



**CENTRAL BANK OF NIGERIA**

***ECONOMIC REPORT  
SECOND 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 second quarter of 2015. Over the level at the end of the preceding quarter, broad money supply, ( $M_2$ ), declined by 1.7 per cent, in contrast to the growth of 1.2 per cent at the end of the preceding quarter. The decline relative to the preceding quarter was attributed to the the fall of 0.6 and 12.5 per cent in foreign assets (net) and other assets (net) of the banking system, respectively. Over the level at the end-December 2014, growth in  $M_2$  also decelerated to 0.5 per cent from 1.2 at the end of first quarter.

Available data indicated mixed developments in banks' deposit and lending rates during the second quarter of 2015. The spread between the weighted average term deposit and maximum lending rates widened by 1.08 percentage points to 18.6 percentage points at the end of the second quarter of 2015. Similarly, the margin between the average savings deposit and the maximum lending rates, widened by 0.27 percentage point to 23.00 percentage points. The weighted average inter-bank call rate fell by 0.26 percentage point to 15.17 per cent in the second 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 second quarter of 2015 fell by 1.3 per cent to ₦8,196.96 billion, in contrast to the increase of 8.8 per cent at the end of the preceding quarter. The development was attributed to the 1.3 per cent decline in FGN Bonds outstanding. Available data indicated that developments in the Nigerian Stock Exchange (NSE) were mixed as some market indicators trended upward, while others trended downward during the second quarter of 2015.

Total federally-collected revenue stood at ₦1,485.74 billion, representing a decline of 39.2 and 27.7 per cent below the 2015 quarterly budget estimate and receipts in the preceding quarter, respectively. At ₦839.02 billion, oil receipts, which constituted 56.5 per cent of the total, fell below the 2015 quarterly budget estimate and receipts in the preceding quarter by 38.2 and 30.7 per cent, respectively. The fall in oil receipts was attributed, largely, to the decline in receipts from PPT and Royalties, owing to the persistent fall in crude oil prices in the international market.

Non-oil receipts, at ₦646.72 billion, was lower than the 2015 quarterly budget estimate and the receipts in the preceding quarter by 40.1 and 23.4 per cent, respectively. Federal Government retained

revenue was ₦628.72 billion, while total expenditure was ₦663.59 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦34.88 billion in the second quarter of 2015, compared with the 2015 quarterly budget deficit of ₦260.25 billion or 1.2 per cent of GDP.

Activities in the agricultural sector increased due to improved level of widespread rainfall in most parts of the country. Major agricultural activities in the southern states were harvesting of maize and yam, while planting, off season harvesting and livestock movement dominated in the northern states.

Nigeria's crude oil production, including condensates and natural gas liquids averaged 1.91 million barrels per day (mbd) or 173.81 million barrels in the quarter. Crude oil export stood at 1.46 mbd or 132.86 million barrels for the quarter, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 40.95 million barrels. The average price of Nigeria's reference crude, the Bonny Light (37° API), rose by 9.7 per cent above the level in the preceding quarter.

The end-period headline inflation rate (year-on-year) was 9.2 per cent, compared with the 8.5 and 8.2 per cent recorded at the end of the preceding quarter and the corresponding quarter of 2014, respectively. Inflation rate on a twelve-month moving average basis was 8.4 per cent, compared with 8.2 per cent in the preceding quarter.

Provisional data indicated that foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$6.97 billion and US\$8.20 billion, respectively, resulting in a net outflow of US\$1.22 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$7.35 billion, compared with US\$10.9 billion in the preceding quarter. The average exchange rate of the naira vis-à-vis the US dollar at the inter-bank window was ₦196.97 per US dollar in the review quarter. Relative to their respective levels in the preceding quarter, the naira depreciated by 3.0 and 2.6 per cent at the inter-bank and bureau-de-change segments of the market, respectively.

The International Monetary Fund (IMF) World Economic Outlook (WEO) July 2015 update projected global growth at 3.3 per cent in 2015. This represented a downward revision of 0.2 per cent from the projected level in April 2015, reflecting a reassessment of prospects in North America, China, and the emerging market economies.

World crude oil demand was estimated at 91.55 mbd in the second

quarter of 2015, representing a decline of 0.23 per cent below the 91.76 mbd recorded in the first quarter of 2015. World crude oil supply was estimated at 94.4 mbd in the second quarter, representing a marginal increase of 0.1 per cent from the 94.3 mbd recorded in the first quarter of 2015. The development was attributed to the increased demand for transportation fuels for the summer driving season.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the 2015 Spring Meetings of the Board of Governors of the World Bank Group (WBG) and the International Monetary Fund (IMF) held in Washington D.C., USA from April 13 – 19, 2015. Also, the Association of African Central Banks (AACB) 2015 Continental Seminar was held in Nairobi, Kenya from May 13 – 15, 2015. The theme of the Seminar was “Monetary Policy Frameworks in Africa in a Changing Financial Landscape”. Finally, the 2015 Annual Meetings of the African Development Bank (AfDB) was held in Abidjan, Cote d’Ivoire from May 25 – 29, 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 the second quarter of 2015. Developments in banks' deposit and lending rates were mixed during the review quarter. The value of money market assets outstanding decreased, due largely, to the fall in FGN Bonds. Developments in the Nigerian Stock Exchange (NSE) were mixed as some market indicators trended upward, while others trended downward.*

Growth in key monetary aggregate decelerated during Q2 2015.

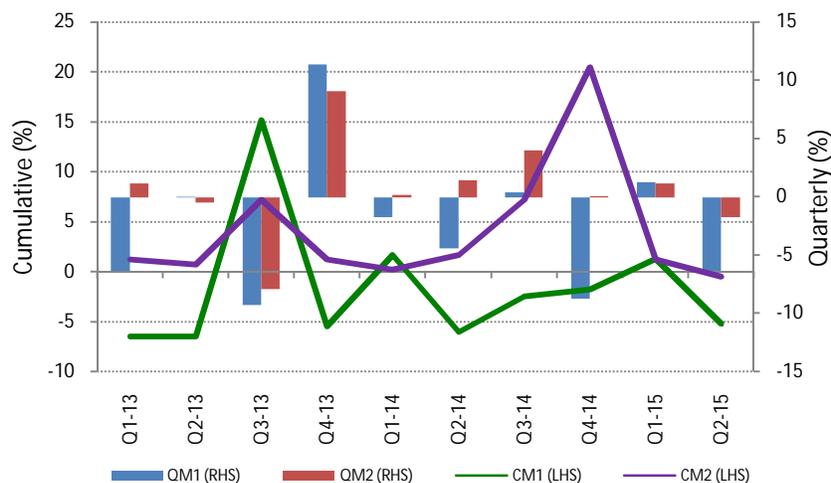
Provisional data indicated that growth in the key monetary aggregate decelerated at the end of the second quarter of 2015. Relative to the level at the end of the first quarter of 2015, broad money supply, ( $M_2$ ), quarter-on-quarter, fell by 1.7 per cent to ₦18,811.4 billion at end-June 2015, in contrast to the growth of 1.2 per cent at the end of the preceding quarter. The decline relative to the preceding quarter was attributed to the respective fall of 12.5 and 0.6 per cent in other assets (net) and foreign assets (net) of the banking system, which more than offset the 3.1 per cent increase in domestic credit (net) of the banking system. Analysis of monetary developments relative to the levels at end-December 2014 showed that broad money growth decelerate from 1.2 per cent at the end of the first quarter of 2015 to 0.5 per cent at the end of second quarter of 2015. The development was attributed to the sustained tight monetary policy stance of the CBN. The outcome at the end of the corresponding quarter of 2014, however, showed an increase of 1.66 per cent over the preceding December.

Narrow money supply ( $M_1$ ), quarter-on-quarter, at ₦6,542.4 billion, declined by 6.5 per cent at the end of the review quarter, in contrast to the 1.3 per cent growth recorded at the end of the preceding quarter. The development, relative to the first quarter of 2015, was attributed to the 19.5 and 3.1 per cent decrease in its currency outside bank and demand deposit components, respectively. Relative to the level at the end-December 2014, narrow money supply ( $M_1$ ), decline by 5.3 per cent at the end of the second quarter of 2015. The development was attributed to the 17.6 and 2.0 per cent decline in its currency outside bank and demand deposit

components, respectively. This was in contrast to the growth of 0.9 per cent recorded at the end of the corresponding quarter of 2014.

Quasi-money quarter-on-quarter, rose by 1.0 per cent to ₦12,269.0 billion at the end of the second quarter of 2015, compared with the growth of 1.2 and 3.6 per cent at the end of the preceding quarter and the corresponding quarter of 2014, respectively. The development relative to the preceding quarter was attributed to the increase in time and savings deposits with banks (Fig. 1, Table 1). Relative to the level at end-December 2014, quasi money grew by 2.2 per cent at the end of second quarter of 2015.

Figure 1: Growth Rate of Narrow Money (M<sub>1</sub>) and Broad Money (M<sub>2</sub>)<sup>1</sup>



Banking system credit to the Federal Government fell by 15.4 per cent at the end of the second quarter of 2015.

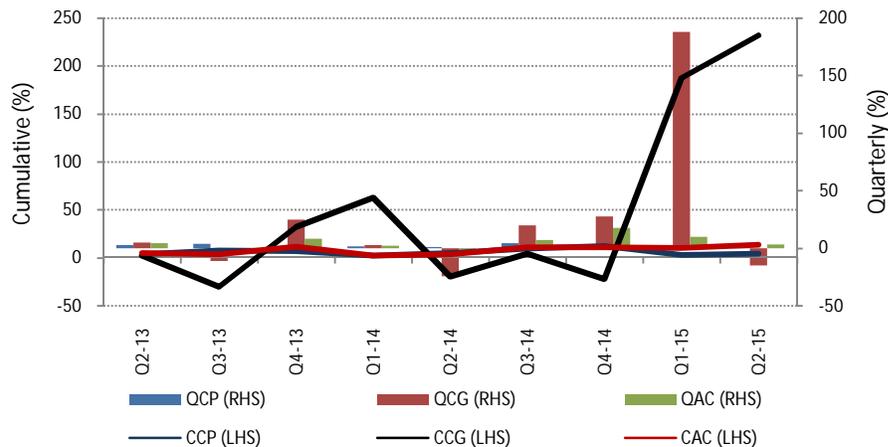
At ₦21,409.8 billion, aggregate banking system’s credit (net) to the domestic economy, quarter-on-quarter, grew by 3.1 per cent at the end of the second quarter of 2015, compared with the growth of 7.7 per cent at the end of the first quarter. This, however, contrasted with the decline of 7.8 per cent at the end of the corresponding quarter of 2014. The development relative to the level at the end of the first quarter of 2015,

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

reflected the 1.7 per cent growth in credit to the private sector, which more than offset the 15.3 per cent fall in net claims on the Federal Government. Relative to end-December 2014, domestic credit grew by 11.1 per cent at the end of second quarter 2015, compared with the growth of 14.8 per cent recorded at the end of second quarter of 2014. The development relative to the preceding quarter, was attributed to 118.5 and 4.3 per cent growth in banking claims on the Federal Government and the private sector, respectively.

Banking system's credit (net) to the Federal Government, quarter-on-quarter, fell by 15.3 per cent to negative ₦2,512.5 billion, in contrast to the growth of 89.4 and 114.3 per cent at the end of the preceding quarter and the corresponding quarter of 2014, respectively. The development relative to the first quarter of 2015 was due, largely, to the 13.9 per cent reduction in the banking system's holdings of FGN Bonds. Relative to end-December 2014, credit to the Federal Government grew by 118.5 per cent at the end of second quarter of 2015, compared with the growth of 85.8 per cent recorded at the end of second quarter of 2014.

At the end of the second quarter of 2015, banking system's credit to the private sector, quarter-on-quarter, grew by 1.7 per cent to ₦18,897.3 billion, compared with the growth of 2.5 and 2.9 per cent at the end of the preceding quarter and the corresponding quarter of 2014, respectively. The development relative to the level at the end of the preceding quarter was attributed to the 2.0 per cent growth in claims on the core private sector (Fig. 2, Table 1). Relative to the end-December 2014, credit to the private sector grew by 4.3 per cent at the end of second quarter 2015, compared with the growth of 4.5 per cent recorded at the end of second quarter of 2014.

