Oil Market.....	21
Table 13: Consumer Price Index.....	22
Table 14: Headline Inflation Rate .....	23
Table 15: Foreign Exchange Flows Through the CBN .....	26
Table 16: Supply of Foreign Exchange .....	29
Table 17: Exchange Rate Movements.....	29
Table 18: Gross Official External Reserves.....	30

### ***Appendix Tables***

Table A1: Money and Credit Aggregates.....	37
Table A2: Money and Credit Aggregates (Growth Rates).....	38
Table A3: Federal Government Fiscal Operations .....	39

**Figures**

Figure 1: Growth Rate of Narrow Money ( $M_1$ ) and Broad Money ( $M_2$ ).....	3
Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy .....	4
Figure 3: Selected DMBs Interest Rates (Average).....	7
Figure 4: Volume and Value of Traded Securities .....	10
Figure 5: Market Capitalisation and All-Share Index .....	11
Figure 6: Components of Gross Federally-Collected Revenue .....	13
Figure 7: Gross Oil Revenue and Its Components .....	14
Figure 8: Gross Non-Oil Revenue and Its Components.....	15
Figure 9: Federal Government Retained Revenue .....	16
Figure 10: Federal Government Expenditure.....	17
Figure 11: Trends in Crude Oil Prices.....	21
Figure 12: Consumer Price Index.....	22
Figure 13: Inflation Rate .....	23
Figure 14: Foreign Exchange Flows Through the CBN .....	26
Figure 15: Sectoral Utilisation of Foreign Exchange .....	28
Figure 16: Supply of Foreign Exchange .....	28
Figure 17: Average Exchange Rate Movements .....	29
Figure 18: Gross Official External Reserves.....	30



## 1.0 Summary<sup>1</sup>

The Bank sustained its non-expansionary monetary policy stance in January, 2018. Consequently, broad money supply ( $M_2$ ), fell by 0.7 per cent to ₦23,831.9 billion, from the level at end-December 2017, on account of the 0.1 per cent and 1.5 per cent decline in domestic credit (net) and other assets (net) of the banking system, respectively. Narrow money supply ( $M_1$ ), at ₦10,779.9 billion, fell by 2.3 per cent at end-January 2018, due to the fall in both currency outside banks and demand deposits components, respectively.

Money market rates were generally stable and moved in tandem with the level of liquidity in February 2018. The average savings deposit rate, rose by 0.01 percentage point to 4.08 per cent above 4.07 per cent in the preceding month. The average prime lending rate rose by 0.21 percentage point to 17.71 per cent, while the maximum lending rates fell by 0.21 percentage point to 31.18 per cent in the review month. The average term deposit rate fell by 0.31 percentage point to 8.92 per cent reflecting the tight liquidity situation in February 2018. Consequently, the spread between the average term deposit and the average maximum lending rates widened from 22.16 percentage points in January 2018 to 22.26 percentage points at end-February 2018. Conversely, the spread between the average savings deposit and maximum lending rates declined to 27.10 percentage points from 27.32 percentage points in the preceding month.

The total value of money market assets outstanding in February 2018 rose by 0.6 per cent to ₦12,313.41 billion, on account of the 0.9 per cent increase in FGN Bonds outstanding. Developments on the Nigerian Stock Exchange (NSE) were bearish in February 2018.

Federally-collected revenue (gross) was estimated at ₦719.44 billion in February 2018. This was below the monthly budget estimate but exceeded the receipts in the preceding month. Oil and non-oil receipts (gross), at ₦436.89 billion and ₦282.56 billion, constituted 60.7 per cent and 39.3 per cent, respectively, of total revenue. Federal Government retained revenue and estimated expenditure for February 2018 were ₦274.17 billion and ₦380.93 billion, respectively, resulting in an estimated deficit of ₦106.76 billion.

The predominant agricultural activities in February 2018 in the South was the harvesting of tree crops and clearing of land for 2018 wet season farming, while tending of irrigation-fed vegetable and cereal crops were undertaken in the North. In the livestock sub-sector, farmers continued with the raising of livestock to replace stock sold during the end of 2017 festive season.

Domestic crude oil production was estimated at 1.95 mbd or 54.60 million barrels (mb) in February 2018. Crude oil export was estimated at 1.50 mbd or 42.00 mb. The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), fell by 5.1 per cent to US\$67.20 per

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

barrel in February 2018 below US\$70.83 per barrel in January 2018.

The end-period headline inflation, on year-on-year and twelve month moving average bases, were estimated at 14.33 per cent and 15.93 per cent, respectively, in February 2018.

Foreign exchange inflow and outflow through the CBN in February 2018 were US\$4.40 billion and US\$3.04 billion, respectively, and resulted in a net inflow of US\$1.36 billion. Aggregate foreign exchange inflow and outflow through the economy were US\$10.22 billion and US\$3.23 billion, respectively, resulting in a net inflow of US\$6.90 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US\$2.03 billion, in the review month, compared with US\$1.69 billion in the preceding month.

The average exchange rate of the naira at the inter-bank, BDC and investors and exporters windows were ~~₦~~305.89 /US\$, ~~₦~~362.59/US\$ and ~~₦~~360.34/US\$, respectively, in the review month.

Other major international economic developments and meetings of importance to the domestic economy in the review period included: The fifth meeting of the Presidential Task Force on the ECOWAS Single Currency Programme held in Accra, Ghana from February 17 -21, 2018; The 36th Meeting of the Committee of Governors of the West African Monetary Zone (WAMZ) which took place at Kairaba Beach Hotel, Banjul, The Gambia, on February 8, 2018; The 34th Board of Governors Meeting of the West African Institute for Financial and Economic Management (WAIFEM) held at the Kairaba Beach Hotel, Banjul, The Gambia on February 8, 2018; The 51st Ordinary Meeting of the Committee of Governors of Central Banks of ECOWAS Member States held on February 9, 2018 at Kairaba Beach Hotel, Banjul, The Gambia and The 39th Meeting of the Convergence Council of Ministers and Governors of the Central Banks of the West African Monetary Zone (WAMZ) held at the Kairaba Beach Hotel, Banjul, The Gambia, on February 9, 2018.



## 2.0 Financial Sector Developments

### 2.1 Monetary and Credit Developments

Broad money supply ( $M_2$ ) and narrow money supply ( $M_1$ ) fell in January 2018. Lending rates trended upward. The value of money market assets outstanding rose, owing, largely, to the increase in FGN Bonds. Activities on the Nigerian Stock Exchange (NSE) were bearish in the review month.

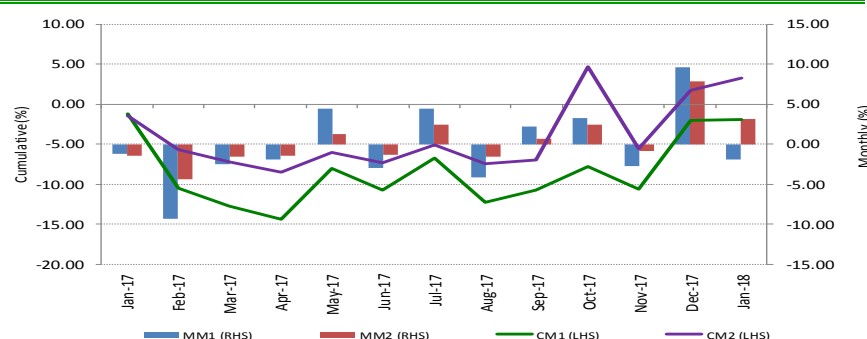
The sustained restrictive monetary policy stance of the Bank affected growth in monetary aggregates in the first month of 2018. Consequently, broad money supply ( $M_2$ ) fell by 0.7 per cent to ₦23, 831.9 billion from the level at end-December 2017, compared with the decline of 2.1 per cent at the end of the corresponding period of 2017. The development reflected the decrease of 0.1 per cent and 1.5 per cent in domestic credit (net) and other assets (net), which suppressed the 0.7 per cent growth in foreign assets (net) of the banking system.

*On month-on-month basis, major monetary aggregates declined in January 2018.*

Similarly, narrow money supply ( $M_1$ ) fell by 2.3 per cent to ₦10,779.9 billion, compared with the decline of 2.6 per cent at the end of the corresponding period of 2017. The development was attributed to the 10.9 and 0.7 per cent decline in both the currency outside banks and its demand deposits components (Figure 1, Table 1).

Quasi-money grew by 0.7 per cent to ₦13,052.0 billion, in contrast with the decline of 1.7 per cent at the end of the corresponding period of 2017. The development reflected the increase in time and saving deposits of commercial banks.

**Figure 1: Growth of Narrow Money ( $M_1$ ) and Broad Money ( $M_2$ )<sup>2</sup>**



MM1 and MM2 represent month-on-month changes, while CM1 and

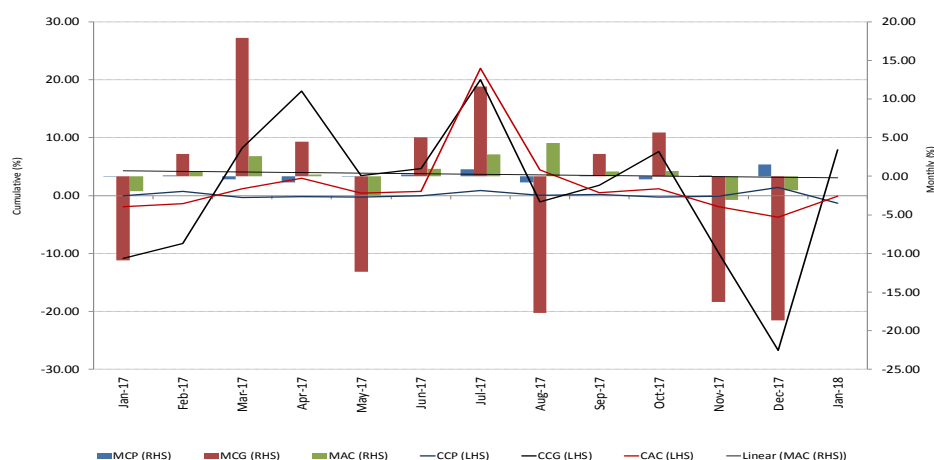
CM2 represent cumulative changes (year-to-date).

The banking system reduced its net claims on the economy at end-January 2018. Accordingly, aggregate credit to the domestic economy, at ₦25,846.4 billion, fell by 0.1 per cent, compared with the 1.3 per cent decline at the end of the corresponding period of 2017. This reflected wholly the decline of 1.4 per cent in net claims on the private sector.

Following the 13.6 per cent rise in direct loans to the Federal Government by the CBN, banking system's net claims on the Federal Government grew by 7.9 per cent to ₦3,857.4 billion at end-January 2018, in contrast to the 5.0 per cent decline at the end of the corresponding period of 2017.

