



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
AUGUST 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

As a result of the continued tight monetary policy stance of the Bank, growth in the major monetary aggregates decelerated in August 2017, relative to the levels at end-July 2017. On month-on-month basis, broad money supply (M_2), at ₦21,851.5 billion, fell by 1.6 per cent due, mainly, to the 4.3 per cent and 1.0 per cent decline in domestic credit (net) and other assets (net) of the banking system, respectively. Over the level at end-December 2016, M_2 fell by 7.4 per cent, reflecting the 0.1 per cent and 18.4 per cent fall in domestic credit (net) and other assets (net) of the banking system, respectively. Similarly, narrow money supply (M_1), fell by 4.2 per cent, on month-on-month basis, due to the 5.8 per cent decline in its demand deposit component. Over the level at end-December 2016, M_1 fell by 12.3 per cent, compared with the decline of 8.4 per cent at end-July 2017 due to the 16.3 per cent and 11.5 per cent decline in its currency outside banks and demand deposit components, respectively. Reserve money (RM), declined by 1.4 per cent to ₦5,486.8 billion at the end of the review month, reflecting the fall in DMBs' demand deposit with CBN.

Banks' lending rates generally trended upward, while deposit rates indicated mixed developments during the review month. The average savings rate remained unchanged at the preceding month's level of 4.08 per cent, while the average term deposit rates rose to 8.95 per cent from 8.63 per cent in the preceding month. With the exception of the over 12 months deposit rate, which fell from 7.50 per cent in July 2017 to 7.44 per cent in the review month, all other rates of various maturities rose from a range of 4.23 – 11.24 per cent in the preceding month to 4.37 – 11.51 per cent in August 2017. The average prime lending and Maximum lending rates rose by 0.04 and 0.26 percentage point to 17.69 per cent and 31.20 per cent, respectively, above their levels in the preceding month. Consequently, the spread between the average term deposit and the maximum lending rates narrowed by 0.06 percentage point to 22.25 percentage points at end-August 2017, while the spread between the average savings deposit and maximum lending rates rose to 26.83 percentage points from 26.71 percentage points.

Activities on the Nigerian Stock Exchange (NSE) were mixed in August 2017. Relative to the level in the preceding month, the volume of traded securities fell by 13.8 per cent to 7.5 billion shares while the value rose significantly by 104.3 per cent to ₦198.43 billion. Total market capitalisation and All Share Index declined below their levels in July 2017.

The total value of money market assets outstanding at end-August 2017 stood at ₦11,717.72 billion, showing a decline of 0.36 per cent, as against the 8.19 per cent rise in the preceding month. The development was attributed to the 7.81 and 0.55 per cent increase in Bankers Acceptances and FGN Bonds outstanding, respectively.

¹ Data on monetary aggregates, government spending and foreign exchange flows are provisional and subject to changes

Gross Federally-collected revenue (gross) in August 2017 was estimated at ₦661.8 billion. This was lower than the receipts in July 2017 by 17.8 per cent. Oil and non-oil receipts (gross), at ₦412.3 billion and ₦249.5 billion, constituted 62.3 per cent and 37.7 per cent, respectively, of total revenue. Federal Government retained revenue and estimated expenditure for August 2017 were ₦201.20 billion and ₦230.7 billion, respectively, resulting in an estimated deficit of ₦29.52 billion.

Agricultural activities in August 2017 were boosted by widespread rainfall and dominated by early harvest of yams and maize in the South. Harvest of potatoes, early maturing maize and groundnuts dominated in the Central and Northern States. In the livestock sub-sector, farmers engaged in the restocking of broilers and layers in anticipation of sales during the Eid-el-Kabir festival.

Domestic crude oil production was estimated at 1.85 mbd or 57.35 million barrels (mb) in August 2017. Crude oil export was estimated at 1.40 mbd or 43.4 mb in the review month. The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), rose by 7.2 per cent to US\$52.46 per barrel in August 2017 above US\$48.93 per barrel recorded in July 2017.

The end-period headline inflation (year-on-year), was 16.01 per cent in August 2017, compared with 16.05 per cent in July 2017. On a twelve-month moving average basis, headline inflation was 17.3 per cent in August 2017.

Foreign exchange inflow and outflow through the CBN in August 2017 were US\$3.94 billion and US\$3.59 billion, respectively, and resulted in a net inflow of US\$0.35 billion. Aggregate foreign exchange inflow and outflow through the economy were US\$7.65 and US\$3.77, respectively, and resulted in a net inflow of US\$3.88 billion in the review month. Foreign exchange sales by the CBN to the authorised dealers amounted to US\$2.39 billion, and represented 6.8 per cent decline below the level in July 2017.

At the BDC segment, the naira, on month-on-month basis, depreciated by 0.1 per cent to ₦365.61/US\$, but appreciated by 8.4 per cent relative to the level in the corresponding period of 2016.

Other major international economic developments and meetings of importance to the domestic economy in the review period included: the 40th Ordinary Meeting of the Assembly of Governors of the Association of African Central Banks (AACB) held in Pretoria, South Africa on August 16, 2017. The Governors' Annual Symposium held on the side-lines of the 2025 Assembly of Governors meeting on August 15, 2017, with the theme "Monetary Integration in Africa: Lessons from the Experience of the European Monetary and Financial Integration". Also, the African Caucus, comprising African Governors of the International Monetary Fund and the World Bank Group, met in Gaborone, Botswana from August 2 – 4, 2017.

2.0 *Financial Sector Developments*

2.1 **Monetary and Credit Developments**

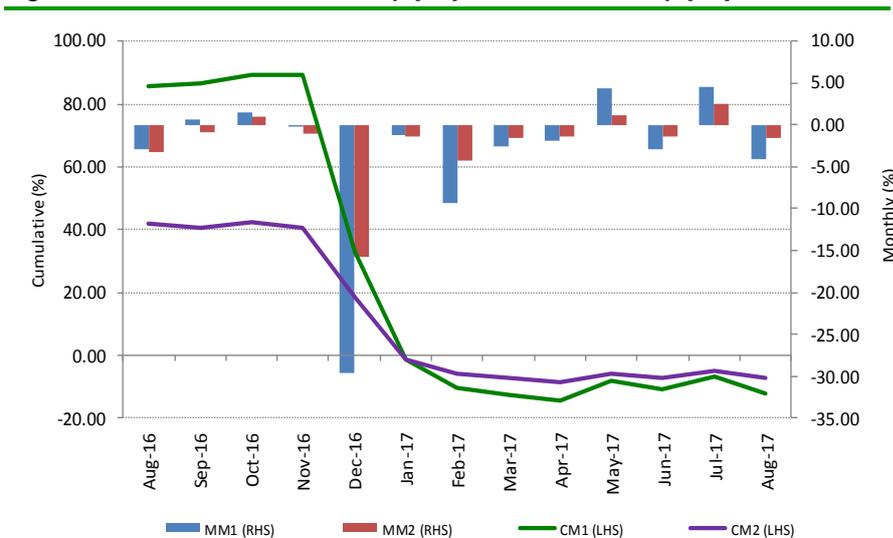
Growth in broad money supply (M₂) declined in August 2017. Banks' lending rates generally trended upwards while the deposit rates showed mixed developments. The value of money market assets outstanding rose, owing, largely, to the increase in FGN Bonds and commercial paper. Activities on the Nigerian Stock Exchange (NSE) were mixed in the review month.

Growth in money supply decelerated on month-on-month basis in August 2017.

In the review month, major monetary aggregates exhibited a downward trend as a result of policy stance of the Bank, which remained restrictive. Consequently, on month-on-month basis, broad money supply (M₂), fell by 1.6 per cent to ₦21,851.5 billion, in contrast to the 1.0 per cent growth at the end of the preceding month. The development reflected the 4.3 per cent and 1.0 per cent decline in domestic credit (net) and other assets (net) of the banking system, respectively. Over the level at end-December 2016, M₂ fell by 7.4 per cent, compared with a decline of 5.9 per cent at the end of the preceding month. The fall in M₂ reflected the decline of 0.1 per cent and 18.4 per cent in domestic assets (net) and other assets (net) of the banking system, respectively. Similarly, narrow money supply (M₁), at ₦9,890.8 billion, fell by 4.2 per cent at end-August 2017, reflecting a decline of 5.8 per cent in its demand deposit component. Over the level at end-December 2016, M₁ contracted by 12.3 per cent, compared with the decline of 8.4 per cent at end-July 2017 due to the 16.3 per cent and 11.5 per cent decline in its currency outside banks and demand deposit components, respectively (Figure 1, Table 1).

Quasi-money rose by 0.7 per cent to ₦11,960.6 billion at end-August 2017, compared with the increase of 0.7 per cent at end-July 2017. The development relative to the preceding month's level was due, mainly, to the growth in time and savings deposit of banks. It, however, showed a decline of 4.4 per cent compared with the level in the corresponding period of 2016. Over the level at end-December 2016, quasi money declined by 2.9 per cent, compared with the fall of 3.6 per cent at the end of the preceding month.

Figure 1: Growth of Narrow Money (M₁) and Broad Money (M₂)²



Aggregate credit (net) to the domestic economy, at ₦26,821.4 billion, on month-on-month basis, fell by 4.3 per cent at end-August 2017, in contrast to the 2.9 per cent and 3.7 per cent increase at end-July 2017 and the corresponding period of 2016, respectively. The development, relative to the preceding month, reflected the 17.7 per cent and 0.8 per cent decline in net claims on the Federal Government and claims on the private sector, respectively. Over the level at end-December 2016, net domestic credit declined by 0.1 per cent at the end of the review period, in contrast to the growth of 4.4 per cent and 22.0 per cent at the end of the preceding month and the corresponding period of 2016, respectively. The development relative to the level at end December 2016 was due to the 3.5 per cent decline in claims on the private sector.

