



**CENTRAL BANK OF NIGERIA**

***ECONOMIC REPORT  
JANUARY 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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## *Contents*

1.0	Summary.....	1
2.0	Financial Sector Developments .....	3
2.1	Monetary and Credit Developments .....	3
2.2	Currency-in-Circulation (CIC) and Deposits at the CBN.....	6
2.3	Money Market Developments .....	6
2.3.1	<i>Interest Rate Developments</i> .....	7
2.3.2	<i>Commercial Paper (CP)</i> .....	8
2.3.3	<i>Bankers' Acceptances (BAs)</i> .....	8
2.3.4	<i>Open Market Operations</i> .....	8
2.3.5	<i>Primary Market</i> .....	9
2.3.6	<i>Bonds Market</i> .....	9
2.3.7	<i>CBN Standing Facilities</i> .....	9
2.4	Deposit Money Banks' Activities.....	10
2.5	Capital Market Developments .....	10
2.5.1	<i>Secondary Market</i> .....	10
2.5.2	<i>Over-the-Counter (OTC) Bonds Market</i> .....	11
2.5.3	<i>New/Supplementary Issues Market</i> .....	11
2.5.4	<i>Market Capitalisation</i> .....	11
2.5.5	<i>NSE All-Share Index</i> .....	12
3.0	Fiscal Operations .....	13
3.1	Federation Account Operations.....	13
3.2	The Fiscal Operations of the Three Tiers of Government.....	16
3.2.1	<i>The Federal Government</i> .....	16
3.2.2	<i>Statutory Allocations to State Governments</i> .....	17
3.2.3	<i>Statutory Allocations to Local Government Councils</i> .....	18
4.0	Domestic Economic Conditions .....	19
4.1	Agricultural Sector .....	19
4.2	Agricultural Credit Guarantee Scheme .....	21
4.3	Commercial Agriculture Credit Scheme.....	20
4.4	Petroleum Sector .....	20

4.5	Consumer Prices .....	22
5.0	External Sector Developments .....	25
5.1	Foreign Exchange Flows .....	25
5.2	Non-Oil Export Earnings by Exporters.....	27
5.3	Sectoral Utilisation of Foreign Exchange .....	27
5.4	Foreign Exchange Market Developments .....	28
5.5	Gross External Reserves .....	282
6.0	Other International Economic Developments and Meetings .....	33

### ***Text Tables***

Table 1: Growth in Monetary and Credit Aggregates.....	6
Table 2: Selected Interest Rates .....	8
Table 3: Traded Securities on the Nigerian Stock Exchange.....	12
Table 4: New and Supplementary Listing on the Nigerian Stock Exchange .....	12
Table 5: Aggregate Market Capitalisation and All Share Index .....	13
Table 6: Gross Federation Account Revenue .....	15
Table 7: Components of Gross Oil Revenue .....	16
Table 8: Components of Gross Non-Oil Revenue.....	17
Table 9: Federal Government Fiscal Operations.....	18
Table 10: Statutory Allocation to State Governments and Local Government Councils.....	20
Table 11: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACs) .....	22
Table 12: Average Crude Oil Prices in the International Oil Market.....	24
Table 13: Consumer Price Index.....	24
Table 14: Headline Inflation Rate .....	26
Table 15: Foreign Exchange Flows Through the CBN .....	28
Table 16: Supply of Foreign Exchange .....	30
Table 17: Exchange Rate Movements.....	31
Table 18: Gross External Reserves.....	32

### ***Appendix Tables***

Table A1: Money and Credit Aggregates.....	37
Table A2: Money and Credit Aggregates Growth Rates.....	38
Table A3: Federal Government Fiscal Operations .....	39

**Figures**

Figure 1: Growth Rate of Narrow Money ( $M_1$ ) and Broad Money ( $M_2$ ).....	4
Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy .....	5
Figure 3: Selected DMBs Interest Rates (Average).....	7
Figure 4: Volume and Value of Traded Securities .....	11
Figure 5: Market Capitalisation and All-Share Index .....	13
Figure 6: Components of Gross Federally-Collected Revenue .....	15
Figure 7: Gross Oil Revenue and Its Components .....	16
Figure 8: Gross Non-Oil Revenue and Its Components.....	17
Figure 9: Federal Government Retained Revenue .....	18
Figure 10: Federal Government Expenditure.....	19
Figure 11: Trends in Crude Oil Prices.....	23
Figure 12: Consumer Price Index.....	25
Figure 13: Inflation Rate .....	25
Figure 14: Foreign Exchange Flows Through the CBN .....	28
Figure 15: Sectoral Utilisation of Foreign Exchange .....	29
Figure 16: Supply of Foreign Exchange .....	30
Figure 17: Average Exchange Rate Movements .....	31
Figure 18: Gross External Reserves .....	32



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

The Bank sustained its non-expansionary monetary policy stance in the review month. On month-on-month basis, broad money supply ( $M_2$ ), rose by 7.8 per cent to ₦24,001.41 billion, at end-December 2017, on account of the 11.3 per cent and 4.1 per cent increase in foreign assets (net) and other assets (net) of the banking system, respectively. Over the level at end-December 2016,  $M_2$  grew by 1.7 per cent, in contrast to the decline of 5.6 per cent at the end of the preceding month. Narrow money supply ( $M_1$ ), at ₦11,036.4 billion, rose by 9.6 per cent at end-December 2017. Relative to the level at end-December 2016,  $M_1$  declined by 2.1 per cent, due to the fall in both demand deposits and currency outside banks, respectively.

Money market rates were generally stable and moved in tandem with the level of liquidity in January 2018. Average prime and maximum lending rates rose by 0.07 and 0.12 percentage points to 17.78 per cent and 31.11 per cent, respectively, above their levels in December 2017. The average term deposit rate rose by 0.02 percentage point to 8.82 per cent, reflecting the tight liquidity situation in January 2018. Consequently, the spread between the average term deposit and the average maximum lending rates widened by 0.10 percentage point to 22.29 percentage points at end-January 2018. Rates rose above their levels in December 2017. Average inter-bank and OBB rates were 15.58 per cent and 10.62 per cent, respectively. The estimated inflation rate of 15.35 per cent for January 2018 produced negative real rates for deposits, but positive real rates for the prime and maximum lending rates.

The total value of money market assets outstanding in January 2018 rose by 1.0 per cent to ₦12,244.70 billion, on account of the 14.0 per cent increase in FGN Bonds outstanding. Developments on the Nigerian Stock Exchange (NSE) were mixed in January 2018.

