CENTRAL BANK OF NIGERIA ECONOMIC REPORT

April 2023

ABOUT THE REPORT

The Central Bank of Nigeria (CBN) Economic Report presents economic developments in Nigeria, intended for dissemination to the public. The Report provides insights on current developments in the real, fiscal, financial, and external sectors of the Nigerian economy, as well as on global issues of interest. It also reflects the policy initiatives of the CBN in pursuit of its mandate.

The Report is targeted at a wide range of readers, including economists, policymakers, financial analysts in the government and private sectors, and the public. Free copies of the Report, both current and past issues, can be obtained from the CBN website: **www.cbn.gov.ng.** *All inquiries concerning the Report should be directed to the Director, Research Department, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.*

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SUMMARY

Global economic activity in April 2023 continues to recover steadily as supply chains normalise and the price pressures experienced in the previous year fade away. The Global Composite Purchasing Managers Index (PMI) improved to 54.2 index points compared to 53.4 in March. The sustenance of growth momentum in most Advanced Economies (AEs) was propelled by waning supply constraints that reflected in the services sector PMI, while that of Emerging Markets and Developing Economies (EMDEs) remained resilient in the face of mounting headwinds in the month under review. Inflation pressure moderated in major economies as the effects of adverse shocks in the energy and food markets diminished. There was low volatility in the stock markets amid favourable economic trends and monetary policy interventions in different markets. Although performance in the bond market improved over its position in March 2023, bond yields recorded mixed outcomes. Crude oil spot prices rose due to the voluntary crude oil production cuts announced by OPEC+ members and the wildfires in Canada, which shut-in crude oil production. Thus, the average spot price of Nigeria's reference crude oil, the Bonny Light (34.9° API), rose by 6.72 per cent to US$86.57 per barrel (pb in April), from US$81.12 pb in the preceding month. The prices of UK Brent at US$85.94 pb, Forcados at US$86.85 pb, WTI at US$79.84 pb and OPEC Reference Basket (ORB) at US$84.14 pb all exhibited similar upward movement.

On the domestic front, business activities rebounded as the composite Purchasing Managers Index (PMI) expanded to 51.1 index points due to improvements in industry, services, and agriculture sectors. Headline inflation rose to 22.24 per cent in April, with core and food inflation increasing to 20.14 per cent and 24.16 per cent, respectively. Domestic crude oil production declined by 21.42 per cent to 1.0 mbpd, owing to the force majeure declared by Exxon Mobil.

The fiscal space remained tight amidst persisting revenue challenges and below-target spending. Relative to the monthly target, federation revenue fell short by 43.4 per cent, although it rose by 14.9 per cent relative to March on account of improved oil and non-oil receipts. Similarly, provisional FGN aggregate expenditure fell short of its target by 43.2 per cent, but was 1.0 per cent above the level in March, owing to higher recurrent spending. Consequently, the overall fiscal deficit of the FGN widened by 0.5 per cent, compared with March but contracted relative to the target.

The banking system remained resilient as key soundness indicators were within regulatory limits. Developments in the monetary sector reflected growth in key monetary aggregates. Broad money (M_3) grew by 7.4 per cent, due to increased domestic claims, despite a marginal percentage point decline in the money multiplier. The eNaira in circulation maintained its growth trajectory, while the currency notes and coins declined. Reserve money grew by 9.42 per cent, driven wholly by increased liabilities to other depository corporations. Banking system liquidity fell, leading to a rise in key short-term money market rates. Activities at the Nigerian Exchange (NGX) Limited remained bearish following the tight monetary stance of the Bank.

In the external sector, export earnings declined, resulting in weak trade performance. Similarly, capital inflow into the economy decreased, following heightened investors' apathy on account of the anticipated inauguration of a new government. The economy recorded a higher net foreign exchange inflow relative to the previous month, driven majorly, by decreased outflow through the CBN and autonomous sources. The external reserves stood at US$34.96 billion, above the benchmark of three months of import cover. The average exchange rate of the naira per US dollar at the I&E window appreciated to ₦460.96/US$, from ₦460.97/US$ in the preceding month.

The outlook for the global economic activity remained positive as output is expected to expand, albeit predicated on the assumption that the recent turmoil in the US financial sector will be contained and not lead to disruptions in economic activity. However, the downside risks to this outlook are the likelihood of tightening global financial conditions and higher levels of public and private sector debt amid central banks' rate hikes. On the domestic front, Nigeria's economic growth outlook remains bright in the near term amid mounting downside risks, predicated on the assumption of a sustained trend in crude oil prices. Inflationary pressures are expected to moderate in the near term, due to relative stability in the exchange rate and tight monetary conditions. However, contraction in global demand, persistent security challenges, as well as infrastructural deficit remain headwinds to growth.

1.0 GLOBAL ECONOMIC DEVELOPMENTS

1.1 Global Economic Activity

Global Economic Activity

The global economic recovery remained on track as supply chains normalised and price pressures from last year faded. The momentum in global economic activity is attributed to the reopening of China's economy, the waning of global supply chain disruptions, and the diminishing effects of adverse shocks in the energy and food markets. Consequently, the Global Composite Purchasing Managers Index (PMI)[1] improved to 54.2 index points in April 2023 from 53.4 index points in the previous month. The Services PMI expanded further to 55.4 index points from 54.4 index points in the preceding month, underpinned by upswings in business activities, employment, and new export orders. The manufacturing PMI, however, remained unchanged at 49.6 index points.

Table 1: Global Composite Purchasing Managers' Index (PMI)

	Feb-23	Mar-23	Apr-23
Composite	**52.1**	**53.4**	**54.2**
Employment Level	51.6	51.9	53.2
New Business Orders	51.3	52.6	51.3
New Export Business Orders	48.7	48.6	49.3
Future Output	64.8	64.1	64.6
Input Prices	59.8	58.6	58.3
Output Prices	55.3	54.9	55.0
Manufacturing	**50.0**	**49.6**	**49.6**
Services (Business Activity)	**52.6**	**54.4**	**55.4**
New Business	52.0	53.8	54.6
New Export Business	50.0	51.7	52.2
Future Activity	65.6	64.7	65.3
Employment	51.7	52.4	53.0
Outstanding Business	50.4	51.5	51.2
Input Prices	61.3	60.5	60.7
Prices Charged	55.5	55.6	56.2

Source: *J.P. Morgan*
Note: *Above 50 index points indicates expansion. Due to a later than-usual release date for final readings, services and composite PMI numbers for Japan are based on the flash estimates published on 21 April 2023.*

[1] J.P. Morgan Index

The growth momentum in economic activities was sustained in most Advanced Economies (AEs) on account of waning supply constraints.

Economic Activity in Advanced Economies

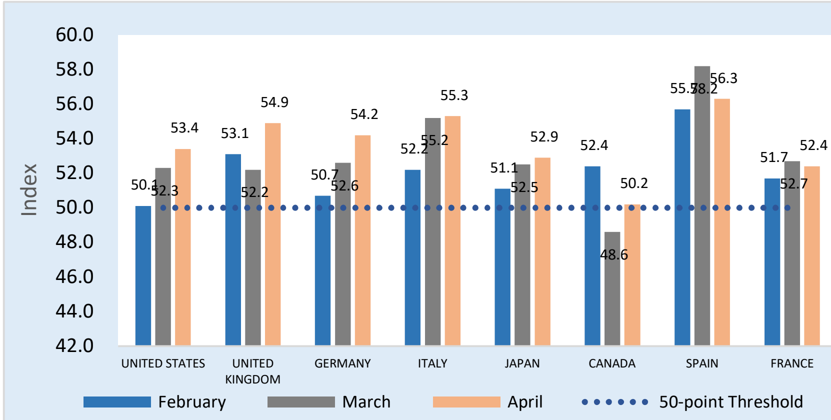
The PMI for most of the selected AEs indicated improvements in economic activities in April 2023 from their levels in the preceding month, driven mainly by the services sector. Notably, PMI in the UK rose to 54.9 index points from 52.2 index points in the preceding month, fuelled by stronger spending on travel, leisure and entertainment, which propelled growth in exports. In the US, a solid upturn in private sector business activity, attributable to improved supply chains, stronger demand and rising new orders, pushed both the manufacturing and services sectors higher than their levels in the previous month. Consequently, the US composite PMI for April moved to 53.4 index points from 52.3 a month ago.

In Germany, the PMI rose to 54.2 index points in April from 52.6 index points in the preceding month, driven by a slight improvement in services as both new business and job creation accelerated in the reporting period. Similarly, in Japan, stronger service sector growth ramped up business activities in April as the PMI increased to 52.9 index points in April from 52.5 index points in March.

In Italy, the PMI rose to 55.3 index points, slightly higher than 55.2 index points in the preceding month, driven majorly by the services sector as employment in service-based firms maintained an upward trend. Manufacturing PMI in Canada rose to 50.2 index points from 48.6 index points in March, due to a marked increase in production and employment levels and stability in labour provision.

However, expansion in business activity in Spain slowed to 56.3 index points in April from 58.2 index points in the previous month on account of rising input and output prices in the services sector, and a reduction in new orders in the manufacturing sector. In the same vein, a slower pace of expansion in business activity was recorded in France, as the PMI eased to 52.4 index points from 52.7 index points in the preceding month, as the general strike action against the proposed change in the retirement age from 62 to 64 years impacted manufacturing activity adversely and restrained the performance in the services sector.

Figure 1: PMIs of Selected Advanced Economies



Source: *Trading Economics/ Various Country Websites*

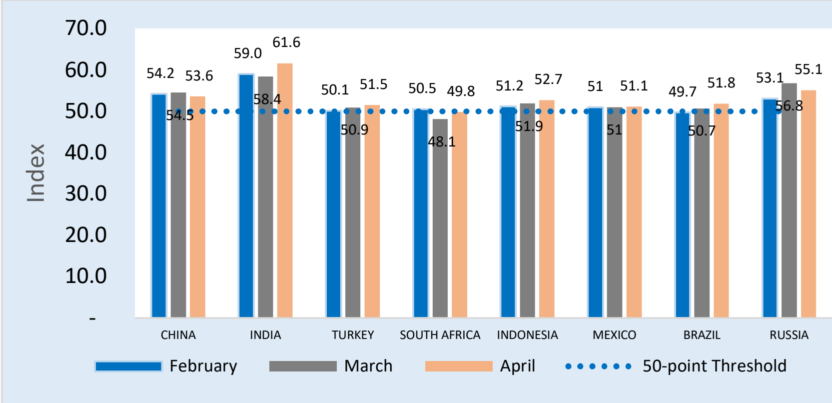
Economic Activity in Emerging Markets and Developing Economies

Economic activity in selected Emerging Markets and Developing Economies (EMDEs) remained resilient in the face of mounting headwinds in the month under review. India's composite PMI soared to 61.6 index points in April from 58.4 index points in the preceding month, driven by an expansion in the manufacturing and service sectors, resulting from rising new orders and job creation. Similarly, in Indonesia, output gained further momentum, bolstered by the surge in new orders, buying levels, and pre-production inventories pushing PMI to 52.7 index points in April, from 51.9 index points in March. In Brazil, PMI rose to 51.8 index points from 50.7 in the previous month, driven by the services sector. PMI, in Mexico, also improved to 51.1 index points from 51.0 index points in the preceding month, underpinned by stronger domestic demand, restructured commercial agreements, and new client wins. The improvement came in the wake of the novelty product launch of Volvo electric buses and projects in the oil and gas pipelines.

Despite the impact of the earthquake in February, the manufacturing PMI in Turkey rose to 51.5 index points from 50.9 index points in the previous month. The sustained growth momentum was driven by an expansion in new orders amid stronger demand. Also, a significant improvement in inventories in South Africa drove up the PMI to 49.8 index points from 48.1 index points in March, although, it remained below the threshold level of 50 index points.

In China, expansion in business activity eased as both manufacturing and services sectors witnessed marginal improvements. As a result, China's PMI fell to 53.6 index points from 54.5 index points in the preceding month. Similarly, in Russia, business activity slowed on account of a contraction in foreign demand, particularly, in the services sector. As a result, PMI fell to 55.1 index points from 56.8 index points in the preceding month.

Figure 2: PMIs of Selected EMDEs



Source: *Trading Economics/ Various Country Websites*
Note: *PMI for Turkey and Indonesia were based on Manufacturing PMI*

1.2 Global Inflation

Global Inflation

Price pressures moderated as the effects of adverse shocks in the energy and food markets diminished. Specifically, consumer prices in some AEs moderated on the back of falling energy prices. In the US, consumer prices fell to 4.90 per cent from 5.00 per cent in the preceding month, largely driven by falling accommodation costs, food and energy prices on account of the Fed's aggressive rate hike. Similarly, consumer prices in the UK contracted to 8.70 per cent from 10.10 per cent in the previous month due to a sharp fall in electricity and gas prices. In Germany, the falling prices of heating oil and motor fuel drove consumer prices down to 7.20 per cent from 7.40 per cent in the preceding month.

In Japan, however, consumer prices rose to 3.50 per cent in April from 3.20 per cent a month prior, driven by rising food prices, transportation costs, clothing, furniture, medicare, and education. In Italy, an increase in the price of non-regulated energy nudged consumer prices up to 8.30 per cent from 7.60 per cent in March. Similarly, consumer prices in Spain went northward to 4.10 per cent from 3.30 per cent in the previous month, primarily driven by higher electricity and fuel prices. In France, rising energy prices drove consumer prices up to 5.90 per cent from 5.70 per cent in the previous month.

Consumer prices in Canada rose slightly to 4.40 per cent in April from 4.30 per cent in March due to hikes in mortgage rates and rent prices.

