CENTRAL BANK OF NIGERIA

ECONOMIC REPORT FOURTH QUARTER 2017

The Central Bank of Nigeria Quarterly 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.

Subscription to the Quarterly Economic Report is available without charge to institutions, corporations, embassies and development agencies. Individuals, on written request, can obtain any particular issue without a charge. Please direct all inquiries on the publication to the Director of Research, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.

The Quarterly Reports can also be freely downloaded from the CBN website: www.cbn.gov.ng

Contents

Text Tables

Appendix Tables

Figures

1.0 Summary[1]

Despite the non-expansionary monetary policy stance of the CBN, growth in the major monetary aggregates, on quarter-on-quarter basis, trended upward in the fourth quarter of 2017. Broad money supply (M_2) rose by 9.3 per cent above the level at end-September 2017, on account of, mainly, the increase in foreign assets (net) of the banking system. Similarly, narrow money supply (M_1) rose by 9.7 per cent, on quarter-on-quarter basis, due to the increase in both its currency and demand deposit components. Over the level at end-December 2016, broad money supply (M_2) grew by 1.7 per cent, while narrow money supply (M_1), fell by 2.1 per cent.

Developments in banks' deposit and lending rates were mixed in the review quarter. With the exception of the 7-day and 1-month maturity deposit rates, which rose to 4.55 per cent and 9.12 per cent, respectively, at end-December 2017, all other deposit rates of various maturity fell below the levels in the preceding quarter. The average savings rate remain unchanged at 4.08 per cent, while the average term deposit rate fell by 0.05 percentage point to 8.82 per cent. The average prime lending rate rose by 0.04 percentage point to close at 17.78 per cent, while the maximum lending rate fell by 0.07 percentage point to close at 31.11 per cent in the review quarter. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed to 22.29 percentage points from 22.31 percentage points in the preceding quarter. Similarly, the margin between the average savings and the maximum lending rates narrowed by 0.3 percentage point to 26.56 percentage points. The weighted average inter-bank call rate rose to 24.02 per cent from 18.45 per cent in the preceeding quarter.

The total value of money market assets outstanding at the end of the fourth quarter of 2017 stood at ₦12,122.02 billion, showing an increase of 0.8 per cent, in contrast to 3.0 per cent decline at end-September 2017. The development reflected, mainly, the increase in Federal Governmnet of Nigeria (FGN) Bonds outstanding in the review quarter. Transactions on the Nigerian Stock Exchange (NSE) indicated mixed developments.

Federally-collected revenue, at ₦2,040.59 billion in the fourth quarter of 2017, was 24.0 and 11.9 per cent lower than the quarterly budget estimate and the receipts in the preceding quarter, respectively. The development was due to the shortfall in both oil and non-oil revenue in the review quarter. Federal Government estimated retained

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

revenue and total expenditure were ₦731.61 billion and ₦979.05 billion, respectively, resulting in an estimated deficit of ₦247.44 billion in the fourth quarter of 2017.

Agricultural activities in the fourth quarter of 2017 were dominated by harvesting of crops, including tubers and grains, as well as pre-planting operations for dry season planting. In the livestock sub-sector, farmers engaged in the fattening of cattle and stocking of broilers in preparation for the festive period. The end-period inflation, on year-on-year and 12-month moving average bases for the fourth quarter of 2017 were 15.37 per cent and 15.50 per cent, respectively.

World crude oil demand and supply were estimated at 97.77 mbd and 97.28 mbd, respectively, in the fourth quarter of 2017. Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 1.80 million barrels per day (mbd) or 165.60 million barrels (mb) for the fourth quarter of 2017. The average price of Nigeria's reference crude, the Bonny Light (37^0 API), was US$62.48 per barrel, compared with US$52.92 per barrel in the preceding quarter.

Foreign exchange inflow and outflow through the CBN amounted to US$14.71 billion and US$8.38 billion, respectively, resulting in a net inflow of US$6.33 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US$5.08 billion, compared with US$6.49 billion in the preceding quarter. The average exchange rate of the naira vis-à-vis the US dollar at the investor and exporter window appreciated by 0.5 per cent to ₦360.47/US$, while the rate at the inter-bank segment depreciated marginally by 0.1 per cent to ₦305.96/US$ at end-December 2017. The external reserves increased by 18.7 per cent to US$39.35 billion at end–December 2017.

Major international meetings of importance to the domestic economy in the review quarter included: the fourth meeting of the Presidential Task Force on the ECOWAS Monetary Cooperation Programme (EMCP) held on October 24, 2017, in Niamey, Republic of Niger; the 2nd Experts Committee meeting on the Scheme – Quoting and Trading in WAMZ National Currencies held at the M-Plaza Hotel, Accra, Ghana, from November 27 – December 1, 2017; the 2017 Annual Meetings of the Board of Governors of the World Bank Group (WBG) and the International Monetary Fund (IMF) and the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Developments held in Washington D. C., USA from October 9 – 15, 2017.

2.0 Financial Sector Developments

On quarter-on-quarter basis, broad money supply (M_2), grew by 9.3 per cent above the level at end-September 2017, reflecting, wholly, the rise in net foreign asset of the banking system. Similarly, narrow money supply (M_1) rose by 9.7 per cent relative to the level in the preceding quarter. Developments in banks' deposit and lending rates were mixed in the review quarter. The value of money market assets outstanding rose in the review quarter. Activities on the Nigerian Stock Exchange (NSE) showed mixed developments in the review quarter.

2.1 Monetary and Credit Developments

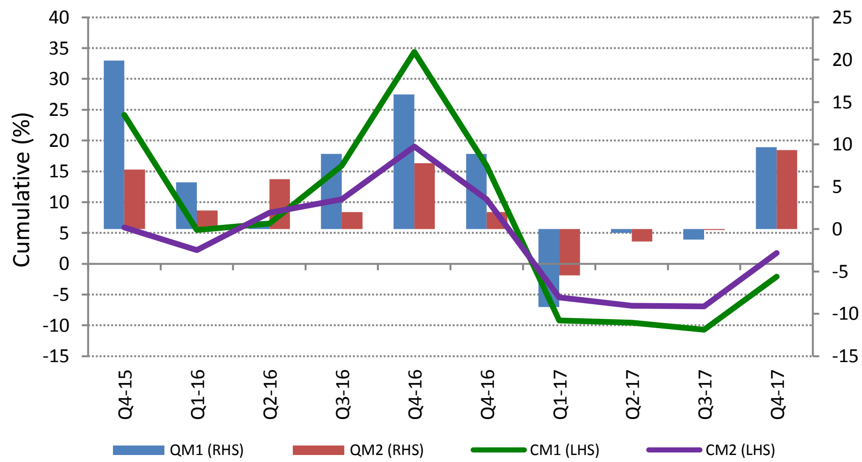
Key monetary aggregates rose in Q4 of 2017.

Despite the non-expansionary monetary policy stance of the CBN in the fourth quarter of 2017, growth in the major monetary aggregates trended upward. Net foreign assets and other asset (net) of the banking system rose by 47.4 per cent and 10.6 per cent above the levels in the preceding quarter, respectively, while aggregate credit to the domestic economy fell by 4.2 per cent, relative to the levels in the preceding quarter. Consequently, on quarter-on-quarter basis, broad money supply (M_2), rose by 9.3 per cent to ₦24,001.41 billion, in contrast to the 0.1 per cent decline at end-September 2017. Over the level at end-December 2016, M_2 grew by 1.7 per cent due, wholly, to the 61.9 per cent growth in net foreign asset of the banking system, in contrast to the 6.9 per cent decline at the end of the preceding quarter.

On quarter-on-quarter basis, narrow money supply (M_1), grew by 9.7 per cent to ₦11,036.35 billion at end-December 2017, in contrast to the 1.2 per cent decline at the end of the preceding quarter. The increase in M_1, relative to the preceeding quarter, reflected the 24.2 per cent and 7.2 per cent rise in currency outside banks and demand deposits of the banking system, respectively. Over the level at end-December 2016, narrow money supply (M_1), fell by 2.1 per cent, compared with the decline of 10.7 per cent at end-September 2017. The development reflected the 2.1 per cent apiece fall in its currency and demand deposit components.

Quasi-money, at ₦12,965.06 billion, rose by 9.0 per cent on quarter-on-quarter basis, compared with 0.8 per cent and 1.1 per cent growth in the preceding quarter and the corresponding period of 2016, respectively. The development relative to the preceeding quarter was due to the increase in foreign currency deposits in banks. Over the level at end-December 2016, quasi money rose by 5.2 per cent, in contrast to the decline of 3.5 per cent at the end of the preceding quarter (Fig. 1, Table 1).

Figure 1: Growth Rate of Narrow Money (M_1) and Broad Money (M_2)[2]



Source: CBN

Aggregate credit (net) to the economy, which stood at ₦25,863.28 billion, declined by 4.2 per cent at the end of the review quarter, compared with the decline of 0.9 per cent at end-September 2017. The development relative to the preceding quarter, reflected wholly the 28.0 per cent decline in net claims on the Federal Government, which more than offset the 1.2 per cent rise in claims on the private sector. Over the level at end-December 2016, aggregate credit (net) fell by 3.7 per cent, due to the 26.7 per cent fall in net claims on the Federal Government.

Banking system's credit to the Federal Government fell in the review

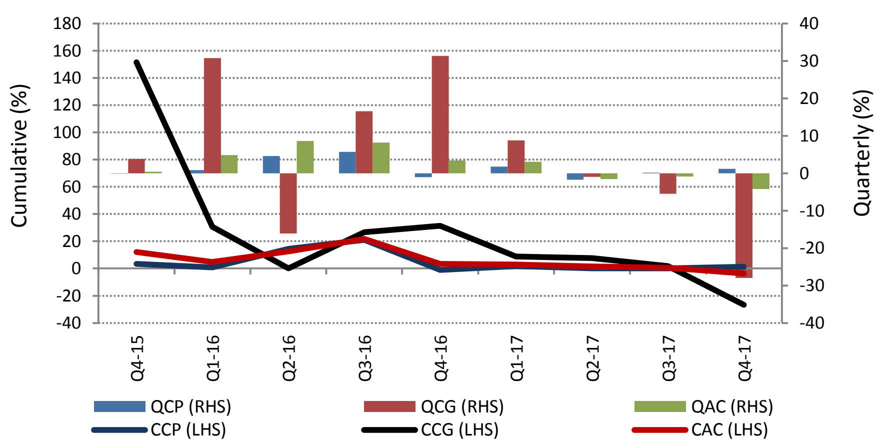
Banking system's net claims on the Federal Government, at the end of the fourth quarter of 2017 stood at ₦3,574.03 billion. This indicated 28.0 per cent decline in the review quarter, compared with the decline of 5.5 per cent at the end of

[2] QM1 and QM2 represent quarter-on-quarter changes, while CM1 and CM2 represent cumulative changes (year-to-date).

second quarter of 2017, but was in contrast to the 38.7 per cent growth in the corresponding period of 2016. The development relative to the preceding quarter was due, mainly, to the 33.2 per cent fall in treasury bills held by banks. Over the level at end-December 2016, claims on the Federal Government fell by 26.7 per cent, reflecting a decline in government securities held by the CBN and banks.

Banking system's credit to the private sector grew moderately by 1.2 per cent, on quarter-on-quarter basis, to ₦22,289.25 billion, compared with 0.2 per cent growth at end-September 2017. The development relative to the preceding quarter was attributed to the 0.1 and 18.9 per cent increase in claims on the core private sector and claims on the state and local governments. Over the level at end-December 2016, banking system's credit to the private sector grew by 1.4 per cent, compared with the 0.2 per cent growth at end-September 2017 (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy[3]



Source: CBN

Foreign assets (net) of the banking system increased at the end of the review quarter.

On quarter-on-quarter basis, foreign asset (net) of the banking system grew by 47.4 per cent to ₦14,813.28 billion at end-December 2017, compared with the growth of 18.7 per cent in the preceding quarter. The development was due to the 46.2 per cent and 114.2 per cent increase in foreign asset holdings of the CBN and banks, respectively, arising from

[3] QCP, QCG and QAC represent quarter-on-quarter changes in credit to private sector, credit to government (net) and aggregate credit (net) to the domestic economy, respectively, while CCP, CCG

renewed investor confidence in the economy. Over the level at end-December 2016, net foreign assets of the banking system increased by 61.9 per cent in the fourth quarter of 2017, compared with growth of 9.9 per cent at the end of the third quarter of 2017. The growth was due to the increase in the foreign assets holdings of the CBN and banks.

Other assets (net) of the banking system, on quarter-on-quarter basis, fell by 10.6 per cent to negative ₦16,675.15 billion at end-December 2017, compared with the fall of 9.9 per cent at end-September 2017. The development was due to the decline in unclassified assets of the CBN and banks. Over the level at end-December 2016, other assets (net) of the banking system fell by 34.3 per cent, compared with the decline of 21.5 per cent at the end of the preceding quarter.

