



**CENTRAL BANK OF NIGERIA**

***ECONOMIC REPORT  
THIRD QUARTER 2015***

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

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## 1.0 Summary

Provisional data indicated that growth in the key monetary aggregate decelerated in the third quarter of 2015. Over the level at the end of the preceding quarter, broad money supply, ( $M_2$ ), declined by 0.5 per cent, compared with the decline of 1.7 per cent at the end of the preceding quarter. The development was attributed to the 14.6 per cent fall in foreign assets (net), which more than offset the 0.5 and 7.8 per cent growth in domestic credit and other assets (net) of the banking system, respectively. Over the level at end-December 2014, growth in  $M_2$  contracted by 1.0 per cent.

Available data indicated that banks' deposit and lending rates trended upward during the third quarter of 2015. The spread between the weighted average term deposit and maximum lending rates narrowed by 0.87 percentage points to 17.78 percentage points at the end of the third quarter of 2015. However, the margin between the average savings deposit and the maximum lending rates, widened by 0.39 percentage point to 23.35 percentage points. The weighted average inter-bank call rate fell by 0.95 percentage point to 16.39 per cent in the third quarter of 2015, reflecting the liquidity condition in the inter-bank funds market.

Provisional data indicated that the value of money market assets outstanding at the end of the third quarter of 2015 rose by 10.2 per cent to ₦9,033.03 billion, in contrast to the decrease of 1.33 per cent at the end of the preceding quarter. The development was attributed to the 17.89 per cent increase in FGN Bonds outstanding. Available data indicated that developments in the Nigerian Stock Exchange (NSE) were bearish as market indicators trended downward during the review period.

Provisional total federally-collected revenue stood at ₦1,913.15 billion, which was lower than the quarterly budget estimate of ₦2,444.60 by 21.7 per cent. However, this exceeded the receipts in the preceding quarter by 36.9 per cent. At ₦949.45 billion or 49.6 per cent of the total revenue, gross oil receipt was lower than the provisional quarterly budget by 30.1 per cent. However, this exceeded the receipts in the preceding quarter by 13.2 per cent. The decline in oil revenue relative to the quarterly budget estimate was attributed to the persistent fall in receipts from crude oil/gas export, due to the continuous drop in the price of crude oil in the international market.

Non-oil receipts, at ₦963.70 billion, was lower than the 2015 quarterly budget estimate by 11.3 per cent, but exceeded the level in the preceding quarter by 72.6 per cent. Federal Government retained revenue was ₦676.66 billion, while total expenditure was ₦963.13 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦286.47 billion in the third quarter of 2015, compared with the 2015 quarterly budget deficit of ₦260.25 billion.

The agricultural sub-sector witnessed increased level of activities as a result of widespread rainfall in most parts of the country in the third quarter of 2015. Major agricultural activities in the southern states were harvesting of maize and yam, while harvesting of potatoes and groundnuts was dominant in the central and northern states.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 1.95 million barrels per day (mbd) or 179.40 million barrels (mb) for the third quarter. Crude oil export was estimated at 1.50 mbd or 138.00 million barrels, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 41.4 million barrels during the review quarter. The average price of Nigeria's reference crude, the Bonny Light (37° API), fell by 17.8 per cent below the level in the preceding quarter.

World crude oil demand was estimated at 93.47 mbd in the third quarter of 2015, representing an increase of 1.6 per cent above the 92.03 mbd recorded in the second quarter of 2015. World crude oil supply was estimated at 94.6 mbd in the third quarter, representing a marginal decrease of 0.2 per cent below the level recorded in the second quarter of 2015. The development was attributed to the high gasoline demand in the US and China as a result of massive car sales during the period, supported by lower oil prices.

The end-period headline inflation rate for the third quarter of 2015, on year-on-year basis, was 9.4 per cent, compared with 9.2 and 8.3 per cent at the end of the preceding quarter and the corresponding quarter of 2014, respectively. The inflation rate on a 12-month moving average basis was 8.7 per cent, compared with 8.4 per cent at the end of the preceding quarter.

Provisional data indicated that foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$11.11 billion and US\$9.52 billion, respectively, resulting in a net inflow of US\$1.59 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$8.04 billion, compared with US\$10.2 billion in the preceding quarter. The average exchange rate of the naira vis-à-vis the US dollar at the inter-bank and BDC windows were ₦196.99 and ₦225.21 per US dollar in the review quarter. Relative to the levels

*in the preceding quarter, this indicated respective depreciation of 0.01 and 3.9 per cent at the inter-bank and bureau-de-change segments of the market.*

*The global economy continued to be affected by the decline in oil prices, appreciation of the dollar, slowdown in China, uncertainty in Europe and anticipation of a shift in US monetary policy. The International Monetary Fund (IMF) World Economic Outlook (WEO) July 2015, projected global growth at 3.3 per cent in 2015. Growth is expected to strengthen to 3.8 per cent in 2016.*

*Other major international economic developments and meetings of importance to the domestic economy during the review period included: the United Nations third International Conference on Financing for Sustainable Development held in Addis Ababa, Ethiopia, from July 13 – 16, 2015; the United Nations General Assembly held in New York, United States, from September 25 to 27, 2015; the meeting of the board of directors of the African Development Bank held at the Bank's headquarters in Abidjan, Ivory Coast on July 8, 2015; the African Caucus meeting of the International Monetary Fund (IMF) and World Bank Group (WBG) which took place in Luanda, Angola, from August 27 - 29, 2015; and a High Level Stakeholder Consultative Meeting of African business and political leaders held at the AfDB headquarters in Abidjan, Ivory Coast on September 17, 2015.*



## 2.0 Financial Sector Developments

### 2.1 Monetary and Credit Developments

*Provisional data indicated that growth in the key monetary aggregate decelerated at the end of third quarter of 2015. Developments indicated that banks' deposit and lending rates trended upward during the review quarter. The value of money market assets outstanding increased, due largely, to the rise in FGN Bonds. Developments in the Nigerian Stock Exchange (NSE) were bearish as market indicators trended downward.*

Growth in the key monetary aggregate decelerated during Q3 of 2015.

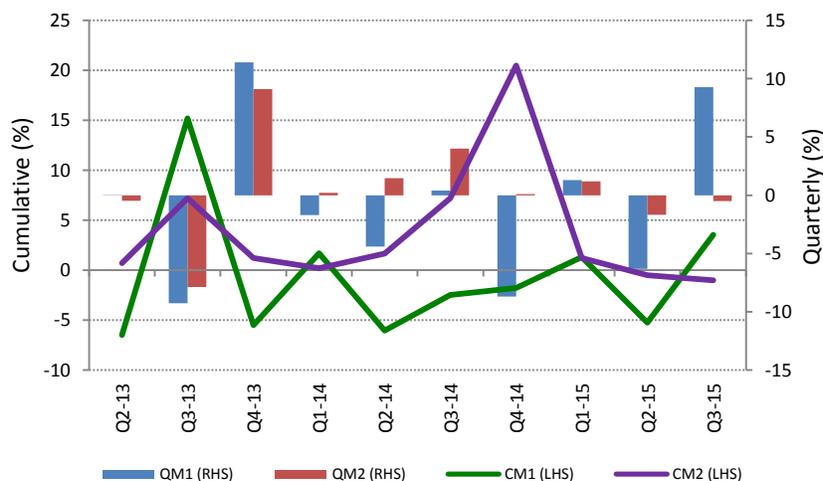
Provisional data indicated that growth in the key monetary aggregate decelerated at the end of the third quarter of 2015. On quarter-on-quarter basis, broad money supply, (M<sub>2</sub>), at ₦18,718.0 billion, fell by 0.5 per cent, compared with the decline of 1.7 per cent at the end of the preceding quarter. The development was attributed to the 14.6 per cent decline in foreign assets (net) of the banking system, which more than offset the growth of 7.8 and 0.5 per cent in other assets (net) and net domestic credit of the banking system, respectively. This, however, contrasted with the growth of 3.6 per cent at the end of the corresponding quarter of 2014. Over the level at end-December 2014, broad money supply (M<sub>2</sub>), fell by 1.0 per cent.

Relative to the level at the end of the preceding quarter, narrow money supply (M<sub>1</sub>), rose by 9.3 per cent to ₦7,148.6 billion, at the end of the third quarter, in contrast to the 6.3 per cent decline at the end of the preceding quarter. The development, was attributed to the respective growth of 2.9 and 10.7 per cent in its currency and demand deposit components. Over the level at the end-December 2014, M<sub>1</sub> rose by 3.5 per cent, in contrast to the decline of 5.3 per cent at the end of the preceding quarter. The development was attributed to the 8.5 per cent increase in the demand deposits component.

Relative to the level at the end of the preceding quarter, quasi money fell by 5.7 per cent to ₦11,569.4 billion at the end of the third quarter, in contrast to the 1.0 per cent growth at the end of the preceding quarter. The development was attributed to the decrease in time and savings deposits with the banks (Fig. 1, Table 1). Over the level at end-December

2014, quasi money fell by 3.7 per cent, in contrast to the 2.2 and 25.3 per cent growth at the end of the preceding quarter and the corresponding period of 2014, respectively.

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



Banking system credit to the Federal Government rose by 0.5 per cent at the end of the third quarter of 2015.

At ₦21,519.8 billion, aggregate domestic credit to the economy, quarter-on-quarter, grew marginally by 0.5 per cent at the end of the review quarter, compared with the growth of 3.8 and 7.7 per cent at the end of the preceding quarter and the corresponding period of 2014, respectively. The development reflected the 10.9 per cent increase in net claims on the Federal Government. Over the level at end-December 2014, net domestic credit grew by 11.7 per cent, compared with the 11.1 and 23.6 per cent increase at the end of the preceding quarter and the corresponding period of 2014, respectively.

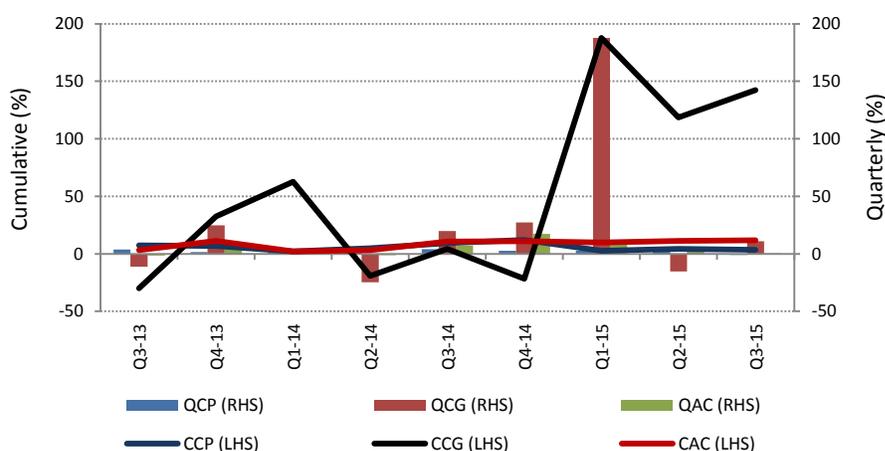
Banking system's credit (net) to the Federal Government, quarter-on-quarter, rose by 10.9 per cent to ₦2,787.6 billion, compared with the growth of 26.5 per cent at the end of the preceding quarter. The development reflected the rise in DMB's holding of government securities. Over the level at end-

<sup>1</sup> QM1 and QM2 represent quarter-on-quarter changes, while CM1 and CM2 represent cumulative changes (year-to-date).

December 2014, banking system credit (net) to the Federal Government grew by 142.4 per cent, compared with the growth of 118.5 per cent, at the end of the preceding quarter.

At ₦18,732.2 billion, banking system's credit to the private sector, quarter-on-quarter, fell by 0.9 per cent, in contrast to the respective growth of 1.3 and 4.5 per cent at the end of preceding quarter and the corresponding period of 2014, respectively. The development relative to the level at the end of the preceding quarter, reflected the 3.3 per cent increase in claims on the core private sector. Over the level at end-December 2014, banking system credit to the private sector rose by 3.4 per cent, compared with 4.3 per cent growth at the end of preceding quarter.