Table 2: Inflation Rates in Selected Economies

Country	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
United States	7.75	7.10	6.50	6.40	6.00	5.00	4.90
United Kingdom	11.10	10.07	10.50	10.10	10.40	10.10	8.70
Japan	3.70	3.80	4.00	4.30	3.30	3.20	3.50
Canada	6.90	6.80	6.30	5.90	5.20	4.30	4.40
Germany	10.40	10.00	8.60	8.70	8.70	7.40	7.20
France	6.20	6.20	5.90	6.00	6.30	5.70	5.90
Italy	11.90	11.80	11.60	10.10	9.10	7.60	8.30
Spain	7.30	6.80	5.70	5.90	6.00	3.30	4.10
China	2.17	1.60	1.80	2.10	1.00	0.70	0.10
South Africa	7.60	7.40	7.20	6.90	7.00	7.10	6.80
India	6.77	5.88	5.72	6.52	6.44	5.70	4.70
Mexico	8.41	7.80	7.82	7.91	7.62	6.85	6.25
Indonesia	5.71	5.42	5.51	5.28	5.47	4.97	4.33
Turkey	85.51	84.39	64.27	57.68	55.20	50.50	43.70
Brazil	6.47	5.90	5.79	5.77	5.60	4.65	4.18
Russia	12.60	12.00	11.90	11.80	11.00	3.50	2.30

Source: *Trading Economics*

Inflation in EMDEs

Inflationary pressures continued to moderate in most Emerging Markets and Developing Economies (EMDEs) due to a deceleration in non-food components. Consumer prices in China fell to 0.10 per cent in April from 0.70 per cent in March, driven mainly by declines in both food and non-food goods, owing to a further decline in the cost of transport and housing. In India, the inflation rate slowed to 4.70 per cent from 5.70 per cent in the previous month, driven by declining prices of select foods such as vegetables. Also, the cost of fuel and light, clothing and footwear contributed to easing price pressures. Indonesian consumer prices moderated in April to 4.33 per cent from 4.97 per cent in the preceding month owing to the moderation in the food component, house, transport prices, furnishings, and accommodation. In Russia, the inflation rate fell to 2.30 per cent in April from 3.50 per cent in the preceding month due to the base-year effects of the initial economic impact of Russia's invasion of Ukraine.

In Turkey, inflation fell to 43.70 per cent from 50.50 per cent in the previous month driven by a decrease in the prices of all components except for health and education. Brazil's inflation, on the other hand, slowed to 4.18 per cent in April from 4.65 per cent in the previous month owing to a sharp decline in energy prices. Similarly, Mexico's consumer prices accelerated at a slower pace to 6.25 per cent from 6.85 per cent in the preceding month, due to consistent rate hikes. South Africa's consumer prices moderated to 6.80 per cent from 7.10

per cent in March, prompted by a deceleration in transportation costs.

1.3 Global Financial Markets

1.3.1 Global Financial Conditions

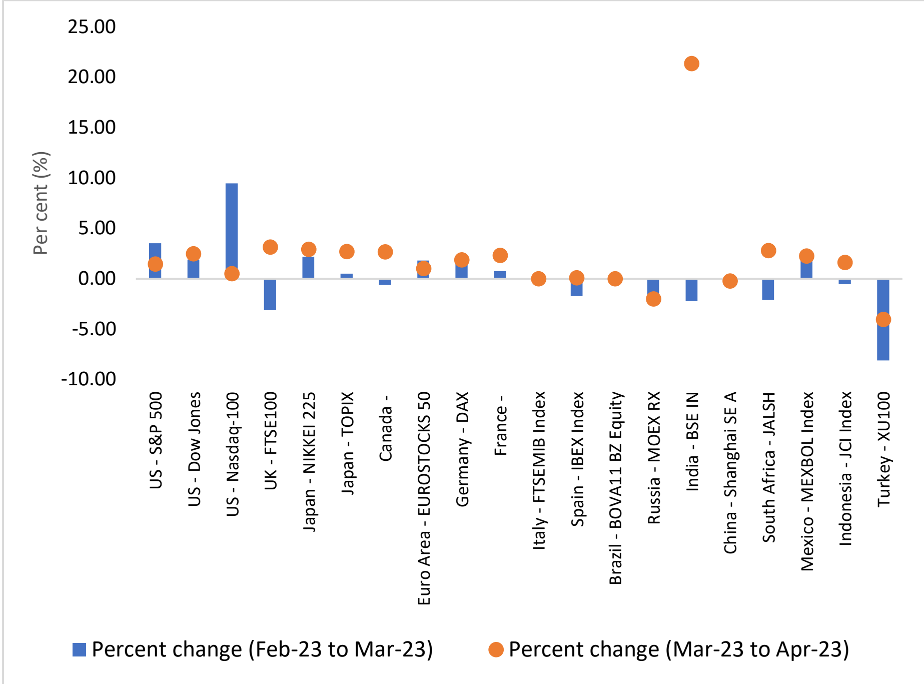
The global financial risks heightened in April 2023, due to tighter monetary and financial conditions. The failures of Silicon Valley and Signature Banks in the US and Credit Suisse's loss of market confidence highlighted the challenges posed by tighter monetary and financial conditions and the build-up in vulnerabilities. Despite improvements in some major economies, market sentiment remains fragile.

1.3.2 Global Equity Market

The global financial condition was characterised by low volatility in the stock markets amid favourable economic trends and monetary policy interventions in different markets. Different macroeconomic signals resulted in mixed equity price developments, despite a surprisingly decent earnings season in the United States, especially among large technology firms. Stock markets in the EU performed slightly better amongst the AEs, driven by the release of some resilient corporate earnings in all sectors, excluding the Information Technology sector. Specifically, high-performing sectors in Europe included energy, real estate, and utilities firms. In the UK, banking sector stocks drove the performance of equities as fears around the health of US banks receded. The FTSE index averaged 3.13 per cent, while the Japanese TOPIX and NIKKEI 225 stocks averaged 2.69 per cent and 2.91 per cent, respectively, recording higher levels than the preceding month. The US Dow Jones improved by 2.48 per cent from 1.49 per cent in the preceding month.

Stocks in EMDEs generally underperformed, compared with their counterparts in developed markets, on account of the weak performance of the Chinese and Latin America equity markets. Specifically, the China Shanghai SE A fell by 0.22 per cent, while the Brazil IBOVA remained flat with no growth. In contrast, India outperformed other EMDE markets, supported by improved industrial production and abating inflationary pressures, which resulted in unchanged monetary policy rates. The BSE index rose significantly by 21.34 per cent in April.

Figure 3: Key Global Stock Indices

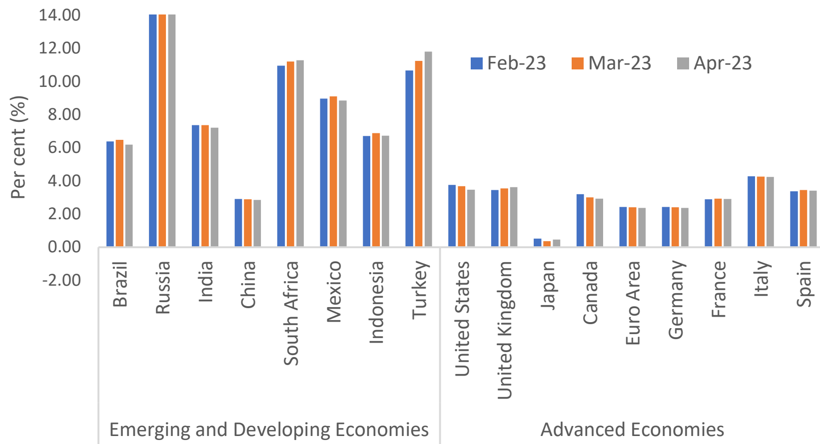


Source: *Bloomberg*

1.3.3 Government Bond Yield of Some Selected Countries

Though performance in the bonds market improved in April 2023 over its position a month earlier, bond yields in various markets recorded mixed outcomes. In AEs, particularly in the UK, 10-year bond yields increased as economic activity was resilient and inflation surprised to the upside. Additionally, performance in the bonds market was affected by weaker economic prospects as well as price indicators pointing to inflation, and delayed responses by investors in anticipation of resolution following the Fed and ECB policy meetings scheduled for the first week of May 2023. Yields in the UK and Japan rose marginally to 3.61 per cent and 0.44 per cent. In the US, Canada, and Euro area, yields declined marginally to 3.46, 2.91 and 2.36 per cent, respectively from 3.67, 3.00 and 2.40 per cent, respectively. In EMDEs, the performance of 10-year bond yields was also mixed. In particular, while yields in South Africa and Turkey rose by 0.08 and 0.57 percentage points to 11.27 per cent and 11.80 per cent, respectively, yields in Mexico, India and Indonesia fell by 0.27, 0.16 and 0.15 percentage points to 8.83, 7.19 and, 6.71 per cent, respectively.

Figure 4: 10-year Government Bond Yields for Selected Countries



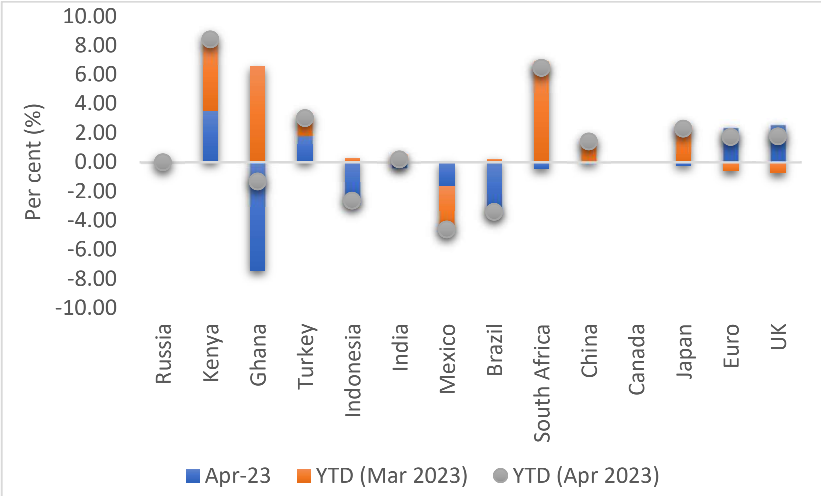
Source: *Bloomberg*

1.3.4 Foreign Exchange Market

The performance of AEs and EMDEs currencies against the US dollar was mixed. In April 2023, the British pound, Euro, Indian rupee, and Turkish lira depreciated against the US dollar. However, the Japanese yen, Ghanaian cedi, Indonesian rupiah, Mexican peso, Brazilian real, and South African rand appreciated against the US dollar.

Year-to-date analysis revealed that the British pound, Euro, Japanese yen, Chinese yuan, South African rand, Indian rupee, Kenyan shilling, and Turkish lira depreciated against the US dollar. The Japanese yen weakened significantly against the US dollar, after the Bank of Japan maintained its accommodative monetary policy. The Chinese yuan weakened against the US dollar following doubts about the strength of its economic recovery and rising capital outflows. The weakening Rand is linked to geopolitical risks, alongside investor concerns over a possible domestic energy crisis, and the effects of global monetary tightening. Nevertheless, other currencies like the Ghanaian cedi, Indonesian rupiah, and Mexican peso appreciated against the US dollar due to reports of slower-than-expected inflation in the US.

Figure 5: Exchange Rates of Selected Countries



Source: *Bloomberg*

1.4 Global Commodity Market

World Crude Supply and Demand

Total world crude oil supply declined as a result of the wildfires in Canada, which led to production shut-ins. Thus, total world crude oil supply declined by 0.13 per cent to 101.11 million barrels per day (mbpd), below the 101.24 mbpd recorded in the preceding month. Non-OECD supply declined by 0.12 per cent to 67.30 mbpd from 67.38 mbpd in the previous month. Similarly, the total OECD supply fell by 0.12 per cent to 33.81 mbpd from 33.85 mbpd in the preceding month.

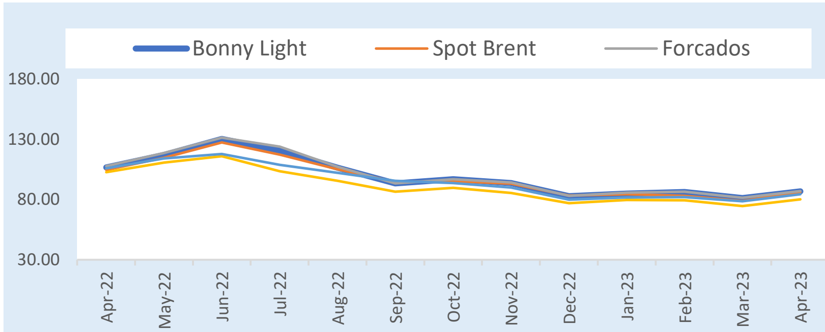
OPEC crude oil production fell by 0.35 per cent to 28.47 mbpd compared with 28.57 mbpd in the preceding month, due primarily to decreased production, especially in Nigeria, Iraq and Saudi Arabia.

On the demand side, total world demand fell by 0.55 per cent to 99.99 mbpd, compared with 100.54 mbpd in the preceding month. The development was driven largely by decreased fuel demand from Japan, following the rising use of electric vehicles and alternative fuel sources such as hydrogen and ammonia.

Crude Oil Prices

Crude oil spot prices rose due to the voluntary crude oil production cuts announced by OPEC+ members. In addition, prices were supported by the wildfires in Canada, which led to crude oil production shut-ins. The average spot price of Nigeria's reference crude oil, the Bonny Light (34.9° API), rose by 6.72 per cent to US$86.57 per barrel (pb) in April compared with US$81.12 pb in the preceding month. The prices of UK Brent at US$85.94 pb, Forcados at US$86.85 pb, WTI at US$79.84 pb, and OPEC Reference Basket (ORB) at US$84.14 pb all exhibited similar upward movement.

