



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
FEBRUARY 2016***

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

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1.0 Summary

Provisional data indicated that money supply increased in February 2016. On month-on-month basis, broad money supply (M_2), at ₦20,489.17 billion, grew by 4.1 per cent. The development reflected the increase in foreign assets (net), other assets (net) and aggregate domestic credit (net) of the banking system. Similarly, narrow money supply (M_1), on month-on-month basis grew by 9.6 per cent to ₦9,059.57 billion due to the increase in its demand deposits component. Reserve money (RM) declined by 11.3 per cent to ₦5,097.19 billion at the end of the review month, reflecting the fall in banks' reserves with the CBN.

There were mixed developments in banks' deposit and lending rates during the review month. Apart from the 7-day and 6-month deposit rates which fell to 3.29 and 5.91 per cent, respectively, all other deposit rates of various maturities rose from a range of 2.04 - 6.87 per cent in January 2016, to 2.67 - 6.92 per cent at the end of the review month. However, while average savings rate remained unchanged at the previous month's level of 3.29 per cent, the average term deposit rate fell below the level at end-January 2016. The average prime lending rate rose from 16.54 per cent in the preceding month to 19.72 per cent in the review month, while the average maximum lending rate fell by 0.04 percentage points to 26.73 per cent. Consequently, the spread between the weighted average term deposit and maximum lending rates widened to 21.37 percentage points, while the spread between the average savings deposit and maximum lending rates, contracted to 23.44 percentage points at the end of the review month.

Total value of money market assets outstanding in February 2016 stood at ₦8,743.24 billion, showing an increase of 0.5 per cent, compared with the 0.9 per cent growth recorded in the preceding month. The development was attributed to the 1.5 per cent rise in the FGN Bonds outstanding. Activities on the Nigerian Stock Exchange (NSE) were bullish during the review month.

Federally-collected revenue in February 2016, at ₦397.34 billion, was lower than receipts in the preceding month by 11.7 per cent. Oil receipt (gross), at ₦180.01 billion fell below the receipts in the preceding month by 30.3 per cent, and constituted 45.3 per cent of total revenue. At ₦217.33 billion or 54.7 per cent of the total, gross non-oil receipts exceeded the receipts in the preceding month by 13.4 per cent. The development in February 2016 was due to

increase in Corporation Tax, FG Independent Revenue and Value-Added Tax (VAT).

Federal Government retained revenue and estimated expenditure for February 2016 were ₦167.34 billion and ₦316.91 billion, respectively. Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦149.56 billion.

Major farming activities in the southern states in February 2016 were harvesting of tree crops and fruits as well as clearing of land for the 2016 cropping season. The predominant agricultural activities in the northern states centered on cultivation of irrigated lands with vegetables and wheat. In the livestock sub-sector, farmers increased the raising of broilers and layers in preparation for the 2016 Easter celebrations.

Domestic crude oil production was estimated at 1.80 million barrels per day (mbd) or 52.20 million barrels during the month. Crude oil export was estimated at 1.35 million barrels per day (mbd) or 39.15 million barrels during the review month. The average price of Nigeria's reference crude, the Bonny Light (37° API), was estimated at US\$32.89 per barrel, indicating an increase of 5.4 per cent relative to the level in the preceding month.

Headline inflation rate (year-on-year), was 11.4 per cent in February 2016, compared with 9.7 recorded in the preceding month. Inflation rate on a twelve-month moving average basis was 9.4 per cent.

Foreign exchange inflow and outflow through the CBN in February 2016 was US\$1.23 billion and US\$1.03 billion, respectively, and resulted in a net inflow of US\$0.20 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$1.50 billion and represented a 35.9 per cent decline below the level in January 2016.

The average exchange rate at the inter-bank segment remained unchanged at ₦197.00 per US dollar, same as the level in the preceding month but represented a depreciation of 1.3 per cent, compared to the level in the corresponding period of 2015. Gross external reserves at US\$27.78 billion increased marginally by 0.7 per cent above the preceding month's level.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: The Meeting of the G20 Finance Ministers and Central Banks' Governors held in Shanghai, China, on February 27, 2016. The maiden annual

luncheon of the President of the African Development Bank with ambassadors and the diplomatic corps held in Côte d'Ivoire, on Thursday, February 11 in Abidjan.

2.0 Financial Sector Developments

2.1 Monetary and Credit Developments

Provisional data indicated that broad money supply (M₂) increased at end-February 2016. There were, however, mixed developments in banks' deposit and lending rates. The value of money market assets outstanding rose, owing, largely, to the increase in FGN Bonds outstanding, during the review period. Activities on the Nigerian Stock Exchange (NSE) were bullish during the review month.

Money supply (M₂) grew on month-on-month basis at end-February 2016.

Provisional data indicated that relative to the level at end-January 2016, growth in the key monetary aggregate trended upward at the end of February 2016. On month-on-month basis, broad money supply (M₂), at ₦20,489.17 billion, grew by 4.1 per cent, in contrast to the decline of 1.7 per cent and 0.5 per cent at the end of the preceding month and corresponding period of 2015, respectively. The development reflected the respective increase of 6.7, 1.5, and 0.9 per cent in foreign assets (net), other assets (net) and aggregate domestic credit of the banking system.

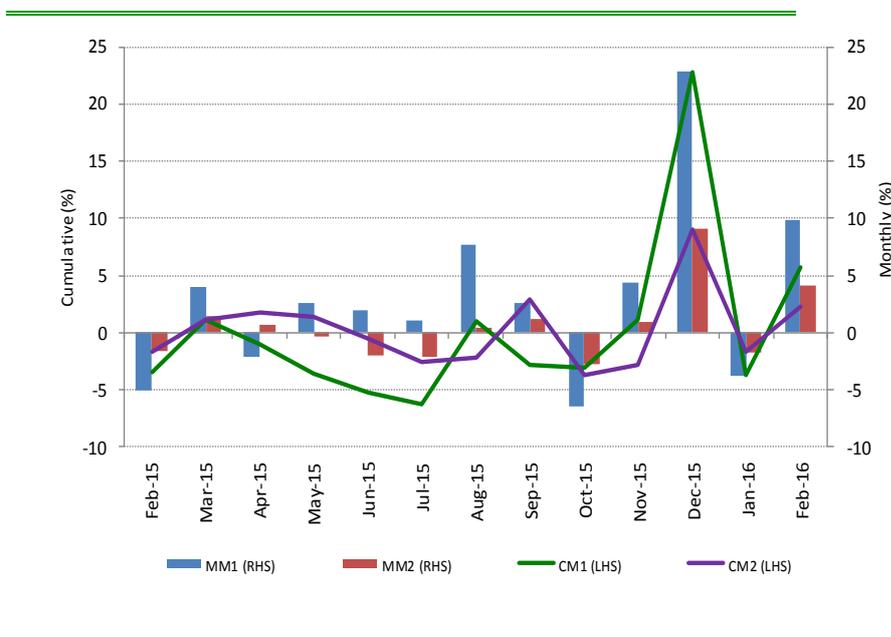
Similarly, narrow money supply (M₁), grew by 9.9 per cent, relative to the level in the preceding month but showed a decline of 5.4 per cent, below the level in the corresponding period of 2015. The development, relative to the level in the preceding month, was attributed to the 11.8 per cent increase in its demand deposits component (Fig. 1, Table 1).

Over the level at end-December 2015, broad money supply (M₂) grew by 2.3 per cent in contrast to the respective decline of 1.7 per cent and 0.3 per cent, at the end of the preceding month and the corresponding period of 2015. The development reflected wholly the 3.7 per cent increase in domestic credit (net) of the banking system. Narrow money supply (M₁) grew by 5.7 per cent in contrast to the 3.8 per cent and 2.6 per cent decline at the end of the preceding month and corresponding period of 2015, respectively.

Relative to the level at the end of the preceding month, quasi-money fell by 0.1 per cent to ₦11,429.6 billion, the same as recorded at the end of the

preceding month. This, however, contrasted with the 2.4 per cent growth recorded at the end of the corresponding period of 2015. The development reflected the decline in savings and time deposits of commercial banks.

Figure 1: Growth of Narrow Money (M₁) and Broad Money (M₂)¹



At ₦22,414.32 billion, aggregate credit to the domestic economy, on month-on-month basis rose by 0.9 per cent at the end of the review month, compared with the increase of 2.8 per cent and 1.7 per cent, at the end of the preceding month and the corresponding period of 2015, respectively. The development reflected the 2.6 and 0.6 per cent increase in net claims on the Federal government and private sector, respectively. Over the level at end-December 2015, net domestic credit rose by 3.7 per cent at the end of the review period, compared with the 2.8 and 6.3 per cent growth at end-January 2016 and the corresponding period of 2015, respectively.

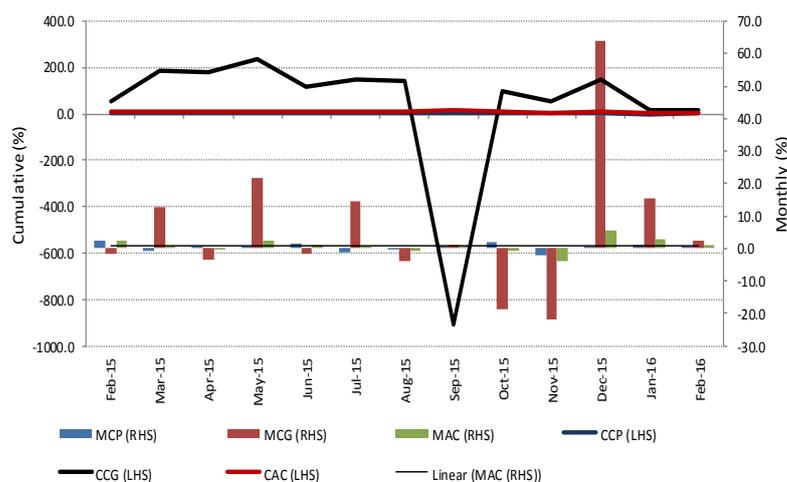
Banking system's credit (net) to the Federal Government, on month-on-month basis, grew by 2.6 per cent at end-February 2016, compared with the 15.4 per cent and 12.2 per cent increase at the end of the preceding month and corresponding period of

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

2015, respectively. The development was due to the growth in banking system's holding of government securities. Relative to the level at end-December 2015, net claims on Federal Government increased by 18.4 per cent at the end of the review period, compared with the 15.4 per cent increase in the preceding month.