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



At ₦5,083.1 billion, foreign assets (net) of the banking system fell by 14.6 per cent at the end of the third quarter 2015, compared with the respective decline of 12.3 and 1.3 per cent at the end of preceding quarter of 2015 and the corresponding period of 2014. This was attributed to the fall in banking system's holdings of foreign assets. Over the level at end-December 2014, foreign assets (net) declined by 26.9 per cent at the end of the third quarter, compared with the

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

<sup>2</sup> QCP, QCG and QAC represent quarter-on-quarter changes in credit to private sector, credit to government (net) and aggregate credit (net) to the domestic economy, respectively, while CCP, CCG and CAC, represent the cumulative changes (year-to-date).

respective decline of 14.4 and 12.5 per cent at the end of the preceding quarter and the corresponding period of 2014.

Other Assets (net) of the banking system, quarter-on-quarter, grew by 7.8 per cent to negative ₦7,884.9 billion, in contrast to the decline of 3.1 and 8.1 per cent at the end of preceding period and the corresponding quarter of 2014, respectively. Over the level at end-December 2014, other assets (net) of the banking system fell by 7.8 per cent at the end of the review quarter, compared with the decline of 16.9 per cent at the end of the preceding quarter.

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

	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
<b>Domestic Credit (Net)</b>	11.1	2.1	-1.1	7.2	17.3	7.7	3.8	0.5
<i>Claims on Federal Government (Net)</i>	48.1	2.4	-24.8	19.7	-27.3	89.4	26.5	11.0
<i>Claims on Private Sector</i>	0.5	1.7	1.1	4.1	2.6	2.5	1.3	-0.9
<i>Claims on Other Private Sector</i>	1.2	1.9	1.3	4.4	2.7	2.6	1.6	-1.3
<b>Foreign Assets (Net)</b>	-3.0	-10.6	1.1	-1.1	-5.1	13.9	-12.3	-14.6
<b>Other Assets (Net)</b>	-3.1	7.9	4.5	-5.4	5.4	3.9	-3.1	7.8
<b>Broad Money Supply (M2)</b>	9.2	0.2	1.5	4.0	0.1	1.2	-1.7	-0.5
<b>Quasi-Money</b>	7.3	1.8	6.1	6.6	6.2	1.2	1.0	-5.7
<b>Narrow Money Supply (M1)</b>	11.7	-1.7	-4.4	0.4	-8.7	1.3	-6.3	9.3
<i>Memorandum Items:</i>								
<b>Reserve Money (RM)</b>	9.5	-9.4	6.2	3.3	20.7	-0.1	0.7	-2.7

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

At ₦1, 637.5 billion, currency-in-circulation increased by 4.8 per cent in the review quarter, in contrast to the decline of 14.1 per cent at the end of the second quarter of 2015. The development was due largely, to monetary injections into the economy as well as seasonal factors during the review quarter.

Total deposits at the CBN amounted to ₦7,318.8, indicating a rise of 5.9 per cent, compared with the level at the end of the second quarter of 2015. The development reflected 14.2 and 138.6 per cent increase in Federal Government and private sector deposits, respectively. Of the total deposits at CBN, the shares of the Federal Government, Banks and 'Others' were ₦2,623.7 billion (35.9 per cent), ₦4,150.8 billion (56.7 per cent)

and ₦544.3 billion (7.4 per cent), respectively.

Reserve money (RM) fell by 2.6 per cent to ₦5,788.3 billion at the the end of the third quarter, indicating the fall in DMB's reserves with the CBN.

Reserve money (RM) fell at the end of the third quarter of 2015.

### 2.3 Money Market Developments

The financial market was generally stable in the review period, except for few days of volatility, due to the announcement of JP Morgan to phase out Nigeria from its Government Bond Index for Emerging Markets (GBI-EM) and the full implementation of the Treasury Single Account (TSA). To mitigate the effect of these, palliatives were put in place by the Bank and the Financial Market Dealers Quote (FMDQ) to reduce the volatility experienced. For the TSA, the Bank immediately refunded Cash Reserve Requirement (CRR) on government revenue, while there remained unfettered access to the discount window. In the case of the JP Morgan announcement, the FMDQ at the height of the panic, temporarily increased the spread in the two-way quote for bonds from 30k to 100k to increase liquidity, while the Bank sensitized the public to boost investors' confidence. These efforts achieved great result as yields adjusted to their pre-announcement levels within a short period.

The financial market was generally stable during the review period.

Provisional data indicated that the total value of money market assets outstanding at the end of the third quarter of 2015 stood at ₦9,033.03 billion, showing an increase of 10.20 per cent, in contrast to the decline of 1.33 per cent at the end of the preceding quarter. The development was attributed largely, to the 17.89 per cent increase in the FGN Bonds.

#### 2.3.1 Interest Rate Developments

Available data indicated that banks' deposit and lending rates trended upward during the third quarter of 2015. All the deposit rates of various maturities rose from a range of 1.79 – 9.28 per cent to 1.97 – 11.28 per cent. At 9.24 per cent, the average term deposit rate rose by 1.33 percentage points above the level in the second quarter of 2015. The maximum and prime lending rates rose by 0.45 and 0.78 percentage point to 27.01 and 17.20 per cent, respectively. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed by 0.87 percentage points

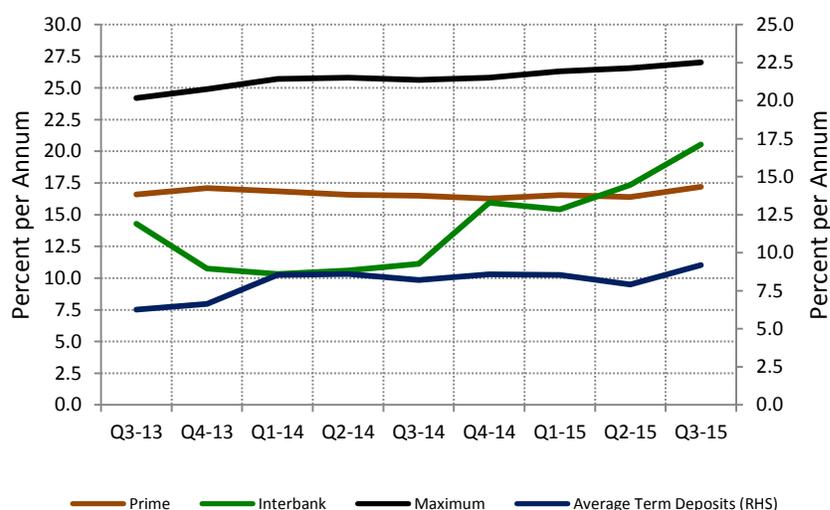
The spread between the weighted – average term deposit and maximum lending rates narrowed at the end of the third quarter.

to 17.78 percentage points at the end of the third quarter of 2015. With headline inflation at 9.4 per cent at end-September 2015, most rates were positive in real terms, except the average savings, 7-day and 1-month deposit rates.

Interbank call rate rose in Q3 2015.

At the inter-bank funds segment, the weighted average inter-bank call rate, which stood at 17.34 per cent at the end of the preceding quarter, fell by 0.95 percentage point to 16.39 per cent in the third quarter of 2015, reflecting the liquidity condition in the banking system. The Nigeria inter-bank offered rate (NIBOR) for the 30-day tenor rose from 15.45 per cent in the preceding quarter to 15.38 per cent in the third quarter of 2015. However, the weighted average rate at the Open-Buy-Back (OBB) segment fell by 0.22 percentage point to 15.40 per cent (Fig. 3, Table 2).

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



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

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Average Term Deposits	6.3	6.6	8.6	8.6	8.2	8.6	8.5	7.9	9.2
Prime Lending	16.6	17.1	16.9	16.6	16.5	16.3	16.8	16.4	17.2
Interbank	14.3	10.5	10.3	10.6	11.1	16.0	15.4	17.3	20.5
Maximum Lending	24.2	24.9	25.7	25.8	25.6	25.8	26.3	26.6	27.0

### 2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs stood at ₦4.9 billion at the end of the third quarter of 2015, compared with ₦6.7 billion at the end of the preceding quarter. The development was due to the fall in investment in CP by the commercial banks during the quarter under review. Consequently, CP constituted 0.05 per cent of the total value of money market assets outstanding, at the end of the review quarter, compared with 0.08 per cent at the end of the preceding quarter.

Investment in CP by banks fell in the third quarter of 2015.

### 2.3.3 Bankers' Acceptances (BAs)

At the end of the review period, BAs outstanding stood at ₦6.7 billion, down from ₦8.6 billion at the end of the preceding quarter. The development was attributed to the decrease in investment in BAs by the DMBs during the quarter. Consequently, BAs accounted for 0.07 per cent of the total value of money market assets outstanding at the end of the third quarter of 2015, compared with 0.10 per cent at the end of the preceding quarter.

DMBs' holdings of BAs declined during Q3 of 2015.

### 2.3.4 Open Market Operations

Direct OMO auctions were conducted twenty one times for twelve tenors ranging from 311 – 346 days in the third quarter of 2015. Total sales and subscription were ₦845.09 billion and ₦1,592.91 billion, respectively. Bid rates range from 13.37 to 19.00 per cent, while the stop rates ranged from 3.70 and 14.00 per cent. CBN bills valued at ₦1,180.40 billion matured and were subsequently repaid, translating to a net injection of ₦335.30 billion in the review quarter.

### 2.3.5 Primary Market

Nigerian Treasury Bills of 91-, 182- and 364-day tenors were auctioned at the primary market during the review quarter. Total amount offered, subscribed to and allotted stood at ₦751.33 billion, ₦1,293.86 billion and ₦751.33 billion, respectively, compared with ₦994.67 billion, ₦2,360.99 billion and ₦994.67 billion in the preceding quarter. The bid rates ranged from 8.00 - 15.00, 10.00 – 18.00, and 12.00 – 18.00 per cent, respectively, for the 91-, 182- and 364 day tenors, while the stop rates ranged from 10.00 – 10.50, 12.63 – 13.50 and 13.00 – 14.71 per cent, respectively.

Subscription for FGN Bonds of various maturities were reopened during the third quarter of 2015.

### 2.3.6 Bonds Market

In the review quarter, FGN Bonds of 5- and 20-year tenor were re-opened in two tranches. Total amount offered, subscribed to and allotted were ₦205.0 billion, ₦394.24 billion and ₦159.0 billion, respectively. In addition, a total of ₦10.20 billion of the 5-year bond was allotted on non-competitive basis. The marginal rates for all the tenors ranged from 15.19 –15.97 per cent.

### 2.3.7 CBN Standing Facilities

Developments at the CBN standing facilities window in the review quarter indicated higher patronage at the Standing Deposit Facility (SDF) window than at the Standing Lending Facility (SLF) window. Total request for SLF transactions in the third quarter was ₦2,731.18 billion (inclusive of Intraday lending facilities that was converted to overnight repo), compared with ₦1,092.02 billion in the second quarter of 2015.

The total deposit at the SDF window stood at ₦4,393.98 billion compared with ₦4,637.11 billion in the preceding quarter. This represented a daily average of ₦79.18 billion, while the interest paid during the review period amounted to ₦2.02 billion.

## 2.4 Deposit Money Banks' Activities

Available data indicated that the total assets and liabilities of the commercial banks stood at ₦28,168.8 billion at the end of the third quarter of 2015, representing a decline of 0.8 per cent below the level at the end of the preceding quarter. The funds were sourced, largely, from unclassified liabilities, draw-down on reserves and foreign assets disposal. The funds were used, mainly, for trading in government securities.

At ₦17,286.7 billion, banks' credit to the domestic economy, rose by 1.2 per cent, in contrast to the 1.1 per cent at the end of the preceding quarter. The development was attributed to the increase in claims on the Federal Government at the end of the review quarter.

