



**CENTRAL BANK OF NIGERIA**

***ECONOMIC REPORT  
AUGUST 2018***

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## 1.0 Summary<sup>1</sup>

Monetary policy stance remained, largely, non-expansionary in July, 2018 to rein in inflationary pressures. The Bank introduced a revised and seasonally adjusted money supply aggregate ( $M_3$ ) in the review period to capture CBN bills held by the non-bank public. On month-on-month basis, broad money supply ( $M_3$ ), grew by 0.6 per cent to ₦34,014.49 billion at end-July, 2018, in contrast to the 1.8 per cent decline recorded at end-June, 2018. The development reflected the 0.3 per cent and 6.6 per cent increase in the domestic credit (net) and other assets (net) of the banking system, respectively. Over the level at end-December, 2017,  $M_3$  grew by 9.2 per cent, mainly, on account of the 14.6 per cent and 8.5 per cent growth in net foreign assets and other assets (net) of the banking system, respectively. Narrow money supply ( $M_1$ ), at ₦10,668.0 billion fell by 0.3 per cent, compared with the level at end-June, 2018 and reflected the 3.4 per cent decline in its currency outside banks component.

Provisional estimates indicated mixed developments in banks' deposit rates, while the average lending rates trended upward in August 2018. The 3 months, 6 months and over 12 months deposit rates rose from 9.45 per cent, 10.02 per cent and 8.91 per cent at end-July, 2018 to 9.60 per cent, 10.26 per cent and 8.94 per cent, respectively, at end-August 2018. The 7 days, 1 month and 12 months deposit rates, however, fell by 0.05 percentage point, 0.48 percentage point and 0.17 percentage point, respectively, to 3.79 per cent, 9.13 per cent and 10.09 per cent, at end-August, 2018. The average term deposit rate fell by 0.04 percentage point to 8.64 per cent at end-August, 2018, while the average savings deposit rate remain unchanged at the preceding month's level of 4.07 per cent.

The weighted average prime and maximum lending rates rose marginally by 0.07 percentage point and 0.09 percentage point to 16.90 per cent and 31.18 per cent, respectively, at end-August, 2018. Consequently, the spread between the average term deposit and the average maximum lending rates widened by 0.14 percentage point to 22.55 percentage points at end-August, 2018. Similarly, the spread between the average savings deposit and maximum lending rates widened to 27.11 percentage points at end-August, 2018, from 27.02 percentage points in the preceding month.

The total value of money market assets outstanding in August 2018 rose by 3.9 per cent to ₦12,156.24 billion, due to the respective increase of 12.3 per cent and 1.3 per cent in NTBs and holdings of FGN Bonds. Developments on the Nigerian Stock Exchange (NSE) were bearish in August 2018.

Federally-collected revenue (gross) was estimated at ₦745.52 billion in August 2018. This was below the monthly budget estimate and the receipts in the preceding month by 32.7 per cent and 21.3 per cent, respectively. Oil and non-oil receipts (gross), at ₦403.59 billion and

<sup>1</sup> Data on monetary aggregates, government spending and foreign exchange flows are provisional and subject to change.

₦341.93 billion in the review period, constituted 54.1 per cent and 45.9 per cent, respectively, of total revenue. Federal Government retained revenue and estimated expenditure for August 2018 were ₦344.33 billion and ₦309.12 billion, respectively, resulting in an estimated surplus of ₦32.51 billion.

Agricultural activities in August 2018 were predominantly harvest of yam, cassava, maize, potatoes and groundnut. In the livestock sub-sector, farmers engaged in the sales of poultry birds and ram for Eid-el-Kabir festive season.

Domestic crude oil production was estimated at 1.85 mbd or 57.4 million barrels (mb) in August 2018. Crude oil export was estimated at 1.40 mbd or 43.4 mb. The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), fell by 2.6 per cent to US\$73.70 per barrel in August 2018.

The end-period headline inflation, on year-on-year and twelve month moving average bases, were 11.23 per cent and 13.55 per cent, respectively, in August 2018, compared with 11.14 per cent and 13.95 per cent, respectively, in July 2018.

Foreign exchange inflow into and outflow from the CBN in August 2018 were US\$4.42 billion and US\$5.29 billion, respectively, and resulted in a net outflow of US\$0.47 billion. Aggregate foreign exchange inflow and outflow from the economy were US\$11.12 billion and US\$5.60 billion, respectively, resulting in a net inflow of US\$5.53 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US\$3.93 billion, in the review period, compared with US\$3.64 billion in the preceding month.

The average exchange rate of the naira at the inter-bank and the BDC segments of the foreign exchange market and the investors and exporters window were ₦306.10/US\$, ₦359.00/US\$ and ₦362.35/US\$, respectively, in August 2018. The gross external reserves was US\$44.58 billion at end-August, 2018, compared with US\$45.80 billion at end-July, 2018.

The major international economic developments and meetings of importance to the domestic economy in the review period included: The 41<sup>st</sup> meeting of the Association of African Central Bank (AACB) which was held in Sharm El Sheikh, Egypt on August 9, 2018. The meeting was preceded by the Technical Committee and Committee of Governors meetings which held from August 7-9, 2018.

## 2.0 Financial Sector Developments

### 2.1 Monetary and Credit Developments

*Major monetary aggregates, on month-on-month basis, grew in July 2018, above the levels in the preceding month. Developments in banks' deposit rates were mixed, while lending rates trended upward in the review month. The value of money market assets outstanding rose, owing, largely, to the increase in NTBs and holdings of FGN Bonds. Developments in the Nigerian Stock Market were bearish in the review month.*

The stance of monetary policy remained, largely, non-expansionary in the review period, as the monetary policy rate and other key instruments remain unchanged at their levels at end-July, 2018. The Bank introduced a revised and seasonally adjusted money supply aggregate (M<sub>3</sub>) in the review month to capture CBN bills held by the non-bank public. The new broader measure of money supply comprehensively captures liquidity within and outside the banking system. Consequently, broad money supply (M<sub>3</sub>), on month-on-month basis, grew by 0.6 per cent to ₦34,014.49 billion at end-July, 2018, in contrast to the decline of 1.8 per cent at end-June, 2018. It, however, grew by 4.1 per cent at end-July, 2017. This reflected the 0.3 per cent and 6.6 per cent increase in domestic credit (net) and other assets (net) respectively, which more than offset the 3.0 per cent decline in the net foreign assets of the banking system.

*On month-on-month basis, the major monetary aggregates rose in July 2018.*

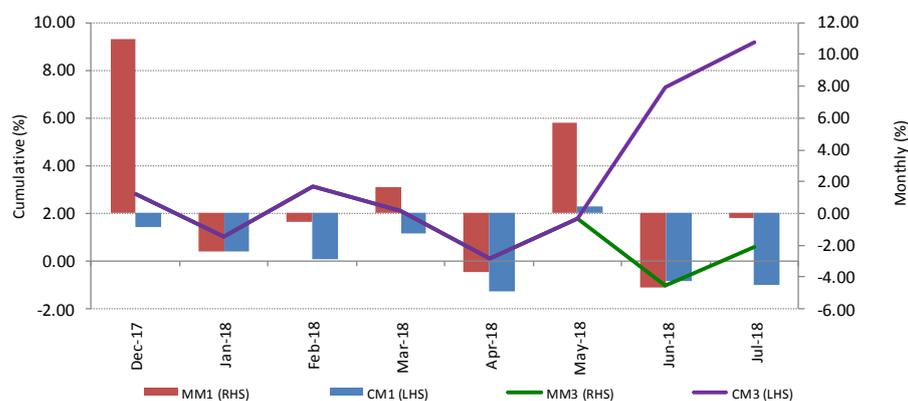
Over the level at end-December, 2017, broad money supply (M<sub>3</sub>), grew by 9.2 per cent, compared with the growth of 8.5 per cent at the end-June, 2018. The growth in M<sub>3</sub> reflected the respective increase of 14.6 per cent and 8.5 per cent in net foreign assets and other assets (net) of the banking system.

Narrow money supply (M<sub>1</sub>), on month-on-month basis, fell by 0.3 per cent to ₦10,668.0 billion at end-July, 2018, compared with the 4.7 per cent decline at end-June, 2018. This reflected the 3.4 per cent decline in its currency outside banks component. Over the level at end-December, 2017, M<sub>1</sub> fell by 4.5 per cent, compared with the 4.3 per cent decline at end-June, 2018. This was on account of the 17.6 per cent and 2.1 per cent decline in both the currency outside banks and demand deposits components, respectively (Figure 1, Table 1).

Quasi-money, on month-on-month basis, grew by 1.4 per cent to ₦14,303.1 billion at end-July, 2018, compared with

the increase of 1.2 per cent at the end of the preceding month, which reflected the rise in time and savings deposits of commercial banks. Over the level at end-December, 2017, quasi-money grew by 10.3 per cent, compared with the growth of 8.9 per cent at the end-June, 2018 owing to the rise in time and savings deposits of banks.

**Figure 1: Growth of Narrow Money (M<sub>1</sub>) and Broad Money (M<sub>3</sub>)<sup>2</sup>**



At ₦25,654.48 billion, aggregate credit to the domestic economy, on month-on-month basis, grew by 0.3 per cent at the end of the review month, in contrast with the decline of 0.6 per cent at the end of the preceding month. It, however, showed a growth of 2.9 per cent in the corresponding period of 2017. The development reflected, wholly, the 3.3 per cent increase in net claims on the Federal Government. Over the level at end-December, 2017, net domestic credit fell by 1.1 per cent at end-July, 2018, compared with the decline of 1.4 per cent at the end of the preceding month. This was due to the contraction in claims on both the Federal government and the private sector.

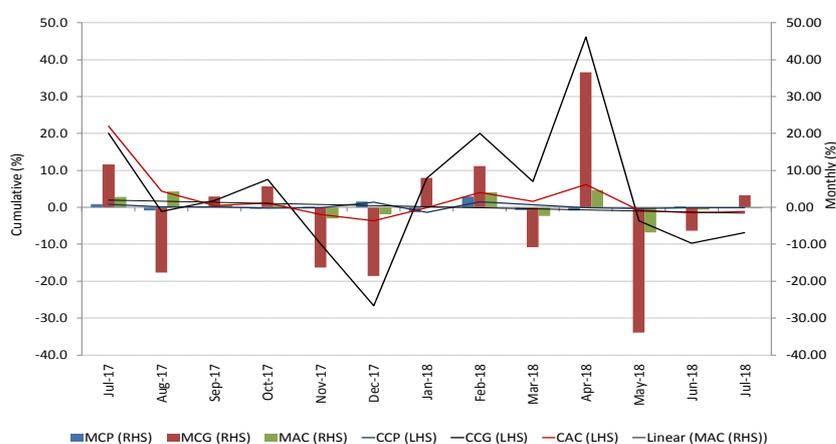
Net claims on the Federal Government, on month-on-month basis, rose by 3.3 per cent to ₦3,393.3 billion at end-July, 2018, but contrasted with the decline of 6.4 per cent at the end-June, 2018 on account of the rise in holdings of government securities by the CBN in the review period. Over the level at end-December, 2017, net claims on the Federal Government fell by 6.8 per cent at end-July, 2018, compared with the decline of 9.7 per cent at the end of the preceding month. The development reflected the respective decline of 147.3 per cent and 19.2 per cent in loans to the Federal

MM1 and MM3 represent month-on-month changes, while CM1 and CM3 represent cumulative changes (year-to-date changes or growth over preceding December)

Government by the CBN and banks.

