



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
JANUARY 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 growth in money supply decelerated in the review period. On month-on-month basis, broad money supply (M_2), at ₦19,687.2 billion, declined by 1.7 per cent. The development reflected the respective decrease in foreign assets (net) and other assets (net) of the banking system. Similarly, narrow money supply (M_1), on month-on-month basis fell by 3.8 per cent to ₦8,247.3 billion due to the decline in the demand deposits and currency outside banks components. Reserve money (RM) declined by 1.1 per cent to ₦5,751.09 billion at the end of the review month, reflecting the fall in banks' reserves with the CBN.

Available data showed mixed developments in banks' deposit and lending rates during the review month. Deposit rates in January 2016 ranged from 1.06 to 6.87 per cent, compared with 0.77 to 7.11 per cent at the end of the preceding month. At 5.43 per cent, the average term deposit rate remained unchanged from the level at end-December 2015. The average prime and maximum lending rates fell by 0.42 and 0.07 percentage points to 16.54 and 26.77 per cent, respectively, at the end of the review month. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed from 21.41 percentage points to 21.34 percentage points in January 2016. However, the spread between the average savings deposit and maximum lending rates remained flat at 23.48 at the end of the review month.

Provisional data showed that total value of money market assets outstanding in January 2016 stood at ₦8,735.58 billion, showing an increase of 0.5 per cent, in contrast to the 6.7 per cent decline recorded in December 2015. The development was attributed to the 1.5 per cent rise in the FGN Bonds outstanding. Activities on the Nigerian Stock Exchange (NSE) were bearish during the review month.

Provisional data indicated that federally-collected revenue in January 2016, at ₦453.30 billion, was lower than receipts in the preceding month by 4.8 per cent. Oil receipt (gross), at ₦258.44 billion fell below the receipts in the preceding month by 8.2 per cent, and constituted 57.0 per cent of total revenue. At ₦194.86 billion or 43.0 per cent of the total, gross non-oil receipts exceeded the receipts in the preceding month by 0.03 per cent. The development in January 2016 was due to decline in receipts from most of its components.

Federal Government retained revenue and provisional expenditure for January 2016 were ₦174.83 billion and ₦364.52 billion, respectively. Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦189.69 billion.

Agricultural activities in January 2016 witnessed the prevalence of dry weather across the country. The major farming activities in the southern states were harvesting of tree crops and fruits as well as clearing of land for the 2016 planting season. In the northern states, the predominant operation during the month was cultivation of irrigated lands. In the livestock sub-sector, farmers intensified the raising of broilers and layers to replenish stock that were depleted during the end of year festivities.

Domestic crude oil production was estimated at 1.90 million barrels per day (mbd) or 58.90 million barrels during the month. Crude oil export was estimated at 1.45 million barrels per day (mbd) or 44.95 million barrels during the review month. The average price of Nigeria's reference crude, the Bonny Light (37° API), was estimated at US\$31.21 per barrel, indicating a decrease of 18.3 per cent relative to the level in the preceding month.

The end-period headline inflation rate (year-on-year), at 9.6 per cent in January 2016 remained unchanged at the preceding month's level. Inflation rate on a twelve-month moving average basis was 9.1 per cent.

Foreign exchange inflow and outflow through the CBN in January 2016 was US\$1.30 billion and US\$1.94 billion, respectively, and resulted in a net outflow of US\$0.64 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$1.29 billion and represented a 51.0 per cent decrease below the level in December 2015.

The average exchange rate at the inter-bank segment stood at ₦197.00 per US dollar, indicating a depreciation of 0.01 and 7.7 per cent relative to the rates in the preceding month and the corresponding period of 2015, respectively. At the parallel market, the average exchange rate, at ₦289.80 per US dollar, depreciated by 10.9 and 32.3 per cent, relative to the levels in the preceding month and the corresponding period of 2015, respectively. Gross external reserves decreased by 2.5 per cent below the preceding month's level.

The major international economic developments and meeting of importance to the domestic economy during the review period included: the 2015 End-of-Year Statutory

Meetings of the West African Monetary Zone (WAMZ), West African Monetary Agency (WAMA) and the West African Institute for Financial and Economic Management (WAIFEM) held at the Kempinski Hotel, Gold Coast City, Accra, Ghana from January 8 – 15, 2016. The technical committee meetings took place from January 8 – 13, 2016, followed by the Committee of Governors meeting on January 14, 2016 and the meeting of the convergence council on January 15, 2016. The 30th Board of Governors Meeting of the West African Institute for Financial and Economic Management (WAIFEM) held at the Kempinski Hotel in Accra, Ghana on January 14, 2016; the 47th meeting of the Committee of Governors of ECOWAS member Central Banks was held on January 14, 2016 at the Kempinski Hotel, Accra, Ghana. The 35th Meeting of the Convergence Council of Ministers and Governors of Central Banks of the WAMZ was also held at the Movernpick Hotel, Accra, Ghana on January 15, 2015.

2.0 *Financial Sector Developments*

2.1 **Monetary and Credit Developments**

Growth in broad money supply (M₂) decelerated at end-January 2016. Available data indicated mixed developments in banks' deposit and lending rates trended upward. 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 bearish during the review month.

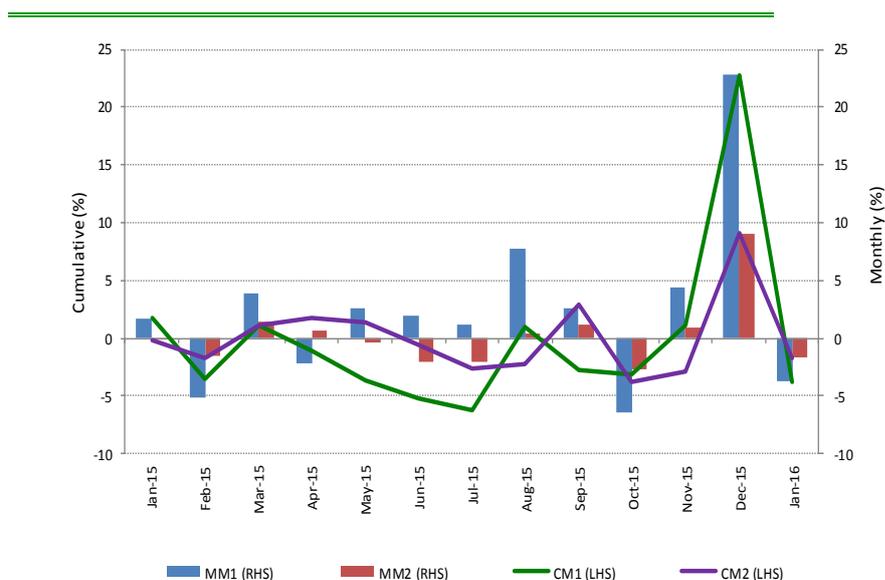
Money supply (M₂) declined on month-on-month basis at end-January 2016.

Provisional data indicated that relative to the level at the end-December 2015, growth in the key monetary aggregates decelerated at the end of January 2016. On month-on-month basis, broad money supply (M₂), at ₦19,687.2 billion, declined by 1.7 per cent, in contrast to the respective growth of 9.1 and 0.3 per cent at the end of the preceding month and corresponding period of 2015. The development reflected the respective decline of 4.6 and 9.6 per cent in foreign assets (net) and other assets (net) of the banking system, which dampened the 2.8 per cent growth in aggregate credit.

On month-on-month basis, narrow money supply (M₁), fell by 3.8 per cent, in contrast to the increase of 22.8 and 3.0 per cent at the end of the preceding month and the corresponding month of 2015, respectively. The development was attributed to the respective decline of 5.4 and 3.5 per cent in currency and demand deposit components (Fig. 1, Table 1).

Relative to the level at the end of the preceding month, quasi-money fell by 0.2 per cent to ₦11,439.8 billion, compared with the decline of 1.3 per cent at the end of the corresponding period of 2015. The development reflected the decline in savings and time deposits at commercial banks.

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



At ₦22,222.7 billion, aggregate credit to the domestic economy, on month-on-month basis, grew by 2.8 per cent at end-January 2016, compared with the growth of 5.6 and 4.5 per cent at end-December 2015 and the corresponding period of 2015, respectively. The development reflected the increase of 15.4 and 0.9 per cent in net claims on the Federal government and claims on private sector, respectively.

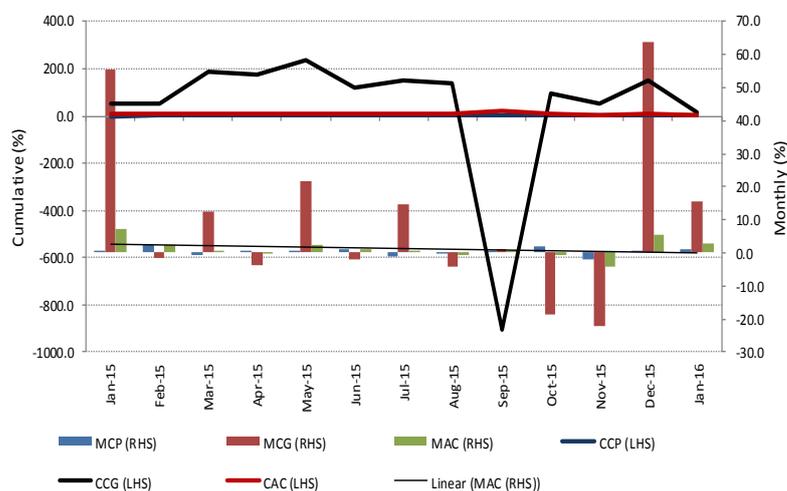
Banking system's credit (net) to the Federal Government, on month-on-month basis, grew by 15.4 per cent to ₦3,337.5 billion at end-January 2016, compared with the increase of 64.0 and 71.7 per cent at end-December 2015 and the corresponding period of 2015, respectively. The development was attributed to the increase in banks' holdings of government securities, especially Treasury Bills and Treasury bills rediscount, which grew by 111.1 per cent.

At ₦18,885.2 billion, banking system's credit to the private sector, on month-on-month basis, increased by 0.9 per cent, compared with the 0.1 and 0.3 per cent growth at end-December 2015 and end-

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

January 2015, respectively. The development relative to the preceding month reflected, solely, the increase of 3.6 per cent in credit to States and Local Governments (Fig. 2, Table 1).

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



At ₦5,392.2 billion, foreign assets (net) of the banking system at end-January 2016, fell by 4.6 per cent, compared with the decline of 6.9 and 9.6 per cent at the end of the preceding month and end-January 2015, respectively. The development reflected the decline in banking system's net holding of foreign assets.