Central Bank's credit to the commercial banks rose by 4.7 per cent to ₦317.80 billion at the end of the review quarter, reflecting increase in CBN loans and advances to banks above the level at the end of the preceding quarter. Total

At 39.8 per cent, liquidity ratio in Q3 2015 was 9.8 percentage points above the stipulated minimum ratio, while the Loan-to-deposit ratio was below the prescribed maximum of 80 per cent.

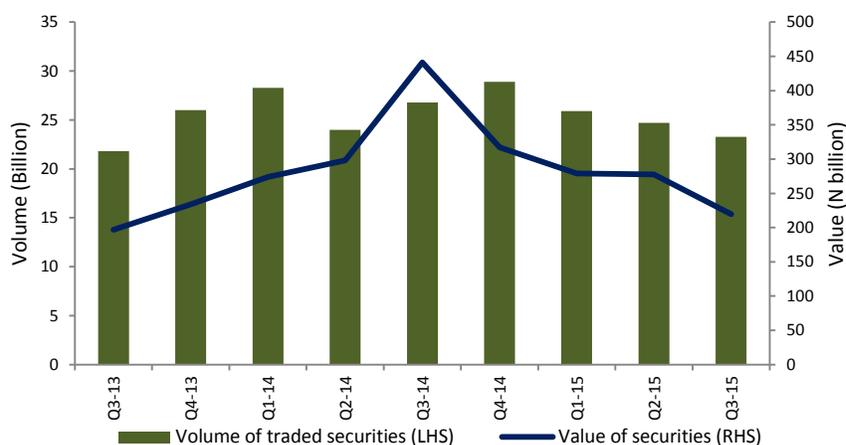
specified liquid assets of the banks stood at ₦6,844.7 billion, representing 39.8 per cent of their total current liabilities. At that level, the liquidity ratio rose by 4.0 percentage points above the level at the end of the preceding quarter, and was 9.8 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 70.2 per cent, was 2.4 percentage points above the level at the end of the preceding quarter, but was 9.8 percentage points below the prescribed maximum of 80.0 per cent.

## 2.5 Capital Market Developments

### 2.5.1 Secondary Market

Available data indicated that developments in the Nigerian Stock Exchange (NSE) were bearish during the third quarter of 2015. This reflects the general downturn of activities in the economy. Total volume and value of traded securities fell by 5.9 and 20.9 per cent to 23.26 billion shares and ₦219.76 billion, respectively, in 229, 633 deals in the review period, compared with 24.7 billion shares and ₦277.9 billion, respectively, in 273,502 deals in the second quarter of 2015. The Financial Services Industry (measured by volume) led the activity chart with 18.09 billion shares valued at ₦133.38 billion, traded in 130,087 deals; thus contributing 77.8 and 60.7 per cent to the total equity turnover volume and value respectively, compared 19.3 billion shares valued at ₦139.098 billion, traded in 153,842 deals in the preceding quarter. The Banking subsector of the Financial Services sector was the most active during the review quarter.

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



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

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Volume (Billion)	21.8	26.0	28.3	24.0	26.8	28.9	25.9	24.7	23.26
Value (N Billion)	196.8	234.0	273.9	298.19	441.25	316.99	279.1	277.9	219.76

### 2.5.2 New Issues Market/Supplementary Listings

There were five (5) supplementary listings in the review quarter (see table 4 below).

**Table:4 New and Supplementary Listing on the Nigerian Stock Exchange First Quarter 2015**

1	Union Homes Savings & Loans	781.250 Million Ordinary Shares	Scheme of Arrangement	Supplementary
2	Ecobank Transnational Inc. Plc.	1.25 Million Ordinary Shares	Placement	Supplementary
3	United Bank for Africa Plc.	3.298 Million Ordinary Shares	Rights Issue	Supplementary
4	Academy Press	100800000 ordinary shares	Scrip Issue	Supplementary
5	Access Bank Plc	6,045,052,723 ordinary shares	Rights Issue	Supplementary

### 2.5.3 Market Capitalization

Aggregate market capitalization for all listed securities (Equities and Bonds) stood at ₦17.01 trillion at the end of the quarter under review, indicating a decrease of 0.1 per cent below the level in the preceding quarter. Similarly, market capitalization for the listed equities dropped by 0.6 per cent below the level in the preceding quarter to close at ₦10.74 trillion. Listed equities accounted for 63.1 per cent of the aggregate market capitalization, compared with 67.2 per cent at the end of the preceding quarter.

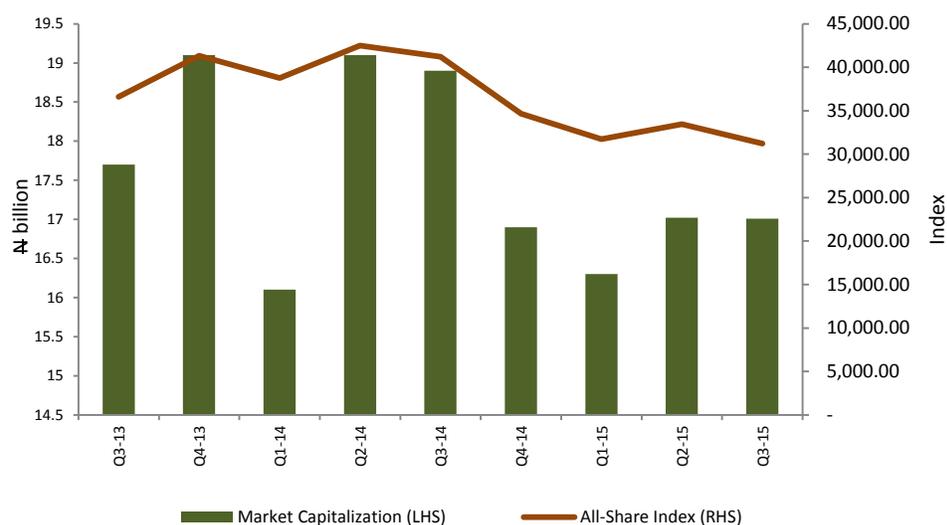
### 2.5.4 NSE All-Share Index

The All-Share Index, which opened at 33,456.83 at the beginning of the quarter, closed at 31,217.77, representing a decrease of 6.7 per cent below the level at the end of preceding quarter. At end-September 2015, with the exception of the NSE Industrial index which closed flat at 2,228.96, all other sectoral indices fell below their respective levels in the preceding quarter. The NSE Banking, NSE Insurance, NSE Consumer goods, NSE Oil/Gas, NSE Lotus Islamic and NSE ASeM indices declined by 13.8, 4.5, 4.5, 7.6, 6.0, and 0.4 per cent below their respective levels at the end

Total market capitalization and All-Share Index fell during Q3 2015.

of preceding quarter, to close at 319.14, 139.11, 807.30, 343.42, 2,095.90 and 1,208.40 at the end of the review period. The NSE Pension index introduced during the review period closed at 946.31 at the end of the quarter.

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



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

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Market Capitalization (₦ trillion)	17.73	19.10	16.10	19.10	18.90	16.90	16.30	17.02	17.01
All-Share Index (Equities)	36,585.08	41,329.19	38,748.01	42,482.48	41,210.10	34,657.15	31,744.82	33,456.86	31,217.77



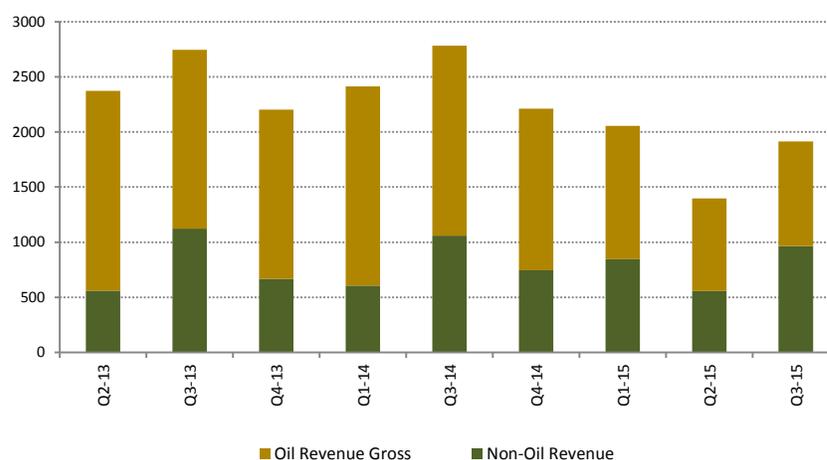
## 3.0 Fiscal Operations

### 3.1 Federation Account Operations

At ₦1,913.15 billion, federally-collected revenue in the third quarter of 2015, was lower than the 2015 quarterly budget estimate of ₦2,444.60 by 21.7 per cent. However, this exceeded the receipts in the preceding quarter by 36.9 per cent. The decline in federally-collected revenue (gross) relative to the quarterly budget estimate was attributed to the shortfall in receipts from both oil and non-oil revenue during the review quarter (Fig. 6, Table 6).

Gross federally - collected revenue rose by 36.9 per cent above the level in the preceding quarter.

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



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

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Federally-collected revenue (Gross)	2748.74	2204.55	2495.74	2613.30	2783.46	2210.81	2055.27	1397.20	1913.15
Oil Revenue	1622.79	1538.40	1808.86	1795.53	1723.11	1466.22	1210.77	839.02	949.45
Non-Oil Revenue	1125.95	666.15	686.88	817.77	1060.30	744.58	844.50	558.19	963.70

At ₦949.45 billion or 49.6 per cent of the total revenue, gross oil receipt was lower than the provisional quarterly budget by 30.1 per cent. However, this exceeded the receipts in the preceding quarter by 13.2 per cent. The decline in oil revenue relative to the quarterly budget estimate was attributed to the persistent short fall in receipts from crude oil/gas export, due to the continuous drop in the price of crude oil in the international market (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

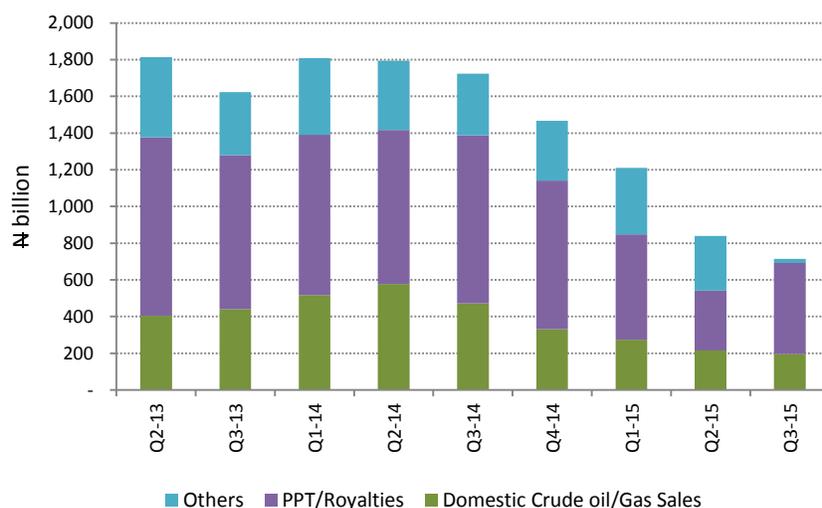


Table 7: Components of Gross Oil Revenue (₦ billion)

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Oil Revenue	1622.79	1538.40	1808.86	1795.53	1723.11	1466.22	1210.77	839.02	949.45
Crude oil/Gas Sales	440.09	275.93	516.63	577.41	470.99	331.18	274.09	215.40	196.29
PPT/Royalties	840.37	875.30	874.47	838.89	916.31	809.89	573.30	325.03	495.39
Others	342.33	387.18	417.76	379.23	335.81	325.15	363.38	298.59	257.77

At ₦963.70 billion or 50.4 per cent of total revenue, gross non-oil receipts, also fell below the provisional budget estimate of ₦1,086.79 billion by 11.3 per cent. The non-oil revenue was, however, above the level in the preceding quarter by 72.6 per cent. The fall in non-oil revenue relative to the provisional budget estimate was due, largely, to the fall in receipts from most of its components during the review quarter (Fig. 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components

