



**CENTRAL BANK OF NIGERIA**

***ECONOMIC REPORT***  
***JULY 2014***

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 .....	5
2.1	Monetary and Credit Developments .....	5
2.2	Currency-in-circulation (CIC) and Deposits at the CBN.....	8
2.3	Money Market Developments .....	9
2.3.1	<i>Interest Rate Developments</i> .....	9
2.3.2	<i>Commercial Paper (CP)</i> .....	11
2.3.3	<i>Bankers' Acceptances (BAs)</i> .....	11
2.3.4	<i>Open Market Operations</i> .....	11
2.3.5	<i>Primary Market</i> .....	12
2.3.6	<i>Bonds Market</i> .....	12
2.3.7	<i>CBN Standing Facilities</i> .....	12
2.4	Deposit Money Banks' Activities.....	13
2.5	Discount Houses' Activities .....	13
2.6	Capital Market Developments .....	14
2.6.1	<i>Secondary Market</i> .....	14
2.6.2	<i>Over-the-Counter (OTC) Bonds Market</i> .....	15
2.6.3	<i>New Issues Market</i> .....	15
2.6.4	<i>Market Capitalization</i> .....	16
2.6.5	<i>NSE All-Share Index</i> .....	16
3.0	Fiscal Operations .....	19
3.1	Federation Account Operations.....	19
3.2	The Fiscal Operations of the Three Tiers of Government.....	22
3.2.1	<i>The Federal Government</i> .....	22
3.2.2	<i>Statutory Allocations to State Governments</i> .....	24
3.2.3	<i>Statutory Allocations to Local Government Councils</i> .....	24
4.0	Domestic Economic Condition .....	25
4.1	Agricultural Sector .....	25
4.2	Petroleum Sector .....	27
4.3	Consumer Prices .....	28

5.0	External Sector Developments .....	31
5.1	Foreign Exchange Flows .....	31
5.2	Non-Oil Export Earnings by Exporters.....	33
5.3	Sectoral Utilisation of Foreign Exchange .....	33
5.4	Foreign Exchange Market Developments .....	34
5.5	Gross External Reserves.....	37
6.0	Other International Economic Developments and Meetings .....	39

### ***Text Tables***

Table 1: Growth in Monetary and Credit Aggregates.....	8
Table 2: Selected Interest Rates .....	11
Table 3: Traded Securities on the Nigerian Stock Exchange.....	15
Table 4: Supplementary Listing on the Nigerian Stock Exchange.....	16
Table 5: Market Capitalization and All Share Index.....	17
Table 6: Gross Federation Account Revenue .....	19
Table 7: Components of Gross Oil Revenue .....	20
Table 8: Components of Gross Non-Oil Revenue.....	21
Table 9: Federal Government Fiscal Operations.....	22
Table 10: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACs) .....	26
Table 11: Average Crude Oil Prices in the International Oil Market.....	28
Table 12: Consumer Price Index.....	30
Table 13: Headline Inflation Rate .....	30
Table 14: Foreign Exchange Flows Through the CBN .....	32
Table 15: Demand for and Supply of Foreign Exchange .....	35
Table 16: Exchange Rate Movements and Exchange Rate Premium .....	36
Table 17: Gross External Reserves.....	37

### ***Appendix Tables***

Table A1: Money and Credit Aggregates.....	43
Table A2: Money and Credit Aggregates Growth Rates.....	44
Table A3: Federal Government Fiscal Operations .....	45

## Figures

Figure 1: Growth Rate of Narrow Money (M <sub>1</sub> ) and Broad Money (M <sub>2</sub> ).....	6
Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy .....	7
Figure 3: Selected DMBs Interest Rates (Average) .....	101
Figure 4: Volume and Value of Traded Securities .....	15
Figure 5: Market Capitalization and All-Share Index .....	17
Figure 6: Components of Gross Federally-Collected Revenue .....	19
Figure 7: Gross Oil Revenue and Its Components .....	20
Figure 8: Gross Non-Oil Revenue and Its Components.....	21
Figure 9: Federal Government Retained Revenue .....	22
Figure 10: Federal Government Expenditure .....	23
Figure 11: Trends in Crude Oil Prices.....	28
Figure 12: Consumer Price Index.....	29
Figure 13: Inflation Rate .....	30
Figure 14: Foreign Exchange Flows Through the CBN .....	32
Figure 15: Sectoral Utilisation of Foreign Exchange .....	34
Figure 16: Demand for and Supply of Foreign Exchange .....	35
Figure 17: Average Exchange Rate Movements .....	36
Figure 18: Exchange Rate Premium .....	36
Figure 19: Gross External Reserves .....	37



## 1.0 Summary

Provisional data indicated that growth in the key monetary aggregate was moderate in July 2014. On month-on-month basis, broad money ( $M_2$ ) grew by 3.1 per cent, compared with the growth of 0.1 per cent in the preceding month. The development relative to the preceding month reflected the 3.9 and 4.4 per cent growth in domestic credit (net) and foreign assets (net) of the banking system, respectively, which more than offset the effects of the 6.3 per cent growth in other assets (net) of the banking system. Over the level at end-December 2013,  $M_2$  expanded by 4.8 per cent. Similarly, narrow money supply ( $M_1$ ) grew by 2.4 per cent above the level at the end of the preceding month, due to the 6.4 and 1.5 per cent increase in its currency and demand deposit components, respectively. Reserve money (RM) rose by 0.9 per cent at the end of the review month but was below the quarterly benchmark.

Available data indicated that banks' deposit and lending rates generally trended downward during the review month. With the exception of the 3 months and over 12 months deposit rates, which rose marginally by 0.05 and 0.07 percentage point to 9.35 and 10.07 per cent, respectively, in July 2014, all other deposit rates of various maturities fell from a range of 3.42 – 10.63 per cent in the preceding month to a range of 3.41– 10.50 per cent. The spread between the weighted average term deposit and maximum lending rates widened by 0.10 percentage point to 17.60 per cent. Similarly, the margin between the average savings deposit and maximum lending rates widened by 0.01 percentage point to 22.66 per cent at the end of the review month. The weighted average inter-bank call rate, which stood at 10.63 per cent in the preceding month, fell to 10.50 per cent in July 2014, reflecting the liquidity condition in the market.

Provisional data indicated that the value of money market assets outstanding at end-July 2014 was ₦7,256.82 billion, showing an increase of 1.6 per cent over the level at the end of the preceding month. The development was attributed, to the 2.5 and 8.0 per cent increase in FGN Bonds and Bankers Acceptance outstanding, respectively, at end-July 2014. Developments in the Nigerian Stock Exchange (NSE) were bearish during the review month.

Gross federally-collected revenue in July 2014 was estimated at ₦993.63 billion, showing a decline of 4.4 per cent below

the receipts in the preceding month. At ₦597.12 billion, gross oil receipts declined below the level in the preceding month. The decline in oil receipts relative to the preceding month was attributed to fall in receipts from crude oil and gas sales.

Non-oil receipts, at ₦396.51 billion (39.9 per cent of the federally collected revenue), was 9.3 per cent lower than receipts in the preceding month. The decrease in non-oil receipts (gross), relative to the level in the preceding month, was attributed, largely, to the fall in receipts from company income tax and other taxes. Federal Government estimated retained revenue in July 2014 was ₦340.27 billion, while total estimated expenditure was ₦342.16 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦1.89 billion, compared with the monthly budget deficit of ₦80.35 billion.

During the review period, agricultural activities were dominated by harvesting of various crops. In the livestock subsector, farmers engaged in restocking of broilers and layers in anticipation of increased sales during Eid-el-fitrī celebration. Crude oil export was estimated at 1.48 million barrels per day (mbd) or 45.88 million barrels during the month. The average price of Nigeria's reference crude, the Bonny Light (37<sup>o</sup> API), was estimated at US\$107.98 per barrel, indicating a decline of 5.4 per cent below the level in the preceding month.

The end-period headline inflation rate (year-on-year), in July 2014, was 8.3 per cent, 0.1 percentage point above its level in the preceding month. Inflation rate on a twelve-month moving average basis remained at 8.0 per cent as in the preceding month.

Foreign exchange inflow and outflow through the CBN in July 2014 was US\$5.10 billion and US\$3.30 billion, respectively, and resulted in a net inflow of US\$1.80 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$2.95 billion, showing a decline of 11.3 per cent, from the level in the preceding month.

The average naira exchange rate vis-à-vis the US dollar remained unchanged at its level in the preceding month in the rDAS segment of the foreign exchange market. While the average naira exchange rate vis-à-vis the US dollar depreciated at the BDC segment, it appreciated at interbank segment. Non-oil export receipts declined significantly by 34.8 per cent below the level in the

*preceding month. The development was attributed, largely, to the decline in export earnings from manufacturing and industrial sectors.*

*World crude oil output in July 2014 was estimated at 90.98 million barrels per day (mbd), while demand was estimated at 91.92 million barrels per day (mbd), representing an excess demand of 0.94 mbd, compared with 90.66 and 91.16 mbd supplied and demanded, respectively, in the preceding month.*

*Other major international economic developments and meetings of importance to the domestic economy during the review period included: the 31<sup>st</sup> Statutory Meetings of the WAMZ held from July 14 – 17, 2014 in Abuja, Nigeria; the 29<sup>th</sup> Board of Governors Meeting of the West Africa Institute for Financial and Economic Management (WAIFEM) held on July 16, 2014; and the CBN and MOODY'S Ratings Agency Meeting held on July 9, 2014.*



## 2.0 Financial Sector Developments

### 2.1 Monetary and Credit Developments

*Growth in the major monetary aggregate remained moderate at the end of July 2014. Available data indicated that banks' deposit and lending rates generally trended downward during the review month. The value of money market assets outstanding increased, owing, largely, to the rise in FGN Bonds and Bankers Acceptance at the end of the review month. Developments on the Nigerian Stock Exchange (NSE) were bearish.*

Provisional data indicated that growth in the major monetary aggregate remained moderate at the end of the first seven months of 2014. Broad money supply ( $M_2$ ), at ₦16, 425.4 billion, grew by 3.1 per cent, on month-on-month basis, compared with the growth of 0.1 per cent at the end of the preceding month. The development, relative to the preceding month, reflected the 3.9 and 4.4 per cent increase in domestic credit (net) and foreign assets (net) of the banking system, respectively, which more than offset the effects of the 6.3 per cent decline in other assets (net) of the banking system. Relative to its level at end-December 2013, broad money supply ( $M_2$ ), grew by 4.8 per cent due, wholly, to the 4.9 and 6.5 per cent increase in domestic credit (net) and other assets (net) of the banking system, respectively.