Figure 6: Global Crude Oil Prices (US$ per barrel) for April 2023



Source: *Refinitiv Eikon (Reuters)*

Agricultural Commodity Prices

The prices of most monitored agricultural commodities at the international markets increased on the back of supply uncertainties. The average all-commodities index stood at 126.1 points (Jan. 2010=100), representing a 2.1 per cent increase compared with the preceding month. The increase in the overall index was driven by the 8.6 per cent, 4.9 per cent, 3.4 per cent, 2.2 per cent, and 0.1 per cent upticks in the prices of coffee, cocoa, palm oil, wheat, and rubber, respectively. The development was attributed to supply constraints, partly occasioned by unfavourable weather conditions and the Russia-Ukraine war.

On the other hand, the prices of soya beans, groundnut, and cotton declined during the period due to increased supply, which surpassed demand.

Table 3: Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities for April 2023 (Dollar Based) (Jan. 2010=100)

COMMODITY	*Apr. 2022*	*Mar. 2023*	*Apr.2023*	% Change	
				(1) & (3)	(2) & (3)
	1	*2*	*3*	*4*	*5*
All Commodities	***151.1***	***123.5***	***126.1***	***-16.5***	***2.1***
Cocoa	*69.7*	*77.9*	*81.8*	*17.4*	*4.9*
Cotton	*200.7*	*123.2*	*122.9*	*-38.7*	*-0.2*
Coffee	*148.3*	*152.0*	*165.1*	*11.3*	*8.6*

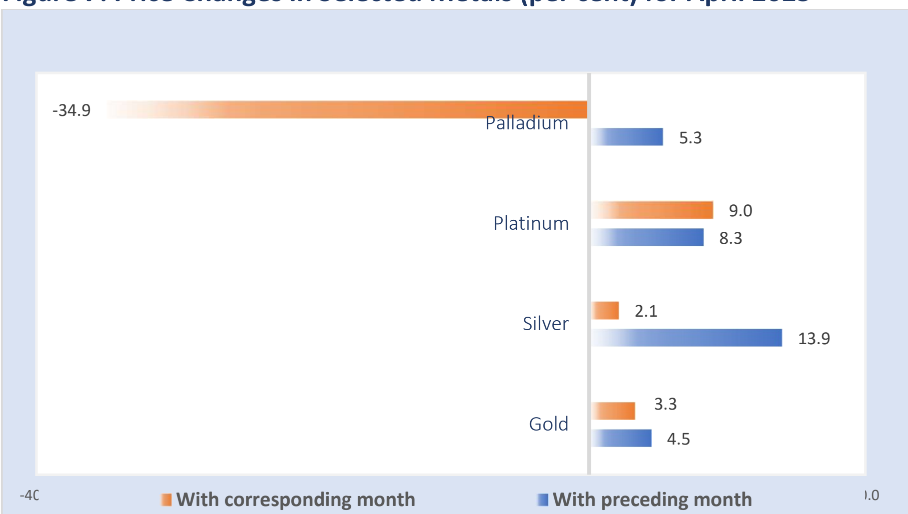
Wheat	*246.2*	*183.8*	*188.0*	*-23.6*	*2.2*
Rubber	*56.1*	*44.7*	*44.7*	*-20.2*	*0.1*
Groundnut	*120.1*	*145.5*	*144.5*	*20.3*	*-0.7*
Palm Oil	*202.5*	*117.0*	*121.0*	*-40.3*	*3.4*
Soya Beans	*165.4*	*144.2*	*141.1*	*-14.7*	*-2.1*

Source: *World Bank Pink Sheet*

Other Mineral Commodities

The average spot prices of gold, silver, platinum, and palladium rose in April 2023 due to investors switching to safe-haven assets to guard against currency risks. The average spot prices of gold and silver increased by 4.49 per cent and 13.95 per cent, month-on-month, to sell at US$2,000.89 per ounce and US$25.08 per ounce, respectively. Similarly, the prices of platinum and palladium rose by 8.27 per cent and 5.33 per cent, respectively to sell at US$1,049.89 per ounce and US$1,507.10 per ounce.

Figure 7: Price Changes in Selected Metals (per cent) for April 2023



Source: *Refinitiv Eikon (Reuters)*

2.0 DOMESTIC ECONOMIC DEVELOPMENTS

2.1 REAL SECTOR DEVELOPMENTS

Summary

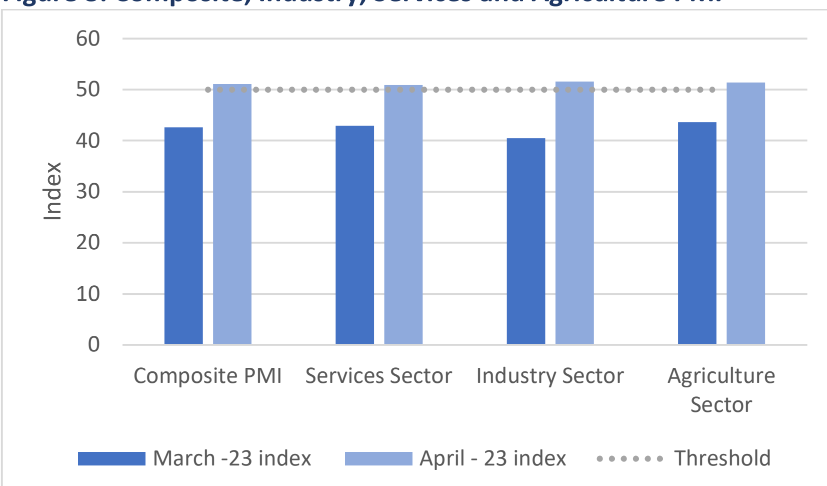
Business activities rebounded as indicated by the composite Purchasing Managers Index (PMI) which expanded to 51.1 index points due to improvements in the industry, services, and agriculture sectors. Headline inflation rose to 22.24 per cent in April, with core and food inflation increasing to 20.14 per cent and 24.16 per cent, respectively. Crude oil domestic production declined by 21.42 per cent to 1.0 mbpd, owing to force majeure declared by Exxon Mobil.

2.1.1 Business Activities

Purchasing Managers' Index

Domestic economic activities in April expanded after heading southwards in the previous period, following a rise in consumer demand. Consequently, the composite Purchasing Managers Index (PMI) expanded to 51.1 index points, compared with 42.6 index points in the preceding period, due to growth in activities of services, industry and agriculture sectors.

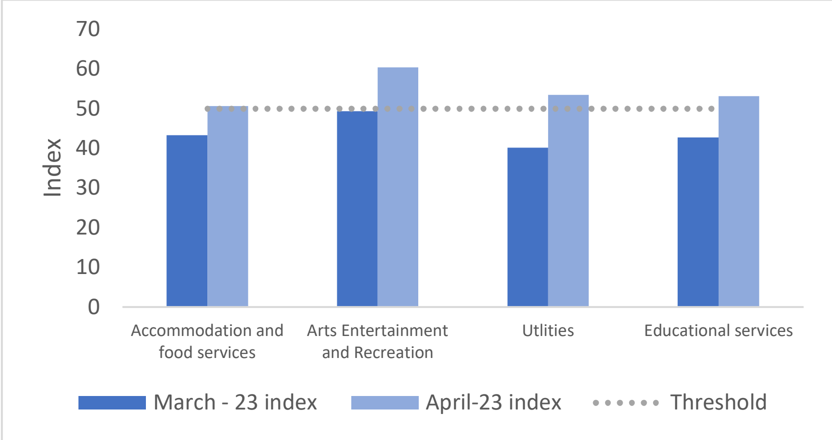
Figure 8: Composite, Industry, Services and Agriculture PMI



Source: *Central Bank of Nigeria*

Further analysis reveals that the services sector PMI expanded to 50.9 index points, compared with 42.9 index points in the preceding month. The expansion reflected a rise in activities in the Accommodation and Food Services; Utilities; Arts, Entertainment & Recreation; Educational services subsectors, among others.

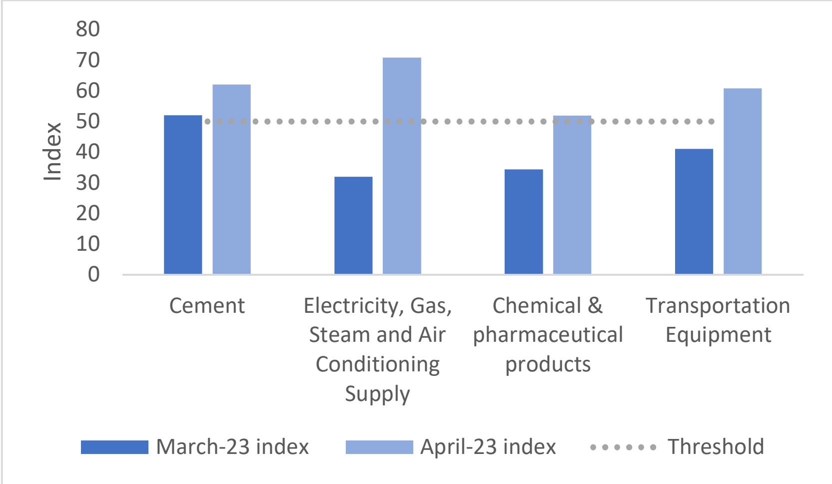
Figure 9: Services Sector PMI



Source: *Central Bank of Nigeria*

Also, the Industry sector PMI expanded to 51.6 index points since July 2022, compared with 40.7 index points in the preceding month. This was attributed to higher consumer demand and production levels, as reflected in the cement, transportation equipment, chemical & pharmaceutical products, electricity, gas, steam, and air conditioning supply subsectors, among others.

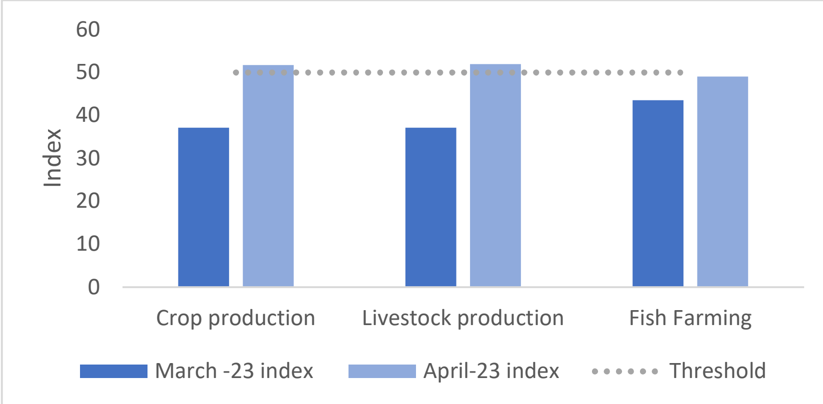
Figure 10: Industry Sector PMI



Source: *Central Bank of Nigeria*

The Agriculture sector PMI equally expanded to 51.4 index points, relative to 43.6 index points in March, due to an improvement in crop production and livestock farming.

Figure 11: Agriculture Sector PMI



Source: *Central Bank of Nigeria*

Table 4: Composite, Industry, Services, and Agriculture Purchasing Managers' Index

Components	*Mar-23*	*Apr-23*
Composite PMI	42.6	51.1
Industry Sector PMI	40.7	51.6
Production Level	*39.4*	*54.4*
New Orders	*36.7*	*50.7*
Supplier Delivery Time	*45.7*	*52.3*
Employment Level	*43.8*	*49.0*
Raw Material Inventory	*43.6*	*50.8*
Services Sector PMI	42.9	50.9
Business Activity	*39.3*	*51.8*
New Orders	*38.6*	*50.4*
Employment Level	*48.1*	*50.2*
Inventory	*45.6*	*51.1*
Agriculture Sector PMI	43.6	51.4
Farm Yield/Output	*42.6*	*52.3*
New Orders	*37.1*	*50.9*
Employment Level	*42.6*	*45.2*
Inventories	*47.2*	*54.1*
General Farming Activities	*48.6*	*54.4*

Source: *Central Bank of Nigeria*

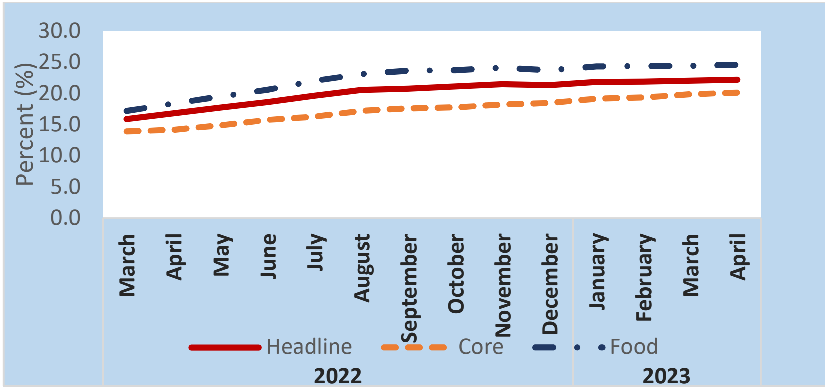
2.1.2 Domestic Price Development

Headline Inflation

Inflation rose in April 2023, following the rise in both food and non-food components of the CPI basket. The uptick was due to persisting high energy and other input prices, which continued to impact negatively on production, transport and logistics costs. Thus, headline inflation (Year-on-Year) rose to 22.22 per cent from 22.04 per cent in

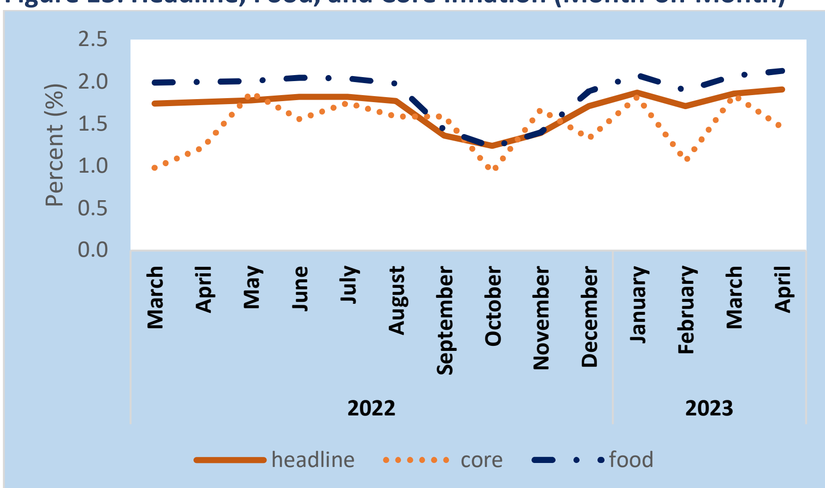
March 2023. On a month-on-month basis, it rose to 1.91 per cent, from 1.86 per cent in the preceding month.