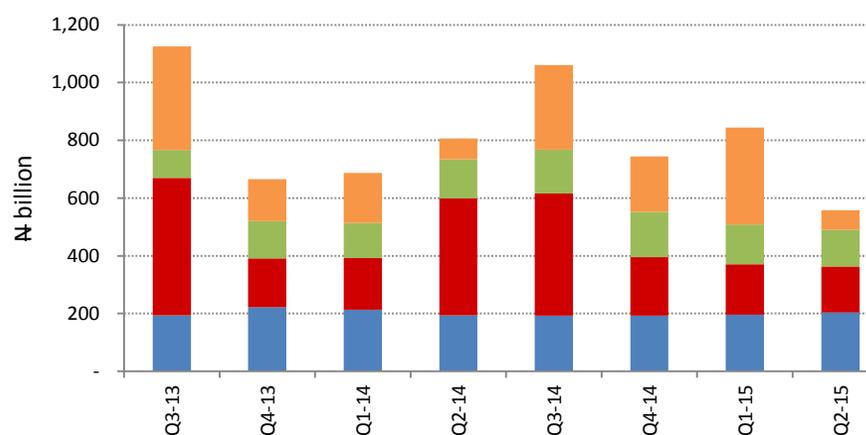


Table 8: Components of Gross Non-Oil Revenue (N billion)

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Non-Oil Revenue	1125.95	666.15	686.27	817.77	1060.35	744.58	844.50	558.19	963.70
Value-Added Tax (VAT)	194.41	222.02	213.80	194.15	193.39	192.88	195.66	203.18	202.11
Companies Income Tax & Other Taxes	475.08	169.07	178.12	404.20	422.60	202.38	174.94	159.36	415.67
Customs & Excise Duties	97.44	128.95	121.63	136.28	151.53	156.80	138.08	127.59	138.83
Others <sup>1</sup>	359.02	146.11	172.72	83.14	292.83	192.52	335.82	68.06	207.09

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

Of the gross federally-collected revenue, a net sum of ₦1,209.51 billion was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. The sum of ₦30.59 billion, ₦194.03 billion and ₦176.50 billion were transferred to the Federal Government Independent Revenue, VAT Pool Account and Others, respectively. The Federal Government received ₦589.66 billion, while the state and local governments received ₦299.08 billion and ₦230.58 billion, respectively. The balance of ₦90.18 billion was shared among the oil-producing states as 13.0% Derivation Fund.

From the VAT Pool Account, the Federal Government received ₦29.10 billion, while the state and local governments received ₦97.01 billion and ₦67.91 billion, respectively.

The sum of ₦1,209.51 billion out of the gross federally collected revenue was shared among the three tiers of government and oil producing states as 13.0% Derivation Fund.

Overall, the total statutory and VAT revenue allocation to the three tiers of government in the third quarter of 2015 amounted to ₦1,440.36 billion, compared with the provisional quarterly budget estimate of ₦1,994.77 billion and ₦1,211.67 billion in the preceding quarter.

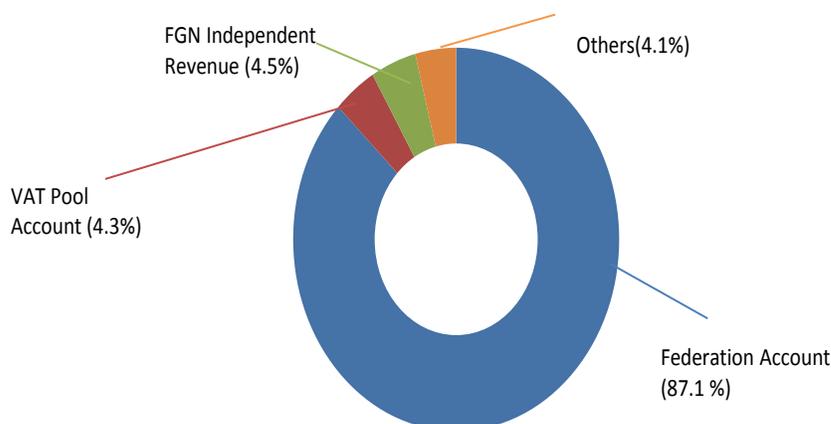
## 3.2 The Fiscal Operations of the Three Tiers of Government

### 3.2.1 The Federal Government

At ₦676.66 billion, the estimated Federal government retained revenue was lower than the 2015 provisional quarterly budget estimate by 27.2, but exceeded the receipts in the preceding quarter by 21.7 per cent.

Provisional data indicated that at ₦676.66 billion, the Federal Government retained revenue for the third quarter of 2015 was below the budget estimate by 27.2 per cent. However, this exceeded the receipts in the preceding quarter by 21.7 per cent. Of the total revenue, Federation Account constituted 87.1 per cent, while Federal Government Independent Revenue, VAT and Others accounted for 4.5, 4.3 and 4.1 per cent, respectively (Fig. 9, Table 9).

**Figure 9: Federal Government Retained Revenue**



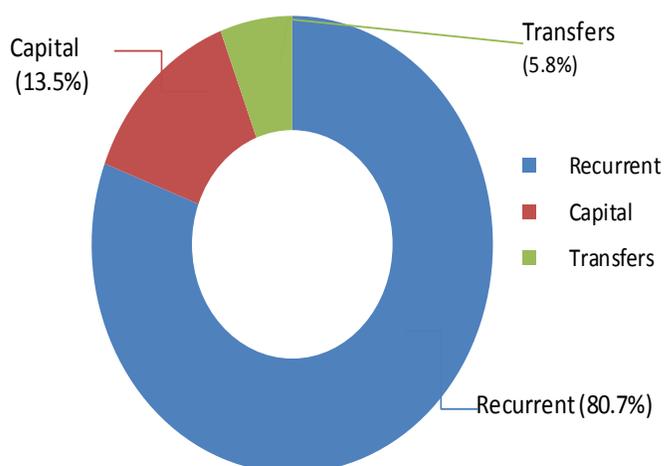
**Table 9: Federal Government Fiscal Operations (₦ billion)**

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Retained Revenue	1174.4	897.3	912.1	864.2	1023.1	839.8	1027.0	628.7	676.7
Expenditure	1276.7	1533.0	1114.8	1193.5	1166.6	1164.0	1156.6	663.6	963.1
Overall Balance: Surplus(+)/Deficit(-)	-102.4	-635.7	-202.7	-329.4	-143.6	-324.2	-129.5	-34.9	-286.5

At ₦963.13 billion, provisional data indicated that total Federal Government expenditure for the third quarter of 2015 was lower than both the provisional quarterly budget estimate and the level in the preceding quarter by 19.0 and 7.6 per cent, respectively. A breakdown of the total expenditure showed that the recurrent expenditure accounted for 80.7 per cent, while capital expenditure and transfers components accounted for the balance of 13.5 and 5.8 per cent, respectively. Generally, non-debt obligations accounted for 63.9 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 36.1 per cent (Fig. 10).

Fiscal operations of the FG resulted in an estimated overall deficit of ₦286.47 billion in Q3 2015.

**Figure 10: Federal Government Expenditure**



Thus, the fiscal operations of the Federal Government resulted in a deficit of ₦286.47 billion. However, it exceeded the 2015 provisional quarterly budget deficit of ₦260.25 billion by 10.1 per cent.

### 3.2.2 Statutory Allocations to State Governments

Statutory allocations to the state governments amounted to ₦492.55 billion (including 13.0% Derivation Fund and VAT Pool Account) in third quarter of 2015. This was 29.5 per cent below the provisional budget estimate, but exceeded the level in the preceding quarter by 13.7 per cent.

The breakdown showed that receipts from the Federation

Account (including 13.0% Derivation) stood at ₦395.53 billion or 80.3 per cent of the total, while receipts from the VAT Pool Account was ₦97.01 billion or 19.7 per cent of the total.

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

Total receipts by the local governments from the Federation Account and VAT Pool Account stood at ₦301.74 billion at end of the third quarter of 2015. This was lower than the provisional budget estimate by 29.8 per cent, but exceeded the level in the preceding quarter by 18.6 per cent. Of this amount, receipts from the Federation Account was ₦233.83 billion (77.5 per cent of the total), while the VAT Pool Account accounted for ₦67.91 billion (22.5 per cent).

## 4.0 Domestic Economic Conditions

*The agricultural sub-sector witnessed increased level of activities as a result of widespread rainfall in most parts of the country in the third quarter of 2015. Major agricultural activities in the southern states were harvesting of maize and yam, while the harvest of potatoes and groundnuts dominated in the central and northern states. Crude oil production was estimated at 1.95 million barrels per day (mbd) or 179.40 million barrels for the quarter. The end-period inflation rate for the third quarter of 2015, on year-on-year basis, was 9.4 per cent, compared with 9.2 and 8.3 per cent at the end of the preceding quarter and the corresponding quarter of 2014, respectively. The inflation rate on a 12-month moving average basis was 8.7 per cent, compared with 8.4 per cent at the end of the preceding quarter.*

### 4.1 Agricultural Sector

Available data indicated increased tempo in agricultural activities during the review quarter as a result of widespread rainfall. Major agricultural activities in the southern states were harvesting of maize and yam, while the harvest of potatoes and groundnuts was dominant in the central and northern states. In the livestock sub-sector, farmers re-stocked broilers and layers to replenish sales made during Eid- El Fitr festival, while export of cattle from the north to neighboring countries was reported. The Nigerian Hydrological Services Agency 2015 Annual Flood Outlook indicated early warnings of imminent flooding in Niger, Delta, Bayelsa, Rivers, Anambra, Taraba, Nasarawa, Kebbi, Sokoto, Kogi and Benue States.

### 4.2 Agricultural Credit Guarantee Scheme Operations

A total of ₦2,905.3 million was guaranteed to 18,191 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the third quarter of 2015. The amount represented an increase of 8.4 per cent above the level in the preceding quarter, but a decline of 14.8 per cent relative to the level in the corresponding period of 2014. Sub-sectoral analysis showed that food crops accounted for the largest share of ₦2,085.6 million (71.8 per cent) guaranteed to 13,594 beneficiaries; while livestock got ₦271.0 million (9.3 per cent) guaranteed to 999 beneficiaries. The sum of ₦217.6 million (7.5 per cent) was guaranteed to 1,370 beneficiaries in the mixed crops sub-

sector, while ₦140.8 million (4.8 per cent) was guaranteed to 486 beneficiaries in the fisheries sub-sector. 'Others' received ₦135.8 million (4.7 per cent) guaranteed to 1,251 beneficiaries while, cash crops received ₦54.3 million (1.9 per cent) guaranteed to 491 beneficiaries,.

Thirty five (35) States of the federation including the Federal Capital Territory benefited from the Scheme in the third quarter of 2015. The highest and lowest sums of ₦628.6 million (21.6 per cent) and ₦4.8 million (0.2 per cent) were guaranteed to Benue and Bayelsa states, respectively.

At end-September 2015, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACs) to the participating banks for disbursement remained at ₦310.9 billion for 396 projects, the same level as the previous quarter (Table 10).