Table 1: Growth in Monetary and Credit Aggregates (Per cent) Over Preceding Quarter

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Domestic Credit (Net)	0.4	4.9	8.6	8.2	1.5	0.9	-1.6	-0.9	-4.2
Claims on Federal Government (Net)	3.8	30.7	-16.3	26.6	32.8	3.7	-1.0	-5.5	-28.0
Claims on Private Sector	-0.1	0.9	13.6	5.7	-3.3	0.3	-1.7	0.2	1.2
Claims on Other Private Sector	-0.2	-0.4	13.0	6.0	-2.8	0.0	-1.1	-0.2	0.1
Foreign Assets (Net)	11.2	-1.8	13.1	9.0	18.2	-16.6	11.0	18.7	47.4
Other Assets (Net)	8.2	7.1	-24.6	-22.5	-3.6	-4.7	-5.6	-9.9	-10.6
Broad Money Supply (M2)	7.0	2.2	7.9	2.0	6.2	-5.8	-1.5	-0.1	9.3
Quasi-Money	-1.0	-0.3	9.9	-3.0	1.1	-2.0	-2.3	0.8	9.0
Narrow Money Supply (M1)	19.9	5.5	5.3	8.9	12.6	-10.1	-0.4	-0.7	9.7
Memorandum Items:									
Reserve Money (RM)	0.4	-0.9	-7.6	6.1	0.6	-3.4	-2.8	1.5	16.5

Source: CBN

2.2 Currency-in-circulation (CIC) and Deposits at CBN

At ₦2,157.22 billion, currency-in-circulation rose by 21.1 per cent, above the level in the third quarter of 2017. The development reflected the growth in currency outside banks.

Total deposits at the CBN amounted to ₦13,172.50 billion, indicating 7.5 per cent increase over the level at the end of the third quarter of 2017. The development was as a result of the rise in the deposits of banks, Federal Government and the "Others" in the review quarter. Of the total deposits at the CBN, the shares of the Federal Government, Banks and ''Others'' were ₦6,018.10 billion (45.7 per cent), ₦4,320.37 billion (32.8 per cent) and ₦2,834.02 billion (21.5 per cent), respectively.

Growth in banks' reserves at the CBN and currency-in-circulation accounted for the 16.5 per cent rise in Reserve Money (RM) to ₦6,477.6 billion at end-December 2017, compared with the level at end-September 2017.

Reserve money (RM) rose at the end of the fourth quarter of 2017.

2.3 Money Market Developments

Despite the mixed trends in the liquidity condition of the domestic money market, there was relative stabllity in the financial market during the fourth quarter of 2017. Notwithstanding the non-expansionary monetary policy stance of the Bank, liquidity was boosted by fiscal injections and maturing CBN bills. Withdrawals as a result of the CBN foreign exchange interventions and Open Market Operations (OMO), helped to stabilise the market. Accordingly, money market rates moved in tandem with the trend of liquidity in the financial market during the review period.

The financial market was relatively stable during the review period .

Total value of money market assets outstanding at the end of the fourth quarter of 2017 was ₦12,122.02 billion, showing an increase of 0.8 per cent, in contrast to the decline of 3.0 per cent at the end of the preceding quarter. The development was attributed to the 3.6 per cent increase in FGN Bonds outstanding in the review quarter.

2.3.1 *Interest Rate Developments*

Developments in banks' deposit and lending rates were mixed in the fourth quarter of 2017. With the exception of the 7-day and 1-month deposit rates, which rose by 0.23 and 0.18 percentage point, to 4.55 per cent and 9.12 per cent, respectively, all other deposits rates of various maturities fell from a range of 7.39 -11.40 per cent at end-September 2017 to a range of 7.34 -11.23 per cent in the review quarter. The average savings rate remain unchanged at 4.08 per cent, same as in the preceding quarter, while the average term deposit rate fell by 0.05 percentage point to 8.82 per cent at end-December 2017.

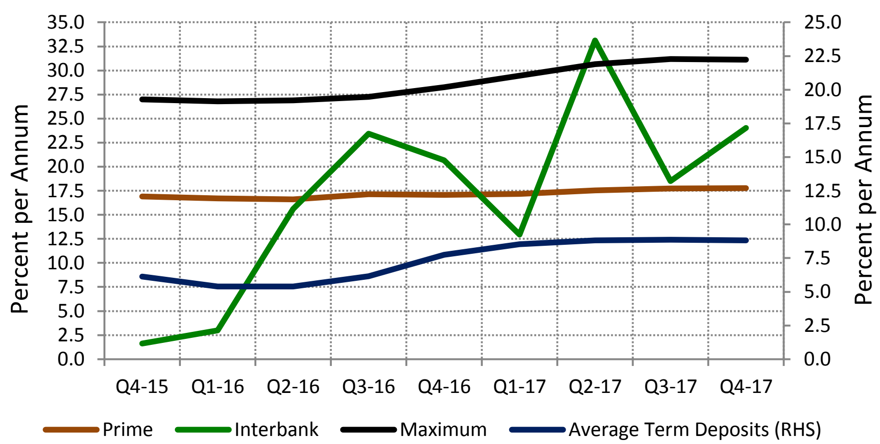
Banks' deposit and lending rates showed mixed developments in the fourth quarter of 2017.

The average prime lending rate rose by 0.04 percentage point to close at 17.78 per cent at end-December 2017. The average maximum lending rate, however, fell by 0.07 percentage point to 31.11 per cent in the review quarter. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed by 0.02 percentage point to 22.29 percentage points at the end of the fourth quarter of 2017. Similarly, the margin between the average savings and the maximum lending rates narrowed to 25.56 percentage points from 26.86 percentage points in the preceding quarter. With inflation at 15.37 per cent at end-December 2017, all deposit rates were negative in real terms, while lending rates were positive in real terms.

Inter-bank call rate rose in Q4

At the inter-bank funds segment, the weighted average inter-bank call rate, which stood at 18.45 per cent at end-September 2017, rose by 5.57 percentage points to 24.02 per cent in the fourth quarter of 2017. The development reflected the relative liquidity squeeze in the banking system in the review quarter. The Nigeria inter-bank offered rate (NIBOR) for the 30-day tenor fell from 21.16 per cent in the preceding quarter to 19.53 per cent in the review quarter. Similarly, the weighted average rate at the Open-Buy-Back (OBB) segment fell by 1.55 percentage points to 23.51 per cent (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)



Source: CBN

Table 2: Selected Interest Rates (Percent, Averages)

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Average Term Deposits	6.1	5.4	5.4	6.2	7.8	8.5	8.8	8.9	8.8
Prime Lending	16.9	16.7	16.6	17.1	17.1	17.2	17.5	17.7	17.8
Interbank	1.6	3.0	15.6	23.4	20.7	13.0	33.1	18.5	24.0
Maximum Lending	27.0	26.8	26.9	27.3	28.3	29.4	30.7	31.2	31.1

Source: CBN

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by banks fell by 9.5 per cent to ₦0.52 billion at the end of the fourth quarter of 2017, in contrast to the 29.5 per cent increase at end-September 2017. The development was due to the fall in investment in CP by the merchant banks in the review quarter. Thus, CP constituted 0.004 per cent of the total value of money market assets outstanding, compared with 0.005 per cent at the end of the preceding quarter.

2.3.3 Bankers' Acceptances (BAs)

banks' holdings of BAs decreased in Q4 of 2017.

Bankers' Acceptances (BAs), which stood at ₦26.81 billion at end-December 2017, was 1.4 per cent below the level in the preceding quarter. The development reflected the decline in investment in BAs by the banks during the review quarter. Consequently, BAs accounted for 0.21 per cent of the total value of money market assets outstanding at the end of the fourth quarter of 2017, compared with 0.22 per cent in the preceding quarter.

2.3.4 Open Market Operations

The Bank intervened through direct Open Market Operations (OMO) auctions conducted during the review quarter. The tenors-to-maturity of the instruments ranged from 72- to 365-day period. Total amount offered was ₦4,997.36 billion, while total subscription and allotment were ₦3,532.99 billion and ₦3,399.69 billion, respectively. The bid rates ranged from 12.9000 to 17.9500 per cent, while the stop rates ranged from 12.9000 to 17.9300 per cent. Repayment of matured CBN bills was ₦3,042.17 billion, translating to a net withdrawal of ₦357.52 billion.

Subscription for FGN Bonds of various maturities were reopened in the Q4 of 2017.

2.3.5 *Primary Market*

At the Government securities market, NTBs and long-term (FGN Bonds) debt instruments were issued at the primary market on behalf of the Debt Management Office (DMO). NTBs of 91- 182- and 364-day tenors, amounting to ₦602.11 billion, ₦1,161.60 billion and ₦602.11 billion were offered, subscribed to and allotted, respectively, in the fourth quarter of 2017. Auctions were held as scheduled in October and November, while full refunds were made for investmnets due in December as directed by the DMO.

2.3.6 *Bonds Market*

Tranches of the 5- and 10-year FGN Bonds were offered for sale in the fourth quarter of 2017. The term to maturity of the bonds ranged from 3 years 7 months to 9 years 5 months. Total amount offered, subscribed to and allotted were ₦300.00 billion, ₦551.78 billion and ₦265.35 billion, respectively. Allotment on non-competitive basis amounted to ₦29.79 billion for the 10-year bond, while there was no maturity in the review quarter. The bid rate on all tenors ranged from 12.5000 to 16.2500 per cent, while the marginal rates for all the tenors ranged from 13.1900 to 15.0000 per cent. The bid-to-cover ratio was 2.08, while the auction was oversubscribed by 95.48 per cent.

2.3.7 *CBN Standing Facilities*

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

Total request for Standing Lending Facility (SLF) (including the Intra-day lending facilities (ILF) converted to overnight repo) amounted to ₦11,733.72 billion, made up of ₦7,266.11 billion direct SLF and ₦4,467.61 billion ILF converted to overnight repo. Daily average for the 59 transaction days (October 1 – December 27, 2017) was ₦198.88 billion, with daily request ranging from ₦67.35 billion to ₦383.53 billion. Total interest earned was ₦8.04 billion. SLF was at its peak on October 10, 2017 due to consistent mop up activity through OMO.

Total standing deposit facility (SDF) granted during the review quarter was ₦2,494.06 billion with a daily average of ₦45.00 billion, compared with ₦1,536.76 billion in the preceding quarter. Daily transaction ranged from ₦0.35 billion to ₦137.85 billion. Interest payment on SDF in the review quarter was ₦0.89 billion, compared with ₦0.52 billion, at end-September 2017.

2.4 Deposit Money Banks' Activities

The total assets and liabilities of the commercial banks stood at ₦34,593.88 billion at end-December 2017, representing 3.9 per cent increase over the level at end-September 2017. The funds were sourced, mainly, from reduction of claims on the Federal Government and mobilisation of demand, time, savings and foreign currency deposits. The funds were used to increase claims on the central bank and the private sector, acquire foreign assets, increase accretion to reserves and reduce unclassified liabilities.

At ₦20,414.45 billion, banks' credit to the domestic economy, fell by 5.5 per cent, below the level at end-September 2017. The development reflected, the decline in claims on the Federal Government and the private sector in the review quarter.

Total specified liquid assets of the banks stood at ₦10,093.68 billion, representing 54.8 per cent of the total current liabilities. At that level, the liquidity ratio rose by 4.9 percentage points above the level at the end of the preceding quarter and was 24.8 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 72.84 per cent, was 6.77 percentage points and 7.16 percentage points below the level at the end of the preceding quarter and the prescribed maximum of 80.0 per cent.

Liquidity ratio was above the prescribed minimum, while the Loan-to-deposit ratio was below the prescribed maximum in Q4 of 2017

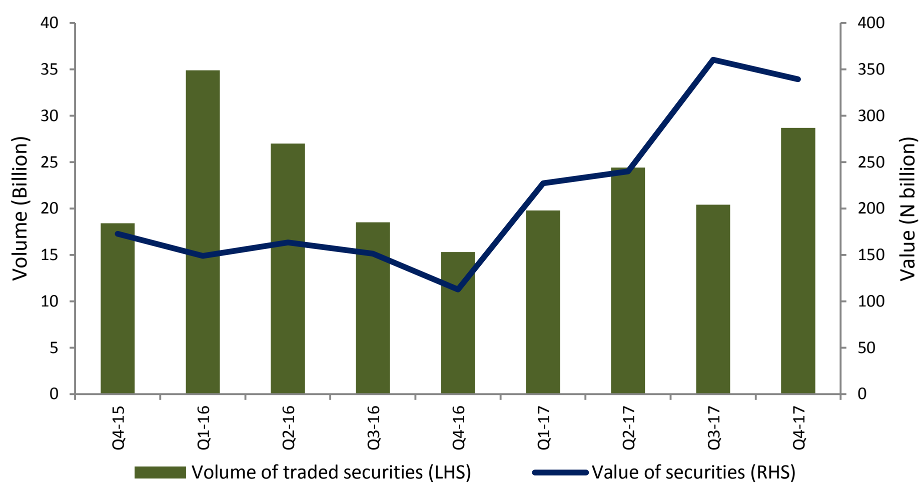
2.5 Capital Market Developments

2.5.1 Secondary Market

The positive rally recorded in the capital market from the beginning of 2017 continued in the fourth quarter as investors remained optimistic owing to improved foreign exchange demand-supply conditions, increased general output and declining inflationary pressure. Though developments on the Nigeria Stock Exchange were mixed, rising investors' confidence supported the positive rebound. Consequently, on month-on-month basis, the aggregate volume of traded securities rose by 41.2 per cent to 28.7 billion, while the value of traded securities fell by 5.8 per cent to ₦339.4 billion in 177,691 deals, compared with 20.4 billion shares worth ₦360.4 billion in 251,921 deals in the third quarter of 2017.