Gross Federally-collected revenue (gross) was estimated at ₦676.00 billion in January 2018. This was below both the monthly budget estimate and the receipts in the preceding month. Oil and non-oil receipts (gross), at ₦389.44 billion and ₦286.56 billion, constituted 57.6 per cent and 42.4 per cent, respectively, of total revenue. Federal Government retained revenue and estimated expenditure for January 2018 were ₦293.64 billion and ₦266.64 billion, respectively, resulting in an estimated surplus of ₦27.00 billion.

Agricultural activities in January 2018 were dominated by harvesting of tubers and rice in the Southern States, while farmers in the Northern States were engaged in the harvesting of grains, vegetables and tomatoes. In the livestock sub-sector, farmers were engaged in the fattening of cattle and stocking of broilers.

Domestic crude oil production was estimated at 1.87 mbd or 57.97 million barrels (mb) in January 2018. Crude oil export was estimated at

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

1.42 mbd or 44.02 mb. The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), rose by 8.2 per cent to US\$70.75 per barrel in January 2018 above US\$65.41 per barrel in December 2017.

The end-period headline inflation, on year-on-year and twelve month moving average bases, were estimated at 15.35 per cent and 16.2 per cent, respectively, in January 2018.

Foreign exchange inflow and outflow through the CBN in January 2018 were US\$4.75 billion and US\$2.81 billion, respectively, and resulted in a net inflow of US\$1.94 billion. Aggregate foreign exchange inflow and outflow through the economy were US\$10.01 billion and US\$3.08 billion, respectively, resulting in a net inflow of US\$6.93 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US\$1.69 billion, in the review month, compared with US\$1.65 billion in the preceding month.

The average exchange rate of the naira at the inter-bank, BDC and investors and exporters windows were ₦305.79 /US\$, ₦363.12/US\$ and ₦360.62/US\$, respectively, in the review month.

Other major international economic developments and meetings of importance to the domestic economy in the review period included: The Technical Preparatory Meeting of the Ministerial Committee of the Presidential Task Force for the ECOWAS Single Currency held in Abuja, Nigeria from January 17 – 19, 2018; the 30<sup>th</sup> Ordinary Session of the Assembly of the African Union held in Addis Ababa, Ethiopia from January 28 – 29, 2018; and the 48<sup>th</sup> World Economic Forum Annual Meeting 2018 held in Davos-Klosters, Switzerland from January 23-26, 2018.

## 2.0 Financial Sector Developments

### 2.1 Monetary and Credit Developments

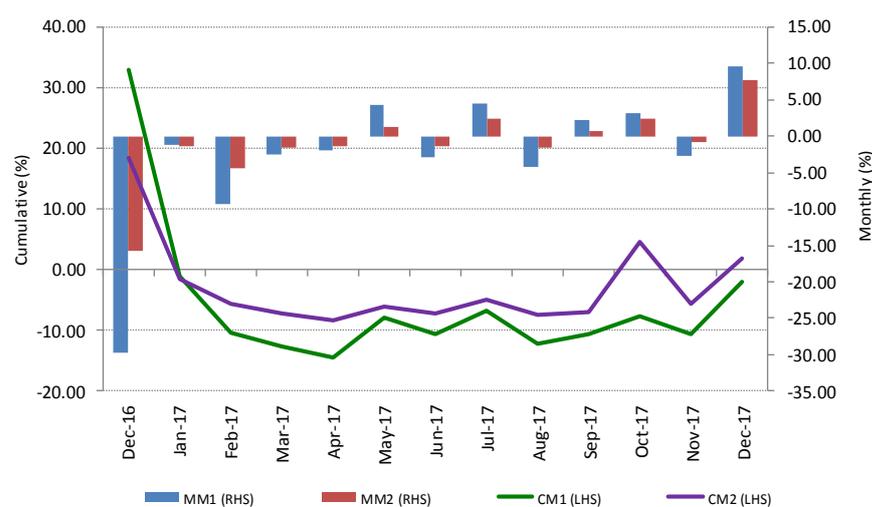
*Broad money supply ( $M_2$ ) and narrow money supply ( $M_1$ ) rose in December 2017. Lending rates trended upward. The value of money market assets outstanding rose, owing, largely, to the increase in FGN Bonds. Activities on the Nigerian Stock Exchange (NSE) were mixed in the review month.*

The Bank maintained its non-expansionary monetary policy stance in the review month. On month-on-month basis, broad measure of money supply ( $M_2$ ), rose by 7.8 per cent to ₦24, 001.41 billion at end-December 2017, in contrast to the decline of 0.8 per cent at the end of the preceding month. The development reflected the growth of 11.3 per cent and 4.1 per cent in net foreign assets and other assets (net) of the banking system, respectively, which more than offset the 1.8 per cent decline in net domestic credit. Over the level at end-December 2016,  $M_2$  grew by 1.7 per cent at end-December 2017, in contrast to the decline of 5.4 per cent at end of the preceding month. The development was due to the growth of 61.9 per cent in net foreign assets of the banking system.

On month-on-month basis, major monetary aggregates grew in December 2017.

Similarly, narrow money supply ( $M_1$ ), at ₦11,036.4 billion, on month-on-month basis, rose by 9.6 per cent, in contrast to the decline of 2.7 per cent in the preceding month. The development was attributed to the 8.1 per cent and 18.1 per cent growth in demand deposits and currency outside banks, respectively. Over the level at end-December 2016,  $M_1$  declined by 2.1 per cent, compared with a decline of 10.3 per cent recorded at the end of the preceding month. The fall in  $M_1$  reflected the decline in both demand deposits and currency outside banks (Figure 1, Table 1).

Quasi-money, on month-on-month basis, grew by 6.3 per cent to ₦12, 965.06 billion in December 2017, compared with the growth of 0.7 per cent and 3.1 per cent at the end of the preceding month and the corresponding period of 2016, respectively. The development reflected the increase in time and saving deposits of commercial banks. Over the level at end-December 2016, quasi-money grew by 5.2 per cent, in contrast to the decline of 1.0 per cent at the end of the preceding month. The decline was attributed to the fall in time and savings deposits.

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

At ₦25,863.28 billion, net credit to the domestic economy (NDC), on month-on-month basis, fell by 1.8 per cent at end-December 2017, compared with the decline of 3.0 per cent in the preceding month. The development was attributed to the fall in claims on the Federal Government, which declined by 18.6 per cent. Relative to the level at end-December 2016, aggregate credit to the domestic economy (net), fell by 3.7 per cent at end-December 2017, compared with the decline of 1.9 per cent at the end of the preceding month. The development reflected, wholly, the 26.7 per cent fall in net claims on the Federal Government.