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

S/N	Participating Banks	Amt Disbursed (₦ billion)	Number of Projects/State Governments
1	United Bank for Africa (UBA) Plc	45.8	37
2	Zenith Bank	52.3	34
3	First Bank of Nigeria Plc	36.5	89
4	Unity Bank Plc	24.2	25
5	Union Bank Nigeria PLC	20.1	22
6	Stanbic IBTC Bank	17.3	32
7	Sterling Bank Plc	15.6	22
8	Access Bank Plc	13.6	16
9	Fidelity Bank Plc	10.9	9
10	Skye Bank Plc	9.7	7
11	GTBank Plc	11.4	13
12	FCMB Plc.	7.3	16
13	COBANK	6.4	10
14	Heritage Bank Plc	3.2	3
15	Diamond Bank Plc	4.4	14
16	Citibank Plc	3.0	2
17	Keystone Bank	2.2	4
18	Mainstreet Bank	2.0	1
19	Wema Bank	1.1	7
20	Enterprise Bank	0.5	6
	<b>TOTAL</b>	<b>310.9</b>	<b>396</b>

### 4.3 Industrial Production

Industrial activities indicated a marginal increase during the third quarter of 2015, compared with the level in the preceding quarter. At 112.5 (2010=100), the estimated index of industrial production rose by 0.01 per cent above the level in the preceding quarter, but was 0.06 per cent below the level

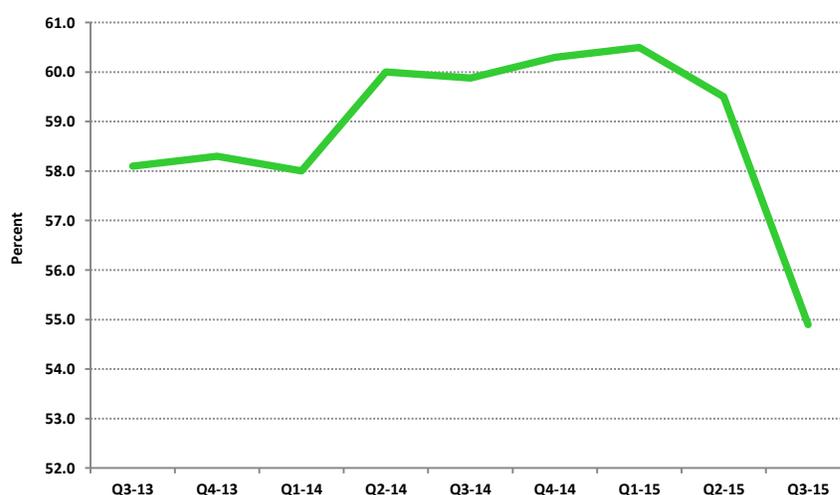
Industrial activities rose in the review quarter due to increased activities in all sub-sectors.

in the corresponding quarter of 2014. The development relative to preceding quarter was attributed to the marginal improvement in activities in all sub-sectors.

The estimated index of manufacturing production in the third quarter of 2015, at 181.2 (2010=100), showed a marginal increase of 0.01 per cent, compared with the level in the preceding quarter. It was, however, 0.06 per cent below the level in the corresponding period of 2014. Capacity utilization, at 54.9 per cent, rose by 0.8 percentage point above the level in the preceding quarter. The development was attributed to the improvement in power supply during the review period (Fig.11).

Actual industrial capacity utilization rose by 0.8 percentage point during the review quarter.

**Figure11: Manufacturing Capacity Utilization Rate**



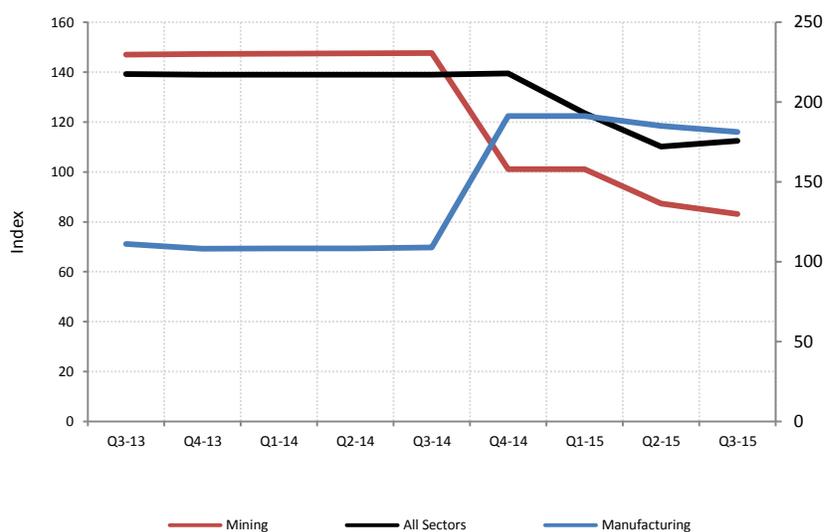
At 83.1 (2010=100), the estimated index of mining production rose marginally by 0.01 per cent relative to the level in the preceding quarter, but was 0.05 per cent below the level in the corresponding period of 2014. The rise in mining production during the review quarter, was due to the increase in crude oil and gas production.

At 4,600 MW/h, estimated average electricity generation in the third quarter indicated an increase of 64.3 per cent compared with the level in the preceding quarter. The development was attributed to the improved gas supply and high water levels at power plants across the country.

Average electricity generation and consumption rose during the review quarter.

At 4,456 MW/h, estimated average electricity consumption rose by 72.0 per cent above the level in the preceding quarter. The rise in electricity consumption was attributed to the improved power supply (Fig. 12, Table 11).

**Figure 112: Index of Industrial Production (2010=100) <sup>3</sup>**



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

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
All Sectors (1990=100)	139.0	139.2	138.98	139.00	139.00	123.60	139.45	110.20	112.50
Manufacturing	110.87	111.2	108.45	108.4	108.4	108.98	191.2	185.1	181.2
Mining	147	146.98	147.23	147.5	147.5	147.59	101.1	87.4	83.1
Capacity Utilization (%)	58.10	58.30	58.00	60.00	59.88	60.30	60.50	59.50	54.90

#### 4.4 Petroleum Sector

Crude oil and natural gas production increased in the third quarter of 2015.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 1.95 million barrels per day (mbd) or 179.40 million barrels (mb) for the third quarter. This represented an increase of 0.04 mbd or 2.3 per cent, relative to 1.91 mbd or 173.81 million barrels produced in the second quarter of 2015.

Crude oil export increased in Q3 2015.

Crude oil export was estimated at 1.50 mbd or 138.00 million barrels. This represented an increase of 3.0 per cent, compared with 1.46 mbd or 132.86 mb recorded in

<sup>3</sup> Index measurement at (2010=100) from first quarter15

the preceding quarter. The development was attributable to improved surveillance by security agencies which had reduced the incessant oil theft, illegal bunkering and production shut-ins experienced in recent years. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 41.4 million barrels during the review quarter.

At an estimated average of US\$51.15 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), fell by 17.8 per cent below the level in the preceding quarter. The average prices of other competing crudes, namely the U.K Brent, the West Texas Intermediate and the Forcados at US\$50.08, US\$47.00 and US\$51.27 per barrel, also fell below their levels in the preceding quarter.

The average price of OPEC's basket of eleven crude streams at US\$48.14 per barrel, indicated a fall of 18.8 and 52.3 per cent below the levels in the preceding quarter and the corresponding period of 2014, respectively (Fig. 13, Table 12).

Average crude oil prices, including Nigeria's Bonny Light (37° API) fell in the international crude oil market in Q3 2015.

**Figure 12: Trends in Crude Oil Prices**

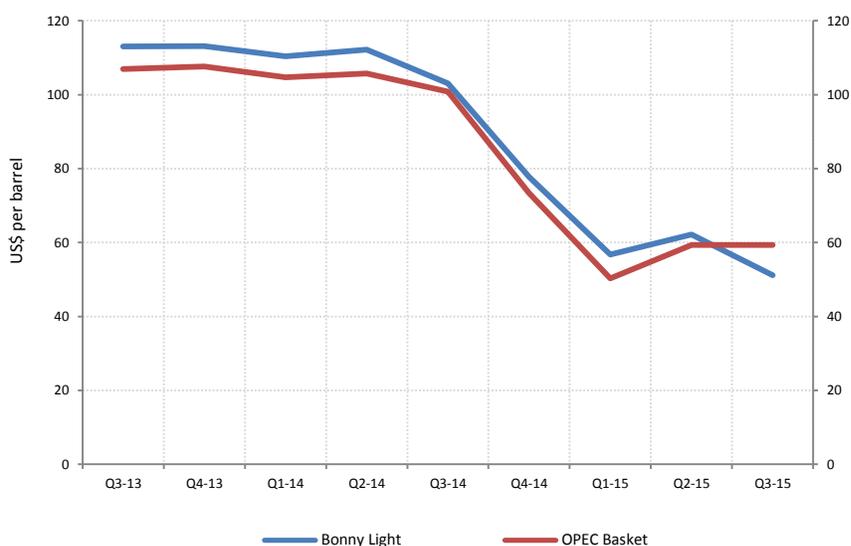


Table 12: Average Crude Oil Prices in the International Oil Market

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Bonny Light	114.73	113.11	110.36	112.23	103.04	77.74	56.73	62.22	51.15
OPEC Basket	108.73	107.67	104.73	105.74	100.86	7.36	50.3	59.31	48.14

#### 4.5 Consumer Prices<sup>4</sup>

The general price level rose in Q3, compared with the preceding quarter of 2015.

Available data showed that the all-items composite Consumer Price Index (CPI) at the end of the third quarter of 2015 was 176.5 (November 2009=100), representing an increase of 1.9 and 9.4 per cent above the levels in the preceding quarter and the corresponding quarter of 2014, respectively. The development was driven, largely, by the contributions of food and non-alcoholic beverages; housing, water, electricity, gas and other fuel; clothing and footwear; transport; furnishing, household equipment and maintenance; health; and education.

The urban all-items CPI at the end of the third quarter of 2015 was 175.5 (November 2009=100), indicating an increase of 0.7 and 9.5 per cent over the levels in the preceding quarter and the corresponding period of 2014, respectively. Similarly, the rural all-items CPI, at 177.5 (November 2009=100), represented an increase of 0.5 and 9.3 per cent over the levels in the preceding quarter and the corresponding period of 2014, respectively (Fig. 14, Table 13).

The composite food index (with a weight of 50.7 per cent) was 181.8 per cent, representing an increase of 2.1 per cent, compared with the 178.1 per cent at the end of the preceding quarter. The development was attributed to the increase in the prices of yam, potatoes, vegetables, rice, fruits, maize and processed food.

<sup>4</sup> New CPI with November 2009 = 100 as base and new weight based on the 2003/2004 Nigeria Living Standard Survey (NLSS) was released by the National Bureau of Statistics (NBS) ON 18<sup>TH</sup> October 2010.

Figure 13: Consumer Price Index

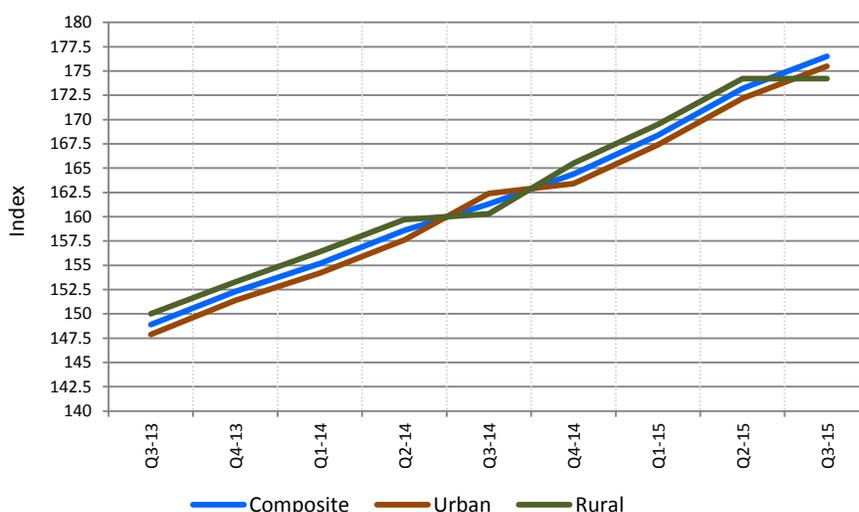


Table 13: Consumer Price Index (November 2009=100)

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Composite	148.9	152.3	155.2	158.6	161.3	164.4	168.4	173.2	176.5
Urban	147.9	151.4	154.2	157.6	162.4	163.4	167.4	172.2	175.5
Rural	150	153.3	156.4	159.7	160.3	165.5	169.5	174.2	177.5

The inflation rate at the end of the review quarter, on a year-on-year basis, was 9.4 per cent, compared with 9.2 and 8.3 per cent in the preceding quarter and corresponding period of 2014, respectively. On a twelve-month moving average basis, the inflation rate was 8.7 per cent, indicating a 0.3 percentage point increase over the level recorded in the preceding quarter (Fig. 15, Table 14).

