



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
JANUARY 2017***

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 Summary¹

The key monetary aggregate decelerated in the review period. On month-on-month basis, broad money supply (M_2), at ₦23,238.57 billion, fell by 0.8 per cent. The development reflected the decline in domestic credit (net) and other assets (net) of the banking system. Narrow money supply (M_1), however, grew by 0.2 per cent, reflecting the increase of 2.3 per cent in its demand deposits component. Reserve money (RM) fell by 3.4 per cent to ₦5,633.08 billion at the end of the review month, reflecting the corresponding decline in the CBN's liabilities arising from the fall in currency-in-circulation and bank reserves.

Banks' deposit and lending rates showed mixed developments in the review month. Deposit rates in January 2017 ranged from 1.52 per cent to 10.77 per cent, compared with 0.97 per cent to 10.76 per cent at the end-December 2016. The average prime lending rate fell by 0.18 percentage point to 16.91 per cent, while the maximum lending rate rose by 0.33 percentage point to 28.88 per cent at end-January 2017. The average term deposit rate rose by 0.12 percentage point to 8.51 per cent, reflecting the tight liquidity condition in the review month. Consequently, the spread between the average term deposit and the maximum lending rates widened by 0.21 percentage points to 20.37 percentage points in January 2017. Similarly, the spread between the average savings deposit and maximum lending rates, widened by 0.18 percentage point to 24.59 percentage points at the end of the review month.

Total value of money market assets outstanding in January 2017 stood at ₦11,880.71 billion, showing an increase of 9.3 per cent, compared with 0.7 per cent in the preceding month*. The development was attributed to the 11.9 per cent increase in the FGN Bonds outstanding. Activities on the Nigerian Stock Exchange (NSE) were mixed during the review month.

Federally-collected revenue in January 2017, at ₦424.92 billion, was lower than receipts in the preceding month by 15.3 per cent. Oil receipt (gross), at ₦212.32 billion, fell below the receipts in the preceding month by 16.2 per cent, and constituted 50.0 per cent of total revenue. At ₦212.61 billion or 50.0 per cent of the total,

¹ Please note that data on monetary aggregates, government spending and foreign exchange flows are provisional and subject to changes

gross non-oil receipts fell below the receipts in the preceding month by 14.4 per cent. The development in January 2017 was due to the decline in receipts from both oil and non-oil components.

Federal Government retained revenue and estimated expenditure for January 2017 were ₦181.92 billion and ₦389.63 billion, respectively. Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦207.71 billion.

Agricultural activities in the Southern parts of the country were dominated by harvesting of tree crops and clearing of land for the 2017 cropping season, while farmers in the Northern States engaged in the cultivation of irrigated lands. In the livestock sub-sector, farmers concentrated on the raising of broilers and layers to replenish stocks that were depleted during the end of year festivities.

Domestic crude oil production was estimated at 1.57 million barrels per day (mbd) or 48.67 million barrels during the month. Crude oil export was estimated at 1.12 million barrels per day (mbd) or 34.72 million barrels. The average price of Nigeria's reference crude, the Bonny Light (37^o API), was estimated at US\$55.10 per barrel, indicating an increase of 1.9 per cent relative to the level in the preceding month.

The end-period headline inflation (year-on-year), was 18.7 per cent in January 2017, compared with 18.6 per cent at end-December 2016. Inflation on a twelve-month moving average basis was 16.4 per cent.

Foreign exchange inflow and outflow through the CBN in January 2017 was US\$2.61 billion and US\$1.06 billion, respectively, and resulted in a net inflow of US\$1.55 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US\$0.45 billion and represented a 52.5 per cent decline, compared with the level in December 2016.

The average exchange rate at the inter-bank segment of the foreign exchange market was ₦305.20 per US dollar, indicating a marginal appreciation of 0.01 per cent and 54.9 per cent relative to the levels in the preceding month and the corresponding period of 2016, respectively. Gross external reserves increased by 5.9 per cent above the preceding month's level.

The major international economic developments and meetings of importance to the domestic economy during the review period included: the World Economic Forum

held in Davos- Klosters, Switzerland from January 17 – 20, 2017 with the theme “Responsive and Responsible Leadership”. The 28th Ordinary Session of the Assembly of the African Union was also held at Addis Ababa, Ethiopia from January 29 – 31, 2017. Finally, consultative meeting between the Committee of Ten Ministers of Finance (F10) and the Bureau of the Association of African Central Banks (AACB) was held at Addis Ababa, Ethiopia on January 12, 2017.

2.0 *Financial Sector Developments²*

2.1 Monetary and Credit Developments

Growth in broad money supply (M₂) decelerated at end-January 2017. Available data indicated 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. Activities on the Nigerian Stock Exchange (NSE) were mixed in the review month.

Money supply (M₂) decelerated on month-on-month basis at end-January 2017.

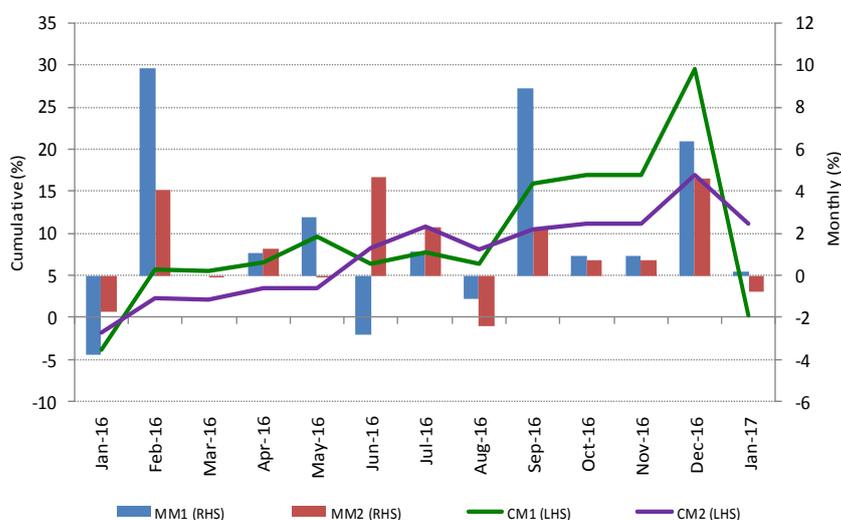
The Bank's restrictive monetary policy stance in 2016 moderated growth in monetary aggregates in the first month of 2017. Consequently, broad money supply (M₂) fell by 0.8 per cent to ₦23,238.57 billion below the level at end-December 2016, compared with the decline of 1.7 per cent at the end of the corresponding period of 2016. The development reflected the decline of 2.0 per cent and 3.1 per cent in domestic credit (net) and other assets (net) of the banking system, which more than offset the 8.3 per cent growth in net foreign assets.

Narrow money supply (M₁), on month-on-month basis, however, grew slightly by 0.2 per cent, reflecting, wholly, the 2.3 per cent growth in its demand deposit component (Fig. 1, Table 1).

Quasi-money fell by 1.7 per cent to ₦12,113.23 billion, in contrast to the growth of 0.1 per cent at the end of the corresponding period of 2016. The development reflected the decline in savings and time deposits of commercial banks, arising from low real deposit rates and portfolio shift towards alternative investment outlets in the review month.

² Data on monetary aggregates are provisional and subject to changes

Figure 1: Growth of Narrow Money (M₁) and Broad Money (M₂)³



Consistent with the tight monetary policy stance of the Bank, the banking system net claims on the economy fell at the end of the first month of 2017. At ₦26,624.48 billion, aggregate domestic credit fell by 2.0 per cent at end-January 2017, in contrast to the 2.8 per cent growth at the end of the corresponding period of 2016. The development reflected the decline of 10.9 per cent and 0.03 per cent in Net claims on the Federal Government and credit to the private sector, respectively.

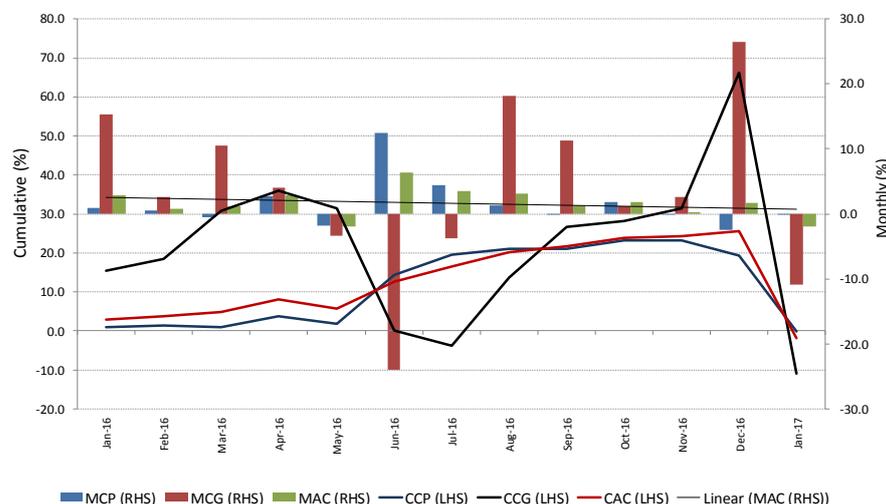
Following the 20.8 per cent decline in direct loans to the Federal Government by the CBN, particularly the 21.3 per cent decline in Ways and Means Advances, banking system's credit to the Government declined in January 2017. Relative to the level at end-December 2016, net claims on the Federal Government fell by 10.9 per cent at end-January 2017, in contrast to 18.2 per cent growth at the end of the corresponding period of 2016.

At ₦22,339.22 billion, banking system's credit to the private sector, on month-on-month basis, fell by 0.03 per cent, in contrast to the growth of 0.9 per cent at the end of the corresponding period of 2016. The

³ MM1 and MM2 represent month-on-month changes, while CM1 and CM2 represent cumulative changes (year-to-date).

development was attributed, solely, to the decline of 0.5 per cent in credit to the core private sector (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy⁴



Following improvements in crude oil production and exports, net foreign assets (NFA) of the banking system increased in January 2017. Relative to the level at end-December 2016, NFA, at ₦9,625.42 billion, grew by 8.3 per cent, in contrast to the decline of 4.6 per cent at end-January 2016. The development reflected, wholly, the 10.9 per cent growth in net foreign assets holdings of the CBN.

Foreign assets (net) of the banking system rose on month-on-month basis at end-January 2017.