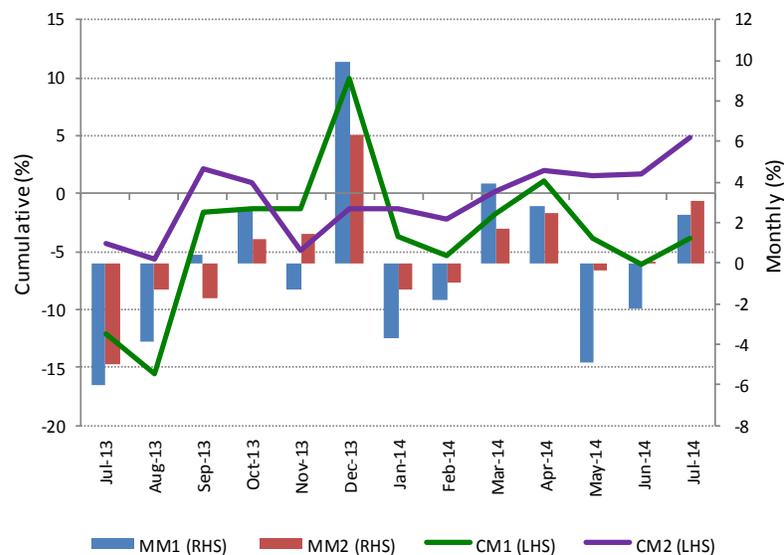
*Growth in the major monetary aggregate remained moderate on month-on-month basis at end-July 2014.*

On month-on-month basis, narrow money supply ( $M_1$ ), at ₦6,745.4 billion, increased by 2.4 per cent, in contrast to the decline of 2.3 per cent at the end of the preceding month. The development reflected the growth of 6.4 and 1.5 per cent in its currency and demand deposit components, respectively. Relative to the level at end-December 2013, narrow money ( $M_1$ ), however, declined by 3.8 per cent due to contraction in both its demand deposit and currency components (Fig. 1).

Quasi-money increased by 3.6 per cent to ₦9,679.9 billion, compared with the growth of 1.9 per cent at the

end of the preceding month. The development relative to the preceding month reflected, largely, the increase in time and savings deposits with commercial and merchant banks. Over end-December 2013, quasi money grew by 11.8 per cent.

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



At ₦15,770.8 billion, aggregate banking system credit (net) to the domestic economy rose by 3.9 per cent, on month-on-month basis, at end-July 2014, compared with the growth of 1.1 per cent at the end of the preceding month. The development relative to the preceding month reflected the respective growth of 17.2 and 1.7 per cent in net claims on the Federal Government and claims on the private sector. Over the level at end-December 2013, net domestic credit grew by 4.9 per cent at the end of the review period.

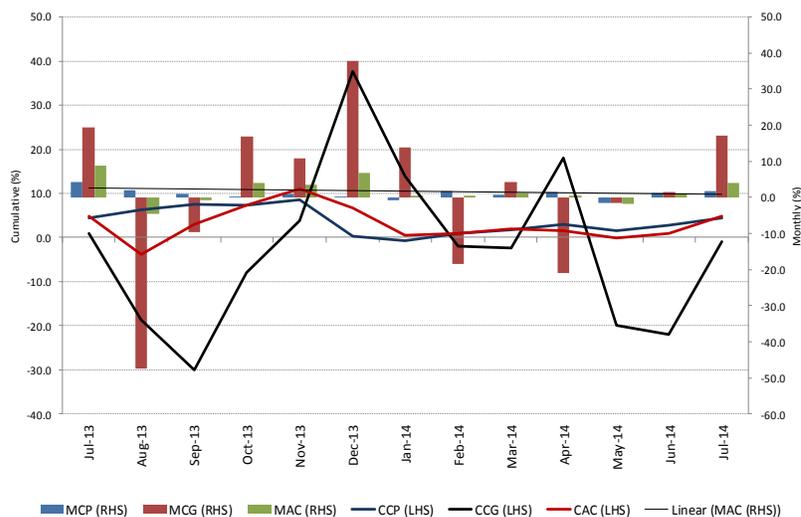
Banking system's credit (net) to the Federal Government, on month-on-month basis, grew by 17.2 per cent to negative ₦1,481.5 billion at end-July 2014, compared with the 1.6 and 22.3 per cent increase at the end of the preceding month and the

<sup>1</sup> MM1 and MM2 represent month-on-month changes, while CM1 and CM2 represent cumulative changes (year-to-date).

corresponding period of 2013, respectively. The development relative to the preceding month was attributed to the rise in banking system's holdings of government securities. Over the level at end-December 2013, claims on the Federal Government (net) fell by 0.9 per cent. The Federal Government, as in the preceding month, remained a net lender to the banking system at the end of the review month.

Banking system credit to the private sector, on month-on-month basis, grew by 1.7 per cent to ₦17,252.3 billion, compared with the growth of 1.2 per cent at the end of the preceding month. The development was attributed to the 1.7 and 0.7 per cent increase in claims on the core private sector and the State and Local Government, respectively. Over the level at end-December 2013, banking system's credit to the private sector grew by 4.5 per cent, compared with the growth of 4.3 per cent recorded at the end of the corresponding period of 2013 (Fig. 2, Table 1).

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



<sup>2</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).

Foreign assets (net) of the banking system fell on month-on-month basis at end July 2014.

At ₦8,031.1 billion, foreign assets (net) of the banking system rose by 4.4 per cent at end-July 2014, compared with 0.003 per cent at the end of the preceding month. The development was attributed to the increase of 5.2 and 1.0 per cent in the foreign asset holdings of CBN and commercial banks, respectively. Over the level at end-December 2013, NFA declined by 5.7 per cent at end-July 2014, compared with the decline of 9.6 and 1.5 per cent at the end of the preceding month and corresponding period of 2013, respectively. The decline was attributed to the decline of 5.5 and 6.6 per cent in the foreign asset holdings of the CBN and commercial banks, respectively.

Other assets (net) of the banking system, on a month-on-month basis, declined by 6.3 per cent to negative ₦7,376.5 billion, compared with 2.1 per cent at the end of the preceding month. Over the level at end-December 2013, other assets (net) of the banking system rose by 6.5 per cent.

**Table 1: Growth in Monetary and Credit Aggregates (over preceding Month) (Percent)**

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Domestic Credit (Net)	4.0	-4.6	-0.8	4.1	3.4	6.7	0.5	0.4	1.2	-0.4	-1.8	1.1	3.9
Claims on Federal Government (Net)	-17.6	-47.4	-9.5	17.0	10.9	37.7	13.9	-18.4	4.3	-20.9	-1.6	1.6	17.2
Claims on Private Sector	0.7	1.9	1.1	0.0	1.1	0.4	-0.8	1.8	0.7	1.4	-1.5	1.2	1.7
Claims on Other Private Sector	0.3	2.0	1.3	0.0	0.8	-0.1	-1.2	2.2	0.7	1.5	-1.6	1.4	1.7
Foreign Assets (Net)	-1.2	1.0	-0.8	-0.3	-2.4	-1.9	3.2	-8.3	0.7	1.4	-0.3	0.0	4.4
Other Assets (Net)	-17.8	4.5	-1.2	-4.5	-0.6	1.9	0.0	6.1	2.0	3.3	3.3	-2.1	-6.3
Broad Money Supply (M2)	-5.0	-1.3	-1.8	1.2	1.4	6.3	-1.3	-1.0	2.5	1.7	-0.4	0.1	3.1
Quasi-Money	-4.2	0.7	-3.4	0.0	3.6	3.6	0.6	-0.3	1.4	0.9	3.1	1.9	3.6
Narrow Money Supply (M1)	-6.0	-3.9	0.4	2.7	-1.3	10.0	3.7	-1.8	3.9	2.8	-4.9	-2.3	2.4
Reserve Money (RM)	19.7	9.1	10.0	3.0	3.0	24.6	-2.8	-2.7	-4.2	5.2	-3.7	-7.4	0.9

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

At ₦1,568.20 billion, currency-in-circulation grew by 4.8 per cent in the review month, in contrast to the decline of 1.4 per cent recorded at the end of the preceding month. The development, relative to the preceding month reflected, largely, the 6.4 per cent increase in its

currency component.

Total deposits at the CBN amounted to ₦6,920.9 billion, indicating an increase of 0.5 per cent above the level at the end of the preceding month. The development reflected, largely, the 35.6 per cent increase in deposits of "Others" which more than offset the 1.2 and 0.8 per cent decline in deposits of the Federal Government and banks. Of the total deposits, the percentage shares of the federal government, banks and "others" were 48.1, 46.2 and 5.7 per cent, respectively.

Reserve money (RM) rose by 0.9 per cent to ₦4,767.07 billion at the end of the review month, reflecting the trends in currency-in-circulation as DMBs' deposits at the CBN fell during the period.

Reserve money (RM) rose during the review period.

### 2.3 Money Market Developments

Available data indicated that money market was liquid throughout the review period following injections from matured CBN bills, disbursements of Statutory Revenue Allocation (SRA), Value-Added-Tax (VAT), payments of Joint Venture Cash (JVC) call to oil partners and a net injection of ₦97.05 billion Cash Reserve Ratio (CRR). Interest rates were generally low, in tandem with the liquidity condition in the market. CBN bills of various tenors were floated at the Open Market Operations (OMO) segment to moderate the liquidity surfeit in the system.

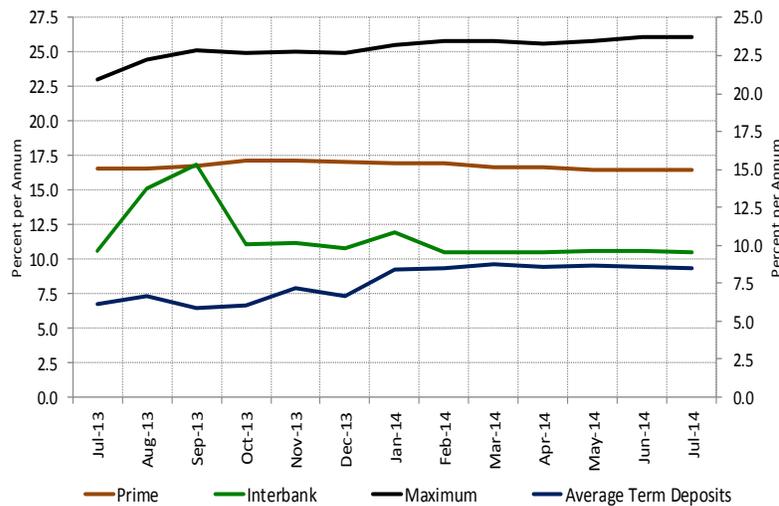
Provisional data indicated that the total value of money market assets outstanding in July 2014 stood at ₦7,256.82 billion, showing an increase of 1.6 per cent above the level in the preceding month. The development reflected the 2.5 and 8.0 per cent increase in FGN Bonds outstanding and Bankers Acceptance, respectively.

Banks' Deposit and Lending rates generally trended downward in July 2014.