The headline inflation (y-o-y) stood at 9.4 per cent in Q3 2015.

Figure 15: Inflation Rate

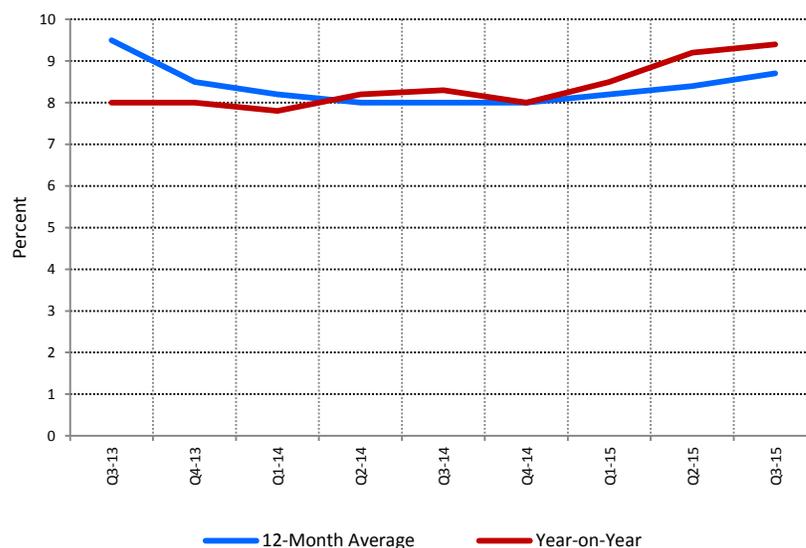


Table 14: Headline Inflation Rate (%)

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
12-Month Moving Average	9.5	8.5	8.2	8.0	8.0	8.0	8.2	8.4	8.7
Year-on-Year	8.0	8.0	7.8	8.2	8.3	8.0	8.5	9.2	9.4

## 5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow and outflow through the CBN in the third quarter of 2015 rose by 59.2 and 16.2 per cent, above the levels in the preceding quarter, respectively. Total non-oil export receipts rose by 90.4 per cent above the level in the preceding quarter, but fell by 71.9 per cent below the level in the corresponding quarter of 2014. At the inter-bank segment of the foreign exchange market, the average naira exchange rate, depreciated by 0.01 per cent to ₦196.99 per dollar relative to the preceding quarter. Similarly, at the BDC segment, the average naira exchange rate, depreciated by 3.9 per cent, to ₦225.21 per United States dollar, relative to the level in the preceding quarter. The gross external reserves rose by 5.3 per cent in the third quarter to US\$29.85 billion, above its level at the end of the preceding quarter.

### 5.1 Foreign Exchange Flows

Provisional data indicated that foreign exchange inflow and outflow through the CBN in the third quarter of 2015 were US\$11.11 billion and US\$9.52 billion, respectively. This resulted in a net inflow of US\$1.59 billion, in contrast to the net outflow of US\$1.22 billion in the preceding quarter. Relative to the level at the end of the preceding quarter, inflow rose by 59.2 per cent, but was lower than the level in the corresponding period of 2014 by 14.7 per cent. The development was due to the significant rise in crude oil receipts. Similarly, outflow rose by 16.2 per cent, above the level in the preceding quarter, but was lower than the level in the corresponding period of 2014 by 19.3 per cent. The development relative to the preceding quarter was, due largely, to the increased funding of the foreign exchange market, external debt service and other official payments (Fig.16, Table 15).

Foreign exchange inflow and outflow through the CBN rose by 59.2 and 16.2 per cent, resulting in a net inflow of US\$1.59 billion in Q3 of 2015.

Figure 16: Foreign Exchange Flows Through the CBN

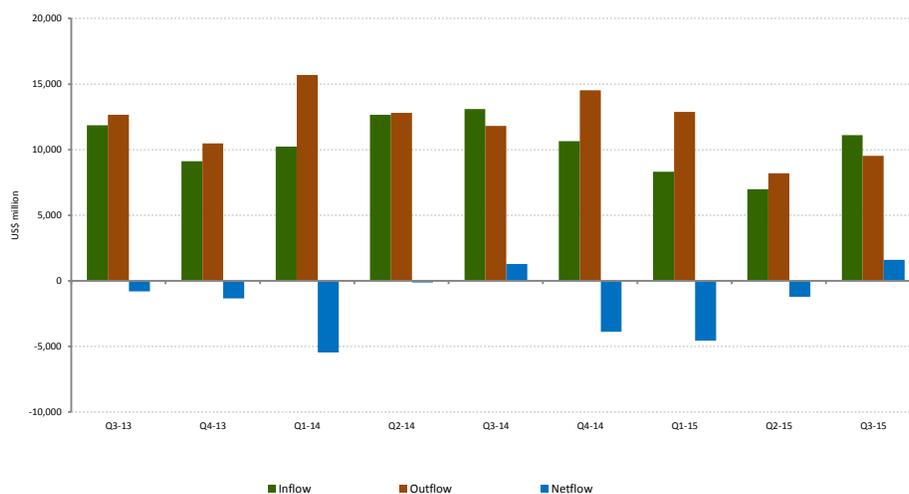


Table 15: Foreign Exchange Flows Through the CBN (US\$ million)

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Inflow	11,857.35	9,465.52	10,221.43	12,676.51	13,094.23	10,641.86	8,307.23	6,976.02	11,111.00
Outflow	12,667.33	10,789.61	15,695.66	12,806.25	11,804.98	14,527.35	12,875.77	8,194.56	9,523.32
Netflow	(809.98)	(1,324.09)	(5,474.23)	(129.74)	1,289.25	(3,885.49)	(4,568.54)	(1,218.54)	1,587.68

Provisional data on aggregate foreign exchange inflows through the economy indicated that total inflow was US\$27.34 billion. This represented an increase of 15.3 per cent above the level in the preceding quarter, but a decline of 38.1 per cent below the level in the corresponding period of 2014. The development was driven by the rise in receipts from both the crude oil and non-oil components. Oil sector receipts, which accounted for 24.5 per cent of the total, stood at US\$6.69 billion, compared with US\$3.83 billion and US\$9.95 billion, recorded in the preceding quarter and the corresponding period of 2014, respectively.

Autonomous inflow into the economy fell by 3.0 per cent in Q3 2015 .

Non-oil public sector inflow, at US\$4.42 billion (16.2 per cent of the total), rose by 40.8 and 43.0 per cent above the levels in the preceding quarter and the corresponding period of 2014, respectively. Autonomous inflow, which accounted for 59.3 per cent of the total, fell by 3.0 per cent, compared with the level in the preceding quarter.

At US\$10.94 billion, aggregate foreign exchange outflow from the economy increased by 27.0 per cent above the level in the preceding quarter, but indicated a decline of 11.2 per cent when compared with the level in the corresponding period of 2014. The development relative to the preceding quarter, was accounted for, mainly, by the increase in foreign exchange market utilisation. Thus, foreign exchange flows through the economy resulted in a net inflow of US\$16.40 billion in the review quarter, compared with US\$15.09 billion and US\$31.87 billion in the preceding quarter and the corresponding period of 2014, respectively.

## 5.2 Non-Oil Export Earnings by Exporters

Provisional data indicated that total non-oil export earnings at US\$1.20 billion, increased by 90.4 per cent above the level in the preceding quarter, but was a decline of 71.9 per cent when compared with the level in the corresponding period of 2014. The development, relative to the preceding quarter, was attributed, mainly, to the significant rise in receipts from manufactured products and industrial sector. A breakdown by sectors showed that proceeds from manufactured products, agricultural products, minerals, industrial sector and food products sub-sectors stood at US\$572.15 million, US\$205.81 million, US\$188.28 million, US\$172.90 million and US\$63.23 million, respectively.

The shares of manufactured products, agricultural products, minerals, industrial sector and food products in non-oil export proceeds were 47.6, 17.1, 15.7, 14.4 and 5.3 per cent, respectively.

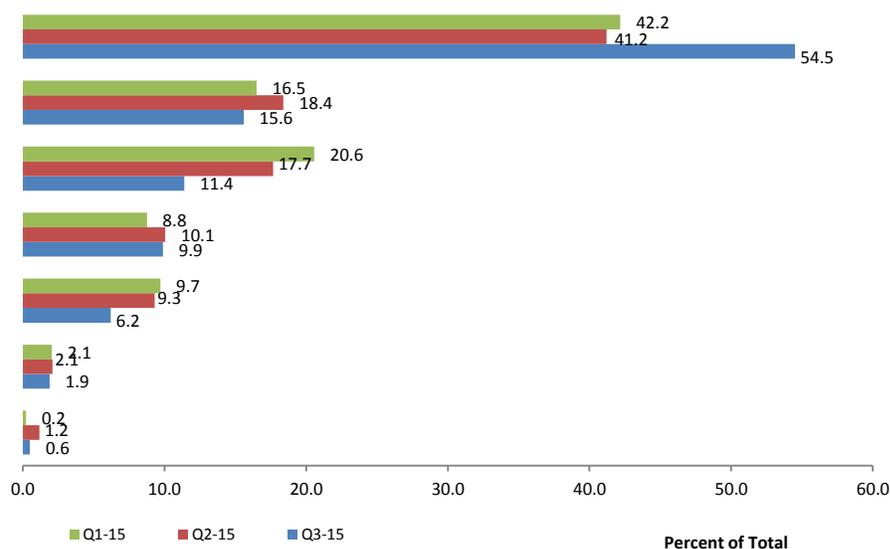
## 5.3 Sectoral Utilisation of Foreign Exchange

The invisible sector accounted for the bulk (54.5 per cent) of total foreign exchange disbursed in the third quarter of 2015, followed by the industrial sector (15.6 per cent). The contributions of other sectors in a descending order included: minerals and oil sector (11.4 per cent), manufactured products (9.9 per cent), food products (6.2 per cent), transport sector (1.9 per cent) and agricultural products (0.5 per cent) (Fig.17).

Total non-oil export earnings by exporters rose during the third quarter of 2015.

The invisible sector accounted for the bulk of the total foreign exchange disbursed during Q3 2015.

Figure 17: Sectoral Utilisation of Foreign Exchange



Demand for foreign exchange by authorized dealers fell, while supply of the foreign exchange by authorized dealers rose during Q3 2015.

#### 5.4 Foreign Exchange Market Developments<sup>5</sup>

Provisional data indicated that aggregate demand for foreign exchange at the inter-bank and BDC segments fell by 15.0 per cent to US\$61.39 billion below the level in the preceding quarter of 2015. However, it indicated an increase of 454.3 per cent relative to the level in the corresponding period of 2014.

A total of US\$8.04 billion was sold by the CBN to authorized dealers during the third quarter of 2015. This reflected an increase of 9.4 per cent above the level in the preceding quarter, but showed a decline of 20.8 per cent below the level in the corresponding period of 2014. The development, relative to the preceding quarter was attributed, largely, to the increase in sales to inter-bank. Of the aggregate sales, inter-bank and BDC sales were US\$4.85 billion and US\$1.24 billion, respectively. Also, forward contracts valued at US\$0.45 billion were disbursed at maturity and swap transactions of US\$1.50 billion was conducted in the review quarter (Fig. 18, Table 16).

