



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
OCTOBER 2018***

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

Monetary policy stance remained, largely, non-expansionary to rein in inflationary pressures. On month-on-month basis, broad money supply (M_3), grew by 1.9 per cent to ₦34,255.4 billion at end-September 2018, in contrast to the 1.2 per cent decline recorded at end-August 2018. The development reflected the 5.2 per cent and 2.2 per cent increase in the domestic credit (net) and foreign assets (net) of the banking system, respectively. Over the level at end-December 2017, M_3 grew by 9.9 per cent, mainly, on account of the 21.2 per cent and 0.2 per cent growth in net foreign assets and other assets (net) of the banking system, respectively. Narrow money supply (M_1) grew by 2.2 per cent to ₦10,681.5 billion at end-September 2018, over the level at end-August 2018 and reflected the 4.3 per cent and 1.9 per cent increase in its currency outside banks and demand deposits components, respectively.

Provisional estimates indicated that banks' deposit and lending rates trended upward in October 2018. With the exception of the average savings deposit, which remain unchanged at the preceding month's level of 4.07 per cent, all other rates of various maturities rose from a range of 3.53 per cent - 10.08 per cent in the preceding month to a range of 3.65 per cent - 10.10 per cent in October 2018. The average term deposit rate also rose by 0.09 percentage point to 8.51 per cent at end-October.

The weighted average prime and maximum lending rates rose marginally by 0.10 percentage point and 0.16 percentage point to 16.69 per cent and 30.93 per cent, respectively, at end-October 2018. Consequently, the spread between the average term deposit and the average maximum lending rates widened by 0.07 percentage point to 22.42 percentage points at end-October 2018, while the spread between the average savings deposit and maximum lending rates remain unchanged at the preceding month's level of 0.16 percentage point.

The total value of money market assets outstanding in October 2018 stood at ₦11,990.38 billion, showing an increase of 2.5 per cent, in contrast to the 0.4 per cent decrease in the preceding month. Developments on the Nigerian Stock Exchange (NSE) were mixed in October 2018.

Federally-collected revenue (gross) was estimated at ₦682.06 billion in October 2018. This was below the monthly budget estimate and receipts in the preceding month by 38.4 per cent and 18.0 per cent, respectively. Oil and non-oil receipts (gross), at ₦422.13 billion and ₦259.93 billion in the review period, constituted 61.9 per cent and 38.1 per cent of total revenue, respectively. Federal Government retained revenue and estimated expenditure for October 2018 were ₦280.96 billion and ₦347.48 billion, respectively, resulting in an estimated deficit of ₦66.51 billion.

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

Agricultural activities in October 2018 were predominantly harvesting of yam, cassava, maize, potatoes, groundnut and legumes. In the livestock sub-sector, farmers engaged in the breeding of poultry birds in preparation for the end of year sales.

Domestic crude oil production was estimated at 1.88 mbd or 58.3 million barrels (mb) in October 2018. Crude oil export was estimated at 1.39 mbd or 43.1 mb. The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), rose by 2.9 per cent to US\$82.82 per barrel in October 2018.

The end-period headline inflation, on year-on-year and twelve month moving average bases, were 11.26 per cent and 12.80 per cent, respectively, in October 2018, compared with 11.28 per cent and 13.16 per cent, respectively, in September 2018.

Foreign exchange inflow into and outflow from the CBN in October 2018 were US\$4.18 billion and US\$5.27 billion, respectively, and resulted in a net outflow of US\$1.09 billion. Aggregate foreign exchange inflow into and outflow from the economy were US\$8.82 billion and US\$5.56 billion, respectively, resulting in a net inflow of US\$3.26 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US\$4.26 billion, in the review period, compared with US\$4.05 billion in the preceding month.

The average exchange rate of the naira at the inter-bank, the BDC segment and the "investors" and "exporters" window were ₦306.47 /US\$, ₦360.38/US\$ and ₦364.16/US\$, respectively, in October 2018. The gross external reserves was US\$40.61 billion at end-October 2018, compared with US\$42.61 billion at end-September 2018.

The major international economic developments and meetings of importance to the domestic economy in the review period included: The 2018 Annual Meetings of the Board of Governors of the World Bank Group (WBG) and the International Monetary Fund (IMF held in Bali, Indonesia from October 8-14, 2018). Sideline meetings of the Intergovernmental Group of Twenty-Four (G-24) on International Monetary Affairs and Developments were also held during the period. In addition, a meeting of the sub-committee on Monetary and Exchange Rate Policy in ECOWAS was held in Lome, Togo from October 1-3, 2018.

2.0 Financial Sector Developments

2.1 Monetary and Credit Developments

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

The stance of monetary policy remained, largely, non-expansionary as the monetary policy rate and other key instruments remain unchanged at the preceding month's levels. Despite the tight monetary policy stance, major monetary aggregates rose above the levels in the preceding month. Broad money supply (M_3), on month-on-month basis, grew by 1.9 per cent to ₦34,255.4 billion at end-September 2018, in contrast to the decline of 1.2 per cent at end-August 2018. The development reflected the 5.2 per cent and 2.2 per cent increase in domestic credit (net) and foreign assets (net), respectively, which more than offset the 10.9 per cent decline in the other assets (net) of the banking system.

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

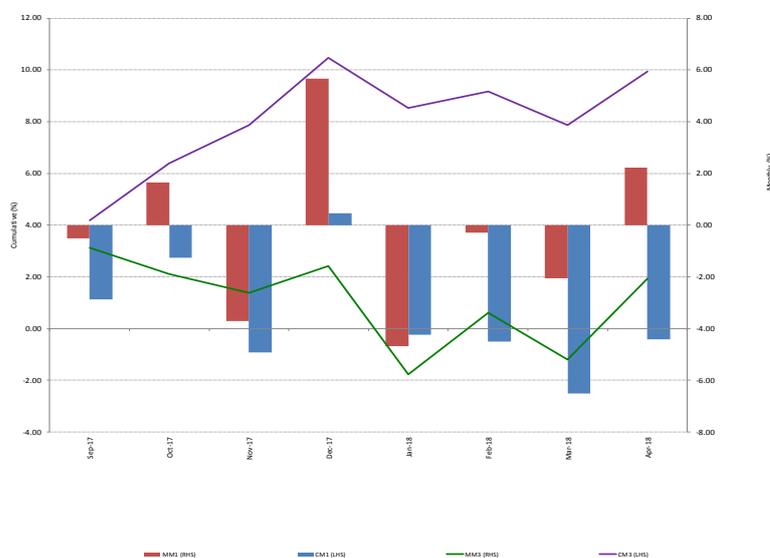
Over the level at end-December 2017, M_3 grew by 9.9 per cent, compared with the growth of 7.9 per cent and 4.7 per cent at the end of the preceding month and the corresponding month of 2017, respectively. The growth in M_3 reflected the respective increase of 21.2 per cent and 0.2 per cent in net foreign assets and other assets (net) of the banking system.

Narrow money supply (M_1) grew by 2.2 per cent, on month-on-month basis, to ₦10,681.5 billion at end-September 2018, due to the 4.3 per cent and 1.9 per cent increase in its currency outside banks and demand deposits components, respectively. Over the level at end-December 2017, narrow money (M_1), however, fell by 4.4 per cent, compared with the 6.5 per cent decline at end-August 2018 (Figure 1, Table 1).

Relative to the level at the end of the preceding month, quasi-money grew by 1.3 per cent to ₦14,595.6 billion at end-September 2018, compared with the increase of 0.8 per cent at end-August 2018. This reflected the growth in time and savings deposits of commercial banks. Over the level at end-December 2017, quasi-money increased by 12.6 per cent, compared with the growth of 11.2 per cent at the end of the

preceding month, owing to the rise in time, savings, and foreign currency deposits of banks.

Figure 1: Growth of Narrow Money (M₁) and Broad Money (M₃)²



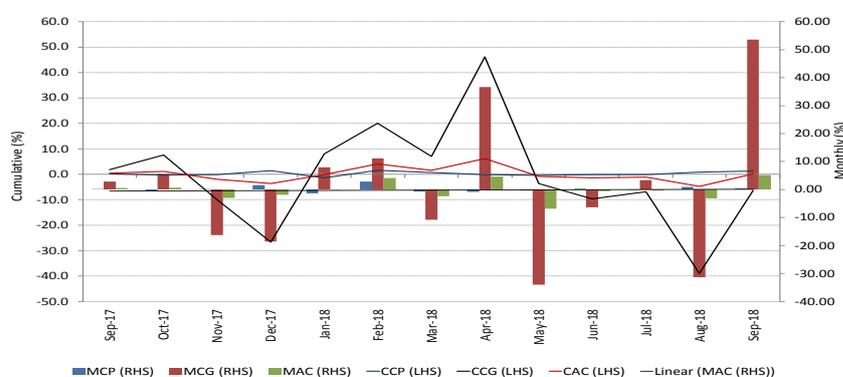
Aggregate credit to the domestic economy, at ₦25,971.8 billion, on month-on-month basis, grew by 5.2 per cent at end-September 2018, in contrast to the decline of 3.2 per cent at the end of the preceding month. The development reflected the 53.6 per cent and 0.4 per cent increase in net claims on the Federal Government and the private sector, respectively. Over the level at end-December 2017, net domestic credit grew by 0.2 per cent at end-September 2018, in contrast to the decline of 4.8 per cent at end-August 2018, owing, wholly, to the 1.2 per cent growth in claims on the private sector.

Net claims on the Federal Government rose by 53.6 per cent to ₦3,411.3 billion at end-September 2018, in contrast to the 3.2 per cent decline at the end of the preceding month. The development reflected the rise in holdings of government securities by banks. Over the level at end-December 2017, net claims on the Federal Government fell by 6.3 per cent at end-September 2018, compared with the decline of 39.0 per cent at end-August 2018. The development was attributed to the 74.3 per cent and 12.3 per cent decline in loans to the Federal Government by the CBN and banks, respectively.