Other Assets (net) of the banking system contracted by 3.1 per cent at end-January 2017 to ₦13,011.34 billion, compared with a decline of 9.9 per cent, at end-January 2016. The decline reflected, wholly, the significant fall in other assets (net) of banks, which more than offset the 10.2 per cent growth in other assets (net) of the CBN.

⁴ 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-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Domestic Credit (Net)	2.8	0.9	1.1	2.9	-2.0	6.4	3.5	3.2	1.4	1.8	0.3	1.7	-2.0
Claims on Federal Government (Net)	15.4	2.6	10.5	4.0	-3.4	-23.9	-3.8	18.2	11.3	1.2	2.6	26.4	-10.9
Claims on Private Sector	0.9	0.6	-0.6	2.8	-1.9	12.5	4.4	1.3	-0.1	1.9	-0.1	-2.4	0.0
Claims on Other Private Sector	-0.1	-0.4	0.1	0.4	0.0	12.5	4.6	0.7	0.6	1.0	0.6	-1.1	-0.5
Foreign Assets (Net)	-4.6	1.5	1.5	-9.1	3.2	36.5	6.5	0.8	1.6	-1.6	4.9	11.2	8.3
Other Assets (Net)	-9.6	6.7	-4.7	1.7	3.7	-32.7	-8.2	-13.2	0.02	-1.6	-2.8	-2.6	-3.1
Broad Money Supply (M2)	-1.7	4.1	-0.1	1.5	-0.3	4.7	2.3	-2.4	2.2	0.7	0.5	4.6	-0.8
Quasi-Money	-0.2	-0.1	0.0	1.8	-2.7	10.9	3.1	-3.3	-2.7	0.6	-2.4	3.1	-1.7
Narrow Money Supply (M1)	-3.8	9.9	-0.2	1.0	2.8	-2.8	1.2	-1.1	8.9	0.9	4.1	6.4	0.2
Reserve Money (RM)	-1.1	-11.4	13.0	-3.0	-1.6	-2.3	-1.9	-0.9	18.1	6.7	5.6	8.8	5.6

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

Currency-in-circulation, at ₦1,994.6 billion, fell by 8.5 per cent in the review month, in contrast to the 14.2 per cent growth at the end of December 2016. The development reflected, mainly, the decline in its currency component.

Total deposits at the CBN amounted to ₦12,160.2 billion, indicating an increase of 3.6 per cent above the level at the end of the preceding month. The development reflected the increase in private sector and Federal Government deposits. Of the total deposits at CBN, the share of the Federal Government, banks and the private sector was 43.1 per cent, 29.8 per cent and 27.1 per cent, respectively.

Reserve money (RM) fell during the review month.

Reserve money declined by 3.4 per cent to ₦5,633.1 billion at end-January 2017, reflecting the significant fall of 92.3 per cent and 15.3 per cent in net domestic assets and other assets (net) of the CBN, respectively. The corresponding decline in the CBN's liabilities resulted from the 8.5 per cent and 0.3 per cent fall in currency-in-circulation and bank reserves, respectively.

2.3 Money Market Developments

The tight monetary policy stance of the Bank remained unchanged in the review period. Short-term money market rates for inter-bank call and OBB rates moved in tandem with the level of liquidity and were around the MPR for most part of the period.

The trend of activities at the Standing Facilities window indicated that request for standing lending facility (SLF) was predominant at the standing facility window.

Total value of money market assets outstanding in January 2017 stood at ₦11,880.71 billion, showing an increase of 9.3 per cent, compared with the 0.7 per cent in the preceding month. The development was attributed to the 11.9 per cent increase in the FGN Bonds outstanding.

2.3.1 Interest Rate Developments

Banks' deposit rates trended upward, while developments in lending rates were mixed in January 2017. Deposit rates increased from a range of 0.97 per cent to 10.76 per cent in December 2016, to a range of 1.52 per cent to 10.77 per cent in January 2017. The average term deposit rate also rose by 0.12 percentage point to 8.51 per cent, reflecting the liquidity condition and the degree of competition for customer deposits among banks. The average prime rate fell by 0.18 percentage point to 16.91 per cent, while the maximum lending rate rose by 0.33 percentage point to 28.88 per cent at end-January 2017. Consequently, the spread between the average term deposit and the maximum lending rates widened by 0.21 percentage point to 20.37 percentage points in January 2017. Similarly, the spread between the average savings deposit and maximum lending rates, widened by 0.18 percentage point to 24.59 percentage points in the review month.

At the inter-bank call segment, the weighted average rate, which stood at 10.39 per cent in the preceding month, fell by 2.24 percentage points to 8.15 per cent in the review month. The development was attributed to excess liquidity conditions in the market. However, the weighted average rate at the open-buy-back (OBB) segment, rose from 7.35 per cent in the preceding month to 8.69 per cent in the review month. The development reflected cautious behavior of banks on inter-bank transactions in the review period. The Nigeria inter-bank offered rate

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

(NIBOR) for the 30-day tenor rose to 16.95 per cent in the review period, above 16.34 per cent in the preceding month. With the headline inflation rate at 18.7 per cent at end-January 2017, all deposit and prime lending rates were negative in real terms, while the maximum lending rate was positive in real terms (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

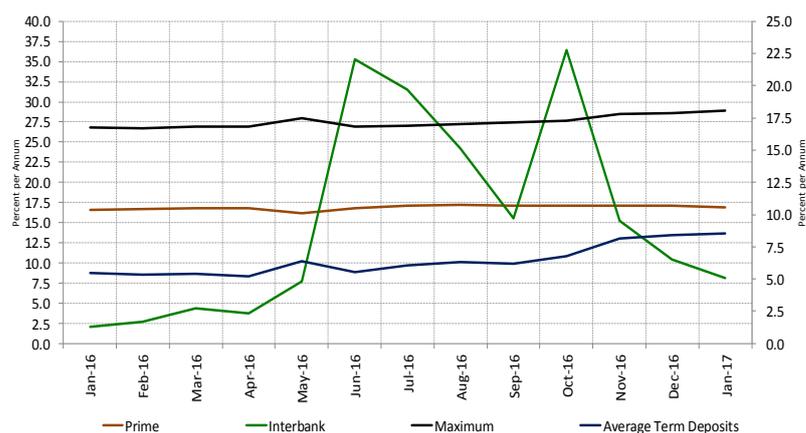


Table 2: Selected Interest Rates (Percent, Averages)

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Average Term Deposits	5.43	5.36	5.38	5.19	6.38	5.53	6.03	6.3	6.15	6.75	8.12	8.39	8.51
Prime Lending	16.54	16.72	16.82	16.77	17.82	16.78	17.14	17.18	17.09	17.1	17.06	17.09	16.91
Interbank Call	2.04	2.67	4.32	3.75	7.67	35.26	31.51	24.25	14.5	36.42	15.21	10.39	8.15
Maximum Lending	26.77	26.73	26.93	26.88	27.93	26.93	27.06	27.21	27.49	27.69	28.53	28.55	28.88

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs stood at ₦0.92 billion at end-January 2017, compared with ₦0.49 billion at the end of the preceding month. The development was due to the increase in investment in CP by the commercial banks in the review month. Thus, CP constituted 0.01 per cent of total value of money market assets outstanding in January 2017, compared with 0.005 per cent in the preceding month.

2.3.3 Bankers' Acceptances (BAs)

During the review period, BAs outstanding stood at ₦22.2 billion, compared with ₦33.5 billion at the end of the preceding month. The development was

attributed to decreased investment in BAs by commercial banks during the period. Consequently, BAs accounted for 0.2 per cent of total value of money market assets outstanding at end-January 2017, compared with 0.3 per cent at the end of the preceding month.

2.3.4 Open Market Operations

The Bank conducted Open Market Operations (OMO) through the sale and purchase of Central Bank of Nigeria (CBN) bills. The tenors to maturity of the instrument ranged from 143 days to 352 days. Total amount offered, subscribed to and allotted were ₦420.00 billion, ₦1,237.87 billion and ₦700.52 billion, respectively. The bid rates ranged from 17.9500 per cent to 18.8600 per cent, while the stop rates ranged from 18.0000 per cent to 18.6000 per cent. Repayment and maturity of CBN bills was ₦127.00 billion, translating to a net withdrawal of ₦573.52 billion.

2.3.5 Primary Market

At the Government securities market, the Nigerian Treasury Bills (NTBs) and FGN Bonds were issued at the primary market on behalf of the Debt Management Office (DMO). Yields on the NTBs issued at the primary market moderated slightly during the review period. NTBs of 91-, 182- and 364-day tenors, amounting to ₦321.81 billion, ₦636.40 billion and ₦441.81 billion were offered, subscribed to and allotted, respectively, at the two auctions held in January 2017. The bid rates ranged from 13.00 per cent to 18.59 per cent, 13.50 per cent to 19.22 per cent, and 17.00 per cent to 22.00 per cent, for the 91-, 182- and 364-day tenors, respectively. In the same vein, the stop rates ranged from 13.90 per cent to 14.00 per cent, 17.25 per cent to 17.50 per cent, and 18.65 per cent to 18.70 per cent, respectively.

2.3.6 Bonds Market

In the review month, existing tranches of the 5-, 10- and 20-year FGN Bonds were re-opened and offered for sale in January 2017. The term to maturity of the bonds ranged from 4 years 6 months to 19 years, 2 months. Total amount offered, subscribed to

and allotted were ₦130.00 billion, ₦235.05 billion and ₦214.95 billion, respectively. There were no allotment on non-competitive basis and maturity in the period.

The bid rate ranged from 14.00 per cent to 18.00 per cent, while the marginal rates for the 5-, 10-, and 20-year bonds were 16.8990 per cent, 16.9945 per cent and 16.9920 per cent, respectively. For all the tenors, the marginal rates were from 16.8990 per cent to 16.9945 per cent. The bid to cover ratio was 1.09, while the auction was oversubscribed by 80.81 per cent. The significant over subscription was attributed to renewed investors' confidence in the market.

2.3.7 CBN Standing Facilities

The banks continued to access the Standing Facilities window to square up their positions either by borrowing or depositing the excess reserves with the CBN at the end of each business day. The trend at the CBN standing facilities window showed more patronage at the standing lending facility (SLF) window than at the standing deposit facility (SDF) window. Applicable rates at the SLF and SDF remained at 16.00 per cent and 9.00 per cent, respectively.