At ₦18,990.29 billion, banking system's credit to the private sector, on month-on-month basis, increased by 0.6 per cent, compared with the 0.9 per cent and 3.2 per cent growth at end-January 2016 and the corresponding period of 2015, respectively. The development relative to the level at the end of the preceding month reflected, solely, the increase of 12.0 per cent in credit to State and Local Governments (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy²



At ₦5,471.35 billion, foreign assets (net) of the banking system grew by 1.5 per cent, at end-February 2016, in contrast to the decline of 4.6 per cent at the end of the preceding month. The development was attributed mainly to the significant increase in the foreign assets holdings of commercial banks. Over the level at end-December 2015, foreign assets (net) of

Foreign assets (net) of the banking system grew on a month-on-month basis at end-February 2016.

² MCP, MCG and MAC represent month-on-month changes in credit to private sector, credit to government (net) and aggregate credit (net) to the domestic economy, respectively, while CCP, CCG and CAC, represent the cumulative changes (year-to-date).

the banking system declined by 3.2 per cent at end-February 2016, compared with the decline of 4.6 per cent at the end of the preceding month, due to the decline in the foreign assets holdings of the CBN.

Other Assets (net) of the banking system expanded by 6.7 per cent to negative ₦7,396.5 billion at end-February 2016, in contrast to the respective decline of 9.5 per cent and 12.6 per cent, at the end of the preceding month and the corresponding period of 2015. The development relative to the level at end-January 2016 was attributed to the growth in unclassified assets of the DMBs, during the review period. Over the level at end-December 2015, other assets (net) of the banking system fell by 2.2 per cent, compared with the decline of 9.5 per cent and 14.9 per cent, at the end of the preceding month and the corresponding period of 2015 respectively.

Table 1: Growth in Monetary and Credit Aggregates (over preceding month - Percent)

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Domestic Credit (Net)	2.6	0.5	-0.3	2.5	0.9	0.6	-0.7	0.6	-0.8	-4.1	5.6	2.8	0.9
Claims on Federal Government (Net)	1.6	12.5	-3.6	21.8	-1.8	14.5	-4.0	0.9	-18.9	-22.0	64.0	15.4	2.6
Claims on Private Sector	2.5	-0.7	0.1	0.3	1.3	-1.2	-0.2	0.5	1.9	2.0	0.1	0.9	0.6
Claims on Other Private Sector	2.6	-0.9	0.1	0.6	1.3	-1.3	0.3	-0.3	0.2	0.0	-0.4	-0.1	-
Foreign Assets (Net)	-1.6	2.5	0.5	-8.9	8.6	-4.4	-3.3	-7.6	-9.1	14.4	6.9	-4.6	0.4
Other Assets (Net)	-4.3	0.2	2.1	-0.7	-14.1	-3.0	4.6	6.1	1.5	4.8	9.1	-9.6	6.7
Broad Money Supply (M2)	-1.6	1.4	0.7	-0.4	-2.0	-2.1	0.4	1.2	-2.7	0.9	9.1	-1.7	4.1
Quasi-Money	0.6	0.1	2.3	0.8	-2.0	-2.6	-3.6	0.4	-0.5	-1.1	0.6	-0.2	-0.1
Narrow Money Supply (M1)	-5.1	3.9	-2.1	-2.6	-1.9	-1.1	7.7	2.6	-6.4	4.4	22.8	-3.8	9.9
Reserve Money (RM)	4.1	4.1	4.5	-0.4	-3.8	-0.2	-0.6	-1.8	-4.2	1.7	3.1	-1.1	-11.4

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

At ₦1,711.6 billion, currency-in-circulation fell by 0.8 per cent, in the review month, compared with the 7.2 per cent and 2.5 per cent contraction, at the end of January 2016 and the corresponding period of 2015, respectively. The development relative to the level at the end of the preceding month was due, largely, to the fall in its currency outside banks component.

Total deposits at the CBN amounted to ₦9,219.17 billion, indicating a decline of 1.4 per cent below the level at the end of the preceding month. The development reflected the decline in banks' deposits

with the CBN. Of the total deposits at CBN, the share of the Federal Government, banks and the private sector was 42.4 per cent, 36.7 per cent and 20.9 per cent, respectively.

Reserve money (RM) fell by 11.4 per cent to ₦5,097.2 billion at the end of the review month, reflecting the decline in both currency-in-circulation (CIC) and banks' demand deposit.

Reserve money (RM) fell during the review month.

2.3 Money Market Developments

The money market was awash with liquidity, during the review period. The liquidity surfeit was attributed to the impact of the sustenance of expansionary monetary policy stance by the CBN. Specifically, high liquidity in the market arose from the refund of unsuccessful foreign exchange bids and maturing Central Bank of Nigeria (CBN) bills in the review period. Short-term interest rates, particularly Open Buy Back (OBB) and Overnight ranged between 0.50 and 9.67 per cent, during the period and averaged 2.67 per cent and 3.25 per cent, respectively, compared with 2.04 and 1.95 per cent in the preceding month.

Provisional data indicated that the total value of money market assets outstanding in February 2016 stood at ₦8, 743.24 billion and indicated an increase of 0.5 per cent, compared with 0.9 per cent growth at the end of the preceding month. The development was attributed, largely, to the 1.5 per cent increase in the FGN bonds.

2.3.1 Interest Rate Developments

Available data showed mixed developments in banks' deposit and lending rates, during the review month. Apart from the 7- day and 6-month deposit rates, which fell by 0.61 and 0.07 percentage points to 3.29 per cent and 5.91 per cent, respectively, all other deposit rates of various maturities rose from a range of 2.04 - 6.87 per cent in January 2016 to 2.67 - 6.92 per cent at the end of the review month. However, while the average savings rate remained unchanged at the previous month's level of 3.29 per cent, the average term deposit rate fell to 5.36 per cent below the 5.43 per cent recorded in the preceding month.

Available data indicated mixed developments in banks' deposit and lending rates during the review month.

The weighted average prime lending rate rose by 0.18 percentage point to 16.72 per cent, while the average maximum lending rate fell by 0.04 percentage point to 26.73 per cent, at the end of the review month. Consequently, the spread between the weighted average term deposit and maximum lending rates widened from 21.34 percentage points to 21.37 percentage points in February 2016. However, the spread between the average savings deposit and average maximum lending rates, contracted by 0.04 percentage point to 23.44 percentage points at the end of the review month.

At the inter-bank call segment, the weighted average rate, which stood at 2.04 per cent in the preceding month, rose by 0.63 percentage point to 2.67 per cent in the review month. The development reflected liquidity conditions in the market. Similarly, the weighted average rate at the open-buy-back (OBB) segment increased from 1.95 per cent in the preceding month to 3.25 per cent in the review month. The Nigeria inter-bank offered rate (NIBOR) for the 30- day tenor, fell to 7.84 per cent in the review period from 8.28 per cent in the preceding month. With the headline inflation rate at 11.4 per cent at end-February 2016, all deposit rates were negative in real terms, while lending rates were positive in real terms (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

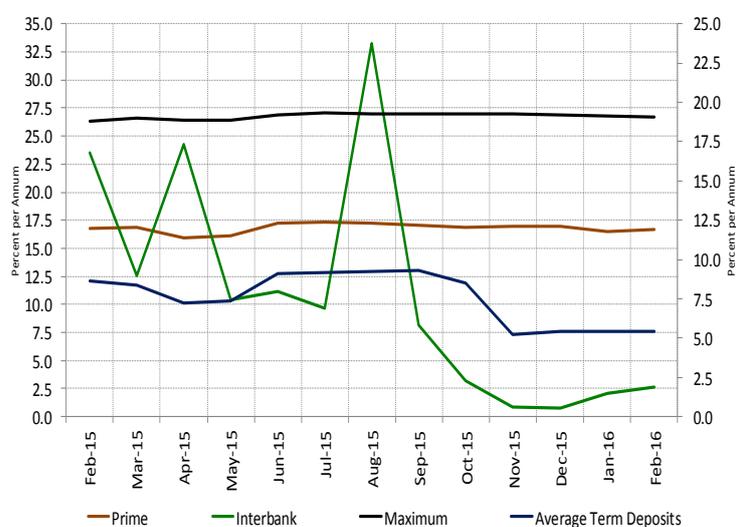


Table 2: Selected Interest Rates (Percent, Averages)

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Average Term Deposits	8.61	8.34	7.23	7.37	9.14	9.15	9.24	9.32	8.52	5.2	5.43	5.43	5.36
Prime Lending	16.77	16.9	15.95	16.08	17.24	17.3	17.29	17.02	16.84	16.98	16.96	16.54	16.72
Interbank Call	23.5	12.59	24.24	10.43	11.19	9.69	33.26	8.12	3.22	0.84	0.77	2.04	2.67
Maximum Lending	26.33	26.61	26.41	26.43	26.84	27.03	27.01	26.99	27.01	27.02	26.84	26.77	26.73

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding, held by banks rose by 133.5 per cent to ₦4.92 billion, at the end of February 2016, compared with ₦2.11 billion at the end of January 2016. The development was due to increased investment in CPs by the commercial banks in the month under review. Thus, CP constituted 0.06 per cent of the total value of money market assets outstanding, at the end of the review period, compared with 0.02 per cent, at the end of the preceding month.

2.3.3 Bankers' Acceptances (BAs)

At the end of February 2016, BAs outstanding declined by 18.5 per cent to ₦22.77 billion, compared with ₦27.92 billion at the end of the preceding month. The development was attributed to the decline in investment in BAs by the commercial banks, during the month. Consequently, BAs accounted for 0.26 per cent of the total value of money market assets outstanding, at the end of February 2016, compared with 0.32 per cent at the end of the preceding month.

2.3.4 Open Market Operations (OMO)

Direct OMO auctions were conducted three (3) times in the review period, for CBN bills of 143 - 195 days to maturity. The amount offered, subscribed to and allotted were ₦150.00 billion, ₦498.97 billion and ₦407.43 billion, respectively. The bid rates ranged from 7.20 to 8.50 per cent, while the stop rates ranged between 7.75 and 7.80 per cent. Also, CBN bills amounting to ₦492.38 billion matured and was repaid, leading to a net injection of ₦84.95 billion into the system. The amount offered, subscribed to and allotted in the preceding month were ₦270.00 billion, ₦913.26 billion and ₦698.42 billion, respectively, while the bid rates ranged from 7.25 to 10.00 per cent.