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

Relative to the level at end-August 2018, banking system credit to the private sector grew by 0.4 per cent to ₦22,560.5 billion at end-September 2018, compared with the growth of 0.9 per cent and 0.1 per cent at the end of the preceding month and the corresponding period of 2017, respectively. This reflected, wholly, the 1.8 per cent increase in claims on the core private sector. Over the level at end-December 2017, banking system's credit to the private sector grew by 1.2 per cent, compared with the growth of 0.8 per cent and 0.2 per cent at end-August 2018 and the corresponding period of 2017, respectively. The development was due to the 2.2 per cent increase in claims on the core private sector.

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



Net Foreign Assets (NFA) of the banking system grew by 2.2 per cent, on month-on-month basis, to ₦18,815.9 billion, at end-September 2018, compared with the growth of 3.5 per cent at the end of the preceding month. The rise in NFA was attributed to the 1.6 per cent and 28.7 per cent growth in foreign asset holdings of the CBN and banks, respectively. Over the level at end-December 2017, NFA increased by 21.2 per cent at end-September 2018, compared with the growth of 18.6 per cent at the end of the preceding month. The development was attributed to the 20.8 per cent and 39.4 per cent growth in the foreign asset holdings of the CBN and banks, respectively.

Relative to the level at end-August 2018, other assets (net) of the banking system declined by 10.9 per cent to negative ₦10,532.3 billion at end-September 2018, compared with the decline of 2.5 per cent at the end of the preceding month.

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).

Over the level at end-December 2017, other assets (net) of the banking system fell by 2.3 per cent, in contrast to the growth of 7.7 per cent at the end of the preceding month. The development was due to the decline in the unclassified assets of the CBN.

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

	Sep-17	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
Domestic Credit (Net)	0.6	4.4	0.7	1.1	-6.8	-0.6	0.3	-3.2	5.2
Claims on Federal Government (Net)	2.9	15.8	7.2	7.8	-33.9	-6.4	3.3	-31.4	53.6
Claims on Private Sector	0.1	2.9	-0.8	-0.9	-0.3	0.3	-0.1	0.9	0.4
Claims on Other Private Sector	0.3	1.9	-1.3	-0.7	0.6	0.2	0.2	1.4	1.8
Foreign Assets (Net)	3.3	-13.1	-1.8	19.5	9.7	0.2	-3.0	3.5	2.2
Other Assets (Net)	-1.8	18.9	9.2	-39.1	9.6	-5.2	6.6	-2.5	-10.9
Broad Money Supply (M3)	1.2	3.1	2.1	0.1	1.8	-1.8	0.6	-1.2	1.9
Quasi-Money	-0.6	1.8	0.8	3.4	0.7	1.2	1.4	0.8	1.3
Narrow Money Supply (M1)	1.8	-0.5	1.7	-3.7	5.7	-4.7	-0.3	-2.1	2.2
Money Supply (M2)	0.5	0.8	1.2	0.2	2.8	-1.4	0.6	-0.5	1.7
Reserve Money (RM)	1.33	6.38	4.7	-3.2	3.6	-6.0	4.1	1.0	1.7

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

Currency-in-circulation, at ₦1,926.38 billion, on month-on-month basis, fell by 0.1 per cent in September 2018, compared with the decline of 4.0 per cent at the end of the preceding month. The development relative to the preceding month reflected the decline in its vault cash component.

Deposits of the Federal Government and the private sector with the CBN, on month-on-month basis, fell, while that of the deposit money banks rose, relative to the levels at end-August 2018. Overall, aggregate deposit at the CBN declined by 2.4 per cent to ₦14,738.79 billion at end-September 2018. Of the total deposits at the CBN, the shares of the Federal Government, banks and the private sector were 48.2 per cent, 33.1 per cent and 18.7 per cent, respectively.

Reserve money rose by 1.7 per cent on month-on-month basis, to ₦6,802.6 billion at end-September 2018, compared with the increase of 1.0 per cent at end-August 2018. This reflected the rise in banks' reserves with the CBN.

Reserve money (RM) rose in the review month.

2.3 Money Market Developments

Key financial market indicators remained moderately stable due to effective liquidity management in both the domestic and foreign exchange markets during the review period.

Movements in domestic money market rates were influenced, largely, by the level of liquidity, which was triggered by inflow such as fiscal disbursements, maturing Central Bank of Nigeria (CBN) bills and Federal Government of Nigeria (FGN) securities.

Provisional data indicated that total value of money market assets outstanding in October 2018 stood at ₦11,990.38 billion, showing an increase of 2.5 per cent, in contrast to the 0.4 per cent decline in the preceding month. The development was attributed, largely, to the 6.4 per cent and 2.0 per cent growth in bankers' acceptance and holdings of FGN Bonds, respectively.

2.3.1 Interest Rate Developments

Money market rates were generally stable and moved in tandem with the level of liquidity in the review period. Consequently, provisional estimates indicated that banks' deposit and lending rates trended upward in October 2018. With the exception of the average savings deposit, which remain unchanged at the preceding month's level of 4.07 per cent, all other rates of various maturities rose from a range of 3.53 per cent - 10.08 per cent in the preceding month to a range of 3.65 per cent - 10.10 per cent in October 2018. The average term deposit rate also rose by 0.09 percentage point to 8.51 per cent at end-October.

Staff Estimates indicated that banks' deposit rates and lending rates trended upwards in the review month.

The weighted average prime and maximum lending rates rose marginally by 0.10 percentage point and 0.16 percentage point to 16.69 per cent and 30.93 per cent, respectively, at end-October 2018. Consequently, the spread between the average term deposit and the average maximum lending rates widened by 0.07 percentage point to 22.42 percentage points at end-October 2018, while the spread between the average savings deposit and maximum lending rates remain unchanged at the preceding month's level of 0.16 percentage point.

Short-term money market rates trended below the Monetary Policy Rate in the major part of the review period. At the inter-bank call segment, the weighted average rate, which stood at 4.57 per cent at end-September 2018, rose by 0.57 percentage point to 5.14 per cent at end-October 2018. The weighted average rate at the open-buy-back (OBB) segment, rose from 7.72 per cent in the preceding month to 9.31 per cent at end-October 2018. The Nigerian inter-bank offered rate (NIBOR), for the 30-day tenor, declined to 12.66

per cent in the review period, compared with the 12.90 per cent at end-September 2018. With the headline inflation estimated at 11.31 per cent in October 2018, all deposit rates remained negative in real terms, while lending rates were positive in real terms (Figure 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

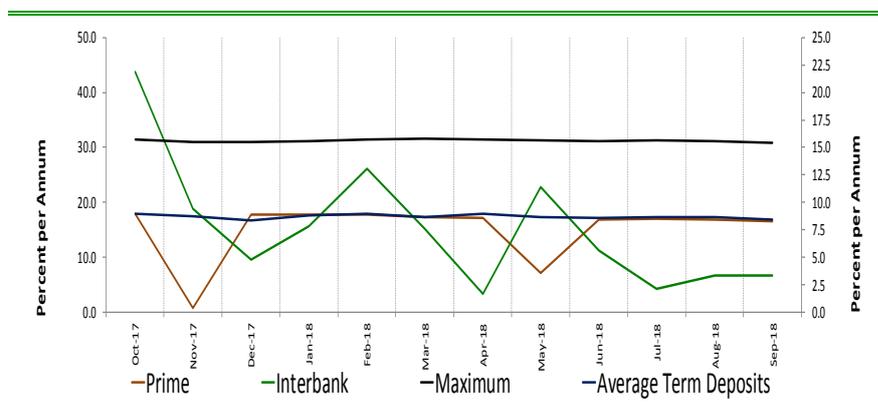


Table 2: Selected Interest Rates (Percent, Averages)

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

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs amounted to ₦16.36 billion at the end of the review month, showing a decline of 6.96 per cent, compared with ₦23.32 billion, recorded in the preceding month. Thus, CP constituted 0.13 per cent of the total value of money market assets outstanding during the review period, compared with 0.20 per cent in the preceding month.

2.3.3 Bankers' Acceptances (BAs)

During the review period, BAs stood at ₦11.51 billion, showing an increase of 6.9 per cent, compared with ₦10.77 billion recorded in the preceding month. Consequently, BAs accounted for 0.1 per cent of the total value of money market assets outstanding at the end of the review period, same as in the preceding month.

2.3.4 Certificate of Deposits (CDs)

During the review period, CDs amounted to ₦59.57 billion, showing a marginal increase of 0.07 per cent, compared with ₦59.53 billion recorded in the preceding month. Consequently, CDs accounted for 0.49 per cent of the total value of money market assets outstanding at the end of the review period, compared with 0.51 per cent recorded in the preceding month.

2.3.5 Open Market Operations

The Bank intervened 5 times through the conduct of direct Open Market Operations (OMO), to influence liquidity in the system in October 2018. The tenors to maturity of the instrument ranged from 91 to 360 days. Total amount offered, subscribed and allotted to, stood at ₦1,420.00 billion, ₦1,266.44 billion and ₦1,263.45 billion, respectively. The bid rates ranged from 11.0500 to 14.5000 per cent, while the stop rates ranged from 11.25 to 14.50 per cent. Repayment and maturity of CBN bills was ₦1,275.45 billion, translating to a net injection of ₦12.00 billion.

2.3.6 Primary Market

At the Government securities market, NTBs and FGN Bonds were issued at the primary market on behalf of the Debt Management Office (DMO) during the review period. NTBs of 91-, 182- and 364-day tenors, amounting to ₦281.13 billion, ₦642.44 billion and ₦281.13 billion were offered, subscribed and allotted to, respectively, at the auctions held in October 2018 on behalf of the DMO.

At the 91-day auction, total offer, subscription and allotment were ₦15.37 billion, ₦15.44 billion and ₦15.37 billion, respectively, with the bid rates ranging from 10.7000 to 12.2800 per cent, while the stop rates were 10.9000 and 10.9600 per cent. For the 182-day auction, total offer, subscription and allotment were ₦46.85 billion, ₦61.93 billion and ₦46.85 billion, respectively. The bid rates ranged from 11.5000 to 13.0000 per cent, while the stop rates ranged from 12.0980 to 12.6900 per cent. At the 364-day, offer, total subscription and allotment were ₦281.91 billion, ₦642.44 billion and ₦281.13 billion, respectively, with bid rates ranging from 12.5000 to 18.0000 per cent, while stop rates were from 13.3300 to 13.4490 per cent. On all the maturities, the stop rate ranged from 10.9000 to 13.4490 per cent.