Net claims on the Federal Government, at ₦4,824.2 billion, on month-on-month basis declined by 17.7 per cent at end-August 2017, in contrast to the 11.6 per cent and 18.2 per cent growth recorded at the end of the preceding month and the corresponding period of 2016, respectively. This reflected a fall in Treasury bills rediscounts and loans to the Federal Government. Over the level at end-December 2016, net claims on the Federal Government fell by 1.1 per cent at the end of the review period, in contrast to the 20.2 per cent and 22.8 per cent increase recorded at end-July 2017 and

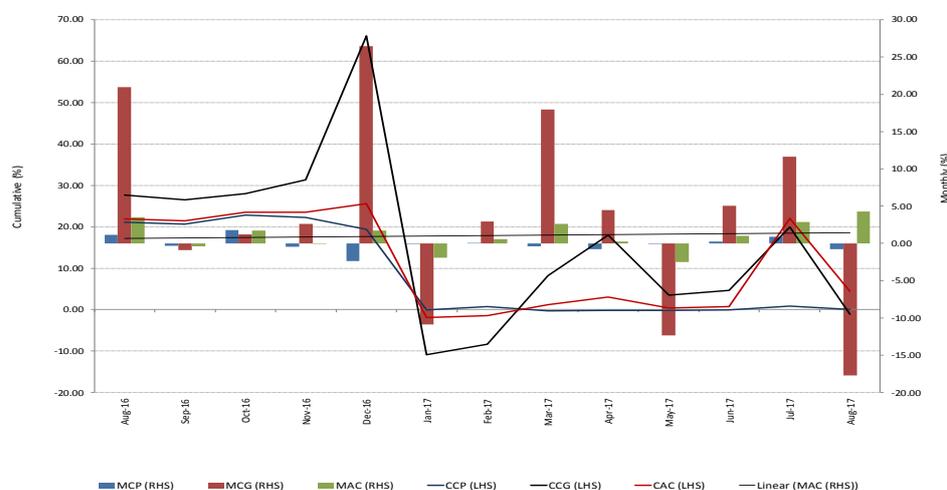
MM1 and MM2 represent month-on-month changes, while CM1 and CM2 represent cumulative changes (year-to-date).

the corresponding period of 2016, respectively.

Relative to the level at end-July 2017, credit to the private sector contracted by 0.8 per cent to ₦21,996.3 billion, in contrast to the 0.9 per cent growth at the end of the preceding month. The development was due, wholly to the 1.0 per cent fall in claims on the core private sector.

Over the level at end- December 2016, banking system's credit to the private sector marginally grew, by 0.1 per cent, compared with the growth of 0.9 per cent at the end of the preceding month (Figure 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy³



At ₦9,733.0 billion, foreign assets (net) of the banking system, on month-on-month basis, grew by 11.3 per cent at end-August 2017, compared with the growth of 3.3 per cent at the end of the preceding month. The development was attributed to the 13.6 per cent increase in net foreign asset holdings of the CBN. Over the level at end-December 2016, foreign assets (net) rose by 6.4 per cent at end-August 2017, in contrast to the decline of 4.4 per cent at the end of the preceding month. The development, relative to the preceding month, was attributed to the 9.4 per cent rise in the foreign asset holdings of CBN.

On month-on-month basis, other assets (net) of the banking system fell by 0.8 per cent to negative ₦14,702.1 billion at

³ 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).

end-August 2017, compared with the decline of 6.3 per cent at the end of the preceding month. The decline reflected the fall in unclassified assets (net) of banks. Over the level at end-December 2016, other assets (net) of the banking system fell by 18.4 per cent, compared with the decline of 17.5 per cent at the end of the preceding month.

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

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Domestic Credit (Net)	3.7	-0.4	1.7	0.0	1.7	-1.9	0.5	2.6	0.2	-2.5	1.0	2.9	-4.3
<i>Claims on Federal Government (Net)</i>	18.2	-0.9	1.2	2.6	26.4	-10.9	2.9	17.9	4.5	-12.3	5.0	11.6	-17.7
<i>Claims on Private Sector</i>	1.7	-0.3	1.8	-0.4	-2.4	0.0	0.1	-0.4	0.8	-0.1	0.2	0.9	-0.8
<i>Claims on Other Private Sector</i>	0.7	0.3	0.9	0.3	-1.1	-0.5	-1.8	-0.4	0.9	-0.4	0.3	0.6	-1.0
Foreign Assets (Net)	-2.8	5.3	-1.6	4.9	11.2	8.3	-11.2	-11.4	-4.7	17.5	-0.8	3.3	11.3
Other Assets (Net)	-11.5	-10.2	-0.5	-11.6	-89.1	-4.5	-0.6	-0.5	0.1	-2.4	-3.8	-6.3	-0.8
Broad Money Supply (M2)	-2.1	-0.9	1.1	-1.1	-15.8	-1.5	-4.3	-1.5	-1.4	1.2	-1.4	1.0	-1.6
Quasi-Money	-3.3	-2.7	0.6	-2.4	3.1	-1.7	0.3	-0.7	-1.0	-1.4	0.0	0.7	0.7
Narrow Money Supply (M1)	-0.5	0.6	1.4	0.0	-29.7	-1.2	-9.4	-2.5	-2.0	4.4	-3.0	1.3	-4.2
Reserve Money (RM)	-1.1	-0.4	0.1	3.0	8.8	-3.4	-1.6	6.0	0.1	6.2	-0.2	1.6	-1.4

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

Currency-in-circulation, at ₦1,868.74 billion, rose by 5.6 per cent in the review month, in contrast to the 5.5 per cent decline at end-July 2017. This was due to the 5.6 per cent increase in its currency outside banks component.

Total deposits at the CBN increased by 2.8 per cent to ₦11,987.99 billion at end-August 2017, owing to the 15.7 per cent rise in Federal Government deposits, which more than offset the decline in both banks and private sector deposits with the CBN. Of the total deposits at the CBN, the shares of the Federal Government, banks and the private sector were 50.7, 30.2 and 19.1 per cent, respectively.

Reserve money (RM) declined in the review month.

Reserve money, on month-on-month basis, declined by 1.4 per cent to ₦5,486.80 billion at end-August 2017, reflecting the fall in DMBs demand deposit with the CBN.

2.3 Money Market Developments

Major financial market indicators remained relatively stable despite the liquidity conditions of the domestic money market during the review period. Movements in the money market rates were influenced by low liquidity due, largely, to aggressive mop up through OMO auctions, FGN Bonds and Nigerian Treasury Bills (NTBs) auctions. In line with the Bank's

restrictive monetary policy stance, excess liquidity arising from maturing CBN bills and fiscal injections were constantly mopped up through Open Market Operations (OMO) auctions. Consequently, the average money market rates for interbank call and Open-Buy- Back (OBB) moved in tandem with the level of liquidity, and in most cases rose above the MPR, and their levels in the preceding month.

Provisional data indicated that the total value of money market assets outstanding in August 2017 stood at ₦11,717.72 billion, showing a fall of 0.36 per cent, as against the 8.19 per cent rise in the preceding month. The development was attributed to the 7.81 per cent and 0.55 per cent decline in Bankers Acceptances and FGN Bonds, outstanding, respectively.

2.3.1 Interest Rate Developments

Banks' lending rates generally trended upward, while deposit rates indicated mixed developments during the review month. The average savings rate remained unchanged at the preceding month's level of 4.08 per cent, while the average term deposit rates rose to 8.95 per cent above 8.63 per cent in the preceding month. With the exception of the over 12 months deposit rate, which fell from 7.50 per cent in July 2017 to 7.44 per cent in the review month, all other rates of various maturities rose from a range of 4.23 – 11.24 per cent in the preceding month to 4.37 - 11.51 per cent in August 2017.

Available data indicated that banks' lending rates trended upward while deposit rates indicated mixed developments in the review month.

The average prime lending rate and Maximum lending rate rose by 0.04 and 0.26 percentage point above their levels in the preceding month, to 17.69 per cent and 31.20 percent, respectively. Consequently, the spread between the average term deposit and the average maximum lending rates narrowed by 0.06 percentage point to 22.25 percentage points at end-August 2017, while the spread between the average savings deposit and maximum lending rates rose to 26.83 percentage points from 26.71 percentage points.

At the inter-bank call segment, the weighted average rate, which stood at 12.28 per cent in July 2017, rose by 10.35 percentage points to 22.63 per cent in the review month. Similarly, the weighted average rate at the open-buy-back (OBB) segment increased from 19.34 per cent in the preceding month to 39.66 per cent in the review month. The Nigerian inter-bank offered rate (NIBOR), also, rose to 32.69

per cent in the review period, above the 20.51 per cent recorded at end-July 2017. The development reflected the liquidity squeeze in the market. Consequently, with the headline inflation at 16.01 per cent at end-August 2017, all deposit rates were negative in real terms, while lending rates were positive in real terms (Figure 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

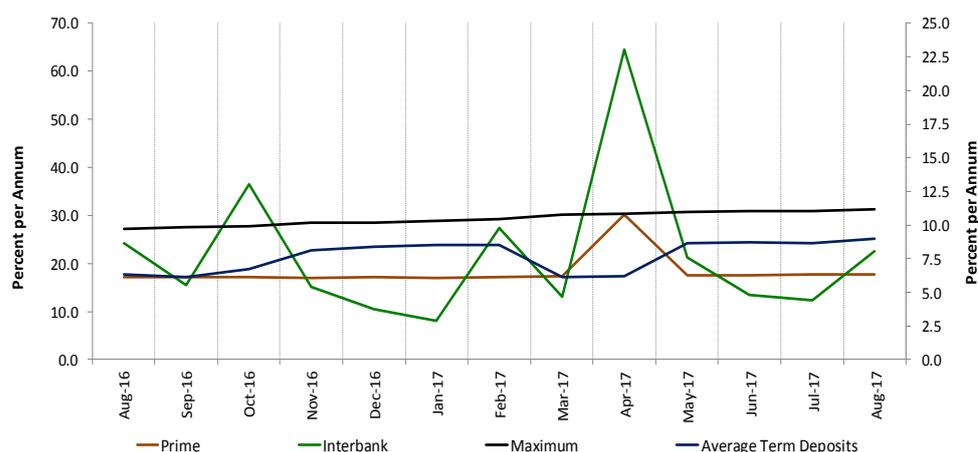


Table 2: Selected Interest Rates (Percent, Averages)

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Average Term Deposits	6.3	6.15	6.75	8.12	8.39	8.51	8.51	5.54	9.1	8.65	8.72	8.63	8.95
Prime Lending	17.18	17.09	17.1	17.06	17.09	16.91	17.13	17.43	17.44	17.58	17.59	17.65	17.69
Interbank Call	24.25	14.5	36.42	15.21	10.39	8.15	27.46	13.11	64.58	21.29	13.46	12.28	22.63
Maximum Lending	27.21	27.49	27.69	28.53	28.55	28.88	29.26	30.18	30.31	30.75	30.94	30.94	31.2

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs stood at ₦4.69 billion at end-August 2017, compared with ₦0.510 billion at the end of the preceding month. The development was due to the increase in investment in CP by the merchant banks during the review month. Thus, CP constituted 0.040 per cent of the total value of money market assets outstanding during the review period, compared with 0.004 per cent in the preceding month.