2.3.5 Primary Market

Nigerian Treasury Bills of 91-, 182- and 364-day tenors were auctioned twice at the primary market during the review period. Total amount offered, subscribed to and allotted were ₦384.83 billion, ₦914.57 billion and ₦384.83 billion, respectively, compared with ₦332.21 billion, ₦600.57 billion and ₦332.21 billion in January 2016. The auction was oversubscribed with the bid-to-cover ratio of 2.38. The bid rates for all tenors ranged from 3.00 to 15.00 per cent, while the stop rates ranged from 4.85 to 9.49 per cent. Sale to non-competitive bidders amounted to ₦72.83 billion with breakdown for the 91-, 182-, and 364-day at ₦5.14 billion, ₦46.51 billion and ₦21.18 billion, respectively. The sum of ₦334.73 billion matured and was repaid during the review period.

2.3.6 Bonds Market

In the review month, existing tranches of the 5-year and 10-year FGN Bonds were reopened and offered for sale. The term to maturity of the bonds ranged from 4 years to 9 years, 11 months. Total amount offered, subscribed to and allotted were ₦90.00 billion, ₦234.26 billion and ₦90.00 billion, respectively. The auction was over-subscribed with the bid-to-cover ratio of 2.60. The bid rate on both bonds ranged from 10.00 to 15.54 per cent, while the marginal rates for the 5-year and 10-year bonds were 12.2 per cent and 12.4 per cent, respectively. No bill matured in the review period.

2.3.7 CBN Standing Facilities

Developments at the CBN standing facilities window indicated higher activities at the Standing Deposit Facility (SDF) window than at the Standing Lending Facility (SLF) window. Total request for SLF was ₦4.11 billion and comprised mainly of Intra-day Lending Facility (ILF), converted to overnight repos. Average daily request was ₦1.37 billion in three (3) transaction days, from February 1-25, 2016, while interest received during the period was ₦2.14 million. In the preceding month, the sum of ₦81.38 billion was granted, with a total daily average request of ₦10.17 billion in eight (8) transaction days and interest earned of ₦33.82 million.

Standing Deposit Facility (SDF) totaling ₦2,321.57 billion was granted during the review month. This represented a daily average of ₦122.19 billion for the

nineteen (19) transaction days in the period, from February 1-25, 2016. Cost incurred on SDF in the period stood at ₦0.35 billion, compared with ₦0.41 billion in the preceding month.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the commercial banks amounted to ₦28,316.3 billion, showing an increase of 0.6 per cent, relative to the level at the end of the preceding month. Funds were sourced mainly through draw-down on reserves and reduction in claims on private sector, as well as increased demand deposit, bonds issuance and unclassified liabilities. The funds were used, largely, to acquire unclassified assets and increase claims on state and local government.

At ₦18,454.6 billion, banks' credit to the domestic economy rose by 0.3 per cent, compared with the level at the end of the preceding month. The development reflected, largely, the increase in claims on both the Federal Government and the private sector, at the end of the review month.

Banks' credit to the domestic economy rose by 0.3 per cent.

Total specified liquid assets of commercial banks stood at ₦7,102.85 billion, representing 41.0 per cent of their total current liabilities. At that level, the liquidity ratio was 0.5 percentage point below the level at the end of the preceding month, but was 11.0 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 68.9 per cent, was 0.7 percentage points below the level at the end of the preceding month, and was 11.1 percentage points below the stipulated maximum ratio of 80.0 per cent.

2.5 Capital Market Developments

2.5.1 Secondary Market

Available data at end-February 2016 indicated that developments on the Nigerian Stock Exchange (NSE) were bullish. The volume and value of traded securities increased by 123.0 per cent and 39.5 per cent to 12.64 billion shares and ₦58.63 billion, respectively, in 62,010 deals, in contrast to 5.67 billion shares worth ₦42.05 billion in 67,479 deals, recorded in the preceding month. The Financial Sector (measured by volume) led the activity chart with 8.57 billion shares valued at

₦29.66 billion traded in 36,211 deals and accounted for 67.8 per cent and 50.6 per cent of the total equity turnover volume and value, respectively, compared with 4.91 billion shares worth ₦25.48 billion traded in 42,408 deals, in the preceding month. The Banking sub-sector of the Financial Services sector (measured by turnover volume) was the most active during the month with 1.04 billion shares valued at ₦9.69 billion in 10,551 deals. (Fig.4, Table 3).

Figure 4: Volume and Value of Traded Securities

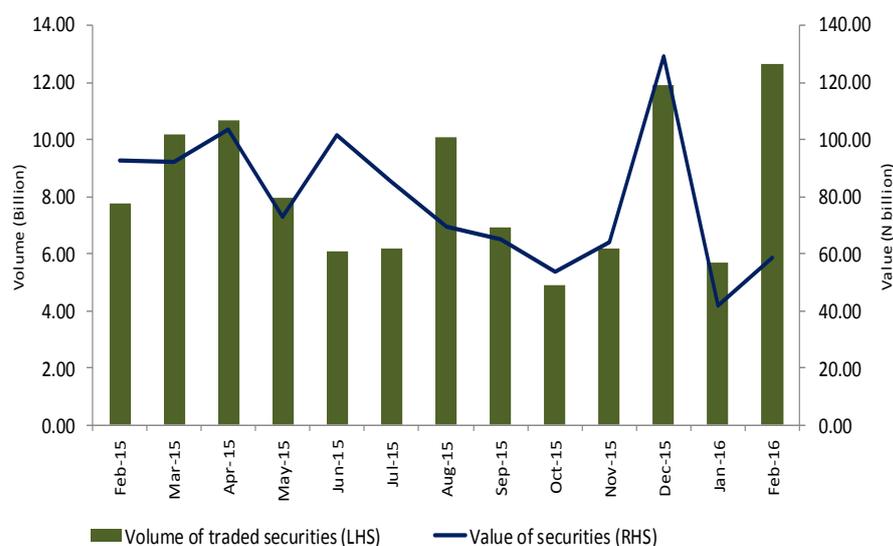


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Volume (Billion)	7.7	10.2	10.7	8.0	6.1	6.2	10.1	6.9	4.9	6.2	11.9	5.7	12.6
Value (₦ Billion)	92.7	92.0	103.4	72.7	101.7	85.4	69.4	64.9	53.5	63.9	129.0	42.1	58.6

2.5.2 Over-the-Counter (OTC) Bonds Market

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

2.5.3 New/Supplementary Issues Market

There were no new and supplementary listings in the review month.

2.5.4 Market Capitalization

The aggregate market capitalization at end- February 2016, increased by 2.4 per cent to ₦15.54 trillion from ₦15.17 trillion at end-January 2016. Similarly, market

capitalization for the equity segment rose by 2.8 per cent to ₦18.5 trillion, and constituted 54.5 per cent of the total, compared with ₦18.23 trillion, and 54.3 per cent at the end of the preceding month. (Fig.5, Table 5).

2.5.5 NSE All-Share Index

The All-Share Index, which opened at 23,916.15 at the beginning of the month, closed at 24,570 representing an increase of 2.7 per cent above the level in the preceding month.

With the exception of the NSE- Banking, NSE-Insurance, NSE-Consumer goods, and the NSE-Pension indices which fell by 3.8 per cent, 4.4 per cent, 2.7 per cent and 2.5 per cent below their respective levels in the preceding month to 229.92, 126.86, 604.00 and 691.92 respectively, all other sectoral indices rose in the review period. The NSE-Premium, NSE-Asem, NSE-Oil and Gas, NSE-Lotus Islamic Index and NSE industrial Goods indices rose by 6.2, 0.2, 19.8, 0.9 and 6.9 per cent to, 1306.2, 1207.4, 383.9, 1715.3 and 1856.52 respectively, above their respective levels at the end of the preceding month. (Fig.5, Table 4).

Figure 5: Market Capitalization and All-Share Index



Table 4: Aggregate Market Capitalization and All Share Index (NSE)

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Aggregate Market Capitalization (₦ trillion)	15.91	15.83	16.71	16.54	16.24	16.86	15.17	15.57
All-Share Index	30,180.27	29,684.84	31,217.77	29,177.72	27,385.69	34,657.15	29,562.07	24,570.00

3.0 Fiscal Operations

Provisional data revealed that federally-collected revenue in February 2016, at ₦397.3 billion, fell short of the receipt in the preceding month by 11.7 per cent. Federal Government retained revenue for February 2016 was ₦167.3 billion, while total provisional expenditure was ₦316.9 billion. Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦149.6 billion.

3.1 Federation Account Operations

At ₦397.34 billion estimated federally-collected revenue (gross) in February 2016, fell short of the provisional monthly budget estimate³ of ₦814.9 billion by 51.2 per cent. It was also lower than the receipt in January 2016 by 11.7 per cent. The decline relative to the receipts in the preceding month was attributed to the significant fall in receipts from oil sources which more than offset the increase in receipts from non-oil sources (Fig. 6, Table 5).

At ₦397.34 billion, estimated gross federally-collected revenue in the review month fell below the receipts in the preceding month.

Figure 6: Components of Gross Federally-Collected Revenue

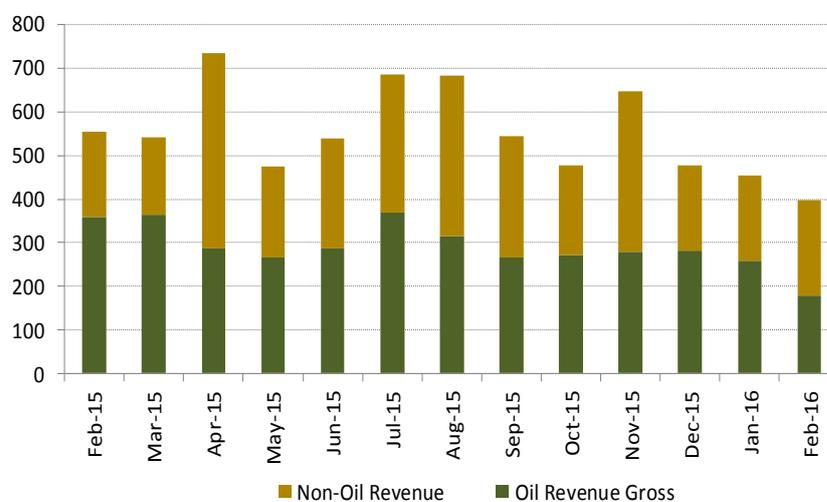


Table 5: Gross Federation Account Revenue (N billion)

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Federally-collected revenue (Gross)	554.8	808.7	472.2	462.5	462.6	679.3	682.6	543.9	478.2	646.6	476.2	453.3	397.3
Oil Revenue	359.7	364.6	286.2	267.2	285.6	369.4	314.9	265.2	271.1	278.3	281.4	258.4	180.0
Non-Oil Revenue	195.1	444.1	186.0	195.3	177.0	309.9	367.7	278.7	207.1	368.3	194.8	194.9	217.3

³ 2015 Monthly budget estimate used

Oil receipt (gross), at ₦180.01 billion fell below the monthly budget estimate by 60.2 per cent and constituted 45.3 per cent of total revenue.

