



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
JULY 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

Despite the tight monetary policy stance of the Bank, growth in the major monetary aggregates increased in July 2017, relative to the levels at end-June 2017. On month-on-month basis, broad money supply (M_2), at ₦22,200.3 billion, rose by 2.4 per cent due, mainly, to the 2.9 per cent and 3.3 per cent increase in domestic credit (net) and foreign assets (net) of the banking system, respectively. Over the level at end-December 2016, however, M_2 fell by 5.1 per cent, reflecting the 4.4 per cent and 14.5 per cent decline in foreign assets (net) and other assets (net) of the banking system, respectively. Narrow money supply (M_1), rose by 4.5 per cent, on month-on-month basis, due to the increase in its demand deposits component. Over the level at end-December 2016, M_1 fell by 6.7 per cent, compared with the decline of 10.7 per cent at end-June 2017 due to the 20.8 per cent and 3.9 per cent decline in currency outside banks and demand deposits of the banking system, respectively. Reserve money (RM), rose by 1.4 per cent to ₦5,565.94 billion at the end of the review month, reflecting the rise in DMBs demand deposit with CBN.

Banks' deposit and lending rates showed mixed developments during the review month. The 7-day, 12 months and over 12 months maturity deposit rates fell from 4.27 per cent, 11.15 per cent and 8.58 per cent in June 2017, to their respective levels of 4.23 per cent, 10.27 per cent and 7.50 per cent, at end-July 2017. All other rates of various maturities rose from a range of 8.65 -10.68 per cent in the preceding month to 8.85 -11.24 per cent in July 2017. The average savings rate remained unchanged at 4.08 per cent, while the term deposit rate rose to 8.02 per cent from 7.86 per cent in the preceding month. The average prime lending rate rose by 0.06 percentage point to 17.65 per cent at end-July 2017, while the maximum lending rate remained unchanged at 30.94 per cent. Consequently, the spread between the average term deposit and the maximum lending rates narrowed by 0.16 percentage point to 22.92 percentage points at end-July 2017, while the spread between the average savings deposit and maximum lending rates remained unchanged at 26.86 percentage points in the preceding month.

Activities on the Nigerian Stock Exchange (NSE) were mixed in July 2017. Over the levels in the preceding month, the volume and value of traded securities fell by 17.1 per cent and 11.6 per cent, respectively. However, total market capitalisation and All Share Index rose above their levels in June 2017.

The total value of money market assets outstanding at end-July 2017 stood at ₦11,759.86 billion, showing an increase of 0.7 per cent, as against the 0.6 per cent decline in the preceding month. The development was attributed to the 1.1 and 4.1 per cent increase in FGN Bonds and commercial paper 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 July 2017 was estimated at ₦804.82 billion. This was higher than the receipt in June 2017 by 48.5 per cent. Oil and non-oil receipts (gross), at ₦362.43 billion and ₦442.39 billion, constituted 45.0 per cent and 55.0 per cent, respectively, of total revenue. Federal Government retained revenue and estimated expenditure for July 2017 were ₦291.82 billion and ₦638.10 billion, respectively, resulting in an estimated deficit of ₦346.28 billion.

Agricultural activities in July 2017 were dominated by weeding and harvesting of crops such as maize, vegetables and yam. In the livestock sub-sector, farmers intensified the re-stocking of broilers and layers which were depleted on the account of huge demand for the Eid-fitr festival.

Domestic crude oil production was estimated at 1.83 mbd or 56.73 million barrels (mb) in July 2017. Crude oil export was estimated at 1.38 mbd or 42.78 mb in the review month. The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API) rose to US\$48.93 per barrel in July 2017 from US\$46.85 per barrel recorded in June 2017, representing an increase of 4.4 per cent.

The end-period headline inflation (year-on-year), was 16.05 per cent in July 2017, compared with 16.1 per cent in June 2017. On twelve-month moving average basis, headline inflation was 17.5 per cent in July 2017.

Foreign exchange inflow and outflow through the CBN in July 2017 were US\$3.87 billion and US\$3.36 billion, respectively, and resulted in a net inflow of US\$0.51 billion. Aggregate foreign exchange inflow and outflow through the economy were US\$7.35 and US\$3.48, respectively, and resulted in a net inflow of US\$3.87 billion in the review month. Foreign exchange sales by the CBN to the authorised dealers amounted to US\$2.57 billion, and represented a 3.4 per cent decline below the level in June 2017.

At the BDC segment, the naira, on month-on-month basis, appreciated by 0.2 per cent to ₦365.38/US\$, but depreciated by 0.3 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 during the review month included: The 50th Anniversary Celebration of the International Institute for Tropical Agriculture (IITA) in Ibadan, Nigeria on July 28, 2017; the International Monetary Fund economic outlook update released on July 24, 2017; and the International Monetary Fund Mid-year Staff consultation held at Abuja from July 20-31, 2017.

2.0 *Financial Sector Developments*

2.1 **Monetary and Credit Developments**

Growth in broad money supply (M₂) rose in July 2017. Banks' deposit and lending 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 accelerated on month-on-month basis in July 2017.

The Monetary Policy stance of the Bank remained restrictive in the review month amidst persistent liquidity surfeit in the banking system. The settlement of matured bills and foreign exchange forwards boosted liquidity in the system. Thus, aggregate credit to the economy grew during the review period, thereby increasing money supply. Consequently, on month-on-month basis, broad money supply (M₂), grew by 2.4 per cent to ₦22,200.3 billion, in contrast to the 1.4 per cent decline at the end of the preceding month. The development reflected the 2.9 per cent and 3.3 per cent increase in domestic credit (net) and foreign assets (net) of the banking system, respectively. Over the level at end-December 2016, M₂ fell by 5.1 per cent, compared with a decline of 7.3 per cent at the end of the preceding month. The fall in M₂ reflected the decline of 4.4 per cent and 14.5 per cent in net foreign assets (net) and other assets (net) of the banking system, respectively. Narrow money supply (M₁), at ₦10,326.0 billion, grew by 4.5 per cent at end-July 2017, reflecting an increase of 5.7 per cent in its demand deposit component. Over the level at end-December 2016, M₁ fell by 6.7 per cent, compared with the decline of 10.7 per cent at end-June 2017 due to the 20.8 per cent and 3.9 per cent decline in currency outside banks and demand deposits of its components, respectively (Figure 1, Table 1).

Quasi-money rose by 0.7 per cent to ₦11, 874.3 billion at end-July 2017, in contrast to decline of 0.0004 per cent at end-June 2017. It, also, showed a growth of 3.1 per cent at the end of the corresponding period of 2016. The development relative to the preceding month's level was due, mainly, to the 0.6 per cent growth in time and savings deposit of banks. Over the level at end-December 2016, quasi money declined by 3.6 per cent, compared with the fall of 4.3 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 ₦27,160.2 billion, on month-on-month basis, rose by 2.9 per cent at end-July 2017, compared with the 1.0 per cent and 3.2 per cent increase at end-June 2017 and the corresponding period of 2016, respectively. The development reflected the 12.7 per cent and 0.9 per cent rise in net claims on the Federal Government and claims on the private sector, respectively. Over the level at end-December 2016, net domestic credit rose by 3.6 per cent at the end of the review period, compared with the growth of 0.7 per cent and 17.6 per cent at the end of the preceding month and the corresponding period of 2016, respectively.

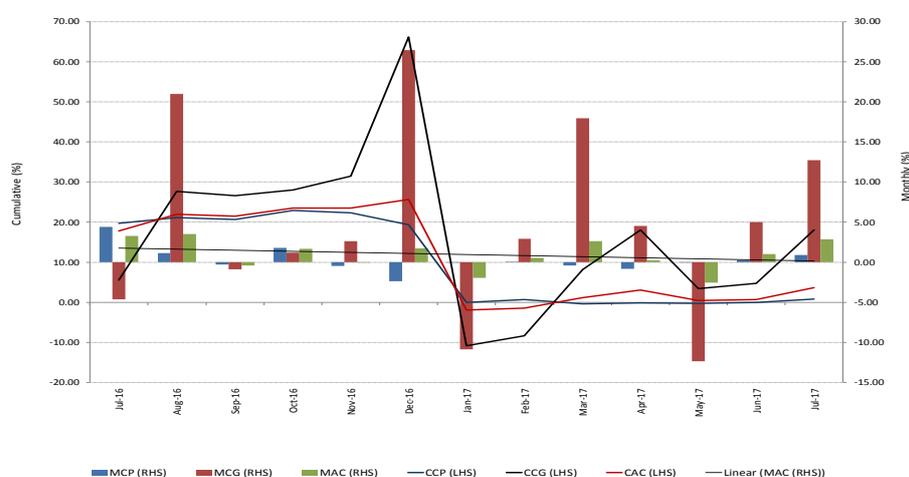
Net claims on the Federal Government, at ₦4,987.8 billion, grew by 12.7 per cent at end-July 2017, compared with the 5.0 per cent growth at the end of the preceding month, but was in contrast to the 5.8 per cent decline recorded at the end of the corresponding period of 2016. The development relative to the preceding month was attributed to the 0.8 and 0.01 per cent growth in commercial banks' and merchant banks' holdings of government securities during the review period. Over the level at end-December 2016, net claims on the Federal Government grew by 18.0 per cent to ₦4,987.8 billion at the end of the review period, compared with the 4.7 and 3.3 per cent increase at end-June 2017 and the corresponding period of 2016, respectively.

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

Relative to the level at end-June 2017, credit to the private sector grew by 0.9 per cent to ₦22,172.4 billion, compared with the 0.2 per cent growth at the end of the preceding month. The development was due to the 0.6 per cent and 2.6 per cent increase in claims on the core private sector and claims on state and local government, respectively.