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

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

At ₦5,951.5 billion, foreign assets (net) of the banking system, quarter-on-quarter, fell by 0.6 per cent at the end of the second quarter of 2015, compared with the decline of 13.9 per cent at the end of the first quarter of 2015. This, however, contrasted with the 16.2 per cent growth in foreign assets (net) of the banking system at the end of the corresponding quarter of 2014. The development relative to the preceding quarter, was attributed to the 75.4 per cent decrease in the foreign assets holding of banks, which more than offset the 8.2 per cent growth in net foreign assets holdings of the CBN. Relative to end-December 2014, foreign asset (net) fell by 14.4 per cent, compared with a decline of 11.4 per cent recorded at the end of second quarter of 2014.

Other assets (net) of the banking system, quarter-on-quarter, declined by 12.5 per cent to negative ₦8,549.8 billion at the end of the review quarter, compared with the decline of 3.9 per cent at the end of the preceding quarter. This contrasted with the 2.6 per cent growth recorded at the end of the corresponding quarter of 2014. The development relative to the preceding quarter, reflected the decline in other assets (net) of the both the CBN and banks. Relative to end-December 2014, other asset (net) fell by 16.9 per cent, in

<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).

contrast to the 9.5 per cent growth recorded at the end of second quarter of 2014.

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

	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
<b>Domestic Credit (Net)</b>	-0.5	11.1	2.1	-1.1	7.2	17.3	7.7	3.1
<i>Claims on Federal Government (Net)</i>	-25.5	48.1	2.4	-24.8	19.7	-27.3	89.4	15.3
<i>Claims on Private Sector</i>	3.7	0.5	1.7	1.1	4.1	2.6	2.5	1.7
<i>Claims on Other Private Sector</i>	3.6	1.2	1.9	1.3	4.4	2.7	2.6	2.0
<b>Foreign Assets (Net)</b>	-2.6	-3.0	-10.6	1.1	-1.1	-5.1	13.9	-0.6
<b>Other Assets (Net)</b>	-13.8	-3.1	7.9	4.5	-5.4	5.4	3.9	-12.5
<b>Broad Money Supply (M2)</b>	-7.9	9.2	0.2	1.5	4.0	0.1	1.2	-1.7
<b>Quasi-Money</b>	-6.7	7.3	1.8	6.1	6.6	6.2	1.2	1.0
<b>Narrow Money Supply (M1)</b>	-9.3	11.7	-1.7	-4.4	0.4	-8.7	1.3	-6.5
<i>Memorandum Items:</i>								
<b>Reserve Money (RM)</b>	43.7	9.5	-9.4	6.2	3.3	20.7	-0.1	0.2

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

At ₦1,562.3 billion, currency-in-circulation, quarter-on-quarter, fell by 14.1 per cent at the end of the second quarter of 2015, in contrast to the increase of 1.1 per cent at the end of the first quarter of 2015. At the end of the corresponding period of 2014, currency-in-circulation also declined by 4.9 per cent. The development relative to the first quarter of 2015, was attributed, largely, to the 19.5 per cent fall in currency outside bank. Relative to end-December 2014, currency - in - circulation fell by 13.1 per cent at the end of the second quarter of 2015, compared with the decline of 115.7 per cent recorded at the end of the second quarter of 2014.

Total deposits at the CBN rose by 0.6 per cent to ₦6,908.0 billion, in contrast to the decline of 12.3 per cent at the end of the first quarter of 2015. The development reflected, largely, the respective increase of 6.4 and 56.4 per cent in banks and private sector deposits. Of the total deposits, the shares of the Federal Government, banks and "Others" were ₦2,296.5 billion (33.2 per cent), ₦4,383.4 billion (63.5 per cent) and ₦228.1 billion (3.3 per cent), respectively.

Reserve money (RM), at ₦5,945.8 billion, quarter-on-quarter, rose by 0.2 per cent at the end of second quarter of 2015,

Reserve money (RM) rose at the end of the second quarter of 2015.

compared with the 0.1 per cent growth recorded at the end of the first quarter of 2015. The development, relative to the level at the end of the preceding quarter, was attributed to the 6.4 per cent increase in banks' deposit with the CBN. Relative to end-December 2014, reserve money grew by 0.3 per cent at the end of second quarter 2015, in contrast to the decline of 5.9 per cent recorded at the end of second quarter of 2014.

### 2.3 Money Market Developments

Money market rates were generally lower during the review period.

Money market rates reflected liquidity conditions in the review period. Major money market rates were generally lower than their levels in the preceding quarter as Federation Account injections and payments of matured bills and bonds buoyed liquidity conditions in the market. Open Market Operations (OMO) was used to moderate the level of liquidity in the system. Consequently, excess liquidity mop-up through OMO during the review period amounted to ₦2,000.50 billion, compared with ₦2,057.07 billion in the preceding quarter. Both Nigerian Treasury Bills (NTBs) and FGN Bonds were issued during the review period with impressive patronage. Also, the Bank intervened in the foreign exchange market through the provision of liquidity to sustain the stability of rates. The Bank also announced measures to reduce demand pressure on the foreign exchange market, including imposition of restriction on foreign exchange allocation to goods that could possibly be produced in the country.

Provisional data indicated that the total value of money market assets outstanding at the end of the second quarter of 2015 stood at ₦8,196.96 billion, showing a decline of 1.3 per cent, in contrast to the 8.7 per cent increase at the end of the preceding quarter. The development was attributed largely, to the 1.3 per cent fall in the FGN Bonds outstanding.

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

#### 2.3.1 Interest Rate Developments

Available data indicated mixed developments in banks' deposit and lending rates during the second quarter of 2015. The average savings, one-month and 12-month deposit rates rose by 0.03, 0.35 and 1.31 percentage points to 3.60, 8.85 and 8.16 per cent, respectively. However, all other rates of various maturities fell from a range of 4.46 – 9.70 per cent to 4.09 – 9.28 per cent. At 7.91 per cent, the average term deposit rate fell

by 0.63 percentage point below the level in the first quarter of 2015. The maximum lending rate rose by 0.30 percentage point to 26.60 per cent, while the prime lending rate fell by 0.44 percentage point to 16.40 per cent. Consequently, the spread between the weighted average term deposit and maximum lending rates widened by 1.08 percentage points to 18.60 percentage points at the end of the second quarter of 2015. The spread between the average savings deposit and the maximum lending rates, also, widened by 0.27 percentage point to 23.0 percentage points, compared with 22.73 percentage points in the first quarter of 2015. With the headline inflation rate at 9.2 per cent at end-June 2015, lending rates were positive, while deposit rates were negative in real terms except for the 3- and 6- month deposit rates.

At the inter-bank funds segment, the weighted average inter-bank call rate, which stood at 15.43 per cent at the end of the preceding quarter, fell by 0.23 percentage point to 15.20 per cent in the second quarter of 2015, reflecting the liquidity condition in the banking system. However, the weighted average rate at the Open-Buy-Back (OBB) segment fell by 2.01 percentage points to 15.60 per cent. The Nigeria Inter-bank Offered Rate (NIBOR) for the 7-day tenor rose to 18.8 per cent above 12.16 per cent in the preceding quarter. However, the 30-day tenor declined from 14.90 per cent in the preceding quarter to 14.20 per cent in the second quarter of 2015 (Fig. 3, Table 2).

Interbank call rate fell in Q2 2015.

Figure 3: Selected DMBs Interest Rates (Average)

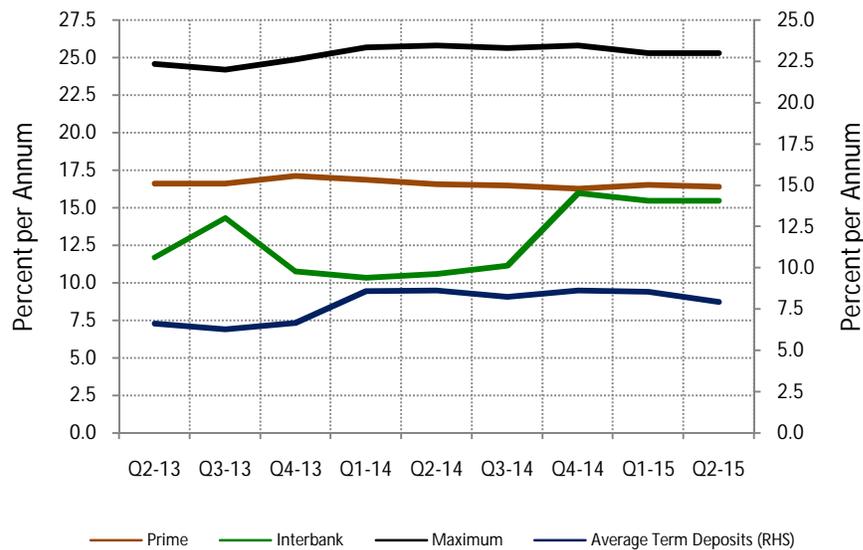


Table 2: Selected Interest Rates (Percent, Averages)

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Average Term Deposits	6.6	6.3	6.6	8.6	8.6	8.2	8.6	8.5	7.9
Prime Lending	16.6	16.6	17.1	16.9	16.6	16.5	16.3	16.8	16.4
Interbank	11.7	14.3	10.5	10.3	10.6	11.1	16.0	15.4	15.2
Maximum Lending	24.6	24.2	24.9	25.7	25.8	25.6	25.8	26.3	26.6

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

### 2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs fell by 26.7 per cent to ₦6.7 billion at the end of the second quarter of 2015, compared with ₦9.1 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 review quarter. Thus, CP constituted 0.08 per cent of the total value of money market assets outstanding, at the end of the review period, compared with 0.11 per cent at the end of the preceding quarter.

### 2.3.3 Bankers' Acceptances (BAs)

At the end of the review quarter, the value of BAs outstanding declined by 58.7 per cent to ₦8.6 billion, compared with ₦20.8 billion at the end of the preceding quarter. The development was attributed to the decline in investment in BAs by the DMBs

DMBs' holdings of BAs declined during Q2 of 2015.

during the quarter. Consequently, BAs accounted for 0.10 per cent of the total value of money market assets outstanding at the end of the second quarter of 2015, compared with 0.25 per cent at the end of the preceding quarter.

#### **2.3.4 Open Market Operations**

At the Open Market Operations (OMO), bills with tenors ranging from 9 to 301 days were used for liquidity management in the second quarter of 2015. Consequently, there were 18 auctions and 9 maturities during the review period. Total sales and subscription were ₦2,204.65 billion and ₦2,725.96 billion, respectively, in the second quarter of 2015. The bid rates ranged from 10.25 to 14.85 per cent, while the stop rates were between 11.45 to 14.84 per cent. Matured bills amounting to ₦1,760.08 billion were repaid, translating to a net withdrawal of ₦444.57 billion in the review period.

#### **2.3.5 Primary Market**

At the primary market segment, NTBs of 91-, 182- and 364-day tenors were offered. Total amount offered, subscribed to and allotted were ₦4,350.33 billion, ₦2,361.0 billion and ₦994.63 billion, respectively. The bid rates ranged from 7.50 to 15.00, 10.00 to 15.69 and 10.00 to 16.55 per cent, respectively, for the 91-, to 182- and 360-day tenors, while the stop rates were from 9.79 to 10.50, 12.70 to 14.10 and 12.80 to 14.15 per cent, respectively. In the preceding quarter, a total of ₦1,239.13 billion, ₦2,852.21 billion and ₦1,239.13 billion, were offered, subscribed to and allotted, respectively, for the three tenors, indicating 19.7 per cent decline in total amount allotted.

#### **2.3.6 Bonds Market**

Tranches of FGN Bonds of 5-, 10- and 20-year tenors were reopened during the review period. The total amount offered, subscribed to and allotted were ₦210.22 billion, ₦499.86 billion and ₦210.22 billion, respectively. In addition, total of ₦64.4 billion of the 5-year and 10-year bond was allotted on non-competitive basis. The marginal rates for the 5-year bond ranged from 13.84 to 14.44 per cent, 13.48 to 14.22 per cent for the 10-year and 13.88 to 14.45 per cent for the 20-year tenor. Consequently, the marginal rates for the three tenors ranged from 13.48 to 14.45 per cent.