2.3.7 Bonds Market

Tranches of the 5-, 7-, and 10- year bonds were re-opened and offered for sale in October 2018. The terms to maturity of

the bonds ranged from 4 years 6 months, 6 years 5 month, and 9 years, 4 months, respectively. Total amount offered, subscribed and allotted to were ₦115.00 billion, ₦143.48 and ₦88.8 billion, respectively. There was no allotment on non-competitive basis and none of the available tranches matured for redemption.

The bid rates ranged from 12.98 to 16.15 per cent, while the marginal rates for the 5, 7, and 10-year bond were 15.00, 15.15 and 15.32 per cent, respectively. The structure of public subscription reflected investors' preference for long-term securities as total subscription for the 10 year FGN Bond closed at ₦102.08 billion, same as the amount recorded in the preceding month.

2.3.8 CBN Standing Facilities

The Deposit Money Banks and merchant banks continued to access the Standing Facilities window to square up their positions either by borrowing (SLF) from the CBN or depositing (SDF) the excess in their reserves at the end of each business day. The trend at the CBN standing facilities window showed more patronage at the SLF. Applicable rates for the SLF and SDF remained at 16.00 per cent and 9.00 per cent, respectively. The total SLF granted during the review period was ₦678.27 billion, made up of ₦545.54 billion direct SLF and ₦132.73 billion ILF converted to overnight repo. Daily average was ₦35.70 billion in the 15 transaction days in October 2018. Total interest earned was ₦0.42 billion.

The total request for the SDF granted during the reviewed period was ₦1,781.80 billion with daily average of ₦955.37 billion in the 18 transaction days in the period in October 2018. Daily request ranged from ₦2.20 billion to ₦136.10 billion. Cost incurred on SDF in the month stood at ₦0.30 billion.

2.4 Deposit Money Banks' Activities

Total assets and liabilities of the commercial banks amounted to ₦37,268.18 billion at end-September 2018 showing a 2.8 per cent increase, compared with the level at end-August 2018. Funds were sourced, mainly, from capital accounts, increased demand deposits and reduction in claims on state and local governments. The funds were used to acquire unclassified assets, increase claims on the private sector, central bank and the Federal Central Government, as well as pay off unclassified liabilities.

Banks' credit to the domestic economy rose by 1.7 per cent

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

to ₦19,757.97 billion at end-September 2018, above the level at end-August 2018. This was attributed, mainly, to the increase in claims on the private sector in the review month.

Total specified liquid assets of banks stood at ₦11,802.72 billion at end-September 2018 representing 66.4 per cent of their total current liabilities. At that level, the liquidity ratio was 8.1 percentage points and 36.4 percentage points above the level at end-August 2018, and the stipulated minimum liquidity ratio of 30.0 per cent, respectively. The loans-to-deposit ratio, at 65.17 per cent, was 0.7 percentage point and 14.83 percentage points below the level at the end of the preceding month, and the maximum ratio of 80.0 per cent, respectively.

2.5 Capital Market Developments

2.5.1 Secondary Market

Market sentiments remained generally uncertain due to investors' strong profit-taking and the gradual outflow of portfolio investment on account of interest rate hikes in the United States. Although the effects on the market were moderated by the release of positive third quarter earnings by some companies, volatility in the market continued during the review period, leading to mixed developments on the Nigerian Stock Exchange (NSE) in October 2018. Consequently, the total volume of traded securities rose by 26.3 per cent to 5.06 billion shares, while the total value of traded securities fell by 11.3 per cent to ₦60.73 billion traded in 63,923 deals, compared with 4.15 billion shares, valued at ₦65.09 billion in 62,698 deals in September 2018 (Figure 4, Table 3).

The financial services sector continued to dominate activities on the Exchange, with 4.27 billion shares, valued at ₦37.95 billion, traded in 36,667 deals in October 2018, compared with 3.38 billion shares worth ₦42.27 billion, traded in 38,146 deals in the preceding month. Transactions in the sector accounted for 84.4 per cent and 62.5 per cent of the total turnover in volume and value, respectively.

Figure 4: Volume and Value of Traded Securities

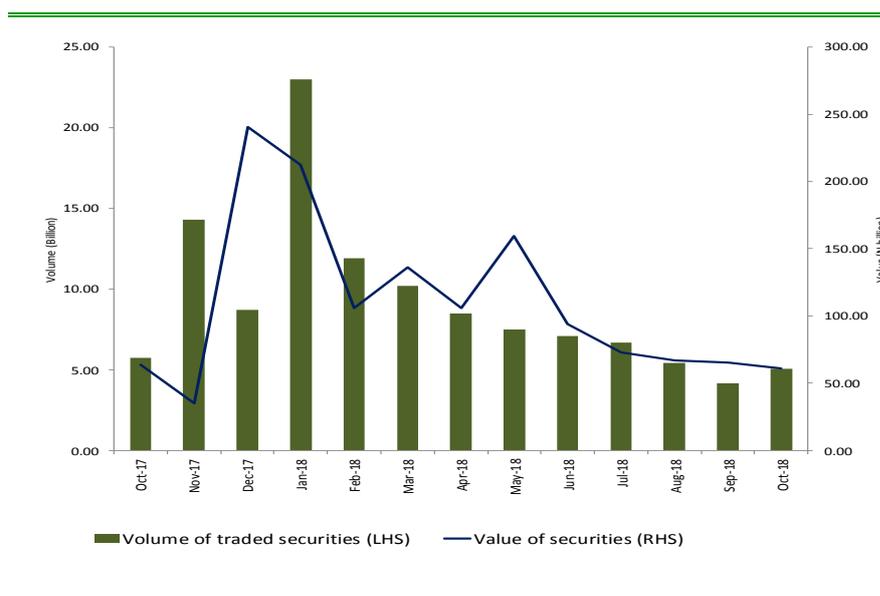


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Volume (Billion)	5.8	14.3	8.7	23.0	11.9	10.2	8.5	7.5	7.1	6.7	5.4	4.2	5.1
Value (N Billion)	63.9	35.1	240.4	212.4	106.1	136.2	106.1	159.2	93.9	73.0	66.9	65.1	60.7

2.5.3 Market Capitalisation

The performance of quoted stocks continued to be affected by the uncertainty in market sentiments and weak investors' confidence, leading to volatility in the market. Consequently, the aggregate market capitalisation on the Exchange fell by 1.5 per cent to ₦21.97 trillion at end-October 2018, compared with ₦22.3 trillion at end-September 2018. Market capitalisation for the equities segment, also fell by 0.3 per cent to ₦11.86 trillion and constituted 54.0 per cent of the total, compared with ₦11.9 trillion and 53.4 per cent at end-September 2018 (Figure 5, Table 5).

2.5.4 NSE All-Share Index

The All-Share Index, which opened at 37,766.37 at the beginning of the month, closed at 32,466.27, representing a decline of 14.0 per cent, compared with the level in the preceding month. Developments in the sectoral indices were, however, generally mixed in the review period. The NSE-Premium, NSE-Oil and Gas and NSE-Banking indices rose by 0.4 per cent, 1.3 per cent, and 1.7 per cent, respectively to 2,365.92, 291.35 and 418.21 relative to the levels at end-September 2018. The NSE-Industrial Goods, NSE-Pension, NSE-

Consumer Goods, NSE-AseM, and NSE Lotus fell by 6.1 per cent, 2.6 per cent, 4.6 per cent, 1.4 per cent and 0.2 per cent, respectively to 1,435.11, 1,194.34, 723.54, 786.19, and 2,259.53, compared with the levels at the end of the preceding month (Figure 5, Table 5).

Figure 5: : Market Capitalisation and All-Share Index



Table 4: Aggregate Market Capitalisation and All Share Index (NSE)

	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Aggregate Market Capitalization (₦ trillion)	24.9	25.1	23.7	23.9	23.5	22.8	22.3	21.97
All-Share Index	41,504.51	41,268.01	38,104.54	38,278.55	37,017.78	34,848.45	37,766.37	32,466.27

3.0 Fiscal Operations⁴

Federally-collected revenue in October 2018 was below the monthly budget estimate and the receipts in September 2018 by 38.4 per cent and 18.0 per cent, respectively. Federal Government retained revenue for the review month was ₦280.96 billion, while total provisional expenditure was ₦347.48 billion, resulting in an estimated deficit of ₦66.51 billion.

3.1 Federation Account Operations

The estimated federally-collected revenue (gross), at ₦682.06 billion, in October 2018 was below the 2018 monthly budget estimate of ₦1,107.12 billion and the ₦831.45 billion collected in the preceding month by 38.4 per cent and 18.0 per cent, respectively. The shortfall relative to the monthly budget estimate was attributed to lower revenue from both oil and non-oil sources (Fig. 6, Table 6).

At ₦682.06 billion, the estimated federally-collected revenue (gross) in October 2018 fell short of the monthly budget estimate of ₦1,107.12 billion by 38.4 per cent.