Total request for SLF amounted to ₦2,904.16 billion, made up of direct SLF (₦108.54 billion) and Intra-day lending facilities (ILF) converted to overnight repo (₦2,795.62 billion), with a daily average of ₦161.34 billion, compared with SLF of ₦3,814.97 in December 2016. The Bank earned ₦2.23 billion in interest income, compared with income of ₦3.53 billion, in the preceding month. Total standing deposit facility (SDF) granted during the review period was ₦1,532.00 billion with a daily average of ₦85.11 billion, compared with ₦1,457.81 billion, in December 2016. The cost incurred on SDF in January 2017 was ₦504.02 million, compared with ₦540.32 billion in December 2016.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the commercial banks amounted to ₦32,292.1 billion, showing an increase of 1.9 per cent, relative to the level at end-December 2016. Funds were sourced mainly from increased capital

accounts, unclassified liabilities and foreign liabilities as well as reduction in claims on private sector. The funds were used, largely, to extend credit to the Federal Government, acquire unclassified assets, increase reserves, and settle/honour matured time, savings and foreign currency deposits.

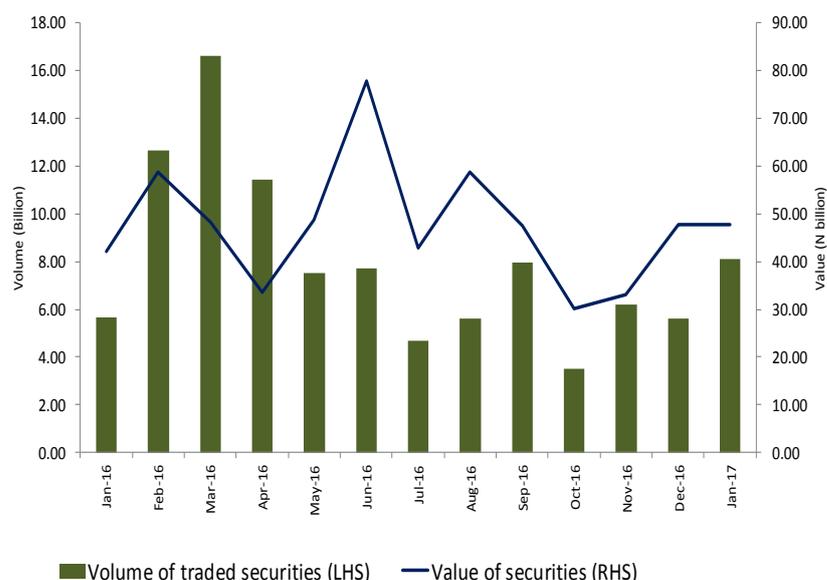
Banks' credit to the domestic economy, at ₦21,552.1 billion, fell by 18.2 per cent, compared with the level at the end of the preceding month. The development reflected, largely, the increase in claims on the Private Sector, at the end of the review month.

Total specified liquid assets of commercial banks stood at ₦7,793.6 billion, representing 41.9 per cent of their total current liabilities. At that level, the liquidity ratio was 1.6 percentage points below the level at the end of the preceding month, but was 11.9 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 79.7 per cent, was 0.3 percentage point below the level at the end-December 2016, and the maximum ratio of 80.0 per cent apiece.

2.5 Capital Market Developments

2.5.1 Secondary Market

There were mixed developments on the Nigerian Stock Exchange (NSE) as investors continued to alter their portfolio mix to cope with the challenging business environment. The aggregate volume of traded securities rose by 44.6 per cent to 8.1 billion shares, while the value declined by 0.1 per cent to ₦47.65 billion in 61,600 deals, compared with 5.6 billion shares valued at ₦47.7 billion in 52,094 deals, recorded in the preceding month. The Financial Services Sector (measured by volume) led the activity chart with 7.1 billion shares valued at ₦17.4 billion, traded in 34,712 deals, compared with 4.6 billion shares worth ₦17.2 billion, traded in 29,269 deals, in the preceding month (Fig.4, Table 3).

Figure 4: Volume and Value of Traded Securities**Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)**

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Volume (Billion)	5.7	12.6	16.6	11.5	7.5	7.7	4.7	5.6	8.0	3.5	6.1	5.6	8.1
Value (N Billion)	42.1	58.6	48.2	33.5	48.8	77.9	42.9	58.8	47.4	30.1	33.1	47.7	47.7

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 supplementary listings in the review month.

2.5.4 Market Capitalisation

The aggregate market capitalisation rose by 0.7 per cent to ₦16.16 trillion at end-January 2017 above ₦16.05 trillion at the end of the preceding month. Market capitalisation for the equities segment, however, fell by 3.1 per cent to ₦8.97 trillion and constituted 55.5 per cent of the total, compared with ₦9.26 trillion and 57.2 per cent at end-December 2016 (Fig.5, Table 5).

2.5.5 NSE All-Share Index

The All-Share Index, which opened at 26,036.24 at the beginning of the month, closed at 26,874.62, representing an increase of 3.2 per cent above the level in the preceding month.

With the exception of the NSE-Premium and NSE-Banking indices, which rose by 3.9 and 3.3 per cent above the levels at end-December 2016 to 1584.96 and 268.49, respectively, at end-January 2017, all other sectoral indices fell below the levels in the preceding month. The NSE-Oil and Gas, NSE-ASEM, NSE-Pension, NSE Industrial Goods, NSE-Lotus Islamic, NSE-Insurance and NSE-Consumer Goods indices fell by 16.0 per cent, 0.5 per cent, 0.5 per cent, 28.2 per cent, 13.1 per cent, 12.4 per cent and 11.4 per cent to 356.56, 1208.65, 815.16, 2166.70, 1998.85, 142.61 and 746.19, respectively, at end-January 2017 (Fig.5, Table 4).

Figure 5: Market Capitalization and All-Share Index

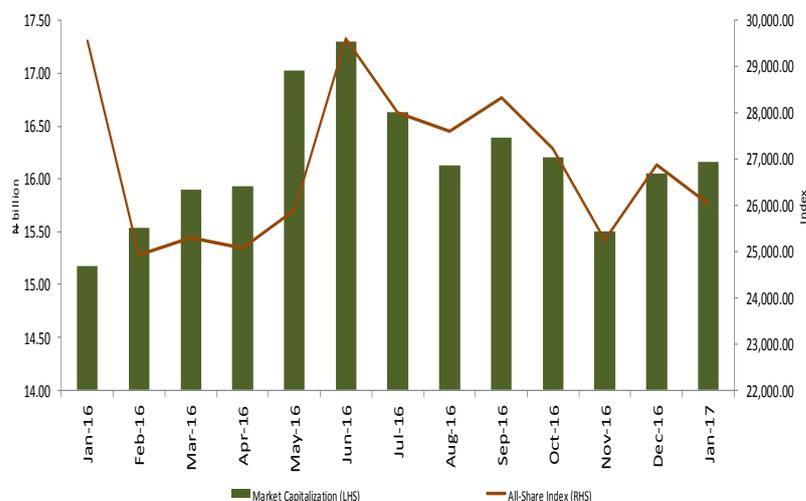


Table 5: Aggregate Market Capitalization and All Share Index (NSE)

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Aggregate Market Capitalization (in trillion)	17.3	16.63	16.13	16.39	16.2	15.5	16.05	16.16
All-Share Index	29,597.79	28,009.93	27,599.03	28,335.40	27,220.09	25,241.63	26,874.62	26,036.24

3.0 Fiscal Operations⁵

Provisional data showed that federally-collected revenue in January 2017 fell by 15.3 per cent below the receipt in December 2016. Federal Government retained revenue for January 2017 was ₦181.92 billion, while total provisional expenditure was ₦389.63 billion. Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦207.71 billion.

3.1 Federation Account Operations

Federally-collected revenue (gross), at ₦424.92 billion, in January 2017, was lower than both the provisional monthly budget estimate and the receipt in December 2016 by 46.4 and 15.3 per cent, respectively. The shortfall in federally-collected revenue (gross) relative to the preceding month's level was attributed to the decline in receipts from both oil and non-oil revenue sources (Fig. 6, Table 6).

At ₦424.92 billion, the estimated federally-collected revenue (gross) in January 2017, fell short of the 2017 provisional monthly budget estimate of ₦792.71 billion by 46.4 per cent.

Figure 6: Components of Gross Federally-Collected Revenue

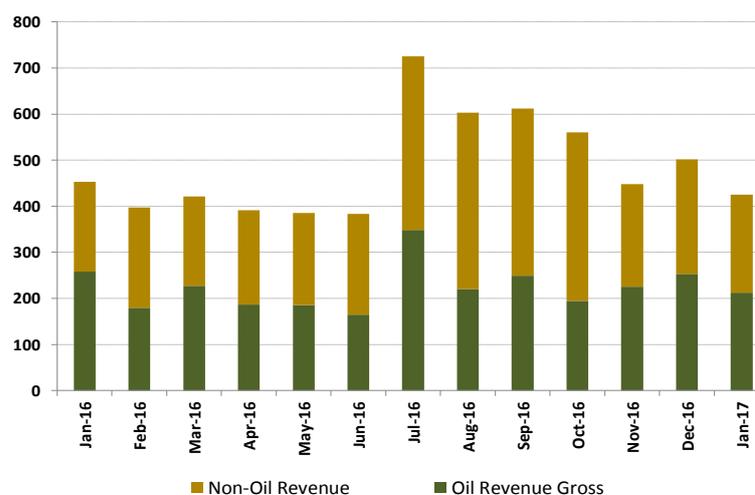


Table 6: Gross Federation Account Revenue (N billion)

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Gross Revenue	445.0	396.4	436.1	391.3	384.9	405.8	783.7	503.1	561.8	484.4	448.4	501.7	424.9
Oil Revenue	258.4	180.0	227.7	186.7	185.8	164.8	348.1	220.5	249.0	194.7	225.2	253.2	212.3
Non-oil Revenue	186.6	216.3	208.4	157.9	182.5	241.0	435.6	282.6	312.8	289.7	223.2	248.5	212.6

⁵ Data on government (general, federal and state) revenue and expenditure are provisional and subject to changes

At ₦212.32 billion, oil receipts (gross) was below the monthly budget estimate by 27.9 per cent, and constituted 50.0 per cent of the total revenue.