Credit to the private sector, at ₦21,989.0 billion, fell by 1.4 per cent, compared with the decline of 0.5 per cent at the end of the corresponding period of 2017. The development was attributed, solely, to the decrease of 1.8 per cent in claims on the core private sector (Figure 2, Table 1).

**Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy<sup>3</sup>**



The net foreign assets of the banking system increased in January 2018. Relative to the level at end-December 2017, the net foreign assets, at ₦14,912.5 billion, grew by 0.7 per cent, compared with the growth of 3.5 per cent at end-January 2017. The development reflected the 0.7 per cent growth in the foreign assets holdings of the

<sup>3</sup> MCP, MCG and MAC represent month-on-month changes in credit to private sector, credit to government (net) and aggregate credit (net) to the domestic economy, respectively, while CCP, CCG and CAC, represent the cumulative changes (year-to-date).

CBN.

Other Assets (net) of the banking system contracted by 1.5 per cent at end-January 2018, to negative ₦16,926.9 billion, compared with a decline of 3.8 per cent, at end-January 2017. The development reflected, the decline in other assets (net) of CBN and the commercial banks.

**Table 1: Growth in Monetary and Credit Aggregates (over preceding month – Per cent)**

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
<b>Domestic Credit (Net)</b>	-1.3	0.5	2.6	0.2	-2.5	1.0	2.9	-4.3	0.6	0.7	-3.0	-1.8	-0.1
<i>Claims on Federal Government (</i>	-5.0	2.9	17.9	4.5	-12.3	5.0	11.6	-17.7	2.9	5.7	-16.3	-18.6	7.9
<i>Claims on Private Sector</i>	-0.5	0.1	-0.4	0.8	-0.1	0.2	0.9	-0.8	0.1	-0.4	0.1	1.5	-1.4
<i>Claims on Other Private Sect</i>	-0.7	-1.8	-0.4	0.9	-0.4	0.3	0.6	-1.0	0.3	-0.4	-1.5	2.1	-1.8
<b>Foreign Assets (Net)</b>	3.5	-11.2	-11.4	-4.7	17.5	-0.8	3.3	11.3	3.1	23.4	7.3	11.3	0.7
<b>Other Assets (Net)</b>	-3.8	-0.6	-0.5	0.1	-2.4	-3.8	-6.3	-0.8	-2.2	-13.2	-1.5	4.1	-1.5
<b>Broad Money Supply (M2)</b>	-2.1	-4.3	-1.5	-1.4	1.2	-1.4	1.0	-1.6	0.7	2.5	-0.8	7.8	-0.7
<b>Quasi-Money</b>	-1.7	0.3	-0.7	-1.0	-1.4	0.0	0.7	0.7	-0.6	1.8	0.7	6.3	0.7
<b>Narrow Money Supply (M1)</b>	-2.6	-9.4	-2.5	-2.0	4.4	-3.0	1.3	-4.2	2.2	3.3	-2.7	9.6	-2.3
<b>Reserve Money (RM)</b>	-3.4	-1.6	6.0	0.1	6.2	-0.2	1.6	-1.4	1.3	3.7	-1.5	14.1	-6.4

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

Currency-in-circulation, at ₦1,945.4 billion, fell by 9.8 per cent in January 2018, in contrast with the 13.8 per cent increase at end-December 2017. The development reflected the fall in its claims on private outside banks and demand deposit components.

The fall in both Federal Government, private sector and banks' deposits with the CBN, resulted in a 4.6 per cent decrease in total deposits at the CBN to ₦12,572.3 billion at end-January 2018. Of the total deposits at the CBN, the shares of the Federal Government, banks and the private sector were 45.1 per cent, 32.7 per cent and 22.2 per cent, respectively.

Reserve money, on month-on-month basis, fell by 6.4 per cent to ₦6,061.2 billion at end-January 2018, reflecting the decrease in currency-in-circulation and banks' deposit with the CBN.

*Reserve money (RM) fell in the review month.*

## 2.3 Money Market Developments

The financial market was relatively calm and stable in February 2018. The level of liquidity in the foreign and domestic money markets was sufficient to moderate rates in both markets. Financial market indicators were mixed in the

review period. The Bank, in furtherance of its restrictive policy mopped up, through Open Market Operation (OMO) auctions, liquidity arising from maturing CBN bills and fiscal injections. Short term money market rates (interbank call and OBB rate) moved in tandem with the level of liquidity and were around the MPR in the major part of the period. The trend of activities at the discount window remained the same as request for Standing Lending Facility (SLF) was more predominant than Standing Deposit Facility (SDF).

Provisional data indicated that total value of money market assets outstanding in February 2018 stood at ₦12,313.4 billion, showing an increase of 0.6 per cent, compared with the 1.0 per cent increase in the preceding month. The development was attributed to the 0.9 per cent increase in the FGN Bonds.

### 2.3.1 Interest Rate Developments

*Available data indicated that interbank call and Open-buy-back (OBB) rates trended upward in the review month.*

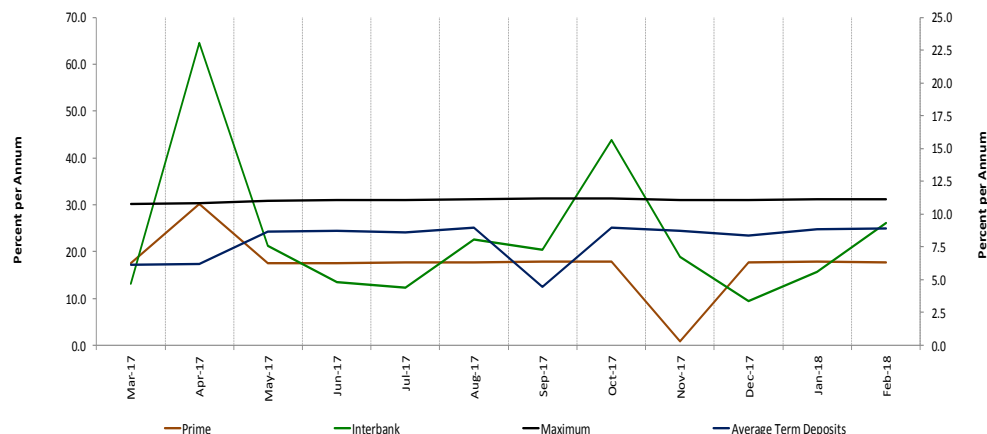
Available data indicated that there were mixed developments in banks' deposit and lending rates in February 2018. Short-term money market rates traded around the monetary policy rate in the major part of the period. The average term deposit rate fell below the level in the preceding month by 0.31 percentage point to 8.92 per cent in the review month. The average savings deposit rate, rose by 0.01 percentage point to 4.08 per cent from 4.07 per cent in the preceding month.

The weighted average prime lending rate rose by 0.21 percentage point to 17.71 per cent, while the maximum lending rates fell by 0.21 percentage point to 31.18 per cent in February 2018. Consequently, the spread between the average term deposit and the average maximum lending rates widened from 22.16 percentage points in January 2018 to 22.26 percentage points at end-February 2018. Similarly, the spread between the average savings deposit and maximum lending rates declined to 27.10 percentage points from 27.32 percentage points in the preceding month.

At the inter-bank call segment, the weighted average rate, which stood at 15.58 per cent in January 2018, rose significantly by 10.61 percentage points to 26.19 per cent in the review month. Similarly, the weighted average rate at the open-buy-back (OBB) segment rose from 10.62 per cent in the preceding month to 19.99 per cent in February, 2018. The Nigerian inter-bank offered call rate (NIBOR), for the 30-day tenor, rose to 15.10 per cent in the review period, above the 15.09 per cent at end-January 2018. Consequently, with

the headline inflation at 15.13 per cent in February 2018, most deposit rates were negative in real terms, while lending rates were positive in real terms (Figure 3, Table 2).

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



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

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Average Term Deposits	8.51	5.54	9.1	8.65	8.72	8.63	8.95	4.47	4.56	8.7	8.36	9.23	8.92
Prime Lending	17.13	17.43	17.44	17.58	17.59	17.65	17.69	17.88	17.86	17.77	31.11	17.5	17.71
Interbank Call	27.46	13.11	64.58	21.29	13.46	12.28	22.63	20.44	43.78	18.78	9.49	15.58	26.19
Maximum Lending	29.26	30.18	30.31	30.75	30.94	30.94	31.2	31.39	31.39	30.95	30.99	31.39	31.18

### 2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs stood at ₦0.53 billion at the end of February, 2018 compared with ₦0.2 billion in January, 2018. Thus, CP constituted 0.04 per cent of the total value of money market assets outstanding during the review period, which remained unchanged from the preceding month.

### 2.3.3 Bankers' Acceptances (BAs)

During the review period, BAs stood at ₦15.52 billion, compared with ₦26.43 billion in the preceding month. Consequently, BAs accounted for 0.2 per cent of the total value of money market assets outstanding at the end of the review period which remained unchanged from the preceding month level.

### 2.3.4 Open Market Operations

The Bank intervened through the conduct of Direct Open Market Operations (OMO), by the sale of Central Bank of Nigeria (CBN) bills, to target liquidity in the system. The tenors

to maturity of the instrument ranged from 93 to 266 days in February 2018. Total amount offered, subscribed to and allotted was ₦1,240.00 billion, ₦658.93 billion and ₦584.90 billion, respectively. The bid rates ranged from 12.6000 – 14.5000 per cent, while the stop rate was 12.6000 per cent for tenors of 93-111 days and 14.4000 per cent for tenors of 181-266 days. Repayment and maturity of CBN bills amounted to ₦510.20 billion, translating to a net withdrawal of ₦74.70 billion.

### *2.3.5 Primary Market*

At the Government securities market, the NTBs and long-term (FGN Bonds) were issued at the primary market on behalf of the Debt Management Office (DMO). Yields on the Nigerian Treasury Bills (NTBs) issued at the primary market moderated during the review period.

NTBs of 91-182- and 364-day tenors, amounting to ₦428.88 billion, ₦585.07 billion and ₦428.88 billion were offered, subscribed to and allotted respectively, at the two auctions held in February 2018. For the 91-day auction, bid rates ranged from 11.80 to 18.00 per cent; 13.00 to 14.50 per cent for the 182-day auction, and 12.00 to 20.00 per cent for the 364-day auction. In the same vein, the stop rates was 11.98 per cent, for the 91-day auction; and 13.65 and 13.70 per cent, for the 182-day and 364-day auctions, respectively.

### *2.3.6 Bonds Market*

Tranches of the 5- and 10-year FGN Bonds were re-opened and offered for sale in February 2018. The term to maturity of the bonds ranged from 3 years 5 months to 10 years. Total amount offered, subscribed to and allotted were ₦100.00 billion, ₦117.58 billion and ₦79.62 billion, respectively. There was no allotment on a non-competitive basis, and there was no maturity in the period.