At ₦180.01 billion or 45.3 per cent of the total revenue, gross oil receipts fell short of both the provisional monthly budget estimate and receipts in January 2016 by 60.2 per cent and 30.3 per cent, respectively. The decrease in oil revenue relative to the monthly budget estimate was attributed to the decline in receipts from crude oil/gas exports resulting from shut-downs and shut-ins of production, emergency repairs at some terminals and the persistent low average price of crude oil. (Fig. 7, Table 6).

Figure 7: Gross Oil Revenue and Its Components



Table 6: Components of Gross Oil Revenue (N' billion)

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Oil Revenue	359.7	364.6	286.2	267.2	285.6	369.4	314.9	265.2	271.1	278.3	281.4	258.5	180.0
Crude oil/Gas Sales	60.3	106.7	80.9	80.4	54.1	73.7	79.7	42.9	51.7	84.7	76.4	37.5	0.0
PPT/Royalties	127.0	77.2	87.7	94.3	126.3	192.4	157.0	146.0	145.8	82.1	138.2	128.0	86.6
Domestic crude oil/Gas sales	165.8	171.4	104.4	83.8	96.7	95.6	71.1	67.5	66.9	104.7	60.2	86.1	86.0
Others	6.6	9.3	13.2	8.7	8.5	7.6	7.1	8.8	6.7	6.7	6.6	6.9	7.5

At ₦217.33 billion, non-oil receipts (gross) fell short of the monthly budget estimate by 40.0 per cent and constituted 54.7 per cent of total revenue.

At ₦217.33 billion or 54.7 per cent of the total revenue, gross non-oil revenue fell short of the provisional monthly budget estimate by 40.0 per cent. However, it rose above the receipts in January 2016 by 13.4 per cent. The poor performance in February 2016 relative to the budget estimate was attributed to the decline in receipts from most of the non-oil revenue components. (Fig. 8, Table 7).

Figure 8: Gross Non-Oil Revenue and its Components

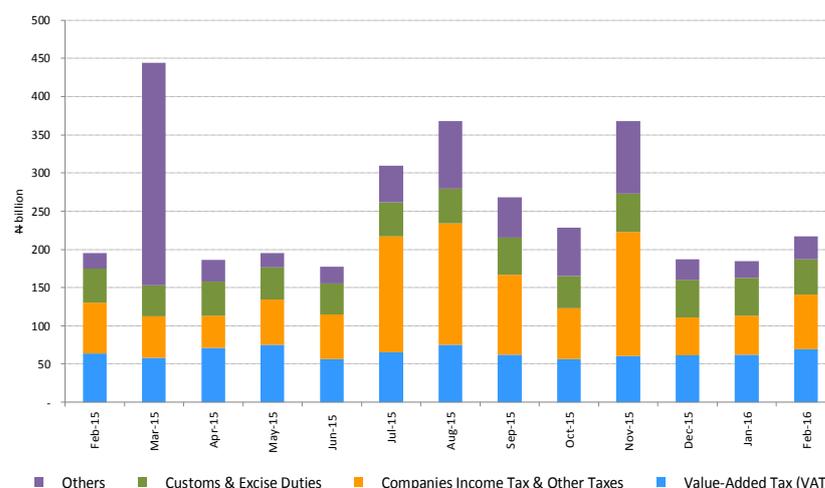


Table 7: Components of Gross Non-Oil Revenue (₦ billion)

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Non-Oil Revenue	195.0	444.1	185.9	195.3	177.0	309.9	367.7	278.7	207.1	368.3	194.8	194.9	217.3
Companies Income Tax & Other Taxes	66.5	54.1	42.1	59.5	57.7	151.9	158.8	105.0	66.5	162.6	50.0	50.8	71.2
Customs & Excise Duties	44.2	40.3	44.3	42.1	41.2	44.7	45.9	48.2	42.4	50.5	48.8	49.5	46.1
Value-Added Tax (VAT)	63.9	58.3	71.2	75.2	56.8	65.0	75.0	62.2	56.4	60.2	61.2	62.1	69.7
Others	20.4	291.5	28.3	18.5	21.3	48.3	88.0	63.4	41.8	95.0	34.8	32.5	30.3

Of the total federally-collected revenue, the sum (net) of ₦283.3 billion was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. Federal Government received ₦137.5 billion, while the State and Local Governments received ₦69.7 billion and ₦53.8 billion, respectively. The balance of ₦22.38 billion was shared among the oil producing states as 13% Derivation Fund.

Also, from the VAT Pool Account, the Federal Government received ₦10.0 billion, while the State and Local Governments received ₦33.5 billion and ₦23.4 billion, respectively.

In addition, the sum of ₦3.4 billion was shared as exchange gain in the following order: Federal Government, ₦1.6 billion; State Governments, ₦0.8 billion; Local Governments, ₦0.6 billion and 13% Derivation Fund, ₦0.4 billion. Furthermore, the sum of ₦6.3 billion was received by the Federal Government

in respect of NNPC's 18th equal installment refund of indebtedness.

Total allocation to the three tiers of government from the Federation and VAT Pool Accounts in February 2016 amounted to ₦359.98 billion. This was below the provisional monthly budget estimate of ₦623.82 billion by 42.3 per cent. It also fell below the amount recorded in January 2016 by 4.8 per cent.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦167.34 billion, the estimated Federal Government retained revenue was below the monthly budget estimate by 46.0 per cent.

At ₦167.34 billion, the estimated Federal Government retained revenue for the month of February 2016 was below the provisional monthly budget estimate by 46.0 per cent. It was also lower than the receipt in January 2016 by 2.5 per cent. Of the total receipt in February 2016, Federation Account accounted for 82.1 per cent, while FGN Independent Revenue, VAT, NNPC refund and exchange gain accounted for 7.1 per cent, 6.0 per cent, 3.8 per cent, and 1.0 per cent, respectively (Fig. 9, Table 8).

Figure 9: Federal Government Retained Revenue

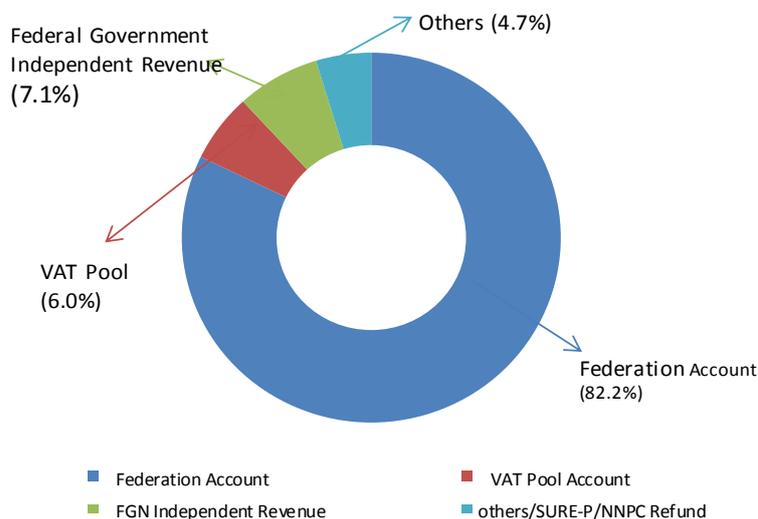
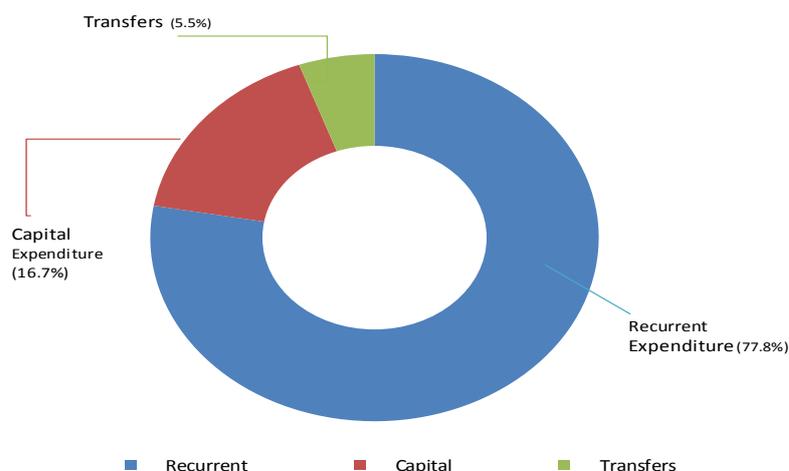


Table 8: Federal Government Fiscal Operations (₦ billion)

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Retained Revenue	218.8	522.9	189.5	166.3	182.9	407.2	228.8	189.9	172.4	299.9	164.8	174.8	167.3
Expenditure	205.3	619.1	230.6	557.6	236.4	423.1	376.9	430.0	247.0	419.6	369.4	364.5	316.9
Overall Balance: (+)/(-)	13.5	-96.2	-41.1	-391.4	-53.5	-15.9	-148.1	-240.1	-74.7	-119.7	-204.6	-189.7	-149.6

At ₦316.9 billion, the estimated total expenditure of the Federal Government fell short of both the provisional monthly budget estimate and preceding month's level by 20.1 per cent and 13.1 per cent, respectively. Recurrent expenditure, capital expenditure and transfers, accounted for 77.8 per cent, 16.7 per cent, and 5.5 per cent, of the total expenditure, respectively. A breakdown of the total recurrent expenditure showed that non-debt obligation was 65.0 per cent, while debt service payments accounted for the balance of 35.0 per cent (Fig. 10).

Total estimated FG expenditure, at ₦316.9 billion fell by 20.1 per cent compared with the 2015 monthly budget.

Figure 10: Federal Government Expenditure

Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦149.6 billion, compared with the 2016 monthly budget deficit of ₦86.8 billion.

The fiscal operations of the FG resulted in an estimated deficit of ₦149.6 billion.

3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the State Governments amounted to ₦126.7 billion. This was lower than the budget estimate and the level in the preceding month by 42.7 per cent and 5.3 per cent,

respectively.

Receipt from the Federation Account amounted to ₦93.3 billion or 73.6 per cent of the total statutory allocations. This fell short of the provisional monthly budget estimate and receipt in January 2016 by 45.1 per cent and 10.4 per cent, respectively. Further decomposition of the receipt reveals that the VAT Pool Account, at ₦33.47 billion or 26.4 per cent of the total, was below the provisional 2015 monthly budget estimate by 34.8 per cent, but exceeded the level in January 2016 by 12.3 per cent (Table 9).