Gross oil receipts, at ₦212.32 billion or 50.0 per cent of total revenue fell below the provisional monthly budget estimate and December 2016 collection by 27.9 and 16.2 per cent, respectively. The decrease in oil revenue relative to the provisional monthly budget estimate was attributed to the decline in crude oil/gas export receipts, due to pipeline vandalism and emergency repairs (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

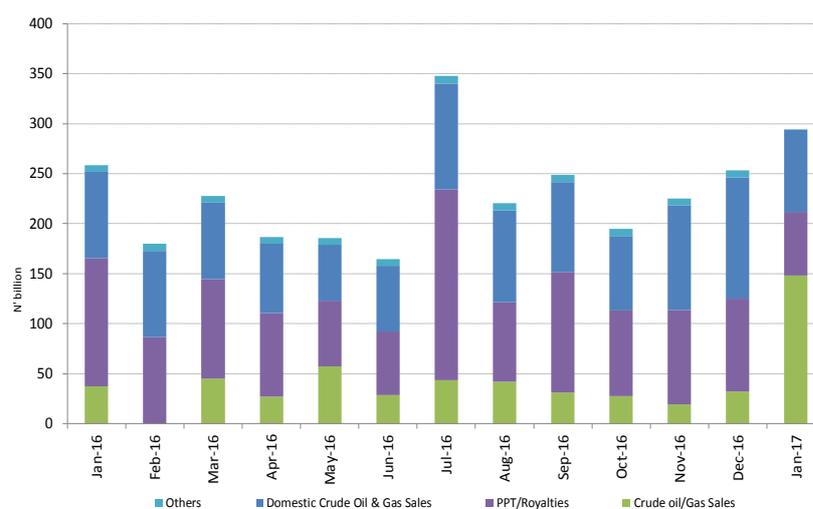


Table 7: Components of Gross Oil Revenue (₦ billion)

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Oil Revenue	258.4	180.0	227.7	186.7	185.8	164.8	348.1	220.5	249.0	194.7	225.2	253.2	212.3
Crude oil/Gas Sales	37.5	0.0	45.0	27.0	57.1	28.5	43.2	41.8	30.9	27.5	19.2	32.0	34.5
Domestic crude oil/Gas sales	86.0	86.0	76.6	69.5	56.2	66.0	105.7	91.8	89.8	74.9	104.7	121.1	65.9
PPT/Royalties	128.0	86.6	99.4	83.6	65.7	63.5	191.4	79.9	121.0	85.5	94.6	93.1	104.8
Others	6.9	7.4	6.7	6.6	6.8	6.8	7.7	6.9	7.2	6.9	6.7	7.1	7.1

At ₦212.61 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 57.3 per cent and constituted 50.0 per cent of total revenue.

At ₦212.61 billion or 50.0 per cent of total revenue, gross non-oil revenue, was below both provisional budget estimate and the level in December 2016 by 57.3 and 14.4 per cent, respectively. The shortfall relative to the budget estimate was due to the decline in all the components of the non-oil revenue due to the low economic activities in the country during the review month (Fig. 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components

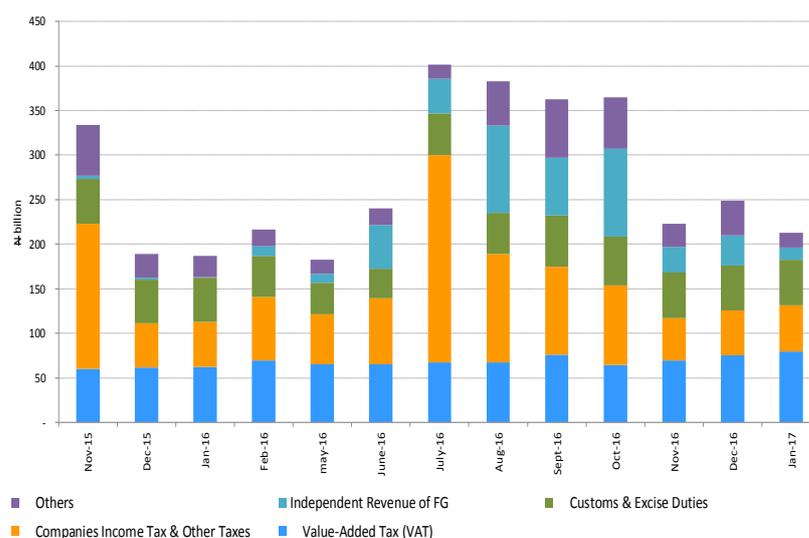


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Non-Oil Revenue	186.6	216.3	208.4	157.9	182.5	241.0	435.6	282.6	312.8	289.7			
Corporate Tax	50.8	71.2	54.2	41.8	55.9	73.9	232.9	122.2	98.7	89.6	47.2	50.0	52.1
Customs & Excise Duties	49.5	46.1	39.9	37.4	35.6	33.6	46.3	46.3	57.6	54.7	51.4	50.5	51.0
Value-Added Tax (VAT)	62.1	69.7	64.8	64.2	65.3	65.1	67.4	67.0	76.0	64.3	69.6	75.6	79.3
Independent Revenue of Fed. Govt.	0.9	10.6	36.1	0.6	10.0	48.5	54.1	5.6	14.7	56.8	28.9	33.5	13.9
Others ^{1/}	23.3	18.8	13.4	13.8	15.7	19.9	35.0	41.6	65.9	24.3	26.1	38.9	16.4

^{1/} Includes Education Tax, Customs special levies (Federation and Non-Federation) & National Information Technology Development Fund (NITDF)

Of the total federally-collected revenue (net), the sum of ₦216.27 billion was retained in the Federation Account, while ₦76.10 billion, ₦13.90 billion and ₦16.36 billion, respectively, were transferred to the VAT Pool Account, the Federal Government Independent revenue and "Others" (including Tertiary Education Trust Fund, National Information Technology Development Fund and Customs Special Levies).

Accordingly, of the ₦216.27 billion transferred to the Federation Account for distribution, the Federal Government received ₦105.76 billion, while the States and Local Governments received ₦53.64 billion and ₦41.36 billion, respectively. The balance of ₦15.50 billion was shared among the oil producing States as 13% Derivation Fund.

In addition, the sum of ₦76.10 billion retained in the VAT pool Account after deduction for cost of collection was shared as follows: Federal Government, ₦11.42 billion, while the State and Local Governments received ₦38.05 billion and ₦26.64 billion, respectively.

Also, the sum of ₦43.00 billion from the Excess Crude Account was distributed. The Federal, State and Local Governments received ₦19.71 billion, ₦10.00 billion and ₦7.71 billion, respectively. The Oil producing states received ₦5.59 billion as 13% Derivation Fund.

Furthermore, the sum of ₦52.85 billion was shared as Exchange Gain in the following order: Federal Government, ₦24.81 billion; State Governments, ₦12.58 billion; Local Governments, ₦9.70 billion; and 13% Derivation Fund, ₦5.75 billion. The Federal Government also received the sum of ₦6.33 billion as NNPC's 26th equal installment refund of indebtedness.

Overall, total allocations to the three tiers of government in January 2017 amounted to ₦394.54 billion. This was below the 2017 provisional monthly budget estimate of ₦495.23 billion by 20.3 per cent. It, however, exceeded the figure in December 2016 by 2.9 per cent.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦181.92 billion, the estimated Federal Government retained revenue was below the monthly budget estimate by 46.1 per cent.

The estimated Federal Government retained revenue for the month of January 2017 at ₦181.92 billion, was below the provisional budget estimate and receipt in December 2016 by 46.1 per cent and 7.7 per cent, respectively. Of the total receipt in January 2017, Federation Account accounted for 58.1 per cent, while Exchange Gain, Excess Crude, FGN Independent Revenue, VAT and NNPC Refund accounted for 13.6, 10.8, 7.6, 6.3, and 3.5 per cent, respectively (Fig. 9, Table 9).

Figure 9: Federal Government Retained Revenue

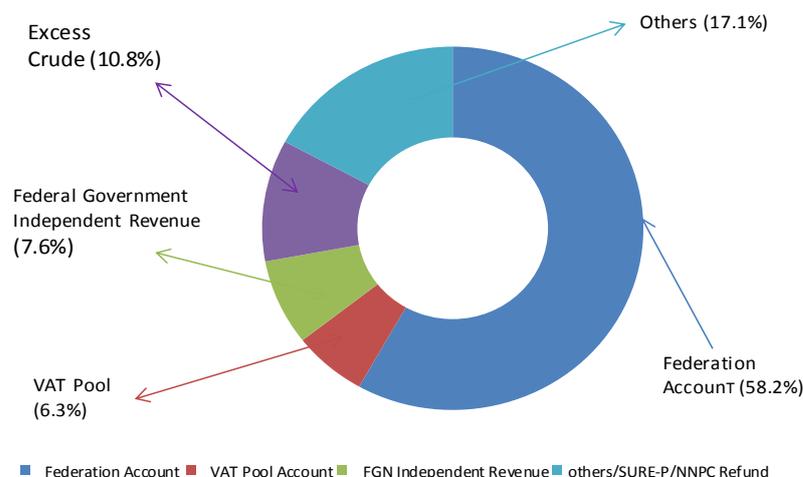


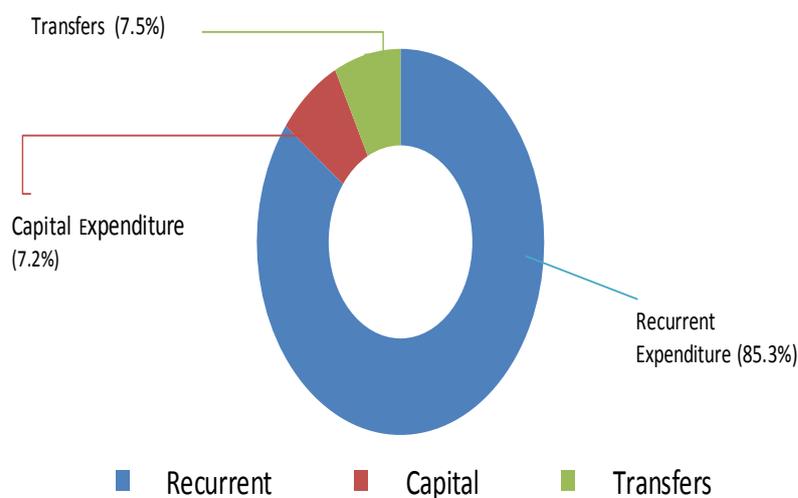
Table 9: Federal Government Fiscal Operations (₦ billion)