Figure 6: Components of Gross Federally-Collected Revenue

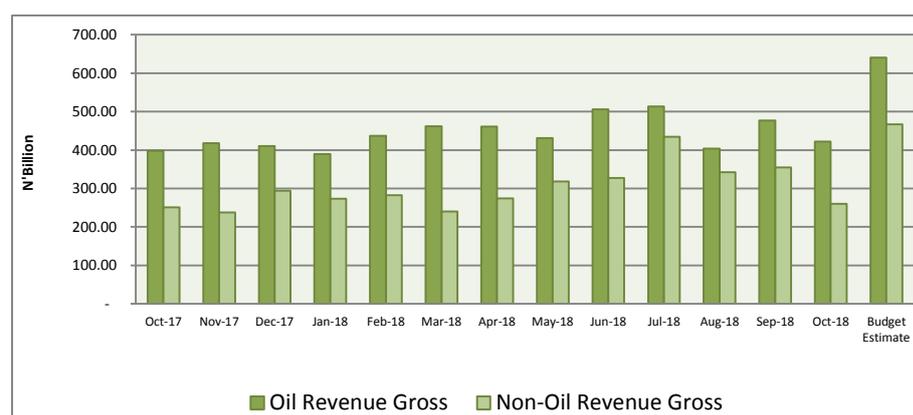


Table 5: Gross Federation Account Revenue (N billion)

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Monthly Budget Est
Federally-collected Revenue(Gross)	648.7	655.8	704.4	662.5	719.4	701.7	734.8	749.9	833.5	947.6	745.5	831.4	682.1	1,107.1
Oil Revenue	398.1	417.7	410.2	389.4	436.9	461.7	460.8	431.4	505.9	513.5	403.6	477.1	422.1	640.2
Non-oil Revenue	250.6	238.1	294.2	273.1	282.6	240.0	274.1	318.6	327.6	434.1	341.9	354.4	259.9	466.9

Oil receipts, at ₦422.13 billion or 61.9 per cent of total revenue, was below the monthly budget estimate of ₦640.21 billion by 34.1 per cent. It was also a decline of 11.5 per cent below the preceding month's receipt of ₦477.06. The shortfall in oil revenue relative to the monthly budget estimate was

At ₦422.13 billion, oil receipts (gross) was below the monthly budget estimate by 34.1 per cent, and constituted 61.9 per cent of the total revenue.

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

attributed to the drop in the average price of crude oil and declining production arising from the shutdown of some pipelines (Figure 7, Table 7).

Figure 7: Gross Oil Revenue and its Components

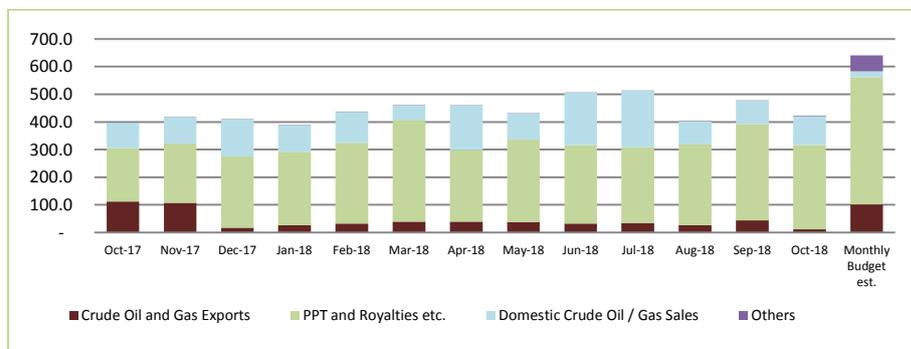


Table 6: Components of Gross Oil Revenue (₦ billion)

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Monthly Budget
Oil Revenue	398.1	417.7	410.2	389.4	436.9	461.7	460.8	431.4	505.9	513.5	403.6	477.1	422.1	640.2
Crude Oil and Gas Exports	111.9	107.6	17.3	26.8	32.5	38.9	39.2	38.0	32.1	34.3	26.8	43.4	11.6	101.9
PPT and Royalties etc.	193.9	215.0	257.3	265.4	292.2	368.8	258.5	298.3	284.2	274.2	291.5	348.8	305.0	459.7
Domestic Crude Oil / Gas Sales	91.9	94.5	135.1	96.7	111.7	52.6	161.9	94.2	189.1	204.2	84.4	84.3	103.8	21.0
Others	0.4	0.7	0.6	0.6	0.5	1.4	1.1	0.8	0.5	0.9	0.8	0.6	1.7	57.6

At ₦259.93 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 44.3 per cent and constituted 38.1 per cent of total revenue.

Non-oil revenue, at ₦259.93 billion or 38.1 per cent of total revenue, was below both the 2018 monthly budget estimate of ₦466.91 billion and the ₦354.38 billion received in September 2018 by 44.3 per cent and 26.7 per cent, respectively. The lower revenue collection relative to the monthly budget estimate was due to the shortfall in most of the components (Figure 8, Table 8).

Figure 8 : Gross Non-Oil Revenue and its Components

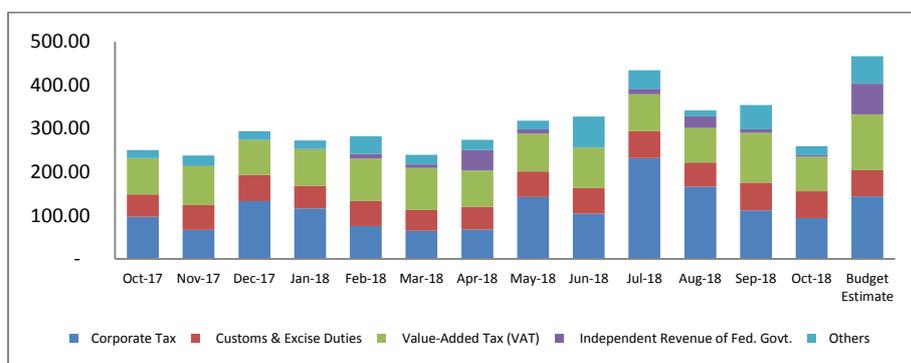


Table 7: Components of Gross Non-Oil Revenue (₦ billion)

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Monthly Budget Est
Non-Oil Revenue	250.6	238.1	294.2	273.1	282.6	240.0	274.1	318.6	327.6	434.1	341.9	354.4	259.9	467.0
Corporate Tax	97.5	67.0	133.1	116.2	75.7	64.9	67.6	142.9	104.7	232.7	166.0	112.0	94.0	144.3
Customs & Excise Duties	50.8	57.9	60.4	52.0	58.4	48.1	52.5	58.5	58.7	61.4	55.8	63.8	62.2	60.0
Value-Added Tax (VAT)	83.3	89.7	80.4	84.0	96.6	96.6	83.7	86.9	93.4	85.3	79.8	114.5	79.2	128.7
Independent Revenue of Fed. Govt.	0.6	0.3	0.1	1.4	10.9	7.9	47.1	10.3	0.0	10.9	26.9	8.1	3.8	70.7
Others 1/	18.4	23.3	20.2	19.5	40.9	22.4	23.1	20.1	70.8	43.7	13.4	55.9	20.7	63.3

Of the total federally-collected revenue (net), ₦652.97 billion was retained in the Federation Account after statutory deductions. Out of this, the sums of ₦75.99 billion, ₦3.76 billion and ₦20.75 billion were transferred to the VAT Pool Account, the Federal Government Independent revenue and “Others”, respectively, leaving a balance of ₦552.47 billion to be distributed to the three tiers of government and 13% derivation fund.

Of this amount, the Federal Government received ₦263.35 billion, while the state and local governments got ₦133.58 billion and ₦102.98 billion, respectively. The balance of ₦52.56 billion was shared among the oil producing states as 13% Derivation Fund.

Similarly, from the ₦75.99 billion transferred to the VAT Pool Account, the Federal Government received ₦11.40 billion, while the state and local governments received ₦37.99 billion and ₦26.60 billion, respectively.

In addition, the sum of ₦0.28 billion was distributed in the month as “Exchange Gain”. Of this amount, the Federal, State and Local Governments received ₦0.13 billion, ₦0.06 billion and ₦0.05 billion, respectively, while the 13% Derivation Fund received ₦0.03 billion.

Furthermore, excess bank charges of ₦4.40 billion were refunded and shared as follows: The Federal Government, ₦2.32 billion; State government, ₦1.18 billion; and Local government, ₦0.91 billion, respectively.

Overall, total allocation to the three tiers of government in October 2018 amounted to ₦633.14 billion. This was below both the 2018 monthly budget estimate and the preceding

month's allocation by 34.6 per cent and 7.6 per cent, respectively.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦280.96 billion, the estimated Federal Government retained revenue was below the monthly budget estimate by 55.4 per cent.

The estimated Federal Government retained revenue, at ₦280.96 billion, was below the monthly budget estimate of ₦629.44 billion by 55.4 per cent. A breakdown showed that Federation Account constituted 93.7 per cent, while VAT, FGN Independent Revenue, Excess Bank Charges and Exchange Gain amounted to 4.1 per cent, 1.3 per cent, 0.8 per cent and 0.1 per cent, respectively (Figure 9, Table 9).

Figure 9: Federal Government Retained Revenue

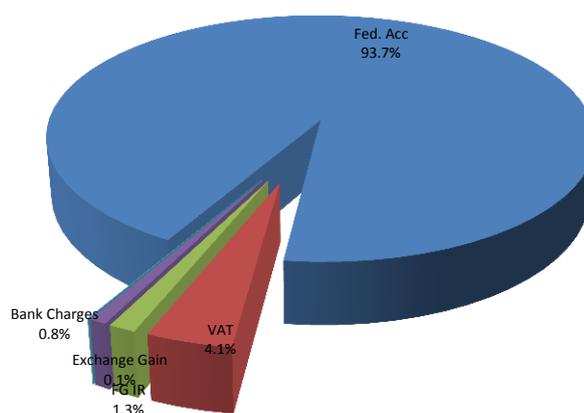


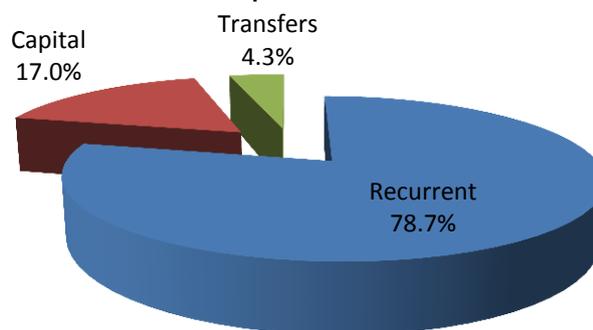
Table 8: Federal Government Fiscal Operations (₦ billion)

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	2018 Monthly Budget Est
Retained Revenue	244.9	287.5	733.3	349.7	274.2	278.7	315.4	299.1	296.6	306.7	344.3	299.6	281.0	629.4
Expenditure	400.7	439.2	1116.9	639.6	373.9	684.3	218.6	509.7	358.6	485.4	309.1	248.1	347.5	792.3
Overall Balance: (+)/(-)	-155.9	-151.7	-383.5	-289.8	-99.7	-405.6	96.9	-210.6	-620.0	-178.7	35.2	51.4	-66.5	-162.9

The estimated total expenditure of the Federal Government, at ₦347.48 billion, was below the monthly budget estimate of ₦792.31 billion by 56.1 per cent, but was above the ₦248.14 billion collected in the preceding month by 40.0 per cent. Total recurrent expenditure, capital expenditure and transfers constituted 78.7 per cent, 17.0 per cent and 4.3 per cent of the total, respectively. A breakdown of the recurrent expenditure showed that non-debt obligation was 67.7 per

cent, while debt service payments accounted for 32.3 per cent of the total (Figure 10).