2.3.3 Bankers' Acceptances (BAs)

During the review period, BAs stood at ₦33.86 billion, compared with ₦36.73 billion at the end of the preceding month. The development was attributed to decline in investments in BAs by commercial banks during the period. Consequently, BAs accounted for 0.29 per cent of the total

value of money market assets outstanding at end-August 2017, compared with 0.31 per cent at the end of the preceding period.

2.3.4 Open Market Operations

The Bank intervened through Open Market Operations (OMO) to realise its monetary policy objectives. The tenors of the instrument ranged from 175 to 364 days. Total amount offered, subscribed to and allotted were ₦1,103.73 billion, ₦1,143.55 billion and ₦1,085.93 billion, respectively. The bid rates ranged from 17.2000 to 18.5500 per cent, while the stop rates were from 17.2000 to 18.5500 per cent. Repayment of matured CBN bills was ₦563.40 billion, translating to a net withdrawal of ₦522.56 billion during the review period.

2.3.5 Primary Market

At the Government securities market, the NTBs and FGN long-term Bonds were issued at the primary market on behalf of the Debt Management Office (DMO). NTBs of 91-, 182- and 364-day tenors, amounting to ₦484.72 billion, ₦612.05 billion and ₦484.72 billion were offered, subscribed to and allotted, respectively, in August 2017. The bid rates ranged from 13.2900 per cent to 18.5000 per cent, 16.8000 per cent to 20.0000 per cent, and 18.0000 per cent to 18.8000 per cent, for the 91-, 182- and 364-day tenors, respectively. The stop rates were from 13.3000 per cent to 13.4220 per cent, 17.3500 per cent to 17.4000 per cent, and 18.5200 per cent to 18.5300 per cent, respectively, for the three tenors.

2.3.6 Bonds Market

Tranches of the 5-, 10- and 20-year FGN Bonds were offered for sale during the review period. The term to maturity of the bonds ranged from 3 years 11 months to 19 years 8 months. Total amount offered, subscribed to and allotted were ₦135.00 billion, ₦163.65 billion and ₦56.05 billion, respectively. There was no allotment on non-competitive basis, while maturity during the period was ₦100.00 billion. The bid rates ranged from 15.8000 to 17.2500 per cent, while the marginal rates for the 5-, 10-, and 20-year bond were 16.8000 per cent, 16.8000 per cent and 16.9000 per cent, respectively.

2.3.7 CBN Standing Facilities

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 at the SLF window, reflecting the tight liquidity condition in the market.

Applicable rates for the SLF and SDF were 16.00 per cent and 9.00 per cent, respectively.

The total request for the SLF granted during the review period was ₦5,000.14 billion, comprising of ₦2,457.82 billion direct SLF and ₦2,542.32 billion Intra-day Lending Facility ILF converted to overnight repo, with a daily average of ₦250.01 billion. The Bank earned ₦3.44 billion from interest payment, compared with an interest income of ₦2.69 billion in July 2017.

Total standing deposit facility (SDF) granted during the review period was ₦262.63 billion with a daily average of ₦16.41 billion, compared with ₦825.09 billion in July 2017. The cost incurred on SDF in August 2017 stood at ₦0.09 billion, compared with ₦0.27 billion in July 2017.

2.4 Deposit Money Banks' Activities

Total assets and liabilities of the commercial banks at end-August 2017 amounted to ₦33,163.74 billion, showing a 0.9 per cent decline below the level at end-July 2017. Funds were sourced, mainly, from sale of foreign and unclassified assets and were used, mainly, to settle demand deposit claims, repay credit from Central Bank and reduce unclassified liabilities.

Banks' credit to the domestic economy rose by 0.4 per cent.

Banks' credit to the domestic economy, at ₦21,435.08 billion, rose by 0.4 per cent, compared with the level at end-July 2017. The development was attributed mainly, to the increase in claims on the private sector, at the end of the review month.

Total specified liquid assets of commercial banks stood at ₦7,282.94 billion, representing 39.7 per cent of their total current liabilities. At that level, the liquidity ratio was 5.9 percentage points below the level at the end of the preceding month, and was 9.7 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 80.5 per cent, was 0.5 percentage point below the level at end-July 2017, but was 0.5 percentage point above the maximum ratio of 80.0 per cent.

2.5 Capital Market Developments

2.5.1 Secondary Market

Developments on the Nigerian Stock Exchange (NSE) were mixed at end-August 2017. The volume of traded securities fell by 13.8 per cent to 7.5 billion shares, while value of traded securities rose by 104.3 per cent to ₦198.4 billion in 96,987

deals, compared with 8.7 billion shares, valued at ₦97.1 billion in 89,911 deals, in July 2017 (Figure 4, Table 3).

The financial services sector (measured by volume) led the activity chart with 5.5 billion shares, valued at ₦65.2 billion and traded in 56,335 deals at end-August 2017, compared with 7.4 billion shares valued at ₦67.2 billion and traded in 48,426 deals as at end-July 2017. Thus, the financial services sector accounted for 73.3 per cent and 32.9 per cent of the total equity turnover volume and value, respectively, in the review month.

Figure 4: Volume and Value of Traded Securities

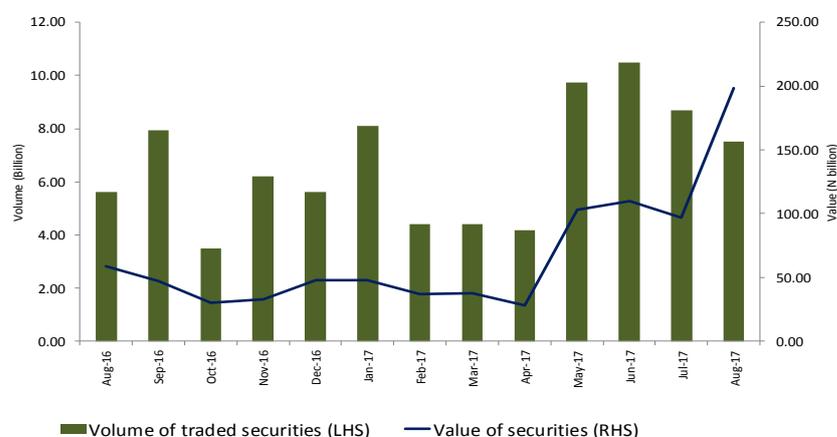


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Volume (Billion)	5.6	8.0	3.5	6.1	5.6	8.1	4.4	4.4	4.2	9.7	10.5	8.7	7.5
Value (N Billion)	58.8	47.4	30.1	33.1	47.7	47.7	37.2	37.3	27.9	102.8	109.9	97.1	198.4

2.5.2 Over-the-Counter (OTC) Bonds Market

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

2.5.3 New/Supplementary Issues Market

There was one (1) supplementary equity listings in August 2017 (Table 4).

Table 4: New & Supplementary Listing on the Nigerian Stock Exchange August 2017

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Livestock feeds PLC	1.0 billion Ordinary Shares	Additional Shares	Supplementary

2.5.4 Market Capitalisation

The aggregate market capitalisation fell by 5.3 per cent to ₦19.7 trillion at end-August 2017, from ₦20.8 trillion at the end of the preceding month. Similarly, market capitalisation for the equity segment declined by 4.72 per cent to ₦12.3 trillion and constituted 62.4 per cent of the total market capitalisation at end-August 2017, compared with ₦12.9 trillion and 62.0 per cent at end-July, 2017. (Figure 5, Table 5).

2.5.5 NSE All-Share Index

The All-Share Index, which opened at 35,844.00 in the beginning of the month, closed at 35,504.62 at end-August 2017, representing a 0.9 per cent decline below the level in the preceding month. Developments in the sectoral indices in the review month showed similar trend. With the exception of the NSE- Consumer Goods which rose by 11.7 per cent to close at 946.88 in the review month, all other sectoral indices fell below their levels in the preceding month. The NSE-Oil and Gas, NSE-Premium, NSE-Industrial Goods and NSE-Insurance indices declined by 11.4 per cent, 7.8 per cent, 4.7 per cent and 2.5 per cent, respectively, below the levels in the preceding month. Similarly, relative to the levels in July 2017, the NSE-Banking, NSE-Pension, NSE-Lotus and NSE-ASem indices fell by 1.3 per cent, 0.7 per cent, 0.5 per cent and 0.1 per cent, respectively (Figure 5, Table 4).

Figure 5: Market Capitalisation and All-Share Index

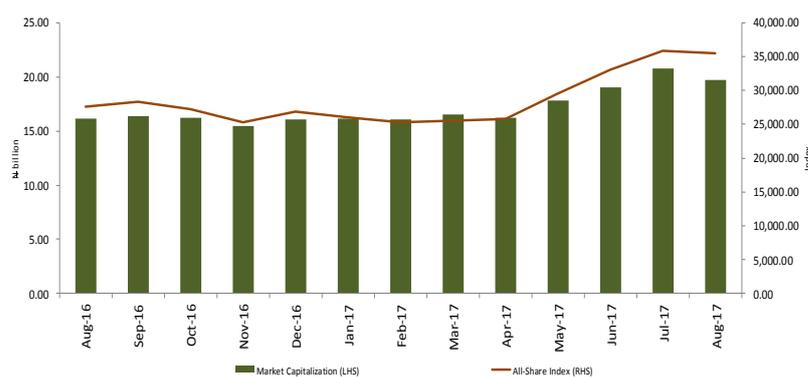


Table 5: Aggregate Market Capitalisation and All Share Index (NSE)

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Aggregate Market Capitalization (₦ trillion)	16.16	16.1	16.5	16.2	17.8	19	20.8	19.7
All-Share Index	26,036.24	25,329.10	25,516.34	25,758.51	29,498.31	33,117.48	35,844.00	35,504.62

3.0 Fiscal Operations⁴

Federally-collected revenue in August 2017 fell short of the monthly budget estimate and receipts in July 2017 by 26.0 per cent and 17.8 per cent, respectively. Federal Government retained revenue for the review month was ₦201.20 billion, while total provisional expenditure was ₦230.72 billion, resulting in an estimated deficit of ₦29.52 billion.

3.1 Federation Account Operations

Total federally-collected revenue (gross) in August 2017 was estimated at ₦661.78 billion. This was below the 2017 monthly budget estimate of ₦894.76 billion by 26.0 per cent. It was also below the receipt in the preceding month by 17.8 per cent. The decline relative to the 2017 monthly budget estimate was attributed largely to the shortfall in oil and non-oil revenue (Figure. 6, Table 6).

At ₦661.78 billion, the estimated federally-collected revenue (gross) in August 2017 fell short of the 2017 provisional monthly budget estimate of ₦894.76 billion by 26.0 per cent.