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Retained Revenue	207.09	181.70	199.13	334.78	138.62	248.96	363.11	354.84	237.13	241.35	209.40	197.08	181.92
Federation Account	147.57	137.47	127.20	109.11	101.22	112.83	195.21	129.21	149.31	120.35	96.67	97.90	105.76
VAT Pool Account	8.94	10.04	9.33	9.25	9.40	9.38	9.71	9.65	10.94	9.25	10.03	10.88	11.42
FGN Independent Revenue	0.88	10.58	36.07	0.55	10.01	48.54	54.06	5.56	14.67	56.85	28.94	33.48	13.90
Excess Crude	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.04	29.05	50.01	30.25	19.71
Others/SURE-P/NNPC Refund	49.71	23.61	26.53	215.87	18.00	78.21	104.14	210.42	46.17	25.84	23.76	24.57	31.14
Expenditure	137.57	587.91	408.92	703.91	318.26	359.33	517.76	407.89	428.33	451.33	429.18	436.28	389.63
Recurrent	82.77	507.27	357.89	408.86	263.39	263.88	438.73	377.28	359.96	391.99	376.41	376.12	332.21
Capital	54.80	54.95	18.00	240.51	25.59	66.28	49.76	1.33	39.12	30.07	23.51	30.90	28.16
Transfers	0.00	25.69	33.04	54.54	29.28	29.18	29.28	29.25	29.25	29.27	29.27	29.26	29.27
Overall Balance:	69.52	-406.21	-209.79	-369.13	-179.64	-110.38	-154.66	-53.05	-191.20	-209.98	-219.78	-239.20	-207.71
Surplus(+)/Deficit(-)													

1/ Revised

The estimated total expenditure of the Federal Government, at ₦389.63 billion, fell short of the provisional budget estimate and the level in December 2016 by 25.4 and 10.7 per cent, respectively. Recurrent and capital expenditure, accounted for 85.3, and 7.2 per cent, respectively, while transfers accounted for the balance of 7.5 per cent of the total expenditure. A breakdown of the recurrent expenditure showed that non-debt obligation was 52.6 per cent of the total, while debt service payments accounted for the balance of 47.4 per cent (Fig. 10).

Total estimated expenditure, at ₦389.63 billion, fell by 25.4 per cent compared with the 2016 monthly budget.

Figure 10: Federal Government Expenditure

The fiscal operations of the FG resulted in an estimated deficit of ₦207.71 billion.

Thus, overall, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦207.71 billion, compared with the 2017 provisional monthly budget deficit of ₦185.16 billion.

3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the State Governments amounted to ₦141.12 billion. This was above the December 2016 allocations of ₦136.95 billion by 3.0 per cent, but represented 18.6 per cent shortfall below the monthly budget estimate.

Allocation from the Federation Account amounted to ₦103.06 billion or 73.0 per cent of the total statutory allocations. This was above the receipt in December 2016 by 2.4 per cent.

The VAT Pool Account at ₦38.05 billion or 27.0 per cent of the total, exceeded the level in December 2016 by 4.9 per cent.

3.2.3 Statutory Allocations to Local Government Councils

Allocations to Local Governments from the Federation and VAT Pool Accounts in the month of January 2017 stood at ₦85.40 billion. This exceeded the preceding month's receipt by 3.3 per cent, but represented a 25.9 per cent shortfall below the monthly budget estimate.

Allocation from the Federation Account was ₦58.77 billion or 68.8 per cent of the total, while its share from the VAT Pool Account was ₦26.64 billion or 31.2 per cent of the total (Table 10).

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

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
SG Federation Account	104.1	93.3	88.5	76.1	67.9	74.8	142.4	113.6	137.6	112.0	115.2	100.7	103.1
SG VAT	29.8	33.5	31.1	30.8	31.3	31.3	32.4	32.2	36.5	30.8	33.4	36.3	38.1
SG Total	133.9	126.7	119.6	107.0	99.3	106.1	174.7	145.8	174.0	142.9	148.6	137.0	141.2
LG Federation Account	58.5	54.4	50.4	43.2	40.0	44.6	93.7	70.7	80.2	66.1	64.2	57.2	58.8
LG VAT	20.9	23.4	21.8	21.6	21.9	21.9	22.6	22.5	25.5	21.6	23.4	25.4	26.6
LG Total	79.3	77.8	72.1	64.8	62.0	66.5	116.3	93.2	105.8	87.6	87.6	82.6	85.4
Total Statutory Revenue and VAT	213.2	204.6	191.8	171.7	161.2	172.6	291.0	239.0	279.8	230.5	236.2	219.6	226.6

4.0 Domestic Economic Conditions

The prevalence of dry weather across the country affected agricultural activities in January 2017. Major farming activities in the Southern States were harvesting of tree crops and clearing of land for the 2017 cropping season, while farmers in the Northern States engaged in the cultivation of irrigated lands. In the livestock sub-sector, farmers intensified the raising of broilers and layers to replenish stocks that were depleted during the end of year festivities. Average crude oil production was estimated at 1.57 million barrels per day (mbd) or 48.67 million barrels, during the month. The end-period inflation on a year-on-year and 12-month moving average basis were 18.7 per cent and 16.4 per cent, respectively, in January 2017.

4.1 Agricultural Sector

The prevalence of dry weather across the country affected agricultural activities in January 2017. The major farming activities in the Southern States were harvesting of tree crops and clearing of land for the 2017 cropping season, while farmers in the Northern States engaged in the cultivation of irrigated lands. Also, agricultural activities in the North-Eastern region received a boost due to improved security and gradual return of displaced persons to their communities. In the livestock sub-sector, farmers intensified the raising of broilers and layers to replenish stocks that were depleted during the last end of year festivities.

A total of ₦606.2 million was guaranteed to 3,793 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in January 2017. This amount represented a decline of 25.3 per cent below the level in the preceding month, but was an increase of 24.0 per cent above the level in the corresponding month of 2016. Sub-sectoral analysis showed that food crops got the largest share of ₦369.7 million (61.0 per cent) guaranteed to 2,405 beneficiaries. The mixed crops subsector received ₦87.1 million (14.4 per cent) guaranteed to 733 beneficiaries; livestock had ₦73.8 million (12.2 per cent) guaranteed to 290 beneficiaries; fisheries, ₦49.9 million (8.2 per cent) guaranteed to 191 farmers; cash crops sub-sector, ₦21.0 million (3.5 per cent)

guaranteed to 152 beneficiaries, while “others” had ₦4.7 million (0.8 per cent) guaranteed to 22 beneficiaries. Analysis by state showed that 22 states, including the FCT benefited from the Scheme in the review month with the highest sum of ₦69.3 million (11.4 per cent) guaranteed to Ogun state. Gombe state received the lowest guaranteed sum of ₦0.3 million (0.05 per cent).

As at January 23, 2017, the total amount released by the CBN under CACS to the participating banks for disbursement stood at ₦407.37 billion.

As at January 23, 2017, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS), since inception to participating banks for disbursement, amounted to ₦407.37 billion in respect of 490 projects (Table 11).

Participating Banks	Amount Disbursed (₦billion)	Number of Projects/State Governments
UBA Plc	59.76	42
Zenith Bank	84.31	59
First Bank of Nigeria Plc	42.39	98
Unity Bank Plc	24.33	26
Union Bank Plc	23.19	34
Stanbic IBTC Plc	23.41	41
Sterling Bank	31.67	33
Access Bank Plc	23.63	22
Fidelity Bank Plc	15.91	13
Skye Bank Plc	11.77	12
FCMB Plc.	11.37	22
Ecobank	6.38	10
GTBank	27.70	21
Diamond Bank Plc	4.73	19
Heritage Bank	6.81	15
Citibank Plc	3.00	2
Keystone Bank	3.95	9
WEMA Bank Plc	2.06	11
Jaiz Bank Plc	1.00	1
TOTAL	407.37	490

4.2 Petroleum Sector

Crude oil and natural gas production was estimated at an average of 1.57 million barrels per day.

Improvement in domestic production recorded in the preceeding month was sustained in the review month, following reduced disruption to production by militants attack and repairs of previously damaged oil installations. The exemption of Nigeria from the production-cut agreement by OPEC and 11 non-OPEC countries also provided the opportunity to ramp-up production. Consequently, Nigeria's crude oil production, including condensates and natural gas liquids stood at an average of 1.57 mbd or 48.67

million barrels (mb) in the review month. This represented an increase of 0.03 mbd or 1.95 per cent above the average of 1.54 mbd or 47.74 mb recorded in the preceding month. Crude oil export stood at 1.12 mbd or 34.72 mb, representing an increase of 2.75 per cent, compared with 1.09 mbd or 33.79 mb in the preceding month.

Allocation of crude oil for domestic consumption remained at 0.45 mbd or 13.95 mb during the review period.

To accelerate the rebalancing of the global oil market, the production adjustment agreement between 11 non-OPEC oil producers with 13 OPEC Member Countries took effect from Jan 1, 2017. Consequently, there was marginal price increase in global oil prices due to the gains of the cooperation. The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API) rose from US\$54.10 per barrel in December 2016 to US\$55.10 per barrel in January 2017, representing an increase of 1.85 per cent. The UK Brent at US\$54.41/b, the Forcados at US\$54.81/b and the WTI at US\$53.35 exhibited similar trend as the Bonny Light.

The average price of OPEC basket of eleven selected crude streams stood at US\$52.40/b in January 2017. This represented an increase of 1.39 per cent and 97.74 per cent, compared with the average price of US\$51.68/b and US\$26.50/b in the preceding month and the corresponding period of 2016, respectively (Fig. 11, Table 12).