The bid rate ranged from 12.5000 to 16.0000 per cent, while the marginal rates for the 5- and 10-year bonds were 13.7000 and 13.9800 per cent, respectively. The bid to cover ratio was 1.48, while the auction was oversubscribed by 17.58 per cent. This could be attributed largely to the renewed investors' confidence in the market.

### *2.3.7 CBN Standing Facilities*

The Deposit Money Banks (DMBs) and merchant banks continued to access the Standing Facility window to square up their positions either by borrowing (SLF) from the CBN or depositing (SDF) the excess in their reserves at the end of

each business day. The trend at the CBN standing facility window showed more patronage at the SLF window. Applicable rates for the SLF and SDF remained at 16.00 per cent and 9.00 per cent, respectively.

The total request for Standing Lending Facility (including the Intra-day lending facilities (ILF) that was converted to overnight repo) amounted to ₦957.58 billion (₦366.99 billion direct SLF and ₦590.59 billion ILF converted to overnight repo), with a daily average of ₦53.20 billion. The Bank earned ₦0.69 billion in interest income, compared with SLF of ₦833.09 billion and interest income of ₦0.61 billion in January 2018.

Total standing deposit facility (SDF) granted during the review period was ₦877.30 billion with a daily average of ₦48.74 billion, compared with ₦1,919.78 billion in January 2018. The cost incurred on SDF in February 2018 stood at ₦0.31 billion, compared with ₦0.62 billion in January 2018.

## 2.4 Deposit Money Banks' Activities

Total assets and liabilities of the deposit money banks at end-January 2018 amounted to ₦34,960.17 billion, showing a 1.1 per cent increase, compared with the level at end-December 2017. Funds were sourced from reduction in claims on the Federal Government, capital accounts and private sector. The funds were used, mainly, to increase claims on the central bank, to acquire unclassified assets and pay-off demand deposit .

*Banks' credit to the domestic economy fell by 3.8 per cent.*

Banks' credit to the domestic economy, at ₦19,646.64 billion, fell by 3.8 per cent, compared with the level at end-December 2017. The development was attributed to the fall in claims on both the Federal Government and the private sector in the review month.

Total specified liquid assets of deposit money banks stood at ₦11,208.22 billion, representing 57.5 per cent of their total current liabilities. At that level, the liquidity ratio was 0.23 percentage points above the level at the end of the preceding month and 27.5 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 72.83 per cent, was 0.01 percentage points and 7.2 percentage points below the level at end-December 2017 and the maximum ratio of 80.0 per cent, respectively.



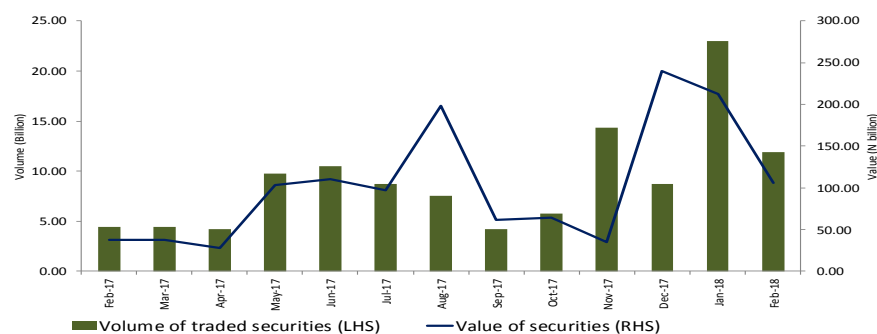
## 2.5 Capital Market Developments

### 2.5.1 Secondary Market

Developments on the Nigerian Stock Exchange (NSE) were bearish at end-February 2018. The volume and value of traded securities fell by 48.3 per cent and 50.0 per cent to 11.9 billion shares and ₦106.1 billion, traded in 112,259 deals, respectively, compared with 23.0 billion shares valued at ₦212.4 billion in 183,467 deals, in January 2018 (Figure 4, Table 3).

The financial services sector (measured by volume) led the activity chart with 9.6 billion shares, valued at ₦60.1 billion and traded in 72,133 deals at end-February 2018, compared with 11.5 billion shares valued at ₦95.7 billion and traded in 91,869 deals at end-January 2018.

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



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

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Volume (Billion)	4.4	4.4	4.2	9.7	10.5	8.7	7.5	4.2	5.8	14.3	8.7	23.0	11.9
Value (₦ Billion)	37.2	37.3	27.9	102.8	109.9	97.1	198.4	61.8	63.9	35.1	240.4	212.4	106.1

### 2.5.2 Over-the-Counter (OTC) Bonds Market

There were no transactions in the OTC market in the review month.

### 2.5.3 New/Supplementary Issues Market

There was one (1) supplementary equity listing in the review period (Table 4).

**Table 4: New & Supplementary Listing on the Nigerian Stock Exchange January 2018**

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Seplat Petroleum Company PLC	25,000,000	Ordinary shares	Supplementary



### 2.5.4 Market Capitalisation

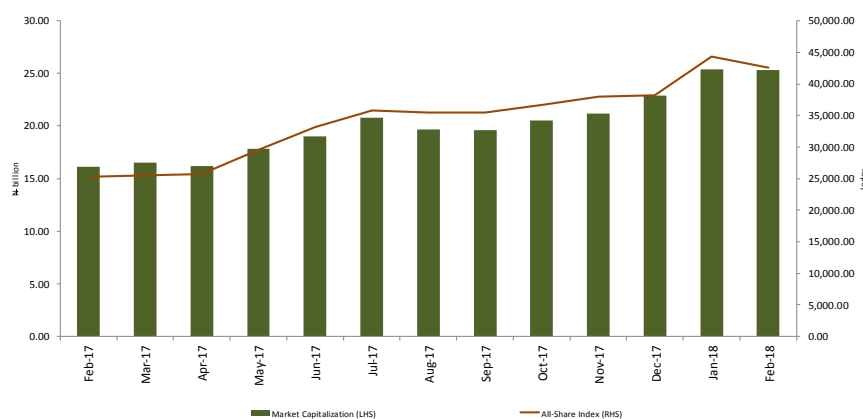
The aggregate market capitalisation fell by 0.4 per cent to ₦25.3 trillion at end-February 2018, from ₦25.4 trillion at the end of the preceding month. Similarly, market capitalisation for the equity segment decreased by 1.9 per cent to ₦15.6 trillion and constituted 61.7 per cent of the total market capitalisation at end-February 2018, compared with ₦15.9 trillion and 62.6 per cent in January 2018 (Figure 5, Table 5).

### 2.5.5 NSE All-Share Index

The All-Share Index, which opened at 44,460.18 at the beginning of the month, stood at 42,607.85 at end-February 2018, representing a 4.2 per cent decline in contrast with the level in the preceding month.

Developments in the sectoral indices showed that with the exception of the Insurance index which, rose by 0.1 to 157.52, all other indices fell in the month under review. The NSE-Oil and Gas index, NSE-Pension, NSE- Consumer Goods, NSE-Banking, NSE-Industrial Goods, NSE-AseM, NSE-Premium and NSE Lutos fell by 6.2 per cent, 4.5 per cent, 2.8 per cent, 1.8 per cent, 1.4 per cent, 1.1 per cent, 1.0 per cent and 0.5 per cent to 343.64, 1,607.41, 1,003.67, 575.56, 2,351.35, 1,059.47, 3,059.37 and 2,741.18 at end-February 2018, respectively (Figure 5, Table 5).

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



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

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Aggregate Market Capitalization (₦trillion)	20.8	19.7	19.6	20.5	21.2	22.9	25.4	25.3
All-Share Index	35,844.00	35,504.62	35,439.98	36,680.29	37,944.60	38,243.19	44,460.18	42,607.85



### 3.0 Fiscal Operations<sup>4</sup>

Federally-collected revenue in February 2018 fell short of the provisional monthly budget estimate by 19.6 per cent but was higher than receipts in January 2018 by 6.4 per cent. Federal Government retained revenue for the review month was ₦274.17 billion, while total provisional expenditure was ₦380.93 billion, resulting in an estimated deficit of ₦106.76 billion.

#### 3.1 Federation Account Operations

Total federally-collected revenue (gross) in February 2018 was estimated at ₦719.44 billion. This was below the provisional monthly budget estimate of ₦894.76 billion by 19.6 per cent. It, However, exceeded the receipt of ₦676.00 billion in the preceding month by 6.4 per cent. The decrease relative to the provisional monthly budget estimate was attributed to shortfalls in both oil and non-oil revenue (Figure. 6, Table 6).

The estimated federally-collected revenue (gross) in February 2018 fell short of the monthly budget estimate by 19.6 per cent.

Figure 6: Components of Gross Federally-Collected Revenue

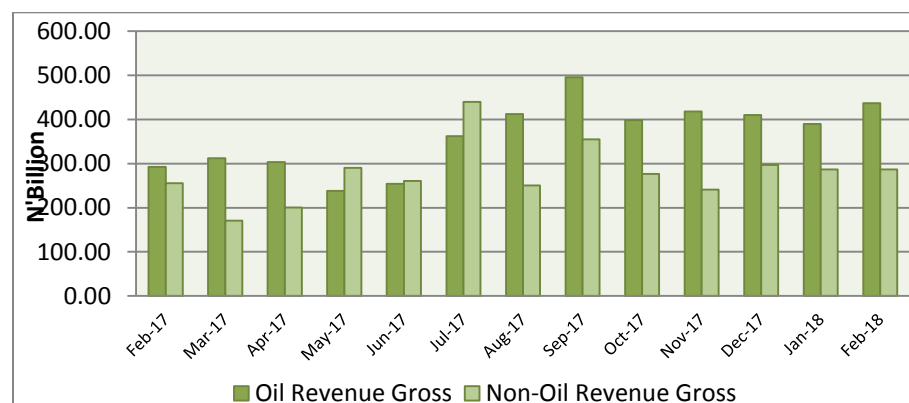


Table 6: Gross Federation Account Revenue (₦ billion)

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Gross Revenue	548.1	483.2	503.6	528.4	514.7	802.1	663.0	850.7	674.5	658.6	707.4	676.0	719.5
Oil Revenue	292.8	312.3	303.4	238.1	254.0	362.4	412.3	495.9	398.1	417.7	410.2	389.4	436.9
Non-oil Revenue	255.3	170.9	200.2	290.3	260.7	439.7	250.7	354.8	276.5	240.9	297.2	286.6	282.6

<sup>4</sup> Data on government (general, federal and state) revenue and expenditure are provisional and subject to changes

At ₦436.89 billion, oil receipts (gross) was below the provisional monthly budget estimate by 2.8 per cent, and constituted 60.7 per cent of the total revenue.