3.2.3 Statutory Allocations to Local Government Councils

Provisional data indicated that allocations to Local Governments from the Federation and VAT Pool Accounts in the month of February 2016 stood at ₦77.8 billion. This was below the provisional 2015 monthly budget estimate and the preceding month's receipt by 42.1 per cent and 1.9 per cent, respectively.

Allocation from the Federation Account was ₦54.4 billion (69.9 per cent of the total), while its share from the VAT Pool Account was ₦23.4 billion or 30.1 per cent of the total (Table 9).

Table 9: Statutory Allocation to State Governments and Local Government Councils (₦ Billion)

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Feb-16	Jan-16	Feb-16
SG Federation Account	143.0	171.1	119.3	99.1	117.4	147.5	132.9	115.2	106.1	123.7	98.1	104.1	93.3
SG VAT	30.7	28.0	34.2	36.1	27.3	31.2	36.0	29.8	27.1	28.9	29.4	29.8	33.5
SG Total	173.7	199.1	153.4	135.2	144.7	178.7	168.9	145.0	133.2	152.6	127.5	133.9	126.8
LG Federation Account	78.5	91.2	65.0	56.1	65.0	86.8	80.2	66.8	60.1	76.4	55.4	58.5	54.4
LG VAT	21.5	19.6	23.9	25.3	19.1	21.8	25.2	20.9	19.0	20.2	20.6	20.9	23.4
LG Total	99.9	110.8	88.9	81.4	84.1	108.6	105.4	87.7	79.1	96.7	76.0	79.3	77.8
Total Statutory Revenue and VAT	273.7	309.8	242.4	216.5	228.7	287.3	274.3	232.7	212.3	249.3	203.5	213.2	204.6

4.0 Domestic Economic Conditions

During the review month, the major farming activities in the southern states were harvesting of tree crops, while cultivation of irrigated lands with vegetables and wheat dominated in the northern states. Farmers in the livestock sub-sector intensified preparation for the 2016 Easter celebrations. Domestic crude oil production was estimated at 1.80 million barrels per day (mbd) or 52.20 million barrels during the month. Headline inflation rate on a year-on-year basis was 11.38 per cent in February 2016 and was 9.39 per cent on a 12-month moving average basis.

4.1 Agricultural Sector

During the review month, except for some coastal states which recorded early rains, weather condition across the country was mostly characterised by dry harmattan. Consequently, the major farming activities in the southern states were harvesting of tree crops and fruits as well as clearing of land for the 2016 cropping season. In the northern states, the predominant agricultural activities was cultivation of irrigated lands with vegetables and wheat. In the livestock sub-sector, farmers increased the raising of broilers and layers in preparation for the 2016 Easter celebrations.

A total of ₦615.7 million was guaranteed to 4,195 farmers under the Agricultural Credit Guarantee Scheme Fund (ACGSF), in February 2016. The amount represented an increase of 25.9 per cent above the level in the preceding month, but was a decline of 45.8 per cent below the level in the corresponding month of 2015. Sub-sectoral analysis showed that food crops obtained the largest share of ₦404.3 million (65.7 per cent) guaranteed to 3,102 beneficiaries followed by livestock, which got ₦97.2 million (15.8 per cent) guaranteed to 386 beneficiaries. Fisheries sub-sector got ₦50.9 million (8.3 per cent) guaranteed to 212 farmers, while ₦33.5 million (5.4 per cent) was guaranteed to 289 beneficiaries, in the cash crops sub-sector. "Others" received ₦17.2 million (2.8 per cent) guaranteed to 106 beneficiaries, while mixed crops subsector had ₦12.5 million (2.0 per cent) guaranteed to 100 beneficiaries.

Analysis by state showed that 30 states including the FCT benefited from the scheme in the month, with the highest sum of ₦147.4 million (23.9 per cent) guaranteed to Edo state, while Nasarawa state received the lowest guaranteed sum of ₦0.7 million (0.11 per cent)

As at February 22, the total amount released by the CBN under CACS to the participating banks for disbursement stood at ₦337.64 billion.

As at February 22, 2016, the cumulative sum of ₦337.64 billion had been released to the economy under the Commercial Agriculture Credit Scheme (CACCS) in respect of 423 projects from inception in 2009. This comprised releases from the DMBs' Receivable Account (₦199.83 in respect of 273 projects) and the Repayment Account (₦137.80 billion in respect of 150 new projects) (Table 11).

Table 10: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACCS) as at February 2016.

Participating Banks	Amount Disbursed (₦billion)	Number of Projects/State Governments
UBA Plc	52.75	39
Zenith Bank	65.34	46
First Bank of Nigeria Plc	37.11	93
Unity Bank Plc	24.33	26
Union Bank Plc	21.60	26
Stanbic IBTC Plc	18.55	35
Sterling Bank	24.06	29
Access Bank Plc	16.63	18
Fidelity Bank Plc	14.87	11
Skye Bank Plc	11.77	9
FCMB Plc.	9.97	19
Ecobank	6.38	10
GTBank	17.40	16
Diamond Bank Plc	4.41	16
Heritage Bank	4.82	13
Citibank Plc	3.00	2
Keystone Bank	2.45	5
WEMA Bank Plc	1.22	9
Jaiz Bank Plc	1.00	1
TOTAL	337.64	423

4.2 Petroleum Sector

Crude oil and natural gas production was estimated at an average of 1.90 million barrels per day.

Nigeria's crude oil production, including condensates and natural gas liquids, stood at an average of 1.80 mbd or 52.20 million barrels (mb), in the review month. This represented a decline of 0.10 mbd or 5.3 per cent, below the average of 1.90 mbd or 58.90 mb, in the preceding month. Crude oil export stood at 1.35 mbd or 39.15 mb, in February 2016 and represented a

decline of 7.0 per cent, compared with 1.45 mbd or 44.95 mb in the preceding month. The development was attributed, largely, to disruption in crude oil production due to vandalism and crude oil theft in the Niger Delta region. Allocation of crude oil for domestic consumption remained at 0.45 mbd or 13.05 mb, during the review period.

At an estimated average of US\$32.89 per barrel, the average spot price of Nigeria's reference crude, the Bonny Light (37° API), indicated a rebound of 5.4 per cent, compared with the level in the preceding month. The development was attributed, largely, to further reduction in crude oil drilling rig count in the US which dampened the global supply glut situation and the announcement effect of a production freeze understanding between major OPEC producers and oil exporters. With the exception of the West Texas Intermediate whose average price fell by 4.5 per cent to US\$30.52 per barrel, the average prices of the U.K Brent and the Forcados rose to US\$31.93 and US\$32.51 per barrel, respectively.

The average price of OPEC basket of eleven selected crude streams stood at US\$28.72/b in February 2016. This represented an 8.38 per cent rise above the US\$26.50/b recorded in the preceding month, but was a 46.87 per cent fall, compared with US\$54.06/b recorded in the corresponding period of 2015 (Fig. 11, Table 11).

The average prices of Nigeria's reference crude, the Bonny Light, and all other competing crudes except the Forcados rose above the levels in the preceding month.

Figure 11: Trends in Crude Oil Prices

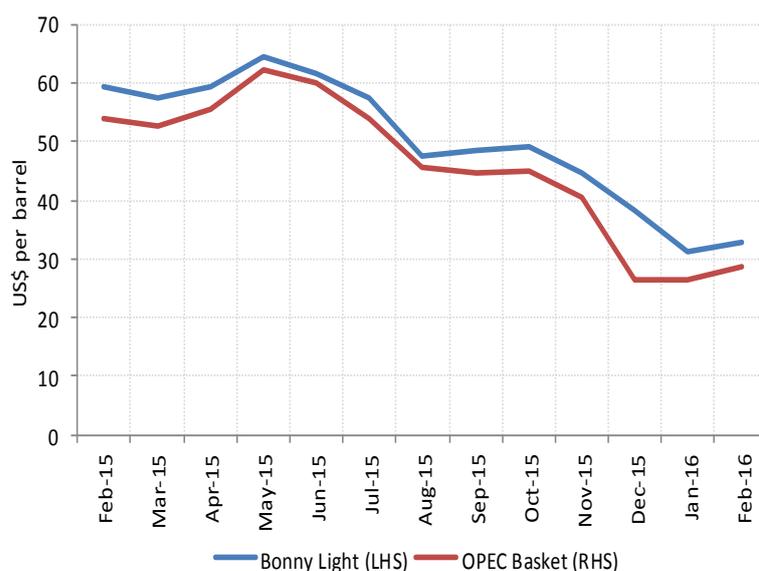


Table 11: Average Crude Oil Prices in the International Oil Market

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Bonny Light	59.2	57.4	59.6	64.7	61.7	57.4	47.5	48.6	49.2	44.5	38.2	31.2	32.9
OPEC Basket	54.1	52.6	60.6	62.2	59.9	54.1	45.5	44.8	45.1	40.5	26.5	26.5	28.7

4.3 Consumer Prices

The general price level rose in February 2016, compared with the level in the preceding month.

Available data showed that the all-items composite Consumer Price Index (CPI) in February 2016, was 185.9 (November 2009=100), and represented 2.3 and 11.4 per cent increase, relative to the levels in January 2016 and the corresponding period of 2015, respectively. The development was attributed largely, to faster pace of increase in almost all the major item divisions with the exception of the Restaurants and Hotels division which increased at a lower pace.