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

Figure 11: Trends in Crude Oil Prices

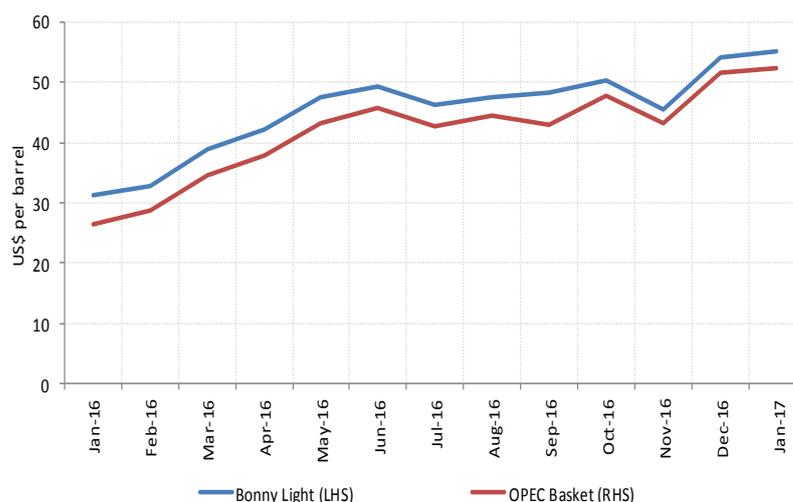


Table 12: Average Crude Oil Prices in the International Oil Market

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Bonny Light	31.2	32.9	38.9	42.3	47.6	49.3	46.3	47.5	48.3	50.4	45.5	54.1	55.1
OPEC Basket	26.5	28.7	34.7	37.9	43.2	45.8	42.7	44.6	42.9	47.9	43.2	51.7	52.4

4.3 Consumer Prices

The general price level rose in January 2017.

During the review period, the economy sustained the signs of increased activity as the fiscal space improved, owing to increased oil revenues. Also, early submission of the 2017 Appropriation Act to the National Assembly and commencement of its consideration improved business confidence and supported prospects of a conducive macro economy in the review month. The effect of exchange rate pass through, however, continued to reflect on domestic prices.

Available data showed that the all-items composite Consumer Price Index (CPI) was 215.7 (November 2009=100) in January 2017, and represented 1.0 per cent and 18.7 per cent increase, relative to the levels in December 2016 and the corresponding period of 2016, respectively. The development was attributed, largely, to the increase in the indices of food (bread and cereals, meat, fish and oil) and energy and air transport.

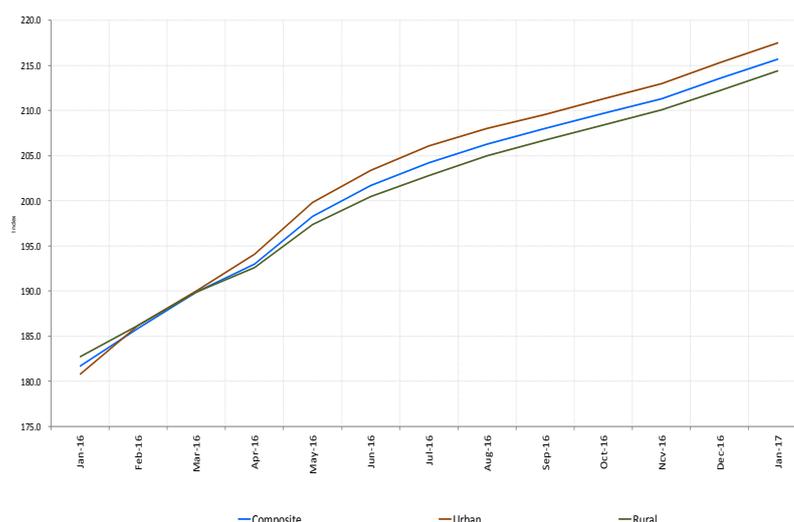
The urban all-items CPI at end-January 2017, was 217.5 (November 2009=100), representing an increase of 1.0 and 20.3 per cent, compared with the levels at end-December 2016 and the corresponding period of 2016, respectively. The rural all-items CPI for the month was 214.4 (November 2009=100), indicating a rise of 1.0 per cent, compared with the level at end-December 2016 (Fig. 12, Table 13).

The composite food index (with a weight of 50.7 per cent) for January 2017 was 221.4, compared with 218.6 and 187.9 at end-December 2016 and the corresponding month of 2016, respectively. The rise in the index was driven, mainly, by increase in prices of Bread and Cereals, Meat, Oil and Fats, and Fish.

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

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Composite	181.7	185.9	189.9	193.0	198.3	201.7	204.2	206.3	208.0	209.7	211.3	213.6	215.7
Urban	180.8	186.2	190.0	194.1	199.8	203.4	206.1	208.0	209.6	211.3	213.0	215.3	217.5
Rural	182.7	186.0	189.9	192.6	197.4	200.5	202.8	205.0	206.7	208.4	210.1	212.2	214.4
CPI - Food	187.9	190.5	194.9	197.4	202.5	205.4	207.9	210.3	212.0	213.8	215.7	218.6	221.4
CPI - Non Food	178.2	183.0	186.4	189.6	194.7	198.3	200.7	202.4	204.3	205.9	207.3	208.6	210.0

Figure.12: Consumer Price Index



The year-on-year headline inflation was 18.7 per cent in January 2017.

The continued depreciation of the naira exchange rate continue to increase inflationary pressures in the review period, compared with the level in the preceeding month. Consequently, headline inflation inched up to 18.7 per cent in January 2017, from 18.6 per cent in December 2016, and almost doubled the 9.6 per cent recorded in January 2016. The higher inflation was due mostly to increase in the prices of food items, energy, automobiles and transport. The Twelve-Month Moving Average (12MMA) inflation for January 2017 was 16.4 per cent, compared with 15.7 and 9.1 per cent recorded in the preceding month and the corresponding period of 2016, respectively (Fig. 13, Table 14).

Figure 13: Inflation Rate

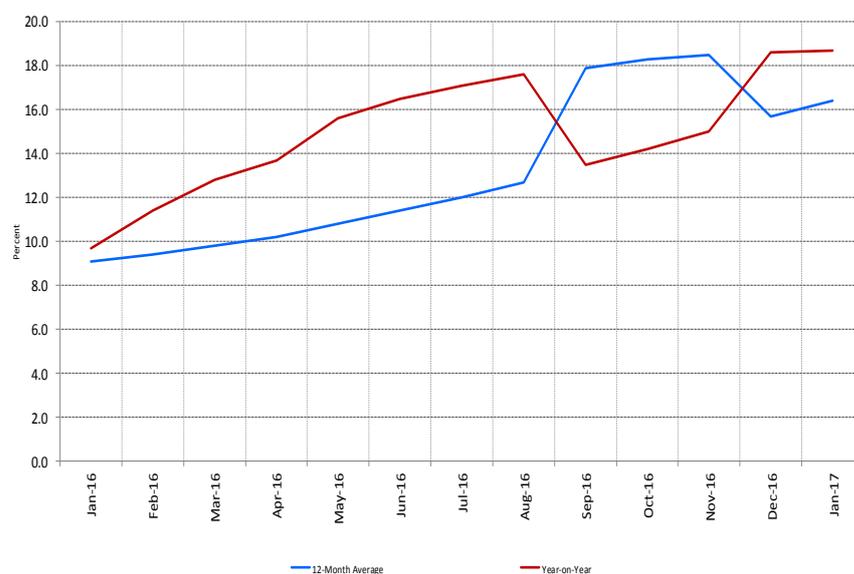


Table 14: Headline Inflation Rate (%)

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
12-Month Average	9.1	9.4	9.8	10.2	10.8	11.4	12.0	12.7	13.5	14.2	15.0	15.7	16.4
Year-on-Year	9.6	11.4	12.8	13.7	15.6	16.5	17.1	17.6	17.9	18.3	18.5	18.6	18.7

5.0 External Sector Developments⁶

Provisional data indicated that, on month-on-month basis, foreign exchange inflow and outflow through the CBN fell by 23.0 and 28.1 per cent, respectively. Total non-oil export receipts by banks declined by 59.7 per cent below the level in the preceding month. The average exchange rate of the naira at the inter-bank segment was ₦305.20 per US dollar, indicating a marginal appreciation of 0.01 per cent, compared with the level in the preceding month. The gross external reserves rose by 5.9 per cent above the preceding month's level.

5.1 Foreign Exchange Flows

Despite the gradual recovery of oil price, external sector performance remained weak in January 2017, due, mainly, to reduced inflow through the current account. Also, inflow through the capital and financial account was constrained, on account of low expectation of the increased flexibility of the naira exchange rate and the gradual increase of interest rates in developing countries. Provisional data indicated that foreign exchange inflow through the CBN, at US\$2.61 billion, fell by 23.0 per cent, relative to the level in the preceding month, but indicated an increase of 96.0 per cent, compared with the level in the corresponding period of 2016. The development relative to the level in the preceding month was attributed to the fall in other Official receipts during the review month. Aggregate outflow through the CBN, at US\$1.06 billion, declined by 28.1 per cent and 37.4 per cent below the levels in the preceding month and the corresponding period of 2016, respectively. The development was due, largely, to the decline in inter-bank utilisation, (Fig. 14, Table 15). Overall, a net inflow of US\$1.55 billion, was recorded through the CBN, in contrast to the net outflow of US\$1.92 billion in the preceding month.

Foreign exchange inflow and outflow through the CBN fell by 23.0 and 28.1 per cent, respectively, in January 2017.

⁶ Data on foreign exchange flows in to and from the Bank and the Economy are provisional and subject to changes

Figure 14: Foreign Exchange Flows through the CBN

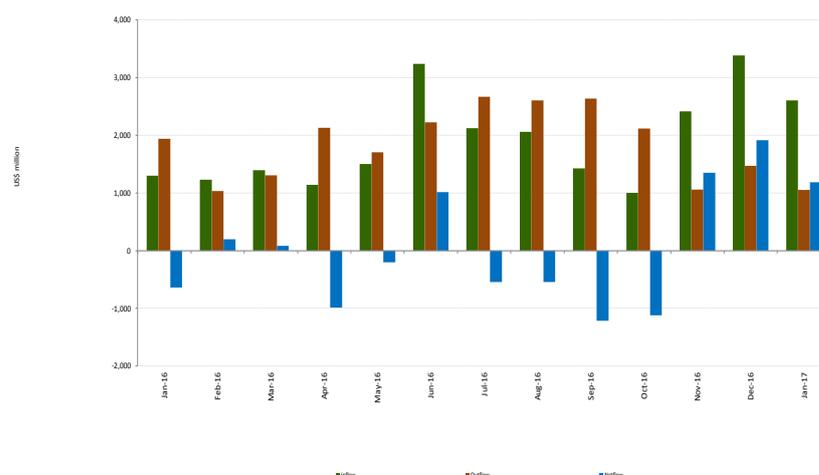


Table 15: Foreign Exchange Flows through the CBN (US\$ million)

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Inflow	1,301.8	1,228.3	1,392.0	1,142.5	1,505.5	3,239.9	1,092.2	2,061.2	1,425.4	999.2	2,414.8	3,385.3	2,605.5
Outflow	1,942.0	1,030.7	1,780.7	2,129.8	1,707.4	2,227.0	2,728.0	2,603.3	2,637.7	2,119.2	1,061.9	1,468.7	1,055.8
Netflow	(640.2)	197.6	(388.8)	(987.3)	(201.8)	1,012.9	(1,635.8)	(542.0)	(1,212.3)	(1,120.0)	1,353.0	1,916.6	1,549.7

Aggregate foreign exchange inflow into the economy was US\$4.75 billion, in January 2017. This represented 39.3 per cent and 11.6 per cent decline below the levels at end-December 2016 and the corresponding month of 2016, respectively. The development relative to the preceding month reflected the decline in inflow through both the Bank and autonomous sources. Inflow through the CBN and autonomous sources accounted for 54.9 per cent and 45.1 per cent, respectively.