Figure 6: Components of Gross Federally-Collected Revenue

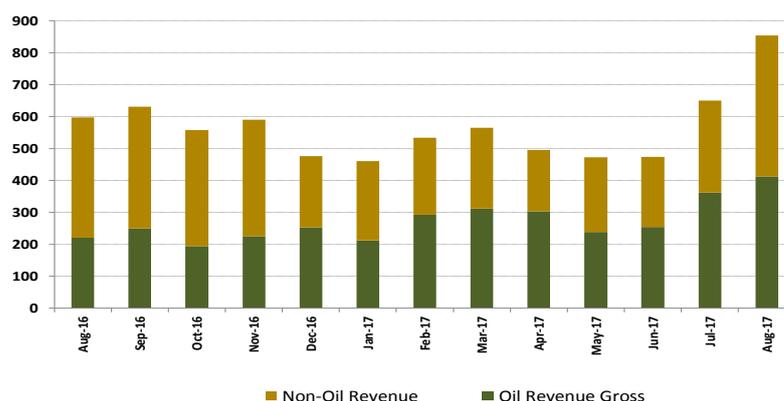


Table 6: Gross Federation Account Revenue (₦ billion)

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	2017 Monthly Budget
Gross Revenue	503.1	595.5	447.8	419.5	470.9	414.8	548.1	483.2	503.6	528.4	541.9	804.8	661.8	894.8
Oil Revenue	220.5	249.0	194.7	225.2	253.2	212.3	292.8	312.3	303.4	238.1	254.0	362.4	412.3	449.6
Non-oil Revenue	282.6	346.6	253.2	194.3	217.7	202.4	255.3	170.9	200.2	290.3	287.9	442.4	249.5	445.1

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

At ₦412.27 billion, oil receipts (gross) was below the provisional monthly budget estimate by 8.3 per cent, and constituted 62.3 per cent of the total revenue.

Gross oil receipts, at ₦412.27 billion or 62.3 per cent of total revenue, was lower than the monthly budget estimate of ₦449.62 billion by 8.3 per cent, but was above the collection in July 2017 by 13.7 per cent. The fall in oil revenue relative to the provisional monthly budget estimate was attributed to the shut-ins/shut-downs at some NNPC terminals, owing to pipeline vandalism and repairs, which hampered production (Figure 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

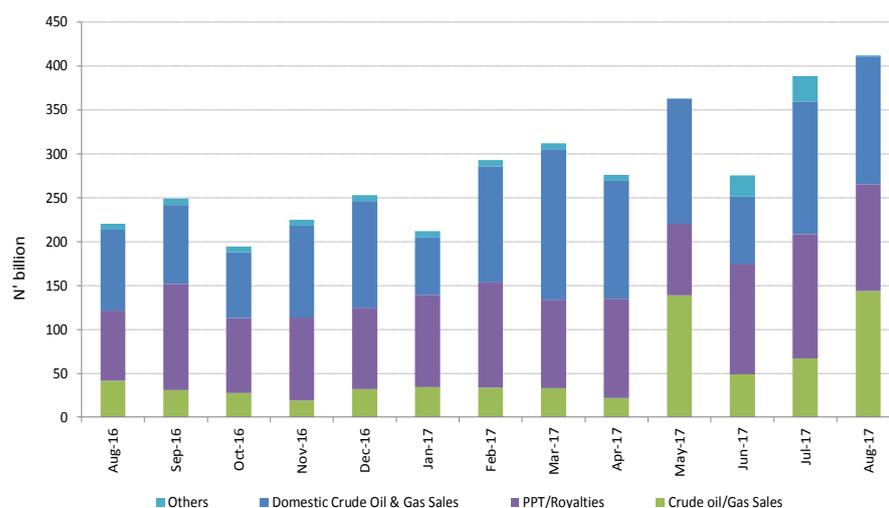


Table 7: Components of Gross Oil Revenue (N' billion)

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	2017 Monthly Budget
Oil Revenue	220.5	249.0	194.7	225.2	253.2	212.3	292.8	312.3	303.4	238.1	254.0	362.4	412.2	449.6
Crude oil/Gas Sales	41.8	30.9	27.5	19.2	32.0	34.5	33.7	33.1	49.2	13.9	48.8	66.9	143.8	140.3
Domestic crude oil/Gas sales	91.8	89.8	74.9	104.7	121.1	65.9	132.2	171.8	134.8	142.1	76.5	151.0	145.8	57.3
PPT/Royalties	79.9	121.0	85.5	94.6	93.1	104.8	120.1	100.5	112.7	81.5	126.3	141.7	121.7	167.1
Others	6.9	7.2	6.9	6.7	7.1	7.1	6.8	7.0	6.8	0.7	2.4	2.9	0.9	84.9

At ₦249.51 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 43.9 per cent and constituted 37.9 per cent of the total revenue.

At ₦249.51 billion or 37.7 per cent of total revenue, non-oil revenue was below the 2017 monthly budget estimate of ₦445.14 billion by 43.9 per cent. It was also below the July collection of ₦442.39 by 43.6 per cent. The low performance level relative to the monthly budget was due to the shortfall in most of its components (Figure 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components

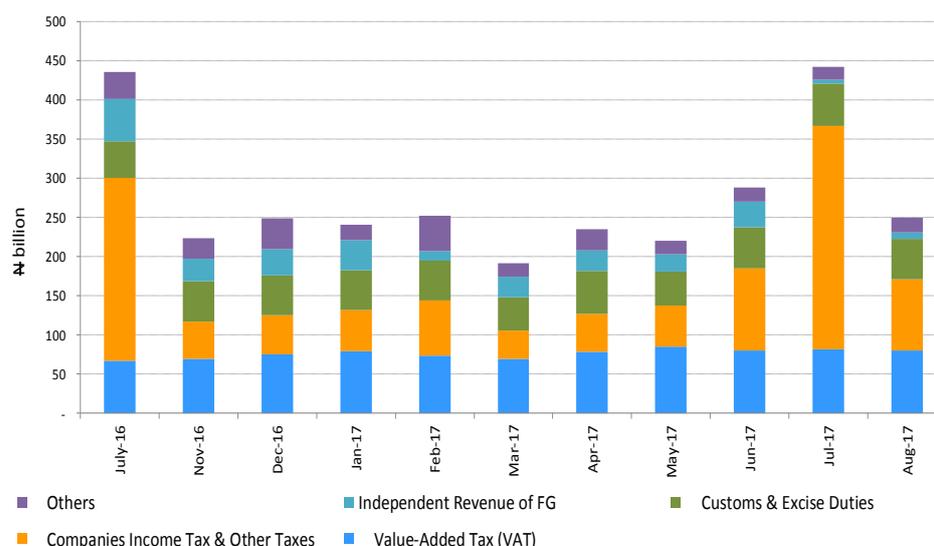


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	2017 Monthly Budget
Non-Oil Revenue	282.6	346.6	253.2	194.3	217.7	202.4	255.3	170.9	200.2	290.3	287.9	442.3	249.4	445.1
Corporate Tax	122.2	98.7	89.6	47.2	50.0	52.1	70.2	36.6	48.2	52.9	105.2	284.8	90.3	145.2
Customs & Excise Duties	46.3	57.6	54.7	51.4	50.5	51.0	51.2	41.9	54.8	43.5	52.4	54.0	51.8	51.3
Value-Added Tax (VAT)	67.0	76.0	64.3	69.6	75.6	79.3	73.5	69.2	78.7	84.7	80.0	81.6	80.5	150.0
Independent Revenue of Fed. Govt.	5.6	48.4	20.3	0.1	2.7	0.5	15.6	5.9	0.4	91.6	32.6	5.2	8.2	67.3
Others ^{1/}	41.6	65.9	24.3	26.1	38.9	19.6	44.7	17.3	18.1	17.6	17.6	16.7	18.6	31.4

^{1/} includes Education Tax, Customs special levies (Federation and Non-Federation) & National Information Technology Development Fund (NITDF), Solid Minerals and Other Mining Revenue.

Of the total federally-collected revenue (net), ₦376.03 billion was retained in the Federation Account, while ₦77.31 billion, ₦8.16 billion and ₦18.63 billion were transferred to the VAT Pool Account, the Federal Government Independent revenue and “Others”⁵, respectively.

From the retained revenue of ₦376.03 billion in the Federation Account for distribution, the Federal Government received ₦181.45 billion, while the State and Local Governments received ₦92.03 billion and ₦70.95 billion, respectively. The balance of ₦31.59 billion was shared among the oil producing states as 13% Derivation Fund.

⁵ including Tertiary Education Trust Fund, National Information Technology Development Fund and Customs Special Levies

In addition, the net balance of ₦77.31 billion retained in the VAT Pool Account was shared as follows: Federal Government ₦11.60 billion, while the State and Local Governments received ₦38.65 billion and ₦27.06 billion, respectively.

Overall, the total allocations to the three tiers of government in August 2017 amounted to ₦453.34 billion. This was below the 2017 monthly budget estimate of ₦783.57 billion by 42.1 per cent and the allocation in July 2017 by 28.1 per cent.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦201.20 billion, the estimated Federal Government retained revenue was below the monthly budget estimate by 55.2 per cent.

The estimated Federal Government retained revenue for the month of August 2017, at ₦201.20 billion, was below the monthly budget estimate of ₦449.60 billion by 55.2 per cent. It was, also, lower than the preceding month's receipt of ₦291.82 by 31.1 per cent. Of the total receipt, Federation Account accounted for 90.2 per cent, while FGN Independent Revenue and VAT recorded 4.1 per cent and 5.8 per cent, respectively (Figure 9, Table 9).