In the Financial Services Industry, 13.3 billion shares worth ₦106.4 billion were traded in 102,712 deals. This accounted for 46.0 per cent and 31.0 per cent of the total equity turnover volume and value, respectively, compared with 16.3 billion shares, worth ₦167.6 billion, traded in 141,865 deals, in the preceding quarter.

Figure 4: Volume and Value of Traded Securities



Source: NSE

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

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Volume (Billion)	18.4	34.9	27	18.5	15.3	19.8	24.4	20.4	28.7
Value (₦ Billion)	172.6	148.9	163.4	151.4	112.8	227.2	240.0	360.4	339.4

Source: NSE

2.5.2 New Issues Market/Supplementary Listings

There were one (1) new and seven (7) supplementary equity listings in the review period.

Table 4: New and Supplementary Listing on the Nigerian Stock Exchange

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Standard Allinace Insurance Plc	917.86 Million Ordinary Shares	Merger	Supplementary
2	Trans Natinowide Express Plc (Tranex)	270.03 Million Ordinary Shares	Rights Issue	Supplementary
3	Unilever Nigeria Plc	1.96 Billion Ordinary Shares	Rights Issue	Supplementary
4	Lafarge Africs Plc	85.26 Million Ordinary Shares	Scheme of Arrangement for C	Supplementary
5	Global Spectrum Energy Services Plc	800.0 Million Ordinary Shares	New Listing	New
6	Union Bank of Nigeria Plc	51.30 Million Ordinary Shares	Long-Term Transformation Incent	Supplementary
7	Stanbic IBTC Holdings Plc	49.47 Million Ordinary Shares	Scrip Dividend Scheme	Supplementary
8	International Brewries Plc	5.30 Billion Ordinary Shares	Scheme of Merger	Supplementary

Source: NSE

2.5.3 Market Capitalisation

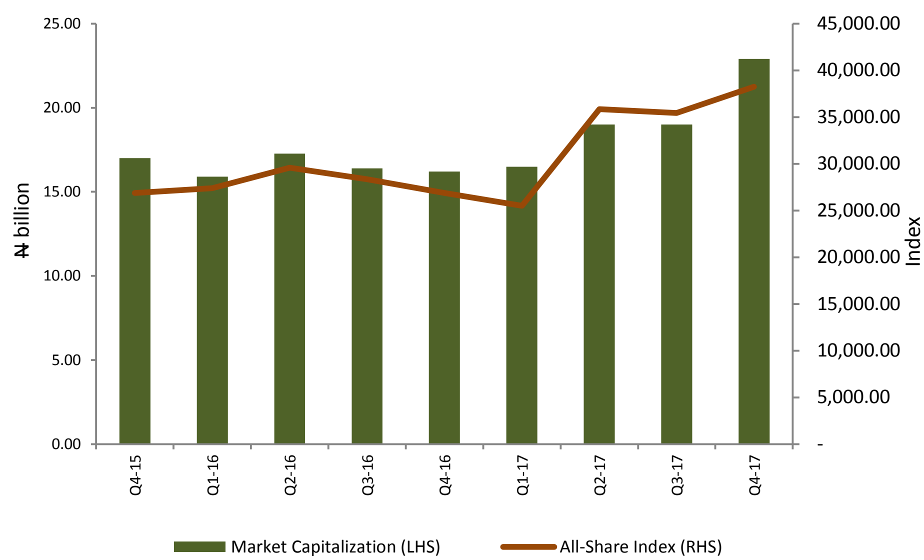
Following the sustained rebound in the capital market, both the debt and equity segments of the market consistently gained value in the fourth quarter of 2017. Consequently, the aggregate market capitalisation for all listed securities (Equities and Debts) rose by 16.8 per cent from ₦19.6 trillion at end-September 2017 to ₦22.9 trillion at end-December 2017. Market capitalisation for the equity segment rose by 11.4 per cent to ₦13.7 trillion and constituted 59.4 per cent of the aggregate market capitalisation, compared with ₦12.2 trillion and 62.3 per cent at end-September 2017. The market capitalisation of debt and Exchange Traded Fund (ETF) securities grew by 25.8 per cent over the level in the preceding quarter to ₦9.3 billion at end-December 2017.

2.5.4 NSE All-Share Index

Performance of quoted stocks on the Exchange remained buoyed by improved investors' confidence and relatively favourable macroeconomic conditions, including declining inflation as well as gradual recovery in economic activities. Hence, relative to the level at the beginning of the review quarter, the All-Share Index rose by 7.9 per cent to close at 38,243.19 at the end of the fourth quarter of 2017.

Similarly, the NSE-Premium index, which tracks the performance of large firms listed on the premium board, rose by 10.4 per cent to 2,564.13 at the end of the fourth quarter of 2017. Overall, with the exception of the NSE-AseM, NSE-Industrial Goods and NSE-Insurance indices, which fell by 6.0 per cent, 0.4 per cent and 0.3 per cent, respectively, to 1,087.32, 1,975.59 and 139.37 at end-December 2017, all other sectoral indices rose above the levels in the third quarter of 2017. The NSE-Oil and Gas, NSE-Lotus Islamic, NSE-Pension, NSE-Banking and NSE-Consumer Goods rose by 17.8 per cent, 14.9 per cent, 12.9 per cent, 8.0 per cent and 5.90 per cent, respectively, to 330.69, 2,560.39, 1,379.74, 475.44 and 976.1, at end-December 2017.

Figure 5: Market Capitalisation and All-Share Index



Source: NSE

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

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Market Capitalization (₦ trillion)	17.00	15.88	17.28	16.39	16.20	16.50	19.00	19.60	22.90
All-Share Index (Equities)	26,871.24	27,385.69	29,597.79	28,335.40	26,874.62	25,516.34	33,117.48	35,439.98	38,243.19

Source: NSE

3.0 *Fiscal Operations*

Federally collected revenue in the fourth quarter of 2017 fell below the provisional quarterly budget estimate and the receipts in the third quarter of 2017 by 24.0 and 11.9 per cent, respectively. Federal Government estimated retained revenue for the review quarter was ₦731.61 billion, while total estimated expenditure was ₦979.05 billion, resulting in an estimated deficit of ₦247.44 billion.

3.1 Federation Account Operations

Federally-collected revenue in the fourth quarter of 2017, at ₦2,040.59 billion, was lower than the proportionate quarterly budget estimate of ₦2,684.28 billion by 24.0 per cent. It was also below the receipts in the preceding quarter by 11.9 per cent. The decline in federally-collected revenue (gross) relative to the quarterly budget estimate was attributed to the shortfall in receipts from both oil and non-oil revenue during the review quarter (Fig. 6, Table 6).

Gross federally - collected revenue fell by 11.9 per cent below the level in the third quarter of 2017.

Figure 6: Components of Gross Federally Collected Revenue

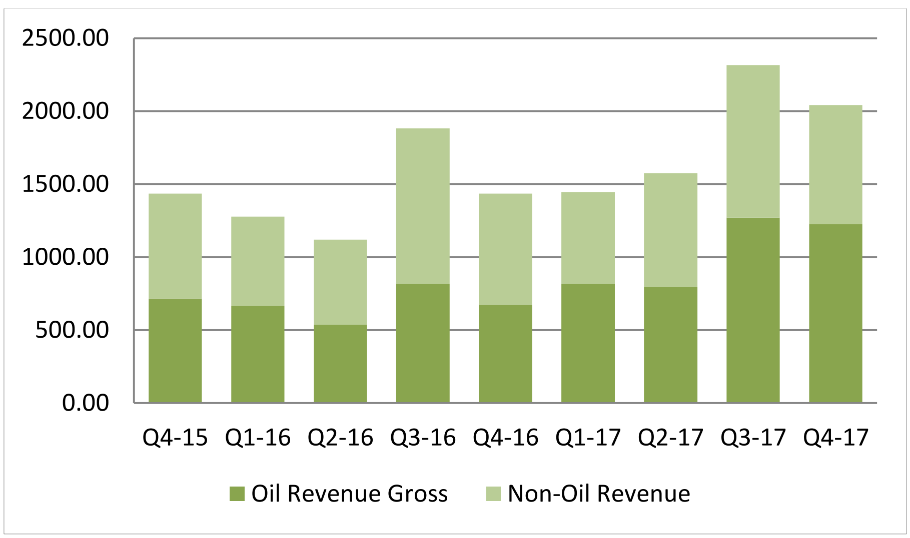


Table 6: Gross Federation Account Revenue (₦ Billion)

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Federally-collected revenue (Gross)	1,547.96	1,276.38	1,118.56	1,882.26	1,338.31	1,446.14	1,546.72	2,315.84	2,040.59
Oil Revenue	830.81	666.13	537.19	817.48	673.10	817.48	795.55	1,270.62	1,226.04
Non-Oil Revenue	717.15	610.25	581.37	1,064.78	665.21	628.66	751.17	1,045.22	814.55

Source:Federal Ministry of Finance

Gross oil receipt at ₦1,226.04 billion or 60.1 per cent of the total revenue, was lower than both the proportionate quarterly budget estimate and the receipts in the preceeding quarter by 9.1 per cent and 3.5 per cent, respectively. The decline in oil revenue relative to the proportionate quarterly budget estimate was attributed to the fall in receipts from crude oil/gas exports. This was due to the drop in crude oil production, arising from leakages and shut-ins/shut-downs at some NNPC terminals (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

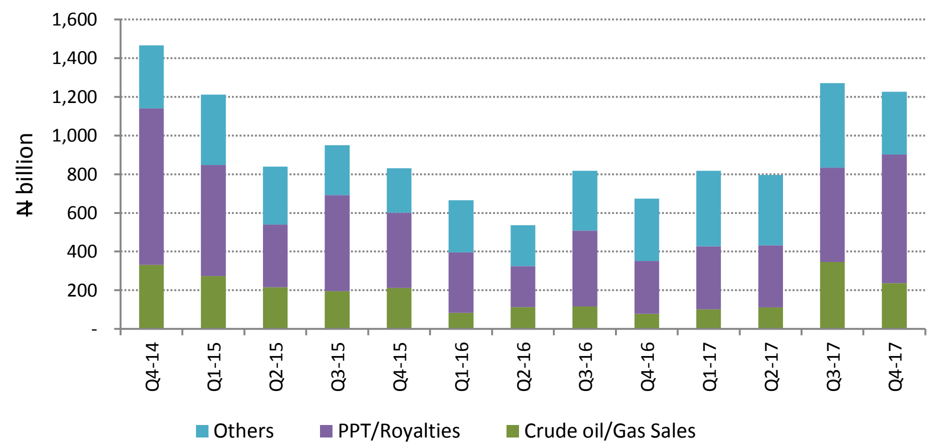


Table 7: Components of Gross Oil Revenue (₦ Billion)

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Oil Revenue Gross	830.81	666.13	537.19	817.48	673.10	817.48	795.55	1,270.62	1,226.04
Crude oil/Gas Sales	212.86	82.43	112.54	115.95	78.63	101.33	111.84	771.18	236.69
PPT/Royalties	388.66	314.04	212.78	392.38	273.13	325.38	320.49	489.41	666.10
Others	229.28	269.66	211.86	309.15	321.34	390.78	363.22	10.03	323.24

Source: Federal Ministry of Finance

At ₦814.55 billion or 39.9 per cent of the total, non-oil revenue (gross) fell below the proportionate quarterly budget estimate of ₦1,335.41 billion by 39.0 per cent. It was also below the level in the preceding quarter by 22.1 per cent. The lower non-oil revenue relative to the proportionate quarterly budget estimate was due to the shortfall in most of its components except Customs Special Levies (Federation Account component) during the review period (Fig. 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components