Autonomous inflow through the economy fell by 51.7 per cent below the level in the preceding month.

Non-oil sector inflow, at US\$1.99 billion (41.9 per cent of the total), fell by 26.0 per cent, below the level in the preceding month. Autonomous inflow, also declined by 51.7 per cent, below the preceding month's level.

Aggregate foreign exchange outflow from the economy, at US\$1.23 billion, declined by 31.4 per cent and 35.8 per cent, below the levels in the preceding month and the corresponding month of 2016, respectively. Thus, foreign exchange flows through the economy, resulted in a net inflow of US\$3.52 billion in the review month, compared with

US\$6.02 billion and US\$3.45 billion in December 2016 and the corresponding month of 2016, respectively.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings, at US\$0.34 billion, declined by 59.7 per cent, compared with the level in December 2016. The development relative to the level in December 2016, reflected the decrease in receipts from manufactured products. A breakdown by sectors, showed that the proceeds from mineral, agricultural, food products and industrial sub-sectors grew by 38.3 per cent, 31.0 per cent, 19.2 per cent, and 5.8 per cent over the levels in December 2016 to US\$0.13 billion, US\$0.10 billion, US\$0.06 billion, and US\$0.02 billion, respectively.

The shares of the various components in the non-oil export proceeds were: industrial (5.8 per cent); minerals (38.3 per cent); agricultural (31.0 per cent); manufactured products (5.8 per cent); food products (19.1 per cent); and transport (0.0 per cent).

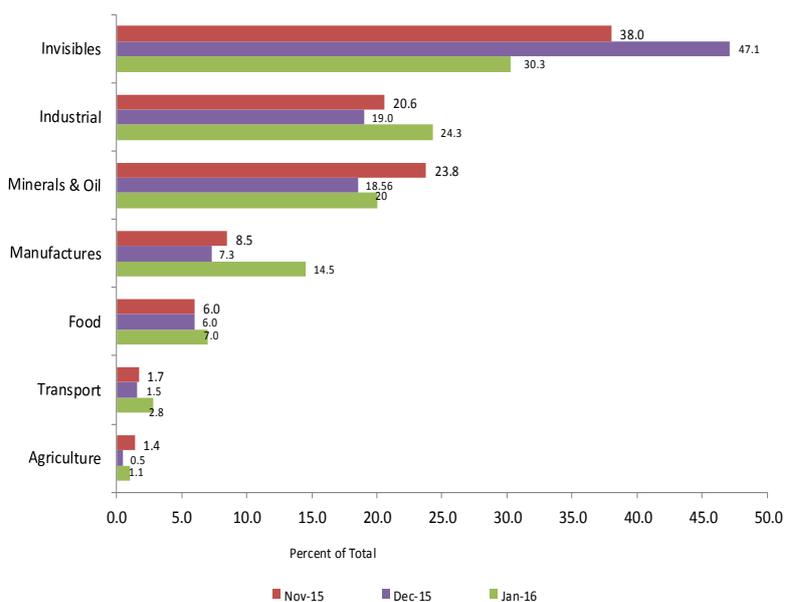
5.3 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for the bulk (35.0 per cent) of total foreign exchange disbursed in January 2017, followed by invisible sector (32.9 per cent). The shares of other sectors in a descending order were: minerals and oil (13.1 per cent); manufactured product (5.0 per cent); food products (8.7 per cent); transport (2.3 per cent); and agricultural products (3.0 per cent) (Fig.15).

Total non-oil export earnings by exporters decreased in January 2017.

The industrial sector accounted for the bulk of the total foreign exchange disbursed in January 2017.

Figure 15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

A total of US\$0.45 billion was sold by the CBN to authorised dealers in January 2017. This reflected a decline of 52.5 per cent and 65.4 per cent, compared with the levels in December 2016 and the corresponding period of 2016, respectively. Of the aggregate sales, Forwards contracts disbursed at maturity were valued at US\$0.37 billion or 83.0 per cent of the total, and BDC sales was valued at US\$0.04 million or 9.6 per cent of the total. The balance of US\$0.03 million or 7.4 per cent was accounted for by inter-bank sales (Fig.16, Table 16).

Figure 16: Demand for and Supply of Foreign Exchange



Table 17: Supply of Foreign Exchange (US\$ billion)

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Total Forex Supply	1.8	1.6	1.7	2.0	1.5	0.4	0.9	0.5

The average exchange rate of the naira at the inter-bank segment, stood at ₦305.20 per US dollar. This shows marginal appreciation of 0.01 and 54.9 per cent, compared with the levels in December 2016 and the corresponding period of 2016, respectively. At the BDC market segment, the average exchange rate, at ₦493.29 per US dollar, indicated a depreciation of 8.4 per cent and 70.2 per cent relative to the levels in December 2016 and the corresponding period of 2016, respectively (Figure 17, Table 17).

Consequently, the premium between the interbank and BDC rates widened from 49.2 per cent in December 2016 to 61.6 per cent in the review period (Figure 18).

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

Figure 17: Average Exchange Rate Movement

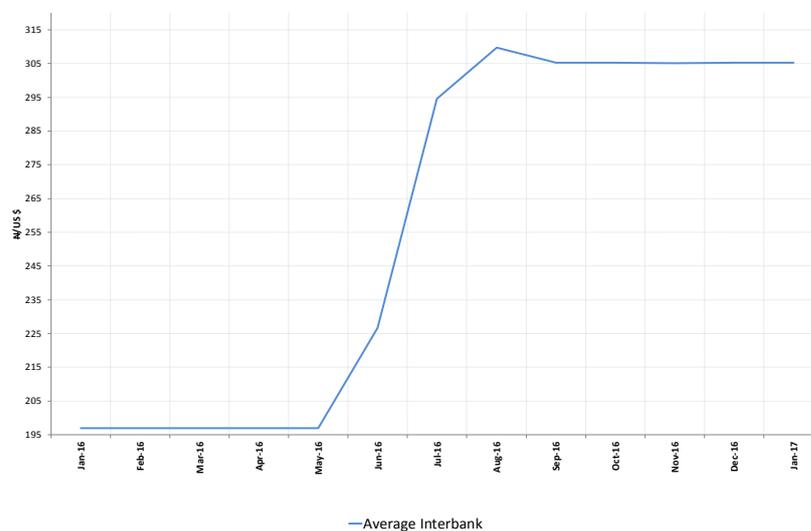


Table 18: Exchange Rate Movements

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Average Exchange Rate (N/US\$)													
Inter-bank	197.00	196.99	197.00	197.00	197.00	226.65	294.57	309.73	305.20	305.21	305.18	305.22	305.20

Gross external reserves rose in January 2017.

5.5 Gross External Reserves

Following the recent increase in global crude oil prices and improved local production, the unadjusted foreign exchange reserves rose by 5.9 per cent from US\$26.99 billion at end-December 2016 to US\$28.58 billion at end-January 2017. A breakdown of the official external reserves showed that Federation reserves was US\$2.63 billion (9.2 per cent of the total), Federal Government reserves, US\$8.68 billion (30.4 per cent of the total), and the CBN reserves, US\$17.27 billion (60.4 per cent of the total), (Fig. 19, Table 18).

Figure 19: Gross Official External Reserves

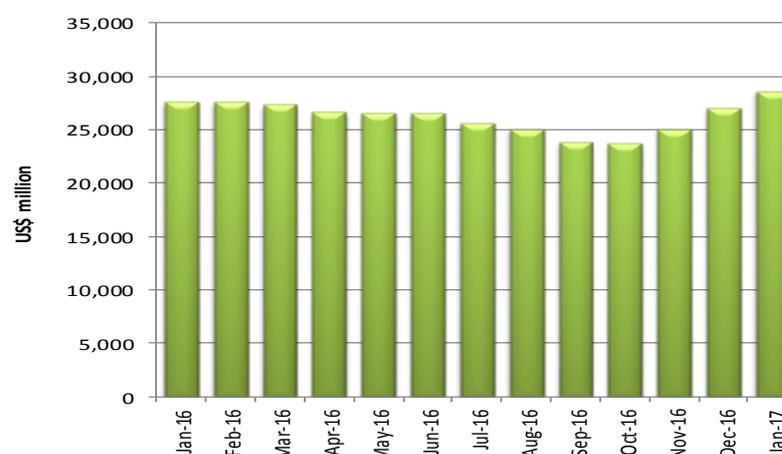


Table 18: Gross Official External Reserves (US\$ million)

Period	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
External Reserves	26,594.39	26,505.50	25,581.58	25,031.93	23,806.51	23,689.87	25,039.81	26,986.22	28,579.81

6.0 *Other International Economic Developments and Meetings*

World crude oil output and demand in January 2017 were estimated at an average of 95.82 and 94.80 million barrels per day (mbd), compared with 95.64 and 95.60 mbd supplied and demanded, respectively, in December 2016. The development was attributed to the higher than expected increase in global inventory from 2016 and the cooperation for production-cut 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 World Economic Forum held in Davos- Klosters, Switzerland from January 17 – 20, 2017 with the theme “Responsive and Responsible Leadership”. The sessions at the Forum was focused on strengthening global collaboration and revitalising economic growth. Key Achievements at the Forum included:-

- Launch of a new fund, backed by the Norwegian Government, to raise US\$400 million and protect 5 million hectares in countries working to reduce deforestation and forest and peat degradation;
- Establishment of the Coalition for Epidemic Preparedness Innovations (CEPI) to ensure quick reaction to incidence of epidemics outbreak and facilitate production of vaccines that could be quickly released when outbreak occurs;
- Revelation by Signatories to the Forum's New Vision for Arab Employment project that 250,000 people have been trained (re-skilled) since 2013, with a target to re-skill 1 million current and future workers;
- Creation of coalition with the University of California Santa Barbara's Marine Science Institute to protect the world's oceans and marine resources; and
- Agreement on six (6) principles by some of the world's largest financial service providers,

global IT and telecom companies, and the international humanitarian community, to better enable digital cash payments in crisis-affected populations, among others.