Figure 9: Federal Government Retained Revenue

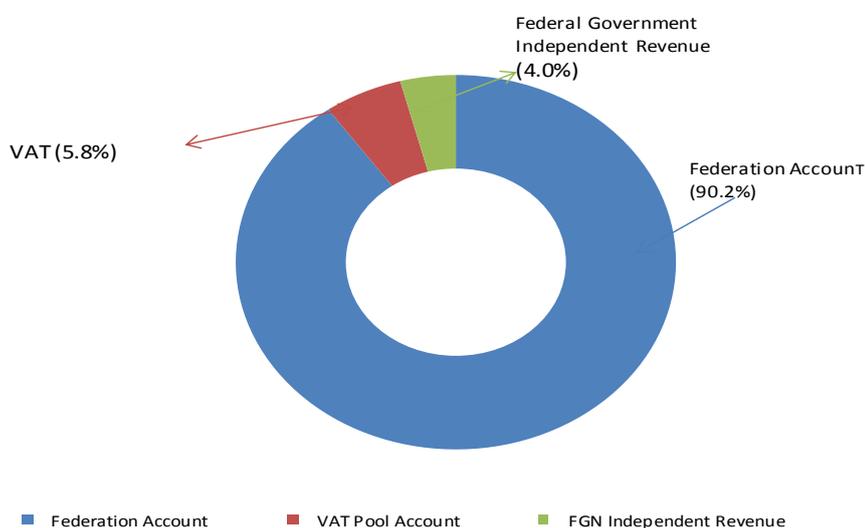


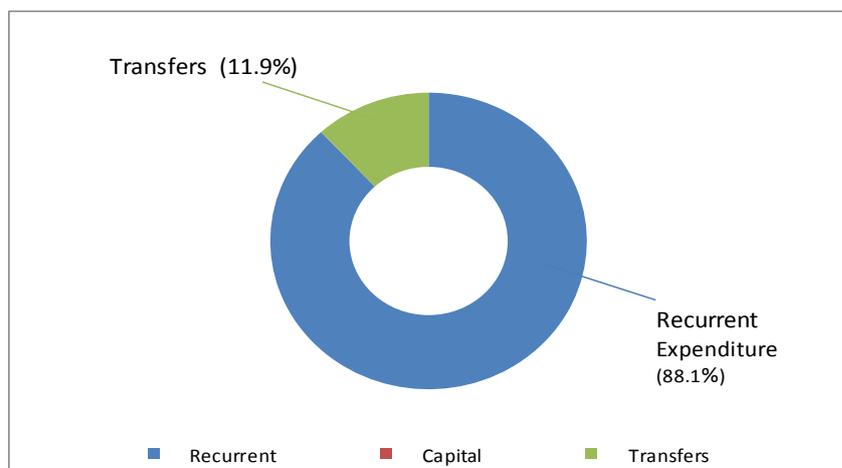
Table 9: Federal Government Fiscal Operations (₦ billion)

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	2017 Monthly Budget
Retained Revenue	356.0	289.7	201.0	235.2	434.1	168.5	197.4	186.4	196.0	255.5	222.6	291.8	201.2	449.6
Expenditure	409.0	383.0	360.8	373.4	816.9	327.9	315.7	283.6	292.5	286.6	335.8	638.1	230.7	646.0
Overall Balance: (+)/(-)	-53.1	-93.3	-159.8	-138.2	-382.8	-159.4	-118.3	-97.2	-96.5	-31.1	-113.3	-346.3	-29.5	-196.4

The estimated total expenditure of the Federal Government, at ₦230.7 billion, fell short of the 2017 provisional monthly budget estimate by 64.3 per cent. It also, fell below the level in July 2017 by 63.8 per cent. Recurrent and capital expenditure accounted for 88.1 per cent and 11.9 per cent, respectively, while there was no capital release in the month of August 2017. A breakdown of the recurrent expenditure showed that non-debt obligation was 59.2 per cent of the total, while debt service payments accounted for the balance of 40.8 per cent (Figure 10).

Total estimated Federal Government expenditure, fell, by 64.3 per cent, compared with the level in the preceding month.

Figure 10: Federal Government Expenditure



Overall, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦29.52 billion, compared with the 2017 monthly budget deficit of ₦196.40 billion.

The fiscal operations of the FG resulted in an estimated deficit of ₦29.52 billion.

3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the State Governments amounted to ₦162.28 billion. This was lower than the 2017 budget estimate of ₦282.84 billion by 42.6 per cent. It also fell short of the July allocations of ₦208.51 billion by 22.2 per cent.

Receipts from the Federation Account amounted to ₦123.63

billion or 76.2 per cent of the total statutory allocations. This was below the 2017 monthly budget estimate of ₦210.84 billion by 41.4 per cent. It was also below the receipt in July by 27.0 per cent.

At ₦38.66 billion or 23.8 per cent of the total, allocation to the VAT Pool Account fell short of the 2017 monthly budget estimate of ₦72.00 billion by 46.3 per cent. It also declined relative to the level in July by 1.4 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 August stood at ₦98.01 billion. This was below the 2017 monthly budget estimate of ₦170.92 billion by 42.7 per cent. It also fell below the preceding month's receipt by 27.4 per cent.

Allocation from the Federation Account was ₦70.95 billion or 72.4 per cent of the total. The amount fell short of the 2017 monthly budget estimate of ₦120.52 billion by 41.1 per cent. Relative to the level in July 2017, it fell by 34.0 per cent.

The share from the VAT Pool Account was ₦27.06 billion or 27.6 per cent of the total. It fell short of the 2017 monthly budget estimate of ₦50.40 by 46.3 per cent. Relative to the level in July 2017, it fell by 1.4 per cent (Table 10).

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

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
SG Federation Account	113.6	137.6	112.0	115.2	100.7	103.1	112.5	119.1	126.0	106.8	117.5	169.3	123.6
SG VAT	32.2	36.5	30.8	33.4	36.3	38.1	35.3	33.2	37.8	40.6	38.4	39.2	38.7
SG Total	145.8	174.0	142.9	148.6	136.9	141.1	147.8	152.3	163.7	147.4	155.9	208.5	162.3
LG Federation Account	70.7	80.2	66.1	64.2	57.2	58.8	64.5	64.2	69.6	59.3	69.8	107.5	71.0
LG VAT	22.5	25.5	21.6	23.4	25.4	26.6	24.7	23.3	26.4	28.5	26.9	27.4	27.1
LG Total	93.2	105.8	87.6	87.6	82.6	85.4	89.2	87.5	96.0	87.8	96.6	134.9	98.0
Total Statutory Revenue and VAT	239.0	279.8	230.5	236.2	219.6	226.5	237.0	239.8	259.7	235.2	252.5	343.4	260.3

4.0 Domestic Economic Conditions

Agricultural activities across the country received a boost in August 2017 as a result of the widespread rainfall in the review period. In the livestock sub-sector, farmers were engaged in the restocking of broilers and layers in anticipation of sales during the Eid- el- Kabir festivity. Average crude oil production was estimated at 1.85 mbd or 57.35 million barrels (mb), during the review month. The end-period inflation, on a year-on-year, and 12-month moving average basis were 16.01 per cent and 17.3 per cent, respectively, in the review month.

4.1 Agricultural Sector

Widespread rainfall boosted agricultural activities in most states of the country in August 2017. An analysis of the Standardised Precipitation Index (SPI) for the review period indicated that severe-to-extreme wetness occurred in Kebbi, Niger, Kwara, Northern Yobe, Nasarawa and Plateau states, with reduced intensity across Kaduna, Cross River, Delta, Enugu, Anambra, Oyo States and the Federal Capital Territory (FCT). However, Sokoto, Zamfara, Southern Yobe, and Gombe states experienced drier-than-normal conditions. Early harvest of yams and maize dominated agricultural activities in the south, while the harvest of potatoes and early maturing maize and groundnuts occurred in the Central and Northern states. In the livestock sub-sector, farmers were engaged in the restocking of broilers in anticipation of sales during the Eid-el- Kabir festivity.

A total of ₦463.3 million was guaranteed to 3,707 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in August 2017. The amount represented an increase of 18.7 per cent above the level in the preceding month, but a decline of 33.7 per cent below the level in the corresponding period of 2016. A sub-sectoral analysis showed that food crops represented the largest share of ₦326.8 million (70.5 per cent), guaranteed to 3,022 beneficiaries; cash crop received ₦43.84 million (9.5 per cent), guaranteed to 260 beneficiaries; livestock ₦42.0 million (9.1 per cent), guaranteed to 181 beneficiaries; fisheries, ₦26.6 million (5.7 per cent), guaranteed to 85 beneficiaries; mixed crops subsector, ₦15.7 million (3.4 per cent), guaranteed to 115 beneficiaries; and 'Others' ₦8.4 million (1.8 per cent), guaranteed to 44 beneficiaries.

Analysis by state showed that 28 states and the FCT benefited from the Scheme during the review period, with

the highest and lowest sums of ₦65.2 million (14.1 per cent) and ₦50,000.00 (0.01 per cent) guaranteed to Oyo and Bayelsa States, respectively.

At end-August 2017, the total amount released since inception by the CBN under the Commercial Agriculture Credit Scheme (CACs) to participating banks for disbursement, amounted to ₦484.16 billion in respect of 521 projects (Table 11).

Table 11: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACs) at end-July 2017.

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects/State Governments
1	UBA Plc	65.60	44
1	Zenith Bank	109.20	70
3	First Bank of Nigeria Plc	44.93	99
4	Unity Bank Plc	24.30	26
5	Union Bank Plc	26.27	36
6	Stanbic IBTC Plc	25.38	43
7	Sterling Bank	60.68	37
8	Access Bank Plc	25.63	23
9	Fidelity Bank Plc	16.35	15
10	Skye Bank Plc	13.75	10
11	FCMB Plc.	11.39	23
12	Ecobank	6.38	10
13	GTBank	31.70	24
14	Diamond Bank Plc	4.84	21
15	Heritage Bank	6.79	14
16	Citibank Plc	3.00	2
17	Keystone Bank	4.04	9
18	WEMA Bank Plc	2.08	12
19	Jaiz Bank Plc	0.00	1
20	Suntrust Bank Ltd	1.85	2
	TOTAL	484.16	521

4.2 Petroleum Sector

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

Crude oil production increased as a result of the reduced activities of pipeline vandals in the Niger delta region during the month of August 2017. Consequently, Nigeria's crude oil production, including condensates and natural gas liquids averaged 1.85 mbd or 57.35 million barrels (mb) in the review month. This represented an increase of 0.02 mbd or 1.09 per cent above the average of 1.83 mbd or 56.73 mb recorded in the preceding month. Crude oil export stood at 1.40 mbd or 43.4 mb, and represented an increase of 1.45 per cent, compared with 1.38 mbd or 41.40 mb recorded in the preceding month. Allocation of crude oil for domestic

consumption remained at 0.45 mbd or 13.95 mb in the review period.

Crude oil prices improved on signs of market rebalancing following increased OPEC and non-OPEC countries' compliance with pledged output adjustments, further decline in US stocks, and stronger global demand. Consequently, the average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), rose from US\$48.93 per barrel in July 2017 to US\$52.46 per barrel in August 2017, representing an increase of 7.2 per cent. The UK Brent at US\$52.04/b, the Forcados at US\$52.88/b and the WTI at US\$47.55 exhibited similar trend as the Bonny Light.

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

The average price of OPEC basket of fourteen selected crude streams stood at US\$49.60/b in August 2017. This represented an increase of 5.7 and 11.2 per cent, compared with US\$46.92/b and US\$44.60/b recorded in the preceding month and the corresponding period of 2016, respectively (Figure 11, Table 12).