<sup>5</sup> Market Closed (MC) - wDAS and rDAS window was closed in February 2015

Figure 18: Demand for and Supply of Foreign Exchange

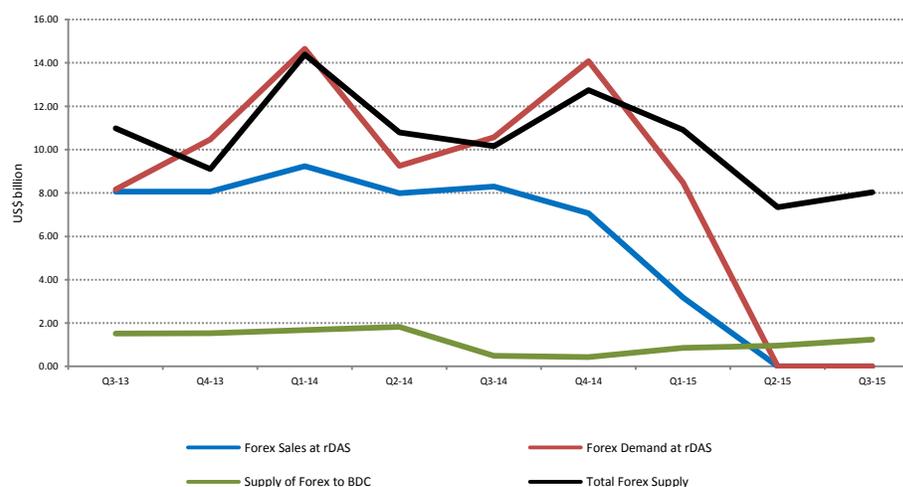


Table 16: Demand for and Supply of Foreign Exchange (US\$ billion)

	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Forex Sales at rDAS	9.24	7.99	8.29	7.06	3.18	MC	MC
Forex Demand at rDAS	14.65	9.25	10.58	14.08	8.47	MC	MC
Supply of Forex to BDC	1.68	1.83	0.50	0.43	0.89	0.97	1.24
Total Forex Supply(BDC and rDAS)	14.40	10.79	10.16	12.74	10.91	7.35	8.04

The average exchange rate at the inter-bank segment, at ₦196.99/US\$, showed a marginal depreciation of 0.01 and 17.6 per cent, relative to the rates in the preceding quarter and the corresponding quarter of 2014, respectively. At the BDC segment, the average exchange rate, at ₦225.21 per US dollar, depreciated by 3.9 and 25.0 per cent relative to their respective levels in the preceding quarter and the corresponding period of 2014, respectively (Fig. 19, Table 17).

Consequently, the premium between the inter-bank and BDC rates widened to 14.3 per cent from 9.9 per cent in the preceding quarter. This, however, exceeded the international benchmark of 5.0 per cent (Fig. 20, Table 17).

The average naira exchange rate vis-à-vis the US dollar depreciated in all segments of the foreign exchange market in Q3 2015.

The premium between the inter-bank and the BDC rates widened in the review period.

Figure 19: Average Exchange Rate Movements

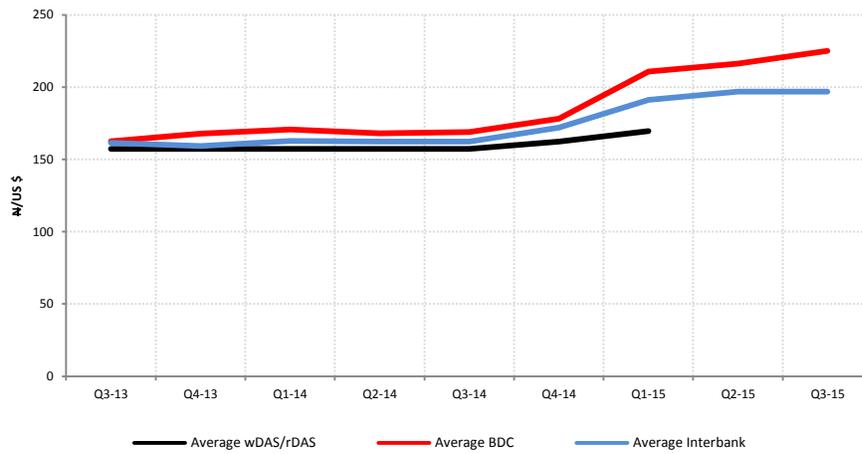
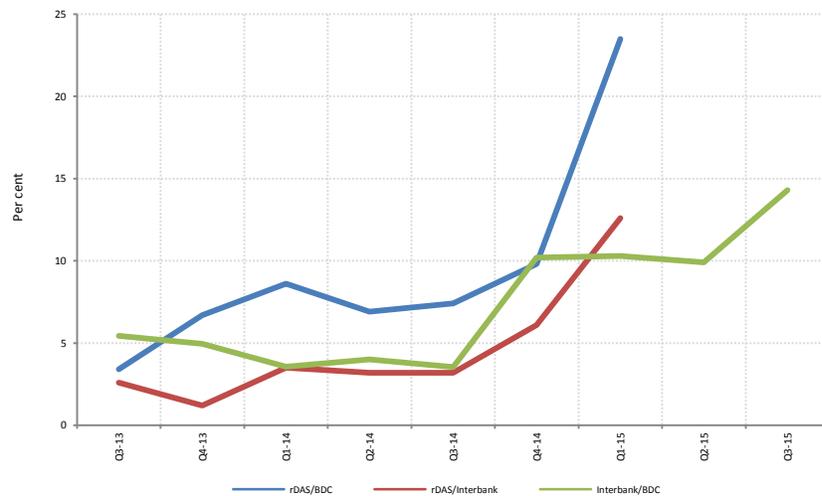


Table 17: Exchange Rate Movements and Exchange Rate Premium

Average Exchange Rate (N/US\$)	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
rDAS	157.32	157.32	157.30	157.29	157.29	162.33	169.68	N/A	N/A
BDC	162.62	167.86	170.84	168.08	168.90	178.24	210.69	216.41	225.21
Interbank	161.43	159.22	162.78	162.29	162.39	172.16	191.11	196.97	196.99
Premium (%)									
rDAS/BDC	3.4	6.7	8.6	6.9	7.4	9.8	23.5	N/A	N/A
rDAS/Interbank	2.6	1.2	3.5	3.2	3.2	6.1	12.6	N/A	N/A
BDC/Interbank	0.7	5.4	5.0	3.6	4.0	3.5	10.2	9.9	14.3

Figure 20: Exchange Rate Premium



## 5.5 Gross Official External Reserves

Gross external reserves at the end of the third quarter of 2015 stood at US\$29.85 billion, indicating an increase of 5.3 per cent above the level in the preceding quarter, but a decline of 22.0 per cent below the level in the corresponding period of 2014. The development, relative to preceding quarter, was attributed to the receipts of monetized funds from domiciliary accounts and improved NNPC/LNG receipts especially in July 2015. A breakdown of the official external reserves showed that CBN reserves stood at US\$23.46 billion (78.6 per cent), Federation reserves, US\$2.48 billion (8.2 per cent) and the Federal Government reserves, US\$3.94 billion (13.2 per cent) (Fig. 21, Table 18).

Gross external reserves rose during the third quarter 2015.

Figure 21: Gross Official External Reserves

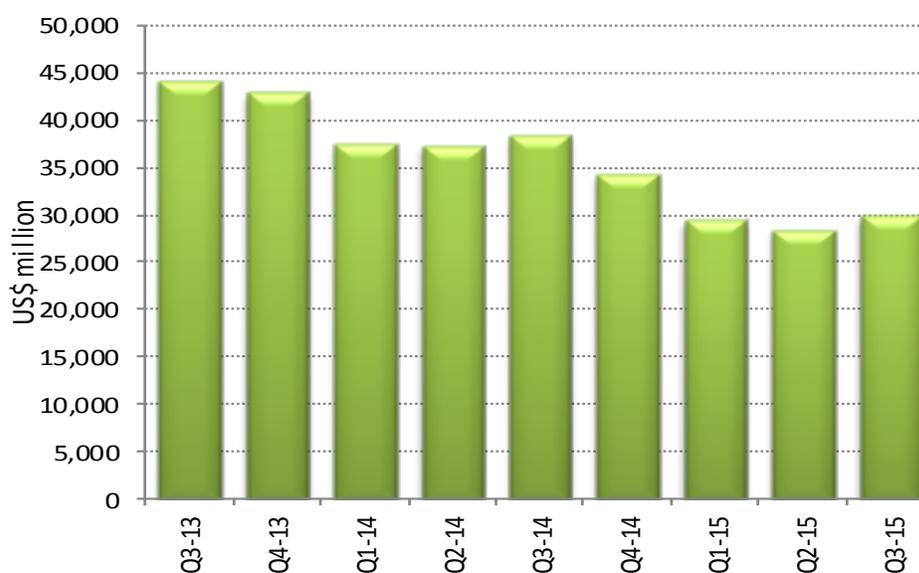


Table 18: Gross Official External Reserves (US\$ million)

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
External Reserves	44,108.5	42,847.3	37,376.4	37,330.0	38,278.6	34,241.5	29,357.2	28,335.2	29,850.1



## 6.0 *Global Economic Conditions*

### 6.1 **Global Output**

The global economy continued to be affected by the decline in oil prices, appreciation of the dollar, slowdown in China, uncertainty in Europe and anticipation of a shift in US monetary policy. The International Monetary Fund (IMF) World Economic Outlook (WEO), July 2015, projected global growth at 3.3 per cent in 2015, with a gradual pick-up in advanced economies and slowdown in emerging market and developing economies. Growth is expected to strengthen to 3.8 per cent in 2016.

Growth in advanced economies is projected to increase from 1.8 per cent in 2014 to 2.1 per cent, in 2015. The underlying drivers remain acceleration in consumption and investment in the United States, wage growth, labor market conditions, lower fuel prices and a strengthened housing market. Japan is recovering, while European economy is finally accelerating but still faces continuing uncertainty about financial stability.

Emerging market and developing economies are projected to slow from 4.6 per cent in 2014 to 4.2 per cent in 2015. The slowdown reflects the dampening impact of lower commodity prices, tighter external financial conditions, rebalancing in China, structural bottlenecks and economic distress related to geopolitical factors in the Commonwealth of Independent States, and the Middle East and North Africa.

Sub-Saharan Africa is projected to slow from 5.0 per cent in 2014 to 4.4 per cent in 2015. Oil exporters in the region will be severely affected, with growth in 2015 marked down by almost two and half percentage points. By contrast, growth in the region's oil importers in 2015 is expected to average 4.8 per cent, as the favorable impact of lower oil prices will be offset to a large extent by lower commodity export prices.

### 6.2 **Global Inflation**

Global inflation remained low in the third quarter of 2015 following the sharp decline in oil price. Annual inflation in the OECD countries remained stable at 1.6 per cent. Headline inflation remained broadly unchanged at low levels in major advanced economies, while disinflationary pressures persist in

China and India. However, in Brazil and Russia, inflation remained high, as currency depreciation led to higher import prices. Inflation in the United States was 0.0 per cent in September 2015, due to the low gasoline prices and a strong dollar. Eurozone fell into deflation as prices were pushed down by low energy cost.

On average, inflation in the emerging markets was low, but with significant divergences among different economies. Many of the economies struggling with high inflation are also those that had their currencies depreciated sharply recently.

In Sub-Saharan African countries, inflation is expected to remain contained due to low global food and fuel prices. However, inflation is expected to rise for oil exporting countries like Nigeria and Angola as the impact of the exchange rate depreciation and cuts in fuel subsidies in the case of Angola impacts on the general price level.

### **6.3 Global Commodity Demand and Prices**

World crude oil demand was estimated at 93.47 mbd in the third quarter of 2015, representing an increase of 1.6 per cent above the 92.03 mbd recorded in the preceding quarter. World crude oil supply was estimated at 94.56 mbd, representing marginal decline of 0.2 per cent compared with the level in the preceding quarter. Increase in demand was attributed to the high gasoline demand in the US and China due to increased car sales, supported by lower oil prices.

The price of OPEC Reference Basket (ORB) averaged US\$48.14 per barrel in the third quarter of 2015, representing a decrease of 18.8 per cent below the level in the second quarter of 2015. The development was attributed to persistence in factors that have negatively affected global oil prices, though there have been signs of alleviation, as demand picked-up and stocks were drawn in some regions, recently.

### **6.4 International Financial Markets**

The international stock markets largely exhibited bearish trend during the third quarter of 2015. In Europe, market indices declined across the region during the period. In North America, the S&P 500, S&P/TSX Composite and Mexico Bolsa indices all decreased by 6.94, 8.56 and 5.37 per cent

respectively. Similar trend was observed in South America and Asia. Chinese stock market experienced a “black Monday” which affected markets all over the globe, dampening any prospect of US raising interest rates during the quarter.