Credit to the private sector, on month-on-month basis, fell marginally by 0.1 per cent to ₦22,261.21 billion at end-July, 2018, in contrast to the growth of 0.3 per cent and 0.9 per cent at the end of the preceding month and the corresponding period of 2017, respectively. The development reflected the 0.8 per cent decline in claims on the State and Local Governments. Over the level at end-December, 2017, banking system's credit to the private sector declined by 0.1 per cent, compared with the decline of 0.04 per cent at end-June, 2018, as a result of the 0.9 per cent fall in claims on the core private sector (Figure 2, Table 1).

**Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy<sup>3</sup>**



Foreign assets (net) of the banking system, at ₦17,784.89 billion, on month-on-month, fell by 3.0 per cent at end-July, 2018, in contrast to the growth of 0.2 per cent and 3.3 per cent at the end of the preceding month and corresponding period of 2017, respectively. The fall was ascribed to the 3.2 per cent decline in foreign asset holdings of the CBN. Over the level at end-December, 2017, foreign assets (net) increased by 14.6 per cent at end-July, 2018, compared with the 18.2 per cent growth recorded at the end of June 2018. The growth was attributed to the 14.1 per cent and 33.1 per cent growth in the foreign asset holdings of the CBN and banks, respectively.

Other assets (net) of the banking system grew by 6.6 per cent to negative ₦9,424.9 billion, in contrast to the decline of 5.2

<sup>3</sup> 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).

per cent at the end of the preceding month. Over the level at end-December, 2017, other assets (net) of the banking system grew by 8.5 per cent, compared with the growth of 2.0 per cent at the end of June 2018, which resulted from the increase in unclassified assets of the CBN and banks.

**Table 1: Growth in Monetary and Credit Aggregates  
(over preceding month – Per cent)**

	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
<b>Domestic Credit (Net)</b>	-1.6	0.1	4.4	0.7	1.1	-6.8	-0.6	0.3
Claims on Federal Government (Net)	-17.1	9.1	15.8	7.2	7.8	-33.9	-6.4	3.3
Claims on Private Sector	1.5	-1.3	2.9	-0.8	-0.9	-0.3	0.3	-0.1
Claims on Other Private Sector	1.9	-1.8	1.9	-1.3	-0.7	0.6	0.2	0.2
<b>Foreign Assets (Net)</b>	16.7	-1.8	-13.1	-1.8	19.5	9.7	0.2	-3.0
<b>Other Assets (Net)</b>	-10.2	5.5	18.9	9.2	-39.1	9.6	-5.2	6.6
<b>Broad Money Supply (M3)</b>	2.8	1.0	3.1	2.1	0.1	1.8	-1.8	0.6
<b>Quasi-Money</b>	6.3	0.7	1.8	0.8	3.4	0.7	1.2	1.4
<b>Narrow Money Supply (M1)</b>	11.0	-2.4	-0.5	1.7	-3.7	5.7	-4.7	-0.3
<b>Money Supply (M2)</b>	8.4	-0.7	0.8	1.2	0.2	2.8	-1.4	0.6
<b>Reserve Money (RM)</b>	14.25	-6.43	6.38	4.7	-3.2	3.6	-6.0	4.1

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

Currency-in-circulation, at ₦1,824.8 billion, on month-on-month basis, fell by 4.0 per cent in July, 2018, compared with the decline of 1.6 per cent at the end of the preceding month, which reflected the decline of 3.4 per cent in its currency outside banks component.

Deposits of the Federal Government and the deposit money banks with the CBN, on month-on-month basis, rose, while that of the private sector fell, relative to the levels at end-June, 2018. Overall, aggregate deposit at the CBN rose by 3.1 per cent to ₦13,955.75 at end-July, 2018. Of the total deposits at the CBN, the shares of the Federal Government, banks and the private sector were 44.6 per cent, 34.4 per cent and 21.0 per cent, respectively.

Reserve money, on month-on-month basis, rose by 4.1 per cent to ₦6,622.7 billion at end-July, 2018, in contrast to the decline of 6.0 per cent at end-June, 2018. This reflected the rise in banks' reserves with the CBN.

*Reserve money (RM) rose in the review month.*

## 2.3 Money Market Developments

The major financial market indicators remained relatively stable all through the review period as a result of efficient liquidity management at both the domestic and foreign exchange segments of the market. Liquidity inflows during the period were majorly through matured Central Bank of Nigeria (CBN) Bills as well as fiscal disbursements following the monthly Fiscal Account Allocation Committee (FAAC) meetings. Provisioning and settlement for foreign exchange purchases as well as Federal Government of Nigeria (FGN) bonds and Nigerian Treasury Bills (NTBs) constituted major outlays.

Provisional data indicated that the total value of money market assets outstanding at end-August, 2018 stood at ₦12,156.24 billion, showing an increase of 3.9 per cent, in contrast to 0.4 per cent decline in the preceding month. This could be attributed largely to the 12.3 per cent and 1.3 per cent growth in NTBs and holdings of FGN Bonds, respectively.

### 2.3.1 Interest Rate Developments

Movements in money market rates reflected the liquidity squeeze in the banking system in the review period. Consequently, provisional estimates indicated that lending rates trended upward in August, 2018, while banks' deposit rates showed mixed developments. The 3-months, 6-months and the over-12 months deposit rates rose from 9.45 per cent, 10.02 per cent and 8.91 per cent at end-July, 2018 to 9.60 per cent, 10.26 per cent and 8.94 per cent, respectively, at end-August, 2018. The 7-day, 1-month and 12-month deposit rates, however, fell by 0.05, 0.48 and 0.17 percentage point, respectively, to 3.79 per cent, 9.13 per cent and 10.09 per cent, at end-August, 2018. The average term deposit rate fell by 0.04 percentage point to 8.64 per cent at end-August, 2018, while the average savings deposit rate remain unchanged at the preceding month's level of 4.07 per cent.

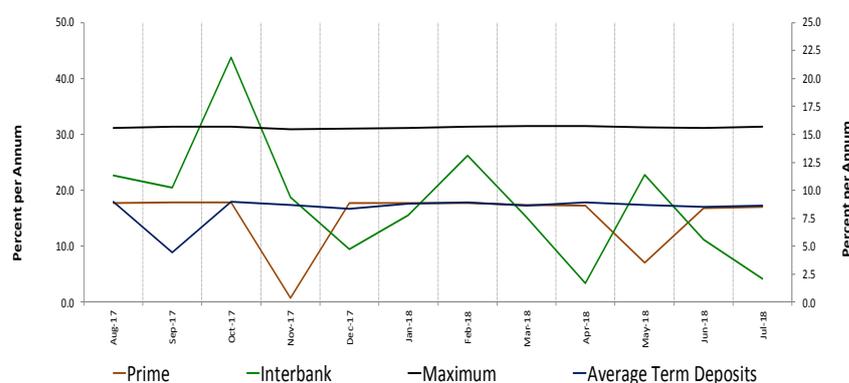
The weighted average prime and maximum lending rates rose marginally by 0.07 percentage point and 0.09 percentage point to 16.90 per cent and 31.18 per cent, respectively, at end-August, 2018. Consequently, the spread between the average term deposit and the average maximum lending rates widened by 0.14 percentage point to 22.55 percentage points at end-August, 2018. Similarly, the spread between the average savings deposit and maximum

*Staff Estimates indicated mixed developments in banks' deposit rates, while lending rates trended upwards in the review month.*

lending rates widened to 27.11 percentage points at end-August, 2018, from 27.02 percentage points in the preceding month.

Short-term money market rates generally trended below the Monetary Policy Rate in the review period. At the inter-bank call segment, the weighted average rate, which stood at 4.20 per cent at end-July, 2018, rose by 2.44 percentage points to 6.64 per cent at end-August, 2018. The weighted average rate at the open-buy-back (OBB) segment, fell from 12.13 per cent in the preceding month to 8.08 per cent at end-August, 2018. The Nigerian inter-bank offered rate (NIBOR), for the 30-day tenor, declined to 11.85 per cent in the review period, compared with the 13.23 per cent at end-July, 2018. With the headline inflation estimated at 10.96 per cent in August, 2018, all deposit rates remained negative in real terms, while lending rates were positive in real terms (Figure 3, Table 2).

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



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

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Average Term Deposits	8.95	4.47	4.56	8.7	8.36	9.23	8.92	8.64	8.92	8.69	8.54	8.68	8.64
Prime Lending	17.69	17.88	17.86	17.77	31.11	17.5	17.71	17.35	17.23	17.08	16.78	16.83	16.9
Interbank Call	22.63	20.44	43.78	18.78	9.49	15.58	26.19	15.16	3.34	22.77	11.23	4.2	6.64
Maximum Lending	31.2	31.39	31.39	30.95	30.99	31.39	31.4	31.55	31.45	31.29	31.17	31.09	31.18

### 2.3.2 *Commercial Paper (CP)*

Commercial Paper (CP) outstanding held by DMBs amounted to ₦20.99 billion at the end of the review month, showing a significant decline below the ₦27.18 billion recorded in the preceding month. Thus, CP constituted 0.17 per cent of the total value of money market assets outstanding during the review period, compared with 0.23 per cent in the preceding month.

### 2.3.3 *Bankers' Acceptances (BAs)*

During the review period, BAs stood at ₦7.71 billion, showing an increase of 101.3 per cent, compared with the ₦3.83 billion recorded in the preceding month. Consequently, BAs accounted for 0.03 per cent of the total value of money market assets outstanding at the end of the review period, same as in the preceding month.

### 2.3.4 *Certificate of Deposits (CDs)*

CDs outstanding at end-August, 2018 amounted to ₦59.48 billion, showing an increase of 0.05 per cent above the ₦59.45 billion recorded in the preceding month. Consequently, CDs accounted for 0.06 per cent of the total value of money market assets outstanding at the end of the review period, same as in the preceding month.