Foreign assets (net) of the banking system fell on month-on-month basis at end-January 2016.

Other Assets (net) of the banking system contracted by 9.6 per cent to negative ₦7,927.81 billion at end-January 2016, compared with a decline of 2.1 per cent, at end-January 2015.

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).

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

	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
Domestic Credit (Net)	7.1	2.6	0.5	-0.3	2.5	0.9	0.6	-0.7	0.6	-0.8	-4.1	5.6	2.8
Claims on Federal Government (Net)	55.4	1.6	12.5	-3.6	21.8	-1.8	14.5	-4.0	0.9	-18.9	-22.0	64.0	15.4
Claims on Private Sector	0.2	2.5	-0.7	0.1	0.3	1.3	-1.2	-0.2	0.5	1.9	2.0	0.1	0.9
Claims on Other Private Sector	0.3	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)	-12.5	-1.6	2.5	0.5	-8.9	8.6	-4.4	-3.3	-7.6	-9.1	14.4	6.9	-4.6
Other Assets (Net)	-3.8	-4.3	0.2	2.1	-0.7	-14.1	-3.0	4.6	6.1	1.5	4.8	9.1	-9.6
Broad Money Supply (M2)	-0.1	-1.6	1.4	0.7	-0.4	-2.0	-2.1	0.4	1.2	-2.7	0.9	9.1	-1.7
Quasi-Money	-1.2	0.6	0.1	2.3	0.8	-2.0	-2.6	-3.6	0.4	-0.5	-1.1	0.6	-0.2
Narrow Money Supply (M1)	1.7	-5.1	3.9	-2.1	-2.6	-1.9	-1.1	7.7	2.6	-6.4	4.4	22.8	-3.8
Reserve Money (RM)	-8.2	4.1	4.1	4.5	-0.4	-3.8	-0.2	-0.6	-1.8	-4.2	1.7	3.1	-1.1

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

At ₦1,725.1 billion, currency-in-circulation fell by 7.2 per cent in the review month, in contrast to the 13.8 per cent increase at the end of December 2015. When compared with the level at the end of the corresponding period of 2015, it fell by 7.6 per cent. The development was due, largely, to the fall in currency outside banks.

Total deposits at the CBN amounted to ₦9,345.45 billion, indicating a decline of 0.07 per cent below the level at the end of the preceding month. The development reflected the increase in deposit money banks deposits. Of the total deposits at CBN, the share of the Federal Government, banks and the private sector was 43.1, 44.6 and 12.3 per cent, respectively.

Reserve money (RM) fell during the review month.

Reserve money (RM) fell by 1.1 per cent to ₦5,751.1 billion at the end of the review month, reflecting the increase in currency-in-circulation (CIC) component.

2.3 Money Market Developments

The money market remained highly liquid, during the review period, due to the liquidity condition in the banking system, occasioned by funds carried over from the preceding month and maturing Central Bank of Nigeria (CBN) bills, in the review period. The Bank conducted four (4) Open Market Operations (OMO) in the review period. In a bid to conserve foreign exchange reserves, the Central Bank of Nigeria (CBN) halted the sales of foreign exchange

to the Bureau-de-Change (BDCs) segment as well as restricted its intervention in the inter-bank foreign exchange market to once a week. Similarly, the Bank relaxed some of the earlier restrictions placed on domiciliary accounts, by lifting the ban on cash lodgments into, and electronic transfers out of the domiciliary accounts. Short-term interest rates particularly the Open Buy Back (OBB) and overnight rates averaged 2.04 and 1.95 per cent, respectively, which were below the Monetary Policy Rate (MPR) of 11.00 per cent.

Provisional data indicated that the total value of money market assets outstanding in January 2016 stood at ₦8,735.58 billion, showing an increase of 0.5 per cent, in contrast to a 6.7 per cent decline at the end of the preceding month. The development was attributed wholly to the 1.5 per cent increase in FGN Bonds outstanding.

2.3.1 Interest Rate Developments

Available data showed mixed developments in banks' deposit and lending rates during the review month. Deposit rates in January 2016 ranged from 1.06 to 6.87 per cent, compared with 0.77 to 7.11 per cent at the end of the preceding month. At 5.43 per cent, the average term deposit rate remained unchanged from the level at end-December 2015.

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

The average prime and maximum lending rates fell by 0.42 and 0.07 percentage points to 16.54 and 26.77 per cent, respectively, at the end of the review month. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed from 21.41 percentage points to 21.34 percentage points, in January, 2016. The spread between the average savings deposit and maximum lending rates, however, remained flat at 23.48 percentage points at the end of the review month.

At the inter-bank call segment, the weighted average rate, which stood at 0.77 per cent in the preceding month, rose by 1.27 percentage points to 2.04 per cent in the review month. The development was attributed to liquidity conditions in the market. Similarly, the weighted average rate at the open-

buy-back (OBB) segment, increased from 0.98 per cent in the preceding month, to 1.95 per cent in the review month, reflecting the liquidity conditions in the market. The Nigeria inter-bank offered rate (NIBOR) for the 30-day tenor, fell to 8.28 per cent in the review period, from 9.11 per cent in the preceding month. With the headline inflation rate at 9.6 per cent at end-January 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)

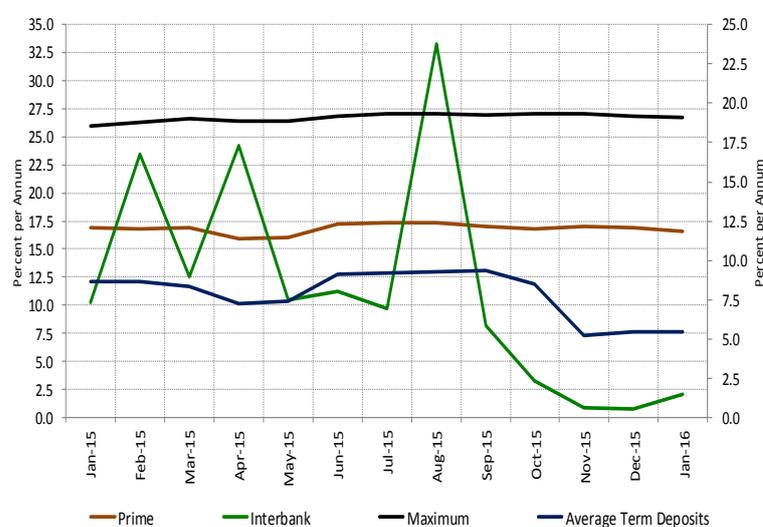


Table 2: Selected Interest Rates (Percent, Averages)

	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 Term Deposits	8.66	8.61	8.34	7.23	7.37	9.14	9.15	9.24	9.32	8.52	5.2	5.43	5.43
Prime Lending	16.86	16.77	16.9	15.95	16.08	17.24	17.3	17.29	17.02	16.84	16.98	16.96	16.54
Interbank Call	10.21	23.5	12.59	24.24	10.43	11.19	9.69	33.26	8.12	3.22	0.84	0.77	2.04
Maximum Lending	25.97	26.33	26.61	26.41	26.43	26.84	27.03	27.01	26.99	27.01	27.02	26.84	26.77

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs fell by 66.51 per cent to ₦2.11 billion at the end of January 2016, compared with the ₦6.29 billion at the end of the preceding month. The development was due to the fall in investment in CP by the commercial banks during the review month. Thus, CP constituted 0.02 per cent of the total value of money market assets outstanding, during the review

period, compared with 0.07 per cent, at the end of the preceding month.

2.3.3 Bankers' Acceptances (BAs)

During the review period, BAs decreased by 1.74 per cent to ₦27.92 billion, compared with ₦28.42 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 0.32 per cent of the total value of money market assets outstanding, at the end of January 2016, compared with 0.33 per cent at the end of the preceding month.

2.3.4 Open Market Operations

The Bank conducted five OMO auctions with tenors ranging from 147 to 224-days, in the review month. Total amount offered, subscribed to and allotted was ₦220.00 billion, ₦679.83 billion and ₦566.90 billion, respectively. The range of bid rates was from 7.25 to 9.00 per cent, while the stop rate was from 7.60 to 7.90 per cent. The repayment of matured CBN bills amounted to ₦581.52 billion, translating to a net injection of ₦14.62 billion.

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 month. Total amount offered, subscribed to and allotted stood at ₦332.21 billion, ₦600.57 billion and ₦332.21 billion, respectively. The auction was over-subscribed, due to the liquidity surfeit in the banking system. The bid rates for all tenors ranged from 3.00 per cent to 14.50 per cent, while the stop rates ranged from 4.00 per cent to 9.34 per cent. Sale to non-competitive bidders totalled ₦61.47 billion, while bills worth ₦332.21 billion, which matured during the review month, were re-issued.

2.3.6 Bonds Market

In the review month, existing tranches of the 5- and 10-year FGN Bonds were re-opened. The term to maturity of the bonds ranged from 4 years 1 month, to 10 years. Total amount offered, subscribed to and allotted were ₦80.00 billion, ₦149.43 billion and ₦75.00 billion, respectively. In addition, ₦10.84 billion

of the 10-year bond was allotted on non-competitive basis. The auction was over-subscribed with bid rates ranging from 5.79 per cent to 15.54 per cent. The marginal rates for the 5-year and 10-year bonds were 12.24 per cent and 12.50 per cent, respectively. There was no maturity 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 stood at ₦68.33 billion, entirely made up of Intra-day Lending Facility (ILF), converted to overnight repos. Average daily request was ₦17.08 billion in 4 transaction days between January 1 and 22, 2016, while interest received during the period was ₦29.17 million.

SDF totaling ₦1,926.41 billion was granted during the review month. This represented a daily average of ₦128.43 billion for the 15 transaction days in the period January 1 and 22, 2016. Cost incurred on SDF in the period stood at ₦0.33 billion, compared with ₦0.49 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 ₦28,082.97 billion, showing a decline of 0.1 per cent, relative to the level at the end of the preceding month. The decline was attributed to the fall in claims on Central Bank. Funds were sourced mainly through a decrease in unclassified assets and Reserves and were used, largely, for acquisition of foreign assets and increase in demand deposits.

At ₦18,308.1 billion, banks' credit to the domestic economy rose by 1.2 per cent, compared with the level at the end of the preceding month. The development reflected, largely, the increase in claims on the Federal Government, at the end of the review month.