At ₦436.89 billion or 60.7 per cent of total revenue, gross oil receipts was below the provisional monthly budget estimate of ₦449.62 billion, by 2.8 per cent, but exceeded the January collection of ₦389.44 billion by 12.2 per cent. The decrease in oil revenue relative to the monthly budget estimate was attributed largely to the shortfall in crude oil exports. (Figure 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

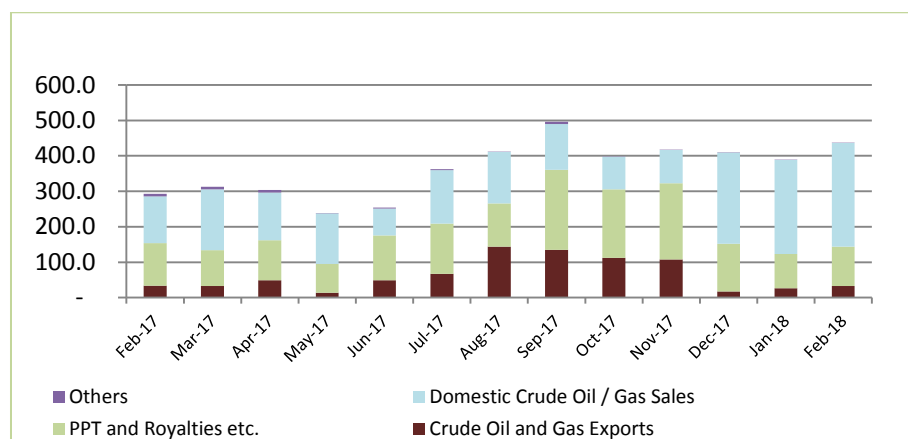
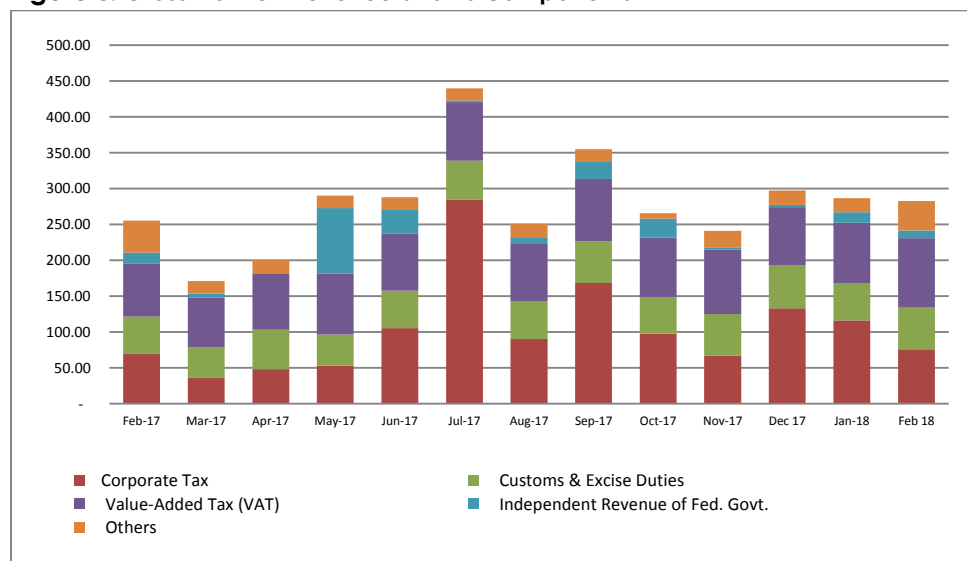


Table 7: Components of Gross Oil Revenue (₦ billion)

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Oil Revenue	292.8	312.3	303.4	238.1	254.0	362.4	412.3	495.9	398.1	417.7	410.2	389.4	436.9
Crude oil/Gas Sales	33.7	33.1	49.2	13.9	48.8	66.9	143.8	134.9	111.9	107.6	17.3	26.8	32.5
Domestic crude oil/Gas sales	132.2	171.8	134.8	142.1	76.5	151.0	145.8	128.9	91.9	94.5	257.3	265.4	292.2
PPT/Royalties	120.1	100.5	112.7	81.5	126.3	141.7	121.7	226.0	193.9	215.0	135.1	96.7	111.7
Others	6.8	7.0	6.8	0.7	2.4	2.9	0.9	6.2	0.4	0.7	0.6	0.6	0.5

Non-oil revenue, at ₦282.56 billion or 39.3 per cent of total revenue, was below the provisional monthly budget estimate of ₦445.14 billion and the preceding month's collection of ₦286.56 billion by 36.5 and 1.4 per cent, respectively. The poor performance level relative to the monthly budget estimate was due to decreased receipts from Corporate Tax and Independent Revenue of the Federal Government (Figure 8, Table 8).

At ₦282.56 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 36.5 per cent and constituted 39.3 per cent of the total revenue.

**Figure 8: Gross Non-Oil Revenue and its Components****Table 8: Components of Gross Non-Oil Revenue (₦ billion)**

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Non-Oil Revenue	255.3	170.9	200.2	290.3	260.7	439.6	250.7	354.7	276.5	240.9	297.2	286.6	282.6
Corporate Tax	70.2	36.6	48.2	52.9	105.2	284.8	90.3	168.2	97.5	67.0	133.1	116.2	75.7
Customs & Excise Duties	51.2	41.9	54.8	43.5	52.4	54.0	51.8	58.3	50.8	57.9	60.4	52.0	58.4
Value-Added Tax (VAT)	73.5	69.2	78.7	84.7	80.0	81.6	80.5	86.7	83.3	89.7	80.4	84.0	96.7
Independent Revenue of Fed. Govt.	15.6	5.9	0.4	91.6	5.5	2.5	9.4	23.9	26.5	3.0	3.1	14.9	10.9
Others <sup>1/</sup>	44.7	17.3	18.1	17.6	17.6	16.6	18.6	17.6	18.4	23.3	20.2	19.5	40.9

<sup>1/</sup> Includes Education Tax, Customs special levies (Federation and Non-Federation) & National Information Technology Development Fund (NITDF), Solid Minerals and Other Mining Revenue.

Of the total federally-collected revenue (net), ₦525.40 billion was retained in the Federation Account, while ₦92.78 billion, ₦10.88 billion and ₦40.91 billion were transferred to the VAT Pool Account, the Federal Government Independent revenue and “Others”, respectively.

From the ₦525.40 billion transferred to the Federation Account for distribution, the Federal Government received ₦249.37 billion, while the State and Local Governments received ₦126.48 billion and ₦97.51 billion, respectively. The balance of ₦52.04 billion was shared among the oil producing states as 13% Derivation Fund.

Similarly, from the net sum of ₦92.78 billion from the VAT Pool Account, the Federal Government received ₦13.92 billion,

while the State and Local Governments received ₦46.39 billion and ₦32.47 billion, respectively.

Overall, total allocations to the three tiers of government in February 2018 amounted to ₦618.18 billion. This was below the provisional monthly budget estimate of ₦783.57 billion and the allocation in the preceding month, by 21.1 and 3.2 per cent, respectively.

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

### 3.2.1 The Federal Government

At ₦274.17 billion, the estimated Federal Government retained revenue was below the provisional monthly budget estimate by 39.0 per cent.

At ₦274.17 billion, the estimated Federal Government retained revenue for the month of February 2018 was below the monthly budget estimate of ₦449.60 billion and the January receipt of ₦293.64 billion by 39.0 and 6.6 per cent, respectively. Federation Account was 90.9 per cent, while FGN Independent Revenue and VAT were 4.0 and 5.1 per cent, respectively (Figure 9, Table 9).

Figure 9: Federal Government Retained Revenue

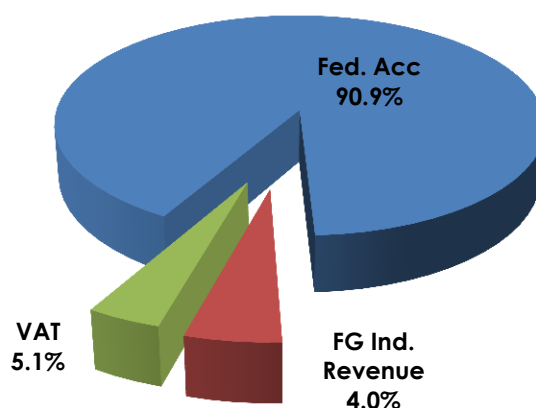


Table 9: Federal Government Fiscal Operations (₦ billion)

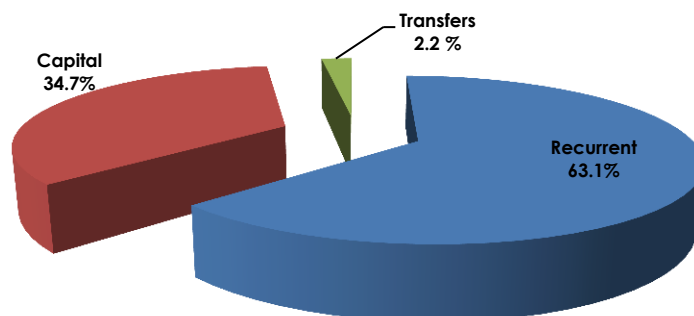
	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Retained Revenue	379.7	247.0	301.7	552.6	325.1	477.0	204.8	300.6	260.8	207.9	262.9	293.6	274.2
Expenditure	406.9	679.2	459.2	459.1	437.2	598.2	442.1	366.9	422.1	293.4	263.5	266.6	380.9
Overall Balance: (+)/(-)	-27.2	-432.2	-157.5	93.5	-112.1	-121.2	-237.4	-66.3	-161.4	-85.5	-0.6	27.0	-106.7

Total estimated Federal Government expenditure grew by 42.9 per cent, above the level in the preceding month.

At ₦380.93 billion, the estimated total expenditure of the Federal Government was below the monthly budget estimate of ₦645.99 billion by 41.0 per cent, but exceeded the ₦266.64 billion recorded in the preceding month by 42.9 per cent. Total recurrent expenditure, Capital expenditure

and Transfers constituted 63.1, 34.7 and 2.2 per cent of the total expenditure, respectively. A breakdown of the recurrent expenditure showed that non-debt obligation was 64.0 per cent of the total, while debt service payments accounted for the balance of 36.0 per cent (Figure 10).

**Figure 10: Federal Government Expenditure**



Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦106.76 billion, compared with the provisional monthly budget deficit of ₦196.40 billion.

*The fiscal operations of the FG resulted in an estimated deficit of ₦106.76 billion.*

### 3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the State Governments amounted to ₦224.91 billion. This was lower than the 2018 budget estimate of ₦282.84 billion by 20.5 per cent. It was also below the ₦227.29 billion allocated in January 2018 by 1.0 per cent.