In Africa, the Kenyan Nairobi NSE 20 and Egyptian EGX CSE 30 indices declined by 14.93 and 12.53 per cent respectively. Similarly, the Nigerian All-Share Index, South African JSE and Ghanaian GSE All-Share indices also decreased by 6.69, 3.32 and 14.57 per cent, respectively, in the review period.

## 6.5 Other International Economic Developments and Meetings

Other major international economic developments and meetings of importance to the domestic economy during the review period included the United Nations third International Conference on Financing for Sustainable Development, which held in Addis Ababa, Ethiopia, from July 13 – 16, 2015. At the end of the conference, the Addis Ababa Action Agenda of more than 100 measures was adopted. The measures, will enable and direct financial investments by public and private sectors towards meeting the challenges of financing sustainable development.

The United Nations General Assembly was held in New York, United States, from September 25 to 27, 2015. The Assembly endorsed a new set of Sustainable Development Goals to end poverty, promote prosperity and protect the environment.

Also, the board of directors of the African Development Bank held its board meeting at the Bank's headquarters in Abidjan, Ivory Coast on July 8, 2015. Major decisions at the end of the meeting included, among others:

- Proposal to update the Decentralisation Action Plan 2015 - 2017;
- Proposal for Field Office Locally Recruited Staff (LRS) Salary Adjustments;
- Africinvest Fund III;
- Morocco Economic Competitiveness Support Programme (PACEM); and
- Bissau City Electricity Supply Improvement Project.

Also, the African Caucus meeting of the International Monetary Fund (IMF) and World Bank Group (WBG) was held in Luanda, Angola, from August 27 - 29, 2015. The theme of the high level dialogue was "Promoting Economic Transformation for a Sustainable Development in Africa". Major issues discussed during the high level panel dialogue included:

- Regional Economic Outlook;
- Economic Transformation and Diversification;
- Stemming Illicit Financial Flows for Improved Domestic Resource Mobilizations;
- IDA Future Financing Options; and
- Public Private partnerships: Solution for Africa's Infrastructural Challenges;

Finally, a High Level Stakeholder Consultative Meeting of African business and political leaders held at the AfDB headquarters in Abidjan, Ivory Coast on September 17, 2015. At the end of the meeting, the (AfDB) unveiled its landmark initiative to solve Africa's huge energy deficit by 2025. The sub-Saharan Africa's energy financing gap was put at about US\$55 billion. The "New Deal for Energy in Africa," focuses on mobilizing support and funding for the initiative from five key areas, including:

- i. Expansion of AfDB support towards energy in Africa;
- ii. Countries would have to expand their share of financing going into the energy sector;
- iii. Countries would also need to demonstrate stronger political will to ensure success of the Deal;
- iv. Development partners would be obliged to scale up on-going efforts; and
- v. Development partners would also be required to work together and coordinate their efforts to drive critical policy and regulatory reforms of the energy sector to improve incentives for accelerated investments.

## APPENDIX TABLES

**Table A1: Money and Credit Aggregates**

	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
	<i>₦ billion</i>					
<b>Domestic Credit (Net)</b>	<b>15349.3</b>	<b>16095.6</b>	<b>19273.8</b>	<b>20757.6</b>	<b>21409.8</b>	<b>21519.8</b>
<i>Claims on Federal Government (Net)</i>	-1434.1	-1585.0	1150.1	2178.4	2512.9	2787.6
Central Bank (Net)	-2097.3	-2579.4	-2141.7	-1371.5	-769.5	-1042.2
Banks	663.2	994.4	3214.4	3453.5	3219.3	3829.8
<i>Claims on Private Sector</i>	16783.4	17680.6	18123.7	18579.2	18897.3	18732.2
Central Bank	4905.3	4697.8	4859.9	4849.2	5093.1	5275.2
Banks	11878.1	12982.8	13179.6	13631.1	13713.0	13456.9
<i>Claims on Other Private Sector</i>	16003.1	16930.9	17561.7	18012.4	18374.8	18142.3
Central Bank	4881.7	4674.2	4834.3	4825.6	5042.0	5082.3
Banks	11121.4	12256.7	12643.2	13087.9	13241.5	13059.9
<i>Claims on State and Local Government</i>	756.7	726.2	536.4	543.2	471.4	397.0
Central Bank	--	--	--	--	--	--
DMBs	756.7	726.2	536.4	543.2	471.4	397.0
<i>Claims on Non-financial Public Enterprises</i>	--	--	--	--	--	--
Central Bank	--	--	--	--	--	--
DMBs	--	--	--	--	--	--
<b>Foreign Assets (Net)</b>	7613.1	7751.7	6954.2	5985.6	5951.5	5083.1
Central Bank	5949.9	6436.3	6244.7	5354.7	5796.0	5242.6
DMBs and Non Interest Banks	1663.2	1315.4	709.5	630.9	155.5	-159.5
<b>Other Assets (Net)</b>	<b>-7262.7</b>	<b>-7032.8</b>	<b>-7314.9</b>	<b>-7600.7</b>	<b>-8549.8</b>	<b>-7884.9</b>
<b>Total Monetary Assets (M2)</b>	<b>15699.7</b>	<b>16814.5</b>	<b>18913.0</b>	<b>19142.5</b>	<b>18811.4</b>	<b>18718.0</b>
<b>Quasi-Money 1/</b>	8807.9	9953.8	12008.2	12148.4	12269.0	11569.4
<b>Money Supply (M1)</b>	6891.8	6860.6	6904.8	6994.1	6542.4	7148.6
<i>Currency Outside Banks</i>	<b>1226.6</b>	<b>1242.8</b>	<b>1437.4</b>	<b>1471.1</b>	<b>1184.0</b>	<b>1219.0</b>
<i>Demand Deposits 2/</i>	5665.2	5617.8	5467.4	5523.0	5358.4	5929.6
<b>Total Monetary Liabilities (M2)</b>	<b>15699.7</b>	<b>16814.5</b>	<b>18913.0</b>	<b>19142.5</b>	<b>18811.4</b>	<b>18718.0</b>
<i>Memorandum Items:</i>						
Reserve Money (RM)	5036.8	4943.0	5930.9	5937.1	5945.8	5788.3
<i>Currency in Circulation (CIC)</i>	1574.4	1547.9	1798.0	1818.4	1562.6	1637.5
Banks' Deposit with CBN	3462.5	3395.1	4133.0	4118.7	4383.4	4150.8

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

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

**Table A2: Money and Credit Aggregates (Growth Rates)**

	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
	<i>Percentage Change Over Preceding Quarter</i>					
<b>Domestic Credit (Net)</b>	-7.8	7.24	7.26	7.7	3.75	0.51
<i>Claims on Federal Government (Net)</i>	-114.31	19.69	-315.68	89.41	-26.46	10.95
<i>Claims on Private Sector</i>	2.88	4.11	2.44	2.51	1.33	-0.87
<i>Claims on Other Private Sector</i>	3.57	4.35	2.71	2.6	1.63	-1.27
<i>Claims on State and Local Government</i>	-15.75	-0.99	1.11	1.28	-13.22	-15.79
<i>Claims on Non-financial Public Enterprises</i>						
<b>Foreign Assets (Net)</b>	16.1	-1.1	-5.1	-13.9	-12.3	-14.6
<b>Other Assets (Net)</b>	-2.74	-5.38	5.38	2.91	-3.12	7.78
<b>Total Monetary Assets (M2)</b>	-0.9	4.0	0.1	1.2	-1.7	-0.5
<b>Quasi-Money 1/</b>	3.61	6.56	6.16	1.17	1.0	-5.7
<b>Money Supply (M1)</b>	-6.85	0.44	-8.66	1.29	-6.32	9.27
<i>Currency Outside Banks</i>	-5.78	6.96	9.97	2.35	-19.5	2.95
<i>Demand Deposits 2/</i>	-7.06	-0.89	-12.78	1.02	-2.98	-10.66
<b>Total Monetary Liabilities (M2)</b>	-0.9	4.0	0.1	1.2	-1.7	-0.5
<i>Memorandum Items:</i>						
Reserve Money (RM)	-6.23	3.27	20.67	0.46	0.65	-2.65
<i>Currency in Circulation (CIC)</i>	-4.9	3.42	16.15	1.14	-14.07	-14.07
<i>DMBs Demand Deposit with CBN</i>	-6.83	3.21	22.73	22.73	7.21	-5.31
	<i>Percentage Change Over Preceding December</i>					
<b>Domestic Credit (Net)</b>	0.88	10.74	10.97	9.99	11.08	11.65
<i>Claims on Federal Government (Net)</i>	-21.89	4.3	-21.8	187.57	118.5	142.38
<i>Claims on Private Sector</i>	2.75	9.2	12.08	2.56	4.3	3.36
<i>Claims on Other Private Sector</i>	3.18	10.02	13	2.6	4.6	3.31
<i>Claims on State and Local Governments</i>	-5.86	-6.8	-5.77	1.28	-12.11	-25.99
<i>Claims on Non-financial Public Enterprises</i>						
<b>Foreign Asset (Net)</b>	-9.63	-10.47	-15.02	-15.7	-14.42	-26.91
<b>Other Asset (Net)</b>	12	6.29	11.33	-7.92	-16.9	-7.79
<b>Total Monetary Assets (M2)</b>	1.66	7.17	7.29	1.13	-0.54	-1.03
<b>Quasi-Money 1/</b>	7.91	14.99	22.07	1.17	2.2	-3.65
<b>Money Supply (M1)</b>	-6.07	-2.45	-10.89	1.08	-5.3	3.53
<i>Currency Outside Banks</i>	-19.67	-14.09	-5.53	2.35	-17.6	-15.2
<i>Demand Deposits 2/</i>	-2.53	0.57	-12.28	0.74	-2	8.45
<b>Total Monetary Liabilities (M2)</b>	1.66	7.17	7.29	1.13	-0.54	-1.03
<i>Memorandum Items:</i>						
Reserve Money (RM)	-5.9	-2.89	17.18	0.46	0.25	-2.41
<i>Currency in Circulation (CIC)</i>	-15.7	-12.86	1.21	1.14	-13.11	-8.93
<i>DMBs Demand Deposit with CBN</i>	-14.7	2.45	25.74	25.74	6.06	0.43

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

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

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

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
Retained Revenue	1174.37	897.26	912.07	859.20	1023.05	839.78	1027.04	556.09	676.66
Federation Account	769.83	702.22	703.72	769.48	765.56	638.38	601.39	430.41	589.66
VAT Pool Account	27.99	31.97	30.79	27.96	27.85	27.77	28.17	29.26	29.10
FGN Independent Revenue	150.47	41.68	121.13	12.88	133.33	62.44	280.26	98.83	30.59
Excess Crude	0.00	70.90	0.00	0.00	0.00	1.27	0.00	0.00	0.00
Others/SURE-P	226.08	50.49	56.44	48.88	96.31	109.91	83.93	83.93	27.31
<b>Expenditure</b>	<b>1276.73</b>	<b>1533.00</b>	<b>1114.77</b>	<b>981.61</b>	<b>1166.60</b>	<b>1171.71</b>	<b>1156.56</b>	<b>1042.03</b>	<b>963.13</b>
Recurrent	809.28	1165.37	758.07	816.06	818.94	877.38	1042.85	832.68	777.71
Capital	391.55	217.15	272.52	80.64	236.82	193.15	32.29	161.24	129.37
Transfers	75.91	150.47	84.19	84.91	85.47	101.18	81.43	48.11	56.05
<b>Overall Balance: Surplus(+)/Deficit(-)</b>	<b>-102.36</b>	<b>-635.74</b>	<b>-202.70</b>	<b>-122.41</b>	<b>-143.55</b>	<b>-331.93</b>	<b>-129.52</b>	<b>-485.94</b>	<b>-286.47</b>