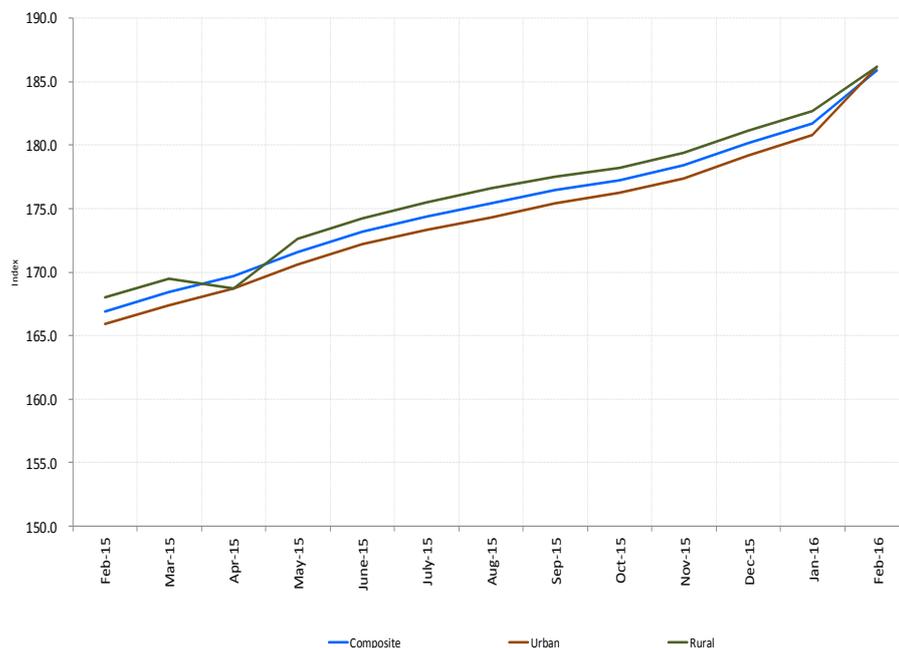
The urban all-items CPI at end-February 2016, was 186.2 (November 2009=100), representing an increase of 3.0 and 12.3 per cent over the levels at end-January 2016 and the corresponding period of 2015, respectively. The rural all-items CPI for the month was 186.0 (November 2009=100), indicating a rise of 1.8 and 10.7 per cent, compared with the level at end-January 2016 and the corresponding period of 2015 (Fig. 12, Table 12).

The composite food index was 190.5 showing an increase of 1.4 per cent and 13.3 per cent, compared with the levels in the preceding month and corresponding period of 2015, respectively. The development was accounted for, largely, by the contributions of farm produce (vegetables; yam, potatoes & other tubers; rice; fruits; and millet) and processed food.

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

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Composite	166.9	168.4	169.7	171.6	173.2	174.4	175.4	176.46	177.2	178.4	180.2	181.7	185.9
Urban	165.9	167.4	168.7	170.6	172.2	173.3	174.3	175.45	176.2	177.4	179.2	180.8	186.2
Rural	168.0	169.5	168.7	172.6	174.2	175.5	176.6	177.5	178.2	179.4	181.1	182.7	186.0
CPI - Food	171.1	172.8	174.4	176.3	178.1	179.5	180.6	181.78	182.6	184.1	186.2	187.9	190.5
CPI - Non Food	164.8	166.2	167.2	169.2	170.59	171.64	172.7	173.66	174.4	175.4	176.7	178.2	183.0

Figure.12: Consumer Price Index



The end-period inflation rate for the review month, on a year-on-year basis was 11.4 per cent, indicating a 1.8 percentage points increase over the level in the preceding month. On a twelve-month moving average basis, the inflation rate was 9.4 per cent, indicating a 0.3 percentage point increase over the

The year-on-year headline inflation rate was 11.4 per cent in February 2016.

level in February 2016 (Fig. 13, Table 13).

Figure 13: Inflation Rate

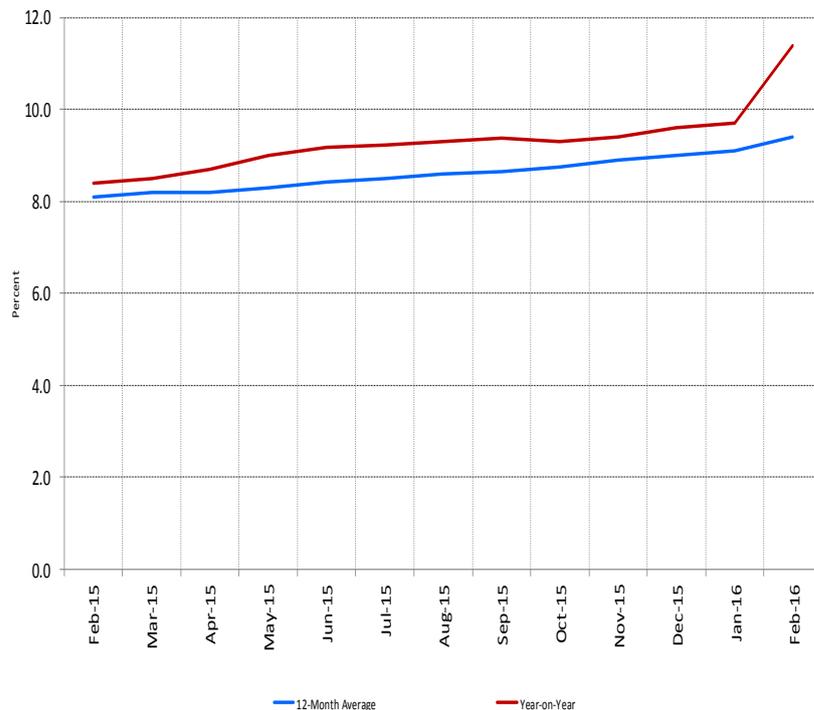


Table 13: Headline Inflation Rate (%)

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
12-Month Average	8.1	8.2	8.2	8.3	8.4	8.5	8.6	8.7	8.8	8.9	9.0	9.1	9.4
Year-on-Year	8.4	8.5	8.7	9.0	9.2	9.2	9.3	9.4	9.3	9.4	9.3	9.6	11.4

5.0 External Sector Developments

Provisional data indicated that on month-on-month basis, foreign exchange inflow and outflow through the CBN fell by 5.6 per cent and 46.9 per cent, respectively. Total non-oil export receipts by banks declined by 20.5 per cent below the level in the preceding month. The average exchange rate of the naira at the inter-bank segment was ₦197.00 per US dollar, the same as the rate in the preceding month. The gross external reserves fell by 2.5 per cent, below the preceding month's level.

5.1 Foreign Exchange Flows

Provisional data indicated that foreign exchange inflow through the CBN, at US\$1.23 billion, fell by 5.6 per cent and 51.9 per cent, relative to the levels in the preceding month and the corresponding period of 2015, respectively. The development relative to the level in the preceding month, was attributed to the 31.8 per cent fall in non-oil receipts, during the review month. Aggregate outflow through the CBN, at US\$1.03 billion fell by 46.9 per cent and 80.7 per cent, below the levels in January 2016 and the corresponding period of 2015, respectively. The development was driven, majorly, by the increase in interbank sales, swaps and other official payments. (Fig. 14, Table 14). Overall, a net inflow of US\$0.20 billion, was recorded through the CBN, in contrast to the net outflow of US\$0.64 billion in the preceding month.

Foreign exchange inflow and outflow through the CBN fell by 5.6 and 51.9 per cent, respectively, in January 2016.

Figure 14: Foreign Exchange Flows through the CBN

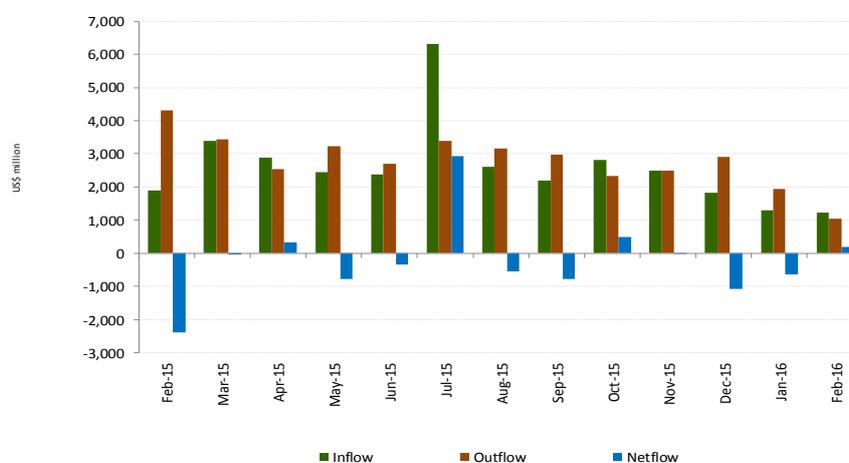


Table 14: Foreign Exchange Flows through the CBN (US\$ million)

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Inflow	1,900.6	3,382.5	2,882.3	2,450.3	2,372.0	6,321.6	2,598.1	2,200.8	2,821.2	2,481.2	1,833.0	1,301.8	1,228.3
Outflow	4,301.3	3,430.7	2,545.9	3,225.7	2,709.1	3,381.2	3,154.0	2,987.1	2,341.1	2,499.8	2,916.7	1,942.0	1,030.7
Netflow	(2,400.7)	(48.3)	336.4	(775.4)	(337.1)	2,940.4	(555.9)	(786.3)	480.1	(18.6)	(1,083.7)	(640.2)	197.6

Provisional data indicated that aggregate foreign exchange inflow into the economy was US\$4.32 billion, in February 2016. This represented 19.6 per cent and 52.4 per cent decline, compared with the levels at the end of the preceding month and the corresponding period of 2015, respectively. The development was driven by the 5.6 per cent and 24.1 per cent decline in inflow from the CBN, and autonomous sources, respectively. Of the total inflow, receipts through the CBN and autonomous sources accounted for 28.4 per cent and 71.6 per cent, respectively.

Autonomous inflow through the economy fell below the level in the preceding month.

Non-oil sector inflow, at US\$0.23 billion (5.2 per cent of the total), fell by 20.5 per cent, below the level in the preceding month. Autonomous inflow, which declined by 24.1 per cent and 52.7 per cent below the levels in the preceding month and the corresponding period of 2015, respectively, accounted for 71.6 per cent of the total.

At US\$1.22 billion, aggregate foreign exchange outflow from the economy, declined by 44.0 per cent and 77.5 per cent below the levels in the preceding month and corresponding month of 2015, respectively. Thus, foreign exchange flows through the economy, resulted in a net inflow of US\$3.10 billion in the review month, compared with US\$3.20 billion and US\$3.68 billion in the preceding month and the corresponding month of 2015, respectively.

5.2 Non-Oil Export Earnings by Exporters

Provisional data indicated that total non-oil export earnings, at US\$227.82 million, declined by 20.5 per cent and 55.6 per cent, below the levels in the preceding month and the corresponding month of 2015, respectively. The development was attributed mainly, to the decrease in receipts from the exports of raw materials (chemical) and primary agricultural

Total non-oil export earnings by exporters fell in February 2016.

products. A breakdown by sectors, showed that on a month-on-month basis, proceeds from minerals grew by 86.6 per cent to US\$128.47 million. Proceeds from food products, manufactured products, industrial and agricultural sectors fell by 12.6 per cent, 62.6 per cent, 39.1 per cent and 50.9 per cent to US\$10.93 million, US\$51.69 million, US\$19.10 million and US\$17.52 million, respectively, from the levels in January 2016.