Total specified liquid assets of commercial banks stood at ₦7,184.91 billion, representing 41.6 per cent of their total current liabilities. At that level, the

Banks' credit to the domestic economy rose by 1.2 per cent.

liquidity ratio was 0.03 percentage point below the level at the end of the preceding month but was 11.60 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 69.6 per cent, was 0.03 percentage point below the level at the end of the preceding month, and was also 10.45 percentage points below the maximum ratio of 80.0 per cent.

2.5 Capital Market Developments

2.5.1 Secondary Market

Available data showed that activities on the Nigerian Stock Exchange (NSE), in the month of January 2015, were bearish as market indicators trended downward. The volume and value of traded equities fell by 32.5 and 26.5 per cent to 8.0 billion shares and ₦94.9 billion, respectively, in 85,031 deals, compared with 11.9 billion shares, valued at ₦129.0 billion, in 90,494 deals in the preceding month. The Financial Sector (measured by volume) led the activity chart with 5.8 billion shares valued at ₦44.2 billion traded in 48,354 deals, compared with 9.6 billion shares valued at ₦78.3 billion traded in 50,989 deals, recorded in the preceding month. The Banking subsector of the Financial Services sector (measured by turnover volume) was the most active during the review month recording 3.5 billion shares valued at ₦35.5 billion traded in 29,944 deals (Fig.4, Table 3).

Figure 4: Volume and Value of Traded Securities

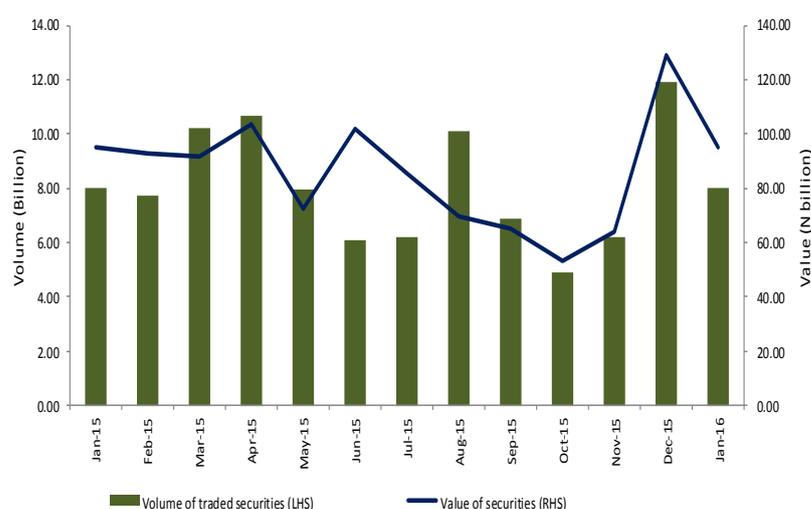


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	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
Volume (Billion)	8.0	7.7	10.2	10.7	8.0	6.1	6.2	10.1	6.9	4.9	6.2	11.9	8.0
Value (₦ Billion)	94.9	92.7	92.0	103.4	72.7	101.7	85.4	69.4	64.9	53.5	63.9	129.0	94.9

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 two new and three supplementary listings in the review month.

Table 4: Supplementary Listing on the Nigerian Stock Exchange (NSE)

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Evans Medical Plc	245,874,572 Ordinary shares	Rights Issue	Supplementary
2	Transcorp Hotels Plc	7.6 Billion Shares	New	New
3	Union Dicon Salt Plc	41 million Shares	Special Placement.	Supplementary
4	Mansard Insurance PlcO	500 Million Shares	Mansard Option Plan	Supplementary
5	Allan Gray Africa Fund	43,024 Units	Allan Gray Africa Fund	New

2.5.4 Market Capitalization

The aggregate market capitalization decreased by 10.3 per cent to ₦15.14 trillion, during the review period, from ₦16.86 trillion at end-December 2015. Similarly, market capitalization for the equity segment declined by 14.2 per cent to ₦9.86 trillion, and constituted 65.1 per cent of the total, compared with ₦11.49 trillion and 68.1 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 34,657.15 at the beginning of the month, closed at 29,562.07, representing a decrease of 14.7 per cent below the level in the preceding month.

With the exception of the NSE-AseM, which remained flat at 1,213.36 at end-January 2015, all other sectoral indices declined in the review period relative to their levels in the preceding month. The NSE Banking, NSE-Insurance, NSE-Consumer Goods,

NSE Oil/Gas, NSE-Lotus Islamic Index and NSE industrial Goods indices fell by 15.2 per cent, 5.4 per cent, 13.5 per cent, 6.1 per cent, 13.2 per cent and 10.5 per cent to 297.93, 141.6, 781.84, 357.07, 1,948.04 and 1,915.93, respectively, below their levels at the end of the preceding month (Fig.5, Table 4).

Figure 5: Market Capitalization and All-Share Index

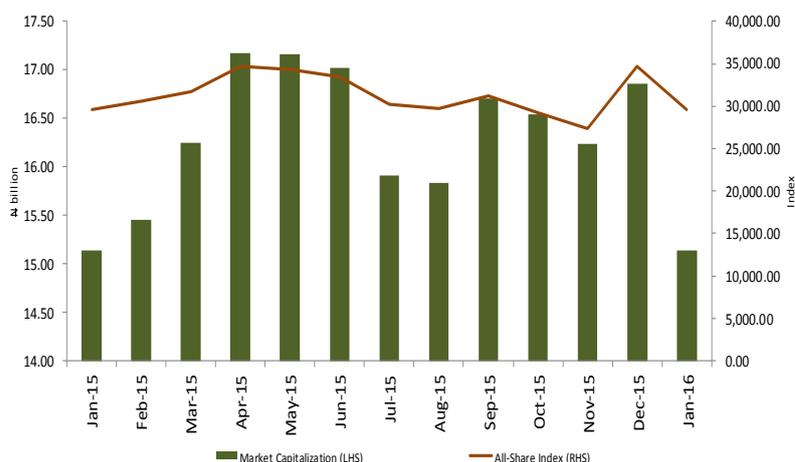


Table 5: Aggregate Market Capitalization and All Share Index (NSE)

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
Aggregate Market Capitalization (N trillion)	17.02	15.91	15.83	16.71	16.54	16.24	16.86	15.14
All-Share Index	33,456.83	30,180.27	29,684.84	31,217.77	29,177.72	27,385.69	34,657.15	29,562.07

3.0 Fiscal Operations

Provisional data showed that federally-collected revenue in January 2016 fell below the receipt in the preceding month by 4.8 per cent. Federal Government retained revenue for January 2016 was ₦174.83 billion, while total provisional expenditure was ₦364.52 billion. Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦189.69 billion.

3.1 Federation Account Operations

At ₦453.30 billion, federally-collected revenue (gross) in January 2016, was lower than the receipt in the preceding month by 4.8 per cent. The shortfall in federally-collected revenue (gross) relative to the preceding month was attributed to the decline in receipts from both oil and non-oil revenue sources (Fig. 6, Table 6).

At ₦453.30 billion, gross federally-collected revenue in the review month fell below the monthly budget estimate by 44.4 per cent.

Figure 6: Components of Gross Federally-Collected Revenue

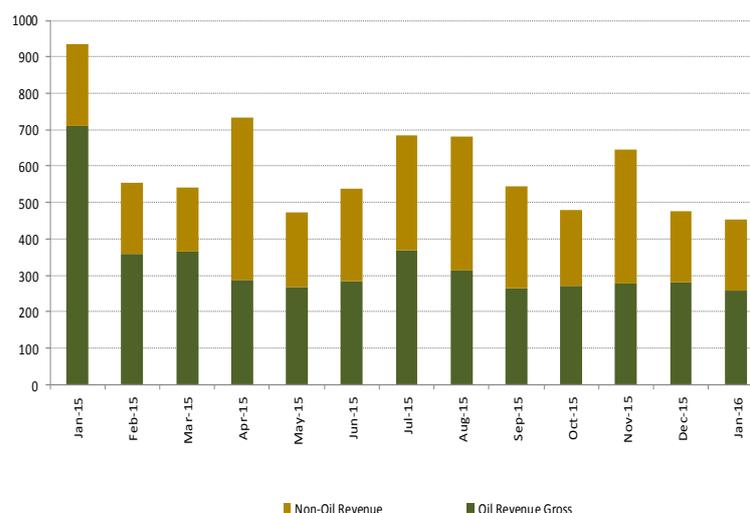


Table 6: Gross Federation Account Revenue (N billion)

	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
Federally-collected revenue (Gross)	692.1	554.8	808.7	472.2	462.5	462.6	679.3	682.6	543.9	478.2	646.6	476.2	453.3
Oil Revenue	486.4	359.7	364.6	286.2	267.2	285.6	369.4	314.9	265.2	271.1	278.3	281.4	258.4
Non-Oil Revenue	205.7	195.1	444.1	186.0	195.3	177.0	309.9	367.7	278.7	207.1	368.3	194.8	194.9

Oil receipt (gross), at ₦258.44 billion fell below the monthly budget estimate by 42.9 per cent and constituted 57.0 per cent of total revenue.