Over the level at end-December 2016, banking system's credit to the private sector grew by 0.9 per cent, compared with the growth of 19.8 per cent at the end of the corresponding period of 2016 (Figure 2, Table 1).

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



At ₦8,743.7 billion, foreign assets (net) of the banking system grew by 3.3 per cent at end-July 2017, in contrast to the decline of 0.8 per cent at the end of the preceding month. The development was attributed to the 1.4 per cent and 181.8 per cent growth in net foreign asset holdings of the CBN and commercial banks, respectively. Over the level at end-December 2016, NFA declined by 4.4 per cent at end-July 2017, compared with the decline of 7.5 per cent at the end of the preceding month. The development was attributed to the 3.7 per cent and 22.8 per cent fall in the foreign asset holdings of CBN and commercial banks, respectively.

On-month-on-month basis, other assets (net) of the banking system fell by 3.8 per cent to negative ₦13,703.5 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-July 2017, compared with the decline of 3.8 per cent at the end of the preceding month. Over the level at end-December 2016, other assets (net) of the banking system fell by 14.5 per cent, compared with the decline of 10.3 per cent at the end of the preceding month.

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

	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
Domestic Credit (Net)	3.3	3.5	-0.4	1.7	0.0	1.7	-1.9	0.5	2.6	0.2	-2.5	1.0	2.9
<i>Claims on Federal Government (Net)</i>	-5.8	21.0	-0.9	1.2	2.6	26.4	-10.9	2.9	17.9	4.5	-12.3	5.0	12.7
<i>Claims on Private Sector</i>	4.6	1.1	-0.3	1.8	-0.4	-2.4	0.0	0.1	-0.4	0.8	-0.1	0.2	0.9
<i>Claims on Other Private Sector</i>	4.6	0.6	0.3	0.9	0.3	-1.1	-0.5	-1.8	-0.4	0.9	-0.4	0.3	0.6
Foreign Assets (Net)	6.4	-2.8	5.3	-1.6	4.9	11.2	8.3	-11.2	-11.4	-4.7	17.5	-0.8	3.3
Other Assets (Net)	-8.1	-44.7	-10.2	-0.5	-11.6	-89.1	-4.5	-0.6	-0.5	0.1	-2.4	-3.8	-3.8
Broad Money Supply (M2)	2.1	-3.2	-0.9	1.1	-1.1	-15.8	-1.5	-4.3	-1.5	-1.4	1.2	-1.4	2.4
Quasi-Money	3.1	-3.7	-2.7	0.6	-2.4	3.1	-1.7	0.3	-0.7	-1.0	-1.4	0.0	0.7
Narrow Money Supply (M1)	0.7	-2.9	0.6	1.4	0.0	-29.7	-1.2	-9.4	-2.5	-2.0	4.4	-3.0	4.5
Reserve Money (RM)	-1.9	-1.0	-0.4	0.1	3.0	8.8	-3.4	-1.6	6.0	0.1	6.2	-0.2	1.4

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

Currency-in-circulation, at ₦1,769.8 billion, fell by 5.5 per cent in the review month, compared with the 1.3 per cent decline at end-June 2017. This was due to the 2.4 per cent fall in its currency outside banks component.

Total deposits at the CBN increased by 1.3 per cent to ₦11,662.31 billion at end-July 2017, as a result of the rise in both banks and private sector deposits, which more than offset the decline in Federal Government deposit with the CBN. Of the total deposits at CBN, the shares of the Federal Government, banks and the private sector were 45.1, 32.5 and 22.4 per cent, respectively.

Reserve money, on month-on-month basis, rose by 1.4 per cent to ₦5,565.94 billion at end-July 2017, reflecting increase in DMBs demand deposit with CBN.

Reserve money (RM) rose in the review month.

2.3 Money Market Developments

Movements in domestic money market rates were influenced largely by liquidity conditions in the market during the review month. A number of measures, including provisioning and settlement of foreign exchange sales, OMO auction, FGN Bonds and Nigerian Treasury Bills (NTBs) auctions were deployed to ensure relatively stable money market rates. Average money market rates for interbank call and Open-

Buy- Back (OBB) moved in tandem with the level of liquidity, and in most cases far above the MPR. The trend at the CBN standing facilities window showed more patronage at the SLF window, reflecting the tight liquidity condition in the market.

Provisional data indicated that the total value of money market assets outstanding in July 2017 stood at ₦11,759.86 billion, showing an increase of 0.69 per cent, as against the 0.56 per cent decline in the preceding month. The development was attributed to the 1.08 per cent and 4.08 per cent increase in the FGN Bonds and commercial paper outstanding.

2.3.1 Interest Rate Developments

Banks' deposit and lending rates showed 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 8.02 per cent from 7.86 per cent in the preceding month. The 7-day, 12 months and over 12 months maturity deposit rates fell from 4.27 per cent, 11.15 per cent and 8.58 per cent in June 2017, to their respective levels of 4.23 per cent, 10.27 per cent and 7.50 per cent, at end-July 2017. All other rates of various maturities rose from a range of 8.65 -10.68 per cent in the preceding month to 8.85 - 11.24 per cent in July 2017.

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

The average prime lending rate rose by 0.06 percentage point to 17.65 per cent, above its level in the preceding month, while maximum lending rate remained at the preceding month's 30.94 per cent. Consequently, the spread between the average term deposit and the maximum lending rates narrowed by 0.16 percentage point to 22.92 percentage points at end-July 2017, while the spread between the average savings deposit and maximum lending rates remained unchanged at 26.86 percentage points.

At the inter-bank call segment, the weighted average rate, which stood at 13.46 per cent in June 2017, fell by 1.18 percentage point to 12.28 per cent in the review month. Similarly, the weighted average rate at the open-buy-back (OBB) segment declined from 29.57 per cent in the preceding month to 19.34 per cent in the review month. The Nigerian inter-bank offered rate (NIBOR) for the 30-day tenor, also, fell to 19.38 per cent in the review period, below the 30.84 per cent recorded at end-June 2017. The development reflected the liquidity ease in the market. Consequently, with

the headline inflation at 16.05 per cent at end-July 2017, all deposit rates were negative in real terms, while lending rates was positive in real terms (Figure 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

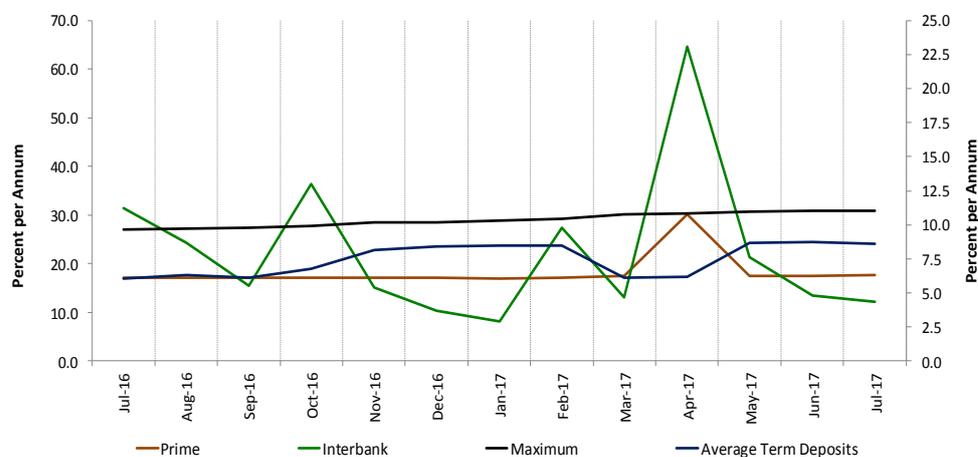


Table 2: Selected Interest Rates (Percent, Averages)

	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
Average Term Deposits	6.03	6.3	6.15	6.75	8.12	8.39	8.51	8.51	5.54	9.1	8.65	7.86	8.02
Prime Lending	17.14	17.18	17.09	17.1	17.06	17.09	16.91	17.13	17.43	17.44	17.58	17.59	17.65
Interbank Call	31.51	24.25	14.5	36.42	15.21	10.39	8.15	27.46	13.11	64.58	21.29	13.46	12.28
Maximum Lending	27.06	27.21	27.49	27.69	28.53	28.55	28.88	29.26	30.18	30.31	30.75	30.94	30.94

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs stood at ₦0.51 billion at end-July 2017, resulting to a 4.08 per cent increase, compared with ₦0.49 billion at the end of the preceding month. The development was due to the increase in investment in CP by the merchant banks during the review month. Thus, CP constituted 0.0043 per cent of the total value of money market assets outstanding during the review period, compared with 0.0042 per cent in the preceding month.

2.3.3 Bankers' Acceptances (BAs)

During the review period, BAs stood at ₦36.7 billion, compared with ₦41.0 billion at the end of the preceding month. The development was attributed to declined investment in BAs by commercial banks during the period. Consequently, BAs accounted for 0.31 per cent of total value of money market assets outstanding at end-July 2017, compared with 0.35 per cent at the end of the preceding

month.

2.3.4 Open Market Operations

To realise its monetary policy objectives, the Bank intervened through Open Market Operations (OMO), via the sale of Central Bank of Nigeria (CBN) bills, to target liquidity in the system. The tenors of the instruments ranged from 156 to 364 days. Total amount offered, subscribed to and allotted were ₦795.00 billion, ₦532.21 billion and ₦503.04 billion, respectively. The bid rates ranged from 17.9400 per cent to 18.5500 per cent, while the stop rates ranged from 17.9400 per cent to 18.5500 per cent. Repayment and maturity of CBN bills was ₦558.00 billion, translating to a net withdrawal of ₦54.96 billion.