Figure 10: : Federal Government Expenditure



Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦66.51 billion, compared with the monthly budget deficit of ₦162.87 billion.

The fiscal operations of the FG resulted in an estimated deficit of ₦66.51 billion in October, 2018.

3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the state governments amounted to ₦225.41 billion. This was lower than the 2018 budget estimate of ₦354.04 billion by 36.3 per cent and the receipt of ₦247.50 billion in September 2018 by 8.9 per cent.

Receipt from the Federation Account was ₦187.41 billion or 83.1 per cent of the total statutory allocation. This was 35.9 per cent below the monthly budget estimate of ₦292.28 billion. Similarly, the allocation from the VAT Pool Account, at ₦37.99 billion or 16.9 per cent of the total, was below the monthly budget estimate of ₦61.76 billion by 38.5 per cent.

3.2.3 Statutory Allocations to Local Government Councils

Total estimated statutory allocations to local governments from the Federation and VAT Pool Accounts in the month of October stood at ₦130.53 billion. This represented a shortfall of 33.5 per cent relative to the 2018 monthly budget estimate of ₦196.25 billion.

Allocation from the Federation Account amounted to ₦103.94 billion or 79.6 per cent of the total. The amount was 32.1 per cent below the monthly budget estimate of ₦153.01 billion. Similarly, receipts from the VAT Pool Account, at ₦26.60 billion or 20.4 per cent of the total, was below the monthly budget estimate of ₦43.23 billion by 38.5 per cent (Table 10).

Table 9: Statutory Allocation to State Governments and Local Government Councils (₦ Billion)

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Monthly Budget Est
SG Federation Account	153.0	134.3	169.1	187.0	178.5	188.2	185.9	189.9	189.4	181.2	210.4	192.5	187.4	292.3
SG VAT	40.0	43.1	38.6	40.3	46.4	42.9	40.2	41.7	44.8	41.0	38.3	55.0	38.0	61.8
SG Total	193.0	177.4	207.7	227.3	224.9	231.1	226.1	231.6	234.2	222.2	248.7	247.5	225.4	354.0
LG Federation Account	86.9	75.1	97.1	104.3	97.5	100.9	100.2	108.0	105.1	110.9	119.6	107.5	103.9	153.0
LG VAT	28.0	30.1	27.0	28.2	32.5	30.1	28.1	29.2	31.4	28.7	26.8	38.5	26.6	43.2
LG Total	114.9	105.2	124.1	132.5	130.0	130.9	128.3	137.2	136.5	139.6	146.5	146.0	130.5	196.3
Total Statutory Revenue and VAT	307.9	282.6	331.8	359.8	354.9	362.0	354.4	368.8	370.7	361.8	395.2	393.5	355.9	550.3

4.0 Domestic Economic Conditions

The predominant farming activities in most parts of the country were harvesting of yam, cassava, maize, potatoes, groundnut and legumes. In the livestock sub-sector, farmers continued with breeding of birds to prepare for the end of the year sales. The end-period headline inflation, on year-on-year and twelve month moving average bases, were estimated at 11.26 per cent and 12.80 per cent, respectively, in October 2018.

4.1 Agricultural Sector

Agricultural activities continued to receive boost in October 2018 due to moderate rainfall recorded in various states. Harvest of yam, maize, rice, cassava, potatoes, groundnut and legumes were dominant across the country. In the livestock sub-sector, farmers continued with breeding of birds to take advantage of the end of the year sales.

4.2 Agricultural Credit Guarantee Scheme

The Agricultural Credit Guarantee Scheme (ACGS) guaranteed a total of ₦442.22 million to 3,055 farmers in the review period. The amount represented a decline of 19.2 per cent and 18.3 per cent, below the respective levels in the preceding month and the corresponding period of 2017. Sub-sectoral analysis showed that food crops got the largest share of ₦205.8 million (46.5%) guaranteed to 1,410 beneficiaries, followed by the livestock sub-sector, ₦74.8 million (16.9%), guaranteed to 324 beneficiaries. Also, the sum of ₦70.1 million was disbursed to mixed cropping (15.9%), guaranteed to 913 beneficiaries; while fisheries, cash crops and "Others" got ₦43.0 million (9.7%), ₦39.8 million (9.0%) and ₦8.7 million (1.97%) guaranteed to 116, 248 and 44 beneficiaries, respectively.

Analysis by state revealed that 28 states and the Federal Capital Territory benefited from the scheme in the period under review, with the highest and lowest sums of ₦47.60 million (10.8 %) and ₦1.05 million (0.2 %) guaranteed to farmers in Ogun and Nassarawa states, respectively.

4.3 Commercial Agriculture Credit Scheme

As at September 20, 2018, the total amount released since inception by the CBN under the Commercial Agriculture Credit Scheme (CACs) to participating banks for disbursement, amounted to ₦577.35 billion in respect of 568 projects (Table 11).

Table 10: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACs) as at September 20, 2018.

S/N	Participating Banks	Amount Disbursed (N billion)	Number of Projects/State Governments
1	UBA Plc	81.06	50
2	Zenith Bank	120.16	75
3	First Bank of Nigeria Plc	42.89	99
4	Unity Bank Plc	25.18	27
5	Union Bank Plc	28.91	39
6	Stanbic IBTC Plc	27.66	45
7	Sterling Bank	72.17	42
8	Access Bank Plc	36.66	26
9	Fidelity Bank Plc	21.67	17
10	Skye Bank Plc	13.77	10
11	FCMB Plc.	15.53	26
12	Ecobank	6.38	10
13	GTBank	39.85	29
14	Diamond Bank Plc	4.85	21
15	Heritage Bank	6.82	14
16	Citibank Plc	3.00	2
17	Keystone Bank	26.05	20
18	WEMA Bank Plc	2.89	13
19	Jaiz Bank Plc	0.00	1
20	Suntrust Bank Ltd	1.85	2
	TOTAL	577.35	568

4.4 Petroleum Sector

Domestic crude oil and natural gas production was estimated at an average of 1.88 million barrels per day.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 1.88 mbd or 58.3 million barrels (mb) in the review month. This indicated a decrease of 0.03 mbd or 1.6 per cent, compared with 1.85 mbd or 57.4 million barrels (mb) produced in the preceding month. Crude oil export was estimated at 1.43 mbd or 44.3 mb, representing an increase of 2.1 per cent, compared with 1.40 mbd recorded in the preceding month. The increase in crude oil export was attributed to the gains from sustained partnership between government and stakeholders in the oil producing region and security measures put in place to forestall production disruptions and losses through pipelines vandalism. The allocation of crude oil for domestic consumption was 0.45 mbd or 13.95 mb in the review month.

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 spot price of Nigeria's reference crude oil, the Bonny Light (37° API) as at October 25, 2018, was US\$ 82.53 per barrel, representing an increase of 2.5 per cent, compared with the US\$80.50/b recorded in September 2018. The increase in crude oil price was due, largely, to the steady decline in the U.S. crude oil inventories and growing concerns over shortage in global oil supply, following geopolitical tensions around the globe. The UK Brent at US\$ 81.56/b, WTI at US\$ 64.74/b, and the Forcados at US\$ 82.63/b exhibited similar trend as the Bonny Light.

The OPEC basket of fifteen selected crude streams was US\$79.40/b in October 2018, compared with the respective

levels of US\$77.21/b and US\$55.50/b in the preceding month and the corresponding period of 2017. The development showed increase of 2.8 per cent and 43.1 per cent over the levels in the preceding month and the corresponding period of 2017, respectively (Figure 11, Table 12).

Figure 11: Trends in Crude Oil Prices

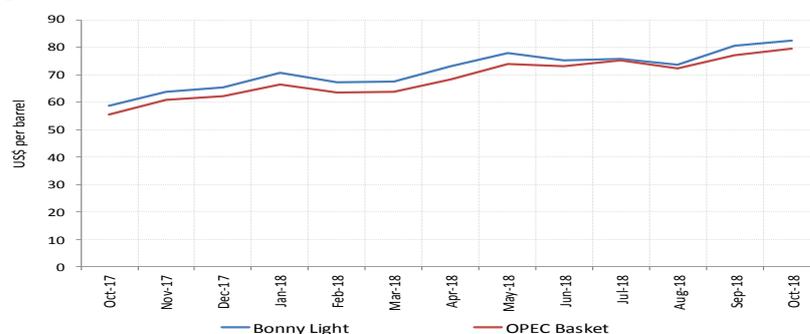


Table 11: Average Crude Oil Prices in the International Oil Market

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Bonny Light	58.74	63.70	65.41	70.75	67.20	67.46	73.16	77.86	75.11	75.68	73.70	80.50	82.53
OPEC Basket	55.50	60.75	62.06	66.85	63.52	63.76	68.40	73.80	73.22	73.30	72.23	77.21	79.40

The general price level is estimated to rise in October 2018, compared with the level in the preceding month.

4.5 Consumer Prices

The all-items composite Consumer Price Index (CPI) was 270.6 (November 2009=100) in October 2018, representing a 0.8 per cent and 11.4 per cent increase relative to the respective levels in September 2018 and the corresponding period of 2017.