At ₦258.44 billion or 57.0 per cent of total revenue, gross oil receipts fell short of the December 2015 collection of ₦281.41 billion by 8.2 per cent. The decrease in oil revenue relative to the monthly

budget estimate was attributed to the fall in crude oil/gas export receipts resulting from shut-downs and shut-ins of production, emergency repairs at some terminals, and the sharp decline in the average price of crude oil in the international market(Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

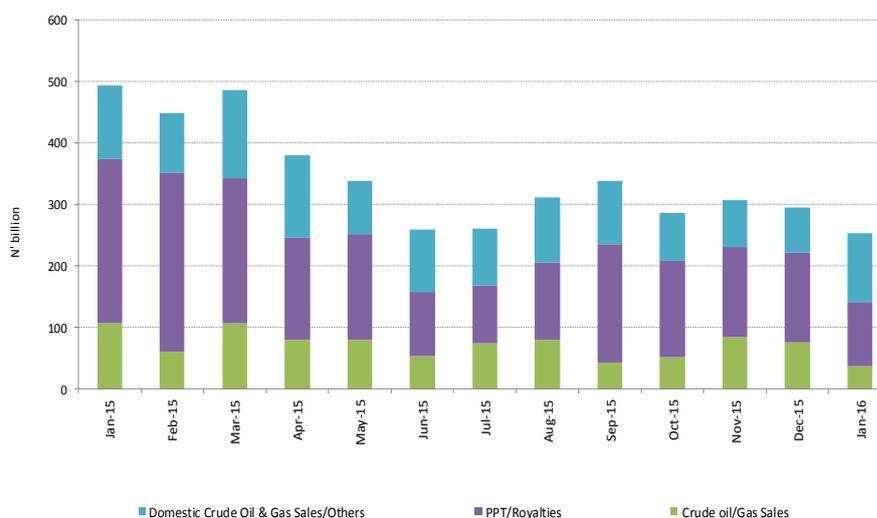


Table 7: Components of Gross Oil Revenue (N' billion)

	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
Oil Revenue	486.4	359.7	364.6	286.2	267.2	285.6	369.4	314.9	265.2	271.1	278.3	281.4	258.5
Crude oil/Gas Sales	107.1	60.3	106.7	80.9	80.4	54.1	73.7	79.7	42.9	51.7	84.7	76.4	37.5
PPT/Royalties	134.8	127.0	77.2	87.7	94.3	126.3	192.4	157.0	146.0	145.8	82.1	138.2	128.0
Domestic crude oil/Gas sales	236.1	165.8	171.4	104.4	83.8	96.7	95.6	71.1	67.5	66.9	104.7	60.2	86.1
Others	8.5	6.6	9.3	13.2	8.7	8.5	7.6	7.1	8.8	6.7	6.7	6.6	6.9

At ₦194.86 billion, non-oil receipts (gross) fell short of the monthly budget estimate by 46.2 per cent and constituted 43.0 per cent of total revenue.

At ₦194.86 billion or 43.0 per cent of total revenue, gross non-oil revenue fell short of the 2015 monthly budget estimate of ₦362.26 billion by 46.2 per cent, but was marginally above the level in December 2015 by 0.03 per cent. The development relative to the budget estimate, was due to the decline in receipts from most of the non-oil revenue components (Fig. 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components



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

	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
Non-Oil Revenue	205.8	195.0	444.1	185.9	195.3	177.0	309.9	367.7	278.7	207.1	368.3	194.8	194.9
Companies Income Tax & Other Taxes	54.2	66.5	54.1	42.1	59.5	57.7	151.9	158.8	105.0	66.5	162.6	50.0	50.8
Customs & Excise Duties	53.6	44.2	40.3	44.3	42.1	41.2	44.7	45.9	48.2	42.4	50.5	48.8	49.5
Value-Added Tax (VAT)	73.5	63.9	58.3	71.2	75.2	56.8	65.0	75.0	62.2	56.4	60.2	61.2	62.1
Others	24.5	20.4	291.5	28.3	18.5	21.3	48.3	88.0	63.4	41.8	95.0	34.8	32.5

Of the total federally-collected revenue (net), the sum of ₦307.82 billion was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation. The Federal Government received ₦147.57 billion, while the state and local governments received ₦74.85 billion and ₦57.70 billion, respectively. The balance of ₦27.70 billion was shared among the oil producing states as 13% Derivation Fund.

Also, from the VAT Pool Account, the Federal Government received ₦8.94 billion, while the state and local governments received ₦29.79 billion and ₦20.86 billion, respectively.

In addition, the sum of ₦4.35 billion was shared as exchange gain in the following order: Federal Government, ₦2.01 billion; state governments, ₦1.02 billion; local governments, ₦0.79 billion and 13% Derivation Fund, ₦0.53 billion.

Furthermore, the sum of ₦6.33 billion was received by the Federal Government in respect of NNPC's 17th equal installment refund of indebtedness.

In sum, total allocation to the three tiers of government from the Federation and VAT Pool Accounts in January 2016 amounted to ₦378.09 billion. This exceeded the amount recorded in December 2015 by 4.9 per cent.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦174.83 billion, the estimated Federal Government retained revenue was below the monthly budget estimate by 43.6 per cent.

At ₦174.83 billion, the estimated Federal Government retained revenue for the month of January 2016 was higher than the receipt in December 2015 by 6.1 per cent. Of the total receipt in January 2016, Federation Account accounted for 84.4 per cent, while FGN Independent Revenue, VAT, NNPC refund and exchange gain accounted for 5.7 per cent, 5.1 per cent, 3.6 per cent, and 1.2 per cent, respectively (Fig. 9, Table 9).

Figure 9: Federal Government Retained Revenue

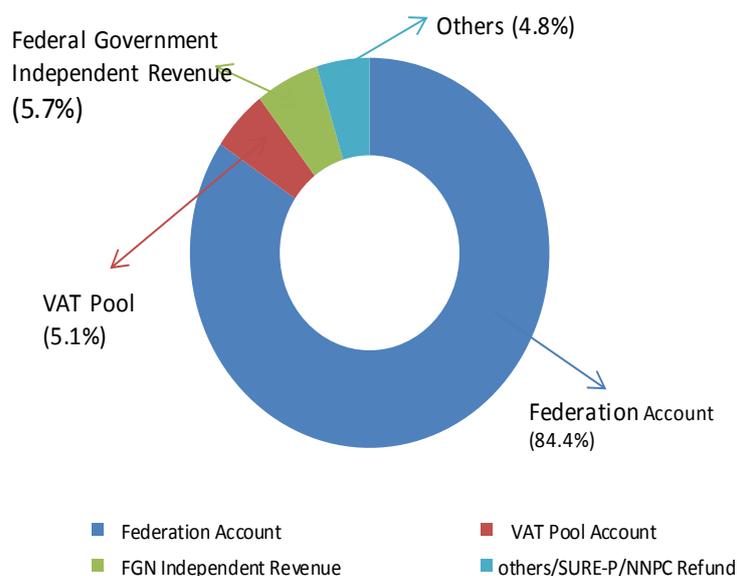


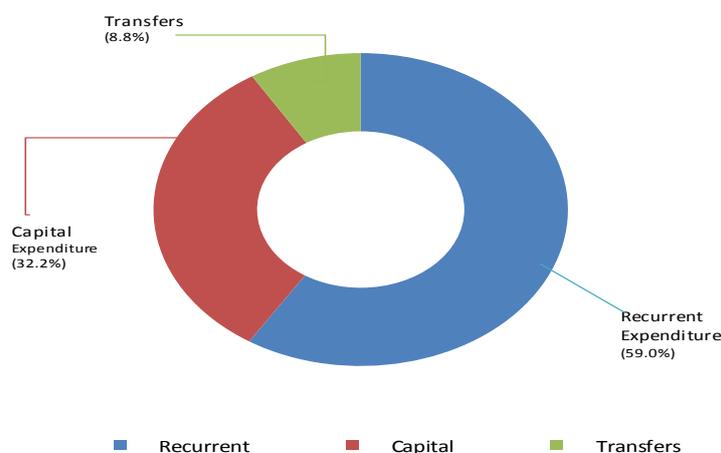
Table 9: Federal Government Fiscal Operations (₦ billion)

	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
Retained Revenue	285.4	218.8	522.9	189.5	166.3	182.9	407.2	228.8	189.9	172.4	299.9	164.8	174.8
Expenditure	393.1	205.3	619.1	230.6	557.6	236.4	423.1	376.9	430.0	247.0	419.6	369.4	364.5
Overall Balance: (+)/(-)	-107.8	13.5	-96.2	-41.1	-391.4	-53.5	-15.9	-148.1	-240.1	-74.7	-119.7	-204.6	-189.7

At ₦364.52 billion, the estimated total expenditure of the Federal Government fell short of the December 2015 level of ₦369.38 billion, by 1.3 per cent. Recurrent expenditure, capital expenditure, and transfers, accounted for 59.0 per cent, 32.2 per cent, and 8.8 per cent, of the total expenditure, respectively. A breakdown of the recurrent expenditure showed that non-debt obligation was 65.0 per cent of the total, while debt service accounted for the balance of 35.0 per cent (Fig. 10).

Total estimated expenditure, at ₦364.52 billion, fell by 8.1 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 ₦189.69 billion.

The fiscal operations of the FG resulted in an estimated deficit of ₦189.69 billion.

3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the state governments amounted to ₦133.89 billion. This exceeded December 2015 allocation of ₦127.47 billion by 5.0 per cent.

Allocation from the Federation Account amounted to ₦104.10 billion or 77.7 per cent of the total statutory allocations. This was above the allocation in December 2015 by 6.1 per cent.

Further decomposition of the receipt revealed that the VAT Pool Account, at ₦29.79 billion or 22.3 per cent of the total, exceeded the level in December 2015 by 1.5 per cent.

3.2.3 Statutory Allocations to Local Government Councils

Provisional data on allocations to local governments from the Federation and VAT Pool Accounts in the month of January 2016 stood at ₦79.35 billion. This was above the preceding month's allocation by 4.4 per cent.

Allocation from the Federation Account was ₦58.49 billion (73.7 per cent of the total), while its share from the VAT Pool Account was ₦20.86 billion (26.3 per cent of the total) (Table 10).

Table 10: Statutory Allocation to State Governments and Local Government Councils (₦ Billion)

	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
SG Federation Account	168.6	143.0	171.1	119.3	99.1	117.4	147.5	132.9	115.2	106.1	123.7	98.1	104.1
SG VAT	35.3	30.7	28.0	34.2	36.1	27.3	31.2	36.0	29.8	27.1	28.9	29.4	29.8
SG Total	203.9	173.7	199.1	153.4	135.2	144.7	178.7	168.9	145.0	133.2	152.6	127.5	133.9
LG Federation Account	90.9	78.5	91.2	65.0	56.1	65.0	86.8	80.2	66.8	60.1	76.4	55.4	58.5
LG VAT	24.7	21.5	19.6	23.9	25.3	19.1	21.8	25.2	20.9	19.0	20.2	20.6	20.9
LG Total	115.6	99.9	110.8	88.9	81.4	84.1	108.6	105.4	87.7	79.1	96.7	76.0	79.3
Total Statutory Revenue and VAT	319.4	273.7	309.8	242.4	216.5	228.7	287.3	274.3	232.7	212.3	249.3	203.5	213.2

4.0 Domestic Economic Conditions

During the review month, major agricultural activities in the southern states were harvesting of tree crops and fruits, and clearing of land for the 2016 planting season, while cultivation of irrigated lands dominated in the northern states. In the livestock sub-sector, farmers intensified the raising of broilers and layers to replenish stock. Average crude oil production was estimated at 1.90 million barrels per day (mbd) or 58.90 million barrels, during the month. The end-period inflation rate for January 2016, on a year-on-year basis was 9.6 per cent, same level as in the preceding month. The inflation rate on a 12-month moving average basis was 9.1 per cent.