Figure 12: Headline, Food, and Core Inflation (Year-on-Year)



Source: *National Bureau of Statistics (NBS)*

Figure 13: Headline, Food, and Core Inflation (Month-on-Month)



Source: *National Bureau of Statistics (NBS)*

Core Inflation

Year-on-year core inflation rose to 20.14 per cent from 19.86 per cent in the preceding month. The rise was attributed to increased energy and other input cost. However, on a month-on-month basis, core inflation moderated to 1.46 per cent from 1.84 per cent in the preceding month, owing to the positive effects of the Bank's hawkish monetary policy stance.

Food Inflation

Similarly, food inflation (year-on-year) inched up to 24.61 per cent, from 24.45 per cent in the preceding month, largely on account of an increase in the prices of both imported and processed foods. Also, the ripple effect of higher energy prices and increased transportation/logistics costs contributed to the rise in food inflation.

On a month-on-month basis, it rose to 2.13 per cent, compared with 2.07 per cent in the preceding month.

2.1.3 Domestic Crude Oil Market Developments

Crude Oil Production and Export

Domestic crude oil production and export declined month-on-month, mainly due to the force majeure declared by Exxon Mobil on oil liftings over industrial action by its workers. Data from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) showed that Nigeria's crude oil production fell by 21.4 per cent, month-on-month, to 1.0 mbpd, compared with 1.27 mbpd in the preceding month. Out of the 1.0 mbpd produced, 0.45 mbpd was allocated for domestic refining for the Direct Sale Direct Purchase (DSDP) contract, while the remaining 0.55 mbpd was exported. Nigeria's production level remained below the OPEC monthly quota of 1.74 mbpd by 0.74 mbpd.

BOX 1: DOMESTIC FOOD PRICES

The prices of all monitored domestic commodities maintained an upward trend in April 2023 relative to the previous month. High energy costs, rising transportation costs, and rising demand continued to fuel higher prices.

DOMESTIC PRICES OF SELECTED AGRICULTURAL COMMODITY PRICES APRIL 2023

		Apr. 2022	Mar. 2023	Apr. 2023	% Change	% Change
	UNIT	1/a	2/a	3/b	(1) & (3)	(2) & (3)
Agric eggs medium size	*1kg*	*678.9*	*891.5*	*913.6*	*34.6*	*2.5*
Beans: brown, sold loose	*"*	*530.6*	*597.0*	*603.4*	*13.7*	*1.1*
Beans: white, black eye, sold loose	*"*	*519.1*	*576.2*	*585.5*	*12.8*	*1.6*
Gari white, sold loose	*"*	*318.7*	*353.2*	*358.2*	*12.4*	*1.4*
Gari yellow, sold loose	*"*	*335.2*	*391.4*	*394.0*	*17.5*	*0.7*
Groundnut oil: 1 bottle, specify bottle	*"*	*1007.7*	*1292.5*	*1319.2*	*30.9*	*2.1*
Irish potato	*"*	*448.4*	*557.1*	*560.4*	*25.0*	*0.6*
Maize grain white, sold loose	*"*	*305.7*	*339.8*	*353.9*	*15.8*	*4.1*
Maize grain yellow, sold loose	*"*	*304.4*	*343.9*	*358.9*	*17.9*	*4.4*
Onion bulb	*"*	*380.9*	*444.4*	*465.4*	*22.2*	*4.7*
Palm oil: 1 bottle, specify bottle	*"*	*842.8*	*1086.7*	*1107.8*	*31.4*	*1.9*
Rice agric, sold loose	*"*	*504.2*	*613.3*	*618.9*	*22.7*	*0.9*
Rice local, sold loose	*"*	*440.3*	*530.1*	*536.0*	*21.7*	*1.1*
Rice, medium grained	*"*	*494.9*	*597.5*	*600.1*	*21.3*	*0.4*
Rice, imported high quality, sold loose	*"*	*612.3*	*765.1*	*770.5*	*25.9*	*0.7*
Sweet potato	*"*	*227.7*	*278.4*	*288.7*	*26.8*	*3.7*
Tomato	*"*	*426.5*	*466.6*	*479.0*	*12.3*	*2.7*
Vegetable oil: 1 bottle, specify bottle	*"*	*981.2*	*1220.6*	*1233.1*	*25.7*	*1.0*
Wheat flour: prepackaged (Golden Penny)	*2kg*	*1047.7*	*1275.2*	*1294.6*	*23.6*	*1.5*
Yam tuber	*1kg*	*361.2*	*443.0*	*447.5*	*23.9*	*1.0*

Sources: *(a) National Bureau of Statistics (b) Staff Estimates*

2.2 FISCAL SECTOR DEVELOPMENTS

Summary

The fiscal space in April 2023 remained tight amidst persisting revenue challenges and below-target spending. Relative to the monthly target, federation revenue fell short by 43.4 per cent, although it rose by 14.9 per cent relative to March 2023 on account of improvements in oil and non-oil receipts. Similarly, provisional FGN aggregate expenditure fell short of its target by 43.2 per cent but was 1.0 per cent above the level in March, owing to higher recurrent spending. Consequently, the overall fiscal deficit of the FGN widened by 0.5 per cent, compared with March, but contracted relative to the target.

2.2.1 Federation Account Operations

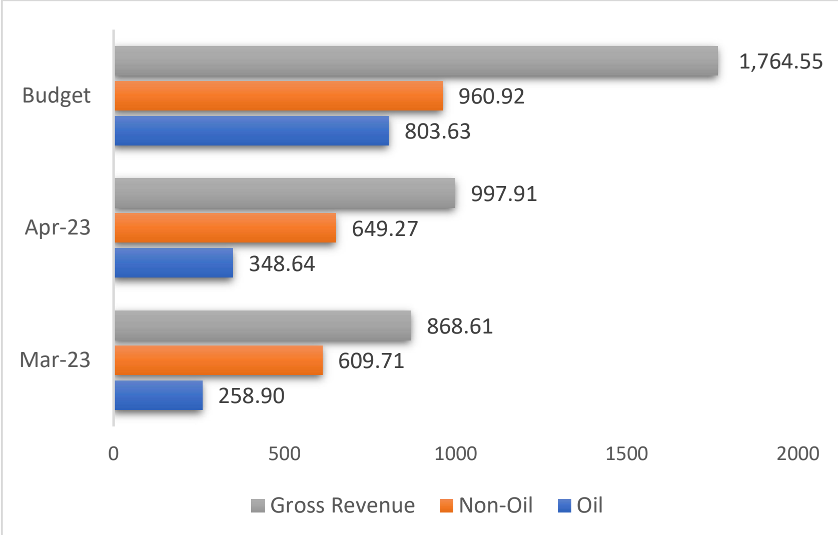
Drivers of Federation Revenue

Gross Federation Account revenue increased in April, owing to improvements in both oil and non-oil revenues. At ₦997.91 billion, federation receipts were above the level in March by 14.9 per cent. However, it was below the budget of ₦1,764.55 billion by 43.4 per cent. The increase, relative to the preceding month, was attributed mainly to the rise in collections from Petroleum Profit Tax and Royalties, Corporate Tax and Custom & Excise Duties. In terms of contribution, non-oil revenue continued to dominate, accounting for 65.1 per cent of total federation revenue.

Oil revenue, at ₦348.64 billion, was 34.7 per cent above receipts in the preceding month. The outcome was largely driven by a 32.2 per cent increase in collections from Petroleum Profit Tax and Royalties, following favourable global oil market conditions and an appreciable reduction in domestic crude oil theft. Despite improvement in earnings, oil revenue receipt was significantly below the monthly target of ₦803.63 billion by 56.6 per cent.

Similarly, at ₦649.27 billion, non-oil revenue, was above the level in the preceding month by 6.5 per cent but was 32.4 per cent below target. The higher April earnings were attributed, largely, to stronger performance in Corporate Tax and Customs & Excise Duties, reflecting increased economic activities and the seasonality effect associated with filing corporate tax.

Figure 14: Gross Revenue Outturn and Benchmark (₦ Billion)



Source: *Office of the Accountant General of the Federation and Central Bank of Nigeria Staff Estimates*

Table 5: Federally Collected Revenue and Distribution to the Three-Tiers of Government (₦ Billion)

	Apr. 2022	Mar. 2023	Apr. 2023	*Budget
Federation Revenue (Gross)	**1,311.22**	**868.61**	**997.91**	**1,764.55**
Oil	**450.06**	**258.90**	**348.64**	**803.63**
Crude Oil & Gas Exports	0.00	0.00	0.00	40.90
PPT & Royalties	430.78	253.82	335.42	686.75
Domestic Crude Oil/Gas Sales	11.15	0.00	0.00	8.38
Others	8.13	5.09	13.22	67.59
Non-oil	**861.16**	**609.71**	**649.27**	**960.92**
Corporate Tax	353.06	109.63	155.63	174.39
Customs & Excise Duties	141.34	118.58	134.40	176.32
Value-Added Tax (VAT)	219.50	240.80	218.79	246.15
Independent Revenue of Fed. Govt.	144.33	137.77	137.52	264.09
*Others***	2.93	2.93	2.93	99.97
Total Deductions/Transfers	***585.65***	***277.58***	***297.77***	***686.07***
Federally-Collected Revenue *Less Deductions & Transfers****	**725.57**	**591.03**	**700.14**	**1,078.48**
plus:				
Additional Revenue	**0.00**	**131.65**	**14.49**	**11.36**
Balance in Special Account from 2019	*0.00*	*0.00*	*0.00*	*0.00*
Excess Crude Revenue	*0.00*	*0.00*	*0.00*	*0.00*
Non-oil Excess Revenue	*0.00*	*11.65*	*14.49*	*11.36*
Exchange Gain	*0.00*	*120.00*	*0.00*	*0.00*
Total Distributed Balance	***725.57***	***722.68***	***714.63***	***1089.84***
Federal Government	***277.10***	***269.06***	***276.14***	***430.37***
Statutory	*246.44*	*235.43*	*245.74*	*396.16*
VAT	*30.66*	*33.63*	*30.40*	*34.20*
State Government	***280.56***	***279.68***	***232.13***	***421.44***
Statutory	*125.00*	*124.35*	*130.78*	*205.76*
VAT	*102.20*	*112.12*	*101.35*	*114.02*

13% Derivation	***53.36***	***43.21***	***35.10***	*101.67*
Local Government	***167.91***	***173.94***	***171.26***	**238.04**
Statutory	*96.37*	*95.46*	*100.32*	*158.23*
VAT	*71.54*	*78.48*	*70.94*	*79.81*

Source: *Office of the Accountant General of the Federation and Central Bank of Nigeria Staff Estimates*

Note: *Budget is based on 2023 appropriation Act, ** Includes Education Tax, Customs Special Levies (Federation Account), National Technology Development, Customs Special Levies, Solid Mineral & Other Mining revenue, and other Non-regular earnings; *** Deductions include the cost of revenue collections and JVC cash calls; while transfer entails provisions for FGN Independent revenue and other Non-Federation revenue.

A net balance of ₦714.63 billion was shared among the three tiers of government, of which the Federal, State and Local governments received ₦276.14 billion, ₦232.13 billion and ₦171.26 billion, respectively; while the balance of ₦35.10 billion was appropriated to the 13% Derivation Fund for oil-producing states. Disbursement in April was 1.1 per cent and 34.4 per cent below the level in the preceding month and the monthly target, respectively.

2.2.2 Fiscal Operations of the Federal Government

Federal Government Retained Revenue

Provisional FGN retained Revenue increased, following improved accretion into the Federation Account. Retained revenue of the FGN stood at ₦413.66 billion, which was above collections in March but significantly fell short of the proportionate monthly target of ₦920.43 billion by 55.1 per cent.

Table 6: FGN Retained Revenue (₦ Billion)

	Apr. 2022	Mar. 2023	Apr. 2023	*Budget
FGN Retained Revenue	466.97	406.83	413.66	920.43
Federation Account	246.44	*178.68*	*243.56*	*356.95*
VAT Pool Account	30.66	*33.63*	*30.40*	*31.92*
FGN Independent Revenue	144.33	*137.76*	*137.52*	*264.09*
Excess Oil Revenue	0.00	*0.00*	*0.00*	*0.00*
Excess Non-Oil	0.00	1.75	2.18	*0.00*
Exchange Gain	0.00	55.00	0.00	*0.00*
*Others***	45.54	0.00	0.00	*267.47*

Source: *Office of the Accountant General of the Federation and Central Bank of Nigeria Staff Estimates*

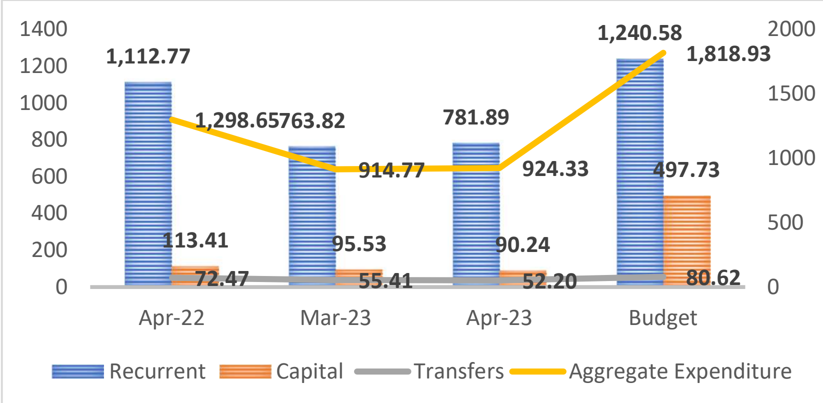
Note: **Others include revenue from Special Accounts and Special Levies, *Based on 2023 appropriation Act. The figures are provisional.