Receipt from the Federation Account was ₦178.52 billion or 79.4 per cent of the total statutory allocations. This was below the provisional monthly budget estimate of ₦210.84 billion and the level in January 2018 by 15.3 and 4.5 per cent, respectively.

At ₦46.39 billion or 20.6 per cent of the total, allocation from the VAT Pool Account fell below the provisional monthly budget estimate of ₦72.00 billion by 35.6 per cent. Relative to the level in January 2018 VAT receipt increased by 15.1 per cent.

### 3.2.3 Statutory Allocations to Local Government Councils

Allocations to Local Governments from the Federation and VAT Pool Accounts in the month of February stood at ₦129.99 billion. This represented a shortfall of 24.0 per cent relative to the provisional monthly budget estimate of ₦170.92 billion.

Similarly, it declined by 1.9 per cent relative to the level in the preceding month.

Allocation from the Federation Account amounted to ₦97.51 billion or 75.0 per cent of the total. The amount was below the provisional monthly budget estimate of ₦120.52 billion and the receipt of ₦104.27 billion in January 2018 by 19.1 and 6.5 per cent, respectively.

The share from the VAT Pool Account was ₦32.47 billion or 25.0 per cent of the total. It fell below the provisional monthly budget estimate of ₦50.40 by 35.6 per cent. However, relative to the level in January 2018, it increased by 15.1 per cent (Table 10).

**Table 10: Statutory Allocation to State Governments and Local Government Councils (₦ Billion)**

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
SG Federation Account	112.5	119.1	126.0	106.8	117.5	169.3	123.6	174.2	153.0	134.3	169.1	187.0	178.5
SG VAT	35.3	33.2	37.8	40.6	38.4	39.2	38.7	41.6	40.0	43.1	38.6	40.3	46.4
<b>SG Total</b>	<b>147.8</b>	<b>152.3</b>	<b>163.7</b>	<b>147.4</b>	<b>155.9</b>	<b>208.5</b>	<b>162.3</b>	<b>215.8</b>	<b>193.0</b>	<b>177.4</b>	<b>207.7</b>	<b>227.3</b>	<b>224.9</b>
LG Federation Account	64.5	64.2	69.6	59.3	69.8	107.5	71.0	101.9	86.9	75.1	97.1	104.3	97.5
LG VAT	24.7	23.3	26.4	28.5	26.9	27.4	27.0	29.1	28.0	30.1	27.0	28.2	32.5
<b>LG Total</b>	<b>89.2</b>	<b>87.5</b>	<b>96.0</b>	<b>87.8</b>	<b>96.7</b>	<b>134.9</b>	<b>98.0</b>	<b>131.0</b>	<b>114.9</b>	<b>105.2</b>	<b>124.1</b>	<b>132.5</b>	<b>130.0</b>
<b>Total Statutory Revenue and VAT</b>	<b>237.0</b>	<b>239.8</b>	<b>259.7</b>	<b>235.2</b>	<b>252.6</b>	<b>343.4</b>	<b>260.3</b>	<b>346.8</b>	<b>307.9</b>	<b>282.6</b>	<b>331.8</b>	<b>359.8</b>	<b>354.9</b>



## 4.0 Domestic Economic Conditions

*Dry and hot weather conditions were witnessed in most parts of the country in February, 2018. However, early rainfall was witnessed in some Northern and Southern parts of the country like Rivers, Abia, Benue, Ebonyi, Lagos and Plateau States as well as the FCT. The predominant agricultural activities in the South was the harvesting of tree crops and clearing of land for 2018 wet season farming, while tending of irrigation-fed vegetable and cereal crops were undertaken in the North. In the livestock sub-sector, farmers continued with the raising of livestock to replace stock sold during the end of 2017 festive season.*

### 4.1 Agricultural Sector

Provisional Standardised Precipitation Index (SPI) analysis for February 2018 indicated that drier conditions were observed in most parts of the country for the month, with continued southward movement of the inter-tropical discontinuity (ITD).

Thus, early rainfall was witnessed in some northern and southern parts of the country like Rivers, Abia, Benue, Ebonyi, Lagos and Plateau States, as well as the FCT. High temperature, coupled with Northward surge in rain bearing winds from the South Atlantic Ocean, induced the rains experienced in some parts of the country. Consequently, agricultural activities in the south included the harvesting of tree crops and clearing of land for 2018 wet season farming, while tending of irrigation-fed vegetable and cereal crops were undertaken in the North. In the livestock sub-sector, farmers continued with the raising of livestock to replace stock sold during the end of 2017 festive season.

### 4.2 Agricultural Credit Guarantee Scheme

A total of ₦356.3 million was guaranteed to 2,243 farmers under the Agricultural Credit guarantee Scheme (ACGS) in February, 2018. This represented an increase of 48.4 per cent, above the level in the preceding month and a decline of 32.5 per cent, below the level in corresponding period of 2017. Sub-sectorial analysis showed that food crops accounted for the largest share with ₦248.4 million (69.7 per cent) guaranteed to 1,654 beneficiaries, cash crops got ₦36.0 million (10.1 per cent) guaranteed to 223 beneficiaries, livestock received ₦32.3 million (9.1 per cent) guaranteed to 131 beneficiaries, while mixed crops sub-sector got ₦17.9 million (5.0 per cent) guaranteed to 134 beneficiaries.

Fisheries received a total of ₦14.2 million (4.0 per cent) guaranteed to 53 beneficiaries, while others received ₦7.7 million (2.2 per cent) guaranteed to 48 beneficiaries (Figure 1 and Appendix 1).

Analysis by state indicated that 26 states benefited from the Scheme in February 2018, with the highest and lowest sums of ₦119.4 million (33.5 per cent) and ₦0.1million (0.03 per cent) guaranteed to Anambra and Bayelsa States, respectively.

### 4.3 Commercial Agriculture Credit Scheme

At end-February 2018, the total amount released since inception by the CBN under the Commercial Agriculture Credit Scheme (CACs) to participating banks for disbursement, amounted to ₦580.6 billion in respect of 560 projects (Table 11).

**Table 11: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACs) at end-February 2018.**

S/N	Participating Banks	Amount Disbursed (N billion)	Number of Projects/State Governments
1	UBA Plc	74.06	47
1	Zenith Bank	123.66	75
3	First Bank of Nigeria Plc	55.77	101
4	Unity Bank Plc	25.18	27
5	Union Bank Plc	28.74	38
6	Stanbic IBTC Plc	27.66	45
7	Sterling Bank	77.67	43
8	Access Bank Plc	36.91	27
9	Fidelity Bank Plc	25.18	18
10	Skye Bank Plc	13.77	10
11	FCMB Plc.	12.43	24
12	Ecobank	6.38	10
13	GTBank	39.70	28
14	Diamond Bank Plc	4.85	21
15	Heritage Bank	6.81	14
16	Citibank Plc	3.00	2
17	Keystone Bank	14.05	14
18	WEMA Bank Plc	2.89	13
19	Jaiz Bank Plc	0.00	1
20	Suntrust Bank Ltd	1.85	2
	<b>TOTAL</b>	<b>580.55</b>	<b>560</b>

*Domestic crude oil and natural gas production was estimated at an average of 1.95 million barrels per day.*

### 4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 1.95 mbd or 54.60 million barrels (mb) in February 2018. This represented 0.02 mbd or 1.04 per cent increase above the average of 1.93 mbd or

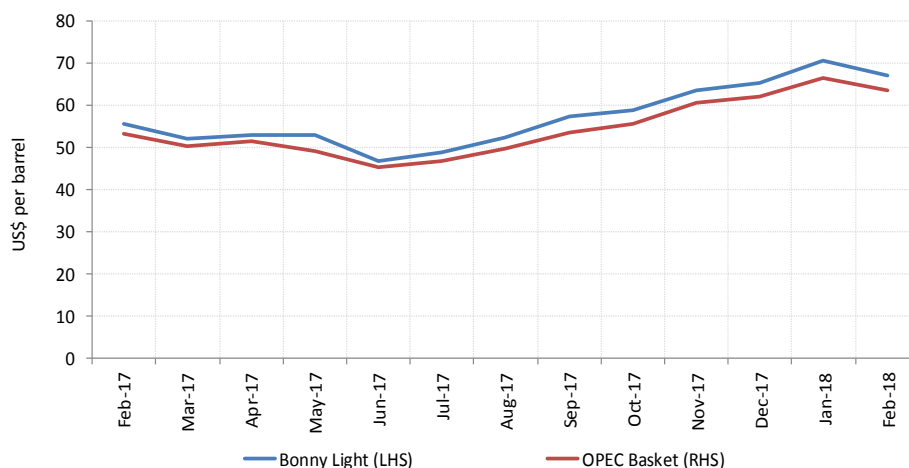
59.83 mb in the preceding month. Crude oil export was 1.50 mbd or 42.00 mb and represented an increase of 1.35 per cent, compared with 1.48 mbd or 45.88 mb recorded in the preceding month. The increase in production was attributed to the relative calm in the Niger Delta region with records of uninterrupted production. Allocation of crude oil for domestic consumption remained at 0.45 mbd or 12.60 mb in the review period.

The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), fell to US\$67.20 per barrel in February 2018, representing 5.1 per cent decrease below US\$70.83 per barrel in January 2018. The UK Brent at US\$65.12/b, the Forcados at US\$67.31/b and the WTI at US\$61.90/b exhibited similar trends as the Bonny Light.

The average price of OPEC basket of fourteen selected crude streams stood at US\$63.52/b in February 2018. This position accounted for 5.0 per cent and 19.0 per cent decrease, compared with US\$66.85/b and US\$53.37/b in January 2018 and the corresponding period of 2017, respectively (Figure 11, Table 12).

*The average prices of Nigeria's reference crude, the Bonny Light and all other competing crudes fell below the levels in the preceding month.*

**Figure 11: Trends in Crude Oil Prices**



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

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Bonny Light	55.5	52.2	53.1	52.9	46.9	48.9	52.5	57.4	58.7	63.7	65.4	70.8	67.2
OPEC Basket	53.4	50.3	51.4	49.2	45.2	46.9	49.6	53.4	55.5	60.8	62.1	66.9	63.5

## 4.5 Consumer Prices

The all-items composite Consumer Price Index (CPI) was estimated at 251.9 (November 2009=100) in February 2018, representing 1.4 per cent and 15.1 per cent increase over the levels in January 2018 and the corresponding month of 2017, respectively.