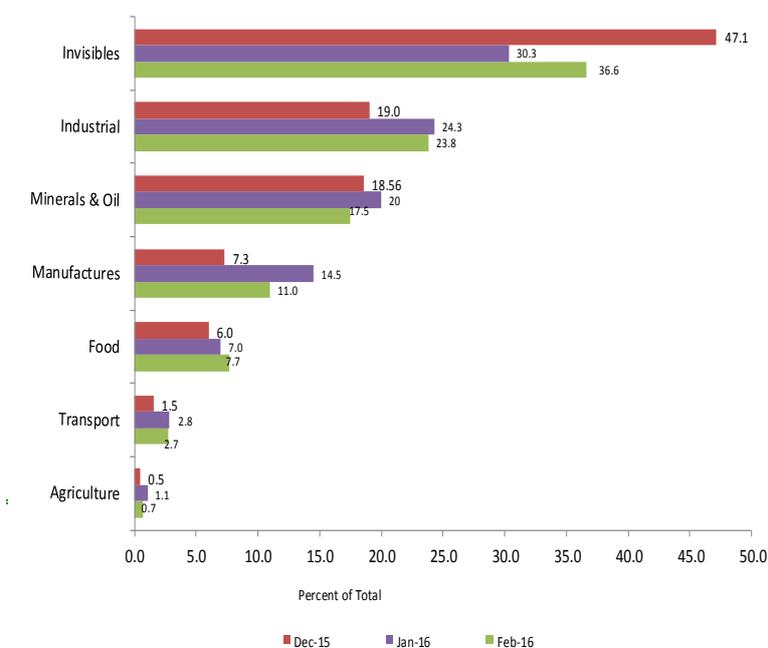
The shares of the various components in the non-oil export proceeds were: minerals (56.4 per cent); manufactured products (22.7 per cent); industrial (8.4 per cent); agricultural (7.7 per cent); and food products (4.8 per cent).

5.3 Sectoral Utilization of Foreign Exchange

The invisible sector accounted for the bulk (36.6 per cent) of total foreign exchange disbursed in February 2016, followed by industrial sector (23.8 per cent). The shares of other sectors in a descending order were: minerals and oil (17.5 per cent); manufactured product (11.1 per cent); food products (7.7 per cent); transport (2.7 per cent); and agricultural products (0.7 per cent) (Fig.15).

The invisible sector accounted for the bulk of the total foreign exchange disbursed in February 2016.

Figure 15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

A total of US\$1.50 billion was sold by the CBN to authorized dealers in February 2016. This indicated a decline of 35.9 per cent and 66.8 per cent below the levels in the preceding month and the corresponding period of 2015, respectively. Of the aggregate sales, inter-bank amounted to US\$0.80 billion, while forward and swap contracts were valued at US\$0.26 billion and US\$0.44 billion, respectively (Fig.16, Table 15).

Figure16: Supply of Foreign Exchange

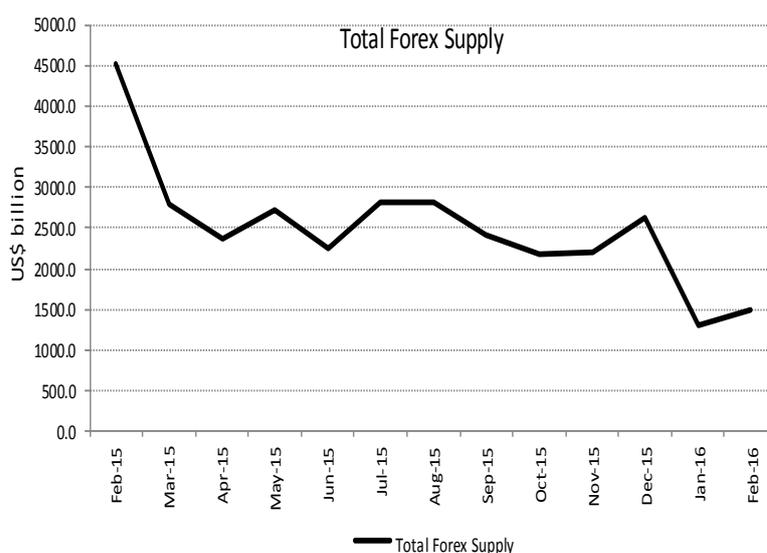


Table 15: Supply of Foreign Exchange (US\$ billion)

	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Total Forex Supply	4,524.5	2,807.7	2,366.2	2,727.7	2,260.2	2,835.6	2,813.3	2,406.0	2,187.2	2,197.1	2,629.7	1,289.5	1,498.5

The average exchange rate at the inter-bank segment, remained unchanged at ₦197.00 per US dollar, its position in the preceding month. It, however, indicated a depreciation of 1.3 per cent, compared with the rate in the corresponding period of 2015. (Figure 17, Table 16).

The naira exchange rate vis-à-vis the US dollar remained unchanged at the Inter-bank

Figure 17: Average Exchange Rate Movement

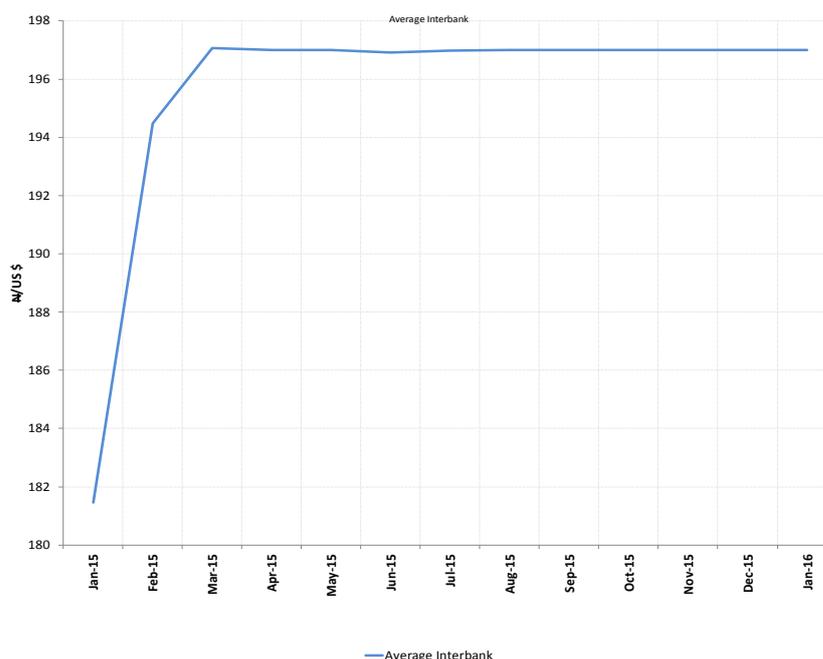


Table 16: Exchange Rate Movements

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
Average Exchange Rate (N/\$)													
Interbank	181.46	194.48	197.07	197.00	197.00	196.92	196.97	197.00	197.00	196.99	196.99	196.99	197.00

Gross external reserves rose in February 2016.

5.5 Gross External Reserves

The gross external reserves at end-February 2016, stood at US\$27.78 billion, indicating a marginal increase of 0.7 per cent, above the level in January 2016. The observed accretion was due mainly to notional changes in the value of third currencies. A breakdown of the official external reserves showed that Federation reserves was US\$2.45 billion (8.8 per cent of the total); Federal Government reserves, US\$5.83 billion (25.7 per cent of the total), and the CBN reserves, US\$18.20 billion (65.5 per cent of the total), (Fig. 18, Table 17).

Figure 18: Gross Official External Reserves

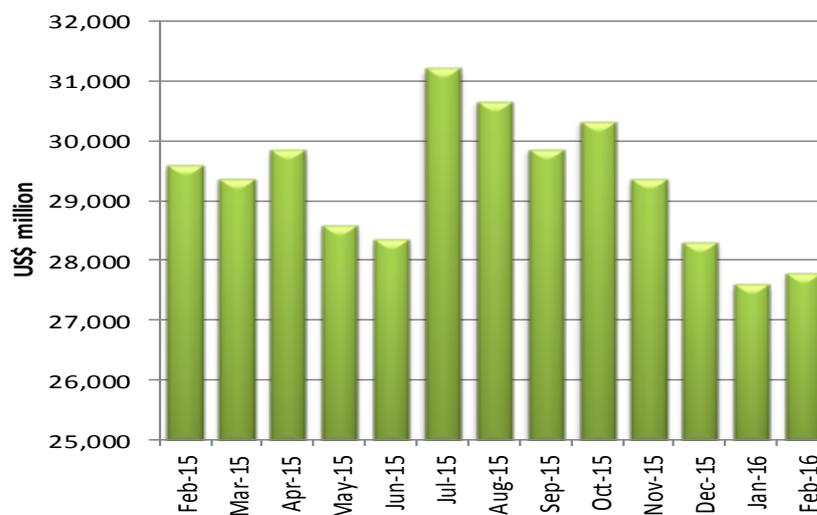


Table 17: Gross Official External Reserves (US\$ million)

Period	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Oct-15	Jan-16	Feb-16
External Reserves	28,335.21	31,222.81	30,649.93	29,850.05	30,309.37	29,339.13	30,309.37	27,590.19	27,783.11

6.0 Other International Economic Developments and Meetings

World crude oil output and demand in February 2016 was estimated at an average of 95.73 and 92.37 million barrels per day (mbd), compared with 95.64 and 93.78 mbd supplied and demanded, respectively, in January 2016. Falling demand was attributed to persistent worsening recession in Brazil and Russia, weak manufacturing activities in China and slow economic growth in the OECD economies.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: The Meeting of the G20 Finance Ministers and Central Banks' Governors held in Shanghai, China, on February 27, 2016. The Meeting reviewed key global economic challenges and discussed the policy agenda for the Hangzhou Summit. The Meeting agreed that there was need for the G20 States to do more in terms of initiating appropriate monetary, fiscal and structural policies to achieve the common objectives of global growth.

The President, African Development Bank, held his maiden annual luncheon with ambassadors and the diplomatic corps in Abidjan Côte d'Ivoire, on February 11, 2016. At the meeting, he presented the Bank's new agenda, including the High 5s, which aim to light up and power, improve food supply and industrialise Africa as well as improve living conditions of Africans. He further noted that no fewer than 645 million Africans have no access to electricity thereby distorting the functioning of businesses and SMEs, resulting in widespread unemployment. The President also outlined the Bank's new development priorities and underscored the importance of partnerships.