Federal Government Expenditure

Provisional aggregate expenditure of the FGN exceeded the level in March on account of increased recurrent outlay. At ₦924.33 billion, the provisional aggregate expenditure of the FGN rose by 1.0 per cent relative to March. However, it fell short of the projected spending by 49.2 per cent. The composition of FGN spending in the period remained tilted towards recurrent spending, which accounted for 84.6

per cent, while capital outlay and transfers constituted 9.8 per cent and 5.6 per cent, respectively.

Figure 15: Federal Government Expenditure (₦ Billion)



Source: *CBN Staff Estimates and compilation from OAGF data*

Overall Fiscal Balance

The estimated overall fiscal deficit of the FGN widened marginally relative to March, but narrowed significantly compared with the budget. At ₦510.67 billion, the provisional fiscal deficit of the FGN rose slightly by 0.5 per cent, relative to the preceding month, but was 43.2 per cent below the proportionate benchmark. The lower deficit was reflective of expenditure lags rather than fiscal consolidation.

Table 7: Fiscal Balance (₦' Billion)

	Apr-2022	Mar-2023	Apr-2023	*Budget
Retained revenue	466.97	406.83	413.66	920.43
Aggregate expenditure	1,298.65	914.77	924.33	1,818.93
Recurrent	1,112.77	763.82	781.89	1,240.58
Non-debt	402.06	406.08	406.72	694.11
Debt Service	692.74	333.53	352.10	546.47
Capital	113.41	95.53	90.24	497.73
Transfers	72.47	55.41	52.20	80.62
Primary balance	-138.95	-174.41	-158.57	-352.04
Overall balance	-831.68	-507.93	-510.67	-898.51

Source: *Office of the Accountant General of the Federation and Central Bank of Nigeria Staff Estimates*
Note: The figures are provisional.

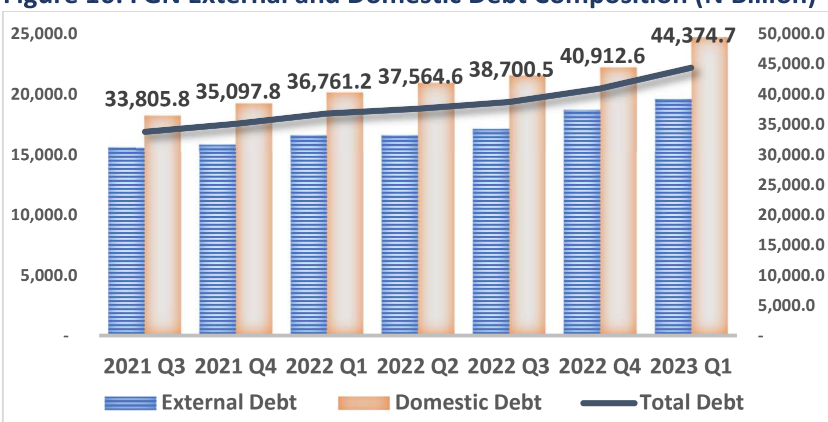
Federal Government Debt

Government borrowing in the review period remained anchored on the Medium-Term Debt Strategy (MTDS 2020-2023) of the FGN. Total public debt outstanding as at end-March 2023 was ₦49,853.69 billion (25.0 per cent of GDP). It rose by 7.8 per cent and 19.8 per cent, relative to end-December 2022 and end-March 2022, respectively; but, remained within the 40.0 per cent threshold. Domestic debt accounted for 60.6 per cent of the consolidated public debt, while external debt obligations constituted 39.4 per cent. Out of the public debt stock, FGN owed ₦44,374.69 billion (or 89.0 per cent[2]), while State governments' domestic debt stock made up the balance of ₦5,479.00 billion (or 11.0 per cent).

Of the total FGN debt obligations, domestic debt was ₦24,730.77 billion (or 55.7 per cent), while external debt was ₦19,643.92 billion (or 44.3 per cent). This is against the 70:30 domestic-external debt mix anticipated in the prevailing medium-term debt framework. Detailed analysis shows that FGN bond issues maintained its dominance, with 74.5 per cent of the total domestic debt, while Treasury Bills (19.1 per cent), FGN Sukuk (3.0 per cent), Promissory Notes[3] (3.0 per cent), and others (0.4 per cent) constituted the balance. With regards to external debt holdings, Multilateral, Commercial and Bilateral loans accounted for 48.4 per cent, 36.6 per cent and 12.1 per cent, respectively, while 'other[4]' loans constituted 2.9 per cent.

Debt service obligations in 2023Q1 amounted to ₦1,019.96 billion, compared with ₦548.86 billion in 2022Q4. The increase was attributed to principal repayments and the redemption of matured debt obligations.

Figure 16: FGN External and Domestic Debt Composition (₦ Billion)



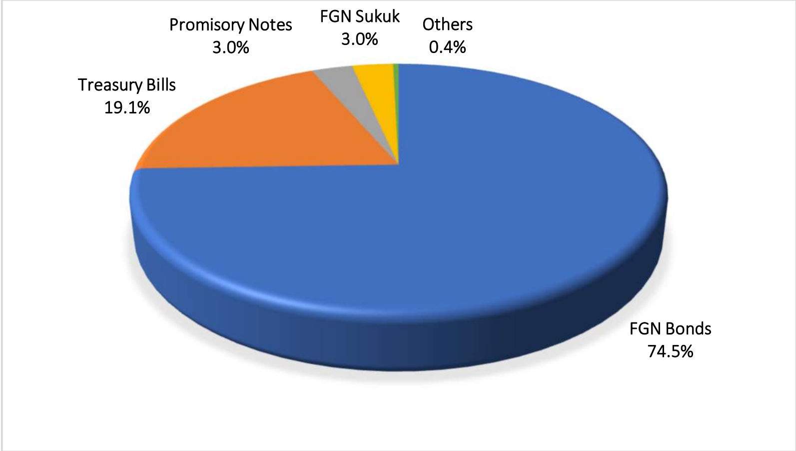
Source: *Debt Management Office (DMO)*

[2] Includes the external debt of State governments, which are contingent liabilities of the Federal government.

[3] Includes Treasury bonds (0.2 per cent), Green bond (0.1 per cent) and Special FGN Savings bond (0.1 per cent).

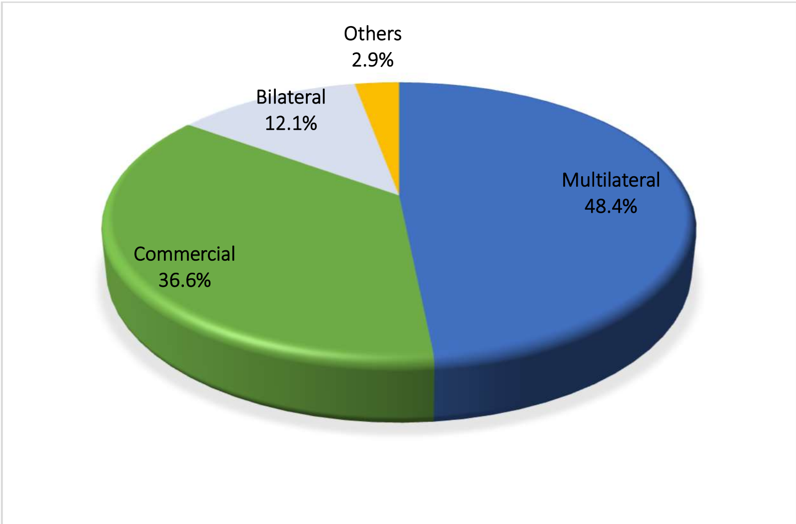
[4] Includes Promissory notes (2.2 per cent) and Syndicated loans, arranged by the AFC (0.7 per cent).

Figure 17: Composition of Domestic Debt Stock by Instrument



Source: *Compiled from DMO figures*

Figure 18: Composition of External Debt Stock by Instrument



Source: *Compiled from DMO figures*

2.3 MONETARY AND FINANCIAL DEVELOPMENTS

Broad Money

Developments in the monetary sector in April, reflected growth in key monetary aggregates. The eNaira-in-circulation maintained its growth trajectory, while the currency notes and coins declined. Banking system liquidity fell, leading to a rise in key short-term money market rates. Moreso, the financial system remained resilient, as key soundness indicators were within regulatory limits.

2.3.1 Monetary Developments

Reserve Money

Reserve money, relative to end-December 2022, grew by 9.42 per cent at end-April 2023 driven wholly by an increase in liabilities to other depository corporations. The 16.46 per cent increase in liabilities to other depository corporations (ODCs) was due to the 23.34 per cent rise in required reserves.

Currency in circulation (CIC), on the other hand, declined by 21.01 per cent. Further disaggregation of CIC revealed a decline in the value of currency notes and coins but an increase in the eNaira component by 29.9 per cent to ₦5.90 billion at end-April.

Table 8: Components of Reserve Money (₦ Billion)

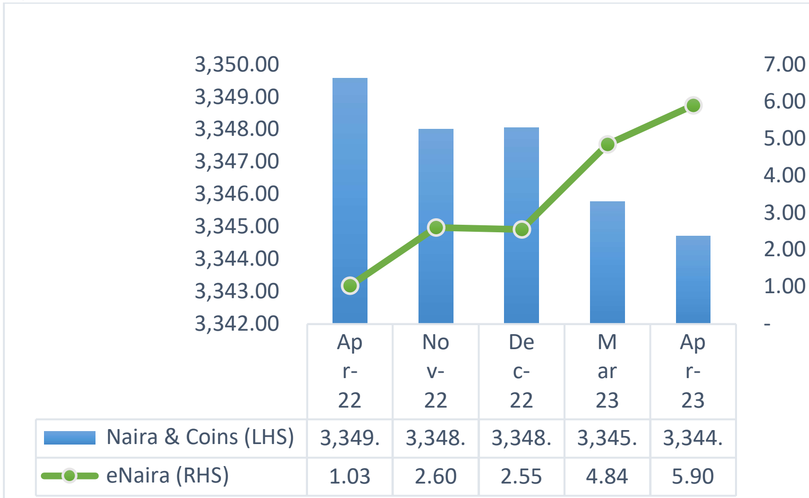
	Apr-22	Dec-22	Feb-23	Mar-23	Apr-23
Monetary Base	**14,376.82**	**16,032.96**	**16,320.29**	**15,975.74**	**17,543.44**
Currency-In-Circulation	*3,350.62*	*3,012.06*	*982.10*	*1,683.50*	*2,379.07*
Of which eNaira	*1.03*	*2.60*	*2.55*	*4.84*	*5.90*
Liabilities to ODCs	*11,026.21*	*13,020.91*	*15,338.19*	*14,292.24*	*15,164.37*
Monetary Base (% Growth over Preceding December)	*8.14*	*20.59*	*1.79*	*-0.36*	*9.42*
Broad Money Multiplier (M3)	*3.28*	*3.26*	*3.27*	*3.42*	*3.19*

***Source**: Central Bank of Nigeria*

Relative to the level at end-December 2022, broad money (M_3) grew by 7.4 per cent (annualised at 22.2 per cent) at end-April 2023, despite the 0.1 percentage point decline in the money multiplier. On the asset side, the growth in M3 was attributed to an increase in domestic claims.

Domestic claims grew by 16.76 per cent to ₦74,820.12 billion, reflecting an increase of 37.35 per cent and 5.72 per cent increase in net claims on central government and claims on other sectors, respectively. The rise in claims on other sectors, which contributed 4.6 percentage points to the total growth in M_3, was propelled by the growth in claims on the private sector, claims on other financial corporations and claims on state and local governments. Net foreign assets, however, declined by 25.71 per cent, owing to the 5.17 per cent fall in claims on non-residents.

Figure 19: Composition of Currency-in-Circulation (₦ Billion)



Source: *Central Bank of Nigeria*

Table 9: Money and Credit Growth over preceding December (%)

	Apr-22	Dec-22	Mar-23	Apr-23	Contribution to M3 growth (Apr-23)	Annualised Growth (Apr-23	2023 Provisional Benchmark
Net Foreign Assets	-19.63	-25.57	-13.93	-25.71	-3.43	-77.13	38.82
Claims on Non-residents	-2.86	9.64	-6.40	-5.17	-2.26	-15.51	
Liabilities to Non-residents	10.85	38.43	-3.09	3.85	1.17	11.55	
Net Domestic Assets	12.94	28.90	7.52	12.46	10.80	37.38	15.78
Domestic Claims	11.35	31.42	10.08	16.76	20.57	50.28	
Net Claims on Central Government	21.73	61.61	23.08	37.35	16.00	112.05	19.64
Claims on Central Government	17.93	34.57	15.33	21.45	13.55	64.41	
Liabilities to Central Government	12.99	-0.53	-1.02	-12.10	-2.46	-7.38	
Claims on Other Sectors	7.24	19.46	3.11	5.72	4.57	17.16	13.50
Claims on Other Financial Corporations	3.51	11.69	6.83	5.31	0.90	15.93	
Claims on State and Local Government	26.23	32.47	4.26	5.22	0.33	15.66	
Claims on Public Nonfinancial	52.36	40.89	-0.45	-37.04	-0.80	-111.12	

Broad Money

Corporations							
Claims on Private Sector	4.96	19.95	1.96	7.60	4.14	22.80	
Total Monetary Assets (M_3)	6.08	17.44	4.66	7.37	7.37	22.11	17.18
Currency Outside Depository Corporations	-3.56	-12.57	-43.74	-19.04	-0.94	-57.12	
Transferable Deposits	12.37	20.34	9.68	12.67	4.42	38.01	
Narrow Money (M_1)	9.78	14.98	3.07	8.75	3.48	26.25	
Other Deposits	3.56	17.63	5.63	6.54	3.89	19.62	
Broad Money (M_2)	6.08	16.56	4.60	7.42	7.37	22.26	18.07
Total Monetary Liabilities(M_3)	6.08	17.44	4.66	7.37	7.37	22.11	17.18

Source: *Central Bank of Nigeria*; ***Note:*** *2023 benchmark are Staff Estimates*

On the liabilities side, the 12.67 per cent and 6.54 per cent growth in transferable deposits and other deposits, elicited the growth in M3. However, currency outside depository corporations (CODC) declined by 19.0 per cent, reflecting increased usage of electronic payment channels at end-April. In terms of contribution to growth in broad money liabilities, transferable deposits, contributed the most at 4.42 percentage points, while ‘other deposits’ contributed 3.89 percentage points.