Net claims on the Federal Government, on month-on-month basis, fell by 18.6 per cent to ₦3,574.03 billion at end-December 2017, compared with the decline of 16.3 per cent at the end of the preceding month. The development was attributed to the 24.7 per cent and 19.3 per cent decline in CBN and banks' holding of government bills and other securities. Over the level at end-December 2016, net claims on the Federal Government fell by 26.7 per cent, compared with the decline of 9.9 per cent at the end of the preceding month.

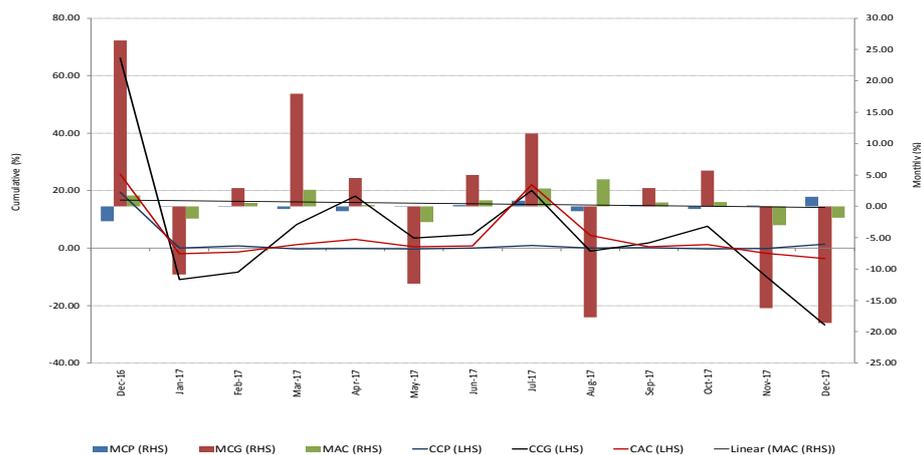
At ₦22,289.25 billion, banking system credit to the private sector, on month-on-month basis, grew by 1.5 per cent, compared with the growth of 0.1 per cent at the end of the preceding month. The development relative to the

MM1 and MM2 represent month-on-month changes, while CM1 and

CM2 represent cumulative changes (year-to-date).

preceding month was attributed to the 2.1 per cent increase in claims on the core private sector. Relative to the level at end-December 2016, credit to the private sector grew by 1.4 per cent, in contrast to the decline of 0.1 per cent at the end of the preceding month. This was due to the 51.1 per cent increase in claims on State and Local Governments (Figure 2, Table 1).

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



At ₦14,813.28 billion, foreign assets (net) of the banking system grew by 11.3 per cent, at end-December 2017, compared with the growth of 7.3 per cent and 14.4 per cent recorded at the end of the preceding month and the corresponding period of 2016, respectively. The rise in NFA was due, mainly, to the increase in the monetary authority's foreign currency deposits at foreign banks, couple with the growth in foreign currency holdings of commercial banks. Relative to the level at end-December 2016, NFA, rose by 61.9 per cent, compared with the growth of 45.5 per cent at the end of the preceding month.

Other Assets (net) of the banking system, on month-on-month basis, expanded by 4.1 per cent at end-December 2017 to negative ₦16,675.15 billion, in contrast to the respective decline of 1.5 per cent and 0.9 per cent, at end-November 2017 and the corresponding period of 2016. The development relative to the preceding month was attributed to increase in unclassified assets of banks at CBN. Relative to

<sup>3</sup> MCP, MCG and MAC represent month-on-month changes in credit to private sector, credit to government (net) and aggregate credit (net) to the domestic economy, respectively, while CCP, CCG and CAC, represent the cumulative changes (year-to-date).

the level at end-December 2016, other assets net fell by 34.3 per cent, compared with a decline of 40.1 per cent at the end of the preceding month.

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

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Domestic Credit (Net)	0.6	-1.9	0.5	2.6	0.2	-2.5	1.0	2.9	-4.3	0.6	0.7	-3.0	-1.8
Claims on Federal Government (Net)	36.2	-10.9	2.9	17.9	4.5	-12.3	5.0	11.6	-17.7	2.9	5.7	-16.3	-18.6
Claims on Private Sector	-4.9	0.0	0.1	-0.4	0.8	-0.1	0.2	0.9	-0.8	0.1	-0.4	0.1	1.5
Claims on Other Private Sector	-3.9	-0.5	-1.8	-0.4	0.9	-0.4	0.3	0.6	-1.0	0.3	-0.4	-1.5	2.1
Foreign Assets (Net)	14.4	8.3	-11.2	-11.4	-4.7	17.5	-0.8	3.3	11.3	3.1	23.4	7.3	11.3
Other Assets (Net)	-0.9	-4.5	-0.6	-0.5	0.1	-2.4	-3.8	-6.3	-0.8	-2.2	-13.2	-1.5	4.1
Broad Money Supply (M2)	5.4	-1.5	-4.3	-1.5	-1.4	1.2	-1.4	1.0	-1.6	0.7	2.5	-0.8	7.8
Quasi-Money	3.1	-1.7	0.3	-0.7	-1.0	-1.4	0.0	0.7	0.7	-0.6	1.8	0.7	6.3
Narrow Money Supply (M1)	8.0	-1.2	-9.4	-2.5	-2.0	4.4	-3.0	1.3	-4.2	2.2	3.3	-2.7	9.6
Reserve Money (RM)	9.2	-3.4	-1.6	6.0	0.1	6.2	-0.2	1.6	-1.4	1.3	3.7	-1.5	14.1

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

Currency-in-circulation, at ₦2,157.23 billion, rose by 13.8 per cent in December 2017, compared with the 5.9 per cent increase at end-November 2017. The development reflected the rise in its currency outside banks component.

Total deposits at the CBN increased by 2.5 per cent to ₦13,172.5 billion at end-December 2017, owing to the rise in both private sector and banks' deposits with the CBN, which more than offset the decline in Federal Government deposits. Of the total deposits at the CBN, the shares of the Federal Government, banks and the private sector were 45.7, 32.8 and 21.5 per cent, respectively.

Reserve money (RM) rose in the review month.

Reserve money, on month-on-month basis, rose by 14.1 per cent to ₦6,477.60 billion at end-December 2017, reflecting the 13.8 per cent and 14.3 increase in currency-in-circulation and banks' deposit with the CBN.