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 ₦381.96 billion, ₦526.72 billion and ₦381.96 billion were offered, subscribed to and allotted, respectively, in July 2017. The bid rates ranged from 13.2000 per cent to 15.5000 per cent, 17.0000 per cent to 18.0000 per cent, and 18.0000 per cent to 20.4990 per cent, for the 91-, 182- and 364-day tenors, respectively. The stop rates were from 13.4251 per cent to 13.5000 per cent, 17.3989 per cent to 17.5000 per cent, and 18.5490 per cent to 18.5990 per cent, respectively, for the three tenors. The bid-to-cover ratio, at 1.38, is an indication of the wide bid-ask spread.

2.3.6 Bonds Market

Tranches of 5-, 10- and 20-year FGN Bonds were offered for sale during the review period. The term to maturity of the bonds ranged from 4 years to 19 years 9 months. Total amount offered, subscribed to and allotted were ₦135.00 billion, ₦129.16 billion and ₦105.96 billion, respectively. There was no allotment on non-competitive basis, while maturity during the period was ₦20.00 billion. The bid rate ranged from 15.5000 to 17.5000 per cent, while the marginal rates for the 5-, 10-, and 20-year bonds were 16.2400 per cent, 16.2500 per cent and 16.2514 per cent, respectively. The bid-to-cover ratio was 1.27, indicating that investors demand was below expectation.

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 remained at 16.00 per cent and 9.00 per cent, respectively.

The total request for the SLF granted during the review period was ₦3,211.38 billion (This was made up of ₦1,251.35 billion direct SLF and ₦1,960.03 billion Intra-day Lending Facility (ILF) (converted to overnight repo), with a daily average of ₦128.46 billion. The Bank earned ₦2.21 billion in interest payment, compared with SLF of ₦3,621.95 billion and interest income of ₦3.30 billion in June 2017.

Total standing deposit facility (SDF) granted during the review period was ₦594.95 billion with a daily average of ₦25.87 billion, compared with ₦702.28 billion in June 2017. The cost incurred on SDF in July 2017 stood at ₦0.18 billion, compared with ₦0.29 billion in June 2017.

2.4 Deposit Money Banks' Activities

Total assets and liabilities of the commercial banks at end-July 2017 amounted to ₦33,472.20 billion, showing a 1.8 per cent increase, compared with the level at end-June 2017. Funds were sourced, mainly, from unclassified liabilities, increase in demand deposits and capital accounts. The funds were used, mainly, for acquisition of foreign assets, unclassified assets and increase in reserves.

Banks' credit to the domestic economy, at ₦21,354.82 billion, rose by 0.2 per cent, compared with the level at end-June 2017. The development was attributed to the increase in claims on the Federal Government and the private sector, at the end of the review month.

Banks' credit to the domestic economy rose by 0.2 per cent.

Total specified liquid assets of commercial banks stood at ₦7,509.44 billion, representing 40.6 per cent of their total current liabilities. At that level, the liquidity ratio was 0.9 percentage points above the level at the end of the preceding month, and was 10.6 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 81.0 per cent, was 1.01 percentage point below the level at end-June 2017, but was 1.0 percentage point above the maximum ratio of 80.0 per cent.

2.5 Capital Market Developments

2.5.1 Secondary Market

Activities on the Nigerian Stock Exchange (NSE) in July 2017 were mixed. The volume and value of traded securities fell by 17.1 per cent and 11.6 per cent, respectively, to 8.7 billion shares and ₦97.1 billion in 89,911 deals, compared with 10.5 billion shares valued at ₦109.9 billion in 118,716 deals, in June 2017. The financial services sector (measured by volume) led the activity chart with 7.0 billion shares, valued at ₦67.2 billion, traded in 48,426 deals as at July 28, 2017, compared with 8.5 billion shares valued at ₦68.3 billion, traded in 69,611 deals, in the preceding month. Thus, the financial services sector accounted for 85.9 per cent and 73.2 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)

	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
Volume (Billion)	4.7	5.6	8.0	3.5	6.1	5.6	8.1	4.4	4.4	4.2	9.7	10.5	8.7
Value (₦ Billion)	42.9	58.8	47.4	30.1	33.1	47.7	47.7	37.2	37.3	27.9	102.8	109.9	97.1

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 were two (2) supplementary equity listings in July 2017 (Table 4).

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

1	Lafarge Africa Plc	9.78 Million Ordinary Shares	Exchange for AshakaCem Shares	Supplementary
2	Livestock feeds PLC	1.0 billion Ordinary Shares	Additional Shares	Supplementary

2.5.4 Market Capitalisation

The aggregate market capitalisation rose by 9.5 per cent to ₦20.8 trillion at end-July 2017, compared with ₦19.0 trillion at the end of the preceding month. Similarly, market capitalisation for the equity segment increased by 12.2 per cent to ₦12.9 trillion and constituted 62.0 per cent of the total market capitalisation at end-July 2017, compared with ₦11.5 trillion and 60.2 per cent in June 2017 (Figure 5, Table 5).

2.5.5 NSE All-Share Index

The All-Share Index, which opened at 33,117.48 in the beginning of the month, closed at 35,844.00 at end-July 2017, representing a 8.2 per cent increase above the level in the preceding month.

Developments in the sectoral indices in the review month showed similar trend, following the renewed interest by domestic and international investors. Consequently, with the exception of the NSE-AseM index, which fell by 1.1 per cent to close at 1,161.80 in the review month, all other sectoral indices rose above the levels in the preceding month. The NSE-Banking and NSE-Industrial Goods indices recorded the most increase of 11.9 per cent and 11.4 per cent over the levels in June 2017, to close at 445.33 and 2,152.88, respectively, at end-July 2017. This was followed by the NSE-Premium and the NSE-Lotus indices with respective increase of 9.7 per cent and 9.1 per cent to close at 2,438.39 and 2,232.65 in the review month. The NSE-Pension, NSE-Consumer Goods, NSE-Oil and Gas, and NSE-Insurance rose by 6.8 per cent, 6.6 per cent, 4.4 per cent and 2.3 per cent, respectively, to 1,236.88, 847.88, 337.27 and 141.02 at end-July 2017 (Fig.5, Table 4).

Figure 5: Market Capitalisation and All-Share Index

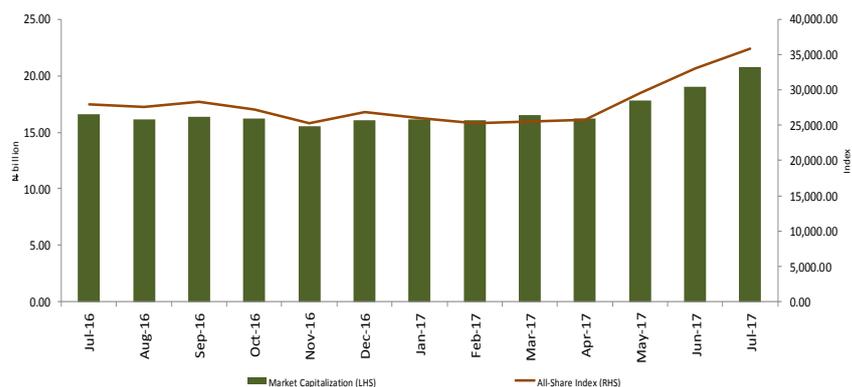


Table 5: Aggregate Market Capitalisation and All Share Index (NSE)

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
Aggregate Market Capitalization (₦ trillion)	16.05	16.16	16.1	16.5	16.2	17.8	19	20.8
All-Share Index	26,874.62	26,036.24	25,329.10	25,516.34	25,758.51	29,498.31	33,117.48	35,844.00

3.0 Fiscal Operations⁴

Federally-collected revenue in July 2017 fell short of the monthly budget estimate by 10.1 per cent, but exceeded the receipts in June 2017 by 48.5 per cent. Federal Government retained revenue for the review month was ₦291.82 billion, while total provisional expenditure was ₦638.10 billion, resulting in an estimated deficit of ₦346.28 billion.

3.1 Federation Account Operations

Federally-collected revenue (gross) in July 2017 was estimated at ₦804.82 billion. This was below the monthly budget estimate of ₦894.76 billion by 10.1 per cent. It, however, exceeded the receipt in the preceding month by 48.5 per cent. The fall in revenue relative to the 2017 monthly budget estimate was attributed, largely, to the decline in oil revenue (Figure. 6, Table 6).

At ₦804.82 billion, the estimated federally-collected revenue (gross) in July 2017 fell short of the 2017 provisional monthly budget estimate of ₦894.76 billion by 10.1 per cent.

Figure 6: Components of Gross Federally-Collected Revenue

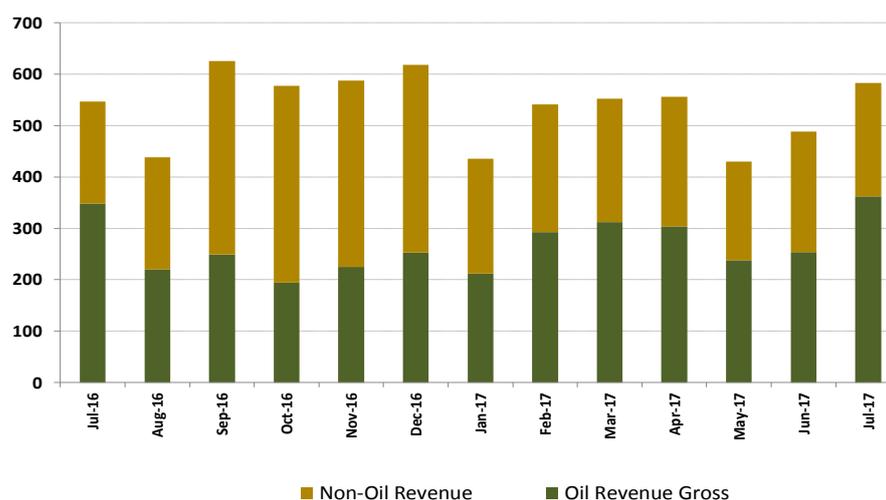


Table 6: Gross Federation Account Revenue (₦ billion)

	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
Gross Revenue	783.7	503.1	595.5	447.8	419.5	470.9	414.8	548.1	483.2	503.6	528.4	541.9	804.8	894.8
Oil Revenue	348.1	220.5	249.0	194.7	225.2	253.2	212.3	292.8	312.3	303.4	238.1	254.0	362.4	449.6
Non-oil Revenue	435.6	282.6	346.6	253.2	194.3	217.7	202.4	255.3	170.9	200.2	290.3	287.9	442.4	445.1

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

At ₦362.43 billion, oil receipts (gross) was below the provisional monthly budget estimate by 19.4 per cent, and constituted 45.0 per cent of the total revenue.