Furthermore, the 28th Ordinary Session of the Assembly of the African Union was held in Addis Ababa, Ethiopia from January 29 – 31, 2017. The theme of the meeting was "Harnessing the Demographic Dividend through Investments in the Youth". The Assembly, which took place on January 30-31, 2017, deliberated on reports focusing on the state of peace and security on the Continent, the African Peer Review Mechanism, Climate Change and the application by the Kingdom of Morocco to become the AU's 55th Member State. On the sideline, the Principals of the African Union Commission, Economic Commission for Africa and the Africa Development Bank Joint Secretariat, held their annual meetings. At the meetings, they agreed on key strategic areas of cooperation to accelerate Africa's development agenda within the framework of Agenda 2063, including the Sustainable Development Goals embedded in Agenda 2030, and AfDB's priority areas of intervention - the High 5s (Light up and Power Africa, Feed Africa, Industrialise Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa).

A consultative meeting between the Committee of Ten Ministers of Finance (F10) and the Bureau of the Association of African Central Banks (AACB) was held at Addis Ababa, Ethiopia on January 12, 2017. The meeting was convened to discuss strategies for the improvement of 'a binding 0.2 per cent levy on eligible imports for all Member States to finance the Union', and agree on the practical modalities of collecting the funds as well as its management.

At the meeting, member states shared their experiences, challenges and progress made in implementation of the the import levy. Major challenges identified included technical, legal and regulatory issues.

APPENDIX TABLES

Table A1: Money and Credit Aggregates (₦ billion)

	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Domestic Credit (Net)	20,365.8	26,774.7	26,848.3	27,153.9	26,624.5
<i>Claims on Federal Govern</i>	3,662.0	3,705.1	302.9	4,808.0	4,285.6
Central Bank (Net)	(1,129.3)	(994.2)	(705.3)	405.6	(7,290.5)
Commercial Banks	4,569.1	4,511.1	4,324.7	4,563.3	4,834.8
Merchant Bank	221.2	187.1	182.4	117.1	182.4
Non Interest Banks	1.1	1.1	1.1	1.1	0.9
<i>Claims on Private Sector</i>	22,645.5	23,069.6	23,045.4	22,345.8	22,339.2
Central Bank	5,951.8	6,287.2	6,261.8	5,663.0	5,801.4
Commercial Banks	16,530.1	16,616.5	16,604.5	16,500.2	16,351.9
Merchant Bank	128.9	130.5	142.0	145.2	147.9
Non Interest Banks	34.8	35.5	37.1	37.5	37.9
<i>Claims on Other Pri</i>	21,613.5	21,829.8	21,968.6	21,575.8	21,474.5
Central Bank	5,605.8	5,734.2	5,884.9	5,581.0	5,634.6
Commercial Bar	15,845.5	15,931.2	15,906.3	15,818.3	15,660.5
Merchant Bank	127.4	128.9	140.4	138.9	141.5
Non Interest Ba	34.8	35.5	37.1	37.5	37.9
<i>Claims on State and</i>	666.1	666.9	699.8	688.1	697.9
Central Bank	-	-	-	-	-
Commercial Bar	684.5	685.3	698.2	681.8	691.5
Merchant Bank	1.6	1.6	1.6	6.3	6.4
Non Interest Banks					
<i>Claims on Non-fina</i>	345.9	553.0	377.0	819.7	166.8
Foreign Assets (Net)	7,742.3	7,621.2	7,996.9	8,891.1	9,625.4
Central Bank	7,791.1	7,348.3	7,754.5	8,532.1	9,459.0
Commercial Banks	(51.7)	257.5	233.1	346.2	161.0
Merchant Bank	958.8	14.4	8.1	11.7	4.4
Non Interest Banks	1.0	1.1	1.3	1.1	1.0
Other Assets (Net)	(11,928.5)	(12,120.4)	(12,462.3)	(12,623.1)	(13,011.3)
Total Monetary Assets (M1)	22,121.3	22,275.5	22,382.9	23,421.8	23,238.6
Quasi-Money 1/	12,184.1	12,251.9	11,953.4	12,320.2	12,113.2
Money Supply (M1)	9,937.2	10,023.6	10,429.5	11,101.6	11,125.3
<i>Currency Outside Banks</i>	1,477.4	1,521.8	1,587.1	1,820.4	1,631.0
<i>Demand Deposits 2/</i>	8,459.8	8,501.8	8,842.5	9,281.2	9,494.3
Total Monetary Liabilities	22,121.3	22,275.5	22,382.9	23,421.8	23,238.6
Memorandum Items:					
Reserve Money (RM)	6,167.6	6,580.6	6,946.6	5,830.2	5,633.1
<i>Currency in Circulation (C</i>	1,794.3	1,825.7	1,907.9	2,179.2	1,994.6
<i>DMBs Demand Deposit w</i>	4,373.3	4,754.9	5,038.7	3,651.1	3,638.5

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)

	Sep-15	Oct-16	Nov-16	Dec-16	Jan-17
	Growth Over Preceding December (%)				
Domestic Credit (Net)	21.7	23.9	24.2	25.6	-2.0
<i>Claims on Federal Government (Net)</i>	26.6	28.1	31.4	66.2	-10.9
<i>Claims on Private Sector</i>	21.0	23.2	23.1	19.4	-0.03
<i>Claims on Other Private Sector</i>	19.4	20.5	21.3	19.1	-0.5
<i>Claims on State and Local Government</i>	17.5	17.7	19.9	17.9	1.4
<i>Claims on Non-financial Public Enterprises</i>					
Foreign Assets (Net)	37.0	34.8	41.5	57.3	8.3
Other Assets (Net)	-64.9	-67.5	-72.2	-74.5	3.1
Total Monetary Assets (M2)	10.4	11.2	11.8	16.9	-0.8
Quasi-Money 1/	6.3	6.9	4.3	7.5	-1.7
Money Supply (M1)	15.9	16.9	21.7	29.5	0.2
<i>Currency Outside Banks</i>	1.5	4.5	9.0	25.0	-10.4
<i>Demand Deposits 2/</i>	18.9	19.5	24.3	30.4	2.3
Total Monetary Liabilities (M2)	10.4	11.2	11.8	16.9	-0.8
Memorandum Items:					
Reserve Money (RM)	6.1	13.2	19.5	0.3	-3.4
<i>Currency in Circulation (CIC)</i>	-3.4	-1.7	2.7	17.3	-8.5
<i>DMBs Demand Deposit with CBN</i>	10.6	20.2	27.4	-7.7	-0.3
	Growth Over Preceding Month (%)				
Domestic Credit (Net)	1.4	1.8	0.3	1.7	-2.0
<i>Claims on Federal Government (Net)</i>	11.3	1.2	2.6	26.4	10.9
<i>Claims on Private Sector</i>	-0.1	1.9	-0.1	2.4	-0.03
<i>Claims on Other Private Sector</i>	0.6	1.0	0.6	-1.1	-0.5
<i>Claims on State and Local Government</i>	-7.6	0.1	1.9	-1.7	1.4
<i>Claims on Non-financial Public Enterprises</i>					
Foreign Assets (Net)	14.4	6.9	1.6	11.2	8.3
Central Bank	11.1	5.8	5.6	10.0	10.9
Banks	-148.9	128.8	-119.8	48.1	-53.7
Other Assets (Net)	4.8	2.1	0.02	-2.6	-3.1
Total Monetary Assets (M2)	0.9	9.1	2.2	4.6	-0.8
Quasi-Money 1/	-1.1	0.6	-2.7	3.1	-1.7
Money Supply (M1)	4.4	22.8	8.9	6.4	0.2
<i>Currency Outside Banks</i>	4.9	15.5	7.9	14.7	-10.4
<i>Demand Deposits 2/</i>	4.2	22.4	9.1	4.9	2.3
Total Monetary Liabilities (M2)	0.9	9.1	2.2	4.6	-0.8
Memorandum Items:					
Reserve Money (RM)	1.7	3.1	18.1	8.8	-3.4
<i>Currency in Circulation (CIC)</i>	4.7	13.8	6.8	14.2	-8.5
<i>DMBs Demand Deposit with CBN</i>	0.5	-1.3	23.5	5.8	-0.3

Table A3: Federal Government Fiscal Operations (N billion)

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Retained Revenue	207.09	181.70	199.13	334.78	138.62	248.96	363.11	354.84	237.13	241.35	209.40	197.08	181.92
<i>Federation Account</i>	147.57	137.47	127.20	109.11	101.22	112.83	195.21	129.21	149.31	120.35	96.67	97.90	105.76
<i>VAT Pool Account</i>	8.94	10.04	9.33	9.25	9.40	9.38	9.71	9.65	10.94	9.25	10.03	10.88	11.42
<i>FGN Independent Revenue</i>	0.88	10.58	36.07	0.55	10.01	48.54	54.06	5.56	14.67	56.85	28.94	33.48	13.90
<i>Excess Crude</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.04	29.05	50.01	30.25	19.71
<i>Others /SURE-P/NNPC Refund</i>	49.71	23.61	26.53	215.87	18.00	78.21	104.14	210.42	46.17	25.84	23.76	24.57	31.14
Expenditure	137.57	587.91	408.92	703.91	318.26	359.33	517.76	407.89	428.33	451.33	429.18	436.28	389.63
<i>Recurrent</i>	82.77	507.27	357.89	408.86	263.39	263.88	438.73	377.28	359.96	391.99	376.41	376.12	332.21
<i>Capital</i>	54.80	54.95	18.00	240.51	25.59	66.28	49.76	1.33	39.12	30.07	23.51	30.90	28.16
<i>Transfers</i>	0.00	25.69	33.04	54.54	29.28	29.18	29.28	29.28	29.25	29.27	29.27	29.26	29.27
Overall Balance:	69.52	-406.21	-209.79	-369.13	-179.64	-110.38	-154.66	-53.05	-191.20	-209.98	-219.78	-239.20	-207.71
Surplus(+)/Deficit(-)													

1/ Revised