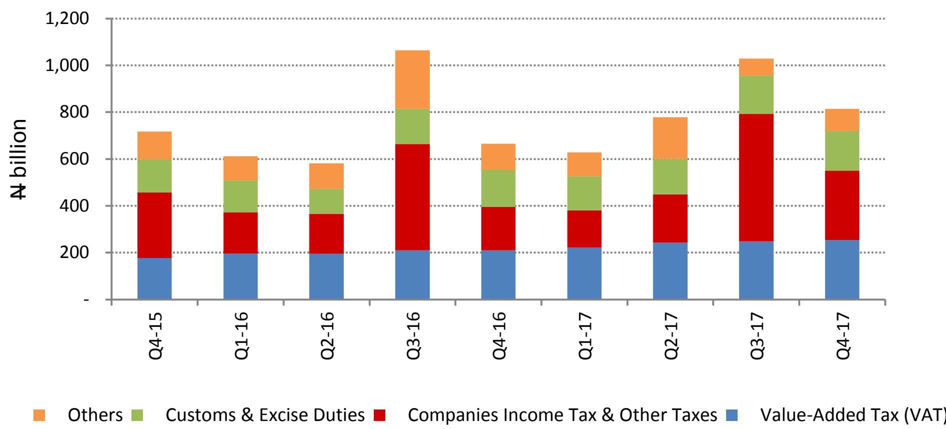


Table 8: Components of Gross Non-Oil Revenue (₦ Billion)

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Non-Oil Revenue	717.15	610.25	581.37	1,064.78	665.21	628.66	751.17	1,045.22	814.55
Value-Added Tax (VAT)	177.78	196.57	194.61	210.35	209.47	222.00	243.31	248.89	253.46
Companies Income Tax & Other Taxes	279.13	176.26	171.71	453.74	186.73	158.95	206.38	543.40	297.56
Customs & Excise Duties	141.67	135.51	106.54	150.15	156.62	144.17	150.67	164.15	169.05
Others/1	118.57	101.91	108.51	250.54	112.40	103.54	150.81	88.78	94.48

1/Includes FGN Independent Revenue, Education Tax, NITDF & Customs Federation/Non-Federation Account Levies (Port, Sugar, ETLS, Steel, CISS & Cement Levies)
Source: Federal Ministry of finance

A net sum of ₦1,326.16 billion was retained in the Federation account after statutory deductions and transfers. Of this amount, the Federal Government received ₦637.73 billion, State and Local governments received ₦323.47 billion and ₦249.38 billion, respectively, while the balance of ₦115.58 billion was allocated to the 13.0% Derivation Fund for distribution among the oil-producing states. In addition, the Federal, State and Local Governments received ₦36.50 billion, ₦121.66 billion and ₦85.16 billion, respectively, from the VAT Pool Account.

The sum of ₦1,326.16 billion of the gross federally collected revenue was distributed among the three tiers of government and the 13.0% Derivation Fund for oil producing states.

Table 9 : Summary of Federally-Collected Revenue Deductions and Transfers (Naira Billion)

	Q4 2016	Q3 2017	Quarterly Budget	Q4 2017
Total Deductions 1/	**386.13**	**523.70**	**128.07**	**376.63**
Oil Revenue Deductions	358.57	474.76	76.25	337.00
Non-Oil Revenue Deductions	27.57	48.94	51.82	39.63
Total Transfers	**313.48**	**327.72**	**699.74**	**337.80**
Federal Govt. Ind. Revenue	23.09	35.76	201.89	32.64
VAT Pool Account	201.09	238.93	432.00	243.32
Others 2/	89.31	53.02	65.85	61.84
1/ Refer to Table 1 for breakdown of deductions				
2/ Includes Federation and Non-Federation Special Levies, Education Tax & NITDEF				

Source: Office of the Accountant General of the Federation (OAGF) and Federal Ministry of Finance

In addition, the sum of ₦50.81 billion was distributed as Exchange Gain as follows: Federal Government, ₦24.24 billion; state governments, ₦12.98 billion; local governments, ₦9.48 billion; and 13% Derivation Fund, ₦4.8 billion. Similarly, the sum of ₦0.94 billion was drawn-down from the Non-oil Excess Account and distributed as follows: Federal Government, N0.50 billion; state governments, ₦0.25 billion; and local governments, ₦0.19 billion.

Thus, the total statutory and VAT revenue allocation to the three tiers of government in the fourth quarter of 2017 amounted to ₦1,621.22 billion, compared with the proportionate quarterly budget estimate of ₦2,350.72 billion.

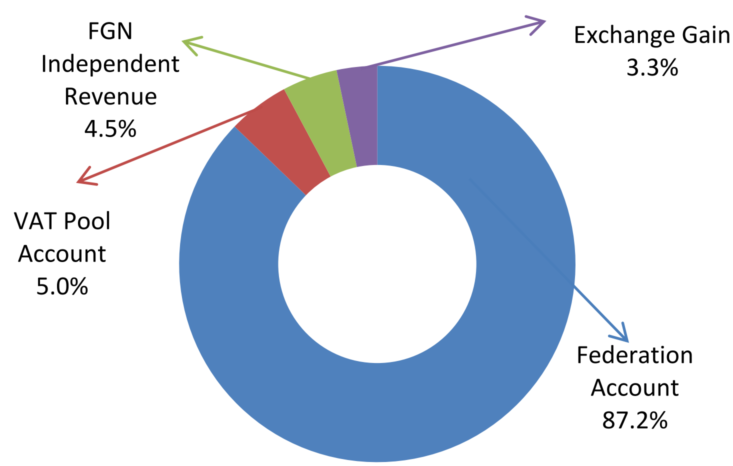
3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦731.61 billion, the estimated FGN retained revenue was lower than the proportionate quarterly budget estimate by 45.8 per cent.

Provisional Federal Government retained revenue for the fourth quarter of 2017 was estimated at ₦731.61 billion. This was below the proportionate quarterly budget estimate and the receipts in the preceding quarter by 45.8 per cent and 7.2 per cent, respectively. Of the total revenue, Federation Account accounted for 87.2 per cent, while VAT, Federal Government Independent Revenue and Exchange Gain accounted for 5.0, 4.5 and 3.3 per cent, respectively (Fig. 9).

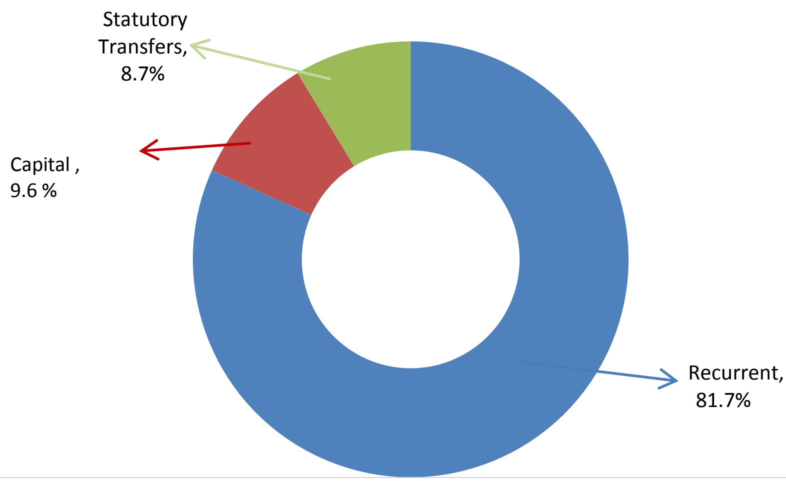
Figure 9: Federal Government Retained Revenue



The estimated Federal Government expenditure for the fourth quarter of 2017 was ₦979.05 billion. This was below the proportionate quarterly budget estimate of ₦1,937.98 billion by 49.5 per cent and the level in the preceding quarter by 30.4 per cent. A breakdown of the total expenditure showed that the recurrent component accounted for 81.7 per cent, while capital and statutory transfers accounted for 9.6 and 8.7 per cent, repectively. A further breakdown of the recurrent expenditure showed that the non-debt component accounted for 44.4 per cent, while debt service payments was 55.6 per cent.

Fiscal operations of the FG resulted in an estimated deficit of ₦401.76 billion in Q3 2017.

Figure 10: Federal Government Expenditure



Source: Fiscal Liquidity Assessment Committee (FLAC) & the Office of the Accountant General of the Federation

The fiscal operations of the Federal Government, therefore, resulted in an estimated deficit of ₦247.44 billion, compared with the proportionate quarterly budget deficit of ₦589.19 billion.

Table 10: Federal Government Fiscal Operations (₦ Billion)

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Retained Revenue	802.63	587.92	722.37	1,008.80	870.23	554.63	688.69	788.56	731.61
Expenditure	1,538.46	1,140.24	1,381.51	1,309.78	1,551.05	1,337.59	1,178.02	1,407.22	979.05
Current Surplus(+)/Deficit(-)	(136.57)	(365.84)	(213.76)	(199.71)	(196.03)	(748.05)	(379.24)	(539.30)	(67.88)
Primary Surplus(+)/Deficit(-)	(522.58)	(187.51)	(414.43)	247.00	(412.31)	(158.82)	(185.74)	(5.46)	197.00
Overall Balance: Surplus(+)/Deficit(-)	(735.83)	(552.32)	(659.14)	(300.98)	(680.82)	(782.96)	(489.33)	(618.66)	(247.44)

Source: Fiscal Liquidity Assessment Committee (FLAC) & the Office of the Accountant General of the Federation

3.2.2 *Statutory Allocations to State Governments*

Total allocation to state governments from the Federation Account, including the 13.0% Derivation Fund and the VAT Pool Account, was ₦578.05 billion in the review quarter. This was lower than the proportionate quarterly budget estimate by 31.9 per cent. A breakdown showed that the receipts from the Federation Account was ₦456.39 billion (79.0%), while the share from VAT pool account stood at ₦121.66 billion (21.0%). The receipts from both the Federation and VAT Pool Accounts were 27.8 per cent and 43.7 per cent below the respective proportionate budget estimates.

3.2.3 *Statutory Allocations to Local Government Councils*

Total allocations to local governments from the Federation and VAT Pool Accounts in the fourth quarter of 2017 stood at ₦344.21 billion. This was below the proportionate quarterly budget estimate by 32.9 per cent. Of the total amount, allocation from the Federation Account was ₦259.05 billion (75.3%), while the VAT Pool Account stood at ₦85.16 billion (24.7%).

4.0 Domestic Economic Conditions

Dry season and associated dust intensified in most part of the country in the review quarter, though there was little rainfall in some parts of the FCT and the Southern region. Agricultural activities were dominated by harvest of tubbers and grains, while farmers in the livestock sub-sector engaged in the fattening of cattles and stocking of broilers in preparation for the festive period. The end-period inflation, on year-on-year and 12-month moving average bases for the fourth quarter of 2017 were 15.37 per cent and 15.50 per cent, respectively

4.1 Agricultural Sector

Analysis of the standardised precipitation index (SPI) indicated that dry season and the associated dust intensified in most parts of the country in the fourth quarter of 2017. There was, however, little rainfall in some parts of the Federal Capital Territory (FCT) Abuja and the Southern region. Generally, the predominant agricultural activities during the review quarter were harvesting of tubbers and grains. Farmers in the South concentrated on the harvest of rice, cassava and other tubbers, while harvesting of grains, potatoes, vegetables and pre-planting activities dominated in the North. In the livestock sub-sector, farmers engaged in the fattening of cattle and stocking of broilers in preparation for the festive season.

4.2 Agricultural Credit Guarantee Scheme

A total of ₦1,487.0 million was guaranteed to 10,259 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the fourth quarter of 2017. This represented 11.4 per cent increase above the level in the third quarter of 2017, but was 36.0 per cent lower than the level in the corresponding period of 2016. Sub-sectoral analysis showed that food crops obtained the largest share of ₦991.9 million (66.7 per cent) guaranteed to 7,254 beneficiaries, followed by livestock sub-sector which got ₦167.5 million (11.3 per cent) guaranteed to 661 beneficiaries, while cash crop sub-sector got ₦123.7 million (8.3 per cent) guaranteed to 725 beneficiaries. The fisheries sub-sector received ₦82.7 million (5.5 per cent) guaranteed to 299 beneficiaries, mixed crops sub-sector had ₦76.9 million (5.2 per cent) guaranteed to 967 beneficiaries while a total of ₦44.4 million (3.0 per cent) was guaranteed to 353 beneficiaries in the 'Others' sub-sectors.

Analysis by state showed that 31 states and the Federal Capital Territory benefited from the Scheme in the review period. The highest and lowest sums of ₦213.4 million (14.4 per cent) and ₦1.1 million (0.7 per cent) were guaranteed to Jigawa and Zamfara States, respectively.

4.3 Commercial Agricultural Credit Scheme (CACS)

At end-December 2017, total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) from inception to the participating banks for disbursement stood at ₦551.18 billion for 547 projects. The projects included sixty-five (65) state government projects under CACS and eight (8) Paddy Aggragate Sheme (PAS) (Table 11).