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

### 2.3.7 CBN Standing Facilities

Total request for the standing lending facility (SLF) granted during the review period was ₦1,081.84 billion (inclusive of intra-day liquidity facility converted to overnight repo), compared with ₦1,734.26 billion in the first quarter of 2015.

Total standing deposit facility (SDF) granted during the review period was ₦4,118.89 billion, while the cost incurred stood at ₦1.997 billion, compared with the request of ₦4,834.06 billion and total cost of ₦2.286 billion in the preceding quarter.

## 2.4 Deposit Money Banks' Activities

Available data indicated that the total assets and liabilities of the commercial banks stood at ₦28,400.8 billion at the end of the second quarter of 2015, representing a decline of 1.1 per cent below the level at the end of the preceding quarter. The funds were sourced, largely, from foreign and unclassified assets disposal as well as draw-down on reserves. The funds were used, mainly, to increase capital accounts.

At ₦17,086.2 billion, banks' credit to the domestic economy, fell by 1.1 per cent, in contrast to the 4.4 per cent growth in the preceding quarter. The development was attributed to the decline in claims on the Federal Government and the private sector, in the review quarter.

Central Bank's credit to the commercial banks rose by 5.3 per cent to ₦303.4 billion at the end of the review quarter, reflecting increase in CBN loans and advances to banks over the level at the end of the preceding quarter. Total specified liquid assets of the banks stood at ₦6,348.1 billion, representing 35.8 per cent of their total current liabilities. At that level, the liquidity ratio fell by 0.7 percentage point below the level in the preceding quarter, but was 5.8 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 67.8 per cent, was 1.6 percentage points above the level at the end of the preceding quarter, but was 12.2 percentage points below the prescribed maximum of 80.0 per cent.

## 2.5 Discount Houses' Activities

Total assets/liabilities of the discount houses stood at ₦175.4 billion at the end of the second quarter of 2015, indicating an

At 35.8 per cent, liquidity ratio in Q2 2015 was 8.2 percentage points above the stipulated minimum ratio, while the Loan-to-deposit ratio was below the prescribed maximum of 80 per cent.

increase of 60.3 per cent above the level at the end of the preceding quarter. The increase in assets relative to the level at the end of the first quarter of 2015 was accounted for, mainly, by the 84.5, 58.8 and 45.9 per cent rise in other assets, claims on banks and Federal Government, respectively. Correspondingly, the increase in total liabilities was attributed to the 503.9, 161.9 and 56.8 per cent increase in takings, capital and reserves, and other liabilities, respectively.

Discount houses' investment in Federal Government securities increased by 33.3 per cent to ₦67.2 billion and represented 59.2 per cent of their total deposit liabilities. At this level, discount houses' investment was 0.8 percentage point below the prescribed minimum level of 60.0 per cent for fiscal 2015. Total borrowings by the discount houses was ₦61.0 billion, while their capital and reserves stood at ₦35.0 billion. This resulted in a gearing ratio of 1.7:1, compared with the stipulated maximum of 50:1 for the fiscal year.

## 2.6 Capital Market Developments

### 2.6.1 Secondary Market

Available data indicated that developments in the Nigerian Stock Exchange (NSE) were mixed during the second quarter of 2015. Total volume and value of traded securities fell by 4.7 and 0.4 per cent to 24.7 billion shares and ₦277.9 billion, respectively, in 273,502 deals in the review period, compared with 25.9 billion shares and ₦279.1 billion, respectively, in 261,116 deals in the first quarter of 2015. The Financial Services Industry (measured by volume and value of transactions) led the activity chart with 19.3 billion shares valued at ₦139.098 billion, traded in 153,842 deals; thus contributing 77.9 and 50.1 per cent to the total equity turnover volume and value, respectively, compared with 20.6 billion shares valued at ₦144.8 billion traded in 160,155 deals in the preceding quarter. This was followed by the activities in the Conglomerates Industry. The Banking sub-sector of the Financial Services Sector was the most active with 11.3 billion shares valued at ₦112.2 billion traded in 97,082 deals during the review quarter.

Figure 4: Volume and Value of Traded Securities



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

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Volume (Billion)	26.5	21.8	26.0	28.3	24.0	26.8	28.9	25.9	24.7
Value (N Billion)	336.59	196.8	234.0	273.9	298.19	441.25	316.99	279.1	277.9

### 2.6.2 New Issues Market

There were thirteen (13) supplementary listings in the review quarter (see table 4 below).

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

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	FBN Holdings Plc	3,263 billion shares	Bonus Issue	Supplementary
2	Glaxo Smithkline Consumer Nig. Plc	239,175 million shares	Bonus Issue	Supplementary
3	Nigeria Aviation Handling Company Plc	147,656 million shares	Bonus Issue	Supplementary
4	Vitafoam Nigeria Plc	163.8 million shares	Bonus Issue	Supplementary
5	Sye Bank Plc	660,966 million	Bonus Issue	Supplementary
6	Pharma Deko Plc	116,819 million	Rights Issue	Supplementary
7	Prestige Assurance Plc	3,01 billion shares	Rights Issue	Supplementary
8	Champion Brewries Plc	629,496 million shares	Placing	Supplementary
9	Diamond bank plc	8.69 billion Ordinary shares	Rights Issue	Supplementary
10	McNICHOLS CONSOLIDATED PLC	68,114,665 ordinary shares	Conversion to ordinary Share	Supplementary
11	OANDO PLC	2,949,933,156 ordinary shares	Rights Issue	Supplementary
12	PHARMA DEKO PLC	482,754 Ordinary Shares	additional issues	Supplementary
13	INTERNATIONAL BREWERIES PLC	31,722,850 ordinary shares	bonus declaration	Supplementary

### 2.6.3 Market Capitalization

Aggregate market capitalization for all listed securities (equities and bonds) stood at ₦17.02 trillion at the end of the review quarter, indicating an increase of 4.7 per cent above the level in the preceding quarter. Similarly, market capitalization for the listed equities rose by 6.6 per cent above the level in the preceding quarter to close at ₦11.43 trillion at the end of the review quarter. Listed equities accounted for 67.2 per cent of the aggregate market capitalization, compared with 66.0 per cent at the end of the preceding quarter.

### 2.6.4 NSE All-Share Index

The All-Share Index, which opened at 31,744.82 at the beginning of the quarter, closed at 33,456.83, representing an increase of 5.4 per cent above the level at the end of the preceding quarter. At end-June 2015, with the exception of the NSE Oil/Gas and NSE ASeM indices, which fell by 2.3 and 0.1 per cent below their respective levels at the end of preceding quarter, all the other five sectoral indices rose above their levels in the preceding quarter. The NSE Banking, NSE Insurance, NSE Consumer goods, NSE Lotus Islamic and NSE Industrial indices increased by 1.7, 0.7, 5.0, 7.6 and 15.5 per cent, to close at 370.18, 145.65, 845.06, 2,228.86 and 2,229.07, respectively, at the end of the review period.

Total market capitalization rose, while All-Share Index declined during Q2 2015.

Figure 5: Market Capitalization and All-Share Index



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

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Market Capitalization (₦ trillion)	15.80	17.73	19.10	16.10	19.10	18.90	16.90	16.30	17.02
All-Share Index (Equities)	36,164.31	36,585.08	41,329.19	38,748.01	42,482.48	41,210.10	34,657.15	31,744.82	33,456.86

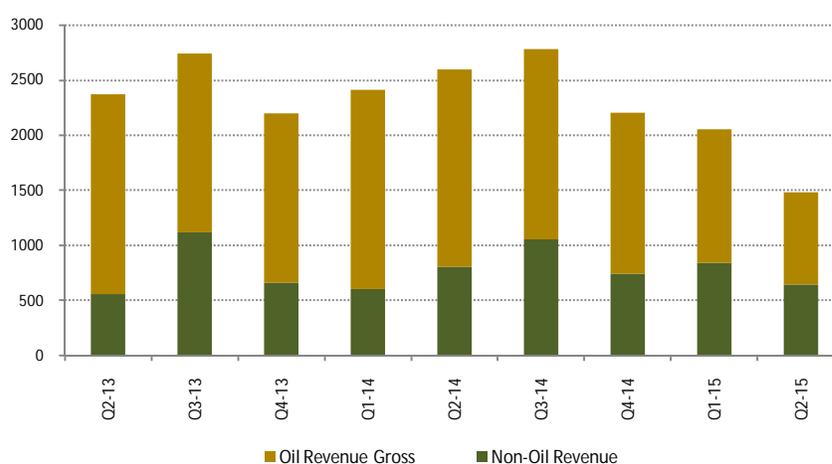
### 3.0 Fiscal Operations

#### 3.1 Federation Account Operations

Available data showed that total federally-collected revenue during the second quarter of 2015 stood at ₦1,485.73 billion, reflecting a decline of 39.2 and 27.7 per cent, compared with the provisional quarterly budget estimate<sup>3</sup> of ₦2,444.60 billion and receipts of ₦2,055.27 billion in the preceding quarter, respectively. The development relative to the budget estimate was attributed to the decline in oil and non-oil revenue during the review period (Fig. 6, Table 6).

Gross federally - collected revenue declined by 27.7 per cent below the level in the preceding quarter.

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



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

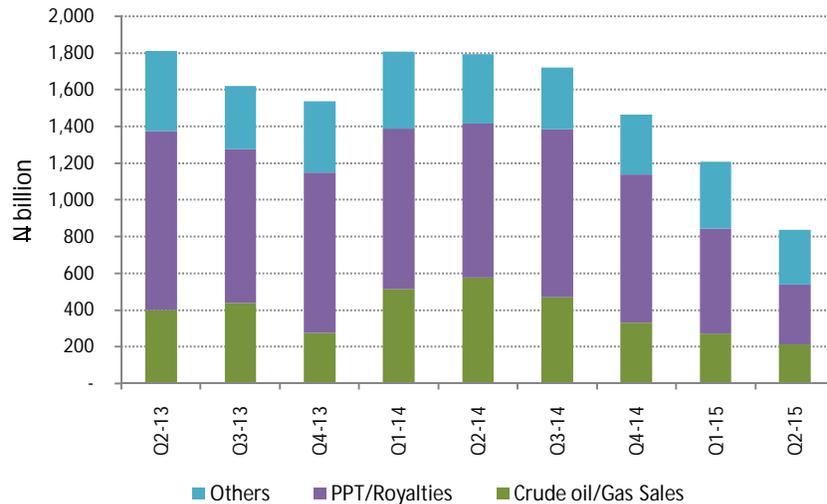
	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Federally-collected revenue (Gross)	2365.74	2748.74	2204.55	2495.74	2613.30	2783.46	2210.81	2055.27	1485.73
Oil Revenue	1813.77	1622.79	1538.40	1808.86	1795.53	1723.11	1466.22	1210.77	839.02
Non-Oil Revenue	551.98	1125.95	666.15	686.88	817.77	1060.30	744.58	844.50	646.72

At ₦839.02 billion, gross oil receipts, which constituted 56.5 per cent of the total, fell by 38.2 and 30.7 per cent below the provisional quarterly budget estimate of ₦1,357.80 billion and receipts of ₦1,210.77 billion in the preceding quarter, respectively. The decline in oil revenue relative to the budget

<sup>3</sup> 2015 Approved Budget Estimate was used

estimate was attributed, mainly, to the fall in receipts from PPT and Royalties, owing to the persistent fall in crude oil prices in the international market, during the review quarter (Fig. 7, Table 7).