APPENDIX TABLES

Table A1: Money and Credit Aggregates (N billion)

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Domestic Credit (Net)	21,542.6	21,393.0	21,519.8	21,348.6	20,470.8	21,612.5	22,222.7	22,414.3
<i>Claims on Federal Government (Net)</i>	2,877.3	2,761.7	2,787.6	2,261.9	1,764.0	2,893.2	33,337.5	3,424.0
Central Bank (Net)	(359.9)	(535.2)	(1,042.2)	(1,826.3)	(2,445.8)	(1,653.1)	(1,388.8)	(1,342.3)
Commercial Banks	3,163.3	3,228.2	3,829.8	4,018.7	4,137.3	4,546.3	4,726.3	4,695.2
Merchant Bank	72.5	67.4	80.9	68.2	71.2	74,746.8	67,754.9	70.0
Non Interest Banks	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.2
<i>Claims on Private Sector</i>	18,665.3	18,631.3	18,732.2	19,086.7	18,706.8	18,719.3	18,885.2	18,990.3
Central Bank	5,066.0	5,107.3	5,275.2	5,535.8	5,092.9	5,061.6	5,212.4	5,302.0
Commercial Banks	13,510.4	13,431.6	13,362.9	13,457.7	13,519.7	13,568.5	13,587.1	13,599.7
Merchant Bank	66.1	66.6	66.1	67.5	68.3	62.8	59.4	59.4
Non Interest Banks	22.7	25.8	24.9	25.8	25.9	26.3	28.2	29.2
<i>Claims on Other Private Sector</i>	18,139.2	18,190.7	18,142.3	18,175.1	18,179.3	18,109.9	18,090.3	18,026.8
Central Bank	5,040.4	8,081.7	5,082.2	5,067.5	5,067.3	5,063.0	5,022.3	5,015.8
Commercial Banks	13,009.9	13,016.5	12,965.9	13,014.3	13,017.7	12,984.7	12,982.3	12,922.4
Merchant Bank	66.1	66.6	69.1	67.5	68.3	62.8	59.4	59.3
Non Interest Banks	22.7	25.8	24.9	25.8	25.9	26.3	28.2	29.2
<i>Claims on State and Local Governm</i>	500.5	415.0	397.0	443.4	502.0	583.8	604.8	677.3
Central Bank	-	-	-	-	-	-	-	-
Commercial Banks	500.5	415.0	397.0	443.4	502.0	583.8	604.8	677.3
Merchant Bank	-	-	-	-	-	-	-	-
Non Interest Banks	-	-	-	-	-	-	-	-
<i>Claims on Non-financial Public Ente</i>	25.6	25.6	192.9	468.3	25.6	25.6	190.1	286.2
Foreign Assets (Net)	5,687.1	5,498.1	5,083.1	4,622.2	5,287.2	5,653.3	5,392.2	5,471.4
Central Bank	5,543.9	5,635.5	5,242.6	4,718.6	5,240.0	5,545.3	5,240.6	5,283.5
Commercial Banks	148.8	(136.7)	(159.6)	(95.6)	64.0	125.4	156,156.2	189.5
Merchant Bank	(7.2)	(2.1)	(1.3)	(2.3)	(18.3)	(18.8)	(6.1)	(3.2)
Non Interest Banks	1.5	1.4	1.4	1.5	1.4	1.4	1.4	1.6
Other Assets (Net)	(8,804.9)	(8,399.6)	(7,884.9)	(7,766.4)	(7,390.8)	(7,235.9)	(7,926.6)	(7,396.5)
Total Monetary Assets (M2)	18,424.7	18,491.6	18,718.0	18,204.4	18,367.2	18,204.4	19,690.5	20,489.2
Quasi-Money 1/	11,953.6	11,522.0	11,569.4	11,514.7	11,386.7	11,458.1	11,442.9	11,429.6
Money Supply (M1)	6,471.1	6,969.6	7,148.6	6,689.6	6,980.5	8,571.7	8,247.3	9,059.6
<i>Currency Outside Banks</i>	1,184.5	1,146.9	1,219.0	1,202.0	1,260.7	1,456.1	1,377.8	1,377.5
<i>Demand Deposits 2/</i>	5,286.5	5,822.7	5,929.6	5,487.6	5,719.8	7,115.6	6,869.5	7,682.1
Total Monetary Liabilities (M2)	18,424.7	18,491.6	18,718.0	18,204.4	18,367.2	18,204.4	19,690.5	20,489.2
<i>Memorandum Items:</i>								
Reserve Money (RM)	5,931.4	5,895.6	5,788.3	5,546.5	5,639.6	5,812.7	5,751.1	5,097.2
<i>Currency in Circulation (CIC)</i>	1,547.5	1,544.6	1,637.5	1,560.4	1,633.2	1,857.9	1,725.1	1,711.6
<i>DMBs Demand Deposit with CBN</i>	4,356.9	4,351.1	4,150.8	3,986.2	4,006.4	3,954.8	4,026.0	3,385.6

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

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

Table A2: Money and Credit Aggregates (Growth Rates)

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
	Growth Over Preceding December (%)							
Domestic Credit (Net)	11.8	11.0	11.7	10.8	6.2	12.1	2.8	3.7
<i>Claims on Federal Government (Net)</i>	150.2	140.1	142.4	96.7	53.4	151.7	15.4	18.4
<i>Claims on Private Sector</i>	3.0	2.8	3.4	5.3	3.2	3.3	0.9	1.5
<i>Claims on Other Private Sector</i>	3.3	3.6	3.3	3.5	3.5	3.1	-0.1	-0.5
<i>Claims on State and Local Government</i>	-6.7	-22.6	-26.0	-17.3	-6.4	8.9	3.6	16.0
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	-18.2	-20.9	-26.9	-33.5	-24.0	-18.7	-4.6	-3.2
Other Assets (Net)	-20.4	-14.8	-7.8	-6.2	-1.0	1.1	-9.6	-2.2
Total Monetary Assets (M2)	-2.6	-2.2	-1.0	-3.8	-2.9	5.9	-1.7	2.3
Quasi-Money 1/	-0.5	-4.1	-3.7	-4.1	-5.2	-4.6	-0.1	-0.3
Money Supply (M1)	-6.3	0.9	3.5	-3.1	1.1	24.1	-3.8	5.7
<i>Currency Outside Banks</i>	-17.6	-20.2	-15.2	-16.4	-12.3	1.3	-5.4	-5.4
<i>Demand Deposits 2/</i>	-3.3	6.5	8.5	0.4	4.6	30.2	-3.5	8.0
Total Monetary Liabilities (M2)	-2.6	-2.2	-1.0	-3.8	-2.9	5.9	-1.7	2.3
<u>Memorandum Items:</u>								
Reserve Money (RM)	0.0	-0.6	-2.4	-6.5	-4.9	-2.0	-1.1	-12.3
<i>Currency in Circulation (CIC)</i>	-12.4	-14.1	-8.9	-13.2	-9.2	3.3	-7.2	-7.9
<i>DMBs Demand Deposit with CBN</i>	5.4	5.3	0.4	5.3	-3.1	-4.3	1.8	-14.4
	Growth Over Preceding Month (%)							
Domestic Credit (Net)	0.6	-0.7	0.6	-0.8	-4.1	5.6	2.8	0.9
<i>Claims on Federal Government (Net)</i>	14.5	-4.0	0.9	-18.9	-22.0	64.0	15.4	2.6
<i>Claims on Private Sector</i>	-1.2	-0.2	0.5	1.9	-2.0	0.1	0.9	0.6
<i>Claims on Other Private Sector</i>	-1.3	0.3	-0.3	0.2	0.0	-0.4	-0.1	-0.4
<i>Claims on State and Local Government</i>	6.2	-17.1	-4.4	11.7	13.2	16.3	3.6	12.0
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	-4.4	-3.3	-7.6	-9.1	14.4	6.9	-4.6	1.5
Central Bank	-4.4	1.7	-7.0	-10.0	11.1	5.8	-5.5	0.8
Banks	-8.0	-196.0	16.1	-39.5	-148.9	128.8	40.4	23.7
Other Assets (Net)	-3.0	4.6	6.1	1.5	4.8	2.1	-9.5	6.7
Total Monetary Assets (M2)	-2.1	0.4	1.2	-2.7	0.9	9.1	-1.7	4.1
Quasi-Money 1/	-2.6	-3.6	0.4	-0.5	-1.1	0.6	-0.1	-0.1
Money Supply (M1)	-1.1	7.7	2.6	-6.4	4.4	22.8	-3.8	9.9
<i>Currency Outside Banks</i>	0.1	-3.2	6.3	-1.4	4.9	15.5	-5.4	0.0
<i>Demand Deposits 2/</i>	-1.3	10.1	1.8	-7.5	4.2	22.4	-3.5	11.8
Total Monetary Liabilities (M2)	-2.1	0.4	1.2	-2.7	0.9	9.1	-1.7	4.1
<u>Memorandum Items:</u>								
Reserve Money (RM)	-0.2	-0.6	-1.8	-4.2	1.7	3.1	-1.1	-11.4
<i>Currency in Circulation (CIC)</i>	0.8	-1.9	6.0	-4.7	4.7	13.8	-7.2	-0.8
<i>DMBs Demand Deposit with CBN</i>	-0.6	-0.1	-4.6	-4.0	0.5	-1.3	1.8	-15.9

Table A3: Federal Government Fiscal Operations (N billion)

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Retained Revenue	182.9	407.2	228.8	189.9	172.4	248.1	164.8	171.6	167.3
<i>Federation Account</i>	151.8	218.9	202.1	168.6	151.3	192.0	139.5	147.6	137.5
<i>VAT Pool Account</i>	8.2	9.4	10.8	9.0	8.1	8.7	8.8	8.9	10.0
<i>FGN Independent Revenue</i>	2.2	2.3	6.5	3.7	4.1	37.6	7.8	6.8	11.9
<i>Excess Crude</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Others /SURE-P/NNPC Refund</i>	20.6	176.6	9.4	8.6	8.8	9.8	8.6	8.3	7.9
Expenditure	236.4	423.1	376.9	430.0	247.0	325.9	369.4	364.5	316.9
<i>Recurrent</i>	227.5	390.1	342.1	345.5	162.6	250.8	233.7	215.2	246.5
<i>Capital</i>	0.6	5.6	5.8	56.0	56.1	46.5	103.2	117.3	53.1
<i>Transfers</i>	8.3	27.4	29.0	28.5	28.3	28.6	32.4	32.0	17.3
Overall Balance: Surplus(+)/Deficit(-)	-53.5	-15.9	-148.1	-240.1	-74.7	-77.9	-204.6	-192.9	-149.6