## 2.3 Money Market Developments

The financial market was relatively calm and stable in January 2018. The level of liquidity in the foreign and domestic money markets was sufficient to moderate rates in both markets. The Bank, in furtherance of its non-expansionary monetary policy, mopped up liquidity arising from maturing CBN bills and fiscal injections through Open Market Operations (OMO). Short-term money market rates for interbank call and OBB segments moved in tandem with the

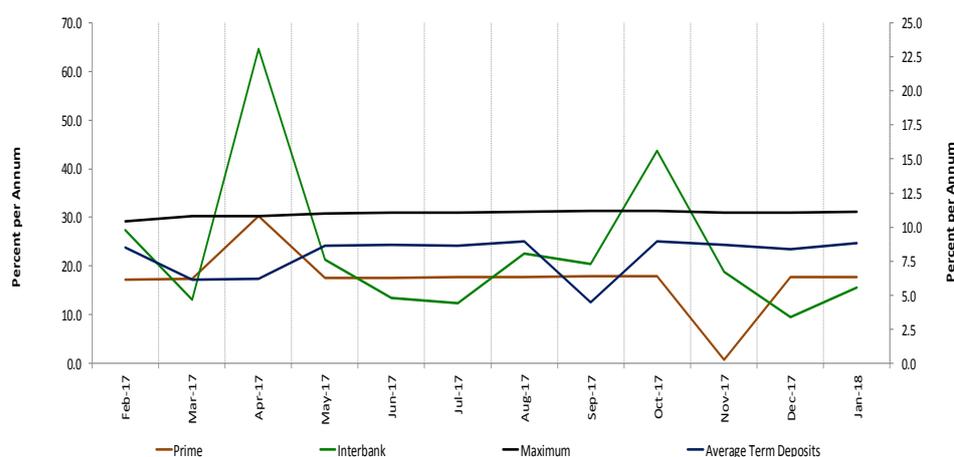
level of liquidity and were around the MPR in the major part of the period. The trend of activities at the discount window remained the same as request for Standing Lending Facility (SLF) was more predominant than Standing Deposit Facility (SDF).

Provisional data indicated that total value of money market assets outstanding in January 2018 stood at ₦12,244.70 billion, showing an increase of 1.0 per cent, compared with the 11.5 per cent rise in the preceding month. The development was attributed to the 14.0 per cent increase in the FGN Bonds outstanding.

### *2.3.1 Interest Rate Developments*

Money market rates were generally stable and moved in tandem with the level of liquidity in January 2018. The rates slightly rose above their levels in December 2017. Daily interbank call and OBB rates ranged between 9.00 to 24.10 per cent and 3.65 to 18.38 per cent, respectively. Average inter-bank and OBB rates were 15.58 per cent and 10.62 per cent, respectively. Other rates such as the 7-day and 30-day NIBOR traded at averages of 11.81 and 15.09 per cent, respectively. Average prime and maximum lending rates rose by 0.07 percentage point and 0.12 percentage points to 17.78 per cent and 31.11 per cent, respectively, above their levels in December 2017. The average term deposit rate rose by 0.02 percentage point to 8.82 per cent, reflecting the tight liquidity situation in January 2018. The spread between the average term deposit and the average maximum lending rates widened by 0.10 percentage point to 22.29 percentage points at the end of January 2018. The estimated inflation rate of 15.35 per cent for January 2018 produced negative real rates for deposits, but positive real rates for the lending rates (Figure 3, Table 2).

Available data indicated that interbank call and Open-buy-back (OBB) rates trended upward in the review month.

**Figure 3: Selected DMBs Interest Rates (Average)****Table 2: Selected Interest Rates (Percent, Averages)**

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Average Term Deposits	8.51	8.51	5.54	9.1	8.65	8.72	8.63	8.95	4.47	4.56	8.7	8.36	8.82
Prime Lending	16.91	17.13	17.43	17.44	17.58	17.59	17.65	17.69	17.88	17.86	17.77	31.11	17.78
Interbank Call	8.15	27.46	13.11	64.58	21.29	13.46	12.28	22.63	20.44	43.78	18.78	9.49	15.58
Maximum Lending	28.88	29.26	30.18	30.31	30.75	30.94	30.94	31.2	31.39	31.39	30.95	30.99	31.11

### 2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs stood at ₦0.52 billion at the end of the review month, same as in the preceding month. Thus, CP constituted 0.04 per cent of the total value of money market assets outstanding during the review period, which remained unchange at the preceding month's level.

### 2.3.3 Bankers' Acceptances (BAs)

During the review period, BAs stood at ₦26.4 billion same as in the preceding month. Consequently, BAs accounted for 0.2 per cent of the total value of money market assets outstanding at the end of the review period and remained unchange at the preceding month's level.

### 2.3.4 Open Market Operations

The Bank conducted Direct Open Market Operations (OMO), through the sale of Central Bank of Nigeria (CBN) bills, aimed at targeting liquidity in the system. The tenors to maturity of the instruments were from 73 to 251 days. Total amount offered, subscribed to and allotted were ₦3,390.00 billion, ₦1,894.67 billion and ₦1,894.67 billion, respectively. The range of bid rates were from 12.5500 to 14.5500 per cent, while the

stop rates were from 12.6000 to 14.5500 per cent. Repayment and maturity of CBN bills was ₦193.61 billion, translating to a net withdrawal of ₦1,701.06 billion.

### *2.3.5 Primary Market*

At the Government securities market, Nigerian Treasury Bills (NTBs) and long-term (FGN Bonds) were issued at the primary market on behalf of the Debt Management Office (DMO). Yields on the NTBs issued at the primary market moderated slightly during the review period.

NTBs of 91-, 182- and 364-day tenors, amounting to ₦391.39 billion, ₦860.00 billion and ₦391.39 billion were offered, subscribed to and allotted, respectively, at the two auctions held in January 2018. The bid rates ranged from 12.00 per cent to 15.00 per cent, 12.40 per cent to 17.00 per cent, and 12.60 per cent to 18.60 per cent, for the 91-, 182- and 364-day tenors, respectively. In the same vein, the stop rates were from 12.10 per cent to 12.55 per cent, 13.75 per cent to 13.93 per cent, and 13.79 per cent to 14.300 per cent, respectively.

### *2.3.6 Bonds Market*

Tranches of the 5- and 10-year bonds were reopened and offered for sale during the review period. The term to maturity of the bonds ranged from 3 years 6 months to 9 years 2 months. Total amount offered, subscribed to and allotted were ₦110.00 billion, ₦150.01 billion and ₦110.00 billion, respectively. There was no allotment on non-competitive basis and there was no maturity in the period. The bid rates ranged from 12.5000 to 14.5000 per cent, while the marginal rates for the 5- and 10-year bonds were 13.3800 and 13.4910 per cent, respectively. The bid to cover ratio was 1.36, while the auction was oversubscribed by 36.37 per cent. This was attributed, largely, to the renewed investors' confidence in the market.