Table 11: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACS)

S/N	Participating Banks	Amt Disbursed (₦ billion)	Number of Projects/State Governments
1	Access Bank Plc	36.66	26
2	Citibank Plc	3.00	2
3	Diamond Baqnk Plc	4.85	21
4	ECOBANK	6.38	10
5	FCMB Plc.	12.43	24
6	Fidelity Bank Plc	25.18	18
7	First Bank of Nigeria Plc	55.77	101
8	GTBank Plc	37.70	27
9	Heritage Bank Plc	6.82	14
10	Keystone Bank	14.05	14
11	Jaiz Bank Plc	0.00	1
12	Skye Bank Plc	13.77	10
13	Stanbic IBTC Bank	27.66	45
14	Sterling Bank Plc	68.67	40
15	Union Bank Nigeria PLC	28.24	37
16	United Bank for Africa (UBA) Plc	67.06	45
17	Unity Bank Plc	24.33	26
18	Wema Bank	2.12	12
19	Zenith Bank	114.65	72
20	Suntrust Bank Ltd	1.85	2
	TOTAL	551.18	547

4.4 Industrial Production

Industrial activities rose in the review quarter due to increased activities in all sub-sectors.

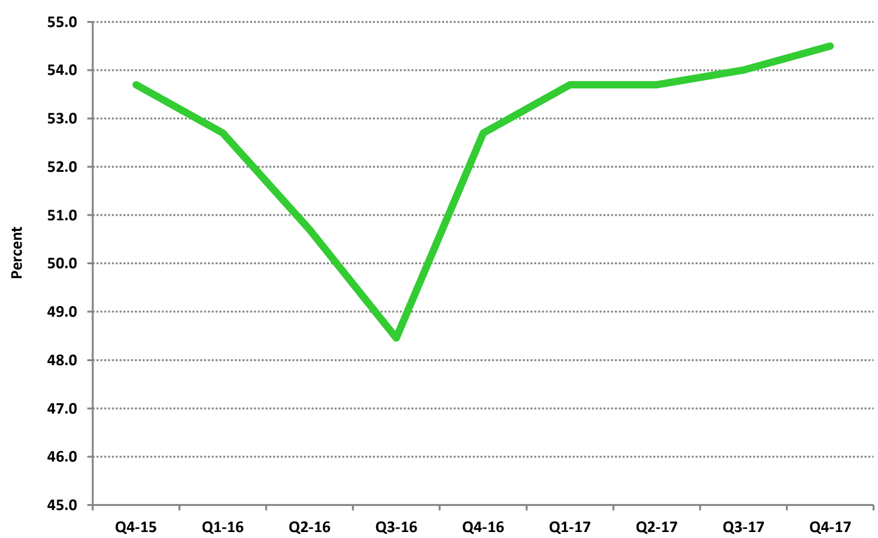
Activities in the industrial sector showed significnat improvement over the level in the third quarter of 2017. The development was attributed to sustained supply of foreign exchange and stability in the naira exchnage rate which facilitated the importation of critical raw materials as well as intermediate goods for domestic production. As a result, there were new orders, output growth and increased export business.

Thus, at 104.9 (2010=100) in the review quarter, the estimated index of industrial production increased by 0.9 per cent over the level in the preceding quarter. The increase was attributed to improvement in the activities of the electricity and manufacturing sub-sectors during the review qaurter.

Industrial capacity utilisation stood at 54.5 percentage points in the review quarter.

The estimated index of manufacturing production in the fourth quarter of 2017, at 178.0 (2010=100), showed 0.6 per cent increase above the level in the preceding quarter. The capacity utilisation was estimated at 54.5 per cent showing a 0.5 percentage point increase over the level in the preceding quarter. The improvement was due to continued expansion in new orders, increased new export business and moderated input prices (Fig.11).

Figure11: Manufacturing Capacity Utilization Rate



Source: Staff Estimate

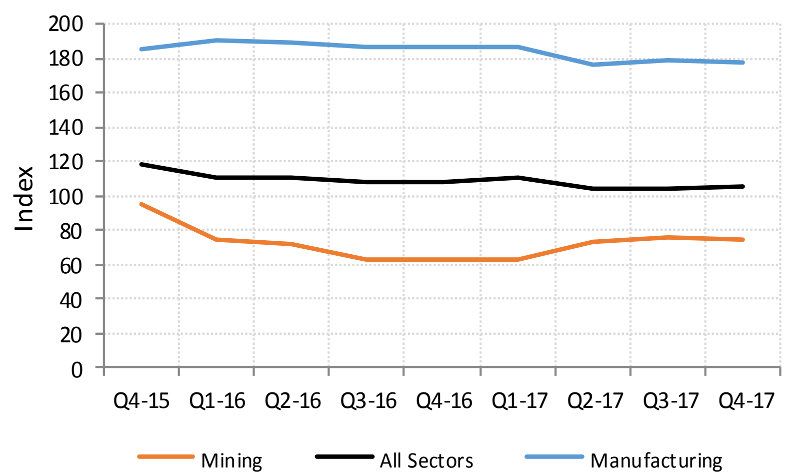
The index of mining production in the fourth quarter of 2017 at 74.6 (1990=100), fell by 0.9 per cent below the level in the preceding quarter, but rose by 8.8 per cent over the level in the corresponding period of 2016. The development reflected the decline in crude oil and gas production in the review quarter.

Average electricity generation and consumption rose during the review quarter.

Estimated average electricity generation in the fourth quarter of 2017 rose by 3.2 per cent to 4000 MW/h, over the level attained in the preceding quarter. The increase was attributed, mainly, to improved gas supply to thermal stations.

At 3,475 MW/h, average estimated electricity consumed rose by 21.8 per cent, above the level in the preceding quarter. The increase was attributed to the improvement in generation and transmission (Figure 12, Table 11).

Figure 12: Index of Industrial Production (2010=100) [4]



Source: Staff Estimate

Table 12: Index of Industrial Production and Myanufacturing Capacity Utilisation Rate

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
All Sectors (1990=100)	**118.80**	**111.10**	**110.30**	**108.50**	**108.50**	**109.90**	**103.80**	**103.90**	**104.90**
Manufacturing	185.5	190.2	188.9	186.6	186.7	187.9	176.9	179	178
Mining	94.5	75	72	62.7	62.3	63.1	73.5	10	74.6
Capacity Utilisation (%)	53.70	52.70	50.70	48.46	48.46	48.46	53.70	54.00	54.50

Source: Saff Estimate

[4] Index measurement (2010=100) from first quarter 2015

4.5 Petroleum Sector

Crude oil and natural gas production fell in the fourth quarter of 2017.

Nigeria's crude oil production, including condensates and natural gas liquids, averaged 1.80 mbd or 165.60 million barrels (mb) in the review quarter. This represented a decline of 0.03 mbd or 1.8 per cent, compared with 1.83 mbd or 168.36 mb recorded in the preceeding quarter. The development was due to shut-ins/shut-down in some of the production facilities.

Crude oil export fell in Q4 2017.

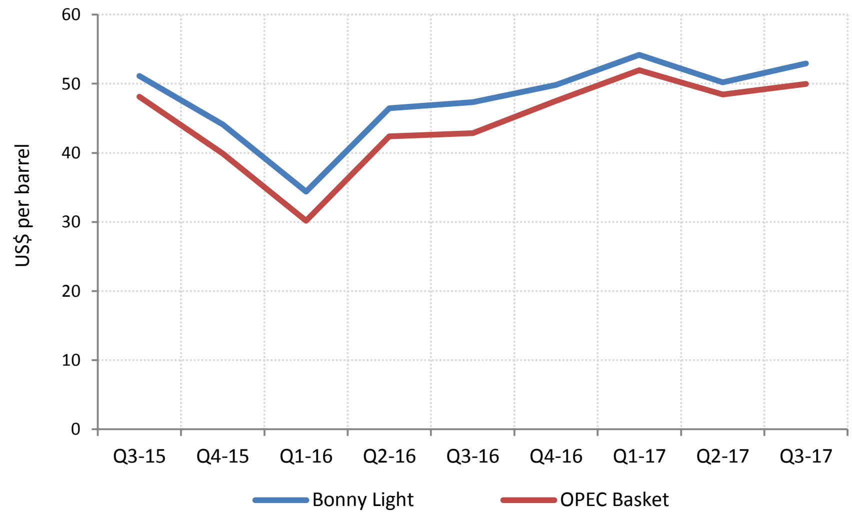
Crude oil export stood at 1.35 mbd or 124.20 mb, representing 2.4 per cent decline compared with 1.38 mbd or 126.96 mb in the preceding quarter. The development was due, mainly, to continued commitment by OPEC and Non-OPEC countries to avoid flooding the global market, despite the exemption of Nigeria from the production cap agreement. Allocation of crude oil for domestic consumption was maintained at 0.45 mbd or 41.40 million barrels in the review quarter.

Average crude oil prices, including Nigeria's Bonny Light (37^o API) rose in the international crude oil market in Q3 2017.

The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API) rose from US$52.92 per barrel in the third quarter of 2017 to US$62.48 per barrel in the review quarter. This represented an increase of 18.1 per cent. The increase was attributed to the production-cut agreement, demand growth from China and increased refining activity in the United States. The UK Brent, at US$61.69/b, the WTI at US$55.47, and the Forcados at US$62.60/b exhibited similar trends as the Bonny Light.

The average price of OPEC basket of fifteen selected crude streams was US$59.35/b in the fourth quarter of 2017. This represented increase of 18.8 per cent and 24.9 per cent relative to the average of US$49.97/b and US$47.52/b in the preceding quarter and the corresponding quarter of 2016, respectively (Figure 13, Table 13).

Figure13: Trends in Crude Oil Prices



Source: Reuters

Table 13: Average Crude Oil Prices in the International Oil Market

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Bonny Light	44.08	34.39	46.44	47.33	49.84	54.17	50.21	52.92	62.48
OPEC Basket	39.9	30.16	42.38	42.86	47.52	51.95	48.47	49.97	59.35

Source: Reuters

4.6 Consumer Prices[5]

The general price level increased in Q4 2017 over the level in the preceding quarter.

The all-items composite Consumer Price Index (CPI), at end-December 2017, was 246.4 (November 2009=100), indicating 2.15 per cent and 15.37 per cent increase above the levels in the preceding quarter and the corresponding quarter of 2016, respectively. The development was attributed to price increase in both the food and non-food categories. It was, also the eleventh consecutive decline in year-on-year headline inflation since January 2017.

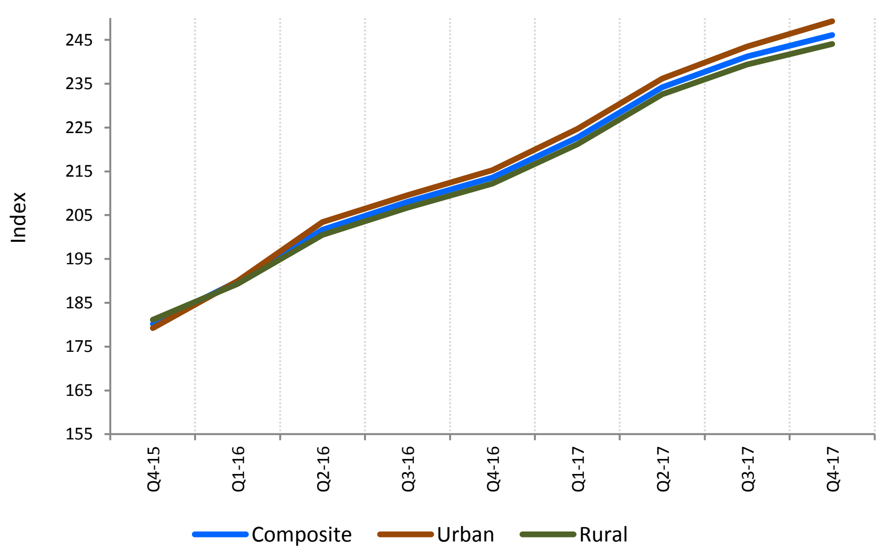
The urban all-items CPI at the end of the fourth quarter of 2017 was 249.3 (November 2009=100), indicating 2.3 per cent and 15.8 per cent increase, above the levels in the preceding

[5] New CPI with November 2009 = 100 as base and new weight based on the 2003/2004 Nigeria Living Standard Survey (NLSS) was released by the National Bureau of Statistics (NBS) ON 18TH October 2010.

quarter and the corresponding period of 2016, respectively. Similarly, the rural all-items CPI, at 244.1 (November 2009=100), represented increase of 2.0 per cent and 15.0 per cent, respectively, compared with the levels in the preceding quarter and the corresponding period of 2016 (Figure 14, Table 14).

The composite food index (with a weight of 50.7 per cent in the CPI basket) was 261.0, representing 2.3 per cent and 19.4 per cent, increase over 255.1 and 218.6 at the end of the preceding quarter and the corresponding period of 2016, respectively. The rise in the index was driven, largely, by the increase in the prices of potatoes, yams and other tubers, milk cheese and eggs, bread and cereals, coffee tea and cocoa, fish, oil and fats.