Gross oil receipts, at ₦362.43 billion or 45.0 per cent of total revenue, was lower than the monthly budget estimate of ₦449.62 billion by 19.4 per cent, but was above the collection in June 2017 by 42.7 per cent. The fall in oil revenue relative to the provisional monthly budget estimate was attributed to the decline in the volume of crude oil exports due to series of shut-ins/shut-downs at some NNPC terminals, owing to pipeline vandalism and repairs (Figure 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components



Table 7: Components of Gross Oil Revenue (N' 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
Oil Revenue	348.1	220.5	249.0	194.7	225.2	253.2	212.3	292.8	312.3	303.4	238.1	254.0	362.4	449.6
Crude oil/Gas Sales	43.2	41.8	30.9	27.5	19.2	32.0	34.5	33.7	33.1	49.2	13.9	48.8	66.9	140.3
Domestic crude oil/Gas sales	105.7	91.8	89.8	74.9	104.7	121.1	65.9	132.2	171.8	134.8	142.1	76.5	151.0	57.3
PPT/Royalties	191.4	79.9	121.0	85.5	94.6	93.1	104.8	120.1	100.5	112.7	81.5	126.3	141.7	167.1
Others	7.7	6.9	7.2	6.9	6.7	7.1	7.1	6.8	7.0	6.8	0.7	2.4	2.9	84.9

At ₦442.39 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 0.6 per cent and constituted 55.0 per cent of the total revenue.

At ₦442.39 billion or 55.0 per cent of total revenue, non-oil revenue was below the monthly budget estimate of ₦445.14 billion by 0.6 per cent. However, it was higher than the June collection of ₦287.86 by 53.7 per cent. The discrepancy between the actual and the monthly budget values was due to the shortfall in most of its components (Figure 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components

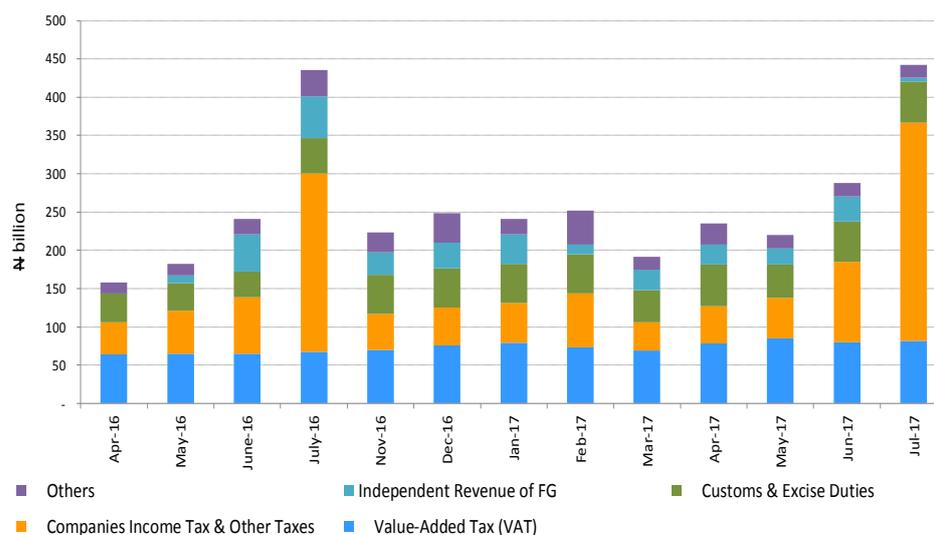


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	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
Non-Oil Revenue	435.6	282.6	346.6	253.2	194.3	217.7	202.4	255.3	170.9	200.2	290.3	287.9	439.1	445.1
Corporate Tax	232.9	122.2	98.7	89.6	47.2	50.0	52.1	70.2	36.6	48.2	52.9	105.2	284.8	145.2
Customs & Excise Duties	46.3	46.3	57.6	54.7	51.4	50.5	51.0	51.2	41.9	54.8	43.5	52.4	54.0	51.3
Value-Added Tax (VAT)	67.4	67.0	76.0	64.3	69.6	75.6	79.3	73.5	69.2	78.7	84.7	80.0	78.4	150.0
Independent Revenue of Fed. Govt.	54.1	5.6	48.4	20.3	0.1	2.7	0.5	15.6	5.9	0.4	91.6	32.6	5.2	67.3
Others ^{1/}	35.0	41.6	65.9	24.3	26.1	38.9	19.6	44.7	17.3	18.1	17.6	17.6	16.7	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), ₦551.71 billion was retained in the Federation Account, while ₦78.38 billion, ₦5.17 billion and ₦16.72 billion were transferred to the VAT Pool Account, the Federal Government Independent revenue and “Others”⁵, respectively.

From the retained revenue of ₦551.71 billion in the Federation Account for distribution, the Federal Government received ₦274.89 billion, while the State and Local Governments received ₦139.43 billion and ₦107.49 billion, respectively. The balance of ₦29.89 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 ₦78.38 billion retained in the VAT Pool Account was shared as follows: Federal Government ₦11.76 billion, while the State and Local Governments received ₦39.19 billion and ₦27.43 billion, respectively.

Overall, the total allocations to the three tiers of government in July 2017 amounted to ₦630.09 billion. This was below the 2017 monthly budget estimate of ₦783.57 billion by 19.6 per cent. It, however, exceeded the allocation in June 2017 by 42.4 per cent.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦291.82 billion, the estimated Federal Government retained revenue was below the monthly budget estimate by 35.1 per cent.

The estimated Federal Government retained revenue for the month of July 2017, at ₦291.82 billion, was below the monthly budget estimate of ₦449.60 billion by 35.1 per cent. It was, however, higher than the preceding month's receipt of ₦222.57 by 31.1 per cent. Of the total receipt, Federation Account accounted for 94.2 per cent, while FGN Independent Revenue and VAT recorded 1.8 per cent and 4.0 per cent, respectively (Figure 9, Table 9).

Figure 9: Federal Government Retained Revenue

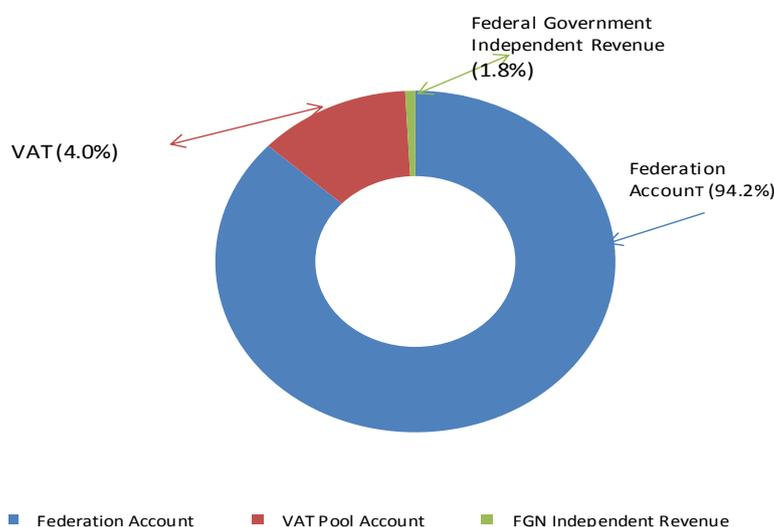


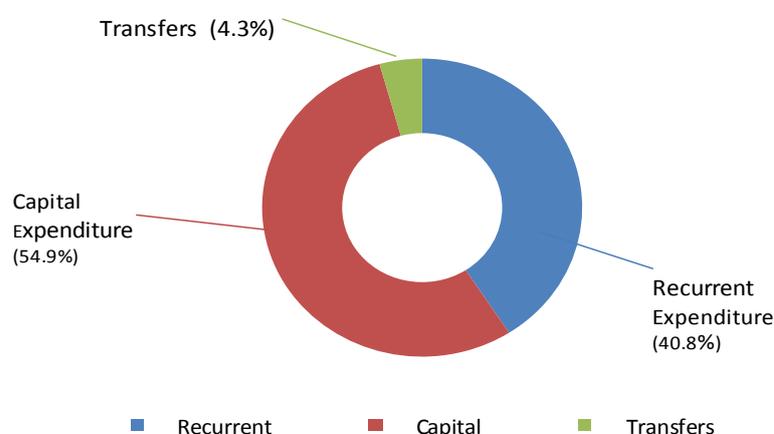
Table 9: Federal Government Fiscal Operations (₦ billion)

	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	363.1	356.0	289.7	201.0	235.2	434.1	168.5	197.4	186.4	196.0	255.5	222.6	291.8	449.6
Expenditure	517.8	409.0	383.0	360.8	373.4	816.9	327.9	315.7	283.6	292.5	286.6	335.8	638.1	646.0
Overall Balance: (+)/(-)	-154.7	-53.1	-93.3	-159.8	-138.2	-382.8	-159.4	-118.3	-97.2	-96.5	-31.1	-113.3	-346.3	-196.4

The estimated total expenditure of the Federal Government, at ₦638.10 billion, fell short of the 2017 provisional monthly budget estimate by 1.2 per cent. It, however, rose above the level in June 2017 by 90.0 per cent. Recurrent and capital expenditure accounted for 40.8 per cent and 54.9 per cent, respectively, while transfers accounted for the balance of 4.3 per cent of the total expenditure. A breakdown of the recurrent expenditure showed that non-debt obligation was 68.1 per cent of the total, while debt service payments accounted for the balance of 31.9 per cent (Figure 10).