### 2.3.5 *Open Market Operations*

The Bank conducted direct Open Market Operations (OMO), through the sale of CBN bills fifteen (15) times to moderate liquidity in the system in August, 2018. The tenors to maturity of the instrument ranged from 49 to 364 days. Total amount offered, subscribed to and allotted, stood at ₦2,172.04 billion, ₦1,263.50 billion and ₦1,263.50 billion, respectively. The bid rates ranged from 11.05 per cent to 12.15 per cent, while the stop rates were from 11.05 per cent to 12.15 per cent. Repayment and maturity of CBN bills was ₦1,573.34 billion, translating to a net withdrawal of ₦95.59 billion.

### 2.3.6 *Primary Market*

At the Government securities market, NTBs and FGN Bonds were issued at the primary market on behalf of the Debt Management Office (DMO) during the review period. NTBs of 91-, 182- and 364-day tenors, amounting to ₦455.97 billion, ₦575.18 billion and ₦455.97 billion were offered, subscribed to and allotted, respectively, at the auctions held in August, 2018 on behalf of the Debt Management Office.

At the 91-day auction, total offer, subscription and allotment were ₦37.89 billion, ₦35.74 billion and ₦35.65 billion,

respectively. The bid rates ranged from 9.65 per cent to 11.00 per cent, while the stop rates were 10.00 per cent and 11.00 per cent. For the 182-day auction, total offer, subscription and allotment were ₦124.56 billion, ₦118.44 billion and ₦118.32 billion, respectively. The bid rates ranged from 10.00 per cent to 13.75 per cent, while the stop rates were 10.40 per cent and 12.30 per cent. At the 364-day auction, total offer, subscription and allotment were ₦293.52 billion, ₦421.00 billion and ₦301.99 billion with bid rates from 10.50 per cent to 18.40 per cent, while stop rates were 11.30 per cent and 13.05 per cent. On all the maturities, the stop rates ranged from 10.00 per cent to 13.05 per cent with the bid-to-cover ratio at 1:56.

### 2.3.7 Bonds Market

Tranches of the 5-, 7-, and 10-year bonds were re-opened and offered for sale in August 2018. The term to maturity of the bonds ranged from 4 years, 8 months to 9 years, 6 months. Total amount offered, subscribed to and allotted were ₦90.00 billion, ₦100.78 billion and ₦39.70 billion, respectively. The sum of ₦70.40 billion was allotted on non-competitive basis for 5 and 7 year tranches and there was no maturity during the period.

The bid rate ranged from 12.80 per cent to 15.95 per cent, while the marginal rates for the 5-, 7-, and 10-year bonds were 14.39 per cent, 14.60 per cent and 14.69 per cent, respectively. Investors showed a strong preference for 10-year Bonds with a total subscription of ₦69.76 billion compared to the ₦40.00 billion that was offered. This could be attributed to the renewed investors' confidence in the market.

### 2.3.8 CBN Standing Facilities

The Deposit Money Banks and merchant banks continued to access the Standing facilities window to square up their positions either by borrowing (SLF) from the CBN or depositing (SDF) the excess in their reserves at the end of each business day. The trend at the CBN standing facilities window showed more patronage for SDF. Applicable rates for the SLF and SDF remained at 16.00 per cent and 9.00 per cent, respectively. The total request for the SLF granted during the review period was ₦53.04 billion. This was made up of ₦24.41 billion direct SLF and ₦28.63 billion ILF converted to overnight repo. Daily average was ₦4.42 billion in the 12 transaction days in August 2018. Total interest earned was ₦0.05 billion.

The total SDF granted during the review period was ₦1,781.80

billion with daily average of ₦93.78 billion in the 19 transaction days in August 2018. Daily request ranged from ₦41.75 billion to ₦164.39 billion. Cost incurred on SDF in the month stood at 0.68 billion.

## 2.4 Deposit Money Banks' Activities

Total assets and liabilities of the deposit money banks amounted to ₦35,989.20 billion at end-July, 2018, showing a 1.0 per cent increase, above the level at end-June, 2018. Funds were sourced, mainly, from increased unclassified liabilities, mobilisation of time, savings and foreign currency deposits as well as increased demand deposits. The funds were used, largely, to acquire unclassified assets, increase reserves, and increase claims on the central bank.

Banks' credit to the domestic economy fell marginally by 0.4 per cent to ₦19,043.00 billion at end-July, 2018, in contrast with the level at end-June, 2018. This was attributed to the decline in claims on both the Federal Government and the private sector in the review month.

*Banks' credit to the domestic economy fell marginally by 0.4 per cent.*

Total specified liquid assets of banks stood at ₦11,757.51 billion at end-July, 2018, representing 77.12 per cent of their total current liabilities. At that level, the liquidity ratio was 0.99 percentage point above the level at end-June, 2018, and was 29.12 percentage points above the stipulated minimum liquidity ratio of 30.0 per cent. The loans-to-deposit ratio, at 64.30 per cent, was 0.3 percentage point below the level at the end of the preceding month, and was 15.70 percentage points below the maximum ratio of 80.0 per cent.

## 2.5 Capital Market Developments

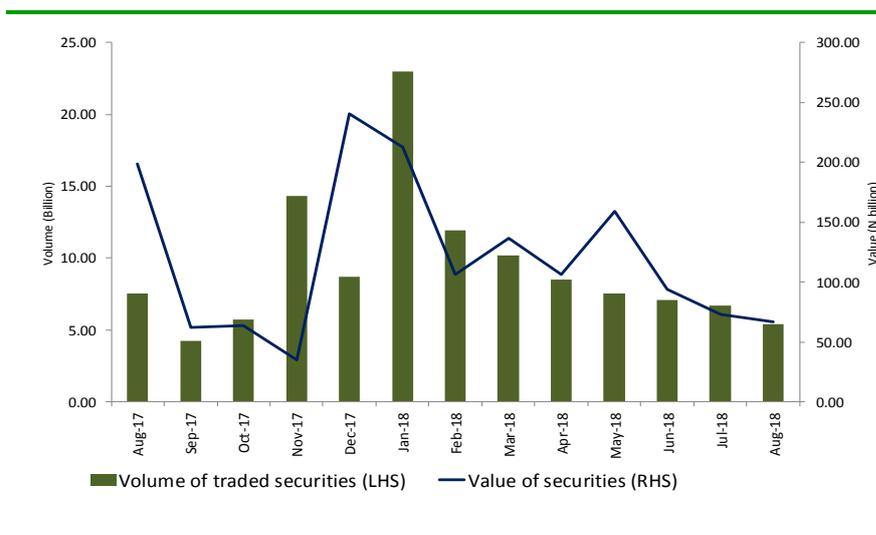
### 2.5.1 Secondary Market

Despite sustained improvement in the macroeconomic conditions, including further decline in inflation, market sentiments remained uncertain due to price losses recorded by highly capitalised blue-chip companies on the Exchange, as well as the likely rise in interest rate in the United States which has led to gradual outflow of portfolio investment from the country, and investors' strong profit-taking. Consequently, volatility in the market continued during the review period, leading to bearish developments on the Nigerian Stock Exchange (NSE) in August, 2018. The volume and value of traded securities fell by 19.5 per cent and 8.4 per cent to 5.4 billion shares and ₦66.9 billion, respectively, in 68,906 deals,

compared with 6.7 billion shares, valued at ₦73.0 billion in 84,864 deals, in July 2018 (Figure 4, Table 3).

The financial services sector continued to dominate activities on the Exchange, with 4.5 billion shares, valued at ₦43.1 billion in 45,492 deals as at end-August, 2018, compared with 3.8 billion shares, valued at ₦39.5 billion traded in 40,230 deals in July, 2018. This accounted for 83.3 per cent and 64.4 per cent of the total turnover volume and value of shares traded, respectively.

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



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

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Volume (Billion)	7.5	4.2	5.8	14.3	8.7	23.0	11.9	10.2	8.5	7.5	7.1	6.7	5.4
Value (N Billion)	198.4	61.8	63.9	35.1	240.4	212.4	106.1	136.2	106.1	159.2	93.9	73.0	66.9

### 2.5.2 New/Supplementary Issues Market

There was one (1) new and one (1) supplementary equity listing in August 2018.

**Table 4: New/Supplementary Issues Market**

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Notore Chemical & Industries Plc	1,612,066,200	Ordinary shares	New Listing
2	Stanbic IBTC Holdings Plc	64,208,713	Dividend	Supplementary

**2.5.3 Market Capitalisation**

The performance of quoted stocks continued to be affected by the uncertainty in investors' confidence and volatility in the market. Consequently, the aggregate market capitalisation on the Exchange fell by 3.0 per cent to ₦22.8 trillion at end-August, 2018, from ₦23.5 trillion at the end of July 2018. Similarly, market capitalisation for the equity segment fell by 5.3 per cent to ₦12.7 trillion and constituted 55.7 per cent of the total market capitalisation at end-August, 2018, compared with ₦13.4 trillion and 57.1 per cent in July, 2018. (Figure 5, Table 5).

**2.5.4 NSE All-Share Index**

The All-Share Index, which opened at 37,017.78 at the beginning of the month, stood at 34,848.45 at end-August, 2018, indicating a 5.9 per cent decline compared with the level at the end of July 2018. Similarly, developments in the sectoral indices were generally bearish with the exception of NSE-AseM which remained flat at end-August, 2018. The NSE-Industrial Goods, NSE-Pension, NSE- Consumer Goods, NSE-Banking, NSE Lotus, NSE-Oil and Gas, NSE-Premium, and NSE-Insurance indices fell by 6.3 per cent, 7.5 per cent, 6.8 per cent, 8.6 per cent, 3.5 per cent, 5.7 per cent, 5.3 per cent, and 6.0 per cent, respectively, to 1,667.55, 1,284.29, 820.35, 418.5, 2,450.55, 298.24, 2,527.13, and 138.83 below the levels at end-July, 2018 (Figure 5, Table 5).