2.3.2 Sectoral Credit Utilisation

Sectoral Utilisation of Credit

Total credit to key sectors of the economy increased slightly by 0.72 per cent to ₦30,347.31 billion at end-April, compared with ₦30,346.13 billion at end-March. A disaggregation of credit utilisation reveals that the Services sector, at ₦16,046.63 billion, accounted for the largest share (52.9 per cent), followed by Industry (₦12,424.44 billion) and Agriculture (₦,1,876.24 billion), which accounted for 40.9 per cent and 6.2 per cent, respectively.

Table 10: Relative Share in Total Sectoral Credit

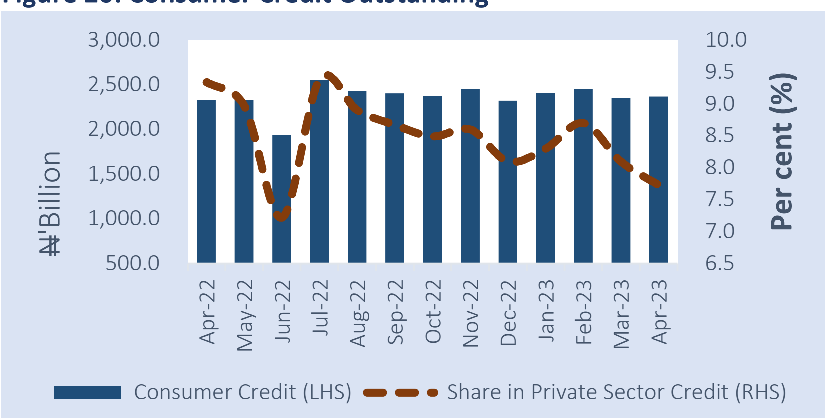
ITEM	Apr-22 =N='Bn (1)	Dec-22 =N='Bn (2)	Mar-23 =N='Bn (3)	Apr-23 =N='Bn (4)	Percentage Share in Total Apr-22 (5)	Dec-22 (6)	Apr-23 (7)
SECTORAL CREDIT ALLOCATION							
[a] Agriculture	1,628.02	1,812.47	1,887.95	1,876.24	6.29	6.16	6.18
[b] Industry	10,294.74	12,074.31	12,334.84	12,424.44	39.78	41.01	40.94
of which Manufacturing	4,292.00	5,566.4	5,565.28	5,811.28	16.59	18.90	19.15
[c] Services	13,953.95	15,559.09	16,123.34	16,046.63	53.92	52.84	52.88
of which Finance, Insurance & Capital Market	1,780.20	2,638.84	2,639.25	2,658.18	6.88	8.96	8.76
Trade/General Commerce	1,798.70	2,214.4	2,333.42	2,340.07	6.95	7.52	7.71
TOTAL PRIVATE SECTOR CREDIT	25,876.72	29,445.9	30,346.13	30,347.31	100.0	100.0	100.0

Source: *Central Bank of Nigeria*

Consumer Credit

Furthermore, consumer credit grew by 0.7 per cent to ₦2,367.38 billion at end-April, from ₦2,349.88 billion at end-March. As a share of total claims on private sector, consumer credit fell marginally by 0.4 percentage points to 7.7 per cent at end-April.

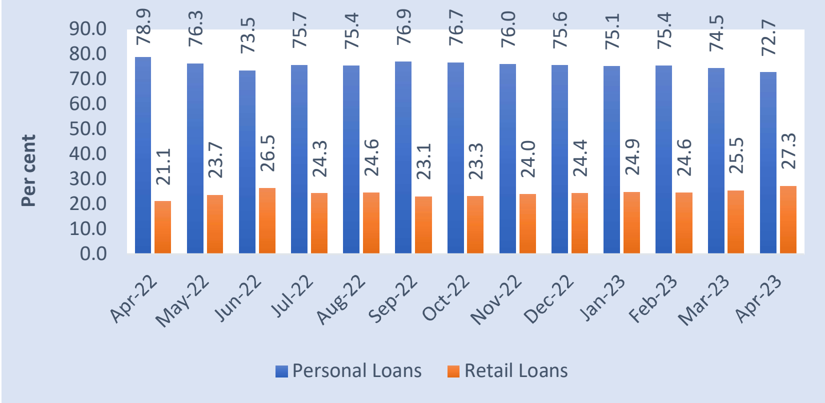
Figure 20: Consumer Credit Outstanding



Source: *Central Bank of Nigeria*

A breakdown of consumer credit shows that personal loans stood at ₦1,720.99 billion, accounting for 72.7 per cent, while retail loans stood at ₦646.39 billion and accounted for 27.3 per cent.

Figure 21: Composition of Consumer Credit



Source: *Central Bank of Nigeria*

2.3.3 Financial Developments

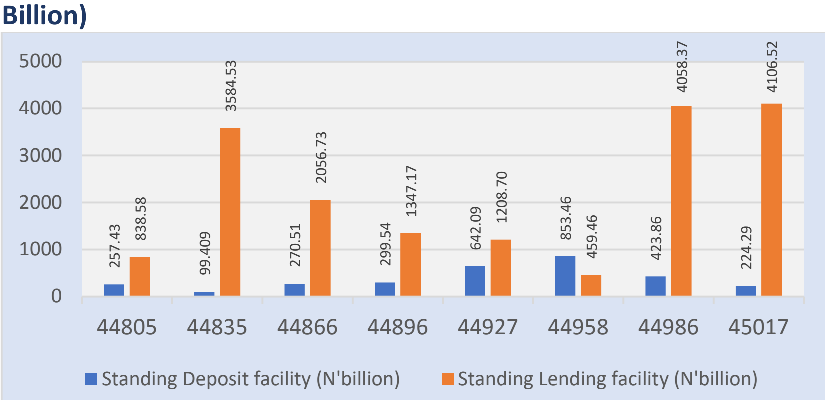
2.3.3.1 Money Market Developments

Industry Liquidity Condition

Banking system liquidity declined in April, on account of fiscal and monetary operations. Total fiscal injection fell by ₦8.04 billion to ₦714.63 billion, compared with the level in the preceding month. Consequently, the average net industry balance of the banking system declined by 16.5 per cent to ₦236.99 billion from ₦283.71 billion in the preceding month. The fall in banking system liquidity was due, largely to the provisioning and settlement of foreign exchange purchases, the auctioning of FGN Bonds and Nigerian Treasury Bills (NTBs), as well as Cash Reserve Ratio (CRR) debits.

Accordingly, total requests at the standing lending facility (SLF) window increased to ₦4,106.52 billion in the review month, compared with ₦4,058.37 billion in March. In contrast, total requests at the standing deposit facility (SDF) window fell to ₦224.29 billion in the review month, compared with ₦423.86 billion in the preceding month, reflecting the waning liquidity in the banking system.

Figure 22: Transactions at the CBN Standing Facility Windows (₦ Billion)



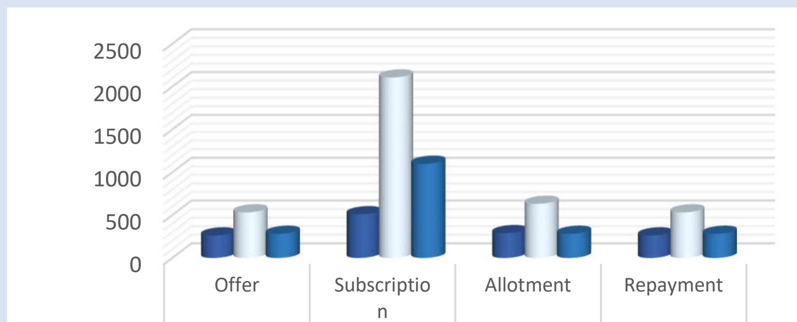
Source: *Central Bank of Nigeria*

Investment in Government Securities

Activities at the NTBs and FGN Bond segments moderated in the review month. At the auctions, NTBs worth ₦281.10 billion, ₦1,099.46 billion, and ₦281.10 billion were offered, subscribed to and allotted, respectively, relative to ₦531.84 billion, ₦2,106.90 billion and ₦631.84 billion, in the preceding month.

A breakdown shows that total subscriptions were ₦6.10 billion (for 91-day auction), ₦10.98 billion (182-day auction) and ₦1,082.38 billion (364-day auction), in the review month, compared with ₦13.18 billion, ₦30.71 billion and ₦2,063.00 billion, respectively, in the preceding month. Notably, investors upheld their preference for longer-term securities (364 days), which accounted for 97.9 per cent of total subscriptions.

Figure 23: Primary Market NTBs (₦ Billion)

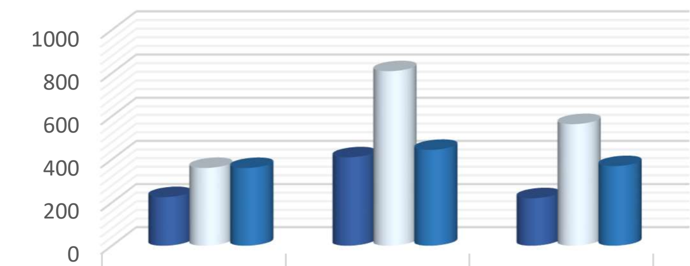


	Offer	Subscription	Allotment	Repayment
Apr-22	262.23	509.89	289.09	262.23
Mar-23	531.84	2,106.90	631.84	531.84
Apr-23	281.1	1,099.46	281.1	281.1

Source: *Central Bank of Nigeria*

Tranches of the 10-, 20- and 30-year FGN bonds were reopened and offered for sale during the review period. The term to maturity of the bonds ranged from 4 years, 10 months to 26 years, 11 months. The total amount offered, subscribed to, and allotted was ₦360.00 billion, ₦444.03 billion and ₦368.67 billion, compared with ₦360.00 billion, ₦808.61 billion and ₦563.36 billion, respectively, in the preceding month. The bid and marginal rates stood at 15.0 (±2.0) per cent and 14.90 (±0.9) per cent compared with 14.95 (±1.95) per cent and 14.88 (±0.9) per cent, respectively, in April.

Figure 34: Primary Auctions of FGN Bond (₦ Billion)



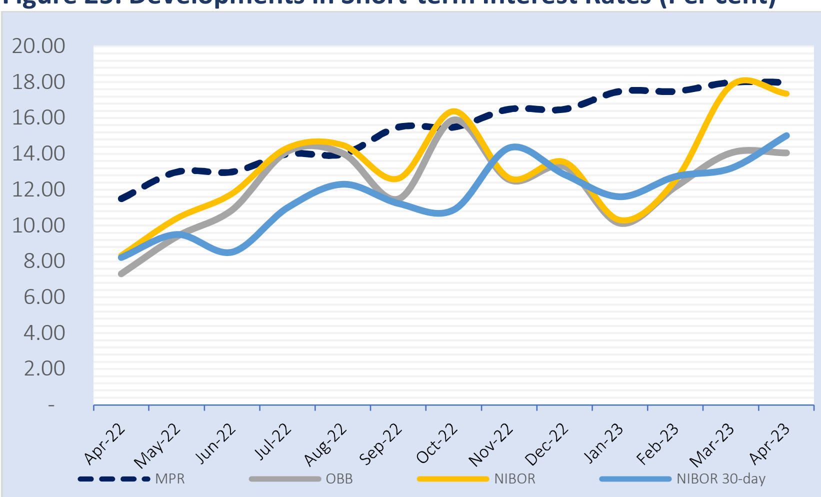
	Offer	Subscription	Allotment
Apr-22	225	409.41	219.88
Mar-23	360	808.61	563.36
Apr-23	360	444.03	368.67

Source: *Central Bank of Nigeria*

Interest Rate Development

Key money market rates trended upward in tandem with the level of liquidity. The average Interbank and Open Buy Back (OBB) rates rose to 15.80 per cent and 17.05 per cent in April, from 14.75 per cent and 14.07 per cent, respectively, in the preceding month. Similarly, the Nigerian Interbank Offered Rate (NIBOR-call), also trended upwards to 17.36 per cent from 13.83 per cent in the preceding month.