4.1 Agricultural Sector

During the review month, agricultural activities witnessed the prevalence of dry weather across the country. The major farming activities in the southern states were harvesting of tree crops and fruits and clearing of land for the 2016 planting season. In the northern states, the predominant operation was cultivation of irrigated lands. In the livestock sub-sector, farmers intensified the raising of broilers and layers to replenish stock that were depleted during the end of year festivities.

A total of ₦488.8 million was guaranteed to 3,686 farmers under the Agricultural Credit Guarantee Scheme (ACGS), in January 2016. The amount represented a decrease of 35.6 per cent and 33.2 per cent below the levels in the preceding month and the corresponding month of 2015, respectively. Sub-sectoral classification showed that food crop farmers obtained the largest share of ₦348.9 million (71.4 per cent) guaranteed to 2,935 beneficiaries, livestock, ₦70.9 million (14.5 per cent), guaranteed to 334 beneficiaries; fisheries, ₦44.8 million (9.2 per cent), guaranteed to 172 farmers, while ₦11.9 million (2.5 per cent) was granted to 67 beneficiaries in the cash crops sub-sector. The mixed crop subsector received ₦10.1 million (2.1 per cent) guaranteed to 157 beneficiaries, while "others" had ₦2.1 million (0.4 per cent) guaranteed to 21 beneficiaries. Analysis by state showed that 20 States and the Federal Capital Territory benefited from the Scheme in January 2016 with the highest sum of ₦142.0 million (29.1 per cent)

guaranteed to Anambra State, while Niger State received the lowest sum of ₦0.2 million (0.04 per cent).

At end-January 2016,, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACs) to the participating banks for disbursement stood at ₦336.99 billion.

At end-January 2016, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACs), since inception to participating banks for disbursement, amounted to ₦336.999 billion in respect of 421 projects (Table 11).

Table 11: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACs) January 2016.

Participating Banks	Amount Disbursed (₦billion)	Number of Projects/State Governments
UBA Plc	52.76	39
Zenith Bank	65.34	46
First Bank of Nigeria Plc	37.11	93
Unity Bank Plc	24.33	26
Union Bank Plc	21.59	26
Stanbic IBTC Plc	18.55	35
Sterling Bank	23.66	28
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	4.81	13
Citibank Plc	3.00	2
Keystone Bank	2.21	4
WEMA Bank Plc	1.22	9
Jaiz Bank Plc	1.00	1
TOTAL	337.00	421

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 1.90 mbd or 58.90 million barrels (mb) in the review month. This represented an increase of 0.10 mbd or 5.6 per cent, above the average of 1.8 mbd or 55.80 mb, recorded in the preceding month. Crude oil export stood at 1.45 mbd or 44.95 mb in the month of January 2016 and represented an increase of 7.4 per cent, compared with 1.35 mbd or 41.85 mb in the preceding month. The increase in crude oil production was attributed, largely, to collaborative efforts of the NNPC and security agencies in curbing vandalism and crude oil theft, which have yielded positive results, boosting crude oil production in the Niger Delta region. Deliveries to

refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels, during the review month.

At an estimated average of US\$31.21 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), fell by 18.3 per cent, compared with the level in the preceding month. The average prices of other competing crudes were: the U.K Brent, US\$30.76 per barrel; the West Texas Intermediate, US\$31.94 per barrel; and the Forcados, US\$30.76 per barrel. All of them showed similar trend as the Bonny Light.

The average prices of Nigeria's reference crude, the Bonny Light, and all other competing crudes fell below the levels in the preceding month.

The average price of OPEC's basket of eleven crude streams stood at US\$26.50 per barrel at end-January 2016. This indicated a fall of 21.22 per cent and 43.90 per cent relative to the average price of US\$33.64/b and US\$47.24/b recorded in the preceding month and the corresponding period of 2015, respectively (Fig. 11, Table 12).

Figure 11: Trends in Crude Oil Prices

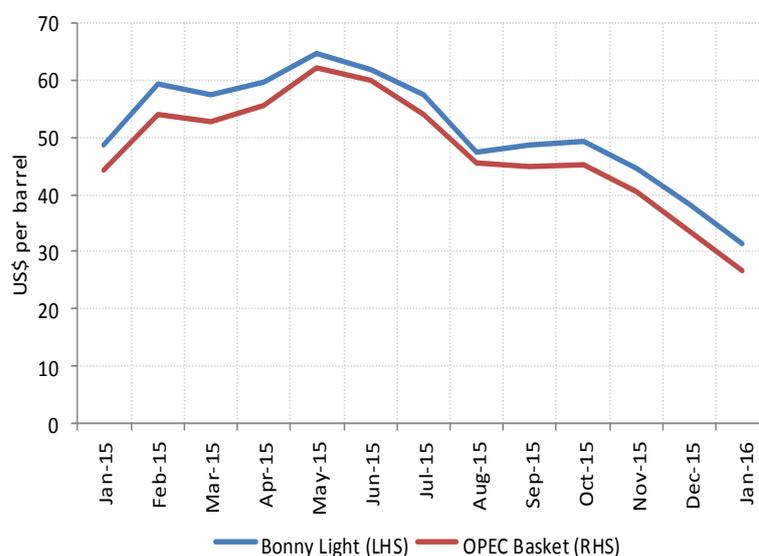


Table 12: Average Crude Oil Prices in the International Oil Market

	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
Bonny Light	48.6	59.2	57.4	59.6	64.7	61.7	57.4	47.5	48.6	49.2	44.5	38.2	31.2
OPEC Basket	44.4	54.1	52.6	56.0	62.2	59.9	54.1	45.5	44.8	45.1	40.5	33.6	26.5

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

4.3 Consumer Prices

Available data showed that the all-items composite Consumer Price Index (CPI) in January 2016, was 181.7 (November 2009=100), and represented 0.9 per cent and 9.7 per cent increase, relative to the levels in December 2015 and the corresponding period of 2015, respectively. The development was attributed largely, to the contributions of food and non-alcoholic beverages; housing, water, electricity, gas and other fuel; clothing and footwear; transport; furnishing, household equipment & maintenance; education; and health.

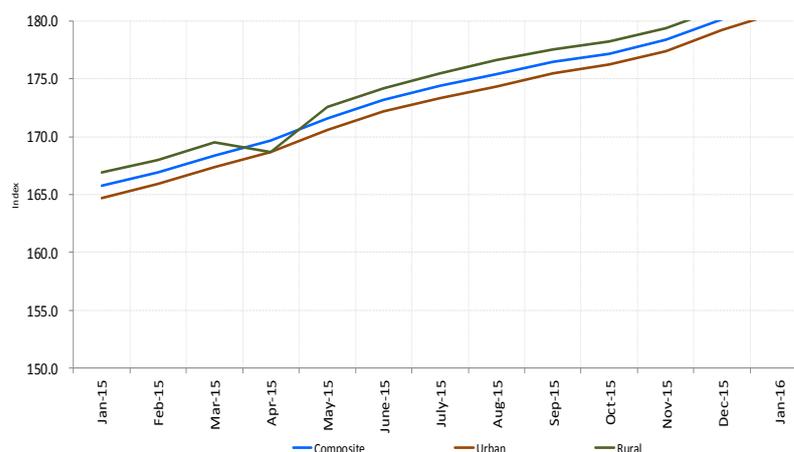
The urban all-items CPI at end-January 2016, was 180.8 (November 2009=100), representing an increase of 0.9 and 9.8 per cent, compared with the levels at end-December 2015 and the corresponding period of 2015, respectively. The rural all-items CPI for the month was 182.7 (November 2009=100), indicating a rise of 0.9 per cent, compared with the level at end-December 2015 (Fig. 12, Table 13).

The composite food index was 187.9 showing an increase of 0.9 per cent, compared with the level in December 2015. The development was accounted for, largely, by the contributions of farm produce (yam, potatoes & other tubers; vegetables; rice; fruits; maize; and millet) and processed food.

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

	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
Composite	165.8	166.9	168.4	169.7	171.6	173.2	174.4	175.4	176.46	177.2	178.4	180.2	181.7
Urban	164.7	165.9	167.4	168.7	170.6	172.2	173.3	174.3	175.45	176.2	177.4	179.2	180.8
Rural	166.9	168.0	169.5	168.7	172.6	174.2	175.5	176.6	177.5	178.2	179.4	181.1	182.7
CPI - Food	169.8	171.1	172.8	174.4	176.3	178.1	179.5	180.6	181.78	182.6	184.1	186.2	187.9
CPI - Non Food	163.7	164.8	166.2	167.2	169.2	170.59	171.64	172.7	173.66	174.4	175.4	176.7	178.2

Figure.12: Consumer Price Index



The end-period inflation rate for the review month, on a year-on-year basis, remained unchanged at 9.6 per cent, as in December 2015. On a twelve-month moving average basis, the inflation rate was 9.1 per cent, indicating a 0.1 percentage point increase above the rate in December 2015 (Fig. 13, Table 14).

The year-on-year headline inflation rate was 9.6 per cent in January 2016.

Figure 13: Inflation Rate

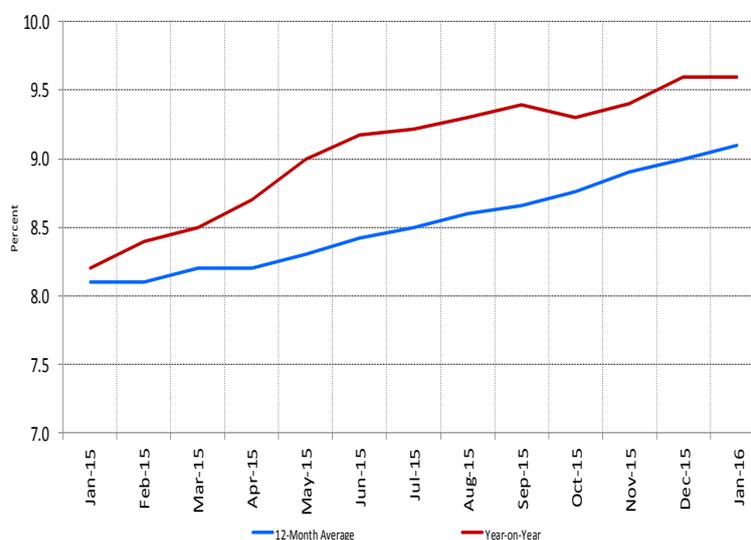


Table 14: Headline Inflation Rate (%)

	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
12-Month Average	8.1	8.1	8.2	8.2	8.3	8.4	8.5	8.6	8.7	8.8	8.9	9.0	9.1
Year-on-Year	8.2	8.4	8.5	8.7	9.0	9.2	9.2	9.3	9.4	9.3	9.4	9.6	9.6

5.0 External Sector Developments

Provisional data indicated that on month-on-month basis, foreign exchange inflow and outflow through the CBN fell by 29.0 and 25.3 per cent, respectively. Total non-oil export receipts by banks increased by 87.5 per cent above the level in the preceding month. The average exchange rate of the naira at the inter-bank segment was ₦197.00 per US dollar, indicating a depreciation of 0.01 per cent compared with 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\$1.30 billion, fell by 29.0 and 46.7 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 fall in oil and non-oil receipts, during the review month. Aggregate outflow through the CBN, at US\$1.94 billion, declined by 25.3 per cent and 47.0 per cent below the level in the preceding month and the corresponding period of 2015, respectively. The development was due, largely, to the decrease in interbank sales, swaps and other official payments. (Fig. 14, Table 15). Overall, a net outflow of US\$0.64 billion, was recorded through the CBN, in contrast to the net inflow of US\$1.08 billion in the preceding month.