Figure 14: Consumer Price Index



Source: NBS

Table 14: Consumer Price Index (November 2009=100)

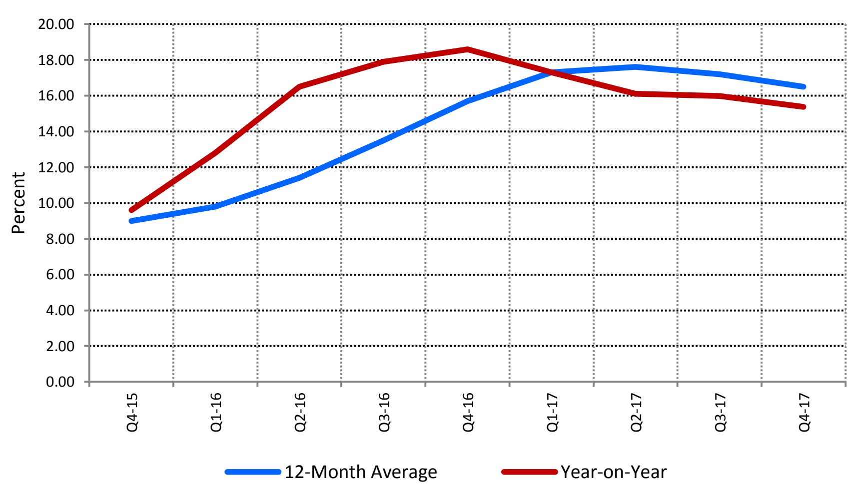
	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Composite	180.2	189.9	201.7	208	213.6	222.7	234.2	241.2	246.1
Urban	179.2	190.0	203.4	209.6	215.3	224.7	236.2	243.5	249.3
Rural	181.11	189.9	200.5	206.7	212.2	221.2	232.6	239.4	244.1

The headline inflation (y-o-y) stood at 15.98 per cent in Q3 2017.

Despite the upward pressure on domestic prices due to increased transport cost arising from scarcity of petroleum products in the last month of the review quarter, inflationary pressure maintained its downward trend in the fourth quarter of 2017. Sustained intervention by the CBN in the foreign exchange market continued to ensure exchange rate stability and moderate pass through to domestic prices. Consequently, headline inflation declined further to 15.37 per cent below the 15.98 per cent and 18.55 per cent in the preceding quarter and the corresponding period of 2016, respectively. The pace of inflation was driven by rise in prices of potatoes, yam and other tubers, coffee tea and cocoa, fuel and lubricants for personal transport equipment and solid fuels, among others.

On a twelve-month moving average basis, inflation fell to 16.5 per cent in the fourth quarter of 2017, from 17.2 per cent and 15.7 per cent in the preceding quarter and the corresponding period of 2016, respectively (Figure 15, Table 15).

Figure 15: Inflation Rate



Source: NBS

Table 15: Headline Inflation Rate (%)

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
12-Month Moving Average	9.00	9.80	11.40	13.50	15.70	17.30	17.60	17.20	16.50
Year-on-Year	9.60	12.80	16.50	17.90	18.60	17.26	16.10	15.98	15.37

Source: NBS

5.0 External Sector Developments[6]

Foreign exchange inflow through the CBN in the fourth quarter of 2017 rose by 22.7 per cent, while outflow fell by 10.3 per cent, relative to the levels in the preceding quarter. Total non-oil export receipts rose by 20.7 per cent, over the level in the third quarter of 2017. The average exchange rate at the invetsors and exporter's window, and the inter-bank segment of the foreign exchange market were ₦360.47/US$ and ₦305.961/US$, respectively, in the review quarter. At US$39.35 billion, the gross external reserves rose by 18.7 per cent, above the level at end-September 2017.

5.1 Foreign Exchange Flows

Foreign exchange inflow through the CBN rose by 22.7 per cent, while outflow fell by 10.3 per cent, and resulted in a net inflow of US$6.33 billion in Q4 of 2017.

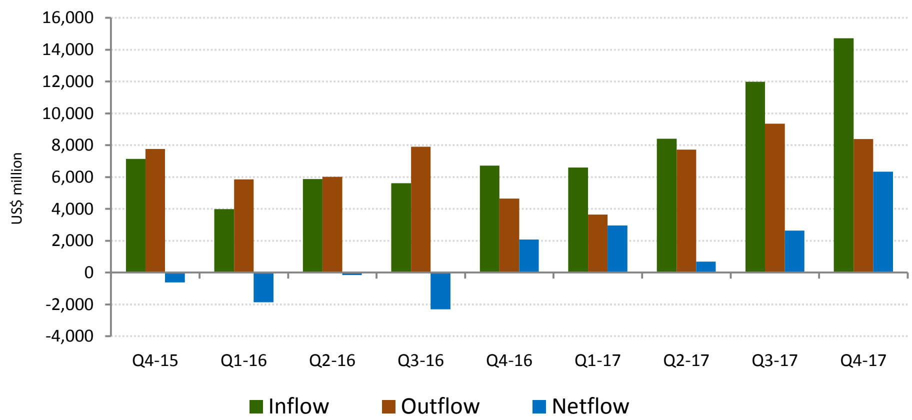
Foreign exchange inflow into the economy increased in the fourth quarter of 2017, as a result of the rise in international spot price of Nigeria's reference crude oil, the Bonny Light to an average of US$62.48 per barrel in the fourth quarter of 2017. The rise in crude oil price was attributed to the decline in United States shale oil output, increased global demand for refined petroleum and extension of the Organisation of Petroleum Exporting Countries (OPEC) production-cut deal to the end of 2018. In addition, an overall balance of payments surplus of 2.2 per cent of the gross domestic product (GDP) was recorded in the review quarter. Consequently, foreign exchange inflow through the CBN stood at US$14.71 billion, showing an increase of 22.7 per cent and 118.7 per cent over the levels in the preceding quarter and the corresponding period of 2016, respectively. The increase reflected the rise in receipts from oil and improvement in non-oil proceeds.

Aggregate outflow through the CBN, fell to US$8.38 billion, from US$9.34 billion in the preceding quarter, but was an increase above the US$4.65 billion recorded in the corresponding period of 2016. The decline in outflow relative to the preceding quarter reflected the fall in inter-bank utilisation, 3rd party MDAs transfer, drawings on letters of credits, external debt service and foreign exchange special payment in the review period. Overall, a a net inflow of US$6.33 billion was recorded through the Bank, compared with US$2.64 billion and US$2.08 billion in the preceding

[6] Data on foreign exchange flows through the CBN and the Economy are provisional and subject to change

quarter and the corresponding period of 2016, respectively (Figure 16, Table 16).

Figure 16: Foreign Exchange Flows Through the CBN



Source: CBN

Table 16: Foreign Exchange Flows Through the CBN (US$ million)

	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Inflow	3,942.89	5,875.18	5,613.01	6,726.01	6,597.73	8,404.37	11,984.05	14,708.45
Outflow	4,487.05	6,023.10	7,912.02	4,649.85	3,646.89	7,725.49	9,343.06	8,381.20
Netflow	(544.16)	(147.92)	(2,299.01)	2,076.16	2,950.84	678.88	2,640.99	6,327.25

Source: CBN

Autonomous inflow into the economy rose by 7.7 per cent in Q4 2017 .

Aggregate foreign exchange inflow into the economy amounted to US$30.45 billion indicating an increase of 14.5 per cent and 86.9 per cent above the levels in the preceding quarter and the corresponding quarter of 2016, respectively. The development was as a result of the 22.7 per cent and 7.7 per cent increase in inflow through the Bank and autonomous sources, respectively. Oil sector receipts, which accounted for 10.6 per cent of the total, was US$3.23 billion, compared with US$3.17 billion and US$1.97 billion in the third quarter of 2017 and the corresponding period of 2016, respectively.

Non-oil public sector inflow, at US$11.48 billion (37.7 per cent of the total), rose by 30.3 per cent and 141.2 per cent, above the levels at the end of the third quarter of 2017 and the corresponding period of 2016, respectively. Autonomous inflow, at US$15.74 billion, rose by 7.7 per cent and 64.6 per cent, above the levels in the preceding quarter and the corresponding period of 2016, respectively. Inflow from autonomous sources accounted for 51.7 per cent of the total.

At US$9.19 billion, aggregate foreign exchange outflow from the economy fell by 9.6 per cent below the level in the preceding quarter, but represented 69.9 per cent increase over the level in the corresponding period of 2016. The development, relative to the preceding quarter, was driven by 10.3 per cent and 2.0 per cent decline in outflow through the CBN and autonomous sources, respectively. Thus, foreign exchange flows through the economy resulted in a net inflow of US$21.26 billion in the review quarter, compared with US$16.42 billion and US$10.88 billion in the third quarter of 2017 and the corresponding period of 2016, respectively.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings by exporters rose during the fourth quarter of 2017.

Total non-oil export earnings recieved through the banks rose by 20.7 per cent above the level in the third quarter of 2017 to US$614.50 million in the review quarter. The development was due, mainly, to the 43.2, 18.0 and 6.1 per cent increase in foreign exchange receipts from agricultural, industrial and minerals sub-secrors. A breakdown by sectors showed that proceeds from agricultural products, minerals, industrial sector, manufactured products and food products were US$312.6 million, US$103.5 million, US$98.9 million, US$88.5 million and US$10.9 million, respectively. The transport sector recorded US$28,010.37 in earnings during the review period.

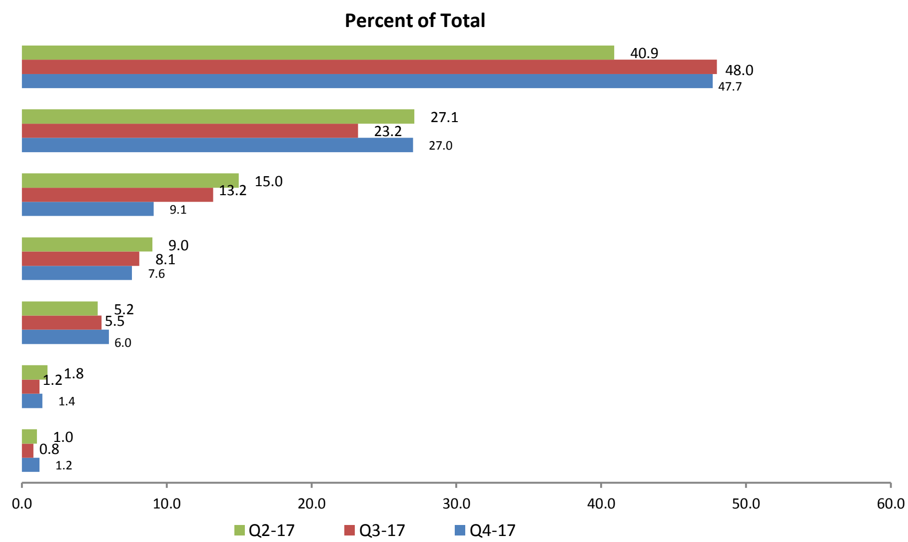
The percentage shares of agricultural products, minerals, industrial sector, manufactured products and food products in the total non-oil export proceeds were 50.9, 16.9, 16.1, 14.4 and 1.7 per cent, respectively.

5.3 Sectoral Utilisation of Foreign Exchange

The invisible sector accounted for the bulk of the total foreign exchange disbursed during Q4 2017.

Provisional data showed that sectoral foreign exchange utilisation was US$7.45 billion in the fourth quarter of 2017, indicating 5.5 per cent increase above the level in the preceding quarter. The development reflected the 7.1 per cent and 5.5 per cent rise in disbursement/utilisation for invisible and visible imports, respectively. The invisible sector accounted for the bulk (47.7 per cent) of total foreign exchange disbursed in the fourth quarter of 2017, followed by the industrial sector (27.0 per cent). The contributions of other sectors in a descending order were minerals and oil sector (9.1 per cent), manufactured products (7.6 per cent), food products (6.0 per cent), transport sector (1.4 per cent) and agricultural products (1.2 per cent) (Fig.17).