### *2.3.7 CBN Standing Facilities*

The deposit money banks (DMBs) 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 window. Applicable rates for the SLF and SDF remained at 16.00 per cent and 9.00 per cent, respectively.

The cumulative request for the SLF granted during the

reviewed period was ₦758.67 billion (This was made up of ₦205.04 billion direct SLF and ₦553.63 billion ILF converted to overnight repo). Daily average was ₦39.93 billion in the 19 transaction days from January 1 – 26, 2018. Daily requests ranged from ₦15.50 billion to ₦81.98 billion. SLF was at its lowest on January 18, 2018 when matured CBN bills boosted liquidity, and at its peak on January 08, 2018. Total interest earned was ₦0.57 billion.

Total standing deposit facility (SDF) granted during the review period was ₦1,491.26 billion with daily average of ₦78.49 billion in the 19 transaction days in the period from January 1-26, 2018. Daily requests ranged from ₦8.3 billion to ₦142.65 billion. Cost incurred on SDF in the month stood at ₦0.51 billion.

## 2.4 Deposit Money Banks' Activities

Total assets and liabilities of the commercial banks at end-December 2017 amounted to ₦34,593.89 billion, showing a 3.9 per cent increase, compared with the level at end-November 2017. Funds were sourced from reduction in claims on the Federal Government, mobilisation of time, savings and foreign currency deposits as well as increased demand deposit. The funds were used, mainly, to increase reserves and acquire foreign assets.

Banks' credit to the domestic economy, at ₦20,414.45 billion, fell by 3.6 per cent, compared with the level at end-November 2017. The development was attributed to the fall in claims on the Federal Government in the review month.

Total specified liquid assets of commercial banks stood at ₦10,093.68 billion, representing 51.6 per cent of their total current liabilities. At that level, the liquidity ratio was 4.87 percentage points above the level at the end of the preceding month and 21.6 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 72.84 per cent, was 3.96 percentage points and 7.2 percentage points below the level at end-November 2017 and the maximum ratio of 80.0 per cent, respectively.

## 2.5 Capital Market Developments

### 2.5.1 Secondary Market

Developments on the Nigerian Stock Exchange (NSE) were mixed at end-January 2018. The volume of traded securities rose by 164.4 per cent to 23.0 billion shares, while the value of traded securities fell by 11.6 per cent to ₦212.4 billion in

Banks' credit to the domestic economy fell by 3.6 per cent.

183,467 deals, compared with 8.7 billion shares, valued at ₦240.4 billion in 81,116 deals, in December 2017.

The financial services sector (measured by volume) led the activity chart with 11.5 billion shares, valued at ₦95.7 billion, traded in 91,869 deals as at 26<sup>th</sup> January 2018, compared with 6.1 billion shares, valued at ₦58.6 billion, traded in 48,731 deals at end-December 2017.

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



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

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Volume (Billion)	8.1	4.4	4.4	4.2	9.7	10.5	8.7	7.5	4.2	5.8	14.3	8.7	23.0
Value (₦ Billion)	47.7	37.2	37.3	27.9	102.8	109.9	97.1	198.4	61.8	63.9	35.1	240.4	212.4

### 2.5.2 Over-the-Counter (OTC) Bonds Market

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

### 2.5.3 New/Supplementary Issues Market

There were two (2) supplementary equity listings in the review period (Table 4).

**Table 4: New & Supplementary Listing on the Nigerian Stock Exchange January 2018**

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Union Bank Plc	12,133,646,995	Ordinary shares	Supplementary
2	Nigeria Breweries	67,801,163 Ordinary Shares	Dividend	Supplementary

### 2.5.4 Market Capitalisation

The aggregate market capitalisation rose by 10.9 per cent to ₦25.4 trillion at end-January 2018, above ₦22.9 trillion at the end of the preceding month. Similarly, market capitalisation for the equities segment increased by 16.1 per cent to ₦15.9

trillion and constituted 62.6 per cent of the total market capitalisation at end-January 2018, compared with ₦13.7 trillion and 59.8 per cent at end-December 2017 (Figure 5, Table 5).

### 2.5.5 NSE All-Share Index

The All-Share Index, which opened at 38,243.19 in the beginning of the month, closed at 44,343.65 at end-January 2018, representing a 16.0 per cent increase, compared with the level in the preceding month.

Developments in the sectoral indices in the review month showed that with the exception of the NSE-AseM index, which fell by 1.4 per cent to 1,071.68, all other indices rose in the month. The NSE-Banking, NSE-Pension, NSE-Industrial Goods, NSE-Premium, NSE-Insurance, NSE-Oil and Gas index, NSE Lutos and NSE- Consumer Goods rose by 23.3 per cent, 21.9 per cent, 20.7 per cent, 20.5 per cent, 13.0 per cent, 10.7 per cent, 7.6 per cent and 5.8 per cent to 586.16, 1,682.28, 2,384.93, 3,090.56, 157.43, 366.19, 2,755.93 and 1,032.79 at end-January 2018, respectively (Figure 5, Table 4).

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



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

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Aggregate Market Capitalization (₦trillion)	19	20.8	19.7	19.6	20.5	21.2	22.9	25.4
All-Share Index	33,117.48	35,844.00	35,504.62	35,439.98	36,680.29	37,944.60	38,243.19	44,343.65

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

Federally-collected revenue in January 2018 fell short of the provisional monthly budget estimate and receipts in December 2017 by 24.4 per cent and 4.4 per cent, respectively. Federal Government retained revenue for the review month was ₦293.64 billion, while total provisional expenditure was ₦266.64 billion, resulting in an estimated surplus of ₦27.00 billion.

#### 3.1 Federation Account Operations

Total federally-collected revenue (gross) in January 2018 was estimated at ₦676.00 billion. This was below both the provisional monthly budget estimate and the receipts in the preceding month by 24.4 per cent and 4.4 per cent, respectively. The decline relative to the provisional monthly budget estimate, was attributed to the shortfall in oil and non-oil revenue (Figure. 6, Table 6).

The estimated federally-collected revenue (gross) in January 2018 fell short of the monthly budget estimate by 24.4 per cent.