Foreign exchange inflow and outflow through the CBN fell by 29.0 and 25.3 per cent, respectively, in January 2016.

Figure 14: Foreign Exchange Flows through the CBN

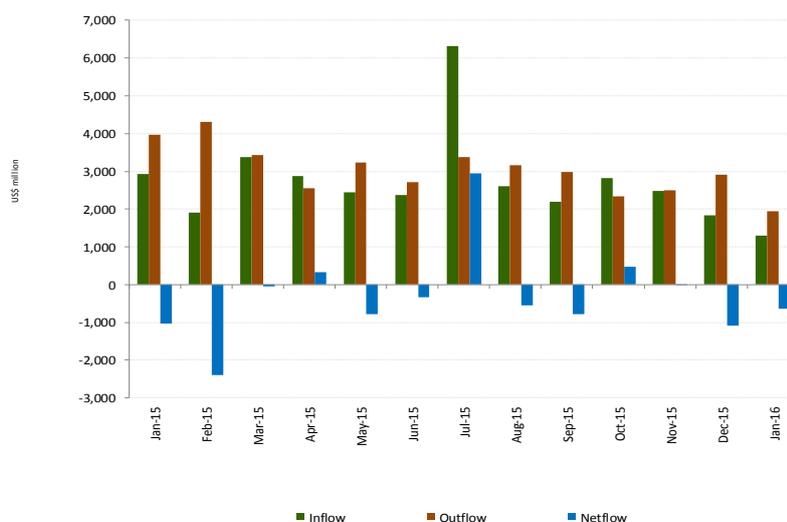


Table 15: Foreign Exchange Flows through the CBN (US\$ million)

	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
Inflow	2,934.6	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
Outflow	3,965.5	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
Netflow	(1,030.9)	(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)

Provisional data indicated that aggregate foreign exchange inflow into the economy was US\$5.38 billion, in January 2016. This represented 18.9 per cent and 39.3 per cent decline below the levels at the end of the preceding month and the corresponding month of 2015, respectively. The development was driven by the 29.0 per cent fall in inflow from the CBN. Of the total inflow, receipts through the CBN and autonomous sources accounted for 24.2 per cent and 75.8 per cent, respectively.

Autonomous inflow through the economy fell by 15.1 per cent below the level in the preceding month.

Non-oil sector inflow, at US\$0.38 billion (7.0 per cent of the total), fell by 37.7 per cent, below the level in the preceding month. Autonomous inflow, which declined by 15.1 per cent, below the preceding month's level accounted for 75.8 per cent of the total.

At US\$2.18 billion, aggregate foreign exchange outflow from the economy, declined by 33.0 per

cent and 48.0 per cent, below the level in the preceding month and corresponding month of 2015, respectively. Thus, foreign exchange flows through the economy, resulted in a net inflow of US\$3.20 billion in the review month, compared with US\$3.39 billion and US\$4.67 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\$286.66 million, increased by 87.5 per cent, compared with the level in December 2015, but showed a decline of 62.7 per cent relative to the level in the corresponding month of 2015. The development relative to the level in December 2015, reflected the increase in receipts from food products, minerals and manufactured products. A breakdown by sectors, showed that the proceeds from minerals, manufactured products and food products sub-sectors were US\$138.27 million, US\$68.86 million and US\$12.51, respectively, in the review month. Proceeds from agricultural products and industrial sub-sectors, however, decreased by 2.3 per cent and 43.3 per cent to , US\$35.66 million and US\$31.38 million, respectively, during the review month.

The shares of the various components in the non-oil export proceeds were: industrial (10.9 per cent); minerals (48.2 per cent); agricultural (12.4 per cent); manufactured products (24.0 per cent); food products (4.4 per cent); and transport (0.0 per cent).

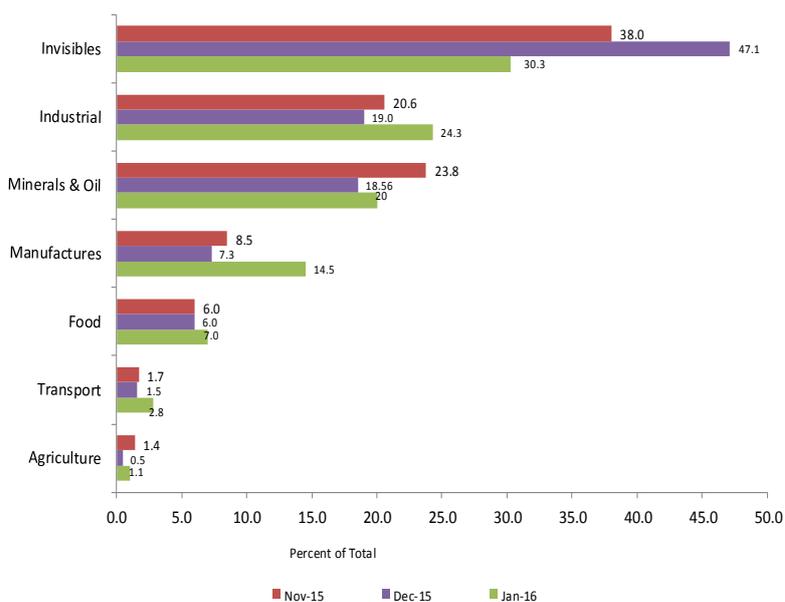
5.3 Sectoral Utilization of Foreign Exchange

The invisible sector accounted for the bulk (30.3 per cent) of total foreign exchange disbursed in January 2016, followed by industrial sector (24.3 per cent). The shares of other sectors in a descending order were: minerals and oil (20.0 per cent); manufactured product (14.5 per cent); food products (7.0 per cent); transport (2.8 per cent); and agricultural products (1.1 per cent) (Fig.15).

Total non-oil export earnings by exporters increased in January 2016.

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

Figure15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

A total of US\$1.29 billion was sold by the CBN to authorized dealers in January 2016. This reflected a decrease of 51.0 per cent and 64.1 per cent below the levels in December 2015 and the corresponding period of 2015, respectively. Of the aggregate sales, the shares of inter-bank, Parallel market and swaps were US\$0.97 billion, US\$0.016 billion and US\$0.300 billion, respectively (Fig.16, Table 16).

Figure16: Demand for and Supply of Foreign Exchange

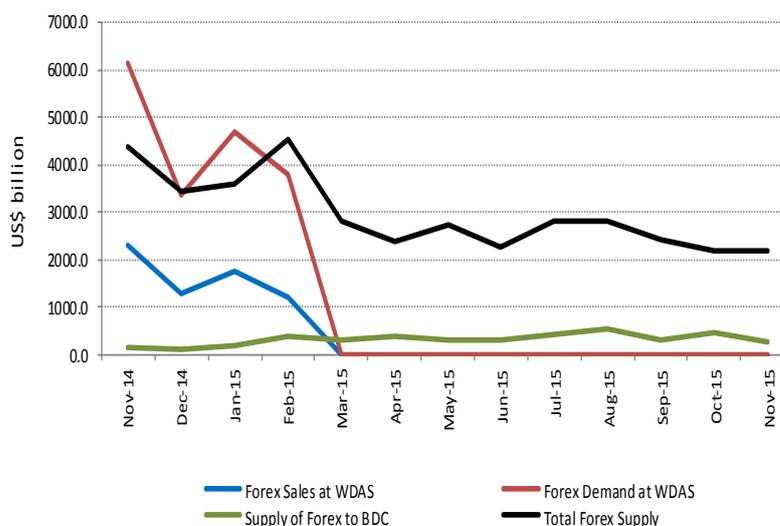


Table 16: Demand for and Supply of Foreign Exchange (US\$ billion)

	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
Forex Sales at wDAS/rDAS	2,296.9	1,260.2	1,987.4	1,197.1	-	-	-	-	-	-	-	-	-
Forex Demand at rDAS/wDAS	6,148.8	3,364.9	4,698.8	3,773.5	-	-	-	-	-	-	-	-	-
Supply of Forex to BDC	145.7	110.4	184.7	371.4	301.6	370.4	309.9	287.4	400.0	531.0	312.6	446.5	246.9
Total Forex Supply	4,395.2	3,480.1	3,587.2	4,524.5	2,807.7	2,366.2	2,727.7	2,260.2	2,825.6	2,813.3	2,406.0	2,187.2	2,197.1

The average exchange rate at the inter-bank segment, stood at ₦197.00 per US dollar, depreciating by 0.01 and 7.7 per cent compared with the levels in December 2015 and the corresponding period of 2015, respectively. At the Parallel market segment, the average exchange rate, at ₦289.80 per US dollar, indicated a depreciation of 10.9 per cent and 32.3 per cent relative to the levels in the preceding month and the corresponding period of 2015, respectively (Figure 17, Table 17).

The naira exchange rate vis-à-vis the US dollar remained unchanged at the Inter-bank but depreciated at the BDC segment of the market during the review month.

Consequently, the premium between the inter-bank and the BDC rates widened from 31.1 per cent in the preceding month to 47.1 per cent in the review period. This, however, exceeded the international benchmark of 5.0 per cent by 42.1 percentage points (Figure 18).