*The general price level rose in February 2018, compared with the level in the preceding month.*

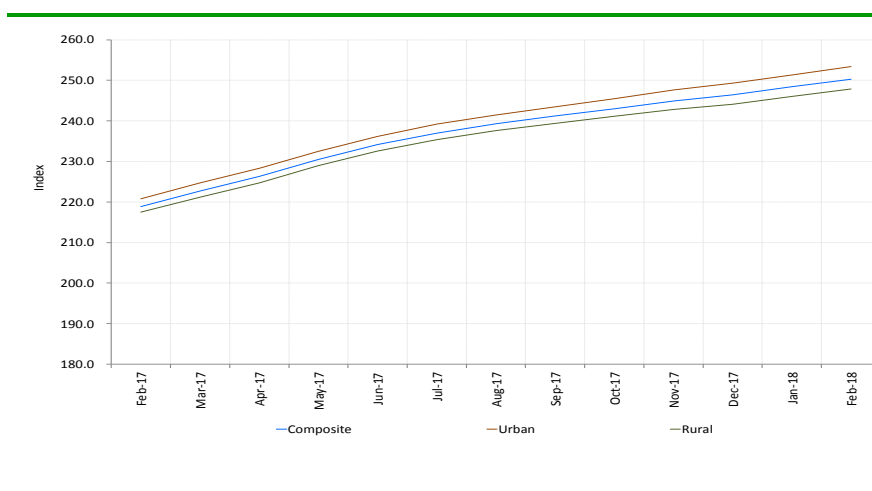
The urban All-items CPI (November 2009=100) was 253.4 at end-February 2018, representing 0.8 per cent and 14.8 per cent increase, compared with the levels in end-January 2018 and February 2017, respectively. The rural all-items CPI (November 2009=100), was 247.9 at end-February 2018, representing 0.8 per cent and 14.0 per cent increase compared with the levels at end-January 2018 and February, 2017 respectively.

The composite food index (with a weight of 50.7 per cent) for February 2018 was 250.3 compared with 248.4 and 218.9 in the preceding and the corresponding months of 2017, respectively. The expected increase was attributed to increased demand for agricultural commodities in the market (Figure 12, Table 13).

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

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Composite	218.9	222.7	226.3	230.5	234.2	237.0	239.3	241.2	243.0	244.9	246.4	248.4	250.3
Urban	220.8	224.7	228.3	232.5	236.2	239.2	241.5	243.5	245.5	247.6	245.5	251.3	253.4
Rural	217.5	221.2	224.7	229.0	232.6	235.4	237.6	239.4	241.1	242.8	241.1	246.0	247.9
CPI - Food	225.8	230.8	235.5	241.5	246.3	250.0	252.9	255.1	257.2	259.5	261.0	263.3	265.5
CPI - Non Food	212.3	215.1	217.5	220.0	223.0	225.2	227.3	229.1	230.9	232.6	233.8	235.4	237.2

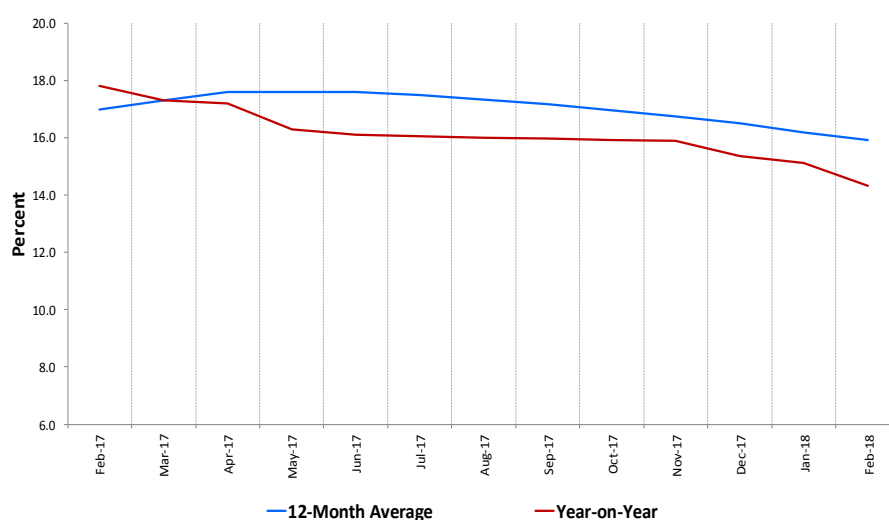
**Figure.12: Consumer Price Index**



Inflationary pressures were expected to decline due to expected decrease in food inflation during the period. Available data from NBS indicated a decline in headline inflation to 14.33 per cent in February 2018, from 15.13 and 17.78 per cent in the preceding month and the corresponding month of 2017, respectively, attributable to the decline in food inflation. The Twelve-Month Moving Average (12MMA) inflation for February 2018 was 15.93 per cent, compared with 16.2 and 17.0 per cent recorded in the preceding month and the corresponding month of 2017, respectively (Figure 13, Table 14).

*The year-on-year headline inflation was 14.33 per cent in February 2018, compared with 15.13 per cent in January 2018.*

**Figure 13: Inflation Rate**



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

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
12-Month Average	17.00	17.30	17.60	17.60	17.60	17.50	17.33	17.17	16.97	16.76	16.50	16.20	15.93
Year-on-Year	17.80	17.30	17.20	16.30	16.10	16.05	16.01	15.98	15.91	15.90	15.37	15.13	14.33



## 5.0 External Sector Developments<sup>5</sup>

On month-on-month basis, foreign exchange inflow and outflow through the CBN rose by 0.3 per cent and 11.4 per cent, respectively, to US\$4.40 billion and US\$3.04 billion in February 2018. Total non-oil export receipts by banks rose by 2.5 per cent above the level in January 2018. The average exchange rate of the naira at the inter-bank segment was ₦305.89 per US dollar, and the Investor and Exporter window (I&E) was ₦360.34 per US dollar in the review month, while the rate at the BDC segment was ₦362.59 per US dollar. The gross external reserves was US\$45.27 billion at end-February 2018.

### 5.1 Foreign Exchange Flows

The external sector was relatively stable in the review period as evidenced by sustained production of crude oil in Nigeria despite the 5.9 per cent drop in the international price of crude oil. Consequently, aggregate foreign exchange inflow through the CBN in February 2018 stood at US\$4.40 billion, compared with US\$4.39 billion and US\$2.37 billion in January 2018 and February 2017, representing an increase of 0.3 per cent and 85.4 per cent, respectively. The development was attributed to the 2.5 per cent increase in non-oil receipts during the review period.

Aggregate outflow of foreign exchange through the Bank was US\$3.04 billion, indicating 11.2 per cent and 210.7 per cent increase above the levels in January 2018 and the corresponding period of 2017, respectively. The development was driven, mainly, by the 265.3 and 39.9 per cent increases in third party MDA payments and other official payments to US\$0.18 billion and US\$0.75 billion, respectively in February 2018. Overall, foreign exchange flows through the Bank in the month of February 2018 resulted in a net inflow of US\$1.36 billion, compared with US\$1.65 billion and US\$1.40 billion in January 2018 and the corresponding period of 2017, respectively (Figure 14, Table 15).

*Foreign exchange inflow through the CBN increased by 0.3 per cent to US\$4.40 billion, while outflow rose by 11.2 per cent, to US\$3.04 billion in February 2018.*

<sup>5</sup> Data on foreign exchange flows through the CBN and the Economy are provisional and subject to change

Figure 14: Foreign Exchange Flows through the CBN

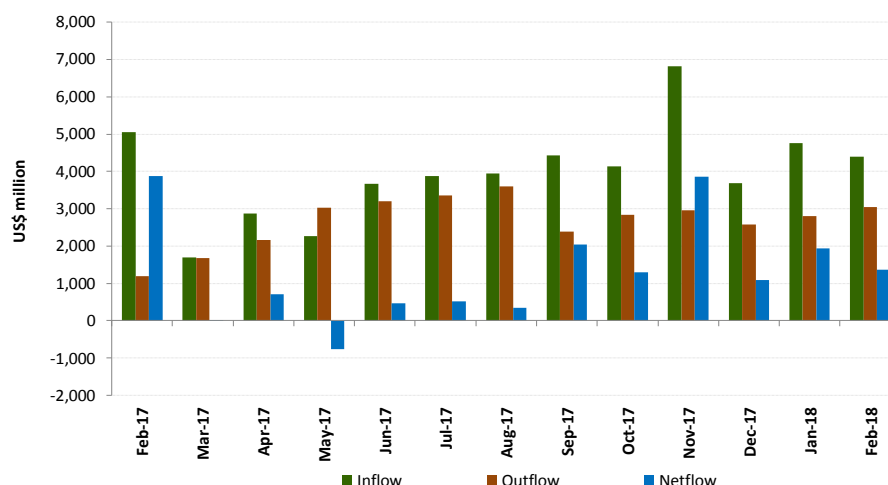


Table 15: Foreign Exchange Flows through the CBN (US\$ million)

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Inflow	2,370.0	1,693.4	2,874.9	2,259.2	3,672.7	3,867.0	3,943.5	4,425.5	4,132.8	6,812.0	3,680.8	4,386.3	4,401.3
Outflow	978.6	1,672.6	2,164.4	3,021.1	3,208.1	3,358.3	3,594.3	2,390.4	2,839.1	2,951.1	2,584.5	2,734.4	3,040.5
Netflow	1,395.9	20.8	710.5	(761.9)	464.6	508.7	349.1	2,035.1	1,293.7	3,860.8	1,096.4	1,652.0	1,360.8

Autonomous inflow through the economy rose by 43.9 per cent above the level in the preceding month.

Provisional data showed that aggregate foreign exchange inflow into the economy amounted to US\$10.22 billion, indicating a decrease of 4.4 per cent relative to the preceding month but an increase of 90.8 per cent compared with the corresponding period of 2017. The decrease in inflow was largely as a result of a fall in inflow through autonomous sources, which fell by 7.6 per cent to US\$5.82 billion in the review period compared to the level in January 2018, and represented 56.9 per cent of total inflow into the economy.

Provisional data on aggregate foreign exchange outflow from the economy, at US\$3.23 billion, rose by 5.4 and 176.3 per cent above the levels in January 2018 and the corresponding month of 2017, respectively. This was driven, largely, by 11.2 per cent growth in outflow through the Bank relative to the level in the preceding month.

Non-oil sector receipts, through the CBN, at US\$3.22 billion, rose by 2.5 per cent, compared with the level in the



preceding month. Outflow through autonomous sources, however, fell by 32.6 per cent to US\$0.28 billion, compared with the level in January 2018.

The net position of the foreign exchange flows through the economy was US\$6.90 billion during the review period relative to US\$7.54 billion and US\$4.15 billion in January 2018 and February 2017, respectively.

## 5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings, at US\$0.18 billion, increased by 2.5 per cent, compared with the level at the end of January 2018. This, however, showed a decline of 25.7 per cent relative to the level in the corresponding period of 2017. The development, relative to the preceding month, was due to the improvements in the minerals sector, manufactured products, food products and transport sub-sectors which increased by 41.9 per cent, 13.2 per cent and 6.6 per cent, respectively, as the transport sector recorded no proceed in February 2018. However, export proceeds from industrial and agricultural sub-sectors declined by 11.1 and 10.6 per cent to US\$58.17 million and US\$34.83 million, respectively, relative to the levels in the preceding month. The fall in the proceeds from industrial and agricultural sub-sectors were driven by decline in proceeds from raw material (chemical) and fertilisers and primary agricultural products, respectively.