Figure17: Sectoral Utilisation of Foreign Exchange



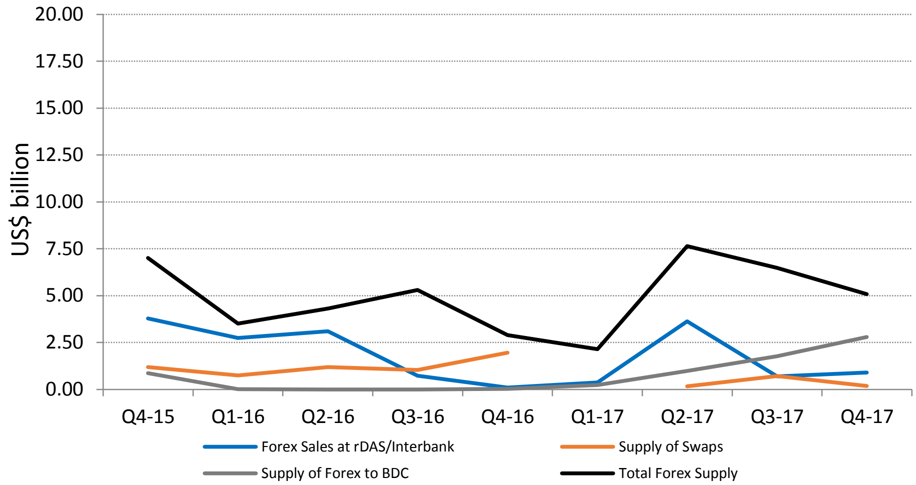
Source: CBN

5.4 Foreign Exchange Market Developments

Supply for foreign exchange by authorized dealers fell in Q4 2017.

A total of US$5.08 billion was sold by the CBN to authorised dealers in the fourth quarter of 2017. This represented 21.6 per cent decline below the level in the third quarter of 2017, but was 75.3 per cent above the level in the corresponding period of 2016. The development relative to the preceding quarter reflected the decline in swaps transactions, sales to BDCs and foreign exchange forwards disbursed atmaturity. Of the total, foreign exchange forwards disbursed at maturity amounted to US$2.80 billion or 55.1 per cent. BDC sales and swap transactions were US$1.19 billion (23.4 per cent) and US$0.19 billion (3.8 per cent), respectively. Inter-bank sales, however, rose by 30.5 per cent to US$0.9 billion or 17.7 per cent of the total (Figure 18, Table 17).

Figure 18: Supply of Foreign Exchange



Source: CBN

Table 17: Demand for and Supply of Foreign Exchange (US$ billion)

	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Forex Sales at rDAS/Interbank	2.75	3.11	0.72	0.10	0.37	3.64	0.69	0.90
Supply of Swaps	0.74	1.20	1.04	1.96		0.17	0.72	0.19
Supply of Forex to BDC	0.02	0.00	0.00	0.04	0.24	0.98	1.77	1.19
Forward			3.37	0.80	1.58	2.85	3.31	2.80
Total Forex Supply(BDC and rDAS)	3.51	4.31	5.30	2.90	2.15	7.64	6.49	5.08

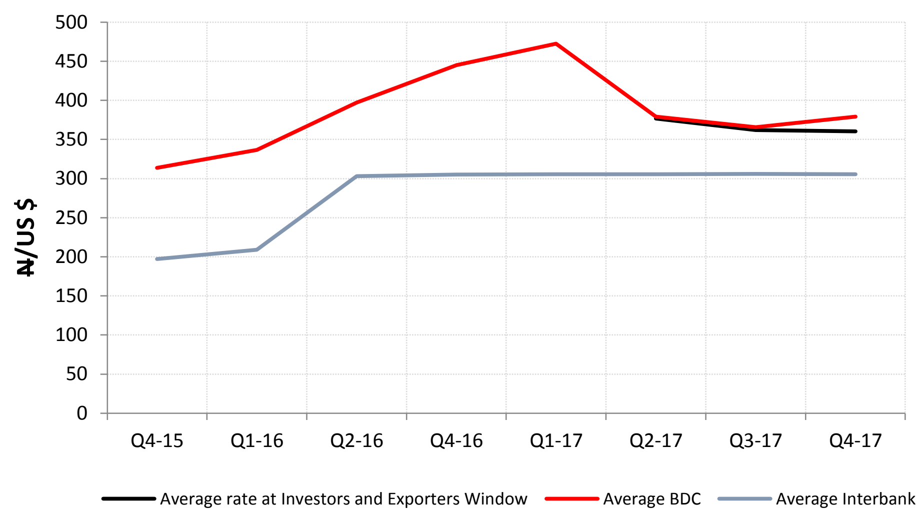
Source: CBN

Increased patronage at the Investors and Exporters window continued to sustain relative stability and led to 0.5 per cent appreciation in the average exchange rate to ₦360.47/US$, compared with the level in the preceeding quarter. Similarly, following consistent interventions at the BDC segement, the average exchange rate was ₦362.49/US$, representing 0.8 per cent and 22.8 per cent appreciation relative to the levels in the preceding quarter and the corresponding period of 2016, respectively. At the inter-bank segment, the average exchange rate was ₦305.96/US$, indicating respective depreciation of 0.1 per cent and 0.2 per cent, relative to the levels in the third quarter of 2017 and the corresponding period of 2016. The development reflected increased demand at the inter-bank segment of the market.

The average naira exchange rate vis-à-vis the US dollar was ₦305.96/US$ at the inter-bank segment in Q4 2017.

Consequently, the premium between the average inter-bank and BDC rates narrowed by 1.0 percentage point from 19.5 in the preceeding quarter to 18.5 per cent in the review quarter. Similarly, the spread between the average Investors and Exporters window and the BDC rates narrowed to 0.6 per cent from 0.9 per cent in the preceding quarter (Figure 19, Table 18).

Figure 19: Average Exchange Rate Movements



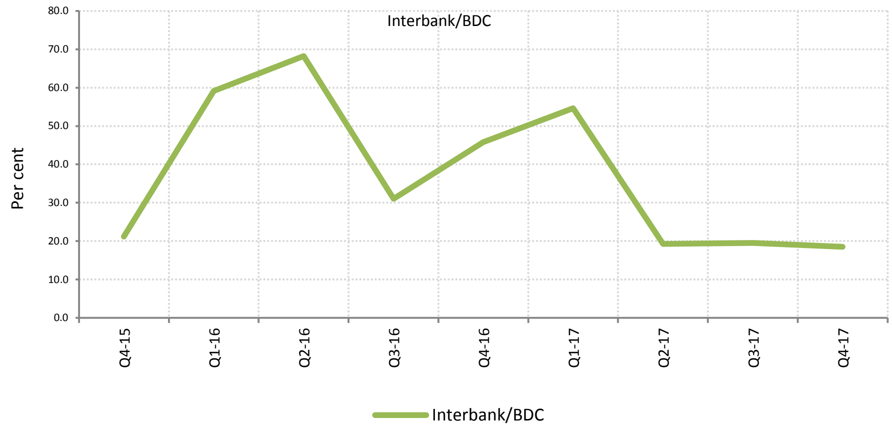
Source: CBN

Table 18: Exchange Rate Movements and Exchange Rate Premium

Average Exchange Rate (₦/US$)	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Investors and Exporters Window	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*376.81*	*362.15*	*360.47*
BDC	*238.69*	*313.49*	*336.67*	*397.24*	*445.03*	*472.49*	*379.05*	*365.56*	*362.49*
Interbank	*196.99*	*197.00*	*206.88*	*303.17*	*305.21*	*305.64*	*305.76*	*305.81*	*305.96*
Premium (%)									
rDAS/Interbank	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
BDC/Interbank	*21.2*	*59.1*	*62.7*	*31.0*	*45.8*	*54.6*	*19.3*	*19.5*	*18.5*

Source: CBN

Figure 20: Exchange Rate Premium



Source: CBN

5.5 Gross Official External Reserves

Gross external reserves at the end of the fourth quarter of 2017 was US$39.35 billion. This indicated an increase of 18.7 per cent above the level in the third quarter of 2017. The external reserves position would cover 10.2 months of import of goods and services or 14.4 months of import of goods only based on the estimated value of import for the fourth quarter of 2017. A breakdown of the official external reserves by ownership showed that CBN reserves stood at US$30.16 billion (76.7 per cent), Federation reserves, US$2.45 billion (6.2 per cent) and the Federal Government reserves, US$6.74 billion (17.1 per cent) (Figure 21, Table 19).

Gross external reserves rose during the fourth quarter of 2017.

Figure 21: Gross Official External Reserves

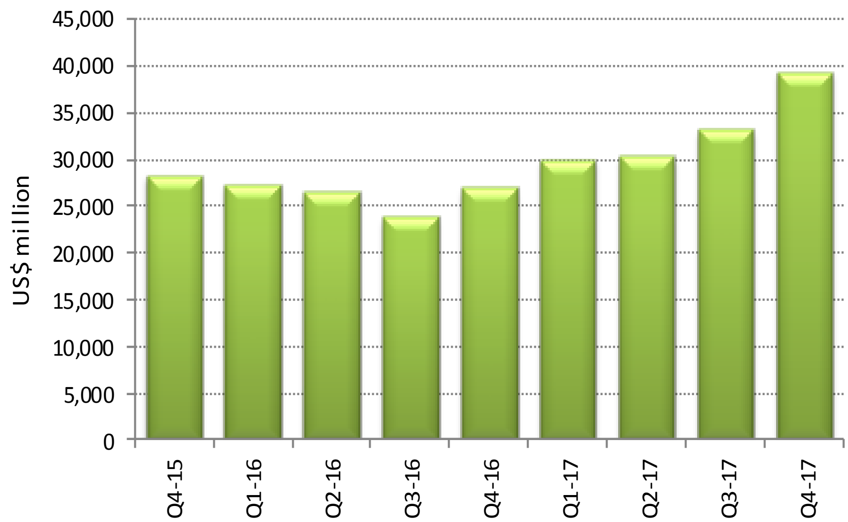


Table 19: Gross Official External Reserves (US$ million)

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
External Reserves	28,284.8	27,336.4	26,505.4	23,806.5	26,986.2	29,994.4	30,341.0	33,159.7	39,347.5

6.0 Global Economic Conditions

6.1 Global Output

Global growth was estimated at 3.6 per cent in 2017, compared with 3.2 per cent in 2016. This was due to general pickup in investment, trade and industrial production, complemented by strengthening business and consumer confidence. Increased private consumption in the euro zone, coupled with strong commodity price recovery in emerging and developing countires contributed to strong domestic demand and sustained economic activities. Growth in advanced countries was estimated at 2.2 per cent, compared with 1.7 per cent in 2016. United States economy was projected to expand by 2.2 per cent, while growth in the euro area was estimated at 2.1 per cent in 2017.

In the emerging markets and developing economies, growth was estimated at 4.6 per cent, compared with 4.3 per cent in 2016. Gradual rise in commodity prices, increased domestic demand and reduction in barrriers to exports provided the momentum for recovery. Among the key emerging market economies, growth in China was estimated at 6.8 per cent, while growth in India was projected to slow to 6.7 per cent in 2017.

In Sub-sahara Africa, growth was projected to pick up to 2.6 per cent in 2017, from 1.4 per cent in 2016. Rebound in economic activity received boost from modest recovery in commodity prices, growing external demand and improved weather condition.

6.2 Global Inflation

Rising energy prices continued to exert inflationary pressure, leading to increased prices in most advanced economies. In the US and UK, average inflation rose to 2.0 per cent and 3.0 per cent, respectively, in the fourth quarter of 2017. Inflation in the euroarea remained stable at 1.4 per cent in the review quarter and was below the European Central Bank's target of 2.0 per cent.

In the major emerging markets, there was slight increase in inflation due to higher energy prices, though inflation declined in some developing economies in Sub-sahara Africa. Average inflation in China and Brazil rose to 1.8 per cent and 2.7 per cent in the fourth quarter of 2017, respectively, above 1.6 per cent and 2.5 per cent in 2016. Inflation in some large economies in Sub-sahara Africa, however, remained at double digit due to effects of currency depreciation in the immediate past.

6.3 Global Commodity Demand and Prices

Global crude oil supply in the review quarter was estimated at 97.28 mbd, representing an increase of 0.8 per cent above the level in the preceding quarter. Similarly, global crude oil demand was estimated at 97.77 mbd, indicating a 0.3 per cent increase above the level in the preceding quarter.

The average price of OPEC Reference Basket (ORB) of 15 selected crude streams was US$59.35 in the fourth quarter of 2017 and represented 18.8 per cent increase over the level in the preceding quarter. The development was attributed to sustained compliance with the crude oil supply-cut by OPEC and Non-OPEC members, demand growth from China and high drawdown of crude inventory by the US due to increased refining ativity.

6.4 International Financial Markets

Developments in the international stock markets were generally mixed in the review period. In North America, the United States S&P 500 and the Canadian S&P/TSX Composite indices rose by 6.1 per cent and 3.7 per cent, respectively, while the Mexican Bolsa index fell by 2.0 per cent, relative to the levels in the third quarter of 2017. Similarly, in Europe, the FTSE 100, DAX and MICEX indices rose by 4.3 per cent, 0.7 per cent and 1.6 per cent, respectively, while the CAC 40 declined by 0.3 per cent, on quarter-on-quarter basis.