Figure 17: Average Exchange Rate Movement

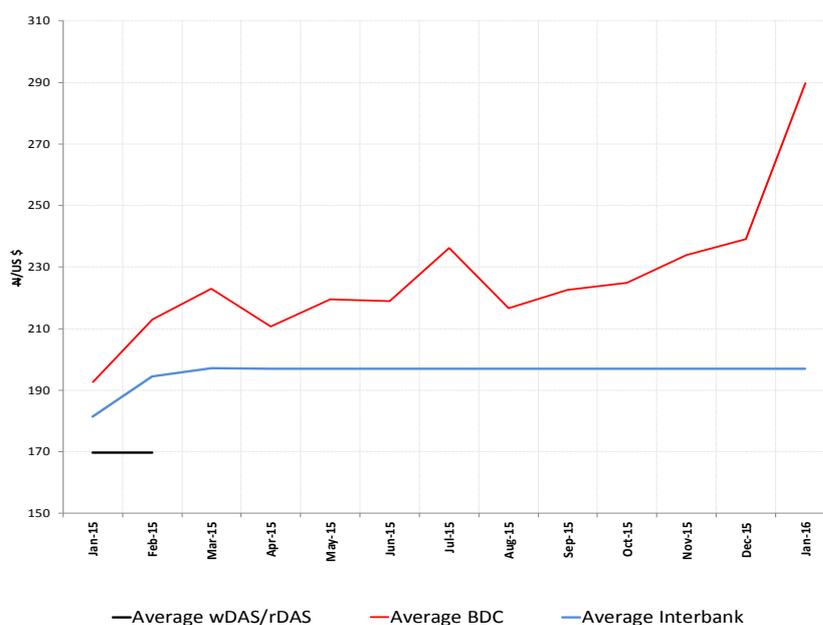
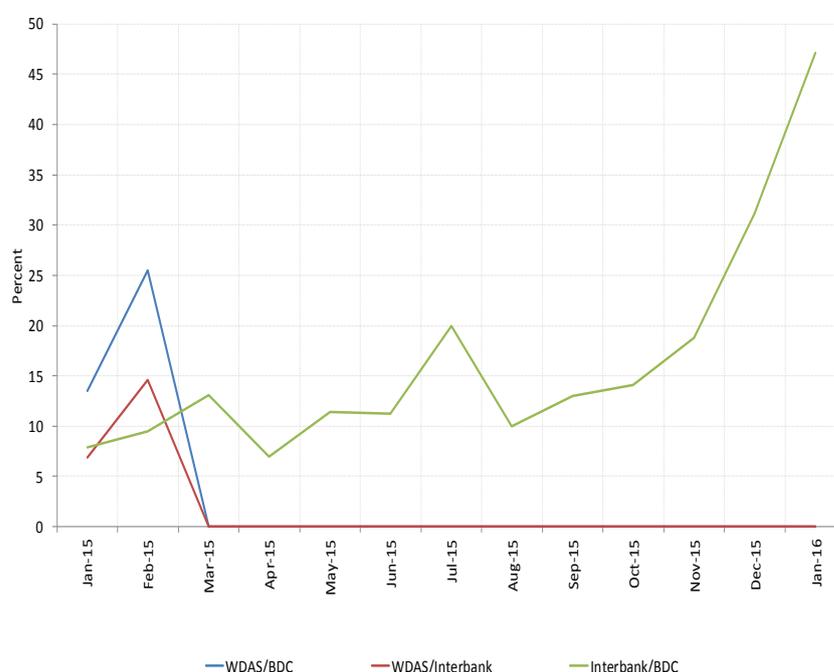


Table 17: Exchange Rate Movements and Exchange Rate Premium

	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/\$)													
wDAS/rDAS	169.68	169.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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
BDC	192.60	213.03	222.93	210.70	219.55	218.98	236.30	216.60	222.68	224.83	233.94	239.02	289.78
Premium (%)													
rDAS/BDC	13.5	25.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
rDAS/Interbank	6.9	14.6	0	0	0	0	0	0	0	0	0	0	0
Interbank/BDC	7.9	9.5	13.1	7.0	11.4	11.2	20.0	10.0	13.0	14.1	18.8	31.1	47.1

Figure 18: Exchange Rate Premium



Gross external reserves fell in January 2016.

5.5 Gross External Reserves

The gross external reserves at end-January 2016, stood at US\$27.59 billion, indicating a decrease of 2.5 per cent, below the level in December 2015. The development was attributed mainly, to low accretion due to declining proceeds from the export of crude oil and gas. A breakdown of the official external reserves showed that Federation reserves was US\$2.45 billion (8.9 per cent of the total); Federal Government reserves, US\$5.83 billion (21.1 per cent of the total), and the CBN reserves, US\$19.3 billion (69.9 per cent of the total), (Fig. 19, Table 18).

Figure 19: Gross Official External Reserves

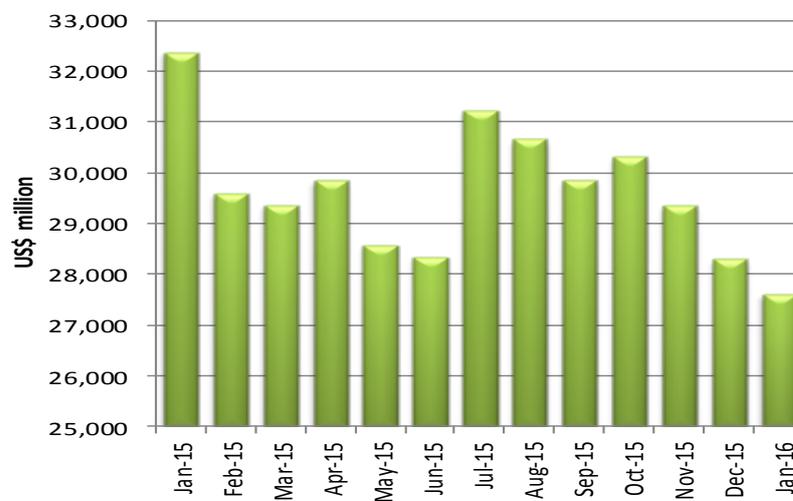


Table 18: Gross Official External Reserves (US\$ million)

Period	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
External Reserves	28,566.54	28,335.21	31,222.81	30,649.93	29,850.05	30,309.37	29,339.13	28,287.60	27,590.19

6.0 *Other International Economic Developments and Meetings*

World crude oil output and demand in January 2016 was estimated at an average of 95.64 and 93.78 million barrels per day (mbd), compared with 95.12 and 93.95mbd supplied and demanded, respectively, in December 2015. The increase in supply was attributed to higher production level by both OPEC and non-OPEC countries.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the 2015 End-of-Year Statutory Meetings of the West African Monetary Zone (WAMZ), West African Monetary Agency (WAMA) and the West African Institute for Financial and Economic Management (WAIFEM) held at the Kempinski Hotel, Accra, Ghana from January 8 – 15, 2016.

The 32nd Meeting of the Committee of Governors of Central Banks of the WAMZ was held on January 14, 2016 at the Kempinski Hotel, Gold Coast, Accra, Ghana. The meeting was chaired by Dr. Henry A. K. Wampah, Governor, Bank of Ghana and Chairman, Committee of Governors (COG) of the WAMZ who took over from Mr. Godwin I. Emefiele, Governor, Central Bank of Nigeria. The report of the 38th Meeting of the Technical Committee formed the basis of the COG deliberations.

After deliberations, the COG:

- Adopted the Report on macroeconomic developments and convergence in the WAMZ as at 31st of June, 2015.
- Urged Member States that have not yet commenced the implementation of the Common External Tariff (CET) to do so as soon as possible; and
- Endorsed the adoption of end-period inflation for the assessment of macroeconomic convergence in view of its appropriateness in the formulation of monetary policy.

Furthermore, the 30th Board of Governors Meeting of the West African Institute for Financial and Economic Management (WAIFEM) was held at the Kempinski Hotel in Accra, Ghana on January 14, 2016. The Report of the Technical Committee formed the basis of the Board of Governors deliberations.

Consequently, the Board of Governors:

- Adopted the draft minutes of the 29th Meeting of the Board of Governors;
- Adopted the draft minutes of the Extraordinary meeting of the Board of Governors;
- Noted the progress report of the Director General;
- Approved the Draft Revised Budget for the Year 2016 in the sum of US\$5.51 million representing a 3.35 per cent increase over the 2015 budget;
- Noted the Progress Report on the Implementation of the WAIFEM's Strategic Plan; and
- Noted the Status Report on WAIFEM as an ECOWAS Training Institute.

In a similar development, the 47th meeting of the Committee of Governors of ECOWAS member Central Banks held on January 14, 2016 at the Kempinski Hotel, Accra, Ghana. The Meeting was preceded by the 28th Meeting of the Technical Committee held from January 8 - 9, 2016 and was chaired by Dr. Sarah O. Alade, Deputy Governor, Economic Policy, Central Bank of Nigeria, following the election of Nigeria as the Chairman, Committee of Governors of Central Banks of ECOWAS member States. The COG meeting reviewed and discussed the Report of the 28th meeting of the Technical Committee. Specifically, the COG:

- Noted that the tenure of the current Director General of WAMA would come to an end on May 31, 2016;
- Directed that going forward, the Director General should officially inform the Committee of Governors, at least one year before the end of his tenor, to allow for

adequate arrangements to recruit his/her successor;

- Directed that WAMA should ensure that the vacant positions at the Institute are identified and distributed to member countries on the principle of equity and geographical representation of the respective member States;
- Urged the Sierra Leonean Authorities to take necessary measures to provide the Agency with more befitting accommodation as soon as possible, noting that the basis of security and image constitute primary issues.

Ms. Christine Lagarde, Managing Director (MD) of the International Monetary Fund (IMF) and her team paid an official visit to Abuja, Nigeria from January 4 – 7, 2016. The objective of the visit was to strengthen the Fund's partnership and cooperation with Nigeria being the largest economy in sub-Saharan Africa (SSA). During the visit, the MD met with the President of the Federal Republic of Nigeria, Muhammadu Buhari (GCFR), Leadership of the National Assembly, Economic Team, Fiscal and Monetary Authorities, Bankers Committee, Private Sector Stakeholders and Women Leaders.

Finally, the 35th Meeting of the Convergence Council of Ministers and Governors of Central Banks of the WAMZ was held at the Movenpick Hotel, Accra, Ghana on January 15, 2016, to consider the report of the 32nd Meeting of the Committee of Governors of Central Banks of the WAMZ. Following the Council's deliberations, all the recommendations of the Committee of Governors of the WAMZ were approved as earlier indicated in the COG report.