Figure 6: Components of Gross Federally-Collected Revenue

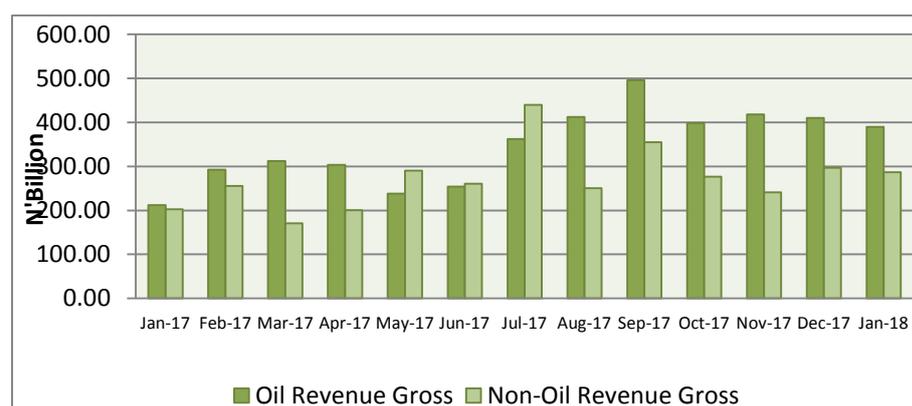


Table 6: Gross Federation Account Revenue (₦ billion)

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Gross Revenue	414.8	548.1	483.2	503.6	528.4	514.7	802.1	663.0	850.7	674.5	658.6	707.4	676.0
Oil Revenue	212.3	292.8	312.3	303.4	238.1	254.0	362.4	412.3	495.9	398.1	417.7	410.2	389.4
Non-oil Revenue	202.4	255.3	170.9	200.2	290.3	260.7	439.7	250.7	354.8	276.5	240.9	297.2	286.6

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

At ₦389.44 billion, oil receipts (gross) was below the provisional monthly budget estimate by 13.4 per cent, and constituted 57.6 per cent of total revenue.

At ₦389.44 billion or 57.6 per cent of total revenue, oil receipts was below the provisional monthly budget estimate of ₦449.62 billion and the preceding month collection by 13.4 per cent and 5.1 per cent, respectively. The decline in oil revenue relative to the monthly budget estimate was attributed to the shortfall in receipts from crude-oil and gas export and 'other oil revenue' by the DPR (Figure 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

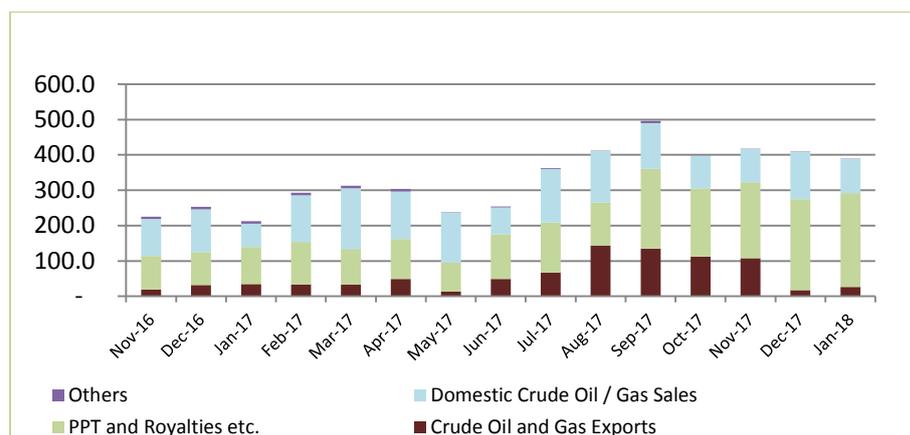
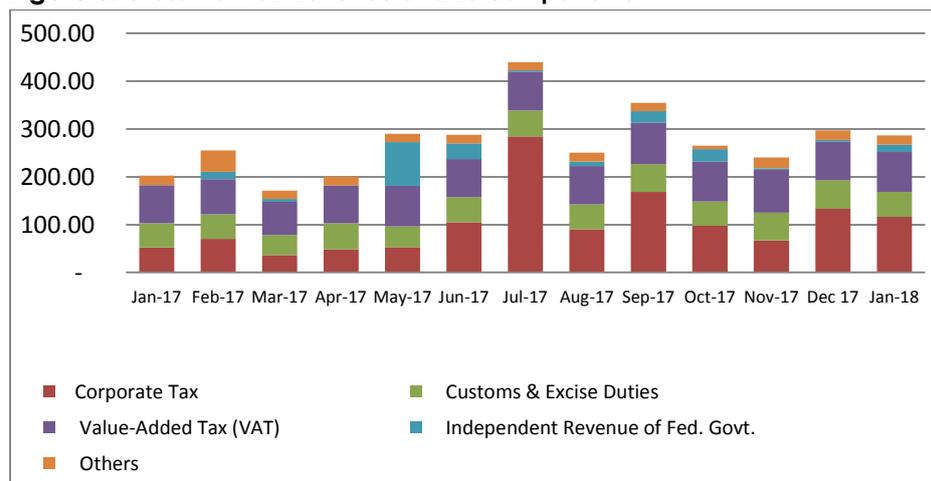


Table 7: Components of Gross Oil Revenue (₦ billion)

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Oil Revenue	212.3	292.8	312.3	303.4	238.1	254.0	362.4	412.3	495.9	398.1	417.7	410.2	389.4
Crude oil/Gas Sales	34.5	33.7	33.1	49.2	13.9	48.8	66.9	143.8	134.9	111.9	107.6	17.3	26.8
Domestic crude oil/Gas sales	65.9	132.2	171.8	134.8	142.1	76.5	151.0	145.8	128.9	91.9	94.5	257.3	265.4
PPT/Royalties	104.8	120.1	100.5	112.7	81.5	126.3	141.7	121.7	226.0	193.9	215.0	135.1	96.7
Others	7.1	6.8	7.0	6.8	0.7	2.4	2.9	0.9	6.2	0.4	0.7	0.6	0.6

At ₦286.56 billion or 42.4 per cent of total revenue, non-oil revenue was below the provisional monthly budget estimate of ₦445.14 billion by 35.6 per cent. It was also below the December 2017 collection of ₦297.21 billion by 3.6 per cent. The poor performance level relative to the monthly budget was due to the fall in receipt from the National Information Technology Development Fund (NITDF) (Figure 8, Table 8).

At ₦286.56 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 35.6 per cent and constituted 42.4 per cent of the total revenue.