### 2.3.1 Interest Rate Developments

Available data indicated that banks deposit and lending rates generally trended downward during the review month. With the exception of the 3 months and over 12 months deposit rates, which rose by 0.05 and 0.07 percentage points to 9.35 and 10.07 per cent in July 2014, all other deposit rates of various maturities fell from a range of 3.42 – 10.63 per cent in the preceding month to a range of 3.41 – 10.50 per cent. At 8.47 per cent, the average term deposit rate fell by 0.10 percentage point below the level in the preceding month. Similarly, the average prime lending rate fell by 0.06 percentage point to 16.44 per cent during the review month. However, the average maximum lending rate, at 26.07 per cent, remained unchanged at its level in the preceding month. Consequently, the spread between the weighted average term deposit and maximum lending rates widened by 0.10 percentage point to 17.60 per cent. Similarly, the margin between the average savings deposit and maximum lending rates widened by 0.01 percentage point to 22.66 per cent at the end of the review month.

At the inter-bank call segment, the weighted average rate, which stood at 10.63 per cent in the preceding month, fell to 10.50 per cent at end-July 2014. The weighted average rate at the open-buy-back (OBB) segment fell by 0.02 percentage point to 10.58 per cent in the review month. The Nigeria inter-bank offered rate (NIBOR) for the 30-day tenor rose to 12.36 per cent from 11.62 per cent, while the rate for the 7-day tenor declined to 10.63 per cent from 10.65 per cent in the preceding month. With the headline inflation rate at 8.3 per cent at end-July 2014, most rates were positive in real terms with the exception of the average savings and 7-day deposit rates (Fig. 3, Table 2).

**Figure 3: Selected DMBs Interest Rates (Average)****Table 2: Selected Interest Rates (Percent, Averages)**

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Average Term Deposits	6.16	6.72	5.9	6.01	7.21	6.69	8.43	8.49	8.73	8.69	8.66	8.57	8.47
Prime Lending	16.53	16.55	16.76	17.1	17.17	17.01	16.95	16.93	16.69	16.7	16.5	16.5	16.44
Interbank	10.63	15.24	16.88	11.08	11.23	10.75	11.98	10.5	10.5	10.5	10.63	10.63	10.5
Maximum Lending	23.05	24.46	25.12	24.9	25	24.9	25.52	25.83	25.8	25.63	25.76	26.07	26.07

### 2.3.2 Commercial Paper (CP)

The value of commercial paper (CP) held by the DMBs fell by 0.7 per cent to ₦10.55 billion at the end of July 2014, compared with the value of ₦10.63 billion at the end of the preceding month. The development was due to the decrease in investment in CP by the commercial banks during the review month. Thus, CP constituted 0.15 per cent of the total value of money market assets outstanding during the review period, same as in the preceding month.

### 2.3.3 Bankers' Acceptance (BA)

The value of bankers' acceptance (BA) in the review month increased by 8.0 per cent to ₦30.41 billion, compared with ₦28.15 billion at the end of the preceding month. The development was attributed to the increase in investment in BA by the DMBs during the

month. Consequently, BA accounted for 0.42 per cent of the total value of money market assets outstanding, at the end of July 2014, compared with 0.39 per cent at the end of the preceding month.

#### 2.3.4 *Open Market Operations*

Direct OMO auctions were conducted three (3) times in the review period using CBN bills with 125 –134 days to maturity. Total amount offered at the OMO auction was ₦200.00 billion, with total subscription and allotment of ₦812.92 billion and ₦810.92 billion, respectively. The bid rates ranged from 10.60 -11.25 per cent, while the stop rate was 10.80 per cent at all the auctions. CBN bills valued at ₦529.91 billion matured and were repaid during the period, while the cost of liquidity management in July was ₦30.54 billion.

#### 2.3.5 *Primary Market*

Nigerian Treasury Bills of 91-, 182- and 364-day tenors were auctioned at the primary market in July 2014. Total amount offered, subscribed to and allotted stood at ₦205.45 billion, ₦408.51 billion and ₦205.45 billion, respectively, compared with ₦440.71 billion, ₦1,023.06 billion and ₦440.71 billion in June 2014. The bid-to-cover ratios were 1.09, 1.63 and 3.62 for the 91-, 182- and 364-day tenors, respectively. The bid-cover ratio for the 364-day tenor was above the 2.0, indicating strong investors' preference for government bonds during the review period.

#### 2.3.6 *Bonds Market*

Two tranches of FGN Bonds, 13.05% FGN AUG 2016 (3-year) and 14.20% FGN MAR 2024 (10-year) were reopened, while a fresh 20-year FGN Bond was issued during the review period. Total amount on offer was ₦15.00 billion, ₦50.00 billion and ₦35.00 billion for the 3-, 10- and 20-year Bonds, respectively. Subscription was ₦47.87 billion for the 13.05% FGN AUG 2016, ₦114.58 billion for the 14.20% FGN MAR 2024 and ₦101.46 billion for the 12.15% FGN JUL 2034 tranche. The bid rates ranged from 10.00 – 14.00 per cent, while the marginal rates were 11.00, 12.19 and 12.14 per cent for the 3-,

Two FGN Bonds were reopened during the review month.

10- and 20- year, respectively. Total allotment was N100.00 billion with an additional N4.98 billion of the 14.20% FGN MAR 2024 to non-competitive bidders.

### 2.3.7 CBN Standing Facilities

Aggregate Standing Lending Facility (SLF) granted during the review period was ₦61.63 billion, reflecting a daily average of ₦6.85 billion, compared with ₦96.42 billion and a daily average of ₦7.41 billion in the preceding month. The total amount granted indicated a decline of 36.1 per cent relative to the level in the preceding month. Interest earned on SLF during the review period was ₦28.38 million. The aggregate Standing Deposit Facility (SDF) stood at ₦7,124.27 billion with a daily average of ₦356.21 billion, compared with ₦5,912.50 billion and a daily average of ₦281.55 in the preceding month. Interest paid on SDF during the review period amounted to ₦2.35 billion. The developments reflected the liquidity condition in the market during the review month.

## 2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the deposit money banks (DMBs) amounted to ₦25,579.09 billion, showing an increase of 1.9 per cent above the level at the end of the preceding month. Funds were sourced, mainly, from increased mobilization of time, savings, and foreign currency deposits, unclassified liabilities, reduction in reserves and bonds issuance. The funds were used, largely, to increase claims on private sector, claims on the Central Bank and central government deposits.

At ₦13,784.70 billion, banks' credit to the domestic economy rose by 4.3 per cent, compared with the level at the end of the preceding month. The development was attributed to the 2.4 and 29.0 per cent increase in banks' credit to the private sector and the Federal Government, respectively, during the review month.

DMBs' Credit to the domestic economy rose by 4.3 per cent during the month.

Total specified liquid assets of the DMBs stood at ₦6,325.74 billion, representing 37.1 per cent of their

current liabilities. At that level, the liquidity ratio rose by 1.6 percentage points above the level in the preceding month, and was 7.1 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 58.2 per cent, was 1.4 percentage points above the level at the end of the preceding month, but was 21.8 percentage points below the prescribed maximum ratio of 80.0 per cent.

## 2.5 Discount Houses' Activities

Provisional data indicated that total assets and liabilities of the discount houses stood at ₦158.1 billion at end-July 2014, showing a decline of 8.7 per cent below the level at end-June 2014. The development was accounted for, largely, by the 30.4 and 23.8 per cent fall in claims on others and banks, respectively. Correspondingly, the decline in total liabilities was attributed, largely, to the 29.1, 20.7 and 21.0 per cent fall in other amount owed to, borrowings and other liabilities, respectively.

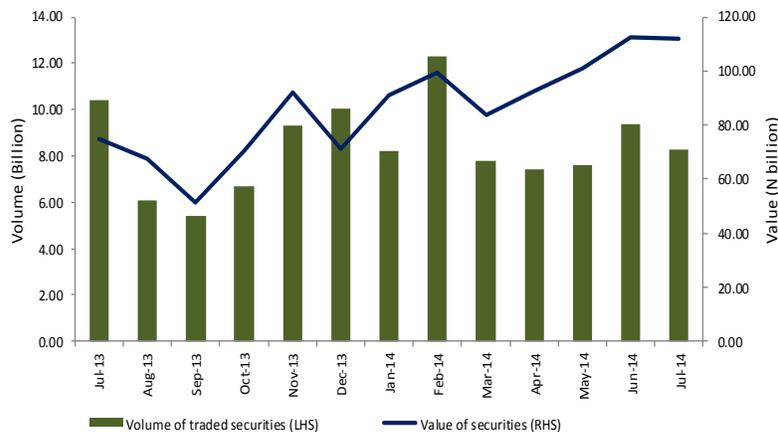
Discount houses' investment in Federal Government securities of less than 91-day maturity fell to ₦60.8 billion and accounted for 52.3 per cent of their total liabilities. At that level, discount houses' investment in NTBs fell by 4.9 per cent below the level at the end of the preceding month. Thus, investment in Federal Government securities was 7.7 percentage points below the prescribed minimum level of 60.0 per cent. Total borrowing by the discount houses was ₦49.5 billion, while their capital and reserves amounted to ₦30.7 billion. This resulted in a gearing ratio of 1.6:1, compared with the stipulated maximum target of 50:1 for fiscal 2014.

## 2.6 Capital Market Developments

### 2.6.1 Secondary Market

Available data indicated that developments in the Nigerian Stock Exchange (NSE) were bearish in the month of July 2014. The volume and value of traded securities declined by 11.9 and 0.6 per cent to 8.3 billion shares and ₦112.1 billion, respectively, in 109,607 deals, in contrast to 9.4 billion shares valued at ₦112.8 billion in 117,834 deals recorded in the preceding month. The Financial Services Sector (measured by volume) led the activity chart with 5.8 billion shares valued at ₦46.10 billion traded in 48,356 deals, compared with 5.0 billion shares valued at ₦46.14 billion traded in 54,097 deals, recorded in the preceding month, followed by the Conglomerates Industry. The banking sub-sector remained the most active (measured by volume of shares traded) on the Exchange (Fig. 4, Table 3).

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



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

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Volume (Billion)	10.4	6.1	5.4	6.7	9.3	10.0	8.2	12.3	7.8	7.4	7.6	9.4	8.3
Value (₦ Billion)	74.9	67.8	51.1	70.6	92.3	71.1	91.0	99.4	83.6	92.6	100.9	112.8	112.0

### 2.6.2 *Over-the-Counter (OTC) Bonds Market*

There were no transactions on the over-the-counter (OTC) bonds market during the review month.

### 2.6.3 *New Issues Market*

There were no new and supplementary listings on the Exchange during the review month.

### 2.6.4 *Market Capitalization*

The total market capitalization fell by 0.8 per cent to ₦18.9 trillion during the review period from ₦19.1 trillion recorded at end-June 2014. Similarly, market capitalization for the equity segment declined by 0.9 per cent to ₦13.9 trillion, compared with ₦14.0 trillion at the end of the preceding month.