Figure 25: Developments in Short-term Interest Rates (Per cent)

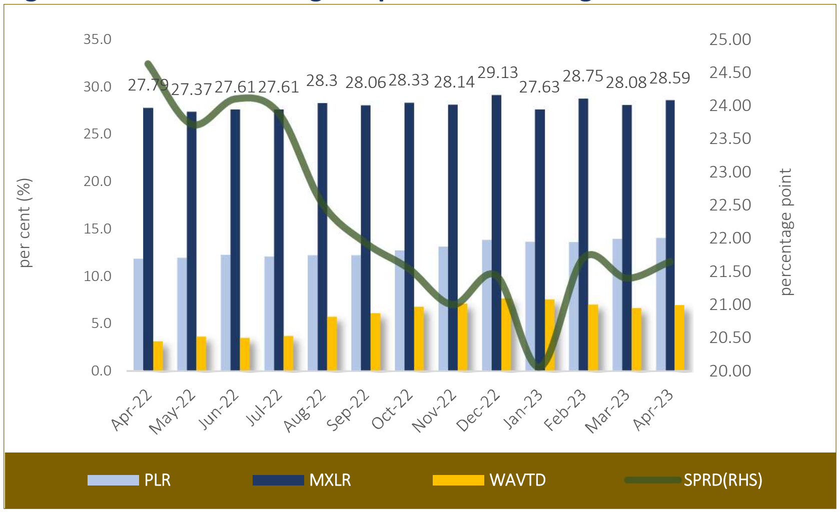


Source: *Central Bank of Nigeria*

Likewise, the average prime lending rate rose to 14.0 per cent from 13.6 per cent recorded in March. On the other hand, the average maximum lending rate fell by 0.5 percentage points to 28.1 per cent in April. The weighted average term deposit rate also fell by 0.2

percentage points to 6.9 per cent. Consequently, the spread between the weighted average term deposit and maximum lending rates widened by 0.3 to 21.7 percentage points.

Figure 46: Trend in Average Deposit and Lending Rates



Note: *PLR= Prime lending rate; MXLR= Maximum lending rate; WAVTD= Weighted average term deposit rate; SPRD= Spread between MXLR and WAVTD*

Source: *Central Bank of Nigeria*

2.3.3.2 Capital Market Developments

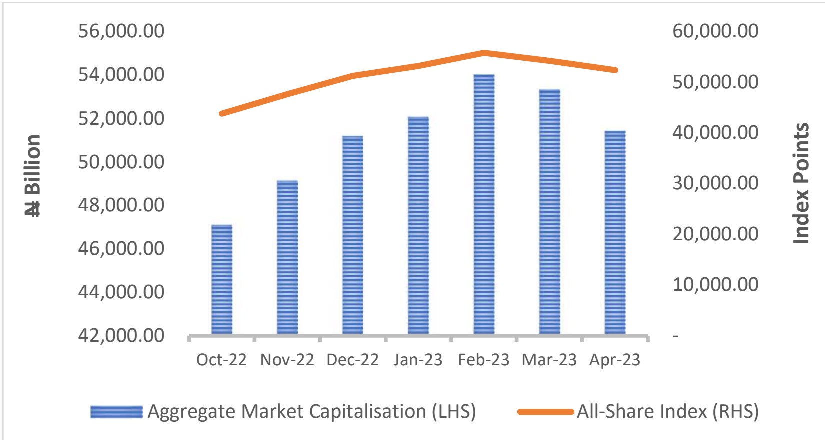
Market Capitalisation

Activities on the Nigerian Exchange (NGX) Limited were bearish in the review period, driven by the March 2023, MPR hike. Thus, aggregate market capitalisation depreciated by 3.6 per cent to ₦51,434.22 billion in the review period, compared with ₦53,326.29 billion recorded in the preceding period. The breakdown of the aggregate market capitalisation shows that the equities, debts, and Exchange Traded Funds (ETF) components depreciated by 3.4 per cent, 3.7 per cent and 6.0 per cent to close at ₦28,539.71 billion, ₦22,885.98 billion and ₦8.53 billion, respectively, compared with the ₦29,549.49 billion, ₦23,767.72 billion and ₦9.07 billion, recorded in March 2023. The development reflected an erosion of investors' sentiment in the equities market, occasioned by the hike in MPR to 18.0 per cent during the March 2023 Meeting. The equities, debt and ETF components constituted 55.4 per cent, 44.5 per cent and 0.1 per cent of the total market capitalisation, respectively.

NGX- All Share Index

The NGX All-Share Index (ASI) stood at 54,184.34 index points at the beginning of April 2023 and closed at 52,403.51 index points at the end of the review month, reflecting a 3.3 per cent decline on a month-on-month basis. The negative performance of the NGX-ASI was driven by investors' reactions to the hike in MPR following the March 2023 meeting.

Figure 27: Aggregate Market Capitalisation and All-Share Index



Source: *Nigeria Exchange (NGX) Limited*

On the sectoral indices, the performances were bearish across most major indices tracked, with the NGX-Main Board at the bottom of the ladder. However, NGX-Consumer Goods, NGX-Insurance, NGX-Afri Div Yield, NGX-MERI Growth and NGX-Sovereign Bond trended upward, while NGX-Growth and the NDX-ASEM closed flat.

The level of trading activities was, however, positive compared with the preceding month, as the volume and value of traded securities increased by 204.8 per cent and 30.7 per cent to 21.83 billion shares and ₦95.64 billion, respectively, from 7.16 billion shares and ₦73.19 billion recorded in the preceding month.

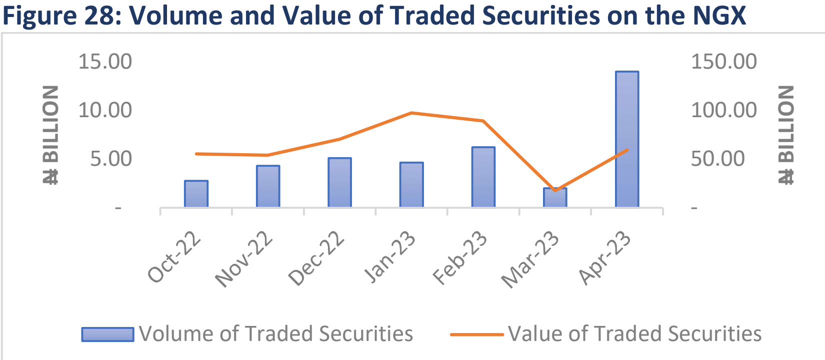
Table 11: Nigeria Exchange (NGX) Limited sectorial Indices

NGX INDICES	MAR-23	APR-23	CHANGES (%)
NGX-CONSUMER GOODS	702.74	736.14	4.8
NGX-INSURANCE	177.51	184.38	3.9
NGX-AFRI DIV YIELD	3,591.60	3,675.88	2.4
NGX-MERI GROWTH	2,351.76	2,396.35	1.9
NGX-SOVEREIGN BOND	802.08	812.69	1.3
NGX-GROWTH	2,799.23	2,799.23	0.0
NGX-ASEM	659.42	659.42	0.0
NGX-INDUSTRIAL GOODS	2,456.45	2,447.13	0.4
NGX-PENSION	1,906.49	1,891.27	-1.0
NGX-MERI VALUE	2,484.30	2,458.07	-1.1
NGX-PREMIUM	5,280.16	5,198.19	-1.6
NGX-OIL & GAS	510.83	502.24	-1.7
NGX-30	1,933.29	1,890.85	-2.2
NGX-LOTUS II	3,525.80	3,431.27	-2.7
NGX-CG	1,363.74	1,323.06	-3.0
NGX-BANKING	452.97	438.07	-3.3
NGX-AFRI BANK VALUE	1,081.54	1,044.79	-3.4
NGX-MAIN BOARD	2,440.45	2,349.99	-3.7

Source: *Nigeria Exchange (NGX) Limited*

However, the total deals traded in the equities market in April 2023 fell by 11.1 per cent to 72,744 deals, from 81,819 deals recorded in March 2023.

Figure 28: Volume and Value of Traded Securities on the NGX



Source: *Nigeria Exchange (NGX) Limited.*

In the review period, there were two (2) new listings of FGN saving bonds and two (2) delisting of issued share capital on the Exchange.

Table 12: Listings/delisting on the Nigerian Exchange Limited in the April 2023

Company/Security	Shares Units/Price	Remarks	Listing
Sterling Financial Holdings Company Plc	28,790,418,126 Shares	Shares	Delisting
Global Spectrum Energy Services Plc	Entire issued share capital	Shares	Delisting
10.032% FGS APR 2025	436,012 units	FGN Savings Bonds	New Listing
11.032% FGS APR 2026		FGN Savings Bonds	New Listing

Source: *Nigeria Exchange Limited (NGX).*
Notes: *FGN=Federal Government of Nigeria Saving Bond; and Plc=Public Limited Liability Company*

2.3.3.3 Financial Soundness Indicators

The banking industry remained resilient in the review period, as reflected in the performance of the Financial Soundness Indicators (FSIs), which were within their prudential benchmarks. In the review period, the banking system's Capital Adequacy Ratio (CAR) decreased by 1.4 percentage points to 12.8 per cent, compared with the ratio at end-March 2023. The development reflected a decline in the banks' total qualifying capital. However, the ratio remained above the 10.0 per cent benchmark for banks with national and regional authorisation but below the 15.0 per cent threshold for banks with international licences.

The banks' asset quality, measured by the ratio of non-performing loans (NPL) to total loans, fell by 0.1 percentage point to 4.4 per cent in the review period, from the 4.5 per cent recorded at end-March 2023, reflecting a sustained improvement in loan recoveries by banks as the ratio remains below the prudential benchmark of 5.0 per cent.

The industry Liquidity Ratio (LR) increased by 10.8 percentage points to 62.2 per cent, from the 51.4 per cent recorded in the preceding period, reflecting a higher appetite for liquid asset holdings by banks. The LR was above the minimum regulatory benchmark of 30.0 per cent, showing the banks' ability to meet their obligations and signalling an aversion to borrowing due to the high MPR.

2.4 EXTERNAL SECTOR DEVELOPMENTS

Summary

Trade performance was weak in April, reflecting a decline in export earnings. Similarly, capital inflow into the economy decreased, following heightened investors' apathy on account of the anticipated inauguration of a new government. The economy recorded a higher net foreign exchange inflow relative to the previous month, driven primarily, by decreased outflow through the CBN and autonomous sources. The external reserves stood at US$34.96 billion, above the benchmark of three months of import cover. The average exchange rate of the naira per US dollar at the I&E window appreciated to ₦460.96/US$, from ₦460.97/US$ in the preceding month.

2.4.1 Trade Performance

Trade performance was moderated by a decline in export earnings during the review period. Trade surplus declined to US$0.64 billion, relative to US$1.60 billion in the preceding month. Total export receipts decreased by 3.3 per cent to US$4.89 billion in April 2023 from March 2023. However, merchandise import rose by 23.2 per cent to US$4.25 billion from the level in March 2023.

Figure 29: Export, Import and Trade Balance (US$ Billion)

***Source**: Central Bank of Nigeria*

Oil Export

Despite the high crude oil price, industrial disputes resulted in force majeure on some export terminals, weighing on domestic production, and thereby affecting export earnings. Consequently, crude oil and gas export receipts fell by 6.5 per cent to US$4.22 billion from the level in March 2023. A breakdown reveals that crude oil export receipts declined by 6.2 per cent to US$3.73 billion, from the level in the preceding month. Similarly, gas export receipts decreased by 8.6 per cent to US$0.50 billion from US$0.54 billion in March 2023. Analysis by share shows that crude oil and gas accounted for 79.8 per cent of total export, with crude oil receipts and gas receipts accounting for 86.4 per cent and 13.6 per cent, respectively.

Non-Oil Export

Domestic measures targeted at increasing non-oil export, boosted non-oil export earnings during the review period. Consequently, non-oil export earnings increased by 13.6 per cent to US$0.66 billion from the level in March 2023.

Analysis by direction of trade reveals that Yemen was the major destination of non-oil export products with a share of 22.0 per cent. Export to India followed with 8.2 per cent; China, 8.1 per cent; Japan, 7.8 per cent and Poland with 5.1 per cent. The major commodities exported were cashew nuts, which accounted for the largest share of 28.5 per cent, followed by urea with 13.7 per cent; and stone flower with 7.1 per cent.

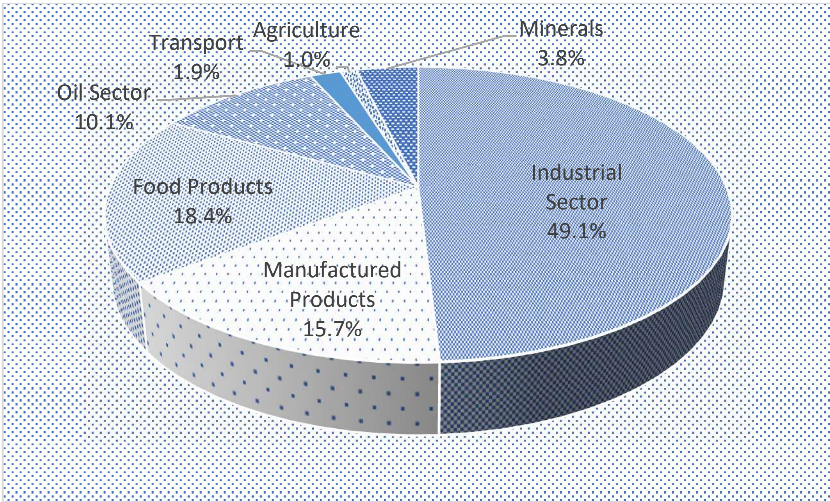
Receipts from the top 5 exporters of non-oil products was US$0.10 billion, compared with US$0.12 billion in March 2023. Analysis by share revealed that Dangote Fertilizer Ltd and Starlink Global & Ideal Ltd were the top two exporters with shares of 7.4 per cent and 6.7 per cent of the total, respectively, from the export of fertilizer and cocoa beans & cashew nuts. The third place was occupied by Indorama Eleme Fertilizer and Chemical Ltd, with a share of 6.3 per cent from the export of urea. Outspan Nigeria Ltd was placed fourth with 4.0 per cent in the export of dairy products. Metal Recycling Industries Ltd was fifth, with 3.6 per cent, from the export of aluminium and copper ingots.