**Figure 8: Gross Non-Oil Revenue and its Components****Table 8: Components of Gross Non-Oil Revenue (₦ billion)**

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Non-Oil Revenue	202.4	255.3	170.9	200.2	290.3	260.7	439.6	250.7	354.7	276.5	240.9	297.2	286.6
Corporate Tax	52.1	70.2	36.6	48.2	52.9	105.2	284.8	90.3	168.2	97.5	67.0	133.1	116.2
Customs & Excise Duties	51.0	51.2	41.9	54.8	43.5	52.4	54.0	51.8	58.3	50.8	57.9	60.4	52.0
Value-Added Tax (VAT)	79.3	73.5	69.2	78.7	84.7	80.0	81.6	80.5	86.7	83.3	89.7	80.4	84.0
Independent Revenue of Fed. Govt.	0.5	15.6	5.9	0.4	91.6	5.5	2.5	9.4	23.9	26.5	3.0	3.1	14.9
Others <sup>1/</sup>	19.6	44.7	17.3	18.1	17.6	17.6	16.6	18.6	17.6	18.4	23.3	20.2	19.5

<sup>1/</sup> 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), ₦525.19 billion was retained in the Federation Account, while ₦80.61 billion, ₦14.91 billion and ₦19.51 billion were transferred to the VAT Pool Account, the Federal Government Independent revenue and “Others”<sup>5</sup>, respectively.

From the retained revenue of ₦525.19 billion in the Federation Account for distribution, the Federal Government received ₦251.52 billion, while the State and Local Governments received ₦127.57 billion and ₦98.35 billion, respectively. The balance of ₦47.74 billion was shared among the oil producing states as 13% Derivation Fund.

<sup>5</sup> includes Tertiary Education Trust Fund, National Information Technology Development Fund and Customs Special Levies

Similarly, from the net sum of ₦80.61 billion (from the VAT Pool Account), the Federal Government received ₦12.09 billion, while the State and Local Governments received ₦40.30 billion and ₦28.21 billion, respectively.

In addition, the sum of ₦30.77 billion was drawdown from the Excess Crude Account and shared among the three tiers of government, as follows: Federal Government ₦14.10 billion; State Governments, ₦7.15 billion and Local Governments, ₦5.51 billion. Oil producing states received additional ₦4.00 billion as 13% Derivation Fund.

Also, the sum of ₦1.94 billion, being excess charges recovered into the Federation Account, was shared among the three tiers of government as follows: Federal Government, ₦1.02 billion; State Governments, ₦0.52 billion; and Local Governments, ₦0.40 billion.

Overall, total allocations to the three tiers of government in January 2018 amounted to ₦638.50 billion. This was below the provisional monthly budget estimate of ₦783.57 billion by 18.5 per cent, but exceeded allocation in the preceding month by 7.9 per cent.

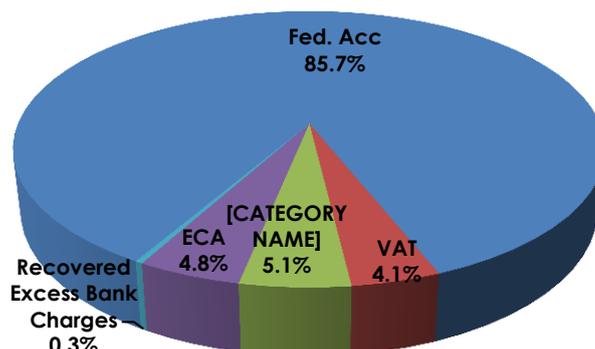
### 3.2 The Fiscal Operations of the Three Tiers of Government

#### 3.2.1 The Federal Government

At ₦293.64 billion, the estimated Federal Government retained revenue was below the provisional monthly budget estimate by 34.7 per cent.

At ₦293.64 billion, the estimated Federal Government retained revenue for the month of January 2018 was below the provisional monthly budget estimate of ₦449.60 billion by 34.7 per cent. However, it was above the preceding month's receipt of ₦262.94 billion by 11.7 per cent. Of the total receipt, Federation Account was 85.7 per cent, while FGN Independent Revenue, Excess Crude Account (ECA), VAT, and share from excess bank charges recovered were 5.1, 4.8, 4.1 and 0.3 per cent, respectively (Figure 9, Table 9).

Figure 9: Federal Government Retained Revenue

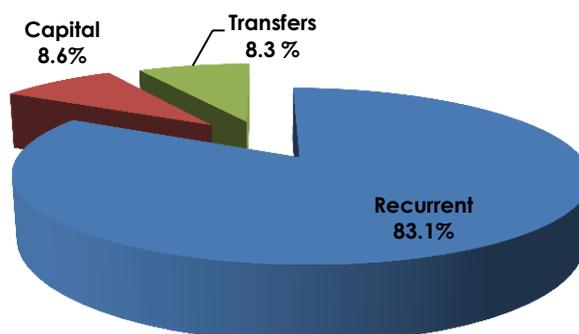


**Table 9: Federal Government Fiscal Operations (₦ billion)**

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Retained Revenue	699.5	379.7	247.0	301.7	552.6	325.1	477.0	204.8	300.6	260.8	207.9	262.9	293.6
Expenditure	443.7	406.9	679.2	459.2	459.1	437.2	598.2	442.1	366.9	422.1	293.4	263.5	266.6
Overall Balance: (+)/(-)	255.8	-27.2	-432.2	-157.5	93.5	-112.1	-121.2	-237.4	-66.3	-161.4	-85.5	-0.6	27.0

The estimated total expenditure of the Federal Government, at ₦266.64 billion, was below the provisional monthly budget estimate of ₦645.99 billion by 58.7 per cent, but exceeded the ₦263.50 billion recorded in the preceding month by 1.2 per cent. Total recurrent expenditure, capital expenditure and transfers constituted 83.1, 8.6 and 8.3 per cent of the total expenditure, respectively (see Fig. 5). A breakdown of the recurrent expenditure showed that non-debt obligation was 18.4 per cent of the total, while debt service payments accounted for the balance of 81.6 per cent (Figure 10).

Total estimated Federal Government expenditure grew by 1.2 per cent, above the level in the preceding month.

**Figure 10: Federal Government Expenditure**

Consequently, the fiscal operations of the Federal Government resulted in an estimated surplus of ₦27.00 billion, in contrast to the provisional monthly budget deficit of ₦196.40 billion.

The fiscal operations of the FG resulted in an estimated surplus of ₦27.00 billion.

### 3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the State Governments amounted to ₦227.29 billion. This was lower than the provisional monthly budget estimate of ₦282.84 billion by 19.6 per cent. It was, however, above the ₦207.72 billion allocated in December 2017 by 9.4 per cent.

Receipt from the Federation Account was ₦186.98 billion or 82.3 per cent of the total statutory allocations. This was below the provisional monthly budget estimate of ₦210.84 billion by 11.3 per cent, but was above the level at end-

December 2017 by 10.6 per cent.

At ₦40.30 billion or 17.7 per cent of the total, allocation to the VAT Pool Account fell below the provisional monthly budget estimate of ₦72.00 billion by 44.0 per cent. Relative to the level at end-December 2017, VAT receipt increased by 4.4 per cent.