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

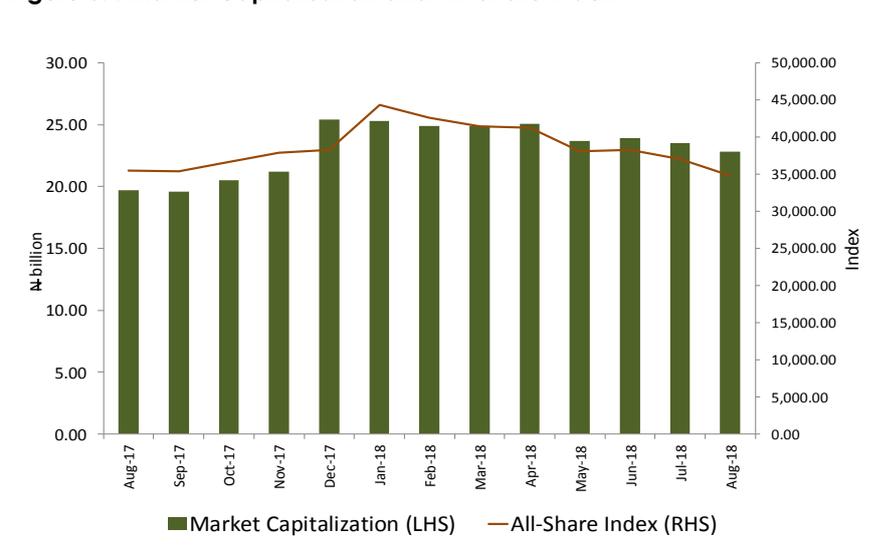


Table 5: Aggregate Market Capitalisation and All Share Index (NSE)

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Aggregate Market Capitalization (N trillion)	25.3	24.9	24.9	25.1	23.7	23.9	23.5	22.8
All-Share Index	42,607.85	41,504.51	41,504.51	41,268.01	38,104.54	38,278.55	37,017.78	34,848.45

### 3.0 Fiscal Operations<sup>4</sup>

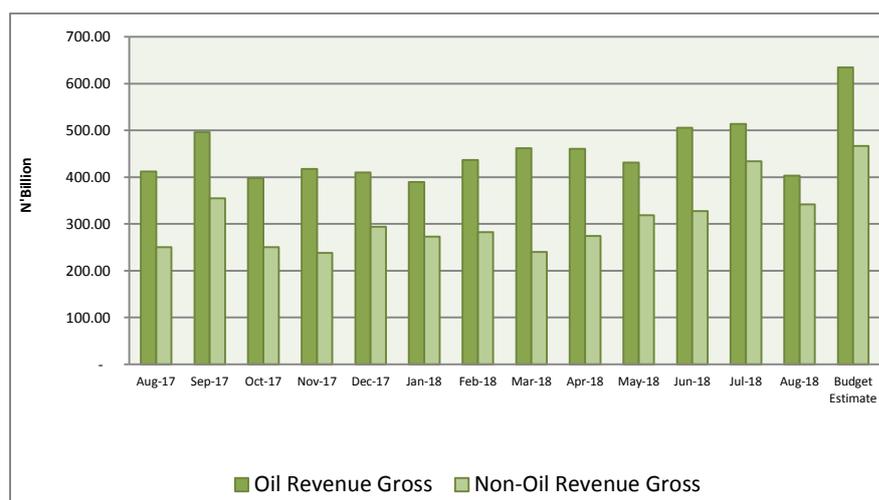
Federally-collected revenue in August, 2018 fell below the monthly budget estimate and the receipts in July 2018 by 32.7 and 21.3 per cent, respectively. Federal Government retained revenue for the review month was ₦344.33 billion, while total provisional expenditure was ₦309.12 billion, resulting in an estimated surplus of ₦35.21 billion.

#### 3.1 Federation Account Operations

At ₦745.52 billion, estimated federally-collected revenue (gross) in August, 2018 fell below both the 2018 monthly budget estimate of ₦1,107.12 billion and the receipt in the preceding month of ₦947.62 billion by 32.7 and 21.3 per cent, respectively. The decline relative to the monthly budget estimate was attributed to a shortfall in both oil and non-oil revenue (Fig. 6, Table 6).

At ₦745.52 billion, the estimated federally-collected revenue (gross) in August 2018 fell short of the monthly budget estimate by 32.7 per cent.

Figure 6: Components of Gross Federally-Collected Revenue



<sup>4</sup> Data on government (general, federal and state) revenue and expenditure are provisional and subject to changes

Table 6: Gross Federation Account Revenue (₦ billion)

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Monthly Budget Est
Federally-collected Revenue(Gross)	663.0	850.7	648.7	655.8	704.4	662.5	719.4	701.7	734.8	749.9	833.5	947.6	745.5	1,107.12
Oil Revenue	412.3	495.9	398.1	417.7	410.2	389.4	436.9	461.7	460.8	431.4	505.9	513.5	403.6	640.2
Non-oil Revenue	250.7	354.8	250.6	238.1	294.2	273.1	282.6	240.0	274.1	318.6	327.6	434.1	341.9	466.9

At ₦403.59billion, oil receipts (gross) was below the monthly budget estimate by 37.0 per cent, and constituted 54.1 per cent of the total revenue.

Oil receipts at ₦403.59 billion or 54.1 per cent of total revenue, was below the monthly budget estimate of ₦640.21 billion by 37.0 per cent, as well as below the preceding month's receipt of ₦513.54 billion by 21.4 per cent. The fall in oil revenue relative to the monthly budget estimate was attributed to the drop in crude oil production arising from repairs and maintenance of oil facilities at various NNPC terminals (Figure 7, Table 6).

Figure 7: Gross Oil Revenue and its Components

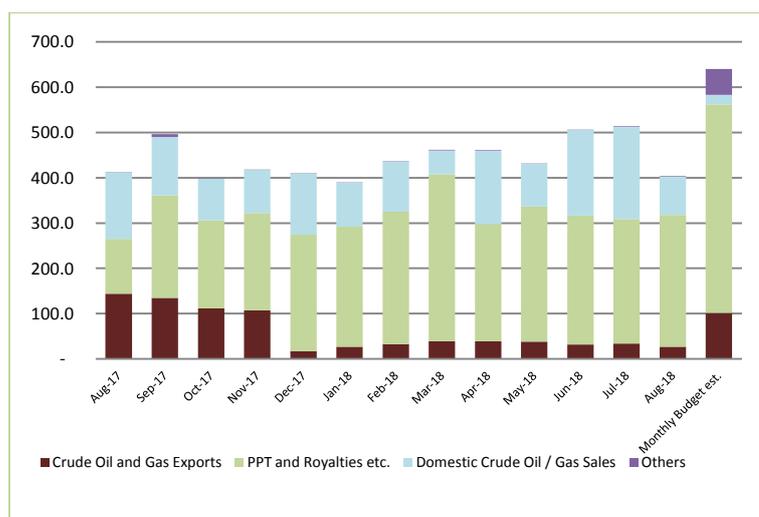


Table 7: Components of Gross Oil Revenue (₦ billion)

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Monthly Budget
Oil Revenue	412.3	495.9	398.1	417.7	410.2	389.4	436.9	461.7	460.8	431.4	505.9	513.5	403.6	640.2
Crude Oil and Gas Exports	143.8	134.9	111.9	107.6	17.3	26.8	32.5	38.9	39.2	38.0	32.1	34.3	26.8	101.9
PPT and Royalties etc.	121.7	226.0	193.9	215.0	257.3	265.4	292.2	368.8	258.5	298.3	284.2	274.2	291.5	459.7
Domestic Crude Oil / Gas Sales	145.8	128.9	91.9	94.5	135.1	96.7	111.7	52.6	161.9	94.2	189.1	204.2	84.4	21.0
Others	0.9	6.2	0.4	0.7	0.6	0.6	0.5	1.4	1.1	0.8	0.5	0.9	0.8	57.6

At ₦341.93 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 26.8 per cent and constituted 45.9 per cent of the total revenue.

At ₦341.93 billion or 45.9 per cent of total revenue, non-oil revenue was below both the 2018 monthly budget estimate of ₦466.91 billion and the ₦434.08 billion received in July 2018 by 26.8 and 21.2 per cent, respectively. The lower revenue relative to the monthly budget estimate was due to shortfalls recorded in most of the components (Figure 7, Table 7).

Figure 8 : Gross Non-Oil Revenue and its Components

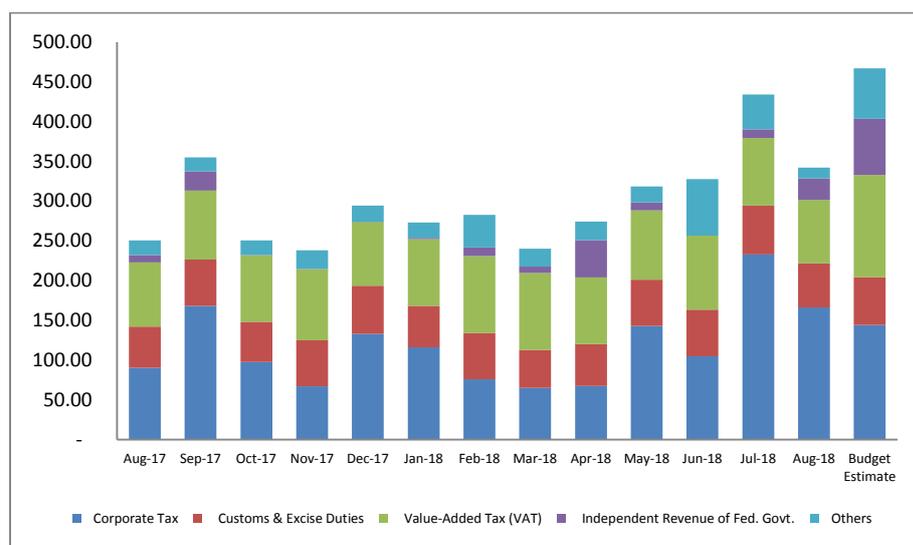


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Monthly Budget Est
Non-Oil Revenue	250.7	354.8	250.6	238.1	294.2	273.1	282.6	240.0	274.1	318.6	327.6	434.1	341.9	466.9
Corporate Tax	90.3	168.2	97.5	67.0	133.1	116.2	75.7	64.9	67.6	142.9	104.7	232.7	166.0	144.3
Customs & Excise Duties	51.8	58.3	50.8	57.9	60.4	52.0	58.4	48.1	52.5	58.5	58.7	61.4	55.8	60.0
Value-Added Tax (VAT)	80.5	86.7	83.3	89.7	80.4	84.0	96.6	96.6	83.7	86.9	93.4	85.3	79.8	128.7
Independent Revenue of Fed. Govt.	9.4	23.9	0.6	0.3	0.1	1.4	10.9	7.9	47.1	10.3	0.0	10.9	26.9	70.7
Others 1/	18.6	17.7	18.4	23.3	20.2	19.5	40.9	22.4	23.1	20.1	70.8	43.7	13.4	63.2

Of the total federally-collected revenue (net), ₦557.16 billion was retained in the Federation Account, while ₦76.61 billion, ₦26.86 billion and ₦13.43 billion were transferred to the VAT Pool Account, the Federal Government Independent revenue and “Others”, respectively.

Of the ₦557.16 billion transferred to the Federation Account for distribution, the Federal Government received ₦269.82 billion, while the state and local governments got ₦136.86 billion and ₦105.51 billion, respectively. The balance of ₦44.96 billion was shared among the oil producing states as 13% Derivation Fund.