Figure 11: Trends in Crude Oil Prices

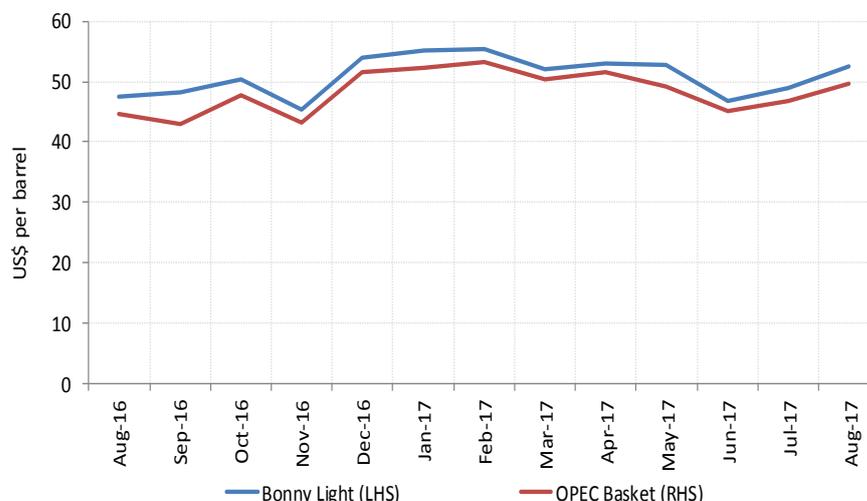


Table 12: Average Crude Oil Prices in the International Oil Market

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Bonny Light	47.5	48.3	50.4	45.5	54.1	55.1	55.5	52.2	53.1	52.9	46.9	48.9	52.5
OPEC Basket	44.6	42.9	47.9	43.2	51.7	52.4	53.4	50.3	51.4	49.2	45.2	46.9	49.6

The general price level fell in August 2017, compared with the level in the preceding month.

4.3 Consumer Prices

The all-items composite Consumer Price Index (CPI) was 239.3 (November 2009=100) in August 2017, representing 1.0 per cent and 17.7 per cent increase over the levels in July 2017 and the corresponding period of 2016, respectively. The development, relative to the preceding month, reflected, mainly, the increase in the prices of solid and liquid fuel; clothing and its accessories; bread and cereals; and meat and fish.

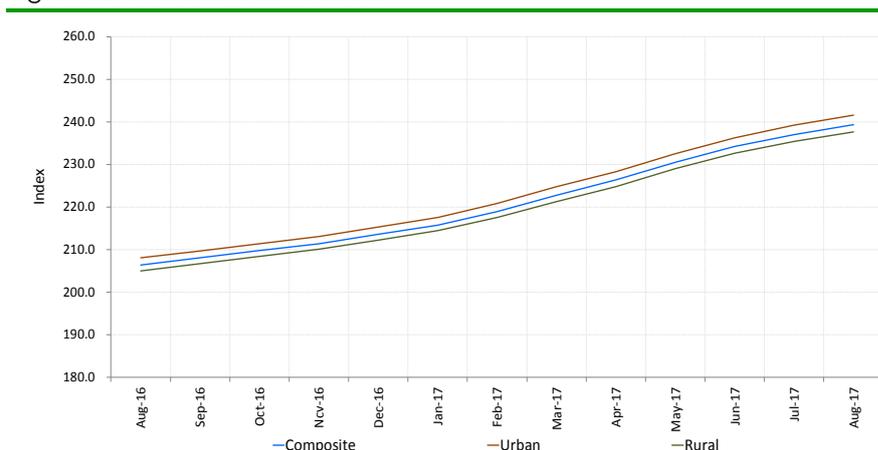
The urban all-items CPI at end-July 2017, was 241.5 (November 2009=100), representing increase of 0.99 per cent and 16.1 per cent, relative to the levels in June 2017 and the corresponding period of 2016, respectively. The rural all-items CPI at end-August 2017 was 237.6 (November 2009=100), representing increase of 0.95 and 15.91 per cent, compared with the levels in July 2017 and the corresponding period of 2016, respectively (Figure 12, Table 13).

The composite food index (with a weight of 50.7 per cent) for August 2017 was 252.9 per cent, compared with 250.0 per cent and 210.3 per cent in the preceding and the corresponding months of 2016, respectively. The rise in the index reflected increase in prices of bread, cereals, meat, fish, potatoes, yams and other tubers, coffee, tea and cocoa, milk cheese and eggs, and oils and fats.

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

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Composite	206.3	208.0	209.7	211.3	213.6	215.7	218.9	222.7	226.3	230.5	234.2	237.0	239.3
Urban	208.0	209.6	211.3	213.0	215.3	217.5	220.8	224.7	228.3	232.5	236.2	239.2	241.5
Rural	205.0	206.7	208.4	210.1	212.2	214.4	217.5	221.2	224.7	229.0	232.6	235.4	237.6
CPI - Food	210.3	212.0	213.8	215.7	218.6	221.4	225.8	230.8	235.5	241.5	246.3	250.0	252.9
CPI - Non Food	202.4	204.3	205.9	207.3	208.6	210.0	212.3	215.1	217.5	220.0	245.1	248.9	251.7

Figure.12: Consumer Price Index



Headline inflation declined from 16.05 per cent to 16.01 per cent in August 2017, while the Twelve-Month Moving Average (12MMA) inflation for August 2017 declined to 17.3 per cent from 17.5 in the preceding month. It showed, however, a 4.6 percentage points increase over the level recorded in the corresponding period of 2016 (Figure 13, Table 14).

The year-on-year headline inflation was 16.01 per cent in August 2017, compared with 16.05 percent in July 2017.

Figure 13: Inflation Rate

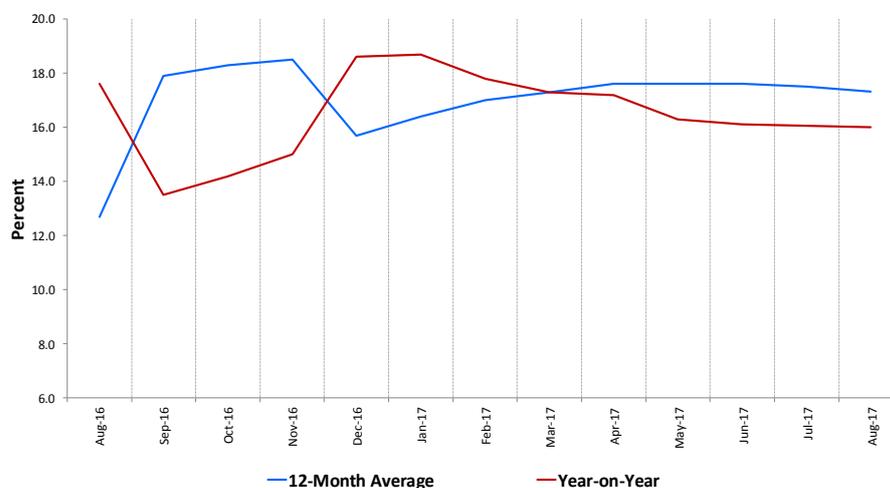


Table 14: Headline Inflation Rate (%)

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
12-Month Average	12.7	13.5	14.2	15.0	15.7	16.4	17.0	17.3	17.6	17.6	17.6	17.5	17.3
Year-on-Year	17.6	17.9	18.3	18.5	18.6	18.7	17.8	17.3	17.2	16.3	16.1	16.1	16.0

5.0 External Sector Developments⁶

On month-on-month basis, foreign exchange inflow and outflow through the CBN rose by 2.0 per cent and 7.0 per cent, to US\$3.94 billion and US\$3.59, respectively. Total non-oil export receipts by banks rose by 7.3 per cent above the level in the preceding month. The average exchange rate of the naira at the inter-bank segment was ₦305.67 per US dollar, indicating an appreciation of 0.1 per cent, relative to the level in July 2017. The gross external reserves increased by 1.3 per cent to US\$31.27, compared with the preceding month's level.

5.1 Foreign Exchange Flows

The external sector strengthened in August 2017 due to increased crude oil production and higher crude oil prices. Consequently, foreign exchange inflow through the CBN, at US\$3.94 billion, increased by 2.0 per cent and 86.7 per cent above the levels in the preceding month and the corresponding period of 2016, respectively. The development relative to the level in the preceding month was driven by the 21.3 per cent rise in non-oil proceeds.

Aggregate outflow of foreign exchange through the Bank, at US\$3.59 billion, increased by 7.0 and 47.9 per cent above US\$3.36 billion and US\$2.43 billion recorded in the preceding month and the corresponding period of 2016, respectively. The development was attributed to increase in external debt service and other official payments. Overall, the net inflow through the Bank in the month of August 2017 was US\$0.35 billion, compared with a net inflow of US\$0.51 billion in the preceding month. This was in contrast to a net outflow of US\$0.32 billion recorded in the corresponding period of 2016 (Figure 14, Table 15).

Foreign exchange inflow and outflow through the CBN rose by 2.0 per cent and 7.0 per cent in August 2017.

⁶ 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

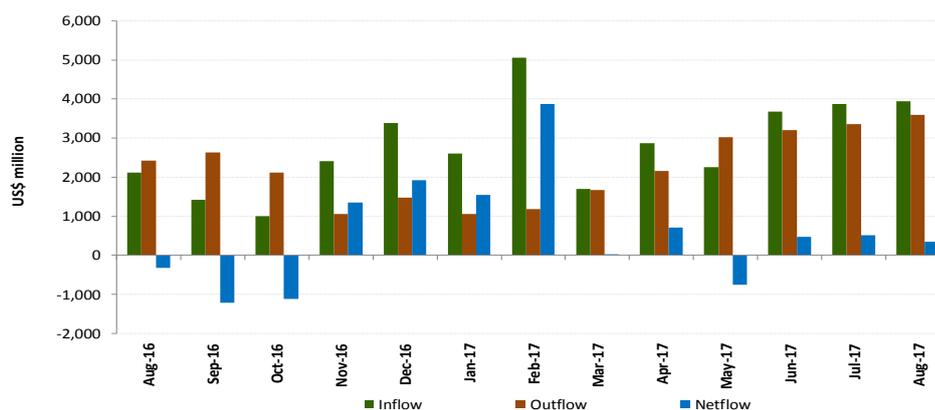


Table 15: Foreign Exchange Flows through the CBN (US\$ million)

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Inflow	2,112.7	1,425.4	999.2	2,414.8	3,385.3	2,605.5	5,056.9	1,693.4	2,874.9	2,259.2	3,672.7	3,867.0	3,943.5
Outflow	2,430.5	2,637.7	2,119.2	1,061.9	1,468.7	1,055.8	1,184.5	1,672.6	2,164.4	3,021.1	3,208.1	3,358.3	3,594.3
Netflow	(317.8)	(1,212.3)	(1,120.0)	1,353.0	1,916.6	1,549.7	1,395.9	20.8	710.5	(761.9)	464.6	508.7	349.1

Autonomous inflow through the economy fell by 17.3 per cent below the level in the preceding month.