*Total non-oil export earnings by exporters increased in January 2018.*

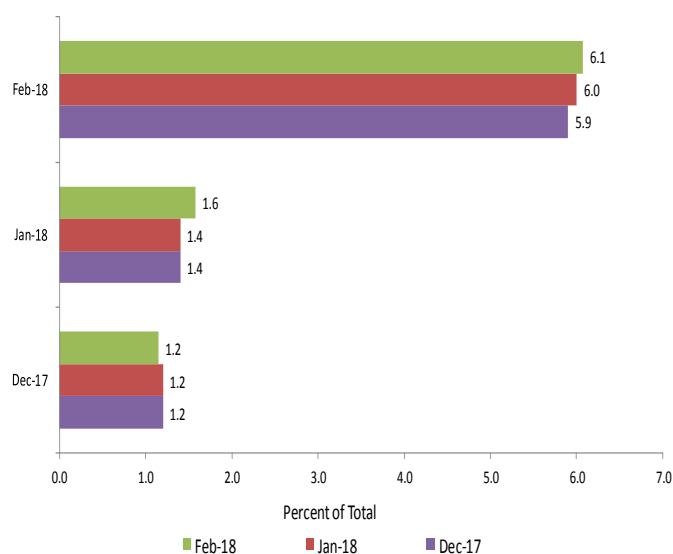
The shares of the various sectors in the non-oil export proceeds were: agricultural product, 19.0 per cent; minerals, 18.0 per cent; manufactured products, 26.2 per cent; industrial sector, 31.7 per cent; and food products, 5.1 per cent.

## 5.3 Sectoral Utilisation of Foreign Exchange

Provisional data on the sectoral foreign exchange utilisation in February 2018 showed an increase of 4.1 per cent over the level in the preceding month. The invisible sector accounted for the bulk (54.6 per cent) of total foreign exchange disbursed in February 2018, followed by industrial sector (20.6 per cent). The shares of other sectors in a descending order were: minerals and oil (8.3 per cent); manufactured products (7.7 per cent); food products (6.1 per cent); transport (1.6 per cent); and agricultural products (1.1 per cent) (Figure 15).

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

**Figure15: Sectoral Utilisation of Foreign Exchange**



### 5.4 Foreign Exchange Market Developments

During the review period, the Bank abolished the charging of commission on retail foreign exchange transactions such as Business Travel Allowance (BTA), Personal Travel Allowance (PTA), medical fees and school fees. A total of US\$2.03 billion was sold by the Bank to authorised dealers in February 2018. This indicated 0.2 per cent and 245.28 per cent increase, compared with the respective levels in January 2018 and the corresponding period of 2017. Matured forwards contracts disbursed at maturity declined by 8.0 per cent to US\$1.02 billion, while swaps, interbank sales and sales to BDC rose by 12.0 per cent, 17.6 per cent and 5.0 per cent, respectively, to US\$0.13 billion, US\$0.36billion and US\$0.52 billion in the review period, relative to the levels in February 2017 (Figure16, Table 16).

**Figure16: Supply of Foreign Exchange**

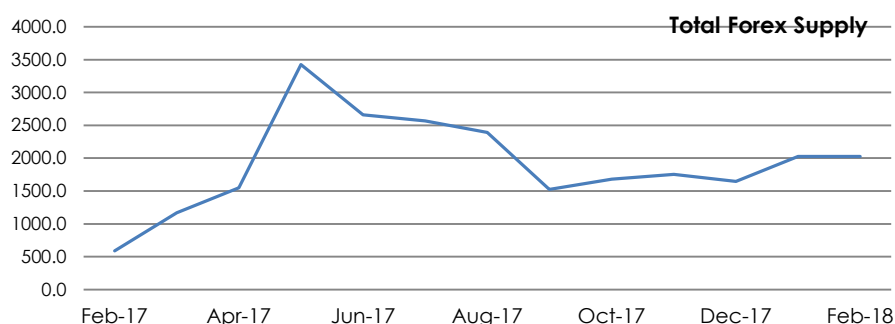


Table 16: Supply of Foreign Exchange (US\$ billion)

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Total Forex Supply	2.6	2.4	1.5	1.6	1.8	1.6	2.0	2.0

Increased demand in the foreign exchange market led to the decline in average inter-bank foreign exchange rates. Consequently, the average exchange rate of the naira to the US-dollar at the inter-bank segment was ₦305.89/US\$, indicating a depreciation of 0.04 per cent and 0.2 per cent, compared with the levels in January 2018 and the level in the corresponding period of 2017. At the BDC segment of the foreign exchange market, increased interventions led to an appreciation of the naira by 0.2 and 36.4 per cent above the levels in the preceding month and the corresponding period of 2017 to ₦362.59/US\$ in February 2018. Similarly, at the Investors and Exporters (I&E) window, the exchange rate appreciated by 0.1 per cent from the level in the preceding month to ₦360.34/US\$, in the review period (Figure 17, Table 17).

*The naira exchange rate vis-à-vis the US dollar appreciated at the Inter-bank segment, while it depreciated at the BDC segment during the review month.*

Thus, the premium between the average interbank and BDC rates narrowed by 0.2 percentage points from 18.8 per cent to 18.5 per cent in February 2018.

Figure 17: Average Exchange Rate Movement

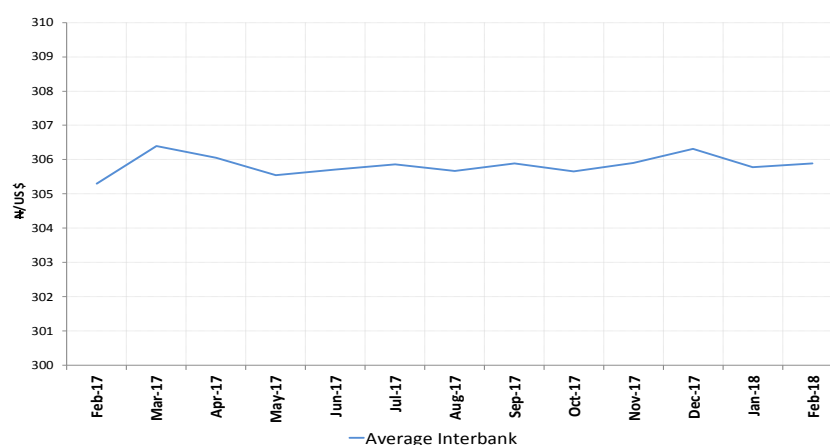


Table 17: Exchange Rate Movements

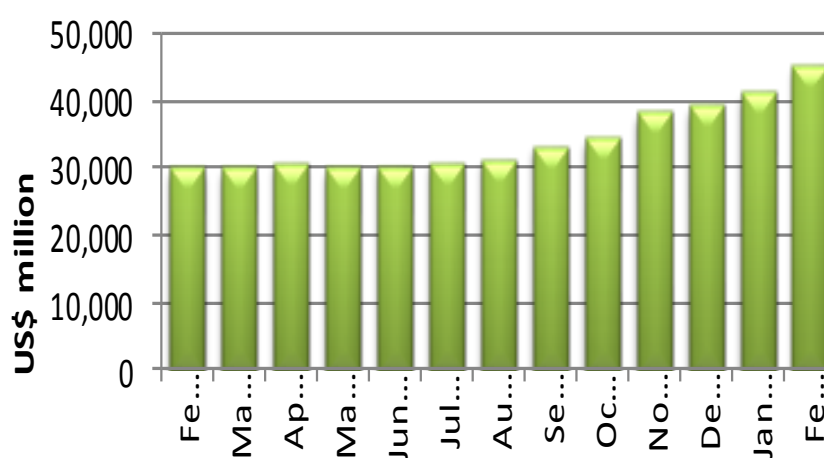
	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Average Exchange Rate (₦/\$)													
Interbank	305.30	306.40	306.05	305.54	305.71	305.86	305.67	305.89	305.65	305.90	306.31	305.78	305.89

## 5.5 Gross External Reserves

*Gross external reserves rose at end-February 2018.*

Following the increase in foreign exchange purchases and other official receipts, the gross external reserves rose by 10.0 per cent to US\$45.27 billion at end-February 2018 above US\$41.15 billion at end-January 2018. A breakdown of the external reserves by ownership showed that the share of the Federation reserves was US\$2.46 billion (5.43%); Federal Government reserves, US\$9.71 billion (21.45%); and the CBN reserves, US\$33.10 billion (73.11%) of the total (Figure. 18, Table 18).

**Figure 18: Gross Official External Reserves**



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

Period	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
External Reserves	30,334.87	30,869.69	31,268.09	33,159.73	34,332.58	38,209.36	39,353.49	41,145.86	45,274.03

## *6.0 Other International Economic Developments and Meetings*

World crude oil output and demand in February 2018 was estimated at an average of 97.67 mbd and 97.23 mbd, compared with 97.73 and 98.27 mbd supplied and demanded, respectively, in January 2018. The increase in world crude oil demand was attributed largely to the rising demand in the non-OECD region due to increased economic activities, mostly in China as a result of a flourishing petrochemical industry and growing potential in the transportation sector.

Major international economic developments and meetings of importance to the domestic economy in the review period included: The Fifth Meeting Of The Presidential Task Force On The Ecowas Single Currency Held In Accra, Ghana, from February 17 - 21, 2018. The purpose of the meeting was to review the revised draft roadmap for the ECOWAS Single Currency Programme as well as the status of implementation of the roadmap activities for the ECOWAS Single Currency Programme and to propose measures that would fast track the process. The highlight of the meetings was as follows:

- That Member Countries of the Presidential Task Force on the ECOWAS Single Currency Programme should hold quarterly meetings to assess the progress made in the implementation of planned activities in the roadmap.
- The Ministerial Committee should hold a meeting within three months to draft a proposal on the creation of a Special Fund to ensure adequate funding for the implementation of the activities under the roadmap as well as modalities for its replenishment.

In another development, the 36th Meeting of the Committee of Governors of the West African Monetary Zone (WAMZ) was held at Kairaba Beach Hotel, Banjul, The Gambia, on February 8 2018, to deliberate on the status of implementation of the WAMZ Work Programme. After deliberations, the Committee:

- Noted the report on macroeconomic developments and convergence in the WAMZ as at end-June 2017 and urge Member States to do more in order to

- improve on their performance on the convergence criteria;
- Urged Member States, in collaboration with WAMI, to make greater effort geared towards statistical harmonisation for improved data quality;
- Directed WAMI to coordinate the interlinking of the Payments System Project and convene a meeting of the Zonal Payments System Committee to determine its Terms of Reference and framework and;
- Directed WAMI to review and update the Exchange Rate Mechanism (ERM) in view of the operationalization of the Scheme on quoting and trading in the Zone and submit it at the next WAMZ Statutory Meetings among others.