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



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

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Oil Revenue	1813.77	1622.79	1538.40	1808.86	1795.53	1723.11	1466.22	1210.77	839.02
Crude oil/Gas Sales	403.80	440.09	275.93	516.63	577.41	470.99	331.18	274.09	215.40
PPT/Royalties	973.06	840.37	875.30	874.47	838.89	916.31	809.89	573.30	325.03
Others	436.91	342.33	387.18	417.76	379.23	335.81	325.15	363.38	298.59

Non-oil receipts (gross), at ₦646.72 billion (43.5 per cent of the total), was below the provisional budget estimate and receipts in the preceding quarter by 40.5 and 23.4 per cent, respectively. The decline 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

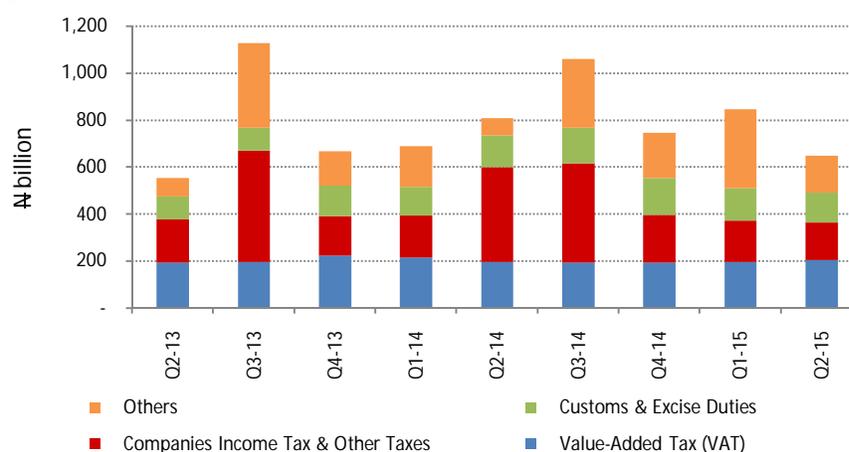


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Non-Oil Revenue	551.98	1125.95	666.15	686.27	817.77	1060.35	744.58	844.50	646.72
Value-Added Tax (VAT)	193.64	194.41	222.02	213.80	194.15	193.39	192.88	195.66	203.18
Companies Income Tax & Other Taxes	183.04	475.08	169.07	178.12	404.20	422.60	202.38	174.94	159.36
Customs & Excise Duties	97.26	97.44	128.95	121.63	136.28	151.53	156.80	138.08	127.59
Others <sup>1</sup>	78.04	359.02	146.11	172.72	83.14	292.83	192.52	335.82	156.59

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 during the review quarter, the sum of ₦898.58 billion (net deductions) was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. The sum of ₦98.83 billion, ₦195.05 billion and ₦57.75 billion were transferred to the Federal Government Independent Revenue, VAT pool account and Others, respectively. The Federal Government received ₦430.41 billion, while the state and local governments received ₦218.31 billion and ₦168.31 billion, respectively. The balance of ₦81.56 billion was allocated to the 13.0% Derivation Fund for distribution among the oil-producing states. Also, the Federal Government received ₦29.26 billion from the VAT Pool Account, while the state and local governments received ₦97.53 billion and ₦68.27 billion, respectively.

Thus, the total statutory and VAT revenue allocation to the

The sum of ₦898.58 billion out of the gross federally collected revenue was distributed among the three tiers of government and 13.0% Derivation Fund for oil producing states.

three tiers of government in the second quarter of 2015 amounted to ₦1,211.67 billion, compared with the provisional quarterly budget estimate of ₦1,994.77 billion and ₦1,616.44 billion in the preceding quarter.

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

### 3.2.1 The Federal Government

Federal government estimated retained revenue was lower than both the 2015 provisional quarterly budget estimate and the receipts in the preceding quarter by 32.4 and 38.8 per cent, respectively.

At ₦628.72 billion, the estimated Federal Government retained revenue for the second quarter of 2015 was lower than both the provisional budget estimate and the receipts in the preceding quarter by 32.4 and 38.8 per cent, respectively. Of this amount, the Federal Government's share from the Federation Account, VAT, NNPC Refund, NNPC additional revenue and "Others" accounted for 68.5, 15.7, 4.7, 3.0, 0.6 and 7.5 per cent, respectively (Fig. 9, Table 9).

Figure 9: Federal Government Retained Revenue

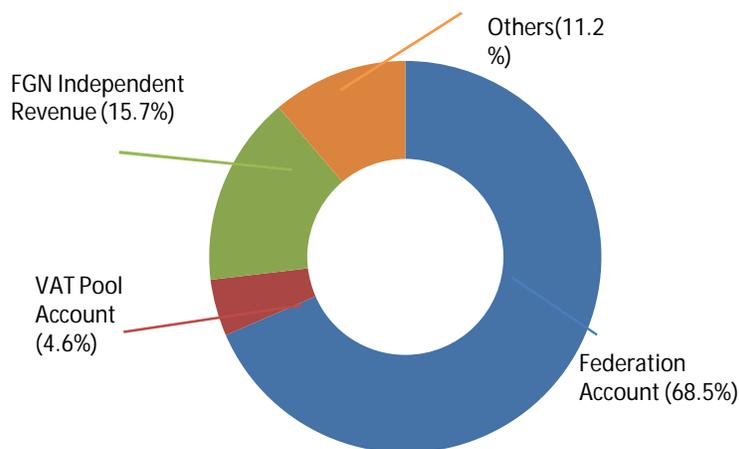


Table 9: Federal Government Fiscal Operations (₦ billion)

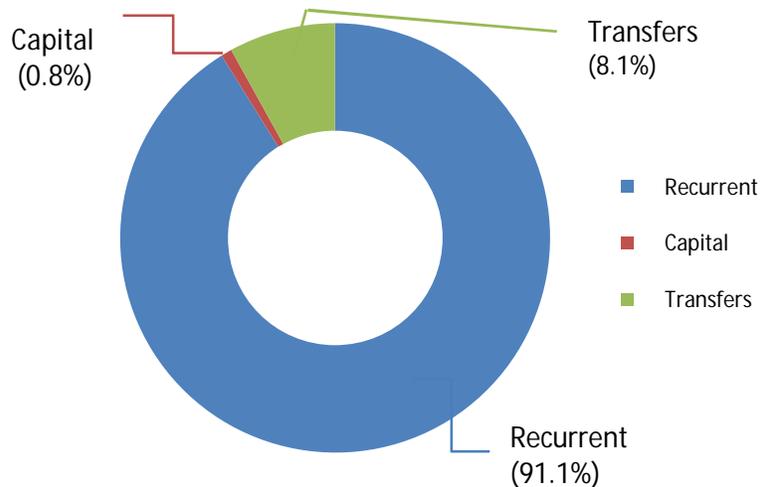
	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Retained Revenue	941.4	1174.4	897.3	912.1	864.2	1023.1	839.8	1027.0	628.7
Expenditure	1266.7	1276.7	1533.0	1114.8	1193.5	1166.6	1164.0	1156.6	663.6
Overall Balance: Surplus(+)/Deficit(-)	-325.3	-102.4	-635.7	-202.7	-329.4	-143.6	-324.2	-129.5	-34.9

Total Federal Government estimated expenditure for the second quarter of 2015 stood at ₦663.59 billion, indicating a decline of 44.2 and 42.6 per cent below the provisional quarterly budget estimate and the level in the preceding quarter, respectively. The development relative to the proportionate quarterly budget estimate was attributed, mainly, to the fall in both the capital and recurrent components during the period. A breakdown of the total expenditure showed that the recurrent component accounted for 91.1 per cent, while capital and statutory transfers components accounted for 0.8 and 8.1 per cent, respectively (Fig. 10). A further breakdown of the recurrent expenditure showed that the non-debt component accounted for 74.9 per cent, while debt service payments accounted for the balance of 25.1 per cent.

Fiscal operations of the FG resulted in an estimated deficit of ₦34.88 billion in Q2 2015.

Thus, the fiscal operations of the Federal Government resulted in a deficit of ₦34.88 billion, compared with the 2015 provisional quarterly budget deficit of ₦260.25 or 1.2 per cent of GDP.

Figure 10: Federal Government Expenditure



### 3.2.2 Statutory Allocations to State Governments

Total allocation to state governments (including the Federation Account, 13.0% Derivation Fund and VAT) stood at ₦433.29 billion during the review quarter. This was 38.0 and 24.9 per cent lower than both the provisional budget estimate and the level in the preceding quarter, respectively. Further

breakdown showed that receipts from the Federation Account was ₦335.77 billion (77.5 per cent), while VAT contributed ₦97.53 billion (22.5 per cent). The share of Federation Account was 30.4 per cent lower than the level in the preceeding quarter. Receipts from the VAT Pool Account was 3.8 per cent higher than the level in the preceding quarter.

### 3.2.3 Statutory Allocations to Local Government Councils

Provisional allocations to local governments from the Federation and VAT Pool Accounts during the second quarter of 2015 stood at ₦254.32 billion. This was 40.8 and 22.1 per cent below the provisional budget estimate and the level in the preceding quarter, respectively. Of the total amount, allocation from the Federation Account was ₦186.06 billion (73.2 per cent), while VAT Pool Account accounted for the balance of ₦68.27 billion (26.8 per cent).

## 3.2.4 Public Debt and Debt Payment

### 3.2.4.1 Consolidated Federal Government Debt

At ₦10,428.49 billion or 11.9 per cent of GDP, the consolidated Federal Government debt at end-second quarter 2015 was higher than its level at first quarter of 2015 by 0.5 per cent. The breakdown comprised domestic debt, ₦8,396.59 billion and external debt, ₦2,031.90 billion (US\$10.32 billion) (Fig. 11, Table 10).

**Figure 11: Composition of Consolidated Federal Government Debt Stock**

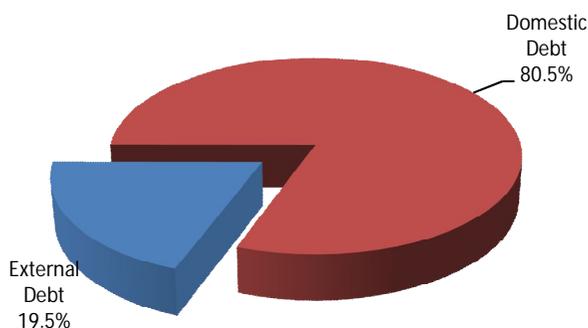


Table 10: Consolidated Debt of the Federal Government (₦billion)

Type	Q3-14	Q4-14	Q1-15	Q2-15
External Debt	1,497.40	1,647.84	1,864.43	2,031.90
Domestic Debt	7,651.10	7,904.03	8,507.55	8,396.50
Total	9,148.50	9,551.87	10,371.98	10,428.40

#### 3.2.4.2 Domestic Debt

The domestic debt stock of the Federal Government at end-second quarter of 2015 stood at ₦8,396.59 billion, representing a decrease of 1.3 per cent below the level of ₦8,507.55 billion recorded at end-March 2015. The decrease was due to the reduction in the issuance of Nigerian Treasury Bills and FGN Bonds. The stock of FGN Bonds and Treasury Bills fell by 1.3 and 1.4 per cent, respectively, and accounted for 96.8 per cent of the total debt stock. The banking system remained the dominant holder of the outstanding domestic debt instruments with ₦5,700.92 billion or 67.9 per cent, while the non-bank public accounted for ₦2,695.67 billion or 32.1 per cent.

#### 3.2.4.3 External Debt

At US\$10.32 billion, the external debt stock of the Federal Government for the second quarter of 2015 rose above the level at end-March 2015 by 9.1 per cent. In naira terms, the rise in external debt stock moderated to 9.0 per cent above the level at end-March 2015 due to the appreciation in the naira exchange rate. The composition of external debt stock showed that multilateral debt stood at US\$7.23 or 70.1 per cent of the total. The non-Paris bilateral and commercial debts, at US\$3.08 billion, accounted for the balance.

#### 3.2.4.4 Debt Service Payments

The total debt service payments for second quarter of 2015 stood at ₦227.35 billion or 1.0 per cent of GDP. This comprised ₦9.85 billion (US\$49.99 million) for external debt service and ₦217.50 billion for domestic debt service. Overall, total debt service payments fell by 31.5 per cent below the level in first quarter of 2015 (Fig. 12, Table 11).