### 2.6.5 *NSE All-Share Index*

The All-Share Index, which opened at 42,482.48 at the beginning of the month, closed at 42,097.46, representing a decline of 0.9 per cent below the level in the preceding month. With the exception of the NSE-Consumer Goods and NSE-Lotus which declined by 0.02 and 2.6 per cent, respectively, below the levels in the preceding month, all other sectoral indices appreciated during the review month. The NSE Banking, NSE-Insurance, NSE Oil/Gas, NSE industrial Goods and NSE-AseM indices rose by 0.1, 0.6, 0.3 1.7 and 0.1 per cent, respectively, at end-July 2014.

Figure 5: Aggregate Market Capitalization and All-Share Index



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

	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Aggregate Market Capitalization (N trillion)	18.4	19.1	17.7	17.3	16.7	17.0	18.7	19	18.9
All-Share Index	38,920.85	41,329.19	40,571.62	39,558.89	38,748.01	38,465.48	41,474.40	42,482.48	42,097.46



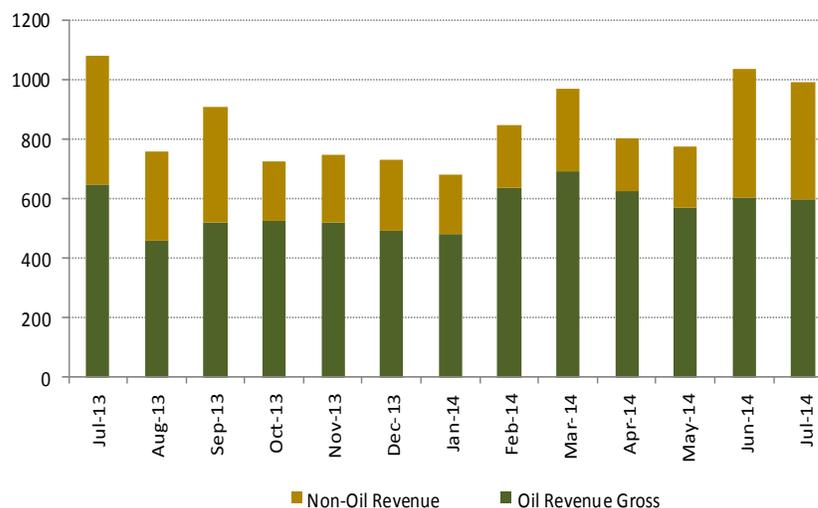
### 3.0 Fiscal Operations

#### 3.1 Federation Account Operations

Available data showed that estimated federally-collected revenue in July 2014, at ₦993.63 billion, was above the monthly budget estimate of ₦906.29 billion by 9.6 per cent. It was, however, lower than the receipts in the preceding month by 4.4 per cent. The decrease in estimated federally-collected revenue (gross) relative to the preceding month was attributed to the shortfall in receipts from both oil and non-oil revenue (Fig. 6, Table 6).

Gross federally-collected revenue fell below its level in the preceding month, but was above the budget estimate.

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



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

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Federally-collected revenue (Gross)	1079.7	760.9	905.3	740.3	744.0	717.6	681.8	845.9	968.0	802.2	776.5	1034.6	993.6
Oil Revenue	645.6	457.2	519.9	526.4	521.3	490.8	482.0	637.8	689.1	622.9	570.2	602.5	597.1
Non-Oil Revenue	434.1	303.9	388.0	201.1	225.3	239.8	199.8	208.2	278.9	179.3	206.4	432.1	396.5

At ₦597.12 billion or 60.1 per cent of total, gross oil receipts was slightly above the monthly budget estimate of ₦597.07 billion by 0.01 per cent, but fell below the preceding month's receipts of ₦602.47 billion

by 0.9 per cent. The marginal increase in oil revenue relative to the monthly budget estimate was attributed, largely, to the increase in domestic crude oil/ gas sales and PPT/Royalties (Fig. 7, Table 7).

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

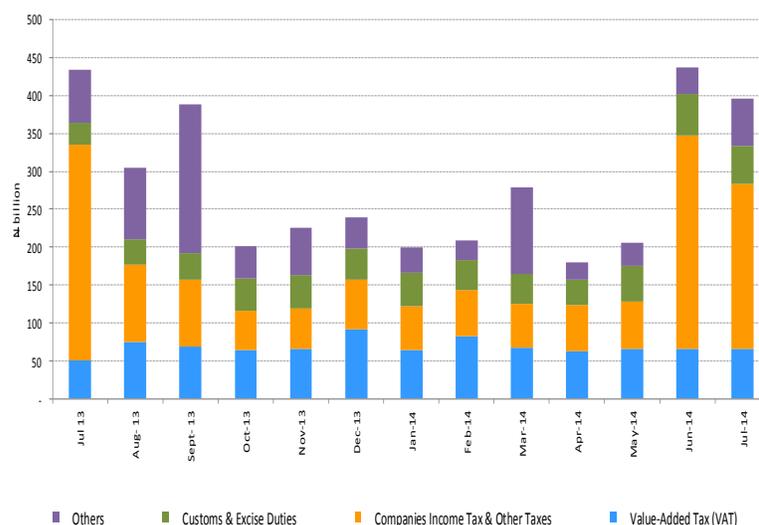


**Table 7: Components of Gross Oil Revenue (N' billion)**

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Oil Revenue	645.6	457.2	519.9	526.4	521.3	490.8	482.0	637.8	689.1	622.9	570.2	602.5	597.1
Crude oil/Gas Sales	173.1	129.0	138.0	139.0	78.2	58.7	119.5	224.0	173.1	202.0	204.7	170.7	150.3
Domestic crude oil/Gas sales	113.8	109.3	118.0	124.0	114.7	145.3	123.0	128.2	127.3	125.3	118.2	126.3	129.6
PPT/Royalties	358.6	218.6	263.2	263.1	325.9	286.4	231.7	262.2	380.5	286.8	246.9	305.2	317.0
Others	0.2	0.3	0.7	0.2	2.5	0.4	7.8	23.3	8.1	8.8	0.3	0.3	0.3

Non-oil receipt (gross) rose above the proportionate budget, but fell below the level in the preceding month.

At ₦396.51 billion, gross non-oil receipts, constituted 39.9 per cent of the total and was 28.2 per cent above the proportionate budget. It, however, fell by 9.3 per cent below the level in the preceding month. The increase in non-oil revenue relative to the monthly budget estimate was due, largely, to increased receipts from corporate tax (Fig. 8, Table 8).

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

	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Non-Oil Revenue	434.1	303.9	388.0	201.1	225.3	239.8	199.8	208.2	278.9	179.3	206.4	437.1	396.5
Value-Added Tax (VAT)	51.2	74.2	69.0	63.9	66.3	91.7	64.7	82.3	66.8	63.3	65.4	65.4	66.4
Companies Income Tax & Other Taxes	283.6	103.0	88.4	52.0	52.4	64.6	57.7	61.6	58.8	59.8	62.1	282.3	216.5
Customs & Excise Duties	29.1	33.0	35.4	42.5	44.1	42.3	43.1	39.7	38.8	34.6	47.2	54.5	51.1
Others	70.2	93.7	195.2	42.6	62.4	41.1	34.3	24.6	114.5	21.6	31.7	34.8	62.5

Of the gross federally-collected revenue, the sum of ₦570.70 billion (after all deductions and transfers) was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. The Federal Government received ₦270.14 billion, while the state and local governments received ₦137.02 billion and ₦105.64 billion, respectively. The balance of ₦57.90 billion was credited to the 13.0% Derivation Fund for distribution to the oil-producing states. From the VAT Pool Account, the Federal Government received ₦9.56 billion, while the state and local governments received ₦31.88 billion and ₦22.32 billion, respectively. Overall, the total allocation to the three tiers of government from the Federation and VAT Pool Accounts in the review month

amounted to ₦741.06 billion. This was above both the monthly budget estimate of ₦698.40 billion by 6.1 per cent and the sum of ₦666.17 billion recorded in the preceding month by 11.2 per cent.

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

### 3.2.1 The Federal Government

The estimated Federal Government retained revenue was above the receipts in the preceding month.

At ₦340.27 billion, the estimated Federal Government retained revenue for July 2014 was below the monthly budget estimate by 4.3 per cent, but rose above the receipts in the preceding month by 12.1 per cent. Of the total amount, the Federation Account accounted for 79.4 per cent, while "others", SURE-P, VAT Pool Accounts and FGN Independent Revenue accounted for 11.0, 4.8, 2.8 and 2.0 per cent, respectively (Fig. 9, Table 9).

Figure 9: Sources of Federal Government Retained Revenue

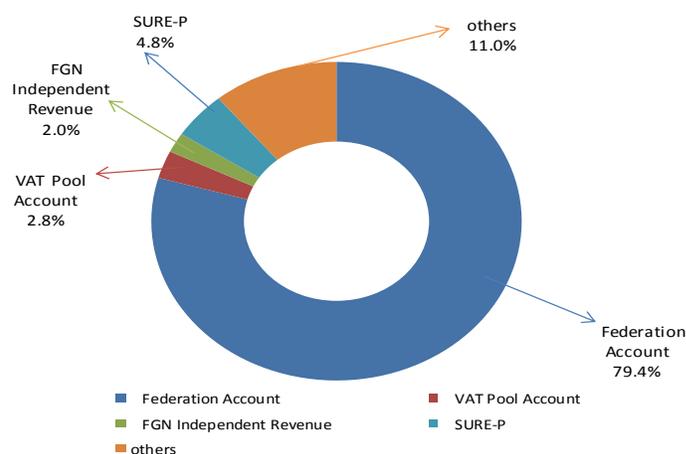


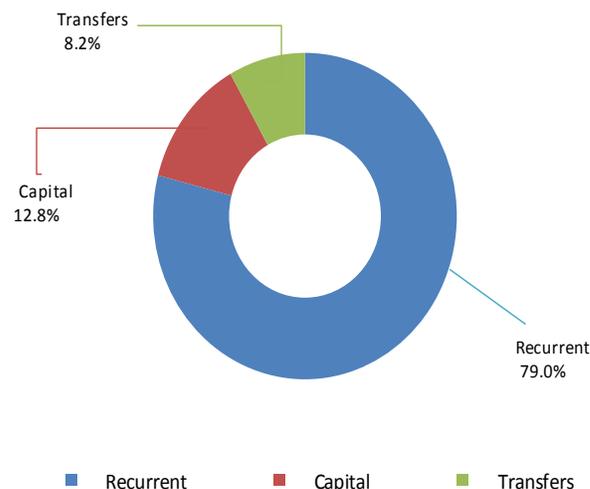
Table 9: Federal Government Fiscal Operations (₦ billion)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Retained Revenue	499.6	262.1	412.7	263.0	327.6	306.7	264.9	267.6	379.6	281.5	264.9	267.6	379.6
Expenditure	487.6	246.2	542.9	507.5	361.9	663.6	366.4	297.2	451.2	349.6	303.7	369.9	342.2
Overall Balance: (+)/(-)	11.9	15.9	-130.2	-244.5	-34.3	-356.9	-101.5	-29.6	-71.6	-68.1	-24.6	-66.3	-1.9

At ₦342.16 billion, total estimated expenditure for July 2014 was lower than both the monthly budget estimate and the level in the preceding month by 21.5 and 7.5 per cent, respectively. A breakdown of the total expenditure showed that the recurrent expenditure accounted for 79.0 per cent, while the capital expenditure and transfer components accounted for the balance of 12.8 and 8.2 per cent, respectively. Non-debt obligations accounted for 77.3 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 22.7 per cent (Fig. 10).