Aggregate foreign exchange inflow into the economy amounted to US\$7.65 billion, representing a decline of 8.4 per cent below the level in the preceding month, but an increase of 17.1 per cent over the level in the corresponding period of 2016. The development relative to the preceding month reflected the 17.3 per cent fall in inflow through the autonomous sources from US\$4.48 billion in July 2017 to US\$3.71 billion in August 2017. A disaggregation of the total inflow showed that inflow through the Bank constituted 51.5 per cent of the total, while inflow from autonomous sources accounted for the balance of 48.5 per cent. Non-oil sector receipts, at US\$3.18 billion (41.6 per cent of the total), rose by 21.3 per cent, above the level in the preceding month.

Aggregate foreign exchange outflow from the economy, at US\$3.77 billion, rose by 5.6 per cent and 47.9 per cent, above 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\$3.88 billion in the review month, compared with US\$4.78 billion and US\$3.98 billion, in July 2017 and the corresponding month of 2016, respectively.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings, at US\$0.12 billion, rose by 7.3 per cent, above the level in July 2017. The development reflected the 18.1, 15.3 and 10.2 per cent increase in proceeds from the manufactured products, industrial and minerals sub-sectors, to US\$24.11 million, US\$53.84 million and US\$3.89 million, respectively. Proceeds from the agricultural and food products sub-sectors, however, declined by 0.5 and 32.99 per cent, respectively, below their levels in the preceding month.

Total non-oil export earnings by exporters rose in August 2017.

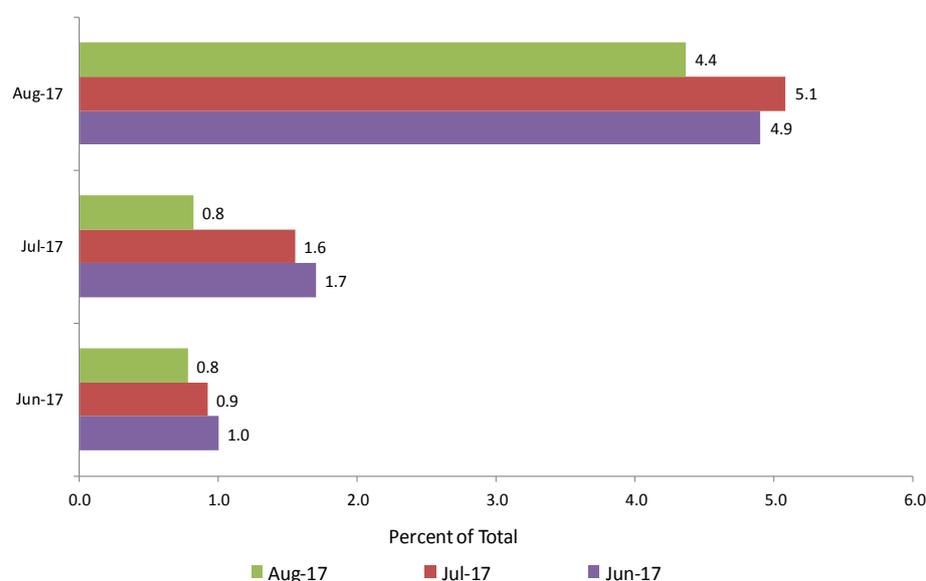
The shares of the sectors in the non-oil export proceeds were: manufactured products, 19.5 per cent; minerals, 3.2 per cent; agricultural products, 29.3 per cent; industrial sector, 43.6 per cent; and food products, 4.4 per cent.

5.3 Sectoral Utilisation of Foreign Exchange

The invisible sector accounted for the bulk (43.7 per cent) of total foreign exchange disbursed in August 2017, followed by industrial sector (24.0 per cent). The shares of other sectors in a descending order were: minerals and oil (16.7 per cent); manufactured product (9.6 per cent); food products (4.4 per cent); transport (0.8 per cent); and agricultural products (0.8 per cent) (Figure 15).

The invisible sector accounted for the bulk of the total foreign exchange disbursed in August 2017.

Figure 15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

A total of US\$2.39 billion was sold by the CBN to authorised dealers in August 2017. This indicated a 6.8 per cent decline below the level in July 2017. It, however, indicated an increase of 62.4 per cent, relative to the level in the corresponding period of 2016. The development, relative to the preceding month was attributed to the significant decline in sales to BDCs, matured forwards and interbank sales during the review period. Of the aggregate sales, forwards contracts disbursed at maturity were valued at US\$0.97 billion or 40.6 per cent of the total, while sales to BDCs amounted to US\$0.58 billion or 24.2 per cent. Swaps and interbank sales were US\$0.58 billion and US\$0.26 or 24.2 and 11.0 per cent of the total, respectively (Figure 16, Table 16).

Figure 16: Supply of Foreign Exchange

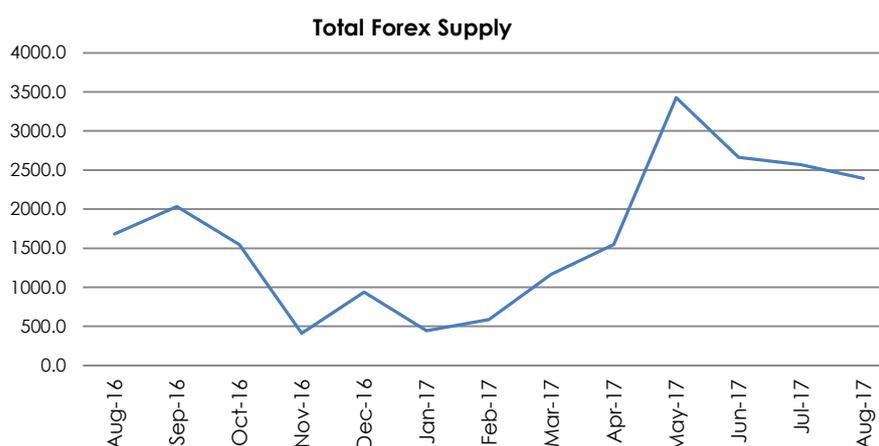


Table 16: Supply of Foreign Exchange (US\$ billion)

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Total Forex Supply	0.5	0.6	1.2	1.6	3.4	2.7	2.6	2.4

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

The Bank sustained its effort at ensuring exchange rate stability through interventions and implementation of policies to address supply bottlenecks and enhance liquidity in the foreign exchange market. The exchange rate, though relatively stable, appreciated at the inter-bank segment of the market in the review period. The average exchange rate of the naira at the inter-bank segment of the market appreciated by 0.1 and 1.3 per cent against the rates in the

preceding month and the corresponding period of 2016, respectively, to ₦305.67/US\$. At the BDC segment, the naira, on month-on-month basis, depreciated by 0.1 per cent to ₦365.61/US\$, but appreciated by 8.4 per cent relative to the level in the corresponding period of 2016 (Figure 17, Table 17).

In view of the developments in the exchange rates, the premium between the average inter-bank and BDC rates widened by 0.1 percentage point to 19.6 per cent in August 2017, compared with the level in July 2017.

Figure 17: Average Exchange Rate Movement

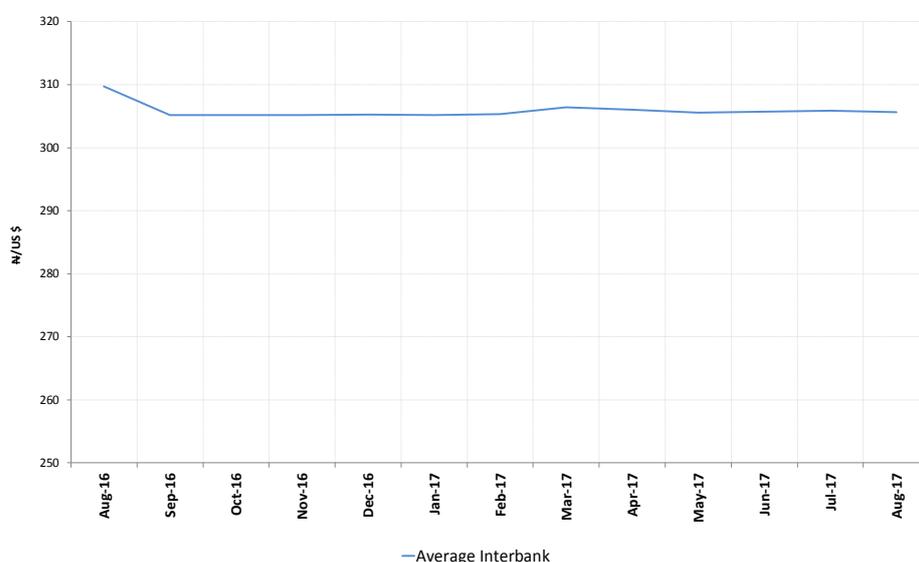


Table 17: Exchange Rate Movements

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Average Exchange Rate (₦/\$)													
<i>Interbank</i>	309.73	305.20	305.21	305.18	305.22	305.20	305.30	306.40	306.05	305.54	305.71	305.86	305.67

5.5 Gross External Reserves

The gross external reserves rose by 1.3 per cent to US\$31.27 billion at end-August 2017 above US\$30.87 billion at end-July 2017. The rise reflected the increase in receipts from third parties, FX purchases, Petroleum Profit Tax, royalties and other taxes. A breakdown of the external reserves by ownership showed that the share of Federation reserves was US\$2.38 billion (7.6%); Federal Government reserves, US\$6.97 billion

Gross external reserves rose in August 2017.

(22.3%); and the CBN reserves, US\$21.92 billion (70.1%) of the total, (Figure. 18, Table 18).