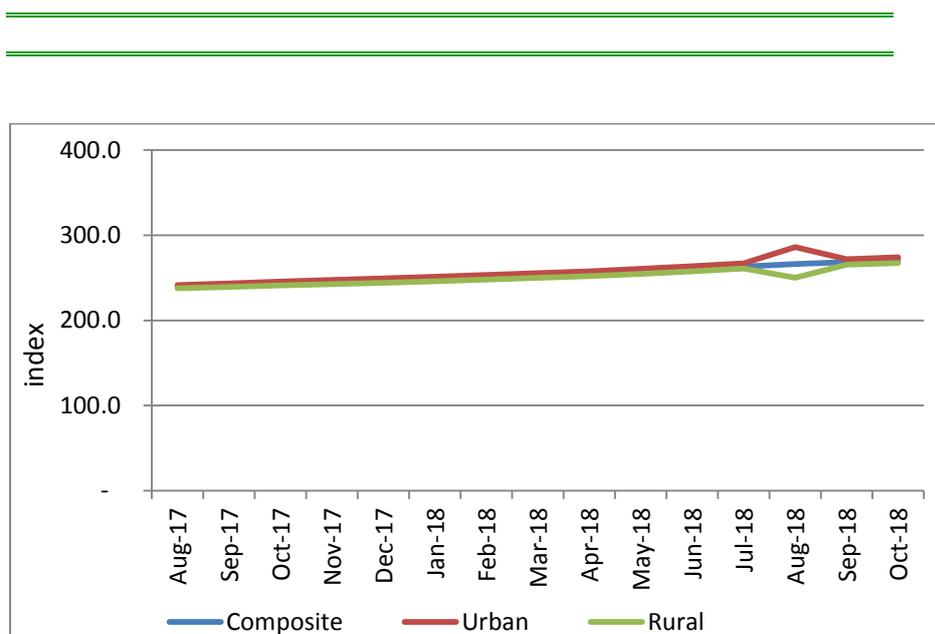
The composite food index (with a weight of 50.7 per cent) for October 2018 was estimated at 292.1, compared with 289.0 and 257.2 in the preceding month and the corresponding period of 2017, respectively. This represented increase of 3.1 per cent and 34.9 per cent over the levels in the preceding month and the corresponding period of 2017, respectively. The projected price increase was on account of the drop in agricultural output, owing to flooding and herdsmen/farmers clashes in some parts of the country (Figure 12, Table 13).

Table 12: Consumer Price Index (November 2009=100)*⁵

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Composite	243.0	244.9	246.4	248.4	250.3	252.4	255.0	257.3	260.5	263.4	266.2	268.4	270.6
Urban	245.5	247.6	245.5	251.3	253.4	255.6	257.7	260.6	263.8	267.0	269.7	272.0	274.1
Rural	241.1	242.8	241.1	246.0	247.9	249.9	252.0	254.7	257.8	260.9	263.4	265.5	267.4
CPI - Food	257.2	259.5	261.0	263.3	265.5	267.9	270.4	273.9	278.2	282.2	286.2	289.0	292.1
CPI - Non Food	230.9	232.6	233.8	235.4	237.2	239.2	241.3	243.6	246.1	248.1	250.1	251.7	253.3

*Source: NBS

Figure 12: Consumer Price Index



The year-on-year headline inflation was 11.26 per cent in October 2018.

Headline inflation fell to 11.26 per cent, compared with 11.28 per cent and 15.91 per cent, respectively, in the preceding period and the corresponding month of 2017. The Twelve-Month Moving Average (12MMA) inflation for October 2018 was projected to decline to 12.80 per cent, compared with 13.16 and 16.97 per cent in the preceding month and the corresponding period of 2017, respectively (Figure 13, Table 14).

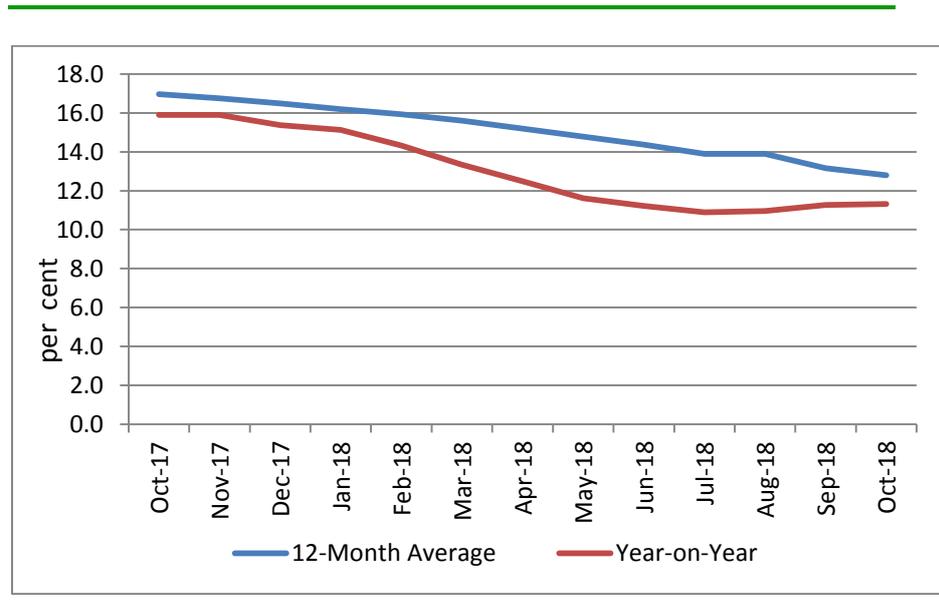
Table 13: Headline Inflation Rate (%)*⁶

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
12-Month Average	16.97	16.76	16.50	16.20	15.93	15.60	15.20	14.79	14.37	13.95	13.55	13.16	12.80
Year-on-Year	15.91	15.90	15.37	15.13	14.33	13.34	12.48	11.61	11.23	11.14	11.23	11.28	11.26

*Source: NBS

⁵ October figures on CPI and components are actuals.⁶ October 2018 inflation figures are actuals.

Figure 13: Inflation Rate



5.0 External Sector Developments⁷

On month-on-month basis, foreign exchange inflow and outflow through the CBN fell by 3.0 per cent and 15.9 per cent to US\$4.18 billion and US\$5.27 billion, respectively, in October 2018. Total non-oil export receipts by banks rose by 45.7 per cent over the level in September 2018. The average exchange rate at the inter-bank, BDC segment, and the I&E window were ₦306.47/US\$, ₦360.38/US\$ and ₦364.16/US\$, respectively, in the review month. The gross external reserves was US\$40.61 billion at end-October 2018.

5.1 Foreign Exchange Flows

Despite the favourable international price of crude oil, performance of the external sector in October 2018 was moderated by decline in domestic crude oil production and slowdown in inflow from autonomous sources. Thus, aggregate foreign exchange inflow into the CBN was US\$4.18 billion, showing a decline of 3.0 per cent, but was an increase of 14.7 per cent relative to the respective levels in the preceding month and the corresponding period of 2017. The reduction in aggregate foreign exchange inflow into the CBN, relative to the preceding month's level was attributed, largely, to the decline in non-oil receipts.

Aggregate outflow of foreign exchange from the Bank fell by 15.9 per cent to US\$5.27 billion in October 2018, compared with the level at end-September 2018. It, however, indicated 85.6 per cent increase over the level in the corresponding period of 2017. The significant fall in third party MDA transfers and "other official payments" accounted for the decline in aggregate outflow of foreign exchange from the Bank.

Overall, foreign exchange flows through the Bank in the month of October 2018 resulted in a net outflow of US\$1.09 billion, compared with a net outflow of US\$1.96 billion in September 2018 but was in contrast to the net inflow of US\$0.92 billion in the corresponding period of 2017 (Figure 14, Table 15).

⁷ 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

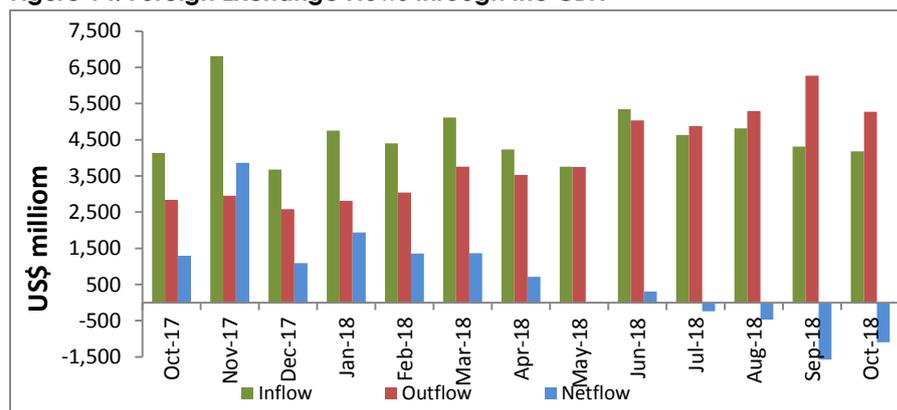


Table 14: Foreign Exchange Flows through the CBN (US\$ million)

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Inflow	3,759.2	6,812.0	3,680.8	4,386.3	4,401.3	5,117.3	4,232.7	3,751.7	5,340.8	4,631.5	4,817.1	4,311.0	4,180.7
Outflow	2,839.1	2,951.1	2,584.5	2,734.4	3,040.5	3,754.1	3,523.0	3,742.9	5,030.9	4,874.5	5,289.2	6,270.2	5,273.9
Netflow	920.1	3,860.8	1,096.4	1,652.0	1,360.8	1,363.1	709.7	8.8	309.9	(1.3)	(472.1)	(1,959.2)	(1,093.2)

Aggregate foreign exchange inflow into the economy amounted to US\$8.82 billion, indicating a decline of 8.6 per cent and 7.8 per cent, compared with the levels at the end of the preceding month and the corresponding period of 2017, respectively. The respective falls of 13.1 per cent and 3.0 per cent in inflow through Autonomous sources and the Bank accounted for the decline.

Aggregate foreign exchange outflow from the economy, at US\$5.56 billion, fell by 15.2 per cent, compared with the level in September, 2018. This was attributed, mainly, to the 12.1 per cent decline in outflow through the Bank. It, however, represented a significant increase of 113.8 per cent above the level at the end of the corresponding month of 2017.

Inflow through autonomous sources, declined by 13.1 per cent to US\$4.64 billion in October 2018, compared with the level in September 2018. Outflow through autonomous sources, however, rose marginally by 0.6 per cent, on month-on-month basis, to US\$0.29 billion, reflecting the rise in visible import.

Thus, foreign exchange flow through the economy, resulted in a net inflow of US\$3.26 billion in the review period,

compared with US\$3.09 billion and US\$5.89 billion in September 2018 and October 2017, respectively.