Similarly, from the ₦76.61 billion transferred to the VAT Pool Account, the Federal Government received ₦11.49 billion, while the state and local governments received ₦38.31 billion and ₦26.82 billion, respectively.

In addition, the sum of ₦66.88 billion was distributed in the month as "Exchange Gain". Of this amount, the Federal, State and Local Governments received ₦30.65 billion, ₦15.55 billion and ₦11.99 billion, respectively, while the 13% Derivation Fund received ₦8.69 billion.

Furthermore, there was NNPC additional revenue of ₦12.00 billion shared as follows: The Federal government, ₦5.50 billion, the state government, local government and the 13% Derivation Fund ₦2.79 billion, ₦2.15 billion and ₦1.56 billion, respectively.

Overall, total allocation to the three tiers of government in August, 2018 amounted to ₦712.65 billion. This was below the 2018 monthly budget estimate of ₦967.43 billion by 26.3 per cent. It, however, exceeded the ₦657.57 billion allocated in the preceding month by 8.4 per cent.

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

### 3.2.1 The Federal Government

The estimated Federal Government retained revenue at ₦344.33 billion, was below the monthly budget estimate of ₦629.44 billion by 45.3 per cent. A breakdown showed that Federation Account constituted 78.4 per cent of the total revenue, while Exchange Gain, FGN Independent Revenue, VAT and NNPC Additional Revenue accounted for 8.9 per cent, 7.8 per cent, 3.3 per cent, and 1.6 per cent, respectively (Figure 9, Table 9).

At ₦344.33 billion, the estimated Federal Government retained revenue was below the monthly budget estimate by 45.3 per cent.

Figure 9: Federal Government Retained Revenue

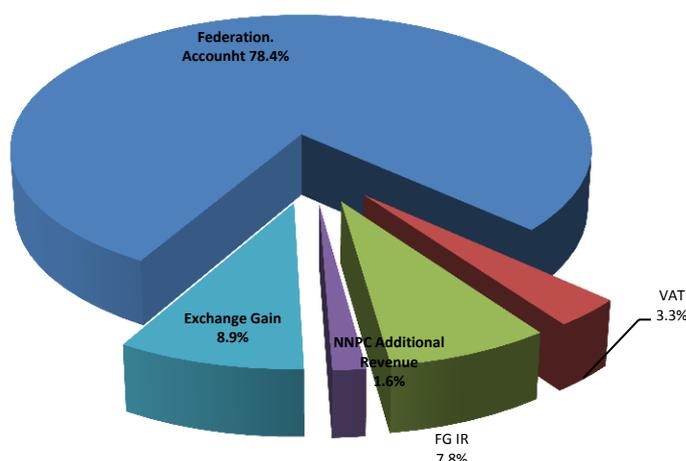
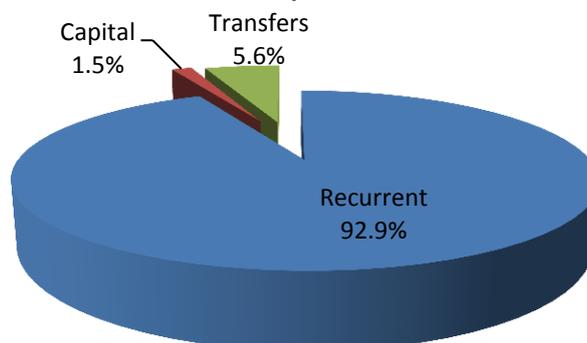


Table 9: Federal Government Fiscal Operations (₦ billion)

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	2018 Monthly Budget Est
Retained Revenue	212.6	300.6	244.9	287.5	733.3	349.7	274.2	278.7	315.4	299.1	282.2	306.7	344.3	629.4
Expenditure	565.5	483.3	400.7	439.2	1116.9	639.6	373.9	684.3	218.6	509.8	358.6	485.4	309.1	792.3
Overall Balance: (+)/(-)	-352.9	-182.6	-155.9	-151.7	-383.5	-289.8	-99.7	-405.6	96.9	-210.7	-76.4	-178.7	35.2	-162.9

The estimated total expenditure of the Federal Government at ₦309.12 billion, was by 61.0 per cent and 36.3 per cent below the monthly budget estimate of ₦792.31 billion and the ₦485.38 billion in July, 2018, respectively. Total recurrent expenditure, capital expenditure and transfers constituted 92.9 per cent, 1.5 per cent and 5.6 per cent of the total, respectively. A breakdown of the recurrent expenditure showed that non-debt obligation was 34.7 per cent, while debt service payments accounted for the balance of 65.3 per cent (Figure 10).

Figure 10: : Federal Government Expenditure



Consequently, the fiscal operations of the Federal Government resulted in an estimated surplus of ₦35.21 billion, compared with the monthly budget deficit of ₦162.87 billion.

*The fiscal operations of the FG resulted in an estimated surplus of ₦35.21 billion in August, 2018.*

### 3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the State Governments amounted to ₦248.72 billion. This was lower than the 2018 budget estimate of ₦354.04 billion by 29.8 per cent. It, however, exceeded the July, 2018 receipt of ₦222.19 billion by 11.9 per cent.

Receipt from the Federation Account was ₦210.41 billion or 84.6 per cent of the total statutory allocations. This was 28.0 per cent below the monthly budget estimate of ₦292.28 billion. Similarly, the allocation from the VAT Pool Account at ₦38.31 billion or 15.4 per cent of the total, fell below the monthly budget estimate of ₦61.76 billion by 38.0 per cent.

### 3.2.3 Statutory Allocations to Local Government Councils

Allocation to local governments from the Federation and VAT Pool Accounts in the month of August 2018 amounted to ₦146.46 billion. This represented a shortfall of 25.4 per cent relative to the 2018 monthly budget estimate of ₦196.25 billion, but was 5.0 per cent above the receipts in the preceding month.

Allocation from the Federation Account amounted to ₦119.65 billion or 81.7 per cent of the total. The amount was 21.8 per cent below the monthly budget estimate of ₦153.01 billion. Similarly, the share from the VAT Pool Account stood at ₦26.82 billion or 18.3 per cent of the total. This was below the monthly budget estimate of ₦43.23 billion by 38.0 per cent (Table 10).

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

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Monthly Budget Est
SG Federation Account	123.6	174.2	153.0	134.3	169.1	187.0	178.5	188.2	181.9	189.9	189.4	181.2	210.4	292.3
SG VAT	38.7	41.6	40.0	43.1	38.6	40.3	46.4	42.9	40.2	41.7	44.8	41.0	38.3	61.8
<b>SG Total</b>	<b>162.3</b>	<b>215.8</b>	<b>193.0</b>	<b>177.4</b>	<b>207.7</b>	<b>227.3</b>	<b>224.9</b>	<b>231.1</b>	<b>222.0</b>	<b>231.6</b>	<b>234.2</b>	<b>222.2</b>	<b>248.7</b>	<b>354.0</b>
LG Federation Account	71.0	101.9	86.9	75.1	97.1	104.3	97.5	100.9	98.2	108.05	105.1	110.9	119.7	153.0
LG VAT	27.0	29.1	28.0	30.1	27.0	28.2	32.5	30.1	28.1	29.2	31.4	28.7	26.8	43.2
<b>LG Total</b>	<b>98.0</b>	<b>131.0</b>	<b>114.9</b>	<b>105.2</b>	<b>124.1</b>	<b>132.5</b>	<b>130.0</b>	<b>130.9</b>	<b>126.3</b>	<b>137.2</b>	<b>136.5</b>	<b>139.6</b>	<b>146.5</b>	<b>196.2</b>
<b>Total Statutory Revenue and VAT</b>	<b>260.3</b>	<b>346.8</b>	<b>307.9</b>	<b>282.6</b>	<b>331.8</b>	<b>359.8</b>	<b>354.9</b>	<b>362.0</b>	<b>348.3</b>	<b>368.8</b>	<b>370.7</b>	<b>361.7</b>	<b>395.2</b>	<b>288.6</b>



## 4.0 Domestic Economic Conditions

*The predominant farming activities in most parts of the country were harvest of yam, cassava, maize, potatoes and groundnut. In the livestock sub-sector, farmers engaged in the sales of poultry birds and ram for Eid-el-Kabir festivity. The end-period headline inflation, on year-on-year and twelve month moving average bases, were 11.23 per cent and 13.55 per cent, respectively, in August, 2018*

### 4.1 Agricultural Sector

The rainfall witnessed in most parts of the country boosted agricultural activities in August, 2018. Harvest of yam, cassava, maize, potatoes and groundnut dominated crop sub-sector, while in the livestock sub-sector, farmers engaged in the sales of poultry birds and ram for Eid-el-Kabir festivity. However, a few cases of flash flood occurred in states like cross river, Benue, Anambara, Taraba and Delta which affected farmlands in producing regions.

### 4.2 Agricultural Credit Guarantee Scheme

A total of ₦499.22 million was guaranteed to 4,172 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in August 2018. The amount represented a respective increase of 32.9 per cent and 7.8 per cent above the levels at end-July, 2018 and the corresponding period of 2017. Sub-sectoral analysis showed that food crop obtained the largest share of ₦318.50 million (63.8 per cent), guaranteed to 3,345 beneficiaries; livestock got ₦63.35 million (12.7 per cent), guaranteed to 242 beneficiaries; fisheries sub-sector received ₦62.92 million (12.6 per cent), guaranteed to 272 beneficiaries; cash crop got ₦40.54 million (8.12 per cent), guaranteed to 245 beneficiaries. Others received ₦11.63 million (2.3 per cent), guaranteed to 52 beneficiaries, while the mixed crops sub-sector got ₦2.30 million (0.5 per cent), guaranteed to 16 beneficiaries.

Analysis by state showed that 29 states and the Federal Capital Territory benefited from the Scheme. The highest and lowest sums of ₦74.2 million (14.9 per cent) and ₦0.4 million (0.1 per cent) were guaranteed to Edo and Bayelsa States, respectively.

### 4.3 Commercial Agriculture Credit Scheme

As at August 20, 2018, the total amount released since inception by the CBN under the Commercial Agriculture Credit Scheme (CACCS) to participating banks for disbursement, amounted to ₦615.43 billion in respect of 568

projects (Table 11).