Figure 12: Composition of Consolidated Federal Government Debt Payment

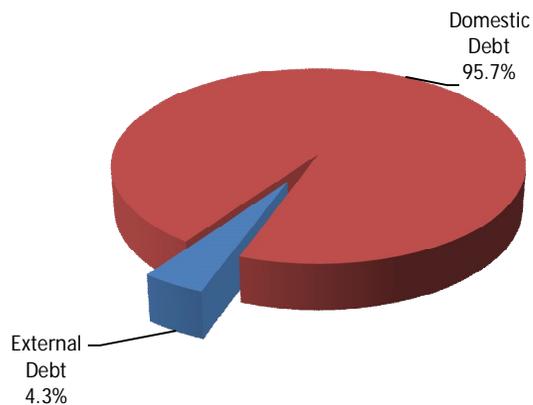


Table 11: Consolidated Debt Service Payment of the Federal Government (N, Billion)

Type	Q3-14	Q4-14	Q1-15	Q2-15
External Debt	16.70	10.13	20.89	9.85
<i>Domestic Debt</i>	216.32	210.31	311.04	217.50
<i>Total</i>	233.02	220.44	331.93	227.35

## 4.0 Domestic Economic Conditions

*The agricultural sub-sector in the second quarter of 2015, witnessed an increased level of activities as a result of widespread rainfall in most parts of the country. Major agricultural activities in the southern states were harvesting of maize and yam, while planting, off season harvesting and livestock movement were undertaken in the northern states. Crude oil production was estimated at 1.91 million barrels per day (mbd) or 173.81 million barrels for the quarter. The end-period inflation rate for the second quarter of 2015, on year-on-year basis, was 9.2 per cent, compared with 8.5 and 8.2 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 8.4 per cent, compared with 8.2 per cent at the end of the preceding quarter.*

### 4.1 Agricultural Sector

Available data indicated that the tempo of agricultural activities increased during the review quarter as a result of widespread rainfall recorded in most parts of the country. Major agricultural activities in the southern states were harvesting of maize and yam while planting, off season harvesting and livestock movement were undertaken in the northern states. However, high incidence of cattle rustling, Fulani herdsmen/farmers clashes and insecurity in the northeast continued to impact negatively on agricultural output during the quarter.

### 4.2 Agricultural Credit Guarantee Scheme Operations

A total of ₦2,681.0 million was guaranteed to 14,229 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the second quarter of 2015. This amount represented a decline of 2.9 and 19.1 per cent below the levels in the preceding quarter and the corresponding period of 2014, respectively. Sub-sectoral analysis showed that food crops obtained the largest share of ₦1, 874.6 million (69.9 per cent) guaranteed to 10,635 beneficiaries, livestock got ₦268.9 million (10.0 per cent) guaranteed to 859 beneficiaries, cash crops received ₦185.5 million (6.9 per cent) guaranteed to 828 beneficiaries, while ₦129.0 million (4.8 per cent) was guaranteed to 890 beneficiaries in the mixed crops sub-sector, fisheries had ₦96.5 million (3.6 per cent) guaranteed to 280

beneficiaries, while “Others” received ₦126.4 million (4.7 per cent) guaranteed to 737 beneficiaries.

Analysis by state showed that 34 states of the Federation and the Federal Capital Territory benefited from the Scheme in the quarter with the highest and lowest sums of ₦319.4 million (11.9 per cent) and ₦0.4 million (0.01 per cent) guaranteed to Kogi and Borno states, respectively.

At end-June 2015, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACCS) to the participating banks for disbursement stood at ₦287.5 billion for 369 (three hundred and fifty three) projects (Table 12).

**Table 12: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACCS)**

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	ECOBANK	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>287.5</b>	<b>369</b>

### 4.3 Industrial Production

Industrial activities declined during the second quarter of 2015 relative to the level in the preceding quarter. At 110.2 (2010=100), the estimated index of industrial production fell by 5.9 and 6.6 per cent below the levels in the preceding quarter of 2015 and the corresponding quarter of 2014, respectively. The decline was attributed to the lower level of activities in the manufacturing and power sub-sectors.

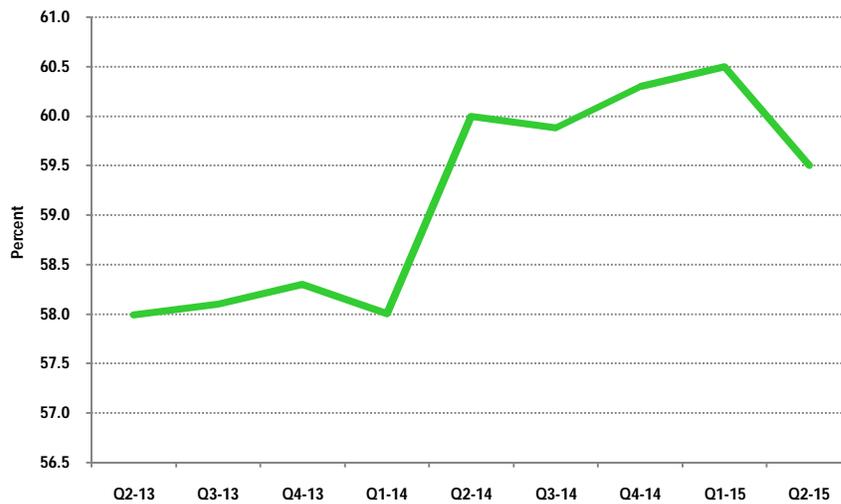
The estimated index of manufacturing production, at 185.1

Industrial activities fell in the review quarter due to decreased activities in the manufacturing and power sub-sectors.

(2010=100), showed a decline of 1.0 and 0.3 per cent, compared with the levels in the preceding quarter of 2015 and the corresponding period of 2014, respectively. Capacity utilization, at 59.5 per cent, fell by 1.0 percentage point below the level in the preceding quarter. The development was attributed to decrease in investor confidence due to the election uncertainties and a fall in power supply during the review period (Fig.13).

Actual industrial capacity utilization fell by 1.0 percentage point during the review quarter.

**Figure 13: Manufacturing Capacity Utilization Rate**



At 87.4 (2010=100), the estimated index of mining production rose marginally by 0.1 per cent, compared to the level at the end of the preceding quarter, but declined by 0.5 per cent relative to the level attained at the end of the corresponding period of 2014. The rise in mining production during the review quarter, was accounted for by the increase in crude oil and gas production.

At 2,800 MW/h, estimated average electricity generation fell in the second quarter of 2015 by 6.2 per cent, compared with the level attained in the preceding quarter. The development was attributed to the effect of gas pipeline vandalism across the country; a strike in the oil and gas sector, which led to the decline in gas supply to power plants, as well as low water levels to the hydro plants.

At 2,590 MW/h, estimated average electricity consumption

Average electricity generation and consumption fell during the review quarter.

declined by 0.2 per cent, compared with the level attained in the preceding quarter. The reduction in electricity consumption was attributed to the fall in power supply (Fig. 14, Table 13).

Figure 14: Index of Industrial Production (2010=100) <sup>4</sup>

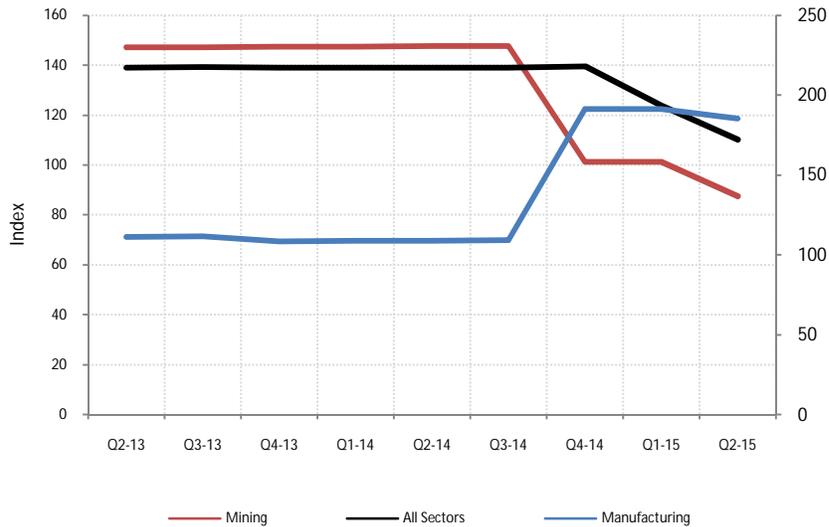


Table 13: Index of Industrial Production and Manufacturing Capacity Utilization Rate

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
All Sectors (1990=100)	138.7	139.0	139.2	138.98	139.00	139.00	123.60	139.45	110.20
Manufacturing	110.56	110.87	111.2	108.45	108.4	108.4	108.98	191.2	185.1
Mining	146.25	147	146.98	147.23	147.5	147.5	147.59	101.1	87.4
Capacity Utilization (%)	57.99	58.10	58.30	58.00	60.00	59.88	60.30	60.50	59.50

#### 4.4 Petroleum Sector

Crude oil and natural gas production rose in the second quarter of 2015.

Nigeria's crude oil production, including condensates and natural gas liquids, averaged 1.91 mbd or 173.81 million barrels (mb) in the quarter under review. This represented an increase of 0.02 mbd (1.1 per cent), compared with 1.89 mbd (170.1 million barrels) produced in the first quarter of 2015. Crude oil export was estimated at 1.46 mbd or (132.86 million barrels), representing an increase of 1.4 per cent, compared with 1.44 mbd or 129.6 mb recorded in the preceding quarter. The development was attributed to the renewed cooperation

Crude oil export rose in Q2 2015.

<sup>4</sup> Index measurement at (2010=100) from first quarter15

among security agencies and the adoption of sophisticated surveillance technologies, which helped to minimize the incidence of sabotage and vandalism of crude oil installations. Allocation of crude oil for domestic consumption was 0.45 mbd or 40.95 million barrels during the review quarter.

At an estimated average of US\$62.22 per barrel, the price of Nigeria’s reference crude, the Bonny Light (37° API), rose by 9.7 per cent, compared with the level in the preceding quarter. The average prices of other competing crudes, namely the U.K Brent, the Forcados and the West Texas Intermediate also rose to US\$60.90, US\$62.43 and US\$57.06 per barrel, compared with US\$55.58, US\$57.07 and US\$47.34 per barrel, respectively, in the preceding quarter. At US\$59.31 per barrel, the average price of OPEC’s basket of eleven crude streams rose by 17.9 per cent, compared with the average of US\$50.30/b recorded in the preceding quarter. The development was due largely, to increased demand for refined products and the US crude inventories draw-down, which were largely responsible for the rebound in crude oil prices (Fig. 15, Table 14).

Average crude oil prices, including Nigeria’s Bony Light (37° API) rose in the international crude oil market in Q2 2015.

Figure15: Trends in Crude Oil Prices

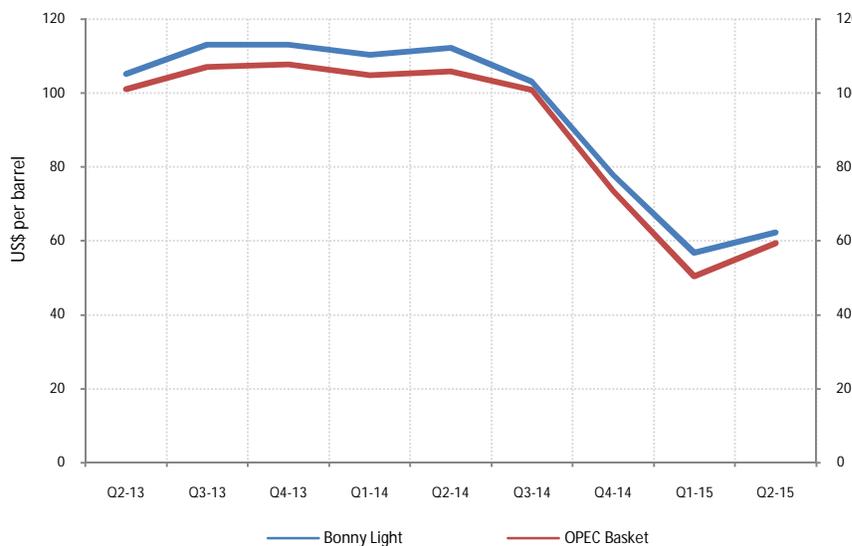


Table 14: Average Crude Oil Prices in the International Oil Market

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Bonny Light	105.24	114.73	113.11	110.36	112.23	103.04	77.74	56.73	62.22
OPEC Basket	100.9	108.73	107.67	104.73	105.74	100.86	7.36	50.3	59.31

The general price level rose in Q2 2015 on account of the increase in the prices of food items and non-alcoholic beverages.