In South America, the Argentine Merval and Colombian COLCAP indices rose by 15.3 and 1.8 per cent, respectively, while the Brazilian Bovespa index declined significantly by 89.7 per cent. In Asia, Japan's Nikkei 225 and India's BSE Sensex indices increased by 11.8 per cent and 8.9 per cent, respectively, while China's Shanghai Stock Exchange-A index decreased by 1.2 per cent.

In Africa, the Nigerian NSE All-Share, South African JSE All-Share, Egyptian EGX CASE 30 and Ghanaian GSE ASI indices rose by 7.9 per cent, 7.1 per cent, 7.5 per cent and 10.9 per cent, respectively, while the Kenyan Nairobi NSE 20 index fell by 1.1 per cent, relative to the levels in the third quarter of 2017

Despite the improvement in international commodity prices, high inflation in many emerging economies and anticipation of further hike in interest rate by the US precipitated capital flow reversal from emerging and developing economies in the fourth quarter of 2017. Consequently, most currencies in North and South America as well as Africa depreciated against the US dollar in the review quarter. A summary of developments in the foreign exchange market in the review quarter are as follows:

- **Africa:** The Nigerian naira and Kenyan shilling depreciated by 0.08 per cent apiece, on quarter-on-quarter basis. Similarly, the Egyptian pound and Ghanaian cedi depreciated by 0.93 per cent and 2.11 per cent, respectively, relative to the levels in the preceding quarter. The South African rand, however, appreciated by 9.50 per cent against the U.S dollar due to increased agricultural activities and supportive external environment.
- **North America:** The Canadian dollar and Mexican peso depreciated by 0.79 per cent and 7.14 per cent, against the US dollar. This was as a result of rising US short-term yield which negatively affected the Canadian dollar, while expected rate increase by the Federal Reserve exerted pressure on the Mexican Peso.
- **South America:** The Brazilian real, Argentine peso and Colombian peso depreciated by 4.4 per cent, 7.0 per cent and 1.6 per cent, respectively, against the US dollar. The Brazilian real depreciated due to rising uncertainty following the delay to approve the long-expected reforms to the pensions system.
- **Europe**: The British pound and euro appreciated by 0.85 per cent and 1.61 per cent, respectively, against the US dollar. This was due to improvement in Eurozone-bond investment flows and progress in the Brexit negotiations.
- **Asia:** The Japanese yen depreciated by 0.16 per cent against the dollar. Chinese yuan and Indian rupee,

however, appreciated by 2.3 per cent and 2.2 per cent, respectively, against the U.S. dollar. Rebound of Indian rupee was due to improved GDP growth in the review quarter.

6.5 Other International Economic Developments and Meetings

Other major international economic developments and meetings of importance to the domestic economy during the fourth quarter of 2017 included: the fourth meeting of the Presidential Task Force on the ECOWAS Monetary Cooperation Programme (EMCP) held in Niamey, Republic of Niger on October 24, 2017. The meeting was preceded by the Technical Committee and Ministerial meetings which held from 22 - 23 October 2017. The purpose of the meeting was to examine the status of implementation of the ECOWAS single currency programme and make concrete proposals to accelerate the programme. The meeting recommended the following:

- Regular meetings of the Presidential Task force;
- Need to improve the quality and frequency of statistics production;
- Improvement of the mechanism of multilateral surveillance by strengthening the technical and financial capacities of the NCCs / CNPEs in the Member States; and
- Provision of adequate financing for the roadmap activities.

The meeting also reviewed the status of implementation of the roadmap activities for the ECOWAS Single Currency Programme, highlighted challenges in the roadmap and made proposals to fast-track the process.

Furthermore, the 2nd Experts Committee meeting on the Scheme on Quoting and Trading in WAMZ National Currencies was held at the M-Plaza Hotel, Accra, Ghana, from November 27 – December 1, 2017. The objective of the meeting was to evaluate the progress made so far on the project with a view to providing the next phase of work for presentation to the Convergence Council in January 2018. Following identification of key issues as preconditions for successful implementation of the Scheme, the following major observations were made, among others:

- All the draft documents considered at the meeting were developed based on the East African decentralised model with bilateral Agreements;
- Cost consideration is paramount in implementing the project, given the economic conditions of Member States and the current state of donor fatigue;
- ECOWAS was considering the implementation of Regional RTGS System, Regional Switch and Regional Clearing House using a different model; and
- It is implied that the Framework for quoting and trading in WAMZ currencies included physical cash transactions. This might have implications for money laundering.

Finally, the 2017 Annual Meetings of the Board of Governors of the World Bank Group (WBG), the International Monetary Fund (IMF) and the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Developments were held in Washington D. C., USA from October 9 – 15, 2017. The Ministers of the Inter-Governmental Group of 24, the International Monetary and Finance Committee (IMFC) and the Development Committee also held their respective meetings. Among others:

- The Ministers welcomed the increasing momentum in global growth, trade and investment and noted that emerging market and developing economies (EMDEs) would continue to account for the bulk of global growth;
- The Ministers also noted the importance of transforming their economies to boost growth, improve job creation and reduce inequality and poverty; and
- The IMFC noted that the upturn in global activity provided a window of opportunity to tackle key policy challenges and stave off downside risks, including ensuring appropriate buffers, and maximising returns on structural reforms to raise potential output.

The IMFC called on the IMF to continue to analyse the causes of the productivity slowdown and the measurement challenges of the digital economy, and help members identify structural reform priorities as well as analyse their impact on macroeconomic resilience.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
			₦ billion		
Domestic Credit (Net)	**26,857.72**	**27675.4**	**27236.4**	**26985.3**	**25863.3**
Claims on Federal Government (Net)	4875.6	5303.5	52504.9	4963.4	3574.0
Central Bank (Net)	109.2	191.4	232.8	-137.9	-420.5
Banks	4766.4	5112.1	5017.7	5101.3	3994.5
Claims on Private Sector	21982.1	22371.8	21986.0	22021.9	22289.3
Central Bank	5298.3	5792.9	5692.3	5532.6	5869.3
Banks	16683.9	16579.0	16293.7	16489.3	16420.0
Claims on Other Private Sector	20967.0	21000.1	20772.7	20737.4	20766.9
Central Bank	4972.3	5131.2	5163.4	4967.1	5251.4
Banks	15994.7	15868.9	15609.3	15770.3	15515.6
Claims on State and Local Government	989.5	1089.4	1180.3	1257.1	1494.8
Central Bank	300.4	379.3	495.9	538.1	590.4
DMBs	689.2	710.1	684.4	719.0	904.4
Claims on Non-financial Public Enterprises	25.6	-	33.0	27.4	27.5
Central Bank	25.6	--	33.0	27.4	27.5
DMBs	--	--	--	--	
Foreign Assets (Net)	9149.7	7628.5	8468.1	10050.5	14813.3
Central Bank	8790.7	7624.2	8378.9	9870.2	1442.7
DMBs and Non Interest Banks	359.0	437.1	891.8	180.3	3869.1
Other Assets (Net)	**-12410.3**	**-12994.4**	**-13723.9**	**-15081.8**	**-16675.2**
Total Monetary Assets (M2)	**23591.7**	**22304.3**	**21980.6**	**21954.0**	**24001.4**
Quasi-Money 1/	12320.2	12069.7	11790.4	11889.8	12965.1
Money Supply (M1)	11271.5	10234.5	10190.2	10064.3	11036.4
Currency Outside Banks	**1820.4**	**1661.0**	**1477.1**	**1435.3**	**1782.7**
Demand Deposits 2/	*9451.1*	*8573.5*	*8713.0*	*8628.9*	*9253.7*
Total Monetary Liabilities (M2)	**23591.7**	**22304.3**	**21980.6**	**21954.0**	**24001.4**
Memorandum Items:					
Reserve Money (RM)	*5847.9*	*5647.3*	*5480.2*	*5559.8*	*6477.6*
Currency in Circulation (CIC)	*2179.2*	*1983.6*	*1873.5*	*1781.1*	*2157.2*
Banks' Deposit with CBN	*3668.7*	*3659.8*	*3606.7*	*3778.7*	*4320.4*

Source: CBN

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

2/ Demand Deposit 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)

	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
	Percentage Change Over Preceding Quarter				
Domestic Credit (Net)	2.3	0.92	1.7	-0.9	-4.16
Claims on Federal Government (Net)	38.71	6.55	-1	-5.5	-27.99
Claims on Private Sector	-3.33	0.63	-1.72	0.16	1.21
Claims on Other Private Sector	-2.75	0.01	-1.08	-0.17	0.14
Claims on State and Local Government	18.77	5.27	8.35	6.51	18.91
Claims on Non-financial Public Enterprises					
Foreign Assets (Net)	18.18	-16.62	11.01	18.70	47.39
Other Assets (Net)	3.61	4.7	-5.57	-9.89	10.56
Total Monetary Assets (M2)	**7.2**	**-5.5**	**-1.5**	**-0.1**	**9.3**
Quasi-Money 1/	1.1	-2.0	-2.3	0.8	9.0
Money Supply (M1)	14.67	-9.2	-0.43	-1.24	9.66
Currency Outside Banks	23.21	-8.76	-11.07	-2.83	24.2
Demand Deposits 2/	13.16	-9.29	1.63	-0.97	7.24
Total Monetary Liabilities (M2)	**7.2**	**-5.5**	**-1.5**	**-0.1**	**9.3**
Memorandum Items:					
Reserve Money (RM)	12.52	-3.5	-2.89	1.45	16.51
Currency in Circulation (CIC)	21.45	-8.97	-5.55	-4.9	21.12
DMBs Demand Deposit with CBN	7.81	-0.25	-1.45	4.77	14.33
	Percentage Change Over Preceding December				
Domestic Credit (Net)	24.27	3.04	1.41	0.48	-3.7
Claims on Federal Government (Net)	68.59	8.78	7.69	1.8	-26.7
Claims on Private Sector	17.42	1.77	0.02	0.18	1.4
Claims on Other Private Sector	15.78	0.16	-0.93	-1.1	-0.95
Claims on State and Local Governments	69.14	10.09	19.28	27.04	51.06
Claims on Non-financial Public Enterprises					
Foreign Asset (Net)	61.85	-16.62	-7.45	9.85	61.9
Other Asset (Net)	-71.58	-4.7	-10.54	-21.47	-34.31
Total Monetary Assets (M2)	**17.78**	**-5.46**	**-6.83**	**-6.94**	**1.74**
Quasi-Money 1/	7.52	-2.03	-4.3	-3.49	5.23
Money Supply (M1)	31.5	-9.2	-9.59	-10.71	-2.09
Currency Outside Banks	25.02	15.24	7.11	-2.85	-2.09
Demand Deposits 2/	32.82	-9.29	-7.81	-8.7	-2.09
Total Monetary Liabilities (M2)	**17.78**	**-5.46**	**-6.83**	**-6.94**	**1.74**
Memorandum Items:					
Reserve Money (RM)	0.61	-3.5	-6.29	-4.93	10.77
Currency in Circulation (CIC)	17.29	-8.97	-14.03	-18.27	-1.01
DMBs Demand Deposit with CBN	-7.23	-0.25	-1.69	3	17.76

Source: CBN

1/ Quasi money consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Taking from Discount Houses.
2/ Demand Deposit 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 A3: Federal Government Fiscal Operations (₦ billion)

	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17
Retained Revenue	**802.63**	**587.92**	**722.37**	**1000.03**	**870.22**	**554.63**	**688.69**	**788.56**	**731.61**
Federation Account	*482.84*	*412.24*	*323.16*	*473.73*	*314.92*	*356.53*	*408.63*	*716.95*	*637.73*
VAT Pool Account	*25.60*	*28.31*	*28.02*	*30.29*	*30.16*	*31.97*	*35.04*	*35.84*	*36.50*
FGN Independent Revenue	*8.97*	*47.52*	*59.10*	*74.29*	*119.27*	*21.89*	*72.33*	*16.58*	*32.64*
Excess Crude	*0.00*	*0.00*	*0.00*	*16.04*	*109.31*	*56.78*	*19.56*	*0.00*	*0.00*
Others/SURE-P	*285.24*	*99.86*	*312.08*	*405.69*	*296.56*	*87.46*	*153.13*	*187.85*	*24.74*
Expenditure	**1538.46**	**1140.24**	**1381.51**	**1301.02**	**1551.05**	**1337.59**	**1178.02**	**1407.22**	**979.05**
Recurrent	*945.03*	*988.37*	*936.13*	*1158.63*	*1088.33*	*842.12*	*781.97*	*1214.42*	*799.49*
Capital	*463.18*	*127.74*	*332.38*	*54.54*	*389.28*	*2.53*	*50.60*	*0.00*	*93.98*
Transfers	*136.08*	*58.73*	*113.01*	*87.84*	*84.42*	*82.55*	*82.34*	*74.01*	*85.18*
Overall Balance: Surplus(+)/Deficit(-)	**-735.83**	**-552.32**	**-659.14**	**-300.99**	**-680.83**	**-782.96**	**-489.34**	**-618.66**	**-247.44**