**Table 11: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACs) as at August 20, 2018.**

S/N	Participating Banks	Amount Disbursed (N billion)	Number of Projects/State Governments
1	UBA Plc	81.06	50
1	Zenith Bank	120.16	75
3	First Bank of Nigeria Plc	42.89	99
4	Unity Bank Plc	25.18	25
5	Union Bank Plc	28.91	39
6	Stanbic IBTC Plc	27.66	45
7	Sterling Bank	72.17	42
8	Access Bank Plc	36.66	26
9	Fidelity Bank Plc	21.67	17
10	Skye Bank Plc	13.77	10
11	FCMB Plc.	15.53	26
12	Ecobank	6.38	10
13	GTBank	39.70	28
14	Diamond Bank Plc	4.85	21
15	Heritage Bank	6.82	14
16	Citibank Plc	3.00	2
17	Keystone Bank	26.05	20
18	WEMA Bank Plc	2.89	13
19	Jaiz Bank Plc	0.00	1
20	Suntrust Bank Ltd	1.85	3
	<b>TOTAL</b>	<b>577.20</b>	<b>566</b>

#### 4.4 Petroleum Sector

*Domestic crude oil and natural gas production was estimated at an average of 1.85 million barrels per day.*

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 1.85 mbd or 57.4 million barrels (mb) in August, 2018. This indicated an increase of 0.03 mbd or 1.7 per cent, compared with 1.82 mbd or 54.6 million barrels (mb) produced in the preceding month. Crude oil export was estimated at 1.40 mbd or 43.4 mb, representing an increase of 2.2 per cent, compared with 1.37 mbd recorded in July, 2018. The development was attributed to the repairs and reopening of major oil installations in the Niger Delta region. The allocation of crude oil for domestic consumption was 0.45 mbd or 13.95 mb in the review period.

*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 spot price of Nigeria's reference crude oil, the Bonny Light (37° API), fell to US\$73.70/b in August, 2018, representing a 2.6 per cent decline below the US\$75.70/b recorded in July, 2018. The fall in oil price was attributed, largely to the rising oil supply from some OPEC and non-OPEC countries, most notably, Saudi Arabia, Nigeria and Russia. The UK Brent at US\$72.03/b, WTI at US\$ 51.82 /b, the Forcados at US\$73.75/b, exhibited similar trends.

The OPEC basket of fifteen selected crude streams stood at US\$72.23/b in August, 2018. This represented a 1.5 per cent decline, below the US\$73.30/b recorded in the preceding month, but a 45.6 per cent increase, compared with US\$49.60/b recorded in the corresponding period of 2017 (Figure 11, Table 12).

Figure 11: Trends in Crude Oil Prices

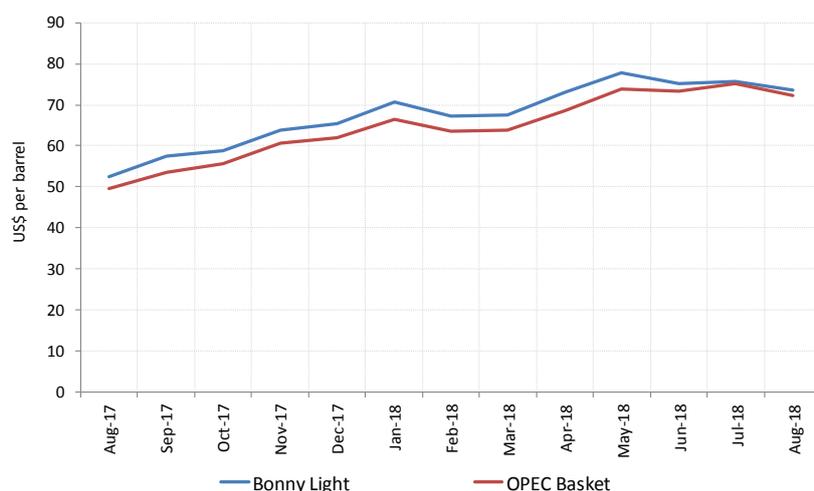


Table 12: Average Crude Oil Prices in the International Oil Market

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Bonny Light	52.46	57.42	58.74	63.70	65.41	70.75	67.20	67.46	73.16	77.86	75.11	75.68	73.70
OPEC Basket	49.60	53.44	55.50	60.75	62.06	66.85	63.52	63.76	68.40	73.80	73.22	73.30	72.23

*The general price level rose in August 2018, compared with the level in the preceding month.*

### 4.5 Consumer Prices

The all-items composite Consumer Price Index (CPI) was 266.2 (November 2009=100) in August, 2018, representing a 1.1 per cent and 11.2 per cent increase compared with the respective levels in July, 2018 and the corresponding period of 2017.

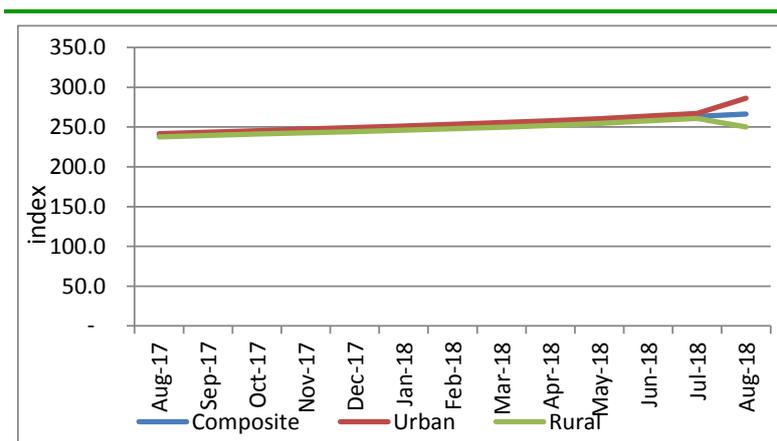
The composite food index (with a weight of 50.7 per cent) for August, 2018 was 286.2 compared with 282.2 and 252.9 in the preceding month and the corresponding period of 2017, respectively. The development was attributed to increased demand, distribution constraints and high transportation cost (Figure 12, Table 13).

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

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Composite	239.3	241.2	243.0	244.9	246.4	248.4	250.3	252.4	255.0	257.3	260.5	263.4	266.2
Urban	241.5	243.5	245.5	247.6	245.5	251.3	253.4	255.6	257.7	260.6	263.8	267.0	269.7
Rural	237.6	239.4	241.1	242.8	241.1	246.0	247.9	249.9	252.0	254.7	257.8	260.9	263.4
CPI - Food	252.9	255.1	257.2	259.5	261.0	263.3	265.5	267.9	270.4	273.9	278.2	282.2	286.2
CPI - Non Food	227.3	229.1	230.9	232.6	233.8	235.4	237.2	239.2	241.3	243.6	246.1	248.1	250.1

\*Source: NBS

Figure 12: Consumer Price Index



The year-on-year headline inflation was 11.23 per cent in August 2018.

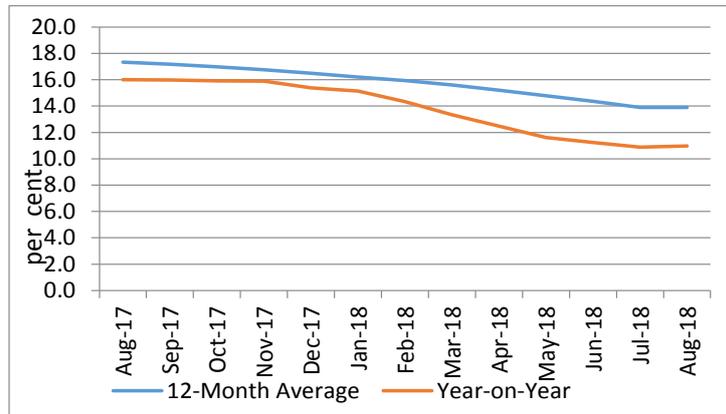
Headline inflation rose to 11.23 from 10.96 per cent in August 2018, from 11.14 per cent and 16.01 per cent recorded at end-July 2018 and the corresponding period of 2017, respectively. The Twelve-Month Moving Average (12MMA) inflation for August, 2018 declined to 13.55 per cent, compared with 13.95 per cent and 17.33 per cent in the preceding month and the corresponding period of 2017, respectively. (Figure 13, Table 14).

Table 14: Headline Inflation Rate (%)\*

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
12-Month Average	17.33	17.17	16.97	16.76	16.50	16.20	15.93	15.60	15.20	14.79	14.37	13.95	13.55
Year-on-Year	16.01	15.98	15.91	15.90	15.37	15.13	14.33	13.34	12.48	11.61	11.23	11.14	11.23

\*Source: NBS

Figure 13: Inflation Rate





## 5.0 External Sector Developments<sup>5</sup>

On month-on-month basis, foreign exchange inflow into the CBN rose by 1.7 per cent to US\$4.82 billion, while outflow from the CBN fell by 12.1 per cent to US\$5.28 billion, respectively, in August 2018. Total non-oil export receipts by banks declined by 13.1 per cent below the level in July, 2018. The average exchange rate at the inter-bank, BDC, and the I&E windows were ₦305.81/US\$, ₦359.00/US\$ and ₦362.27/US\$, respectively, in the review month. The gross external reserves was US\$44.58 billion at end-August, 2018.

### 5.1 Foreign Exchange Flows

Provisional data indicated that aggregate foreign exchange inflow into the CBN was US\$4.82 billion, showing an increase of 1.7 per cent and 22.2 per cent, compared with the respective levels in the preceding month and the corresponding period of 2017. The development, relative to the preceding month was attributed, largely, to the improved performance of the non-oil sector of the economy.

*Foreign exchange inflow through the CBN rose by 1.7 per cent, while outflow declined by 12.1 per cent in August 2018.*

Aggregate outflow of foreign exchange from the Bank fell by 11.1 per cent to US\$5.29 billion in August, 2018, compared with the level at the end of the preceding month. It, however, indicated a 47.4 per cent increase over the level at the end of the corresponding period of 2017. The development, relative to the preceding period reflected, mainly, the fall in inter-bank utilisation.

Overall, foreign exchange flows through the Bank in the month of August 2018 resulted in a net outflow of US\$0.47 billion, compared with net outflow of US\$1.28 billion in July, 2018 and net inflow of US\$0.35 in the corresponding period of 2017 (Figure 14, Table 15).

<sup>5</sup> Data on foreign exchange flows through the CBN and the Economy are provisional and subject to change.