Total estimated expenditure for July 2014 rose, compared with the level in the preceding month.

**Figure 10: Federal Government Expenditure**



Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦1.89 billion, compared with the proportional monthly budget deficit of ₦80.35 billion.

The fiscal operations of the FG resulted in an estimated deficit of ₦1.89 billion in July 2014.

### 3.2.2 Statutory Allocations to State Governments

Total receipts by state governments, including the share of VAT and the Federation Account stood at ₦258.67 billion. This was above the level in the preceding month by 10.2 per cent. It, however, fell below the level in the corresponding period of 2013 by 6.6 per cent.

The breakdown showed that, at ₦31.9 billion or 12.3 per cent of the total, receipts from the VAT Pool Account was 1.5 and 29.8 per cent higher than the levels in the preceding month and the corresponding period of 2013, respectively. At ₦226.79 billion or 87.7 per cent of the total, state governments' receipt from the Federation Account exceeded the level in the preceding month by 11.6 per cent, but was lower than the level in the corresponding period of 2013 by 10.2 per cent.

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

Total receipts by the local governments from the Federation and VAT Pool Accounts stood at ₦148.96 billion at end-July 2014. This exceeded the level in the preceding month by 10.8 per cent, but was lower than the level at the end of the corresponding period of 2013 by 5.7 per cent. Of this amount, receipts from the Federation Account was ₦126.64 billion (85.0 per cent of the total), while the VAT Pool Account accounted for ₦22.32 billion (15.0 per cent of the total).

## 4.0 Domestic Economic Conditions

*The dominant agricultural activities in July 2014 included: weeding and harvesting of various crops. In the livestock subsector, farmers re-stocked broilers and layers in anticipation of increased sales during the Eid-el-Fitri celebration. Crude oil production was estimated at 1.93 million barrels per day (mbd) or 59.83 million barrels during the month. The end-period inflation rate for July 2014, on a year-on-year basis, was 8.3 per cent, 0.1 percentage point above the level in the preceding month. The inflation rate on a 12-month moving average basis was 8.0 per cent, same as in the preceding month's level.*

### 4.1 Agricultural Sector

Available data indicated that agricultural activities improved on account of widespread rainfall during the review month. Farmers in different parts of the country engaged in harvesting of various crops. In the Northern part of the country, farming activities were dominated by weeding and harvesting of crops such as maize and vegetables. In the Southern states, farmers were involved in harvesting of maize and yam. In the livestock subsector, farmers re-stocked broilers and layers in anticipation of increased sales during Eid-el-Fitri festivity.

A total of ₦1,144.4 million was guaranteed to 6,652 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in July 2014. This represented a decrease of 22.3 per cent below the level in the preceding month, but was 93.9 per cent above the level in the corresponding period of 2013.

A sub-sectoral analysis of the loans guaranteed showed that the food crops sub-sector had the largest share of ₦760.2 million (66.4 per cent) guaranteed to 5,291 beneficiaries. This was followed by the livestock sub-sector, ₦168.0 million (14.7 per cent) guaranteed to 578 beneficiaries; mixed crops, ₦86.0 million (7.5 per cent) guaranteed to 456 beneficiaries; and fisheries, ₦72.4 million (6.3 per cent) guaranteed to 151 beneficiaries. "Others" sub-sector had ₦37.6 million (3.3 per cent)

guaranteed to 63 beneficiaries and cash crops had ₦20.2 million (1.8 per cent) guaranteed to 113 beneficiaries.

Analysis by state showed that 31 states (including FCT) benefited from the Scheme during the review month with the highest and lowest sums of ₦145.2 million (12.7 per cent) and ₦1.9 million (0.2 per cent) guaranteed to Delta and Bayelsa states, respectively.

At end-July 2014, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦234.3 billion (for 307 projects).

At end-July 2014, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦234.3 billion for (307) three hundred and seven projects/promoters (Table 10).

**Table 10: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACS) in July 2014.**

S/N	Participating Banks	Amount Disbursed (₦billion)	Number of Projects/State Governments
1	UBA Plc.	41.80	35
2	Zenith Bank	38.10	24
3	First Bank of Nigeria Plc	26.80	68
4	Unity Bank Plc	22.30	24
5	Union Bank Nigeria PLC	18.20	21
6	Stanbic IBTC Plc	13.90	28
7	Access Bank Plc	12.60	15
8	Skye Bank Plc	9.60	7
9	Fidelity Bank Plc	10.85	8
10	Sterling Bank Plc	12.30	17
11	GTBank Plc	5.80	9
12	FCMB Plc.	5.40	11
13	Ecobank	4.46	8
14	Diamond Bank Plc	3.00	13
15	Citibank Plc	3.00	2
16	Keystone Bank	2.10	3
17	Mainstreet Bank Plc	2.00	1
18	WEMA Bank Plc	1.11	6
19	Enterprise Bank Plc	0.50	6
20	Heritage Bank Plc	0.50	1
	<b>TOTAL</b>	<b>234.3</b>	<b>307</b>

## 4.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 1.93 million barrels per day (mbd) or 59.83 million barrels for the month. This was 0.03 mbd or 1.6 per cent higher than the 1.90 mbd or 57.00 million barrels produced in the preceding month.

Crude oil and natural gas production was estimated at an average of 1.93 million barrels per day.

Crude oil export was estimated at 1.48 mbd or 45.88 million barrels for the month. This represented an increase of 2.1 per cent, compared with 1.45 mbd or 44.95 million barrels recorded in the preceding month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels in the review month.

At an estimated average of US\$107.98 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), fell by 5.4 per cent below the level in the preceding month. The average prices of other competing crudes, namely the U.K Brent at US\$106.73 per barrel; the West Texas Intermediate at US\$103.33 per barrel; and the Forcados at US\$106.80 per barrel showed similar trend. The fall in crude oil prices was attributed, mainly, to lower prospects of supply disruptions and weaker demand for crude oil by refineries in Asia and Europe.

The average prices of Nigeria's reference crude, the Bonny Light (37° API), the U.K Brent, the Forcados, and the West Texas Intermediate fell during the month.

The average price of OPEC basket of eleven selected crude streams was US\$105.61 per barrel in July 2014. This represented a decline of 2.1 per cent below US\$107.87 per barrel in the preceding month, but was 1.2 per cent above the price recorded in the corresponding month of 2013 (Fig. 11, Table 11).

Figure 11: Trends in Crude Oil Prices

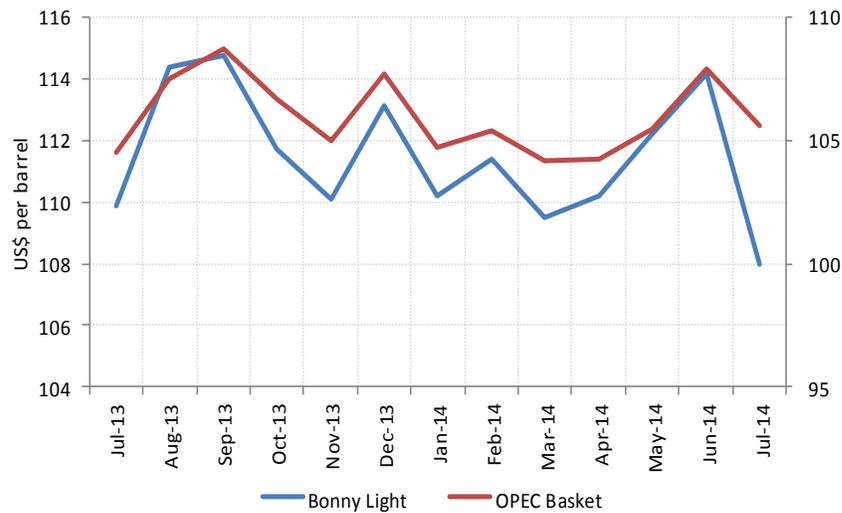


Table 11: Average Crude Oil Prices in the International Oil Market

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Bonny Light	109.9	114.4	114.7	111.69	110.1	113.1	110.2	111.4	104.5	110.2	112.2	114.2	107.9
OPEC Basket	104.5	107.5	108.7	106.7	105.0	107.7	104.7	105.4	104.2	104.3	105.4	107.9	105.6

### 4.3 Consumer Prices

The general price level rose in July 2014, relative to the level in the preceding month, owing to the increase in the prices of food and non-food items.

Available data showed that the all-items composite Consumer Price Index (CPI) in July 2014 was 159.7, representing an increase of 0.7 and 8.3 per cent over the levels in the preceding month and the corresponding period of 2013, respectively. The development was attributed to increase in the prices of food and non-food items.

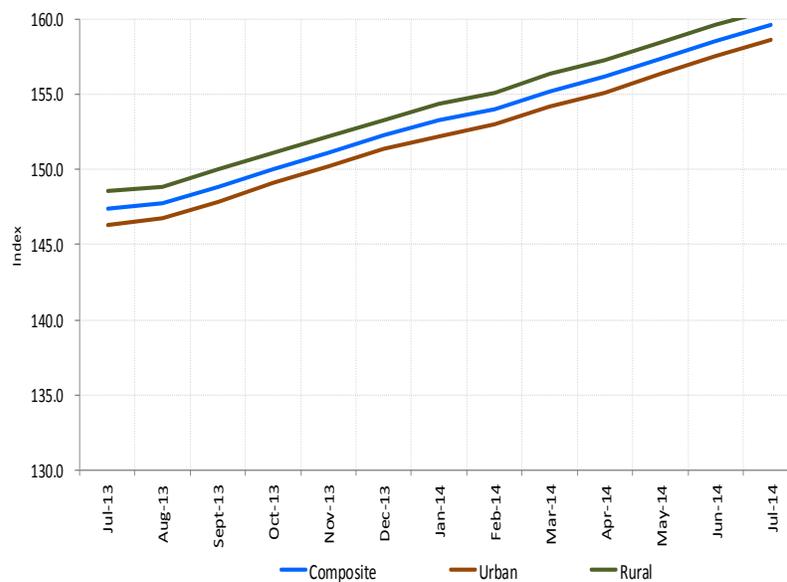
The urban all-items CPI at end-July 2014 was 158.7 (November 2009=100), indicating an increase of 0.7 per cent, compared with the level in the preceding month. The rural all-items CPI for the month was 160.7 (November 2009=100), indicating an increase of 0.6 per cent, compared with the level in the preceding month (Fig. 12, Table 12).