5.2 Non-Oil Export Earnings by Exporters⁸

Total non-oil export earnings, at US\$382.24 million, indicated increase of 45.7 per cent and 69.3 per cent over the levels in the preceding month and the corresponding period of 2017, respectively. The rise in earnings from non-oil export was due to 58.0 per cent, 132.4 per cent, 40.3 per cent, and 56.2 per cent increase in the proceeds from minerals, food products, industrial and agricultural sub-sectors, respectively, to US\$224.85 million, US\$19.95 million, US\$ 37.91 billion and US\$50.71 million in October 2018. Export proceeds from transport and manufactured products sub-sectors, however, declined by 66.7 per cent and 6.1 per cent, respectively, relative to the levels in the preceding month.

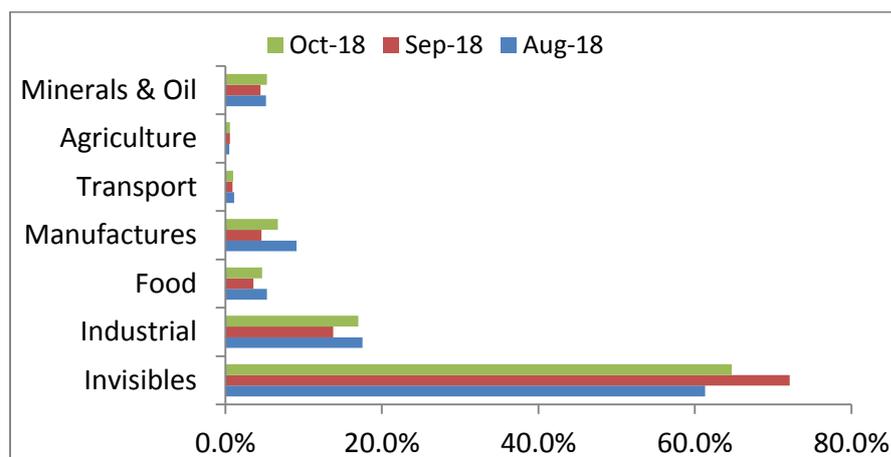
The shares of the various sectors in non-oil export proceeds were: minerals, 58.8 per cent; agricultural products, 13.3 per cent; manufactured products, 12.8 per cent; industrial sector, 9.9 per cent; and food products, 5.2 per cent.

5.3 Sectoral Utilisation of Foreign Exchange

Aggregate sectoral utilisation of foreign exchange declined by 11.2 per cent to US\$3.96 billion, in October 2018, compared with the level in the preceding month. The invisible sector accounted for the bulk (64.7 per cent) of total foreign exchange disbursed in the review month, followed by components of the visible sub-sector listed in descending order as follows: Industrial sector (17.0 per cent); manufactured products (6.7 per cent); minerals and oil (5.3 per cent); food products (4.7 per cent); transport (1.0 per cent); and agricultural products (0.6 per cent) (Figure 15).

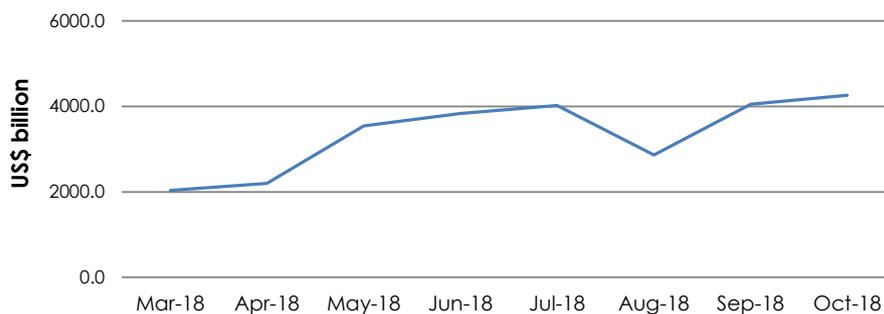
⁸ Data on non-oil export earnings and sectoral utilization of foreign exchange are provisional.

Figure 15: : Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

The Bank continued to intervene at the interbank and BDC segments of the foreign exchange market to further sustain the improved liquidity and relative stability in the market. Consequently, a total of US\$4.26 billion was sold by the Bank to authorised dealers in October 2018, compared with US\$4.05 billion supplied in September 2018. This indicated a 5.2 per cent and 153.6 per cent increase, compared with the respective levels in the preceding month and the corresponding period of 2017. Higher sales at the inter-bank and BDC segments, increased swap transactions and forwards disbursed at maturity accounted for the development, relative to the preceding month. Sales at the I&E window, however, declined by 30.0 per cent to US\$1.46 billion and accounted for 34.2 per cent of aggregate sales. Disbursement of matured forwards amounted to US\$1.16 billion (27.2%); sales to BDC US\$839.5 million (19.7%); swap transactions US\$466.13 million (10.9%) and sales at the interbank market US\$337.66 million (Figure 16, Table 16).

Figure 16: : Supply of Foreign Exchange**Table 15: Supply of Foreign Exchange (US\$ billion)**

	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
	2.03	2.20	3.54	3.84	4.02	2.88	4.05	4.26

The average exchange rate of the naira to the US-dollar, at the inter-bank segment, was ₦306.47/US\$, representing a depreciation of 0.1 per cent and 0.3 per cent, compared with the respective levels in the preceding month and the corresponding period of 2017. Similarly, the average rate at the BDC segment depreciated by 0.3 per cent to ₦360.38/US\$, relative to the level in the preceding month. At the “Investors” and “Exporters” (I&E) window, the average exchange rate of the naira vis-à-vis the US dollar, at ₦364.16/US\$, also depreciated by 0.3 per cent and 1.0 per cent relative to the respective levels in September 2018 and the corresponding period of 2017 (Figure 17, Table 17).

Consequently, the premium between the exchange rates at the interbank and BDC segments widened to 17.6 per cent from 17.3 per cent in September 2018, while the premium between the BDC and I&E rates narrowed by 0.1 percentage point to 1.0 per cent.

Figure 17: Average Exchange Rate Movement

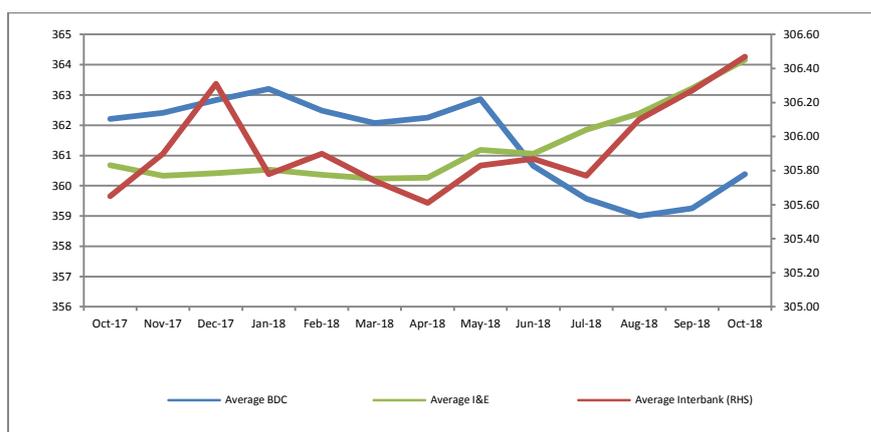


Table 16: Exchange Rate Movements

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Average Exchange Rate (N/\$)													
Interbank	305.65	305.90	306.31	305.78	305.90	305.74	305.61	305.83	305.87	305.77	306.10	306.27	306.47
BDC	362.21	362.41	362.83	363.20	362.48	362.07	362.25	362.86	360.66	359.57	359.00	359.25	360.38
I&E Window	360.68	360.33	360.41	360.53	360.36	360.24	360.27	361.19	361.06	361.85	362.39	363.22	364.16

5.5 Gross External Reserves

The unadjusted external reserves declined from US\$42.61 billion at end-September 2018 to US\$40.61 billion at end-October 2018. A breakdown of the external reserves by ownership showed that the share of Federation reserves was US\$0.86 billion (2.1%); Federal Government reserves, US\$5.19 billion (12.8%); and the CBN reserves, US\$34.55 billion (85.1%) of the total (Figure. 18, Table 18).

Gross external reserves fell from US\$42.61 billion to 40.61 billion at end-October 2018.

Figure 18: Gross Official External Reserves

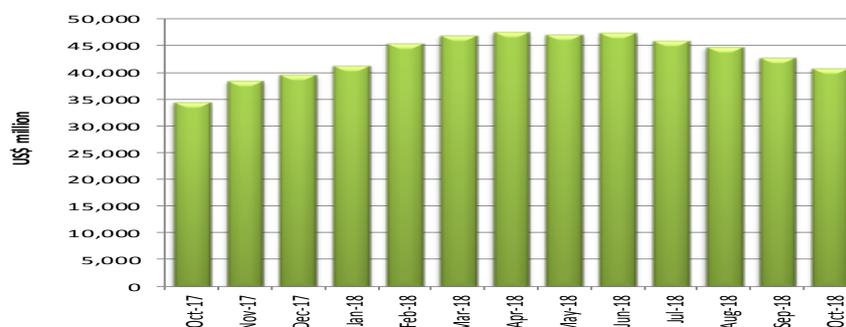


Table 17: Gross Official External Reserves (US\$ million)

Period	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
	45,276.58	46,730.54	47,438.22	46,923.01	47,157.90	45,798.98	44,580.40	42,607.27	40,606.29

6.0 Other International Economic Developments and Meetings

World crude oil output and demand in October 2018 were estimated at an average of 98.98 mbd and 98.79 mbd, compared with 99.00 and 98.80 mbd supplied and demanded, respectively, in September 2018. The slight decline in world crude oil demand was attributed, largely, to the drop in demand from OECD Europe, Latin America and the Middle East.