Total estimated Federal Government expenditure, rose by 90.0 per cent, compared with the level in the preceding month.

Figure 10: Federal Government Expenditure



The fiscal operations of the FG resulted in an estimated deficit of ₦346.28 billion.

Overall, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦346.28 billion, compared with the 2017 provisional monthly budget deficit of ₦196.40 billion.

3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the State Governments amounted to ₦208.51 billion. This was lower than the 2017 provisional budget estimate of ₦282.84 billion by 26.3 per cent, but was above the June allocations of ₦155.85 billion by 33.8 per cent.

Receipt from the Federation Account amounted to ₦169.32 billion or 81.2 per cent of the total statutory allocations. This was below the 2017 monthly budget estimate of ₦210.84 billion by 19.7 per cent. It, however, exceeded receipt in June 2017 by 44.2 per cent. At ₦39.19 billion or 18.8 per cent of the total, receipt from the VAT Pool Account fell short of the 2017 provisional monthly budget estimate of ₦72.00 billion by 45.6 per cent. It, however, increased by 2.1 per cent relative to the level in June 2017.

3.2.3 Statutory Allocations to Local Government Councils

Total allocations to Local Governments from the Federation and VAT Pool Accounts in the month of July stood at ₦134.93 billion. This was below the 2017 monthly budget estimate of ₦170.92 billion by 21.1 per cent, but exceeded the preceding month's receipt by 39.6 per cent.

Allocation from the Federation Account was ₦107.49 billion or 79.7 per cent of the total. The share from the Federation Account fell short of the 2017 monthly budget estimate of ₦120.52 billion by 10.8 per cent. It, however, rose by 54.1 per cent relative to the level in June 2017 (Table 10).

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

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

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Monthly Budget
SG Federation Account	67.9	74.8	142.4	113.6	137.6	112.0	115.2	100.7	103.1	112.5	119.1	126.0	106.8	210.8
SG VAT	31.3	31.3	32.4	32.2	36.5	30.8	33.4	36.3	38.1	35.3	33.2	37.8	40.6	72.0
SG Total	99.3	106.1	174.7	145.8	174.0	142.9	148.6	136.9	141.1	147.8	152.3	163.7	147.4	282.8
LG Federation Account	40.0	44.6	93.7	70.7	80.2	66.1	64.2	57.2	58.8	64.5	64.2	69.6	59.3	120.5
LG VAT	21.9	21.9	22.6	22.5	25.5	21.6	23.4	25.4	26.6	24.7	23.3	26.4	28.5	50.4
LG Total	62.0	66.5	116.3	93.2	105.8	87.6	87.6	82.6	85.4	89.2	87.5	96.0	87.8	170.9
Total Statutory Revenue and VAT	161.2	172.6	291.0	239.0	279.8	230.5	236.2	219.6	226.5	237.0	239.8	259.7	235.2	453.8

4.0 Domestic Economic Conditions

Agricultural activity across the country received a boost in July 2017 as a result of the widespread rainfall in the review period. In the livestock sub-sector, farmers intensified the re-stocking of broilers and layers which were depleted during the Eid-fitir festivity. Average crude oil production was estimated at 1.83 mbd or 56.73 million barrels (mb), during the review month. The end-period inflation, on a year-on-year, and 12-month moving average basis were 16.05 per cent and 17.5 per cent, respectively, in the review month.

4.1 Agricultural Sector

Agricultural activities received a boost across the country in July 2017 as a result of widespread rainfall in the review period. Farming activities in the North centered on weeding and harvesting of crops such as maize and vegetables. In the Southern part of the country, harvest of maize and yam dominated agricultural activities. Recurrence of insurgency activities in parts of Northern and Central Borno State, however, affected agricultural activities and functioning of markets as households continued to live in fear of possible attacks. In the livestock sub-sector, farmers intensified the re-stocking of broilers and layers which were depleted during the recent Eid-fitir festivity.

A total of ₦390.4 million was guaranteed to 2,427 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in July 2017. This amount represented a decline of 22.2 and 30.0 per cent below the levels in the preceding month and the corresponding period of 2016, respectively. Sub-sectoral analysis showed that food crops obtained the largest share of ₦243.1 million (62.3 per cent) guaranteed to 1,744 beneficiaries, livestock got ₦63.7 million (16.3 per cent) guaranteed to 260 beneficiaries and fisheries had ₦28.1 million (7.2 per cent) guaranteed to 102 beneficiaries. The Cash crop sub-sector received ₦30.2 million (7.7 per cent) guaranteed to 159 beneficiaries. While mixed crops received ₦16.8 million (4.3 per cent) guaranteed to 114 beneficiaries. Others received a total of ₦8.5 million (2.2 per cent) guaranteed to 48 beneficiaries.

Analysis by state showed that 28 states and the Federal Capital Territory benefited from the Scheme in the reviewed period, with the highest and lowest sums of ₦53.0 million (13.6 per cent) and ₦0.25 million (0.1 per cent) guaranteed to Ogun and Bayelsa States, respectively.

At end-July 2017, the total amount released since inception by the CBN under the Commercial Agriculture Credit Scheme (CACs) to participating banks for disbursement, amounted to ₦477.48 billion in respect of 515 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	65.56	44
1	Zenith Bank	106.66	68
3	First Bank of Nigeria Plc	42.89	98
4	Unity Bank Plc	24.33	26
5	Union Bank Plc	24.24	35
6	Stanbic IBTC Plc	25.41	43
7	Sterling Bank	60.68	37
8	Access Bank Plc	25.63	23
9	Fidelity Bank Plc	16.32	15
10	Skye Bank Plc	13.77	10
11	FCMB Plc.	11.37	22
12	Ecobank	6.38	10
13	GTBank	31.70	24
14	Diamond Bank Plc	4.73	20
15	Heritage Bank	6.82	14
16	Citibank Plc	3.00	2
17	Keystone Bank	4.05	9
18	WEMA Bank Plc	2.12	12
19	Jaiz Bank Plc	0.00	1
20	Suntrust Bank Ltd	1.85	2
	TOTAL	477.50	515

4.2 Petroleum Sector

Crude oil production declined as a result of the recent attack on the Trans Niger Pipeline by vandals during the month of July 2017. Consequently, Nigeria's crude oil production, including condensates and natural gas liquids averaged 1.83 mbd or 56.73 million barrels (mb) in the review month. This represented a decline of 0.02 mbd or 1.08 per cent below the average of 1.85 mbd or 55.50 mb recorded in the preceding month. Crude oil export stood at 1.38 mbd or 42.78 mb, and represented a decline of 1.43 per cent, compared with 1.40 mbd or 42.00 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.

Domestic crude oil and natural gas production was estimated at an average of 1.83 million barrels per day.

Crude oil prices improved as OPEC and non-OPEC countries continued to comply with pledged output adjustments. Therefore, the average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), rose from US\$46.85 per barrel in June 2017 to US\$48.93 per barrel in July 2017, representing an increase of 4.4 per cent. The UK Brent at US\$48.52/b, the Forcados at US\$48.82/b and the WTI at US\$45.53 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\$46.92/b in July 2017. This represented an increase of 3.8 and 9.9 per cent, compared with the average price of US\$45.21/b and US\$42.70/b in the preceding month and the corresponding period of 2016, respectively (Figure 11, Table 12).

Figure 11: Trends in Crude Oil Prices

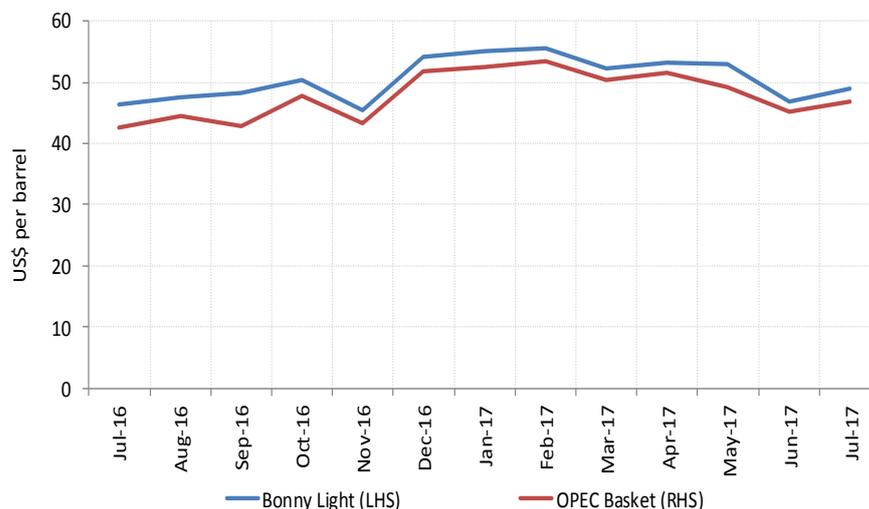


Table 12: Average Crude Oil Prices in the International Oil Market

	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
Bonny Light	46.3	47.5	48.3	50.4	45.5	54.1	55.1	55.5	52.2	53.1	52.9	46.9	48.9
OPECBasket	42.7	44.6	42.9	47.9	43.2	51.7	52.4	53.4	50.3	51.4	49.2	45.2	46.9

4.3 Consumer Prices

The general price level rose in July 2017, compared with the level in the preceding month.