Import

Sustained improvement in economic activities boosted demand for merchandise import during the period under review. Aggregate imports increased by 23.2 per cent to US$4.25 billion, from US$3.45 billion in March 2023. A disaggregation shows that petroleum products import increased to US$1.48 billion, from US$0.41 billion in March 2023. In contrast, non-oil import declined by 8.9 per cent to US$2.77 billion, from US$3.04 billion in the preceding month. By share, non-oil import accounted for 65.2 per cent of total import, while oil constituted the balance at 34.8 per cent.

Sectoral utilisation of foreign exchange for visible import shows that industry had the largest share of 49.1 per cent, followed by food products at 18.4 per cent; manufactured products, at 15.7 per cent; oil, 10.1 per cent; minerals, 3.8 per cent; transport, 1.9 per cent, and agriculture at 1.0 per cent respectively.

Figure 30: Import by Sector



Source: *Central Bank of Nigeria*

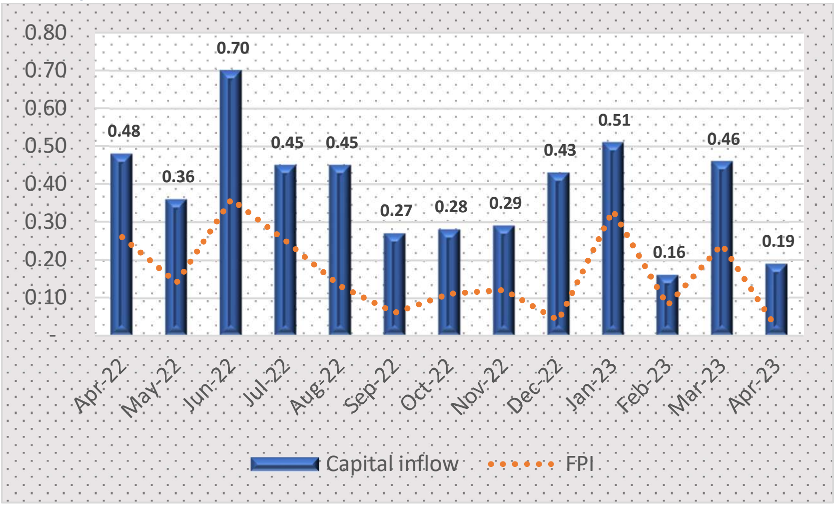
Capital importation

Investors' cautious attitude, heightened by the anticipated inauguration of a new government, weakened capital inflow into the economy. Capital importation into the economy fell by 59.5 per cent to US$0.19 billion from the level in March 2023. Analysis by type of investment shows that the inflow of other investment capital (mainly loans), at US$0.16 billion, accounted for 87.3 per cent of the total. The inflow of portfolio investment capital (mainly bonds) at US$0.02 billion accounted for 11.7 per cent. Foreign direct investment inflow accounted for the balance.

Data on capital importation by nature of business shows that investment in production and manufacturing accounted for 64.7 per cent of the total inflow, followed by financing (16.2 per cent), banking (10.9 per cent), shares (7.1 per cent), and trading (1.1 per cent). Other sectors accounted for the balance.

A breakdown of capital inflow by originating country reveals that the total capital importation originated from 19 countries, with the Republic of South Africa, the United Kingdom, and Singapore as the major sources of capital in the review period. In terms of destination, the Federal Capital Territory and Lagos were the recipients of capital in the domestic economy, with shares of 87.8 per cent and 12.2 per cent, respectively.

Figure 31: Capital Inflow and Foreign Portfolio Investment (US$ Billion)

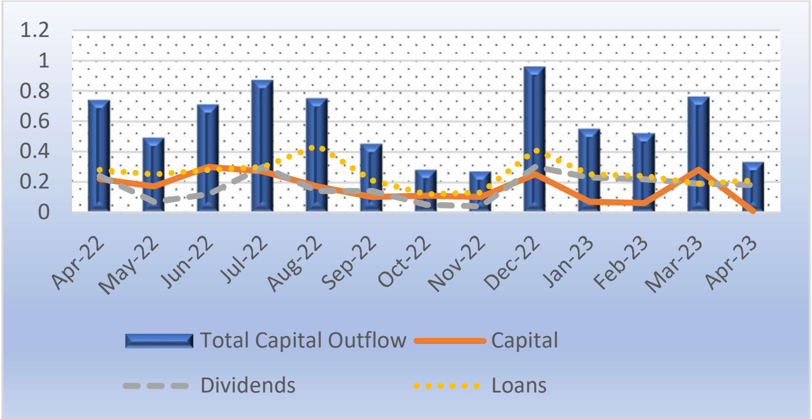


Source: *Central Bank of Nigeria*

Capital Outflow

The economy witnessed a decline in capital outflow due to higher reinvestment of earnings and lower repayment of loans in the review period. Capital outflow decreased by 56.9 per cent to US$0.33 billion in April 2023, relative to the level in March 2023. A breakdown shows that the outflow of loans fell to US$0.10 billion, compared with the March 2023 level. Similarly, capital reversals declined to US$0.01 billion, from the level in the preceding month. Conversely, dividend repatriation increased to US$0.21 billion from the level in the preceding month. Analysis by share shows that repatriation of dividends accounted for 63.4 per cent of the total, followed by loans (31.9 per cent) and capital reversal (4.1 per cent). Other forms of outflow accounted for the balance.

Figure 32: Capital Outflow (US$ Billion)

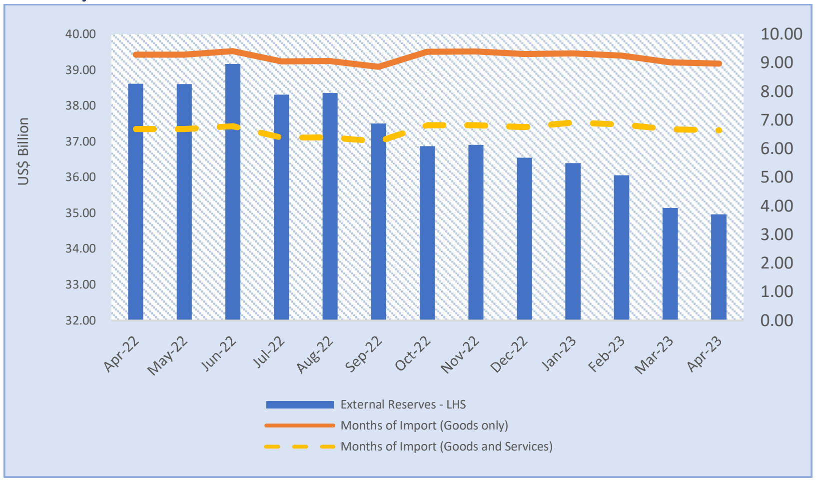


Source: *Central Bank of Nigeria*

2.4.2 International Reserves

The level of foreign reserves remained adequate, as it could cover more than the benchmark of three months of imports. The external reserves stood at US$34.96 billion at end-April 2023, covering 6.6 months of imports for goods and services or 9.0 months of imports for goods only.

Figure 33: External Reserves and Months of Import Cover (US$ Billion)



Source: *Central Bank of Nigeria*

2.4.3 Foreign Exchange Flows through the Economy

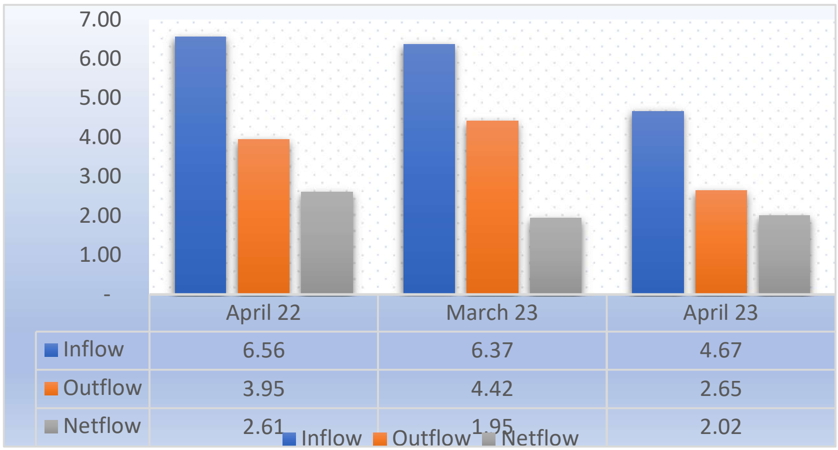
Foreign Exchange Flows through the Economy

The economy recorded a higher net foreign exchange inflow relative to the previous month, driven primarily, by decreased outflow through the CBN and autonomous sources. Foreign exchange flows through the economy resulted in a net inflow of US$2.02 billion in April, compared with US$1.95 billion in the preceding period. Aggregate foreign exchange inflows into the economy decreased by 26.7 per cent to US$4.67 billion from the level in the preceding month. Similarly, foreign exchange outflows fell by 40.0 per cent to US$2.65 billion, relative to the previous month.

Foreign exchange inflow and outflow through the Bank decreased by 15.6 and 41.7 per cent to US$2.36 billion and US$2.39 billion, respectively, from the levels in March 2023. The development resulted in a lower net outflow of US$0.03 billion, compared with US$1.31 billion in the preceding month.

Autonomous inflow decreased by 35.4 per cent to US$2.31 billion from the level in the previous month, while autonomous outflow decreased to US$0.26 billion from US$0.32 billion in March. A net inflow of US$2.05 billion was recorded through autonomous sources, compared with US$3.25 billion in March.

Figure 34: Foreign Exchange Transactions through the Economy (US$ Billion), April 2023



Source: *Central Bank of Nigeria*

2.4.4 Exchange Rate Movement

Average Exchange Rate

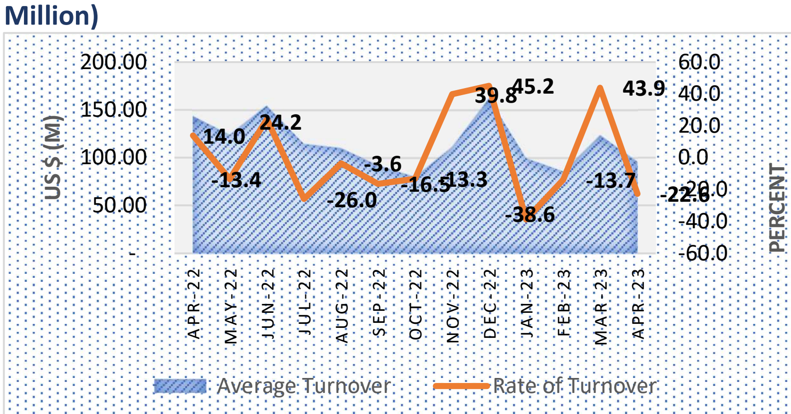
The naira, relative to the US dollar, appreciated marginally at the I&E window. The average exchange rate of the naira per US dollar at the I&E window appreciated to ₦460.96/US$, from ₦460.97/US$ in the preceding month.

2.4.5 Foreign Exchange Turnover at the I&E Window

Foreign Exchange Turnover

The average foreign exchange turnover at the Investors' and Exporters' (I & E) window decreased by 22.6 per cent to US$95.60 million in April, from US$123.51 million in March.

Figure 35: Turnover in the I&E Foreign Exchange Market (US$ Million)



Source: *Financial Markets Derivatives Quotations (FMDQ)*

3.0 ECONOMIC OUTLOOK

Global Economic Outlook

According to the IMF's April 2023 Outlook, the pace of global economic expansion is expected to decelerate to 2.8 per cent in 2023. The growth outlook is predicated on the assumption that the recent financial sector turmoil will not disrupt global economic activities. However, the downside risks to this outlook are the likelihood of tightening global financial conditions and higher levels of public and private sector debt.

For AEs, growth is projected to decelerate by half in 2023 to 1.3 per cent. The outlook reflects the tight policy stances needed to bring down inflation, the fallout from the recent deterioration in financial conditions, the ongoing war in Ukraine, and the growing effects of climate change. Downside risks to the growth outlook include rising debt levels and intensified financial sector stress, which could result in further monetary tightening.

Economic prospects are, however, stronger in EMDEs but unevenly distributed across the various regions in EMDEs. Output is expected to grow by 3.9 per cent in 2023. This outlook is predicated on expected stronger domestic demand in India and some parts of Latin America, despite external headwinds. Nonetheless, downside risks are prevalent, including a slower than expected recovery in China, lower commodity prices, particularly for oil-exporting countries and stickier inflation, which would necessitate a restrictive monetary policy stance for longer.

Global headline inflation is predicted to decline to 7.00 per cent in 2023. According to the IMF, disinflation is anticipated across all major nation groups, with around 76.0 per cent of economies anticipating lower headline inflation in 2023. This trajectory will be supported by the expected decline in fuel and nonfuel commodity prices and the expected cooling effects of monetary tightening on economic activities.

Domestic Economic Outlook

Nigeria's economic growth outlook remains positive in the near term amid mounting downside risks. The optimistic outlook is predicated on the assumption that the current trend in crude oil prices will be sustained. It is also predicated on the effective implementation of the Medium-Term National Development Plan (MTNDP) and the positive impact of CBN interventions on growth-enhancing sectors, among others. However, contraction in global demand, persistent security challenges, as well as infrastructural deficit remain headwinds to growth.

Inflationary pressures are expected to moderate in May 2023 due to relative stability in the exchange rate, tight monetary conditions emanating from the CBN's aggressive monetary policy stance, and improvements in global supply chain conditions due to policy support from the Bank and the FGN in growth-enhancing sectors of the economy.

Global inflation and growth, amid continuous global monetary tightening and the lingering effects of the Russia-Ukraine crisis, are expected to impact external sector's performance. Notable downside risks include potential capital reversals following synchronous monetary policy rate hikes in developed countries, tighter global financial conditions, and a high external debt burden.