Figure 14: Foreign Exchange Flows through the CBN

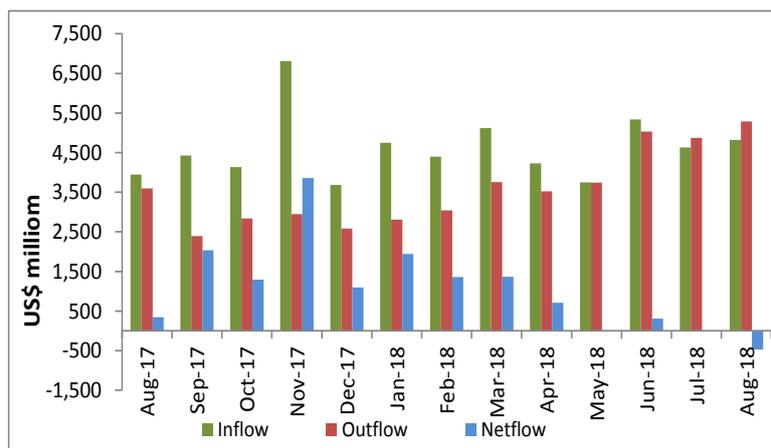


Table 15: Foreign Exchange Flows through the CBN (US\$ million)

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Inflow	3,943.5	4,425.5	4,132.8	6,812.0	3,680.8	4,386.3	4,401.3	5,117.3	4,232.7	3,751.7	5,340.8	4,631.5	4,817.1
Outflow	3,594.3	2,390.4	2,839.1	2,951.1	2,584.5	2,734.4	3,040.5	3,754.1	3,523.0	3,742.9	5,080.9	4,874.5	5,289.2
Netflow	349.1	2,035.1	1,293.7	3,860.8	1,096.4	1,652.0	1,360.8	1,363.1	709.7	8.8	309.9	(13)	(472.1)

Provisional data showed that aggregate foreign exchange inflow into the economy amounted to US\$11.12 billion, indicating a decline of 0.4 per cent relative to the level at the end of the preceding month. It, however, indicated a 26.3 per cent increase above the level in the corresponding period of 2017. The development relative to the preceding month was as a result of 1.9 per cent fall in inflow through the Autonomous sources.

Aggregate foreign exchange outflow from the economy, at US\$5.60 billion, fell by 10.4 per cent compared with the level in July, 2018, but represented an increase of 47.6 per cent above the level at the end of the corresponding month of 2017. This was attributed to the 12.1 per cent decline in outflow through the Bank.

Inflow through autonomous sources, indicated marginal decline of 1.9 per cent to US\$6.31 billion in August, 2018, below the level in the preceding month. Outflow through autonomous sources, on month-on-month basis, however,

*Autonomous inflow through the economy declined by 1.9 per cent, below the level in the preceding month.*

rose by 31.9 per cent to US\$0.30 billion above the level in the preceding month and reflected the rise in invisible import.

Thus, foreign exchange flow through the economy, resulted in a net inflow of US\$5.53 billion in the review period, compared with US\$4.92 billion and US\$5.02 billion for July, 2018 and August, 2017, respectively.

## 5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings, at US\$480.56 million, fell by 13.1 per cent below the level in the preceding month, but showed an increase of 112.8 per cent above the level in the corresponding period of 2017. The development reflected, the respective decline of 31.9 per cent, 0.8 per cent and 30.3 per cent in the proceeds from manufacturing, food and minerals products subsectors, respectively, to US\$261.66 million, US\$41.19 million and US\$9.28 million in August, 2018. Export proceeds from industrial and agricultural sub-sectors, however, rose by 21.4 and 67.5 per cent, respectively, above the levels in the preceding month.

*Total non-oil export earnings by exporters fell in August 2018.*

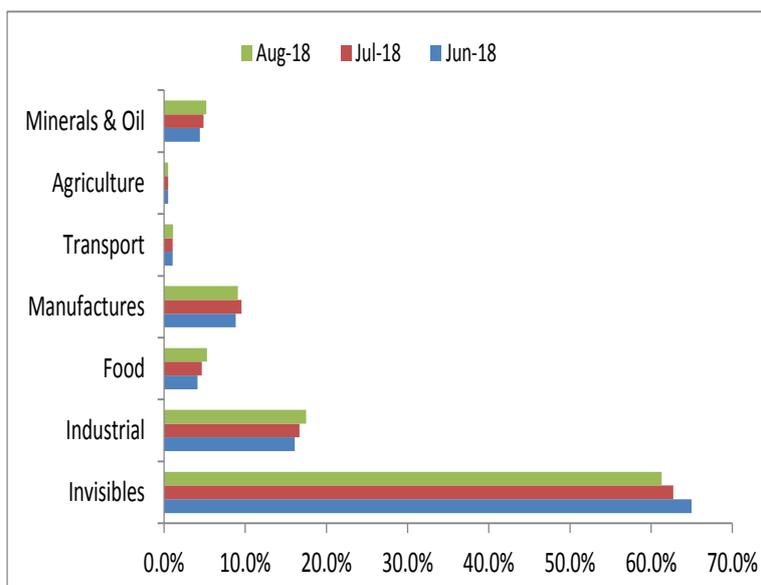
The shares of the various sectors in non-oil export proceeds were: minerals, 35.7 per cent; agricultural products, 24.9 per cent; manufactured products, 20.4 per cent; industrial sector, 16.5 per cent; and food products, 2.5 per cent.

## 5.3 Sectoral Utilisation of Foreign Exchange

Provisional data on sectoral utilisation of foreign exchange in August 2018 showed an increase of 5.6 per cent to US\$3.69 billion above the level in the preceding month. The invisible sector accounted for the bulk (61.3 per cent) of total foreign exchange disbursed in the review month, followed by industrial sector (17.5 per cent). The shares of other sectors in a descending order were: manufactured products (9.1 per cent); food products (5.3 per cent); minerals and oil (5.2 per cent); transport (1.1 per cent); and agricultural products (0.5 per cent) (Figure 15).

*The invisible sector accounted for the bulk of the total foreign exchange disbursed in August 2018.*

Figure 15: : Sectoral Utilisation of Foreign Exchange



### 5.4 Foreign Exchange Market Developments

The Bank continued to intervene at the interbank and BDC segments of the foreign exchange market to further sustain the improved liquidity and relative stability in the market. A total of US\$3.93 billion was sold by the Bank to authorised dealers in August, 2018, compared with US\$3.64 billion supplied in July 2018. This indicated a 7.9 per cent and 64.0 per cent increase relative to the levels in the preceding month and the corresponding period of 2017. The development relative to the preceding month was attributed to higher sales at the inter-bank segment and increased swap transactions during the review period. Matured forwards contract disbursed and sales to BDCs in August, 2018 rose to US\$1.04 billion and US\$0.94 billion, respectively, compared with their respective levels in July, 2018 (Figure 16, Table 16).

Figure 16: : Supply of Foreign Exchange

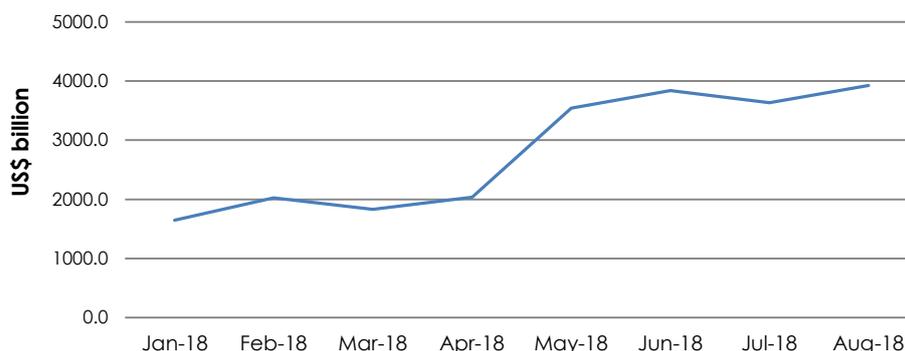


Table 16: Supply of Foreign Exchange (US\$ billion)

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Total Forex Supply	2.03	1.80	2.00	2.20	3.54	3.84	3.64	3.93

The average exchange rate of the naira to the US-dollar at the inter-bank segment was ₦306.10/US\$, representing a depreciation of 0.09 per cent and 0.08 per cent, relative to the respective levels in the preceding month and the corresponding period of 2017. The average rate at the BDC segment remain unchanged at ₦359.00/US\$, relative to the level in the preceding month. At the Investors and Exporters (I&E) window, the average exchange rate of the naira vis-à-vis the US dollars, at ₦362.35/US\$, depreciated by 0.2 per cent below the level in the preceding month, but appreciated by 0.7 per cent relative to the level in the corresponding period of 2017 (Figure 17, Table 17).

Consequently, the premium between the BDC and I&E rates widened by 0.3 per cent to 0.9 percentage point, during the review period.

*The naira exchange rate vis-à-vis the US dollar depreciated at the Inter-bank and BDC segment during the review month.*

Figure 17: Average Exchange Rate Movement

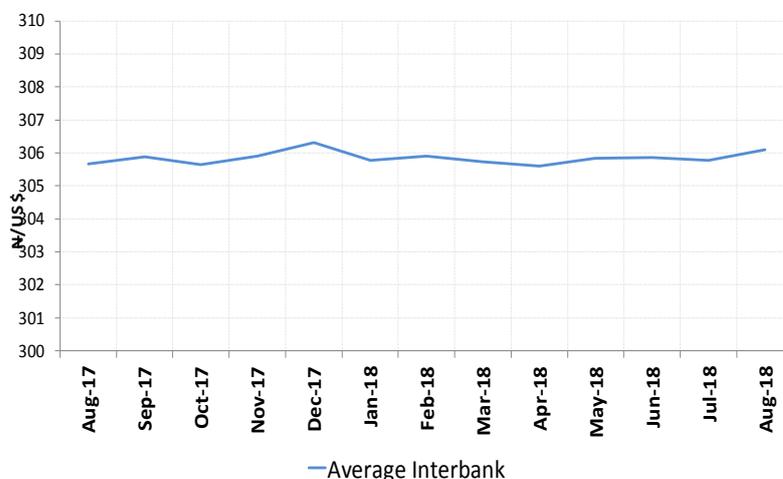


Table 17: Exchange Rate Movements

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Average Exchange Rate (N/US\$)													
Interbank	305.67	305.89	305.65	305.90	306.31	305.78	305.90	305.74	305.61	305.83	305.87	305.77	306.10

### 5.5 Gross External Reserves

The unadjusted external reserves declined from US\$45.80 billion at end-July, 2018 to US\$44.58 billion at end-August, 2018. A breakdown of the external reserves by ownership showed that the share of Federation reserves was US\$2.31 billion (5.19%); Federal Government reserves, US\$5.66 billion (12.69%); and the CBN reserves, US\$36.61 billion (82.12%) of the total (Figure. 18, Table 18).