Conducive business environment had considerably improved following the implementation of the Presidential Executive Order issued to commence 24-hour port operations in the Lagos Port. Consequently, in compliance with the Presidential

directive, the Nigerian Maritime Administration and Safety Agency (NIMASA) commenced a 24-hour turnaround time for analysing cargo manifests and issuing Debit Notes to Shipping Agents, leading to improved efficiency and facilitation of trade in the country. As a result, the all-items composite Consumer Price Index (CPI) was 237.0 (November 2009=100) in July 2017, representing 1.2 per cent and 16.1 per cent increase over the levels in June 2017 and the corresponding period of 2016, respectively. The development reflected, mainly, the increase in the prices of solid and liquid fuel; clothing and its accessories; bread and cereals; and meat and fish.

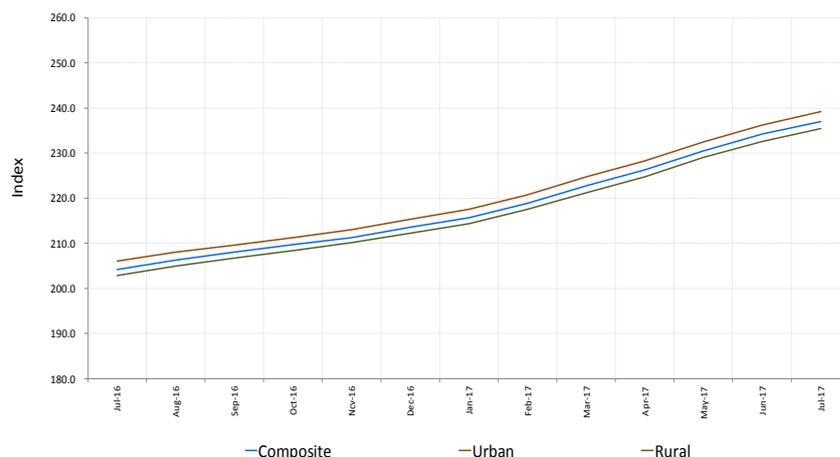
The urban all-items CPI at end-July 2017, was 239.2 (November 2009=100), representing increase of 1.3 per cent and 16.1 per cent, relative to the levels in June 2017 and the corresponding period of 2016, respectively. The rural all-items CPI at end-July 2017 was 235.4 (November 2009=100), representing increase of 1.2 and 16.1 per cent, compared with the levels in June 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 July 2017 was 249.3 per cent, compared with 246.3 per cent and 207.4 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)

	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
Composite	204.2	206.3	208.0	209.7	211.3	213.6	215.7	218.9	222.7	226.3	230.5	234.2	237.0
Urban	206.1	208.0	209.6	211.3	213.0	215.3	217.5	220.8	224.7	228.3	232.5	236.2	239.2
Rural	202.8	205.0	206.7	208.4	210.1	212.2	214.4	217.5	221.2	224.7	229.0	232.6	235.4
CPI - Food	207.9	210.3	212.0	213.8	215.7	218.6	221.4	225.8	230.8	235.5	241.5	246.3	249.3
CPI - Non Food	200.7	202.4	204.3	205.9	207.3	208.6	210.0	212.3	215.1	217.5	220.0	245.1	248.9

Figure.12: Consumer Price Index



Headline inflation declined from 16.1 per cent to 16.05 per cent in July 2017, while the Twelve-Month Moving Average (12MMA) inflation for July 2017 declined to 17.5 per cent from 17.6 in the preceding month. It showed, however, a 5.5 percentage points increase over the level recorded in the corresponding period of 2016 (Figure 13, Table 14).

The year-on-year headline inflation was 16.05 per cent in July 2017.

Figure 13: Inflation Rate

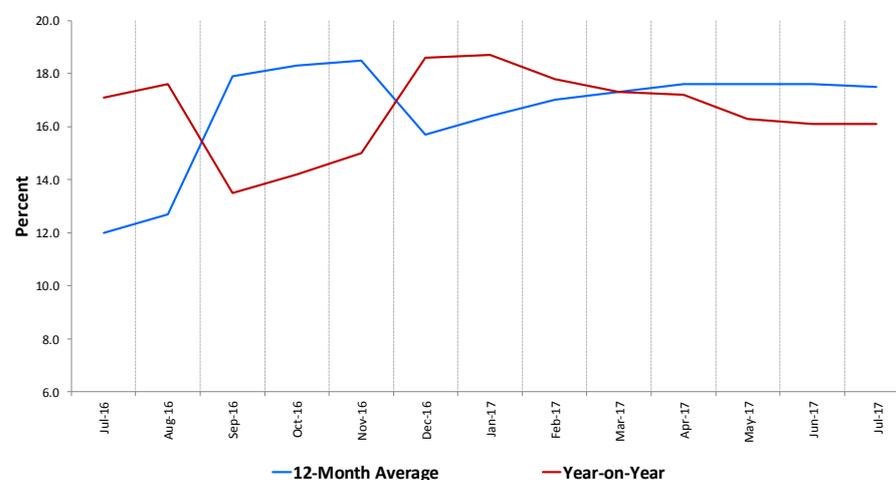


Table 14: Headline Inflation Rate (%)

	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
12-Month Average	12.0	12.7	13.5	14.2	15.0	15.7	16.4	17.0	17.3	17.6	17.6	17.6	17.5
Year-on-Year	17.1	17.6	17.9	18.3	18.5	18.6	18.7	17.8	17.3	17.2	16.3	16.1	16.1

5.0 External Sector Developments⁶

On month-on-month basis, foreign exchange inflow and outflow through the CBN rose by 5.3 per cent and 4.8 per cent, respectively. Total non-oil export receipts by banks declined by 56.8 per cent below the level in the preceding month. The average exchange rate of the naira at the inter-bank segment was ₦305.86 per US dollar, indicating a depreciation of 0.1 per cent, relative to the level in June 2017. The gross external reserves increased by 1.8 per cent, compared with the preceding month's level.

5.1 Foreign Exchange Flows

The external sector improved in July 2017 due to the increase in crude oil price and revenue despite the fall in production. The average price of Nigeria's reference crude, the Bonny Light (37° API), increased from an average of US\$46.85 per barrel in June 2017 to US\$48.93 per barrel in the review period. This was due to the Organisation of Petroleum Exporting Countries' deal on production cut and the decline in output of United States shale oil. Domestic crude oil production, however, fell from an average of 1.85 million barrels per day (bpd) in June 2017 to 1.83 million bpd in July 2017, due to breach of the Trans Niger pipeline. Consequently, foreign exchange inflow through the CBN, at US\$3.87 billion, increased by 5.3 per cent and 81.9 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 rise in oil proceeds arising mainly from increase in crude oil price.

Aggregate outflow of foreign exchange through the Bank, at US\$3.36 billion, increased by 4.8 and 25.9 per cent above US\$3.21 billion and US\$2.67 billion recorded in the preceding month and the corresponding period of 2016, respectively. The development was attributed to increase in drawings on letters of credit, special foreign exchange and external debt service, foreign exchange special payments and third-party MDA transfers. Overall, the net inflow through the Bank in the month of July 2017 was US\$0.51 billion, compared with a net inflow of US\$0.46 billion in the preceding month. This was in contrast to a net outflow of US\$0.54 billion recorded in the corresponding period of 2016 (Figure 14, Table 15).

Foreign exchange inflow and outflow through the CBN rose by 5.3 per cent and 4.8 per cent in July 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

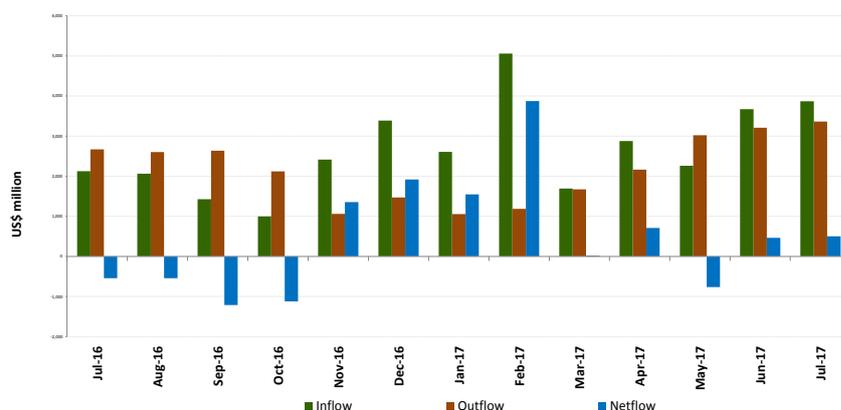


Table 15: Foreign Exchange Flows through the CBN (US\$ million)

	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
Inflow	1,092.2	2,061.2	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
Outflow	2,728.0	2,603.3	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	3,362.6
Netflow	(1,635.8)	(542.0)	(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	504.5

Aggregate foreign exchange inflow into the economy amounted to US\$7.35 billion, representing 1.5 per cent and 45.9 per cent, increase, over the levels in the preceding month and the corresponding period of 2016, respectively. The development relative to the preceding month reflected the rise in inflow through the Bank. Inflow through CBN and autonomous sources in the review period were US\$3.87 billion and US\$3.49 billion, and accounted for 47.4 per cent and 52.6 per cent of the total, respectively.

Autonomous inflow through the economy fell by 2.4 per cent below the level in the preceding month.

Non-oil sector inflow, at US\$2.62 billion (35.6 per cent of the total), fell by 12.4 per cent, below the level in the preceding month. Autonomous inflow, also fell by 2.4 per cent below the level in June 2017.