The end-period inflation rate for the review month, on a year-on-year basis, was 8.3 per cent, indicating an increase of 0.1 percentage point above the rate in the preceding month. It, however, showed a decline of 0.4 percentage point below the rate in the corresponding period of 2013. The inflation rate, on a twelve-month moving average basis, was 8.0 per cent, same as in the preceding month (Fig. 13, Table 13).

The year-on-year headline inflation rate, at 8.3 per cent, was 0.1 percentage point above the level in June 2014.

The composite food index was 163.1 indicating an increase of 0.8 per cent above the level in the preceding month. The development was attributed to higher prices in the bread and cereals, meat, and fish groups (Table 12).

**Figure.12:Consumer.Price.Index**



**Table 12: Consumer Price Index (November 2009=100)**

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Composite	147.4	147.8	148.9	150.0	151.1	152.3	153.3	154.0	155.2	156.2	157.4	158.6	159.7
Urban	146.3	146.8	147.9	149.1	150.2	151.4	152.2	153.0	154.2	155.1	156.4	157.6	158.7
Rural	148.6	148.9	150.0	151.1	152.2	153.3	154.4	155.1	156.4	157.3	158.5	159.7	160.7
CPI - Food	148.4	149.2	150.4	151.6	152.9	154.3	155.5	156.5	158.0	159.3	160.6	161.9	163.1
CPI - Non Food	147.4	149.1	150.0	150.9	151.8	153.0	153.3	154.1	154.7	155.3	156.3	157.4	157.7

Figure 13: Inflation Rate

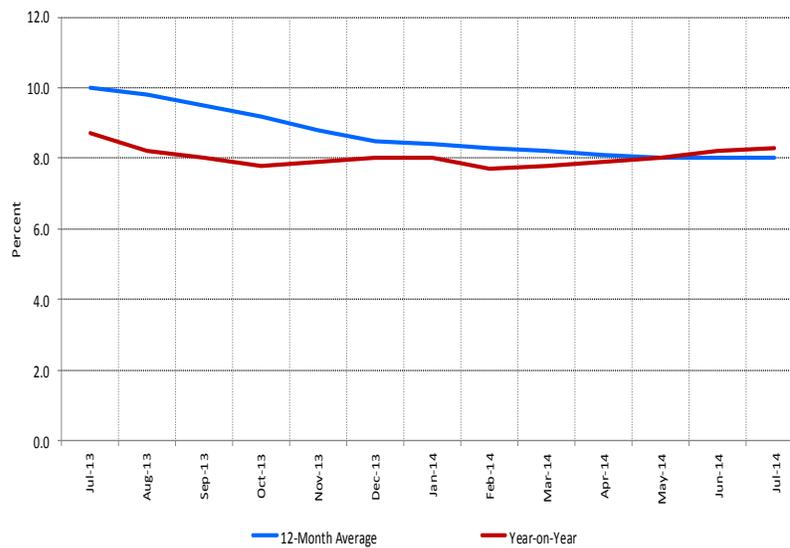


Table 13: Headline Inflation Rate (%)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
12-Month Average	10	9.8	9.5	9.2	8.8	8.5	8.4	8.3	8.2	8.1	8.0	8.0	8.0
Year-on-Year	8.7	8.2	8	7.8	7.9	8	8	7.7	7.8	7.9	8	8.2	8.3

## 5.0 External Sector Developments

Available data indicated that foreign exchange inflow and outflow through the CBN fell by 10.7 and 13.9 per cent below the respective levels in the preceding month. Total non-oil export receipts by banks declined by 34.8 per cent below the level in the preceding month. The gross external reserves rose by 4.7 per cent, compared with the preceding month's level. The average exchange rate of the naira vis-à-vis the US dollar, stood at ₦157.29 per US dollar at the retail Dutch Auction System (rDAS), same as in the preceding month.

### 5.1 Foreign Exchange Flows

Available data indicated that foreign exchange inflow and outflow through the CBN in the review month was US\$5.10 billion and US\$3.30 billion, respectively, resulting in a net inflow of US\$1.80 billion, compared with the net inflow of US\$1.89 billion in the preceding month. Relative to the levels in the preceding month and the corresponding period of 2013, inflow fell by 10.7 and 11.7 per cent, respectively. The development, relative to the preceding month was attributed to the 25.4 per cent decline in receipts from crude oil exports, which more than offset the 49.9 per cent increase in the non-oil component.

Foreign exchange outflow through the CBN also fell by 13.9 and 32.5 per cent below the levels in the preceding month and the corresponding period of 2013, respectively. The development, relative to the preceding month was attributed, largely, to the decline in rDAS utilization and other official payments during the review period (Fig. 14, Table 14).

Foreign exchange inflow and outflow through the CBN decreased in July 2014.

Figure 14: Foreign Exchange Flows through the CBN

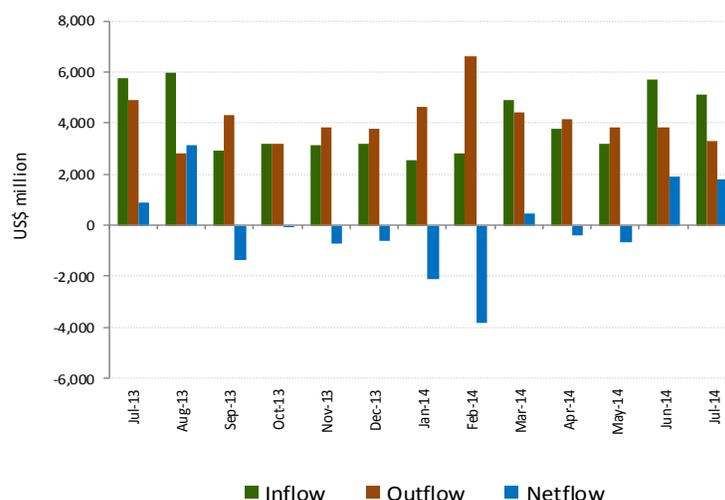


Table 14: Foreign Exchange Flows through the CBN (US\$ million)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Inflow	5,778.3	5,953.4	2,946.0	3,175.3	3,125.5	3,164.8	2,543.6	2,797.6	4,880.3	3,779.5	3,171.3	5,716.6	5,103.8
Outflow	4,891.3	2,796.6	4,308.1	3,177.7	3,837.8	3,774.0	4,652.2	6,613.0	4,407.7	4,155.8	4,819.2	3,831.3	3,299.9
Netflow	887.0	3,156.9	(1,362.0)	(2.4)	(712.4)	(609.3)	(2,108.6)	(3,815.4)	472.6	(376.3)	(1,647.9)	1,885.3	1,803.9

Autonomous inflows into the economy rose by 7.3 per cent in July 2014.

Data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$13.97 billion, representing a decline of 0.1 and 13.0 per cent below the levels at the end of the preceding month and the corresponding period of 2013, respectively. The development, relative to the preceding month was driven, mainly, by the fall in crude oil export receipts. Of the total inflows, receipts through the CBN and autonomous sources accounted for 36.5 and 63.5 per cent, respectively.

Non-oil public sector inflow, at US\$0.9 billion (6.4 per cent of the total), was down by 34.8 and 4.5 per cent below the levels in the preceding month and the corresponding month of 2013, respectively. Autonomous inflow, which accounted for 63.5 per cent of the total, rose by 7.3 per cent above the level in the preceding month.

At US\$3.39 billion, aggregate foreign exchange outflow from the economy fell by 13.7 and 31.5 per cent below the levels in the preceding month and the corresponding month of 2013, respectively. Thus, foreign exchange flows through the economy resulted in a net inflow of US\$10.58 billion in the review month, compared with US\$10.06 billion and US\$11.11 billion in the preceding month and the corresponding month of 2013, respectively.

## 5.2 Non-Oil Export Earnings by Exporters

Available data indicated that total non-oil export earnings, at US\$867.12 million, fell by 34.8 and 4.5 per cent below the levels in the preceding month and the corresponding month of 2013, respectively. The development reflected, largely, the fall in the earnings from food products, manufacturing and industrial sectors. A breakdown by sectors showed that proceeds from agriculture, manufactured, industrial, food products, minerals and transport sub-sectors stood at US\$658.32 million, US\$115.47 million, US\$71.61 million, US\$11.82 million, US\$9.82 million and US\$68.00 million, respectively.

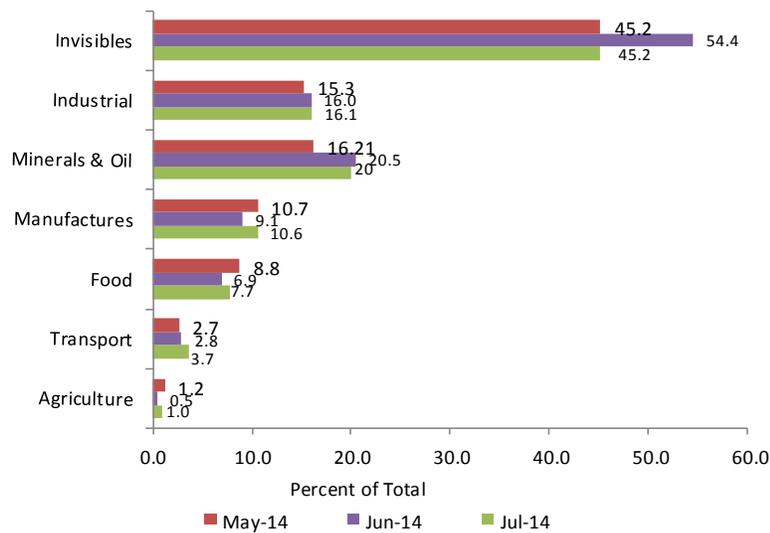
The shares of agriculture, manufactured, industrial, food products, minerals and transport sub-sectors in non-oil export proceeds were 75.92, 13.32, 8.26, 1.36, 1.13 and 0.01 per cent, respectively.

## 5.3 Sectoral Utilization of Foreign Exchange

The invisible sector accounted for 40.9 per cent of total foreign exchange disbursed in July 2014, followed by the minerals and oil sector (20.0 per cent). Other beneficiary sectors, in a descending order included: industrial sector (16.1 per cent); manufactured product (10.6 per cent); food products (7.7 per cent); transport (3.7 per cent); and agricultural products (1.0 per cent) (Fig.15).

Total non-oil export earnings by exporters declined in July 2014, on account of decreased earnings from industrial agriculture, and manufacturing sectors.

The invisible sector accounted for the bulk (40.9 per cent) of the total foreign exchange disbursed in July 2014.

**Figure 15: Sectoral Utilisation of Foreign Exchange**

## 5.4 Foreign Exchange Market Developments

Estimated aggregate demand for foreign exchange by authorized dealers under the retail Dutch Auction System (rDAS) and Bureau-de-change (BDC) was US\$2.97 billion in July 2014. This indicated a decline of 23.9 and 29.4 per cent below the levels in the preceding month and the corresponding month of 2013, respectively. A disaggregation of the total demand indicated that demand at the rDAS spot and the BDC segments stood at US\$2.78 billion and US\$0.18 billion, respectively. There was no demand at the rDAS-forward segment of the market.