*Gross external reserves fell from US\$45.81 to US\$44.58 billion as at end-August, 2018.*

Figure 18: Gross Official External Reserves

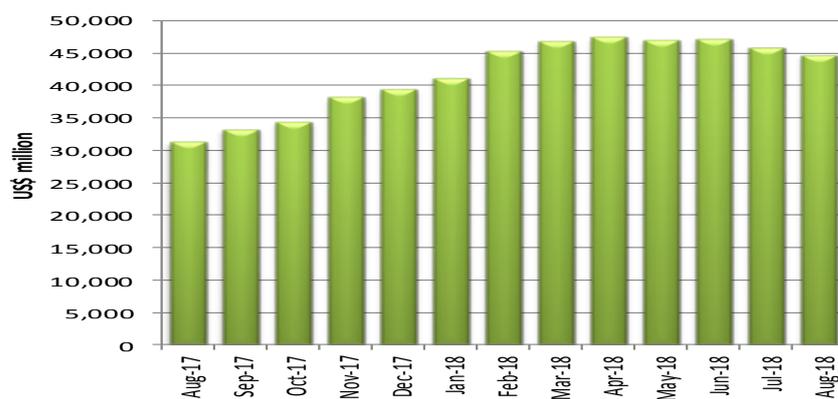


Table 18: Gross Official External Reserves (US\$ million)

Period	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18
External Reserves	39,353.49	41,150.28	45,276.58	46,730.54	47,438.22	46,923.01	47,157.90	45,798.98	44,580.40

## *6.0 Other International Economic Developments and Meetings*

World crude oil output and demand in August, 2018 were estimated at an average of 98.48 mbd and 98.82 mbd, compared with 98.34 and 98.83 mbd supplied and demanded, respectively, in July, 2018. The increase in world crude oil supply was attributed to increased supply, especially from Saudi Arabia and Nigeria which accounted for the rise in OPEC output, while the fall in demand was attributed, largely, to the slowing oil demand from the major consumers - the Asian economies whose growth had been waning.

Other major international economic developments and meetings of importance to the domestic economy in the review period included: The 41st meeting of the Association of African Central Bank (AACB) held in Sharm El Sheikh, Egypt on August 9, 2018. The meeting was preceded by the Technical Committee and Committee of Governors' meetings which held from August 7 - 9, 2018.

# APPENDIX TABLES

**Table A1: Money and Credit Aggregates (₦ billion)**

	Dec-17	May-18	Jun-18	Jul-18
<b>Domestic Credit (Net)</b>	25,931.6	25,716.6	25,568.2	25,654.5
<i>Claims on Federal Government (Net)</i>	3,640.9	3,509.8	3,286.3	3,393.3
Central Bank (Net)	(353.6)	293.6	23.4	167.3
Banks	3,994.5	3,216.2	3,262.9	3,225.9
<i>Claims on Private Sector</i>	22,290.6	22,206.7	22,281.9	22,261.2
Central Bank	5,870.7	6,408.8	6,420.4	6,444.1
Banks	16,419.9	15,797.9	15,861.5	15,817.1
<i>Claims on Other Private Sect.</i>	20,718.3	20,451.4	20,489.0	20,530.8
Central Bank	5,202.7	5,599.9	5,599.8	5,672.6
Banks	15,515.6	14,851.4	14,889.2	14,858.2
<i>Claims on State and Local Govt.</i>	1,544.8	1,603.0	1,628.8	1,615.5
Central Bank	640.4	656.5	656.5	656.5
Banks	904.4	946.5	972.3	958.9
<i>Claims on Non-financial Public Ent.</i>				
<b>Foreign Assets (Net)</b>	15,520.8	17,063.5	18,337.5	17,784.9
Central Bank	15,134.6	16,698.1	17,844.1	17,270.8
Banks	386.1	365.4	493.5	514.1
<b>Other Assets (Net)</b>	(10,294.8)	(9,007.5)	(10,091.0)	(9,424.9)
<b>Total Monetary Assets (M<sub>3</sub>)</b>	<b>31,157.6</b>	<b>33,772.6</b>	<b>33,814.7</b>	<b>34,014.5</b>
<b>Quasi-Money 1/</b>	12,965.1	13,942.7	14,112.9	14,303.1
<b>Money Supply (M1)</b>	11,175.6	11,226.3	10,701.1	10,668.0
<i>Currency Outside Banks</i>	1,782.7	1,577.5	1,519.9	1,468.3
<i>Demand Deposits 2/</i>	9,392.9	9,648.8	9,181.2	9,199.7
<b>Money Supply (M<sub>2</sub>)</b>	<b>24,140.6</b>	<b>25,169.0</b>	<b>24,814.0</b>	<b>24,971.1</b>
<b>CBN Bills held by Non-Bank Sectors</b>	7,016.9	8,603.6	9,000.7	9,043.4
<b>Total Monetary Liabilities (M<sub>3</sub>)</b>	<b>31,157.6</b>	<b>33,772.6</b>	<b>33,814.7</b>	<b>34,014.5</b>
<b><i>Memorandum Items:</i></b>				
Reserve Money (RM)	6,484.3	6,767.6	6,360.5	6,622.7
<i>Currency in Circulation (CIC)</i>	2,157.2	1,930.7	1,900.7	1,824.8
<i>DMBs Demand Deposit with CBN</i>	4,327.1	4,836.9	4,459.8	4,797.8

1/ Quasi-money consists of Time, Savings and Foreign Currency Deposits 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)

	Dec-17	May-18	Jun-18	Jul-18
	<b>Growth Over Preceding December (%)</b>			
<b>Domestic Credit (Net)</b>	-3.5	-0.8	-1.4	-1.1
<i>Claims on Federal Government (Net)</i>	-25.3	-3.6	-9.7	-6.8
<i>Claims on Private Sector</i>	1.4	-0.4	0.0	-0.1
<i>Claims on Other Private Sector</i>	-1.2	-3.8	-1.1	-0.9
<i>Claims on State and Local Government</i>	56.1	3.8	5.4	4.6
<i>Claims on Non-financial Public Enterprises</i>				
<b>Foreign Assets (Net)</b>	69.6	9.9	18.2	14.6
<b>Other Assets (Net)</b>	-37.2	12.5	2.0	8.5
<b>Total Monetary Assets (M3)</b>	<b>9.3</b>	<b>8.4</b>	<b>8.5</b>	<b>9.2</b>
<b>Quasi-Money 1/</b>	5.2	7.5	8.9	10.3
<b>Money Supply (M1)</b>	-0.9	0.5	-4.3	-4.5
<i>Currency Outside Banks</i>	-2.1	-11.5	-14.7	17.6
<i>Demand Deposits 2/</i>	-0.6	2.7	-2.3	-2.1
<b>Money Supply (M2)</b>	<b>2.3</b>	<b>4.3</b>	<b>2.8</b>	<b>3.4</b>
<b>CBN Bills held by Non-Bank Sector</b>	42.9	22.6	28.3	28.9
<b>Total Monetary Liabilities (M3)</b>	<b>9.3</b>	<b>8.4</b>	<b>8.5</b>	<b>9.2</b>
<i>Memorandum Items:</i>				
Reserve Money (RM)	10.9	4.4	-1.9	2.1
<i>Currency in Circulation (CIC)</i>	-1.0	-10.5	-11.9	-15.4
<i>DMBs Demand Deposit with CBN</i>	17.9	11.8	3.1	10.9
	<b>Growth Over Preceding Month (%)</b>			
<b>Domestic Credit (Net)</b>	-1.6	-6.8	-0.6	0.3
<i>Claims on Federal Government (Net)</i>	-17.1	-33.9	-6.4	3.3
<i>Claims on Private Sector</i>	1.5	-0.31	0.3	-0.1
<i>Claims on Other Private Sector</i>	1.9	0.6	0.2	0.2
<i>Claims on State and Local Government</i>	-3.1	0.9	1.6	-0.8
<i>Claims on Non-financial Public Enterprises</i>				
<b>Foreign Assets (Net)</b>	16.7	9.7	0.2	-3.0
Central Bank	15.2	11.9	-0.5	-3.2
Banks	142.1	-43.1	35.0	4.2
<b>Other Assets (Net)</b>	-10.1	9.6	-5.2	6.6
<b>Total Monetary Assets (M3)</b>	<b>2.8</b>	<b>1.8</b>	<b>-1.8</b>	<b>0.6</b>
<b>Quasi-Money 1/</b>	6.3	0.7	1.2	1.4
<b>Money Supply (M1)</b>	10.9	5.7	-4.7	-0.3
<i>Currency Outside Banks</i>	18.1	-1.4	-3.7	-3.4
<i>Demand Deposits 2/</i>	9.7	6.9	-4.9	0.2
<b>Money Supply (M2)</b>	<b>8.4</b>	<b>2.8</b>	<b>-1.4</b>	<b>0.6</b>
<b>CBN Bills held by Non-Bank Sector</b>	-12.6	-1.2	-2.7	0.1
<b>Total Monetary Liabilities (M3)</b>	<b>2.8</b>	<b>1.8</b>	<b>-1.8</b>	<b>0.6</b>
<i>Memorandum Items:</i>				
Reserve Money (RM)	14.3	3.6	-6.0	4.1
<i>Currency in Circulation (CIC)</i>	13.8	-1.4	-1.6	-4.0
<i>DMBs Demand Deposit with CBN</i>	14.5	5.7	-7.8	7.6

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

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Monthly Budget Est
Retained Revenue	212.6	300.6	244.9	287.5	733.3	349.7	274.2	278.7	315.4	299.1	282.2	306.7	344.3	629.4
Federation Account	181.5	260.6	198.1	191.5	248.2	251.5	249.4	257.6	222.4	276.3	268.8	279.7	269.8	381.0
VAT Pool Account	11.6	12.5	12.0	12.9	11.6	12.1	13.9	12.9	12.1	12.5	13.5	12.3	11.5	18.5
FGN Independent Revenue	9.4	23.9	0.6	0.3	0.1	1.4	10.9	7.9	47.1	10.3	0.0	10.9	26.9	70.7
Excess Crude Account	0.0	0.0	24.2	0.0	0.0	14.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others/Exchange Gain/Recovere	10.2	3.6	10.0	82.9	473.5	70.6	0.0	0.3	33.8	0.0	0.0	3.9	36.1	159.3
Expenditure	565.5	483.3	400.7	439.2	1116.9	639.6	373.9	684.3	218.6	509.7	358.6	485.4	309.1	792.3
Recurrent	412.9	328.9	362.7	327.7	767.4	470.8	233.3	570.9	175.3	426.2	297.0	346.0	287.2	509.0
Capital	115.6	116.3	0.0	73.5	311.4	130.8	132.0	98.1	22.6	68.7	43.9	120.2	4.7	239.1
Transfers	37.1	38.0	38.0	38.0	38.0	38.0	8.6	15.4	20.7	14.9	17.8	19.2	17.3	44.2
Overall Balance:														
Surplus(+)/Deficit(-)	-352.9	-182.6	-155.9	-151.7	-383.5	-289.8	-99.7	-405.6	96.9	-210.6	-76.4	-178.7	35.2	-162.9

1/ Revised

\* Data on government revenue and expenditure are provisional and subject to revisions