Aggregate foreign exchange outflow from the economy, at US\$3.48 billion, rose by 6.8 per cent and 22.0 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\$3.87 billion in the review month, compared with US\$3.99 billion and US\$2.19 billion, in June 2017 and the corresponding month of 2016, respectively.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings, at US\$0.34 billion, fell by 56.8 per cent, below the level in June 2017. The development reflected the 62.9, 54.8 and 45.4 per cent contraction in proceeds from the manufactured products, industrial and minerals sub-sectors, respectively. Proceeds from the agricultural and food products sub-sectors, however, grew by 52.7 and 50.9 per cent, respectively, above the levels in the preceding month.

Total non-oil export earnings by exporters fell in July 2017.

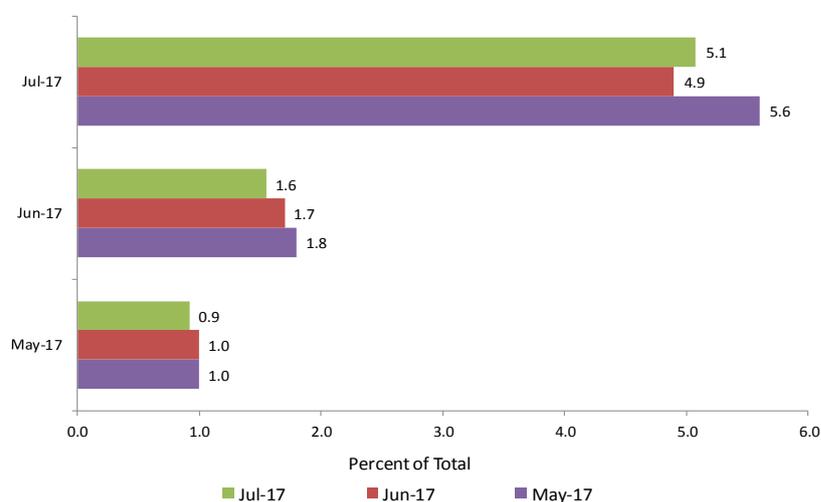
The shares of the sectors in the non-oil export proceeds were: manufactured products, 66.1 per cent; minerals, 16.3 per cent; agricultural products, 8.3 per cent; industrial sector, 7.4 per cent; and food products, 1.9 per cent.

5.3 Sectoral Utilisation of Foreign Exchange

The invisible sector accounted for the bulk (41.6 per cent) of total foreign exchange disbursed in July 2017, followed by industrial sector (26.9 per cent). The shares of other sectors in a descending order were: minerals and oil (14.8 per cent); manufactured product (9.1 per cent); food products (5.1 per cent); transport (1.6 per cent); and agricultural products (0.9 per cent) (Figure 15).

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

Figure 15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

A total of US\$2.57 billion was sold by the CBN to authorised dealers in July 2017. This indicated a 3.4 per cent decline below the level in June 2017. It, however, indicated an increase of 62.4 per cent, relative to the level in the corresponding period of 2016. The development was attributed to the significant decline in sales to BDCs during the review period. Of the aggregate sales, forwards contracts disbursed at maturity were valued at US\$1.29 billion or 50.0 per cent of the total, while inter-bank sales amounted to US\$0.87 billion or 33.8 per cent. The balance of US\$0.42 billion or 16.2 per cent of the total was accounted for by sales to BDC and Swaps (Figure 16, Table 16).

Figure 16: Supply of Foreign Exchange

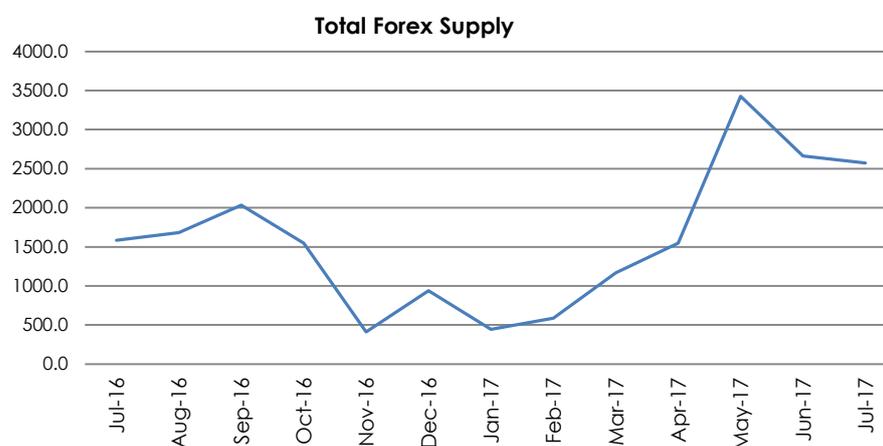


Table 16: Supply of Foreign Exchange (US\$ billion)

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
Total Forex Supply	0.9	0.5	0.6	1.2	1.6	3.4	2.7	2.6

The naira exchange rate vis-à-vis the US dollar depreciated at the inter-bank segment, but appreciated at the BDC segment

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, depreciated slightly 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 depreciated by 0.1 and 3.7 per cent against the rates in the preceding month and the corresponding period of 2016, respectively to ₦305.86/US\$. At the BDC segment, the

naira, on month-on-month basis, appreciated by 0.2 per cent to ₦365.38/US\$, but depreciated by 0.3 per cent relative to the level in the corresponding period of 2016 (Figure 17, Table 17).

Consequently, the premium between the average inter-bank and BDC rates fell by 0.3 percentage point to 19.5 per cent in July 2017, compared with the level in June 2017.

Figure 17: Average Exchange Rate Movement

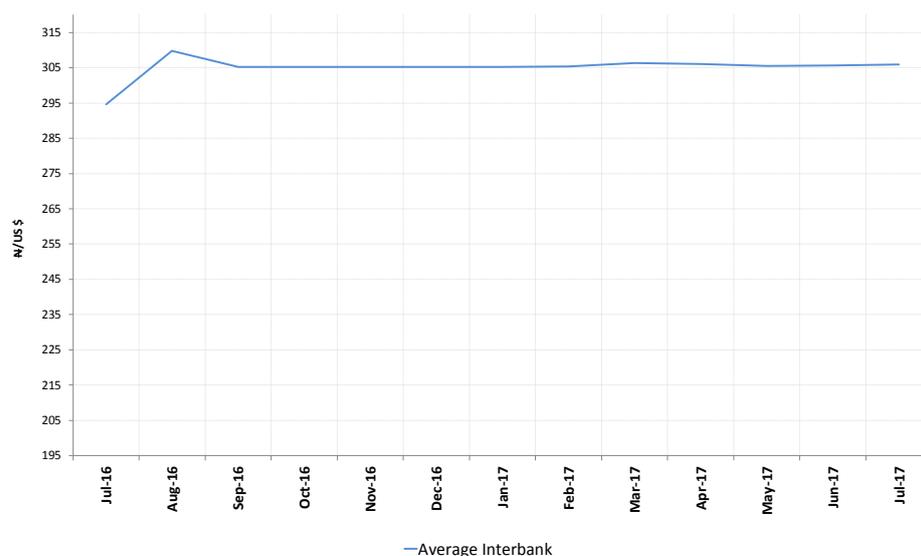


Table 17: Exchange Rate Movements

	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
Average Exchange Rate (₦/\$)													
<i>Interbank</i>	294.57	309.73	305.20	305.21	305.18	305.22	305.20	305.30	306.40	306.05	305.54	305.71	305.86

5.5 Gross External Reserves

Despite the increased intervention by the Bank in the foreign exchange market and public sector payments, the unadjusted stock of foreign exchange reserves rose from US\$30.33 billion at end-June 2017 to US\$30.87 billion at end-July 2017. The rise reflected increase in receipts from crude oil sales and swaps transactions. A breakdown of the external reserves by ownership showed that the share of Federation reserves was US\$2.38 billion (7.7%); Federal Government reserves, US\$6.61 billion (21.4%); and the CBN reserves, US\$21.88 billion (70.9%) of the total, (Figure. 18, Table 18).

Gross external reserves rose in July 2017.

Figure 18: Gross Official External Reserves

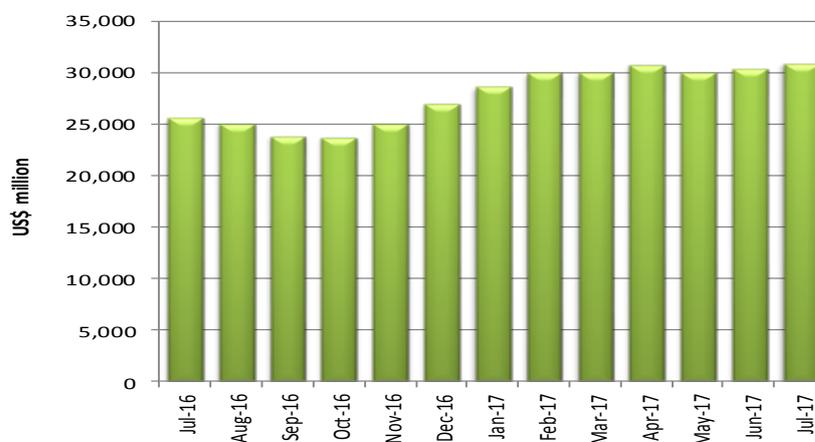


Table 18: Gross Official External Reserves (US\$ million)

Period	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
External Reserves	25,127.09	26,986.22	28,731.84	29,975.38	29,994.35	30,749.28	29,811.85	30,334.87	30,869.69

6.0 *Other International Economic Developments and Meetings*

World crude oil output and demand in July 2017 were estimated at an average of 97.30 and 95.65 million barrels per day (mbd), compared with 96.06 and 95.33 mbd supplied and demanded, respectively, in June 2017. The rise in world crude oil demand reflected increase requirement for LPG, gasoline, transportation fuels and naphtha in Canada, Mexico and Italy for the peak summer driving season.