A total of US\$2.95 billion was sold by the CBN to authorized dealers during the period, reflecting decline of 11.3 and 25.9 per cent below the levels in the preceding month and the corresponding period of 2013, respectively (Fig.16, Table 15). Of the total, sales at the rDAS-spot and BDC segments were US\$2.49 and US\$0.18 billion, respectively. There were no interbank and rDAS forwards sales in the review month. However, forward contracts at the rDAS segment valued at US\$0.27 billion matured during the month.

Figure 16: Demand for and Supply of Foreign Exchange

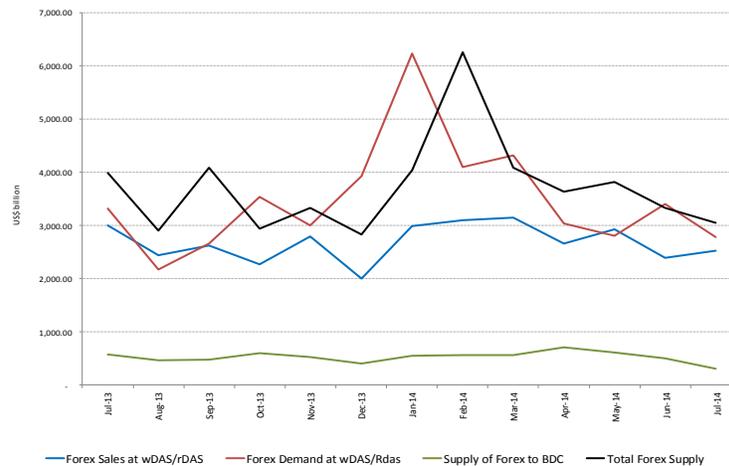


Table 15: Demand for and Supply of Foreign Exchange (US\$ billion)

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Forex Sales at wDAS/rDAS	3000.0	2437.1	2625.2	2274.4	2796.5	2007.8	2989.4	3101.9	3151.6	2663.9	2928.5	2398.6	2494.8
Forex Demand at rDAS/wDAS	3325.6	2179.4	2660.1	3541.9	3006.3	3925.5	6236.7	4096.5	4320.0	3045.5	2805.7	3401.4	2784.9
Supply of Forex to BDC	575.4	466.5	480.5	598.4	522.7	404.8	556.3	567.1	561.0	712.8	619.8	501.2	184.9
Total Forex Supply	3988.6	2903.6	4084.3	2941.5	3335.6	2826.6	4038.7	6254.4	4091.5	3637.8	3819.6	3330.1	2954.1

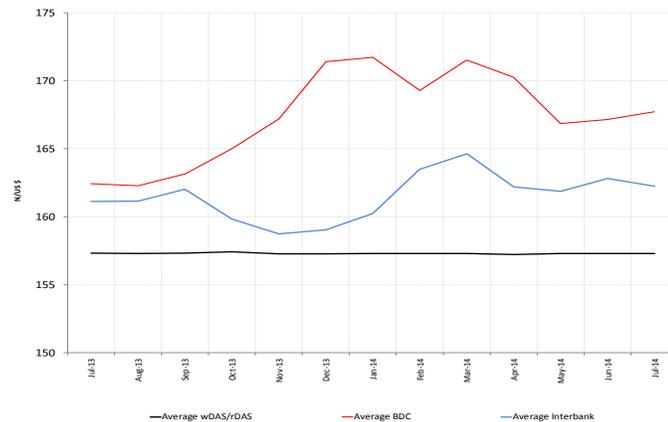
Under the rDAS, the average exchange rate of the naira vis-à-vis the US dollar at ₦157.29 per US dollar, remained at the same level as in the preceding month, but appreciated marginally by 0.02 per cent, relative to the level in the corresponding period of 2013. At the BDC segment, the average exchange rate, at ₦167.71 per US dollar, depreciated by 0.3 and 3.2 per cent, compared with the levels in the preceding month and the corresponding period of 2013, respectively. At the inter-bank segment, the average exchange rate of the naira vis-à-vis the US dollar, at ₦162.25 per US dollar, appreciated by 0.4 per cent, above the level in the preceding month, but indicated a depreciation of 0.7 per cent below the level in the corresponding period of 2013.

Consequently, the premium between the rDAS and the bureau-de-change segments widened to 6.6 per cent from 6.3 per cent in the preceding month. The premium

On a month-on-month basis, the naira exchange rate vis-à-vis the US dollar, remained unchanged at the rDAS segment. It, however, appreciated at the interbank but depreciated at the BDC segment of the market.

between the inter-bank and rDAS segments, however, narrowed to 3.2 per cent from 3.5 per cent in the preceding month (Fig. 17 and 18, Table 16).

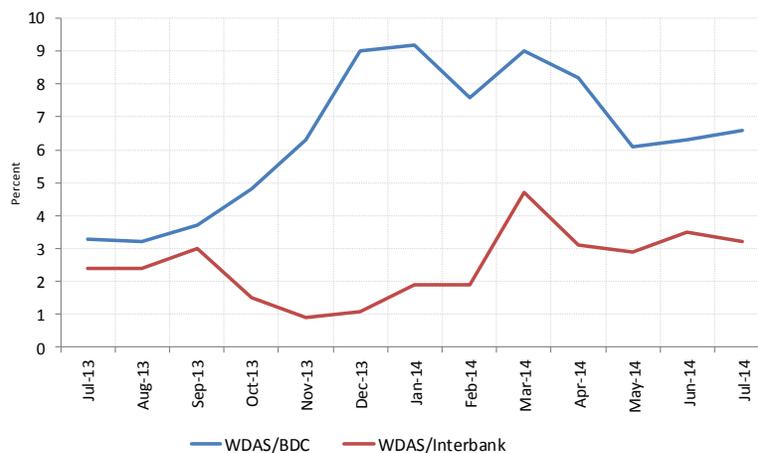
**Figure 17: Average Exchange Rate Movement**



**Table 16: Exchange Rate Movements and Exchange Rate Premium**

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
<b>Average Exchange Rate (N/₦)</b>													
wDAS/rDAS	157.32	157.31	157.32	157.42	157.27	157.27	157.29	157.31	157.30	157.29	157.29	157.29	157.29
BDC	162.43	162.28	163.14	165.00	167.19	171.40	171.71	169.28	171.52	170.25	166.85	167.14	167.71
Interbank	161.12	161.15	162.01	159.83	158.74	159.05	160.23	163.49	164.62	162.19	161.86	162.82	162.25
<b>Premium (%)</b>													
WDAS/BDC		3.3	3.2	3.7	4.8	6.3	9.0	9.2	7.6	9.0	8.2	6.1	6.3
WDAS/Interbank		2.4	2.4	3	1.5	0.9	1.1	1.9	3.9	4.7	3.1	2.9	3.5

**Figure 18: Exchange Rate Premium**



## 5.5 Gross External Reserves

The gross external reserve at the end of July 2014 stood at US\$39.07 billion, indicating a 4.7 per cent increase above the level in the preceding month, but was a decline of 14.8 per cent below the level in the corresponding period of 2013. A breakdown of the reserves showed that the Federation Account portion (Excess Crude) was US\$4.40 billion (11.3 per cent), Federal Government holding, was US\$3.81 billion (9.7 per cent) and CBN reserves, stood at US\$30.85 billion (79.0 per cent) (Fig. 19, Table 17).

Gross external reserves increased in July 2014.

Figure 19: Gross External Reserves

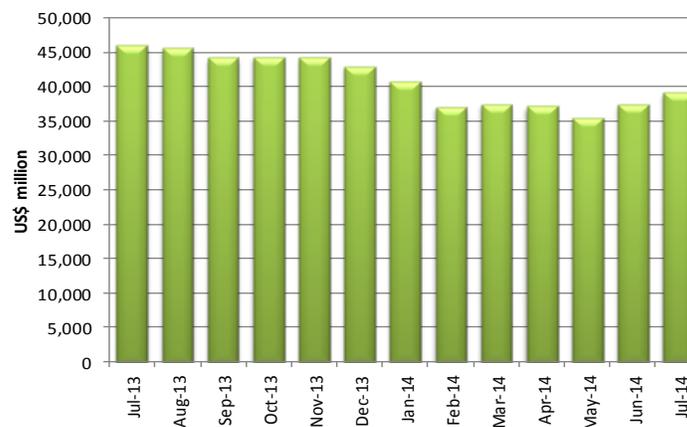


Table 17: Gross External Reserves (US\$ million)

Period	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
External Reserves	43,414.20	42,847.31	40,667.56	36,923.61	37,376.43	37,082.47	35,398.10	37,330.03	39,067.51



## 6.0 *Other International Economic Developments and Meetings*

World crude oil output in July 2014 was estimated at an average of 90.98 million barrels per day (mbd), representing an increase of 0.4 per cent over the level recorded in the preceding month. World demand was estimated at 91.92 million barrels per day (mbd), compared with 90.16 million barrels per day (mbd) demanded in the preceding month. The rise in demand was attributed to the increased demand for distillate fuel due to heightened industrial activities, particularly, in the OECD countries.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the 31<sup>st</sup> Statutory Meetings of the WAMZ held from July 14 – 17, 2014 in Abuja, Nigeria. The Meeting reviewed progress made on the convergence criteria and directed WAMI to report on costs, policy and institutional imperatives for the achievement of the single currency by 2020.

Also, the 29<sup>th</sup> Board of Governors meeting of the West African Institute for Financial and Economic Management (WAIFEM) was held on July 16, 2014. The Board of Governors deliberated on and approved the various reports based on the recommendations of the technical committee.

Finally, the CBN and MOODY'S ratings agency meeting was held on July 9, 2014 to discuss the Nigerian new banking model. The meeting was briefed on, among others, measures put in place to guard against the spillover effects of parent companies on their subsidiaries; measures against recurrence of banks' exposure to public sector and margin loans; reasons for inadequate exposure to small and medium enterprises (SMEs); and regulation around exposure of banks build-up of non-performing loans.