#### 4.5 Consumer Prices<sup>5</sup>

Available data showed that the all-items composite Consumer Price Index (CPI) at the end of the second quarter of 2015 was 173.2 (November 2009=100), representing an increase of 2.9 and 9.2 per cent over the levels in the preceding quarter and the corresponding quarter of 2014, respectively. The development relative to the preceding quarter was driven largely by increase in the indices 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 second quarter of 2015 was 172.2 (November 2009=100), indicating an increase of 2.9 and 9.2 per cent over the levels in the preceding quarter and the corresponding period of 2014, respectively. Similarly, the rural all-items CPI, at 174.2 (November 2009=100), represented an increase of 2.8 and 9.1 per cent over the levels in the preceding quarter and the corresponding period of 2014, respectively (Fig. 16, Table 15).

<sup>5</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.

Figure16: Consumer Price Index

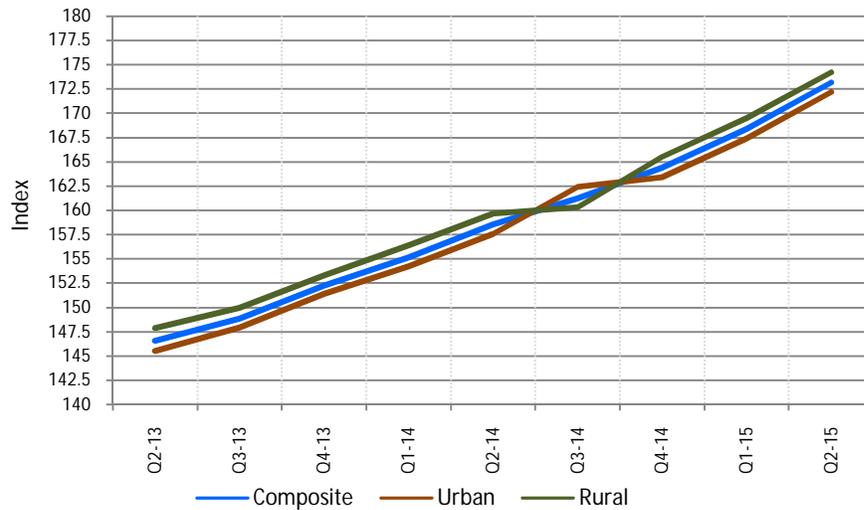


Table 15: Consumer Price Index (November 2009=100)

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Composite	146.6	148.9	152.3	155.2	158.6	161.3	164.4	168.4	173.2
Urban	145.5	147.9	151.4	154.2	157.6	162.4	163.4	167.4	172.2
Rural	147.9	150	153.3	156.4	159.7	160.3	165.5	169.5	174.2

The inflation rate for the second quarter of 2015, on a year-on-year basis, stood at 9.2 per cent, compared with 8.5 per cent in the preceding quarter. This indicated 0.7 percentage point increase above the level in the preceding quarter. The inflation rate on a twelve-month moving average basis was 8.4 per cent, compared with 8.2 per cent recorded in the preceding quarter (Fig. 17, Table 16).

The headline inflation (y-o-y) stood at 9.2 per cent in Q2 2015.

Figure 17: Inflation Rate

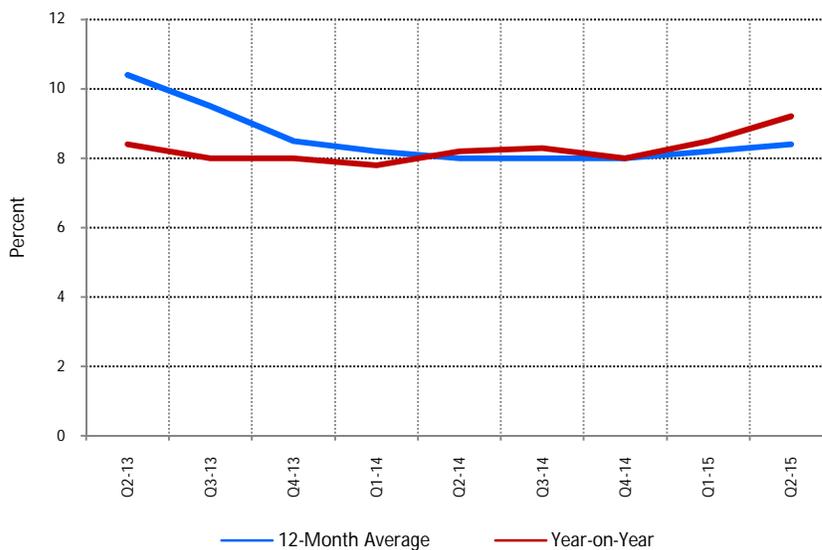


Table 16: Headline Inflation Rate (%)

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
12-Month Moving Average	10.4	9.5	8.5	8.2	8.0	8.0	8.0	8.2	8.4
Year-on-Year	8.4	8.0	8.0	7.8	8.2	8.3	8.0	8.5	9.2

## 5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN in the second quarter of 2015 declined by 16.1 and 45.0 per cent below the levels in the preceding quarter and the corresponding quarter of 2014, respectively. Outflow through the Bank also fell by 36.4 and 36.0 per cent below the levels in the preceding quarter and the corresponding quarter of 2014, respectively. Total non-oil export receipts fell by 64.9 and 75.1 per cent below the levels in the preceding quarter and the corresponding quarter of 2014, respectively. At the BDC segment of the foreign exchange market, the average naira exchange rate, at ₦216.41 vis-à-vis the dollar, depreciated by 2.6 per cent, relative to the level in the preceding quarter. Similarly, at the inter-bank segment, the average naira exchange rate, relative to the preceding quarter, depreciated to ₦196.97 per dollar. The gross external reserves fell by 3.5 per cent in the second quarter to US\$28.34 billion, below its level at the end of the preceding quarter.

### 5.1 Foreign Exchange Flows

Provisional data indicated that foreign exchange inflow through the CBN in the second quarter of 2015 amounted to US\$6.97 billion, representing a decline of 16.1 and 45.0 per cent below the levels in the preceding quarter and the corresponding period of 2014, respectively. The development was due to the significant fall in crude oil receipts, which more than off set the marginal increase in inflow from its non-oil component. Foreign exchange outflow through the CBN amounted to US\$8.20 billion, showing a decline of 36.4 and 36.0 per cent below the levels in the preceding quarter and the corresponding period of 2014, respectively. The decline in outflow, relative to the preceding quarter, was attributed, largely, to the fall in rDAS utilization and other official payments. The development resulted in a net outflow of US\$1.22 billion, compared with the net outflow of US\$4.57 billion and US\$0.13 billion recorded in the preceding quarter, compared with US\$4.57 billion and US\$0.13 billion in the preceding quarter and the corresponding period of 2014, respectively (Fig.18, Table 17).

Foreign exchange inflow and outflow through the CBN declined by 16.1 and 36.4 per cent, resulting in a net outflow of US\$1.22 billion in Q2 of 2015.

Figure 18: Foreign Exchange Flows Through the CBN

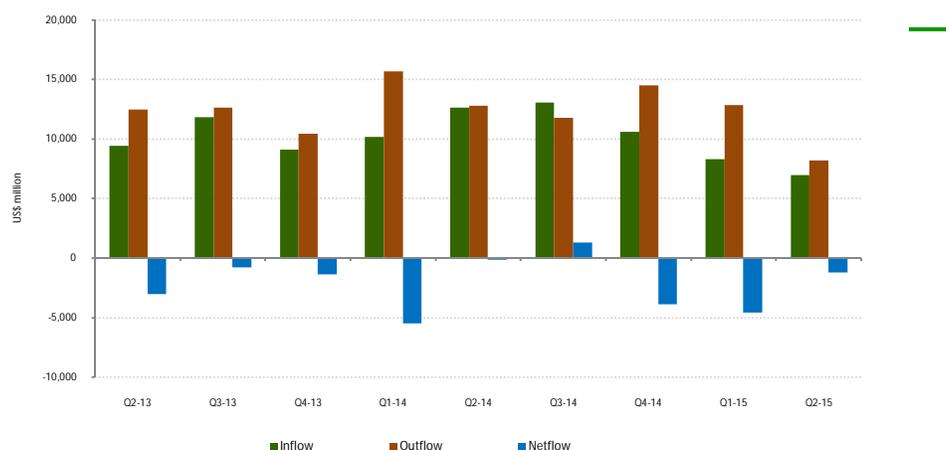


Table 17: Foreign Exchange Flows Through the CBN (US\$ million)

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Inflow	9,442.91	11,857.35	9,465.52	10,221.43	12,676.51	13,094.23	10,641.86	8,307.23	6,971.05
Outflow	12,542.53	12,667.33	10,789.61	15,695.66	12,806.25	11,804.98	14,527.35	12,875.77	8,195.09
Netflow	(3,099.62)	(809.98)	(1,324.09)	(5,474.23)	(129.74)	1,289.25	(3,885.49)	(4,568.54)	(1,224.04)

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow amounted to US\$23.74 billion, representing a decline of 16.5 and 39.5 per cent below the levels in the preceding quarter and the corresponding period of 2014, respectively. The development was attributed, largely, to the decline in receipts from crude oil, following the falling prices of crude oil at the international market as well as the fall in invisible purchases. Oil sector receipts, which accounted for 16.1 per cent of the total, stood at US\$3.83 billion, compared with US\$5.59 billion and US\$11.2 billion, recorded in the preceding quarter and the corresponding period of 2014, respectively.

Autonomous inflow into the economy fell by 16.4 per cent in Q2 2015 .

Non-oil public sector inflow, at US\$3.14 billion (13.2 per cent of the total), rose by 15.4 and 113.6 per cent above the levels in the preceding quarter and the corresponding period of 2014, respectively. Autonomous inflow, which accounted for 70.9 per cent of the total, fell by 16.4 per cent, compared with the level in the preceding quarter.

At US\$8.61 billion, aggregate foreign exchange outflow from the economy fell by 34.9 and 334.1 per cent below the levels in the preceding quarter and the corresponding period of 2014, respectively. The development relative to the preceding quarter, was accounted for, mainly, by the closure of the retail Dutch Auction System (rDAS) segment of the foreign exchange market. Overall, a net inflow of US\$15.21 billion was recorded in the second quarter of 2015, compared with US\$15.21 billion and US\$26.20 billion in the preceding quarter and corresponding period of 2014, respectively.

## 5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings by Nigerian exporters during the second quarter of 2015 stood at US\$631.54 million, indicating a decline of 64.9 and 75.1 per cent below the levels in the preceding quarter and the corresponding period of 2014, respectively. The development, relative to the preceding quarter, was attributed, mainly, to the significant fall in receipts from minerals sector and manufactured products. A breakdown of the proceeds showed that minerals, manufactured products, industrial sector, agricultural products and food products earned US\$295.1 million, US\$154.7 million, US\$111.2 million, US\$46.8 million and US\$23.7 million, respectively.

The shares of minerals, manufactured products, industrial sector, agricultural products and food products in non-oil export proceeds were 46.7, 24.5, 17.6, 7.4, and 3.8 per cent, respectively.

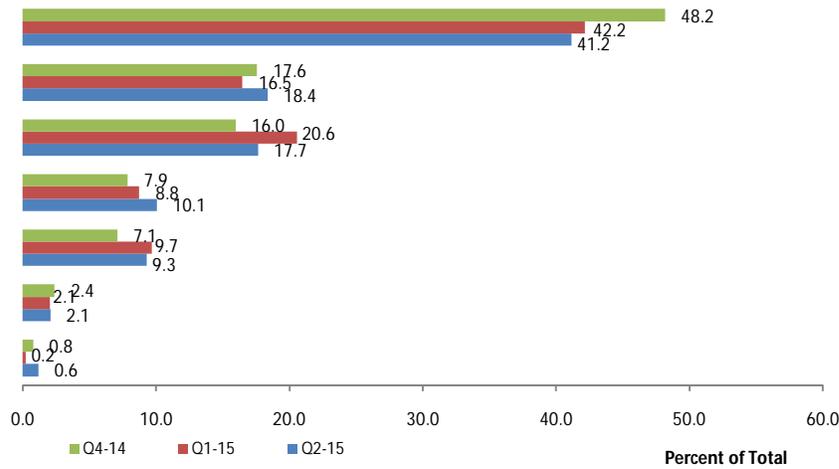
## 5.3 Sectoral Utilisation of Foreign Exchange

Available data indicated that the invisible sector accounted for the bulk (41.2 per cent) of total foreign exchange disbursed in the second quarter of 2015, followed by the industrial sector (18.4 per cent). Other beneficiary sectors in a descending order included: minerals and oil sector (17.7 per cent), manufactured products (10.1 per cent), food products (9.3 per cent), transport sector (2.1 per cent) and agricultural products (1.2 per cent) (Fig.19).