APPENDIX TABLES

Table A1: Money and Credit Aggregates (N billion)

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
Domestic Credit (Net)	21,409.8	21,542.6	21,393.0	21,519.8	21,348.6	20,470.8	21,612.5	22,222.7
<i>Claims on Federal Government (Net)</i>	2,512.5	2,877.3	2,761.7	2,787.6	2,261.9	1,764.0	2,893.2	33,337.5
Central Bank (Net)	(769.5)	(359.9)	(535.2)	(1,042.2)	(1,826.3)	(2,445.8)	(1,653.1)	(1,388.8)
Commercial Banks	3,282.0	3,163.3	3,228.2	3,829.8	4,018.7	4,137.3	4,546.3	4,726.3
Merchant Bank	61.3	72.5	67.4	80.9	68.2	71.2	74,746.8	67,754.9
Non Interest Banks	14	14	13	13	12	12	12	12
<i>Claims on Private Sector</i>	18,897.3	18,665.3	18,631.3	18,732.2	19,086.7	18,706.8	18,719.3	18,885.2
Central Bank	5,093.1	5,066.0	5,107.3	5,275.2	5,535.8	5,092.9	5,061.6	5,212.4
Commercial Banks	13,713.0	13,510.4	13,431.6	13,362.9	13,457.7	13,519.7	13,568.5	13,587.1
Merchant Bank	68.5	66.1	66.6	66.1	67.5	68.3	62.8	59.4
Non Interest Banks	22.7	22.7	25.8	24.9	25.8	25.9	26.3	26.3
<i>Claims on Other Private Sector</i>	18,374.9	18,139.2	18,190.7	18,142.3	18,175.1	18,179.3	18,109.9	18,090.3
Central Bank	5,042.0	5,040.4	8,081.7	5,082.2	5,067.5	5,067.3	5,063.0	5,022.3
Commercial Banks	13,241.5	13,009.9	13,016.5	12,965.9	13,014.3	13,017.7	12,984.7	12,982.3
Merchant Bank	68.5	66.1	66.6	69.1	67.5	68.3	62.8	59.4
Non Interest Banks	22.7	22.7	25.8	24.9	25.8	25.9	26.3	26.3
<i>Claims on State and Local Governm</i>	471.4	500.5	415.0	397.0	443.4	502.0	583.8	604.8
Central Bank	-	-	-	-	-	-	-	-
Commercial Banks	471.4	500.5	415.0	397.0	443.4	502.0	583.8	604.8
Merchant Bank	-	-	-	-	-	-	-	-
Non Interest Banks								
<i>Claims on Non-financial Public Ent</i>	51.0	25.6	25.6	192.9	468.3	25.6	25.6	190.1
Foreign Assets (Net)	5,951.5	5,687.1	5,498.1	5,083.1	4,622.2	5,287.2	5,653.3	5,392.2
Central Bank	5,796.0	5,543.9	5,635.5	5,242.6	4,718.6	5,240.0	5,545.3	5,240.6
Commercial Banks	159.9	148.8	(136.7)	(159.6)	(95.6)	64.0	125.4	156,156.2
Merchant Bank	(59)	(7.2)	(2.1)	(1.3)	(2.3)	(18.3)	(18.8)	(6.1)
Non Interest Banks	1.5	1.5	1.4	1.4	1.5	1.4	1.4	1.4
Other Assets (Net)	(8,549.8)	(8,804.9)	(8,399.6)	(7,884.9)	(7,766.4)	(7,390.8)	(7,235.9)	7,927.8
Total Monetary Assets (M2)	18,811.4	18,424.7	18,491.6	18,718.0	18,204.4	18,367.2	18,204.4	18,367.2
Quasi-Money 1/	12,269.0	11,953.6	11,522.0	11,569.4	11,514.7	11,386.7	11,458.1	11,439.8
Money Supply (M1)	6,452.4	6,471.1	6,969.6	7,148.6	6,689.6	6,980.5	8,571.7	8,247.3
<i>Currency Outside Banks</i>	1,184.0	1,184.5	1,146.9	1,219.0	1,202.0	1,260.7	1,456.1	1,377.8
<i>Demand Deposits 2/</i>	5,358.4	5,286.5	5,822.7	5,929.6	5,487.6	5,719.8	7,115.6	6,869.5
Total Monetary Liabilities (M2)	18,811.4	18,424.7	18,491.6	18,718.0	18,204.4	18,367.2	18,204.4	18,367.2
<i>Memorandum Items:</i>								
Reserve Money (RM)	5,945.8	5,931.4	5,895.6	5,788.3	5,546.5	5,639.6	5,812.7	5,751.1
<i>Currency in Circulation (CIC)</i>	1,562.3	1,547.5	1,544.6	1,637.5	1,560.4	1,633.2	1,857.9	1,725.1
DMBs Demand Deposit with CBN	4,382.4	4,356.9	4,351.1	4,150.8	3,986.2	4,006.4	3,954.8	4,026.0

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)

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
	Growth Over Preceding December (%)							
Domestic Credit (Net)	11.1	11.8	11.0	11.7	10.8	6.2	12.1	2.8
<i>Claims on Federal Government (Net)</i>	64.1	150.2	140.1	142.4	96.7	53.4	151.7	15.4
<i>Claims on Private Sector</i>	4.3	3.0	2.8	3.4	5.3	3.2	3.3	0.9
<i>Claims on Other Private Sector</i>	-12.1	3.3	3.6	3.3	3.5	3.5	3.1	-0.1
<i>Claims on State and Local Government</i>	-12.1	-6.7	-22.6	-26.0	-17.3	-6.4	8.9	3.6
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	-14.4	-18.2	-20.9	-26.9	-33.5	-24.0	-18.7	-4.6
Other Assets (Net)	-16.9	-20.4	-14.8	-7.8	-6.2	-1.0	1.1	-9.6
Total Monetary Assets (M2)	-0.5	-2.6	-2.2	-1.0	-3.8	-2.9	5.9	-1.7
Quasi-Money 1/	2.2	-0.5	-4.1	-3.7	-4.1	-5.2	-4.1	-5.2
Money Supply (M1)	-5.3	-6.3	0.9	3.5	-3.1	1.1	-3.1	1.1
<i>Currency Outside Banks</i>	-17.6	-17.6	-20.2	-15.2	-16.4	-12.3	-16.4	-12.3
<i>Demand Deposits 2/</i>	-2.0	-3.3	6.5	8.5	0.4	4.6	0.4	4.6
Total Monetary Liabilities (M2)	-0.5	-2.6	-2.2	-1.0	-3.8	-2.9	5.9	-1.7
<i>Memorandum Items:</i>								
Reserve Money (RM)	0.3	0.0	-0.6	-2.4	-6.5	-4.9	-2.0	-1.1
<i>Currency in Circulation (CIC)</i>	-13.1	-12.4	-14.1	-8.9	-13.2	-9.2	3.3	-7.2
<i>DMBs Demand Deposit with CBN</i>	6.1	5.4	5.3	0.4	5.3	-3.1	-4.3	1.8
	Growth Over Preceding Month (%)							
Domestic Credit (Net)	0.9	0.6	-0.7	0.6	-0.8	-4.1	5.6	2.8
<i>Claims on Federal Government (Net)</i>	-1.8	14.5	-4.0	0.9	-18.9	-22.0	64.0	15.4
<i>Claims on Private Sector</i>	1.3	-1.2	-0.2	0.5	1.9	-2.0	0.1	0.9
<i>Claims on Other Private Sector</i>	1.3	-1.3	0.3	-0.3	0.2	0.0	-0.4	-0.1
<i>Claims on State and Local Government</i>	-2.2	6.2	-17.1	-4.4	11.7	13.2	16.3	3.6
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	8.6	-4.4	-3.3	-7.6	-9.1	14.4	6.9	-4.6
Central Bank	14.0	-4.4	1.7	-7.0	-10.0	11.1	5.8	-5.5
Banks	-60.8	-8.0	-196.0	16.1	-39.5	-148.9	128.8	40.4
Other Assets (Net)	-14.1	-3.0	4.6	6.1	1.5	4.8	2.1	-9.6
Total Monetary Assets (M2)	-2.0	-2.1	0.4	1.2	-2.7	0.9	9.1	-1.7
Quasi-Money 1/	-2.0	-2.6	-3.6	0.4	-0.5	-1.1	0.6	-0.2
Money Supply (M1)	-1.9	-1.1	7.7	2.6	-6.4	4.4	22.8	-3.8
<i>Currency Outside Banks</i>	-10.0	0.1	-3.2	6.3	-1.4	4.9	15.5	-5.4
<i>Demand Deposits 2/</i>	0.1	-1.3	10.1	1.8	-7.5	4.2	22.4	-3.5
Total Monetary Liabilities (M2)	-2.0	-2.1	0.4	1.2	-2.7	0.9	9.1	-1.7
<i>Memorandum Items:</i>								
Reserve Money (RM)	-3.8	-0.2	-0.6	-1.8	-4.2	1.7	3.1	-1.1
<i>Currency in Circulation (CIC)</i>	-6.5	0.8	-1.9	6.0	-4.7	4.7	13.8	-7.2
<i>DMBs Demand Deposit with CBN</i>	-2.7	-0.6	-0.1	-4.6	-4.0	0.5	-1.3	1.8

Table A3: Federal Government Fiscal Operations (N billion)

	May	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
<i>Retained Revenue</i>	166.3	182.9	407.2	228.8	189.9	172.4	248.1	164.8	174.8
<i>Federation Account</i>	132.1	151.8	218.9	202.1	168.6	151.3	192.0	139.5	147.6
<i>VAT Pool Account</i>	10.8	8.2	9.4	10.8	9.0	8.1	8.7	8.8	8.9
<i>FGN Independent Revenue</i>	1.4	2.2	2.3	6.5	3.7	4.1	37.6	7.8	10.0
<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>	21.9	20.6	176.6	9.4	8.6	8.8	9.8	8.6	8.3
<i>Expenditure</i>	557.6	236.4	423.1	376.9	430.0	247.0	325.9	369.4	364.5
<i>Recurrent</i>	359.9	227.5	390.1	342.1	345.5	162.6	250.8	233.7	215.2
<i>Capital</i>	161.7	0.6	5.6	5.8	56.0	56.1	46.5	103.2	117.3
<i>Transfers</i>	36.0	8.3	27.4	29.0	28.5	28.3	28.6	32.4	32.0
<i>Overall Balance: Surplus(+)/Deficit(-)</i>	-391.4	-53.5	-15.9	-148.1	-240.1	-74.7	-77.9	-204.6	-189.7