## APPENDIX TABLES



Table A1: Money and Credit Aggregates

	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
<b>Domestic Credit (Net)</b>	15,040.7	15,107.8	15,169.8	15,349.3	15,283.6	15,007.8	15,173.6	15,770.8
<i>Claims on Federal Government (Net)</i>	(1,468.8)	(1,265.2)	(1,498.5)	(1,434.1)	(1,734.0)	(1,761.4)	(1,790.2)	1,481.6
Central Bank (Net)	(2,101.6)	(1,890.4)	(2,092.8)	(2,097.3)	(2,341.7)	(2,644.4)	(2,730.5)	(2,694.2)
Commercial Banks	597.0	581.5	544.2	617.5	570.2	847.2	904.6	1,151.5
Merchant Bank	36.6	44.4	50.8	46.4	38.2	36.6	36.4	61.9
Non Interest Banks	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
<i>Claims on Private Sector</i>	16,509.5	16,373.1	16,668.3	16,783.4	17,017.6	16,769.2	16,963.8	17,252.3
Central Bank	4,917.5	4,920.6	4,919.2	4,905.3	4,952.8	4,735.6	4,684.2	4,680.2
Banks	11,543.6	11,403.9	11,700.2	11,826.2	12,011.7	11,976.4	12,223.4	12,512.1
Merchant Bank	37.9	37.9	37.7	40.6	42.0	42.7	41.2	43.7
Non Interest Banks	10.4	10.7	11.3	11.3	11.1	14.5	15.0	16.3
<i>Claims on Other Private Sector</i>	15,706.8	15,555.8	15,893.7	16,003.1	16,235.9	15,985.0	16,206.8	16,488.0
Central Bank	4,893.9	4,894.6	4,893.190	4,881.7	4,929.2	4,712.0	4,660.7	4,656.7
Banks	10,767.0	10,615.1	10,952.6	11,070.4	11,254.6	11,218.2	11,492.3	11,773.7
Merchant Bank	36.5	36.4	37.7	40.6	42.0	42.7	41.2	43.7
Non Interest Banks	9.4	9.7	10.3	10.3	10.1	12.1	12.6	13.9
<i>Claims on State and Local Governm</i>	779.1	791.2	748.6	756.7	758.2	760.6	733.4	740.7
Central Bank	-	-	-	-	-	-	-	-
Commercial Banks	776.7	788.8	747.6	755.7	755.2	758.2	731.0	738.3
Merchant Bank	1.4	1.4	-	-	-	-	-	-
Non Interest Banks	1.0	1.0	1.0	1.0	1.0	2.4	2.4	2.4
<i>Claims on Non-financial Public Ente</i>	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6
Central Bank	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-
<b>Foreign Assets (Net)</b>	8,513.3	8,243.4	7,557.2	7,613.1	7,716.1	7,693.0	7,693.3	8,031.1
Central Bank	6,898.5	6,471.6	6,071.3	5,949.91	6,173.9	6,275.9	6,200.0	6,522.9
Commercial Banks	1,611.7	1,765.1	1,482.4	1,654.4	1,542.2	1,407.2	1,482.4	1,514.3
Merchant Bank	1.1	4.5	1.4	6.4	1.6	7.7	8.4	(9.6)
Non Interest Banks	1.9	2.2	2.2	2.3	2.2	2.3	2.5	3.5
<b>Other Assets (Net)</b>	(7,885.0)	(7,885.9)	(7,408.4)	(7,262.7)	(7,026.4)	(6,793.4)	(6,938.5)	(7,376.5)
<b>Total Monetary Assets (M2)</b>	<b>15,669.0</b>	<b>15,465.4</b>	<b>15,318.6</b>	<b>15,699.7</b>	<b>15,973.3</b>	<b>15,907.5</b>	<b>15,928.4</b>	<b>16,425.4</b>
<b>Quasi-Money 1/</b>	<b>8,656.1</b>	<b>8,711.7</b>	<b>8,684.8</b>	<b>8,807.9</b>	<b>8,887.4</b>	<b>9,166.3</b>	<b>9,341.1</b>	<b>9,679.9</b>
<b>Money Supply (M1)</b>	<b>7,012.8</b>	<b>6,753.7</b>	<b>6,633.8</b>	<b>6,891.8</b>	<b>7,085.9</b>	<b>6,741.2</b>	<b>6,587.3</b>	<b>6,745.4</b>
<i>Currency Outside Banks</i>	1,447.1	1,333.3	1,258.3	1,226.6	1,228.1	1,205.2	1,162.4	1,237.0
<i>Demand Deposits 2/</i>	5,565.8	5,420.4	5,375.5	5,665.2	5,857.8	5,536.0	5,424.9	5,508.5
<b>Total Monetary Liabilities (M2)</b>	<b>15,669.0</b>	<b>15,465.4</b>	<b>15,318.6</b>	<b>15,699.7</b>	<b>15,973.3</b>	<b>15,907.5</b>	<b>15,928.4</b>	<b>16,425.4</b>
<i>Memorandum Items:</i>								
Reserve Money (RM)	5,558.9	5,405.0	5,258.7	5,036.8	5,296.3	5,099.6	4,723.1	4,767.1
<i>Currency in Circulation (CIC)</i>	1,776.8	1,588.5	1,558.0	1,574.4	1,569.6	1,517.6	1,497.1	1,568.2
<i>DMBs Demand Deposit with CBN</i>	3,782.1	3,816.5	3,700.6	3,462.5	3,726.7	3,582.0	3,225.9	3,198.9

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

2/ Demand Deposits consists 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)

	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
	<b>Growth Over Preceding December (%)</b>							
<b>Domestic Credit (Net)</b>	18.5	0.5	0.9	2.1	1.6	-0.2	0.9	4.9
<i>Claims on Federal Government (Net)</i>	40.1	13.9	-2.0	-2.4	-18.1	-19.9	-21.9	-8.9
<i>Claims on Private Sector</i>	9.0	-0.8	1.0	1.7	3.1	1.6	2.8	4.5
<i>Claims on Other Private Sector</i>								
<i>Claims on State and Local Government</i>	17.0	1.6	-4.1	1.9	3.4	-2.7	-5.9	-4.9
<i>Claims on Non-financial Public Enterprises</i>								
<b>Foreign Assets (Net)</b>	-5.9	3.2	-11.2	-10.6	9.4	-9.6	-9.6	-5.7
<b>Other Assets (Net)</b>	-26.0	0.0	6.0	-7.9	-10.9	13.8	12.0	6.5
<b>Total Monetary Assets (M2)</b>	<b>1.2</b>	<b>-1.3</b>	<b>0.33</b>	<b>0.2</b>	<b>1.94</b>	<b>1.5</b>	<b>1.66</b>	<b>4.83</b>
<b>Quasi-Money 1/</b>	7.4	0.6	0.3	1.8	2.7	5.9	7.9	11.8
<b>Money Supply (M1)</b>	-5.5	-3.7	-5.4	-1.7	1.0	-3.9	-6.1	-3.8
<i>Currency Outside Banks</i>	11.2	-7.9	-13.0	-15.2	-15.1	-16.7	-19.7	-14.5
<i>Demand Deposits 2/</i>	-9.1	-2.6	-3.4	1.8	5.3	-0.5	-2.5	-1.0
<b>Total Monetary Liabilities (M2)</b>	<b>1.2</b>	<b>-1.3</b>	<b>0.33</b>	<b>0.2</b>	<b>1.94</b>	<b>1.5</b>	<b>1.66</b>	<b>4.83</b>
<i>Memorandum Items:</i>								
Reserve Money (RM)	50.1	-2.8	-5.4	-9.4	-4.7	-8.3	-15.0	-14.2
<i>Currency in Circulation (CIC)</i>	8.9	-10.6	-12.3	-11.4	-11.7	-14.6	-15.7	-11.7
<i>DMBs Demand Deposit with CBN</i>	82.5	0.9	-2.2	-8.5	-1.5	-5.3	-14.7	-15.4
	<b>Growth Over Preceding Month (%)</b>							
<b>Domestic Credit (Net)</b>	6.7	0.5	0.4	-1.2	-0.4	-1.8	1.1	3.9
<i>Claims on Federal Government (Net)</i>	37.7	13.9	-18.4	4.3	-20.9	-1.6	1.6	17.2
<i>Claims on Private Sector</i>	0.4	-0.8	1.8	0.7	1.4	-1.5	1.2	1.7
<i>Claims on Other Private Sector</i>	-0.1	-1.0	2.2	0.7	1.5	-1.6	1.4	1.7
<i>Claims on State and Local Government</i>	6.4	1.4	-5.5	1.1	0.1	-0.2	-3.6	0.7
<i>Claims on Non-financial Public Enterprises</i>								
<b>Foreign Assets (Net)</b>	-1.9	3.2	-8.3	0.7	1.4	-0.3	0.0	4.4
Central Bank	1.7	6.2	-6.2	-2.0	3.8	1.7	-1.2	5.2
Banks	3.0	9.7	-16.1	11.9	-7.3	-8.1	5.4	1.0
<b>Other Assets (Net)</b>	1.9	0.0	6.1	2.0	3.3	3.3		
<b>Total Monetary Assets (M2)</b>	<b>6.3</b>	<b>-1.3</b>	<b>-1.0</b>	<b>2.5</b>	<b>1.7</b>	<b>-0.4</b>	<b>0.1</b>	<b>3.1</b>
<b>Quasi-Money 1/</b>	3.6	0.6	-0.3	1.4	0.9	3.1	1.9	3.6
<b>Money Supply (M1)</b>	10.0	-3.7	-1.8	3.9	2.8	-4.9	-2.3	2.4
<i>Currency Outside Banks</i>	11.4	-7.9	-5.6	-2.5	0.1	-1.9	-3.5	6.4
<i>Demand Deposits 2/</i>	9.6	-2.6	0.8	5.4	3.4	-5.5	2.0	1.5
<b>Total Monetary Liabilities (M2)</b>	<b>6.3</b>	<b>-1.3</b>	<b>-1.0</b>	<b>2.5</b>	<b>1.7</b>	<b>-0.4</b>	<b>0.1</b>	<b>3.1</b>
<i>Memorandum Items:</i>								
Reserve Money (RM)	-3.0	-2.8	2.7	-4.2	5.2	-3.7	-7.4	0.9
<i>Currency in Circulation (CIC)</i>	5.1	10.6	-1.9	1.1	-0.3	-3.3	-1.4	4.7
<i>DMBs Demand Deposit with CBN</i>	-6.7	0.9	-3.0	-6.4	7.6	-3.8	-9.9	-0.8

Table A3: Federal Government Fiscal Operations (₦ billion)

	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Retained Revenue	327.6	306.7	264.9	267.6	379.6	281.5	279.1	303.6	340.3
Federation Account	213.8	252.2	221.2	235.0	247.5	249.1	249.1	271.3	270.1
VAT Pool Account	9.6	13.2	9.3	11.8	9.6	9.1	9.4	9.4	9.6
FGN Independent Revenue	15.4	24.9	15.7	4.3	101.1	7.0	4.3	6.6	6.8
Excess Crude	70.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others/SURE-P	17.9	16.3	18.7	16.4	21.3	16.3	16.3	16.3	53.7
Expenditure	361.9	663.6	366.4	297.2	451.2	349.6	303.7	369.9	342.2
Recurrent	291.7	540.1	206.0	259.2	292.8	267.2	264.2	276.5	270.4
Capital	57.3	73.6	113.4	16.3	142.8	44.7	18.3	68.6	43.8
Transfers	12.8	49.9	46.9	21.7	15.6	37.7	21.2	24.8	27.9
Overall Balance: Surplus(+)/Deficit(-)	-34.3	-356.9	-101.5	-29.6	-71.6	-68.1	-24.6	-66.3	-1.9