Total non-oil export earnings by exporters fell during the second quarter of 2015.

The invisible sector accounted for the bulk of the total foreign exchange disbursed during Q2 2015.

Figure19: Sectoral Utilisation of Foreign Exchange



Demand and supply of foreign exchange by authorized dealers fell during Q2 2015.

### 5.4 Foreign Exchange Market Developments<sup>6</sup>

Foreign exchange demand at the interbank market by the authorized dealers during the review quarter stood at US\$71.22 billion, indicating an increase of 299.0 per cent above the level in the preceding quarter of 2015. The development, relative to the preceding quarter was attributed, largely, to the closure of the rDAS window of the market. Similarly, demand at the BDC segment stood at US\$0.97 billion, compared with US\$0.86 billion and US\$1.83 billion in the preceding quarter and the corresponding quarter of 2014. The sum of US\$7.35 billion was sold by the CBN during the review quarter, indicating a decline of 32.7 and 31.8 per cent below the levels in the preceding quarter and the corresponding period of 2014, respectively (Fig. 20, Table 18).

<sup>6</sup> Market Closed (MC) - wDAS and rDAS window was closed in February 2015

Figure 20: Demand for and Supply of Foreign Exchange

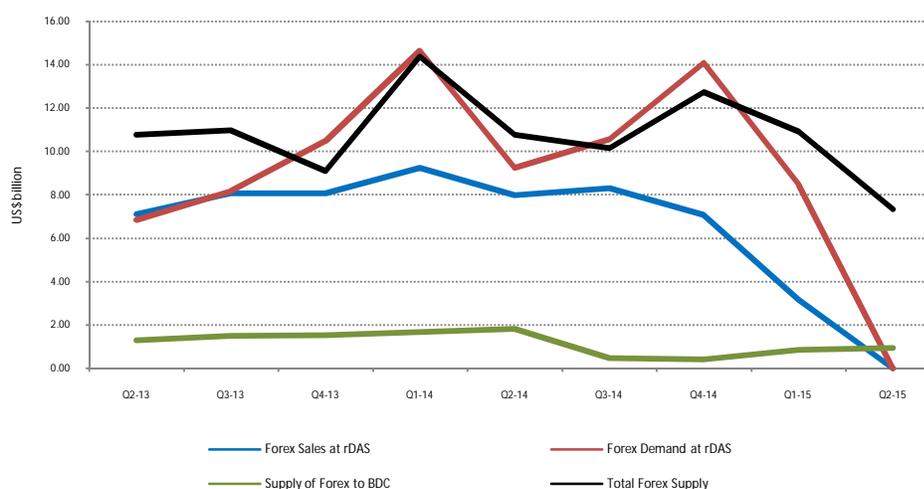


Table 18: Demand for and Supply of Foreign Exchange (US\$ billion)

	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Forex Sales at rDAS	7.07	9.24	7.99	8.29	7.06	3.18	MC
Forex Demand at rDAS	10.47	14.65	9.25	10.58	14.08	8.47	MC
Supply of Forex to BDC	1.53	1.68	1.83	0.50	0.43	0.89	0.97
Total Forex Supply(BDC and rDAS)	9.10	14.40	10.79	10.16	12.74	10.91	7.35

The average exchange rate of the naira to the US dollar at the interbank segment in the review period was ₦196.97/US\$, indicating a depreciation of 3.0 and 17.6 per cent, relative to the rates in the preceding quarter and the corresponding quarter of 2014, respectively. At the bureau-de-change (BDC) segment, the naira traded at an average of ₦216.41/US\$, indicating a depreciation of 2.6 and 22.3 per cent relative to their respective levels in the preceding quarter and the corresponding period of 2014, respectively (Fig. 21, Table 19).

The premium between the inter-bank and BDC rates narrowed to 9.9 per cent from 10.3 per cent in the preceding quarter (Fig. 22, Table 19).

The average naira exchange rate vis-à-vis the US dollar depreciated in all segments of the foreign exchange market in Q2 2015.

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

Figure 21: Average Exchange Rate Movements

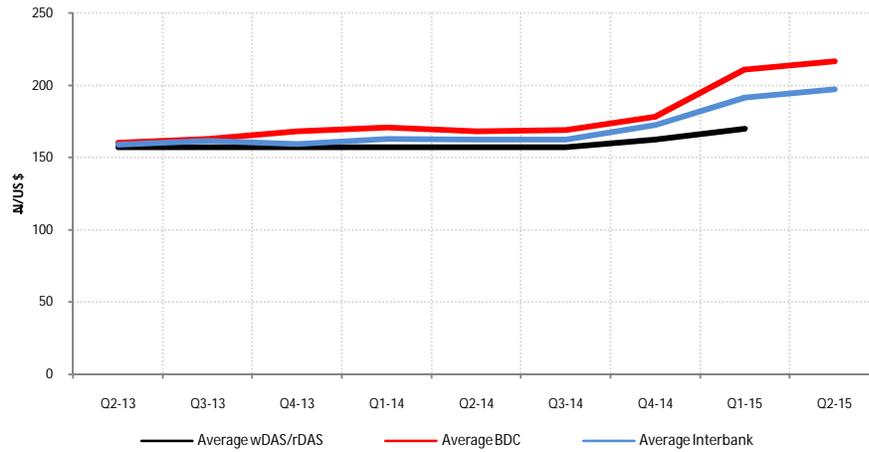
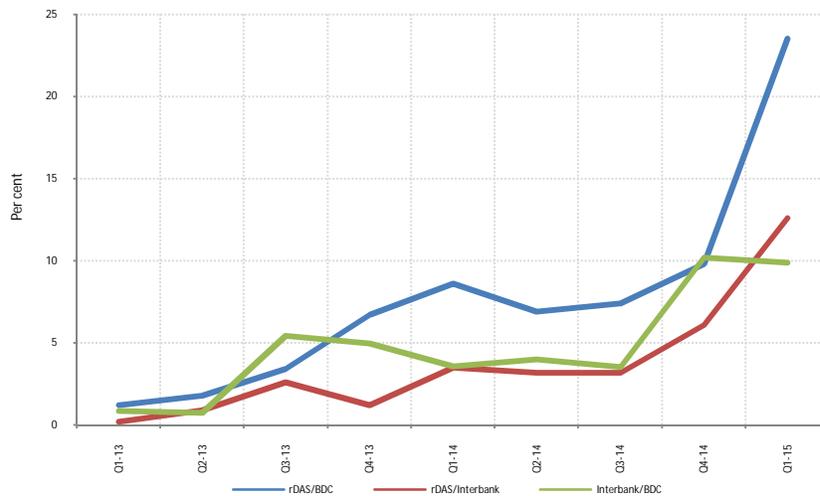


Table 19: Exchange Rate Movements and Exchange Rate Premium

Average Exchange Rate (N/US\$)	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
rDAS	157.30	157.32	157.32	157.30	157.29	157.29	162.33	169.68	N/A
BDC	160.12	162.62	167.86	170.84	168.08	168.90	178.24	210.69	216.41
Interbank	158.75	161.43	159.22	162.78	162.29	162.39	172.16	191.11	196.97
Premium (%)									
rDAS/BDC	1.8	3.4	6.7	8.6	6.9	7.4	9.8	23.5	N/A
rDAS/Interbank	0.9	2.6	1.2	3.5	3.2	3.2	6.1	12.6	N/A
BDC/Interbank	0.9	0.7	5.4	5.0	3.6	4.0	3.5	10.2	9.9

Figure 22: Exchange Rate Premium



## 5.5 Gross Official External Reserves

Gross external reserves at the end of the second quarter of 2015 stood at US\$28.34 billion, indicating a decline of 3.5 per cent below the level recorded at the end of the preceding quarter. The development was attributed, mainly, to the dwindling oil receipts and demand pressure at the inter-bank segment of the foreign exchange market. A breakdown of the reserves showed that CBN reserves stood at US\$23.58 billion (83.2 per cent), Federation reserves, US\$2.27 billion (8.0 per cent) and the Federal Government reserves, US\$2.48 billion (8.8 per cent) (Fig. 23, Table 20).

Gross external reserves fell during the second quarter 2015.

Figure 23: Gross Official External Reserves

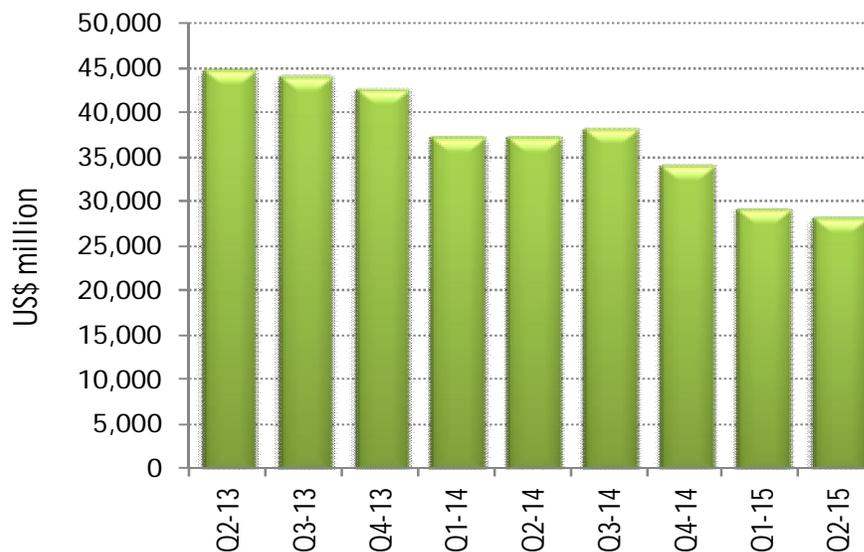


Table 20: Gross Official External Reserves (US\$ million)

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
External Reserves	44,957.0	44,108.5	42,847.3	37,376.4	37,330.0	38,278.6	34,241.5	29,357.2	28,335.2



## 6.0 *Global Economic Conditions*

### 6.1 **Global Output**

The International Monetary Fund (IMF) World Economic Outlook (WEO) July 2015 update projected global growth at 3.3 per cent in 2015. This represented a downward revision of 0.2 per cent from the projected level in April 2015, reflecting a reassessment of prospects in North America, China, and the emerging market economies.

Global growth momentum has been moderated as the world economy continued to expand along an uneven recovery path. Growth has been weighed down by contraction in the United States, slow growth in the United Kingdom, weakening investment in China and decelerated activities in emerging markets. High levels of uncertainty, declining confidence and high inflation have also dampened activities in Brazil and Russia.

In the emerging market and developing economies, growth was projected to remain broadly stable at 4.2 per cent in 2015 and would gradually increase to 4.7 per cent in 2016. The development was attributed to the dampening impact of commodity prices, rebalancing in China and its implications for emerging Asia, a much weaker outlook in Russia and downward revisions to potential growth in commodity exporters.

### 6.2 **Global Inflation**

Global inflation remained low, reflecting the decline in energy prices. Inflation among major advanced economies, the US and Europe experienced significantly low rate and in some cases deflation during the first half of 2015. Inflation rate rose from -0.2 per cent in April 2015 to 0.0 per cent in May 2015 in the United States. Euro area inflation rate was in negative territory in the first quarter of 2015 before rising to 0.3 per cent in April before and moderated to 0.2 per cent in May 2015. The rise in inflation in the second quarter of 2015 could be attributed to the massive quantitative easing embarked upon by the European Central Bank (ECB) in March 2015. However, inflation in the Eurozone was still below the ECB target range of close to 2.0 per cent. Overall, inflation in the advanced

economies was projected at 0.4 per cent in 2015. Inflation in the US, euro area and the United Kingdom were projected at 0.1 per cent apiece, while Japan was projected at 1.0 per cent.

Inflation in China and India remained subdued. However, in Brazil and Russia, inflation remained elevated as currency depreciation led to higher import prices.

### 6.3 Global Commodity Demand and Prices

World crude oil demand was estimated at 91.55 mbd in the second quarter of 2015, representing a decline of 0.23 per cent below the 91.76 mbd recorded in the first quarter of 2015. World crude oil supply was estimated at 94.4 mbd in the second quarter, representing a marginal increase of 0.1 per cent from the 94.3 mbd recorded in the first quarter of 2015. The development was attributed to the increased demand for transportation fuels for summer driving season.