Futhermore, the 34<sup>th</sup> Board of Governors Meeting of the West African Institute for Financial and Economic Management (WAIFEM) was held at the Kairaba Beach Hotel, Banjul, The Gambia on February 8, 2018. The meeting was preceded by the 37<sup>th</sup> meeting of the Technical Committee held on February 4, 2018. After deliberating on the report, the Board of Governors approved the Budget for the Year 2018 and noted the Progress Report on the Implementation of the WAIFEM's Strategic Plan. The Board also noted the Status Report on WAIFEM as an ECOWAS Training Institute.

The 51<sup>st</sup> Ordinary Meeting of the Committee of Governors of Central Banks of ECOWAS Member States was held on February 9, 2018 at Kairaba Beach Hotel, Banjul, The Gambia. After deliberations, the COG endorsed:

- the recommendations of the Report on the ECOWAS Monetary Cooperation Programme for the First Half of 2017;
- the recommendation of the Report on the Development of a Composite Index of Financial Stability in ECOWAS Member States;
- the report on Construction of a Macroeconomic Convergence Index for ECOWAS Member States (an Updated Version) with a proviso that it is not a replacement for the convergence criteria;

- the recommendations of the Technical Committee on the Study on “Estimation of Optimal Inflation Threshold for ECOWAS Member Countries”;
- the COG also approved the WAMA Information Technology Policies and Procedures, and
- the 2018 WAMA Work Programme and Budget

Finally, the 39th Meeting of the Convergence Council of Ministers and Governors of the Central Banks of the West African Monetary Zone (WAMZ) was held at the Kairaba Beach Hotel, Banjul, The Gambia, on February 9, 2018, to deliberate on the status of implementation of the WAMZ Work Programme. Following the Council's deliberations, all the recommendations of the Committee of Governors of the WAMZ were endorsed and approved as earlier indicated in the COG report.

-





# APPENDIX TABLES



Table A1: Money and Credit Aggregates (₦ billion)

	Jan-17	Oct-17	Nov-17	Dec-17	Jan-18
<b>Domestic Credit (Net)</b>	26,508.0	27,174.8	26,349.1	25,863.3	25,846.4
<i>Claims on Federal Government</i>	4,629.9	5,245.9	4,392.4	3,574.0	3,857.4
Central Bank (Net)	(383.3)	(50.3)	(558.1)	(420.5)	244.0
Banks	4,834.8	5,296.2	4,950.5	3,994.5	3,357.3
<i>Claims on Private Sector</i>	21,878.1	21,928.9	21,956.7	22,289.3	21,989.0
Central Bank	5,339.3	5,541.1	5,712.6	5,869.3	5,792.0
Banks	16,352.0	16,387.8	16,244.0	16,420.0	15,982.4
<i>Claims on Other Private</i>	20,813.0	20,652.2	20,334.3	20,766.9	20,397.7
Central Bank	4,973.1	4,969.1	5,094.7	5,251.4	5,166.3
Banks	15,660.5	15,683.1	15,239.5	15,515.6	15,028.9
<i>Claims on State and Local</i>	1,037.0	1,242.8	1,594.9	1,494.8	1,563.7
Central Bank	338.2	538.1	590.4	590.4	598.1
Banks	691.5	704.7	1,004.5	904.4	953.4
<i>Claims on Non-financial Public Enterprises</i>					
<b>Foreign Assets (Net)</b>	9,473.0	12,397.1	13,297.6	14,813.3	14,912.5
Central Bank	9,306.6	12,111.4	13,138.1	14,427.1	14,531.1
Banks	161.0	285.7	159.5	386.1	414.0
<b>Other Assets (Net)</b>	(12,884.5)	(17,071.3)	(17,335.5)	(16,675.2)	(16,926.9)
<b>Total Monetary Assets (M2)</b>	<b>23,096.5</b>	<b>22,500.6</b>	<b>22,311.1</b>	<b>24,001.4</b>	<b>23,831.9</b>
<b>Quasi-Money 1/</b>	12,113.2	12,107.6	12,196.1	12,965.1	13,052.0
<b>Money Supply (M1)</b>	10,983.3	10,393.1	10,115.1	11,036.4	10,779.9
<i>Currency Outside Banks</i>	1,631.0	1,463.8	1,553.5	1,782.7	1,587.9
<i>Demand Deposits 2/</i>	9,352.3	8,929.3	8,561.5	9,253.7	9,192.0
<b>Total Monetary Liabilities (M)</b>	<b>23,096.5</b>	<b>22,500.6</b>	<b>22,311.1</b>	<b>24,001.4</b>	<b>23,831.9</b>
<b>Memorandum Items:</b>					
Reserve Money (RM)		5,762.5	5,675.3	6,477.6	6,061.2
<i>Currency in Circulation (CIC)</i>		1,791.2	1,896.2	2,157.2	1,945.4
<i>DMBs Demand Deposit with CBN</i>		3,971.3	3,779.2	4,320.4	

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

2/ Demand Deposits 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)

	Jan-17	Oct-17	Nov-17	Dec-17	Jan-18
	<b>Growth Over Preceding December (%)</b>				
<b>Domestic Credit (Net)</b>	-1.3	1.2	-1.9	-3.7	-0.1
<i>Claims on Federal Government (Net)</i>	-5.0	7.6	-9.9	-26.7	7.9
<i>Claims on Private Sector</i>	-0.47	-0.24	-0.12	1.40	-1.35
<i>Claims on Other Private Sector</i>	-0.7	-1.5	-3.0	-1.0	-1.8
<i>Claims on State and Local Government</i>	4.8	25.6	61.2	51.1	4.6
<i>Claims on Non-financial Public Enterprises</i>					
<b>Foreign Assets (Net)</b>	3.5	35.5	45.5	61.9	0.7
<b>Other Assets (Net)</b>	-3.78	-37.50	-40.07	-34.31	-1.51
<b>Total Monetary Assets (M2)</b>	<b>-2.1</b>	<b>-4.6</b>	<b>-5.6</b>	<b>1.7</b>	<b>-0.7</b>
<b>Quasi-Money 1/</b>	-1.7	-1.7	-1.0	5.2	0.7
<b>Money Supply (M1)</b>	-2.6	-7.8	-10.7	-2.1	-2.3
<i>Currency Outside Banks</i>	-10.4	-19.6	-17.1	-2.1	-9.8
<i>Demand Deposits 2/</i>	-1.05	-5.52	-9.41	-2.09	-0.67
<b>Total Monetary Liabilities (M2)</b>	<b>-2.1</b>	<b>-4.6</b>	<b>-5.6</b>	<b>1.7</b>	<b>-0.7</b>
<u>Memorandum Items:</u>					
Reserve Money (RM)		-1.5	-3.0	10.8	-6.4
<i>Currency in Circulation (CIC)</i>		-17.8	-12.9	-1.0	-9.8
<i>DMBs Demand Deposit with CBN</i>		8.3	3.0	17.8	
	<b>Growth Over Preceding Month (%)</b>				
<b>Domestic Credit (Net)</b>		0.7	-3.0	-1.8	-0.1
<i>Claims on Federal Government (Net)</i>		5.7	-16.3	-18.6	7.9
<i>Claims on Private Sector</i>		-0.4	0.1	1.5	-1.35
<i>Claims on Other Private Sector</i>		-0.4	-1.5	2.1	-1.8
<i>Claims on State and Local Government</i>		-1.1	28.3	-6.3	4.6
<i>Claims on Non-financial Public Enterprises</i>					
<b>Foreign Assets (Net)</b>		23.4	7.3	11.3	0.7
Central Bank		22.7	8.5	9.8	0.7
Banks		58.5	-42.4	125.1	-1.2
<b>Other Assets (Net)</b>		-13.19	-1.54	4.12	-1.51
<b>Total Monetary Assets (M2)</b>		<b>2.5</b>	<b>-0.8</b>	<b>7.8</b>	<b>-0.7</b>
<b>Quasi-Money 1/</b>		1.8	0.7	6.3	0.7
<b>Money Supply (M1)</b>		3.3	-2.7	9.6	-2.3
<i>Currency Outside Banks</i>		2.0	6.3	18.1	-10.9
<i>Demand Deposits 2/</i>		3.48	-4.12	8.08	-0.67
<b>Total Monetary Liabilities (M2)</b>		<b>2.49</b>	<b>-0.8</b>	<b>7.79</b>	<b>-0.7</b>
<u>Memorandum Items:</u>					
Reserve Money (RM)		1.6	-1.4	1.3	-6.4
<i>Currency in Circulation (CIC)</i>		-5.5	5.6	-4.7	-9.8
<i>DMBs Demand Deposit with CBN</i>		5.23	-4.7	4.44	

Table A3: Federal Government Fiscal Operations (₦ billion)

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	2018
														Monthly Budget Est
Retained Revenue	379.7	247.0	301.7	552.6	325.1	477.0	204.8	300.6	260.8	207.9	262.9	293.6	274.2	449.6
Federation Account	133.2	117.6	136.5	124.4	147.7	274.9	181.5	260.6	198.1	191.5	248.2	251.5	249.4	297.9
VAT Pool Account	10.6	10.0	11.3	26.1	11.5	11.8	11.6	12.5	12.0	12.9	11.6	12.1	13.9	21.6
FGN Independent Revenue	15.6	5.9	0.4	91.6	5.5	2.5	9.4	23.9	26.5	3.0	3.1	14.9	10.9	67.3
Excess Crude Account	19.7	9.2	27.9	10.2	9.4	0.0	0.0	0.0	0.0	0.0	0.0	14.1	0.0	0.0
Others/Exchange Gain/Recover	200.7	104.4	125.5	300.3	151.0	187.9	2.3	3.6	24.2	0.5	0.0	1.0	0.0	62.8
Expenditure	406.9	679.2	459.2	459.1	437.2	598.2	442.1	366.9	422.1	293.4	263.5	266.6	380.9	646.0
Recurrent	366.3	644.3	424.2	424.3	396.8	556.0	405.0	366.9	366.4	213.7	219.4	221.5	240.3	428.6
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.2	43.4	22.8	22.8	132.0	181.2
Transfers	40.6	34.9	34.9	34.8	40.4	42.2	37.1	0.0	27.6	36.3	21.3	22.3	8.6	36.2
Overall Balance:														
Surplus(+)/Deficit(-)	-27.1	-432.2	-157.5	93.5	-112.1	-121.2	-237.4	-66.3	-161.4	-85.5	-0.6	27.0	-106.8	-196.4

1/Revised