Other major international economic developments and meetings of importance to the domestic economy in the review period included: The 50th Anniversary Celebration of the International Institute for Tropical Agriculture (IITA) in Ibadan, Nigeria on July 28, 2017. During the celebration, the President of the African Development Bank stated that the Bank will invest US\$24.0 billion in agriculture for the the next 10 years in Africa as part of its Feed Africa programme. He observed that Africa was spending US\$35.0 billion a year on food importation, a market that youth could tap into to create new wealth annually rather than viewed as a way of life or a development sector.

The International Monetary Fund (IMF) World Economic Outlook (WEO) Update was released on July 24, 2017. The outlook revealed that the pickup in global growth anticipated in the April WEO remained on track, with global output projected to grow by 3.5 per cent in 2017. Emerging and Developing Economies accounted largely for most of global growth as economic activity accelerated, owing to rebound in crude oil and other commodity prices. In advanced economies, financial markets and business sentiments have increased remarkably, while consumer confidence has improved since the beginning of 2017.

The International Monetary Fund (IMF) Mid-year Staff Consultation Mission with Nigeria was held at Abuja from July 20 – 31, 2017. The consultations centered on macroeconomic developments and outlook, monetary and exchange rate developments, financial stability issues and balance of payments. The Mission noted that the government has started implementing a number of important measures including:

- The Economic Recovery and Growth Plan (ERGP) to drive the diversification policy and improved security

in the Niger Delta through strengthened engagement; and

- The new Investor and Exporter foreign exchange window has contributed to reducing the parallel market premium. It has also provided impetus to portfolio inflows and helped increase reserves above \$30.0 billion.

The Mission also noted that economic outlook remained challenging despite signs of relief in the first half of 2017. Other measures were: implementation of the power sector recovery plan; introduction of voluntary income and asset declaration programme; 60-day national action plan to improve the business environment and implementation of a new funding process for the Joint-cash call arrangement in the oil and gas sector.

APPENDIX TABLES

Table A1: Money and Credit Aggregates (₦billion)

	Mar-17	Apr-17	May-17	Jun-17	Jul-17
Domestic Credit (Net)	27,472.7	27,450.3	26,758.7	26,404.4	27,159.3
<i>Claims on Federal Government</i>	5,199.7	5,507.9	4,828.1	4,425.8	4,987.8
Central Bank (Net)	87.6	730.5	130.2	(591.9)	(65.8)
Banks	5,112.1	4,777.4	4,697.8	5,017.7	5,033.6
<i>Claims on Private Sector</i>	22,273.0	21,942.4	21,930.7	21,978.6	22,171.5
Central Bank	5,694.0	5,428.6	5,567.8	5,684.9	5,871.2
Banks	16,578.0	16,514.0	16,324.7	16,293.7	16,300.3
<i>Claims on Other Private</i>	21,000.1	20,799.4	20,713.0	20,722.7	20,890.9
Central Bank	5,131.3	4,975.8	5,046.3	5,163.4	5,269.8
Banks	15,868.9	15,823.6	15,666.6	15,609.3	15,621.2
<i>Claims on State and Local</i>	710.1	1,108.3	1,192.1	1,180.3	1,210.0
Central Bank	-	418.1	495.9	495.9	530.9
Banks	710.1	690.2	696.2	684.4	679.1
<i>Claims on Non-financial Public Enterprises</i>					
Foreign Assets (Net)	7,574.2	7,269.9	8,540.1	8,468.1	8,743.7
Central Bank	7,569.8	7,194.9	8,233.9	8,378.9	8,466.5
Banks	4.4	75.0	306.2	89.2	277.2
Other Assets (Net)	(13,021.9)	(13,010.5)	(13,323.5)	(13,198.2)	(13,702.7)
Total Monetary Assets (M2)	22,365.6	21,709.7	21,975.3	21,674.2	22,200.3
Quasi-Money 1/	12,069.7	11,952.6	11,790.4	11,790.4	11,874.3
Money Supply (M1)	9,955.2	9,757.1	10,184.9	9,883.8	10,326.0
<i>Currency Outside Banks</i>	1,661.0	1,606.6	1,520.6	1,477.1	1,442.2
<i>Demand Deposits 2/</i>	8,294.2	8,150.5	8,664.3	8,406.7	8,883.8
Total Monetary Liabilities (M)	22,365.6	21,709.7	21,975.3	21,674.2	22,200.3
Memorandum Items:					
Reserve Money (RM)	5,872.3	5,860.3	5,499.2	5,489.6	5,565.9
<i>Currency in Circulation (CIC)</i>	1,983.6	1,975.8	1,897.9	1,873.5	1,769.8
<i>DMBs Demand Deposit with Cl</i>	3,888.7	3,884.5	3,601.3	3,616.1	3,796.2

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)

	Mar-17	Apr-17	May-17	Jun-17	Jul-17
	Growth Over Preceding December (%)				
Domestic Credit (Net)	1.2	3.0	0.4	0.7	3.6
<i>Claims on Federal Government (Net)</i>	8.2	18.0	3.5	4.7	18.0
<i>Claims on Private Sector</i>	-0.33	-0.18	-0.23	-0.02	0.87
<i>Claims on Other Private Sector</i>	-2.7	-0.8	-1.2	-2.3	-0.4
<i>Claims on State and Local Government</i>	3.0	12.0	20.5	19.3	22.4
<i>Claims on Non-financial Public Enterprises</i>					
Foreign Assets (Net)	-14.8	-20.6	-6.7	-7.5	4.4
Other Assets (Net)	-5.7	-4.84	-7.36	-10.25	-14.47
Total Monetary Assets (M2)	-7.2	-7.2	-6.0	-7.3	-5.1
Quasi-Money 1/	-2.0	-3.0	-4.3	-4.3	-3.6
Money Supply (M1)	-12.7	-11.8	-8.0	-10.7	-6.7
<i>Currency Outside Banks</i>	-8.8	-11.8	-16.5	-18.7	-20.8
<i>Demand Deposits 2/</i>	-13.5	-11.9	-6.30	-9.1	-3.93
Total Monetary Liabilities (M2)	-7.2	-7.2	-6.0	-7.3	-5.1
Memorandum Items:					
Reserve Money (RM)	0.7	0.8	-6.0	-6.1	-4.8
<i>Currency in Circulation (CIC)</i>	-9.0	-0.4	-12.9	-14.0	-18.8
<i>DMBs Demand Deposit with CBN</i>	6.5	-1.82	-1.84	-1.44	3.47
	Growth Over Preceding Month (%)				
Domestic Credit (Net)	2.6	0.2	-2.5	1.0	2.9
<i>Claims on Federal Government (Net)</i>	17.9	4.5	-12.3	5.0	12.7
<i>Claims on Private Sector</i>	-0.4	-0.80	-0.05	0.22	0.88
<i>Claims on Other Private Sector</i>	-0.4	-1.0	-0.4	0.3	0.6
<i>Claims on State and Local Government</i>	2.3	1.7	7.6	-1.0	2.6
<i>Claims on Non-financial Public Enterprises</i>					
Foreign Assets (Net)	-11.4	-4.7	17.5	-0.8	3.3
Central Bank	-9.8	-5.6	14.4	1.8	1.0
Banks	-97.1	1615.2	308.4	-70.9	210.9
Other Assets (Net)	-0.5	0.1	-2.4	-3.84	-3.82
Total Monetary Assets (M2)	-1.5	-1.4	1.2	-1.4	2.4
Quasi-Money 1/	-0.7	-1.0	-1.4	0.0	0.7
Money Supply (M1)	-2.5	-2.0	4.4	-3.0	4.5
<i>Currency Outside Banks</i>	3.0	-3.3	-5.4	-2.9	-2.4
<i>Demand Deposits 2/</i>	-3.6	-1.7	6.3	-3.0	5.68
Total Monetary Liabilities (M2)	-1.5	-1.4	1.2	-1.4	2.4
Memorandum Items:					
Reserve Money (RM)	6.0	0.1	6.2	-0.2	1.4
<i>Currency in Circulation (CIC)</i>	0.2	-0.4	-3.9	-1.3	-5.5
<i>DMBs Demand Deposit with CBN</i>	9.1	-0.3	-7.3	0.41	4.98

Table A3: Federal Government Fiscal Operations (N 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	363.1	356.0	289.7	201.0	235.2	434.1	168.5	197.4	186.4	196.0	255.5	222.6	291.8	449.6
Federation Account	195.2	129.2	149.3	120.4	96.7	97.9	105.8	133.2	117.6	136.5	124.4	147.7	274.9	297.9
VAT Pool Account	9.7	9.6	10.9	9.3	10.0	10.9	11.4	10.6	10.0	11.3	12.2	11.5	11.8	21.6
FGN Independent Revenue	54.1	5.6	48.4	20.3	0.1	2.7	0.5	15.6	5.9	0.4	91.6	32.6	5.2	67.3
Excess Crude	0.0	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
Others/SURE-P/NNPC Refund	104.1	188.6	65.0	22.0	78.4	292.3	31.1	28.9	25.1	37.5	17.9	30.7	0.0	62.8
Expenditure	517.8	409.0	383.0	360.8	373.4	816.9	327.9	315.7	283.6	292.5	286.6	335.8	638.1	646.0
Recurrent	479.8	378.4	350.2	333.2	343.7	389.3	298.7	288.0	255.4	264.9	259.2	257.9	260.7	428.6
Capital	3.5	0.0	0.0	0.0	0.0	401.7	1.5	0.0	1.1	0.0	0.0	50.6	350.0	181.2
Transfers	34.4	30.6	32.7	27.6	29.6	25.9	27.7	27.7	27.1	27.5	27.5	27.4	27.4	36.2
Overall Balance: Surplus(+)/Deficit(-)	-154.7	-53.1	-93.3	-159.8	-138.2	-382.8	-159.4	-118.3	-97.2	-96.5	-31.1	-113.3	-346.3	-196.4

1/ Revised