The price of OPEC Reference Basket (ORB) averaged US\$59.89 per barrel in the second quarter of 2015, representing an increase of 19.07 per cent above the level in the first quarter of 2015. The development was attributed to consecutive weeks of crude oil inventory draw-down in the US as refineries were running at above 90 per cent capacity since early April. The prices of Inter-Continental Exchange (ICE) Brent declined to close at US\$63.75 per barrel, while Nymex WTI rose to close at US\$59.83 per barrel. The price of ICE Brent, since the beginning of the second quarter, hovered around \$60–85/ per barrel arising from competing concerns associated with lower prices which supported demand growth, but affected the US supply growth.

### 6.4 International Financial Markets

During the second quarter of 2015, most of the currencies of Asia, Europe, South and North America and Africa depreciated against the U.S. dollar, apparently due to sluggish recovery of global output. Despite expansionary measures by the European Central Bank (ECB), Bank of England (BoE), and Bank of Japan (BoJ) capital reversal remained a major threat posed by the normalization of the US monetary policy. The emerging economies were affected largely by their weak demand, lower commodity prices and tight liquidity condition.

In Asia, the divergence between the monetary policy stance in China and Japan worsened the fragility of financial markets and currency risks.

## 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 2015 Spring Meetings of the Board of Governors of the World Bank Group (WBG) and the International Monetary Fund (IMF) held in Washington D.C., USA from April 13 – 19, 2015. The meeting noted the following:

- that global recovery remained uneven, with divergences across countries and regions;
- emerging markets and developing countries (EMDCs) continued to be the major drivers of global growth;
- Weakness in the euro area and Japan continued, while growth in the U.S. showed some improvement; and
- that domestic policy effort to improve resilience to external shocks remained critical and must be complemented by adequate financial backstops, particularly from the IMF and other international financial institutions (IFIs).

Also, the Association of African Central Banks (AACB) 2015 Continental Seminar was held in Nairobi, Kenya from May 13 – 15, 2015. The theme of the Seminar was “Monetary Policy Frameworks in Africa in a Changing Financial Landscape”. During the meeting, members:

- agreed that monetary policy was a dynamic process and countries were advised to consider moving towards forward-looking monetary policy framework, such as inflation targeting and hybrid frameworks;
- observed the need for a convergence in the monetary policy frameworks of AACB countries in line with the ongoing regional integration initiatives, but also accounting for country differences by allowing some structural reforms, which might take 3 to 10 years,
- Noted the developments in African financial landscape and listed the key contributors to the trend to include: financial innovations such as the development of robust

payments system, growth in micro-financing, increase in shadow banking and non-bank financial institutions; liberalization of capital accounts; and the adoption of Islamic finance.

Finally, the 2015 Annual Meetings of the African Development Bank (AfDB) was held in Abidjan, Cote d'Ivoire from May 25 – 29, 2015. The meeting identified options for Africa's economic transformation as emphasized in its 2013 – 2022 10-year Strategy to include: investment in infrastructure, regional economic integration; private sector development; governance; accountability; enhanced skills/technology; greater trade facilitation; and diaspora remittances - which could serve as important sources of investment finance for Africa.

## APPENDIX TABLES



Table A1: Money and Credit Aggregates

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
	<i>₦ billion</i>					
<b>Domestic Credit (Net)</b>	<b>15040.7</b>	<b>15349.3</b>	<b>16095.6</b>	<b>19273.8</b>	<b>20757.6</b>	<b>21409.8</b>
<i>Claims on Federal Government (Net)</i>	-1468.8	-1434.1	-1585.0	1150.1	2178.4	2512.9
Central Bank (Net)	-2101.6	-2097.3	-2579.4	-2141.7	-1371.5	-769.5
Banks	632.8	663.2	994.4	3214.4	3453.5	3219.3
<i>Claims on Private Sector</i>	16509.5	16783.4	17680.6	18123.7	18579.2	18897.3
Central Bank	4917.5	4905.3	4697.8	4859.9	4849.2	5093.1
Banks	11592.0	11878.1	12982.8	13179.6	13631.1	13713.0
<i>Claims on Other Private Sector</i>	15707.8	16003.1	16930.9	17561.7	18012.4	18374.8
Central Bank	4893.9	4881.7	4674.2	4834.3	4825.6	5042.0
Banks	10813.5	11121.4	12256.7	12643.2	13087.9	13241.5
<i>Claims on State and Local Government</i>	779.1	756.7	726.2	536.4	543.2	471.4
Central Bank	--	--	--	--	--	--
DMBs	779.1	756.7	726.2	536.4	543.2	471.4
<i>Claims on Non-financial Public Enterprises</i>	--	--	--	--	--	--
Central Bank	--	--	--	--	--	--
DMBs	--	--	--	--	--	--
<b>Foreign Assets (Net)</b>	8513.3	7613.1	7751.7	6954.2	5985.6	5951.5
Central Bank	6898.6	5949.9	6436.3	6244.7	5354.7	5796.0
DMBs and Non Interest Banks	1614.7	1663.2	1315.4	709.5	630.9	155.5
<b>Other Assets (Net)</b>	<b>-7885.0</b>	<b>-7262.7</b>	<b>-7032.8</b>	<b>-7314.9</b>	<b>-7600.7</b>	<b>-8549.8</b>
<b>Total Monetary Assets (M2)</b>	<b>15688.9</b>	<b>15699.7</b>	<b>16814.5</b>	<b>18913.0</b>	<b>19142.5</b>	<b>18811.4</b>
<b>Quasi-Money 1/</b>	8656.1	8807.9	9953.8	12008.2	12148.4	12269.0
<b>Money Supply (M1)</b>	7012.8	6891.8	6860.6	6904.8	6994.1	6542.4
<i>Currency Outside Banks</i>	<b>1447.1</b>	<b>1226.6</b>	<b>1242.8</b>	<b>1437.4</b>	<b>1471.1</b>	<b>1184.0</b>
<i>Demand Deposits 2/</i>	5565.5	5665.2	5617.8	5467.4	5523.0	5358.4
<b>Total Monetary Liabilities (M2)</b>	<b>15688.9</b>	<b>15699.7</b>	<b>16814.5</b>	<b>18913.0</b>	<b>19142.5</b>	<b>18811.4</b>
<i>Memorandum Items:</i>						
Reserve Money (RM)	5558.9	5036.8	4943.0	5930.9	5937.1	5945.8
<i>Currency in Circulation (CIC)</i>	1776.8	1574.4	1547.9	1798.0	1818.4	1562.6
Banks' Deposit with CBN	3782.1	3462.5	3395.1	4133.0	4118.7	4383.4

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)

	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
	<i>Percentage Change Over Preceding Quarter</i>					
<b>Domestic Credit (Net)</b>	2.05	-7.8	7.24	0.21	7.7	3.14
<i>Claims on Federal Government (Net)</i>	2.36	-114.31	19.69	-27.29	89.41	-15.35
<i>Claims on Private Sector</i>	1.66	2.88	4.11	2.64	2.51	1.71
<i>Claims on Other Private Sector</i>	1.89	3.57	4.35	2.71	2.6	2.01
<i>Claims on State and Local Government</i>	-2.88	-15.75	-0.99	1.11	1.28	-13.22
<i>Claims on Non-financial Public Enterprises</i>						
<b>Foreign Assets (Net)</b>	-10.6	16.1	-1.1	-5.1	-13.9	-0.6
<b>Other Assets (Net)</b>	7.89	-2.74	-5.38	5.38	2.91	-12.49
<b>Total Monetary Assets (M2)</b>	<b>0.2</b>	<b>-0.9</b>	<b>4.0</b>	<b>0.1</b>	<b>1.2</b>	<b>-1.7</b>
<b>Quasi-Money 1/</b>	1.75	3.61	6.56	6.16	1.17	1.0
<b>Money Supply (M1)</b>	-1.73	-6.85	0.44	-8.66	1.29	-6.5
<i>Currency Outside Banks</i>	-15.24	-5.78	6.96	9.97	2.35	-19.5
<i>Demand Deposits 2/</i>	1.79	-7.06	-0.89	-12.78	1.02	-2.98
<b>Total Monetary Liabilities (M2)</b>	<b>0.2</b>	<b>-0.9</b>	<b>4.0</b>	<b>0.1</b>	<b>1.2</b>	<b>-1.7</b>
<i>Memorandum Items:</i>						
Reserve Money (RM)	-9.39	-6.23	3.27	20.67	0.46	0.15
<i>Currency in Circulation (CIC)</i>	-11.39	-4.9	3.42	16.15	1.14	-14.07
<i>DMBs Demand Deposit with CBN</i>	-8.45	-6.83	3.21	22.73	22.73	6.43
	<i>Percentage Change Over Preceding December</i>					
<b>Domestic Credit (Net)</b>	2.05	0.88	10.74	10.97	9.99	11.08
<i>Claims on Federal Government (Net)</i>	-2.36	-21.89	4.3	-21.8	187.57	118.5
<i>Claims on Private Sector</i>	1.66	2.75	9.2	12.08	2.56	4.3
<i>Claims on Other Private Sector</i>	1.89	3.18	10.02	13	2.6	4.6
<i>Claims on State and Local Governments</i>	-2.88	-5.86	-6.8	-5.77	1.28	-12.11
<i>Claims on Non-financial Public Enterprises</i>						
<b>Foreign Asset (Net)</b>	-10.57	-9.63	-10.47	-15.02	-15.7	-14.42
<b>Other Asset (Net)</b>	-7.89	12	6.29	11.33	-7.92	-16.9
<b>Total Monetary Assets (M2)</b>	<b>0.20</b>	<b>1.66</b>	<b>7.17</b>	<b>7.29</b>	<b>1.13</b>	<b>-0.54</b>
<b>Quasi-Money 1/</b>	1.75	7.91	14.99	22.07	1.17	2.2
<b>Money Supply (M1)</b>	-1.73	-6.07	-2.45	-10.89	1.08	-5.3
<i>Currency Outside Banks</i>	-15.24	-19.67	-14.09	-5.53	2.35	-17.6
<i>Demand Deposits 2/</i>	1.79	-2.53	0.57	-12.28	0.74	-2
<b>Total Monetary Liabilities (M2)</b>	<b>0.20</b>	<b>1.66</b>	<b>7.17</b>	<b>7.29</b>	<b>1.13</b>	<b>-0.54</b>
<i>Memorandum Items:</i>						
Reserve Money (RM)	-9.39	-5.9	-2.89	17.18	0.46	0.25
<i>Currency in Circulation (CIC)</i>	-11.39	-15.7	-12.86	1.21	1.14	-13.11
<i>DMBs Demand Deposit with CBN</i>	82.47	-14.7	2.45	25.74	25.74	6.06

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)

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
<b>Retained Revenue</b>	941.37	1174.37	897.26	912.07	859.20	1023.05	839.78	1027.04	628.72
<i>Federation Account</i>	715.00	769.83	702.22	703.72	769.48	765.56	638.38	601.39	430.41
<i>VAT Pool Account</i>	27.88	27.99	31.97	30.79	27.96	27.85	27.77	28.17	29.26
<i>FGN Independent Revenue</i>	17.18	150.47	41.68	121.13	12.88	133.33	62.44	280.26	98.83
<i>Excess Crude</i>	70.93	0.00	70.90	0.00	0.00	0.00	1.27	0.00	0.00
<i>Others/SURE-P</i>	110.39	226.08	50.49	56.44	48.88	96.31	109.91	83.93	83.93
<b>Expenditure</b>	1266.70	1276.73	1533.00	1114.77	981.61	1166.60	1171.71	1156.56	663.59
<i>Recurrent</i>	902.83	809.28	1165.37	758.07	816.06	818.94	877.38	1042.85	604.62
<i>Capital</i>	281.59	391.55	217.15	272.52	80.64	236.82	193.15	32.29	5.56
<i>Transfers</i>	82.28	75.91	150.47	84.19	84.91	85.47	101.18	81.43	53.42
<b>Overall Balance: Surplus(+)/Deficit(-)</b>	-325.33	-102.36	-635.74	-202.70	-122.41	-143.55	-331.93	-129.52	-34.87