Other major international economic developments and meetings of importance to the domestic economy in the review period included: the 2018 Annual Meetings of the Board of Governors of the World Bank Group (WBG) and the International Monetary Fund (IMF) were held in Bali, Indonesia from October 8 – 14, 2018. Also, sideline meetings of the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Developments were held during the period. The highlights of the meetings were as follows:

- The G24 Ministers expressed concern that while the recovery of global growth continued, growth was becoming increasingly uneven, including among emerging and developing economies;
- The Ministers strongly called for international cooperation to foster a rules-based, open, transparent, non-discriminatory and equitable multilateral trading system, with the World Trade Organisation at its center;
- They further expressed concern on the rising debt vulnerabilities and called on the IMF and WBG to strengthen their support for domestic resource mobilisation, combating illicit financial flows and mitigating the adverse social and distributional impact of fiscal adjustment, among others;
- The International Monetary and Finance Committee (IMFC) noted that advancing financial and structural reforms were critical to lifting potential growth, employment and strengthening resilience while effectively assisting those bearing the cost of adjustment. The Committee pledged to monitor and, as necessary, tackle financial vulnerabilities and emerging risks; through continued regulatory cooperation and avoid fragmentation and;

- The Development Committee (DC) supported the role the WBG could play in helping countries find new pathways to sustainable and inclusive growth by building the foundations of the digital economy; boosting the capacity of people, firms and institutions; and brokering technology solutions.

In addition, the sub-committee on monetary and exchange rate policy in ECOWAS was held in Lome, Togo from October 1 – 3, 2018. The sub-committee was tasked by the Committee of Governors of ECOWAS Member States with the responsibility of determining the choice of an appropriate monetary policy framework and exchange rate regime for the future of ECOWAS Central Bank. Subsequently, the sub-committee met to define the modalities for carrying out the assignment, determine the scope of work and articulate the responsibilities of the Member Central Banks and regional institutions.

APPENDIX TABLES

Table A1: Money and Credit Aggregates (₦ billion)

	Jun-18	Jul-18	Aug-18	Sep-18
Domestic Credit (Net)	25,568.2	25,654.5	15,195,710.1	15,439,503.1
<i>Claims on Federal Government (Net)</i>	3,286.3	3,393.3	24,691,470.1	3,411,346.0
Central Bank (Net)	23.4	167.3	2,221,228.3	(91,459.1)
Banks	3,262.9	3,225.9	3,263,944.5	3,502,805.1
<i>Claims on Private Sector</i>	22,281.9	22,261.2	22,470,241.8	22,560,470.6
Central Bank	6,420.4	6,444.1	6,427,730.1	6,431,581.1
Banks	15,861.5	15,817.1	16,042,511.7	16,128,889.5
<i>Claims on Other Private Sect.</i>	20,489.0	20,530.8	20,808,157.3	22,173,748.3
Central Bank	5,599.8	5,672.6	5,723,894.9	5,730,191.9
Banks	14,889.2	14,858.2	15,084,262.4	15,443,556.4
<i>Claims on State and Local Govt.</i>	1,628.8	1,615.5	1,614,780.7	134,864.4
Central Bank	656.5	656.5	656,531.4	656,531.4
Banks	972.3	958.9	958,249.3	685,333.1
<i>Claims on Non-financial Public Ent.</i>				
Foreign Assets (Net)	18,337.5	17,784.9	18,411,932.1	18,815,935.6
Central Bank	17,844.1	17,270.8	17,993,837.1	18,277,807.7
Banks	493.5	514.1	418,095.0	538,127.8
Other Assets (Net)	(10,091.0)	(9,424.9)	(9,495,760.0)	(10,532,313.4)
Total Monetary Assets (M₃)	33,814.7	34,014.5	33,067,642.2	34,255,439.0
Quasi-Money 1/	14,112.9	14,303.1	14,411,189.6	14,595,577.4
Money Supply (M1)	10,701.1	10,668.0	10,448,156.8	10,681,493.9
<i>Currency Outside Banks</i>	1,519.9	1,468.3	1,541,554.8	1,607,002.3
<i>Demand Deposits 2/</i>	9,181.2	9,199.7	8,906,602.1	9,074,491.5
Money Supply (M₂)	24,814.0	24,971.1	24,859,346.5	25,277,071.3
CBN Bills held by Non-Bank Sectors	9,000.7	9,043.4	8,748,295.8	8,978,367.4
Total Monetary Liabilities (M₃)	33,814.7	34,014.5	33,607,642.2	34,255,438.7
<i>Memorandum Items:</i>				
Reserve Money (RM)	6,360.5	6,622.7	6,688,519.3	6,802,557.1
<i>Currency in Circulation (CIC)</i>	1,900.7	1,824.8	1,928,744.3	1,926,382.2
<i>DMBs Demand Deposit with CBN</i>	4,459.8	4,797.8	4,759,775.1	4,876,174.9

1/ Quasi-money consists of Time, Savings and Foreign Currency Deposits at Deposit Money Banks excluding Takings from Discount Houses.

2/ Demand Deposits consist of State, Local and Parastatals Deposits at CBN, State, Local Government and Private Sector Deposits as well as Demand Deposits of non-financial Public Enterprises at Deposit Money Banks.

Table A2: Money and Credit Aggregates (Growth Rates)

	Sep-17	Dec-17	Aug-18	Sep-18
	Growth Over Preceding December (%)			
Domestic Credit (Net)	0.5	-3.5	-4.8	0.2
<i>Claims on Federal Government (Net)</i>	1.8	-25.4	-39.0	-6.3
<i>Claims on Private Sector</i>	0.2	1.4	0.8	1.2
<i>Claims on Other Private Sector</i>	-1.1	-1.2	0.4	2.2
<i>Claims on State and Local Government</i>	27.0	56.1	4.5	-13.1
<i>Claims on Non-financial Public Enterprises</i>				
Foreign Assets (Net)	9.9	69.6	18.6	21.2
Other Assets (Net)	4.2	-37.14	7.7	-2.3
Total Monetary Assets (M3)	4.7	9.32	7.9	9.9
Quasi-Money 1/	-3.5	5.23	11.2	12.6
Money Supply (M1)	-10.7	-0.85	-6.5	-4.4
<i>Currency Outside Banks</i>	-21.2	-2.07	-13.5	-9.9
<i>Demand Deposits 2/</i>	-8.7	-0.62	-5.2	-3.4
Total Monetary Liabilities (M2)	-6.9	8.2	3.0	4.7
CBN Bills held by Non-Bank Sectors	60.7	42.91	24.7	28.0
Total Monetary Assets (M3)	4.7	9.32	7.9	9.9
<u>Memorandum Items:</u>				
Reserve Money (RM)	-4.9	10.88	3.2	4.9
<i>Currency in Circulation (CIC)</i>	-18.3	-1.01	-10.6	-10.7
<i>DMBs Demand Deposit with CBN</i>	3.0	17.94	10.0	12.7
	Growth Over Preceding Month (%)			
Domestic Credit (Net)	0.6	-1.6	-3.2	5.2
<i>Claims on Federal Government (Net)</i>	2.9	-17.2	-31.4	53.6
<i>Claims on Private Sector</i>	0.1	1.5	0.94	0.4
<i>Claims on Other Private Sector</i>	0.3	1.9	1.4	1.8
<i>Claims on State and Local Government</i>	1.6	-3.1	0.0	-16.9
<i>Claims on Non-financial Public Enterprises</i>				
Foreign Assets (Net)	3.3	16.7	3.5	2.2
Central Bank	2.6	-10.6	4.2	1.6
Banks	60.2	2.7	-18.7	28.7
Other Assets (Net)	-1.8	-10.6	-2.5	-10.9
Total Monetary Assets (M3)	1.2	2.7	-1.2	1.9
Quasi-Money 1/	-0.6	6.3	0.8	1.3
Money Supply (M1)	1.8	10.5	-2.1	2.2
<i>Currency Outside Banks</i>	-5.8	14.8	5.0	4.3
<i>Demand Deposits 2/</i>	3.1	9.7	-3.2	1.9
Total Monetary Liabilities (M2)	0.5	8.2	-0.5	1.7
CBN Bills held by Non-Bank Sectors	3.3	-12.6	-3.3	2.6
Total Monetary Assets (M3)	1.2	2.7	-1.2	1.9
<u>Memorandum Items:</u>				
Reserve Money (RM)	1.3	14.3	1.0	1.7
<i>Currency in Circulation (CIC)</i>	-4.7	13.8	5.7	-0.1
<i>DMBs Demand Deposit with CBN</i>	4.4	14.5	-0.8	2.5

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

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Monthly Budget Est
Retained Revenue	244.9	287.5	733.3	349.7	274.2	278.7	315.4	299.1	296.6	306.7	344.3	299.6	281.0	629.4
<i>Federation Account</i>	198.1	191.5	248.2	251.5	249.4	257.6	222.4	276.3	268.8	279.7	269.8	274.9	263.4	381.0
<i>VAT Pool Account</i>	12.0	12.9	11.6	12.1	13.9	12.9	12.1	12.5	13.5	12.3	11.5	16.5	11.4	18.5
<i>FGN Independent Revenue</i>	0.6	0.3	0.1	1.4	10.9	7.9	47.1	10.3	14.4	10.9	26.9	8.1	3.8	70.7
<i>Excess Crude Account</i>	24.2	0.0	0.0	14.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3	0.0
<i>Others /Exchange Gain/Recovere</i>	10.0	82.9	473.5	70.6	0.0	0.3	33.8	0.0	0.0	3.9	36.1	0.1	0.1	159.3
Expenditure	400.7	439.2	1116.9	639.6	373.9	684.3	218.6	509.7	358.6	485.4	309.1	248.1	347.5	792.3
<i>Recurrent</i>	362.7	327.7	767.4	470.8	233.3	570.9	175.3	426.2	297.0	346.0	287.2	233.0	273.5	509.0
<i>Capital</i>	0.0	73.5	311.4	130.8	132.0	98.1	22.6	68.7	43.9	120.2	4.7	6.8	59.0	239.1
<i>Transfers</i>	38.0	38.0	38.0	38.0	8.6	15.4	20.7	14.9	17.8	19.2	17.3	8.3	14.9	44.2
Overall Balance:														
Surplus(+)/Deficit(-)	-155.9	-151.7	-383.5	-289.8	-99.7	-405.6	96.9	-210.6	-62.0	-178.7	35.2	51.4	-66.5	-162.9

1/ Revised

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