Figure 18: Gross Official External Reserves

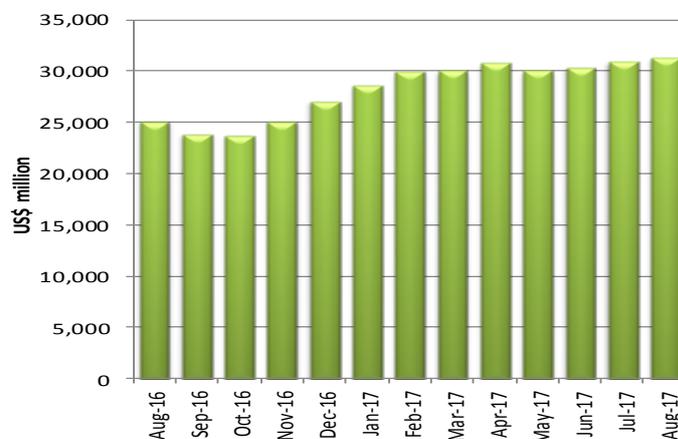


Table 18: Gross Official External Reserves (US\$ million)

Period	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
External Reserves	26,986.22	28,731.84	29,975.38	29,994.35	30,749.28	29,811.85	30,334.87	30,869.69	31,268.09

6.0 *Other International Economic Developments and Meetings*

World crude oil output and demand in August 2017 were estimated at an average of 96.75 and 97.60 million barrels per day (mbd), compared with 97.30 and 95.65 mbd supplied and demanded, respectively, in July 2017. The rise in world crude oil demand reflected higher growth expectations in China and rising demand in OECD Europe, following improved economic conditions across the region.

Other major international economic developments and meetings of importance to the domestic economy in the review period included the 40th Ordinary meeting of the Assembly of Governors of the Association of African Central Banks (AACB), hosted by the South Africa Reserve Bank (SARB), in Pretoria, South Africa, on August 16, 2017. The Governors' Annual Symposium was also held on the side-lines of the 2025 Assembly of Governors meeting on August 15, 2017, with the theme "Monetary Integration in Africa: Lessons from the Experience of the European Monetary and Financial Integration".

The African Caucus, comprising African Governors of the International Monetary Fund and the World Bank Group, met in Gaborone, Botswana from August 2 – 4, 2017. The theme of the meeting, "Economic Transformation and Job Creation: A Focus on Agriculture", centered on the significance of agriculture in Africa and confronting the challenges facing the continent's quest to achieve food sufficiency. There were five seminar sessions at the meeting, which covered the following topics: Agricultural Policy Foundations: Financing, Land Tenure and Markets; Technologies for Agricultural Development and Climate Smart Agriculture: Role of Private Sector; Fiscal Policy to Support Agriculture Transformation in Africa; Agricultural Value Chains and Sustainable Jobs Creation for Youth and Women; and Financial Deepening and Inclusion to support Agriculture Development. The meeting also featured a presentation by the International Monetary Fund (IMF) on the Regional Economic Outlook and the Finalisation of the Gaborone Declaration.

APPENDIX TABLES

Table A1: Money and Credit Aggregates (₦billion)

	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Domestic Credit (Net)	27,514.3	26,836.8	27,236.4	28,033.4	26,821.4
<i>Claims on Federal Government</i>	5,270.2	4,811.7	5,250.5	5,861.0	4,824.2
Central Bank (Net)	492.8	113.8	232.8	807.4	(194.2)
Banks	4,777.4	4,697.8	5,017.6	5,053.6	5,018.5
<i>Claims on Private Sector</i>	22,244.1	22,025.1	21,985.9	22,172.4	21,997.2
Central Bank	5,730.3	5,662.2	5,692.3	5,871.2	5,580.6
Banks	16,513.8	16,362.9	16,293.7	16,301.2	16,416.6
<i>Claims on Other Private</i>	20,799.4	20,713.0	20,772.7	20,890.9	20,684.7
Central Bank	4,975.8	5,046.3	5,163.4	5,269.8	4,974.4
Banks	15,823.6	15,666.6	15,609.3	15,621.2	15,707.3
<i>Claims on State and Local</i>	1,108.3	1,192.1	1,180.3	1,210.0	1,237.2
Central Bank	418.1	495.9	495.9	530.9	530.9
Banks	690.2	696.2	684.4	680.0	706.3
<i>Claims on Non-financial Public Enterprises</i>					
Foreign Assets (Net)	7,269.9	8,540.1	8,468.1	8,743.7	9,733.0
Central Bank	7,194.9	8,233.9	8,378.9	8,466.5	9,620.5
Banks	75.0	306.2	89.2	277.2	112.5
Other Assets (Net)	(13,015.9)	(13,329.1)	(13,723.9)	(14,582.1)	(14,703.0)
Total Monetary Assets (M2)	21,768.2	22,047.8	21,980.6	22,195.0	21,851.5
Quasi-Money 1/	11,952.6	11,790.4	11,790.4	11,874.3	11,960.6
Money Supply (M1)	9,815.7	10,257.3	10,190.2	10,320.7	9,890.8
<i>Currency Outside Banks</i>	1,606.6	1,520.6	1,477.1	1,442.2	1,523.2
<i>Demand Deposits 2/</i>	8,209.1	8,736.7	8,713.0	8,878.5	8,367.6
Total Monetary Liabilities (M)	21,768.2	22,047.8	21,980.6	22,195.0	21,851.5
Memorandum Items:					
Reserve Money (RM)	5,862.0	5,501.7	5,480.2	5,565.2	5,486.8
<i>Currency in Circulation (CIC)</i>	1,975.8	1,897.9	1,873.5	1,769.8	1,868.7
<i>DMBs Demand Deposit with Cl</i>	3,886.2	3,603.8	3,606.7	3,795.5	3,618.1

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)

	Apr-17	May-17	Jun-17	Jul-17	Aug-17
	Growth Over Preceding December (%)				
Domestic Credit (Net)	2.4	-0.1	1.4	4.4	-0.1
<i>Claims on Federal Government (Net)</i>	8.1	-1.3	7.7	20.2	-1.1
<i>Claims on Private Sector</i>	1.19	0.20	0.02	0.87	0.07
<i>Claims on Other Private Sector</i>	-1.0	-1.9	-2.3	-2.3	-1.4
<i>Claims on State and Local Government</i>	12.0	20.5	19.3	22.4	25.0
<i>Claims on Non-financial Public Enterprises</i>					
Foreign Assets (Net)	-20.6	-6.7	-7.5	-4.4	6.4
Other Assets (Net)	-4.84	-7.36	-10.54	-17.45	-18.42
Total Monetary Assets (M2)	-7.7	-6.5	-6.8	-5.9	-7.4
Quasi-Money 1/	-3.0	-4.3	-4.3	-3.6	-2.9
Money Supply (M1)	-12.9	-9.0	-9.6	-8.4	-12.3
<i>Currency Outside Banks</i>	-11.8	-16.5	-18.9	-20.8	-16.3
<i>Demand Deposits 2/</i>	-13.1	-7.56	-7.8	-6.06	-11.46
Total Monetary Liabilities (M2)	-7.7	-6.5	-6.8	-5.9	-7.4
<u>Memorandum Items:</u>					
Reserve Money (RM)	0.2	-6.0	-6.3	-4.8	-6.2
<i>Currency in Circulation (CIC)</i>	-9.3	-12.9	-14.0	-18.8	-14.3
<i>DMBs Demand Deposit with CBN</i>	5.93	-1.77	-1.69	3.47	-1.4
	Growth Over Preceding Month (%)				
Domestic Credit (Net)	-0.6	-2.5	1.5	2.9	-4.3
<i>Claims on Federal Government (Net)</i>	-0.6	-8.7	9.1	11.6	-17.7
<i>Claims on Private Sector</i>	-0.57	-0.98	0.18	0.85	-0.8
<i>Claims on Other Private Sector</i>	-1.0	-0.4	0.3	0.6	-1.0
<i>Claims on State and Local Government</i>	1.7	7.6	-1.0	2.6	6.8
<i>Claims on Non-financial Public Enterprises</i>					
Foreign Assets (Net)	-4.7	17.5	-0.8	3.3	11.3
Central Bank	-5.6	14.4	1.8	1.0	13.6
Banks	1615.2	308.4	-70.9	210.9	-46.4
Other Assets (Net)	-0.1	-2.4	-2.96	-6.25	0.83
Total Monetary Assets (M2)	-2.4	1.3	-0.3	0.98	-1.6
Quasi-Money 1/	-1.0	-1.4	0.0	0.7	0.7
Money Supply (M1)	-4.1	4.5	-0.7	1.3	-4.1
<i>Currency Outside Banks</i>	-3.3	-5.4	-2.9	-2.4	5.6
<i>Demand Deposits 2/</i>	-4.3	6.4	-3.0	1.90	-5.75
Total Monetary Liabilities (M2)	-2.4	1.3	-0.3	0.98	-1.6
<u>Memorandum Items:</u>					
Reserve Money (RM)	3.9	6.2	-0.4	1.6	-1.4
<i>Currency in Circulation (CIC)</i>	-0.4	-3.9	-1.3	-5.5	5.6
<i>DMBs Demand Deposit with CBN</i>	6.2	-7.3	0.08	5.23	-4.7

Table A3: Federal Government Fiscal Operations (N billion)

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	2017 Monthly Budget
Retained Revenue	356.0	289.7	201.0	235.2	434.1	168.5	197.4	186.4	196.0	255.5	222.6	291.8	201.2	449.6
<i>Federation Account</i>	129.2	149.3	120.4	96.7	97.9	105.8	133.2	117.6	136.5	124.4	147.7	274.9	181.5	297.9
<i>VAT Pool Account</i>	9.6	10.9	9.3	10.0	10.9	11.4	10.6	10.0	11.3	12.2	11.5	11.8	11.6	21.6
<i>FGN Independent Revenue</i>	5.6	48.4	20.3	0.1	2.7	0.5	15.6	5.9	0.4	91.6	32.6	5.2	8.2	67.3
<i>Excess Crude</i>	23.0	16.0	29.1	50.0	30.2	19.7	9.2	27.9	10.2	9.4	0.0	0.0	0.0	0.0
<i>Others /SURE-P/NNPC Refund</i>	188.6	65.0	22.0	78.4	292.3	31.1	28.9	25.1	37.5	17.9	30.7	0.0	0.0	62.8
Expenditure	409.0	383.0	360.8	373.4	816.9	327.9	315.7	283.6	292.5	286.6	335.8	638.1	230.7	646.0
<i>Recurrent</i>	378.4	350.2	333.2	343.7	389.3	298.7	288.0	255.4	264.9	259.2	257.9	260.7	203.3	428.6
<i>Capital</i>	0.0	0.0	0.0	0.0	401.7	1.5	0.0	1.1	0.0	0.0	50.6	350.0	0.0	181.2
<i>Transfers</i>	30.6	32.7	27.6	29.6	25.9	27.7	27.7	27.1	27.5	27.5	27.4	27.4	27.4	36.2
Overall Balance:														
Surplus(+)/Deficit(-)	-53.1	-93.3	-159.8	-138.2	-382.8	-159.4	-118.3	-97.2	-96.5	-31.1	-113.3	-346.3	-29.5	-196.4

1/ Revised