### 3.2.3 Statutory Allocations to Local Government Councils

Allocations to Local Governments from the Federation and VAT Pool Accounts in the month of January stood at ₦132.48 billion. This represented a shortfall of 22.5 per cent relative to the provisional monthly budget estimate of ₦170.92 billion, but showed an increase of 6.8 per cent relative to the level at end-December 2017.

Allocation from the Federation Account amounted to ₦104.27 billion or 78.7 per cent of the total. The amount was below the provisional monthly budget estimate of ₦120.52 billion by 13.5 per cent. It, however, increased by 7.4 per cent relative to the level in the preceding month.

The share from the VAT Pool Account was ₦28.21 billion or 21.3 per cent of the total. It fell below the provisional monthly budget estimate of ₦50.40 by 44.0 per cent. Relative to the level in December 2017, it increased by 4.4 per cent (Table 10).

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

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	2018 Monthly Budget Est
SG Federation Account	103.1	112.5	119.1	126.0	106.8	117.5	169.3	123.6	174.2	153.0	134.3	169.1	187.0	210.8
SG VAT	38.1	35.3	33.2	37.8	40.6	38.4	39.2	38.7	41.6	40.0	43.1	38.6	40.3	72.0
<b>SG Total</b>	<b>141.1</b>	<b>147.8</b>	<b>152.3</b>	<b>163.7</b>	<b>147.4</b>	<b>155.9</b>	<b>208.5</b>	<b>162.3</b>	<b>215.8</b>	<b>193.0</b>	<b>177.4</b>	<b>207.7</b>	<b>227.3</b>	<b>282.8</b>
LG Federation Account	58.8	64.5	64.2	69.6	59.3	69.8	107.5	71.0	101.9	86.9	75.1	97.1	104.3	120.5
LG VAT	26.6	24.7	23.3	26.4	28.5	26.9	27.4	27.0	29.1	28.0	30.1	27.0	28.2	50.4
<b>LG Total</b>	<b>85.4</b>	<b>89.2</b>	<b>87.5</b>	<b>96.0</b>	<b>87.8</b>	<b>96.7</b>	<b>134.9</b>	<b>98.0</b>	<b>131.0</b>	<b>114.9</b>	<b>105.2</b>	<b>124.1</b>	<b>132.5</b>	<b>170.9</b>
<b>Total Statutory Revenue and VAT</b>	<b>226.5</b>	<b>237.0</b>	<b>239.8</b>	<b>259.7</b>	<b>235.2</b>	<b>252.6</b>	<b>343.4</b>	<b>260.3</b>	<b>346.8</b>	<b>307.9</b>	<b>282.6</b>	<b>331.8</b>	<b>359.8</b>	<b>453.8</b>

## 4.0 Domestic Economic Conditions

*Agricultural activities in January 2018 were dominated by the harvesting of crops. In the livestock sub-sector, farmers engaged in the fattening of cattle and stocking of broilers. Average crude oil production was estimated at 1.87 mbd or 57.97 million barrels (mb), in the review month. The end-period inflation, on year-on-year and 12-month moving average bases, were 15.35 per cent and 16.2 per cent, respectively, in the review month.*

### 4.1 Agricultural Sector

Provisional Standardised Precipitation Index (SPI) analysis for January 2018 indicated that drier conditions were observed in most parts of the country for the month, with continued southward movement of the inter-tropical discontinuity (ITD). Thus, water deficit was observed across the country, owing to significant reduction in the volume and flow of water in most inland rivers and streams. The development was expected to affect dams and hydropower operations, and agricultural produce, especially in the Northern and Central parts of the country. Cold weather conditions, however, intensified in some Northern states such as Plateau.

Consequently, agricultural activities in the review month were dominated by the harvesting of crops. Activities in the South were centered on harvesting of tubers and rice, while farmers in the Northern states were engaged in the harvesting of grains, vegetables and potatoes as well as pre-planting operations for dry season farming. In the livestock sub-sector, farmers were engaged in the fattening of cattle and stocking of broilers. Incessant attacks on farmers and farm produce, however, continued to impact negatively on the agricultural sector.

### 4.2 Agricultural Credit Guarantee Scheme

A total of ₦240.04 million was guaranteed to 1,314 farmers under the Agricultural Credit guarantee Scheme (ACGS) in January 2018. This represented a decline of 58.7 and 60.4 per cent below the levels in the preceding month and the corresponding period of 2017, respectively. Sub-sectorial analysis (Figure 1) showed that: food crops obtained the largest share of ₦145.4 million (60.6 per cent) guaranteed to 853 beneficiaries; livestock got ₦33.3 million (13.9 per cent) guaranteed to 129 beneficiaries; cash crops received ₦32.6 million (13.6 per cent) guaranteed to 187 beneficiaries; and the fisheries sub-sector had ₦18.3 million (7.6 per cent) guaranteed to 86 beneficiaries. Others received a total of 5.9

million (2.5 per cent) guaranteed to 36 beneficiaries, while the mixed crop sub-sector received 4.6 million (1.8 per cent) guaranteed to 23 beneficiaries.

Analysis by state showed that 21 states and the Federal Capital Territory benefited from the Scheme in January 2018, with the highest and lowest sums of ₦33.1 million (13.8 per cent) and ₦100 thousand (0.04 per cent) guaranteed to Ogun and Bayelsa States, respectively.

### 4.3 Commercial Agriculture Credit Scheme

At end-January 2018, the total amount released since inception by the CBN under the Commercial Agriculture Credit Scheme (CACs) to participating banks for disbursement, amounted to ₦554.80 billion in respect of 550 projects (Table 11).

**Table 11: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACs) at end-January 2018.**

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects/State Governments
1	UBA Plc	67.06	45
1	Zenith Bank	116.66	73
3	First Bank of Nigeria Plc	55.77	101
4	Unity Bank Plc	25.18	27
5	Union Bank Plc	28.24	37
6	Stanbic IBTC Plc	27.66	45
7	Sterling Bank	68.67	40
8	Access Bank Plc	36.66	26
9	Fidelity Bank Plc	25.18	18
10	Skye Bank Plc	13.77	10
11	FCMB Plc.	12.43	24
12	Ecobank	6.38	10
13	GTBank	37.70	27
14	Diamond Bank Plc	4.85	21
15	Heritage Bank	6.81	14
16	Citibank Plc	3.00	2
17	Keystone Bank	14.05	14
18	WEMA Bank Plc	2.89	13
19	Jaiz Bank Plc	0.00	1
20	Suntrust Bank Ltd	1.85	2
	<b>TOTAL</b>	<b>554.80</b>	<b>550</b>

Domestic crude oil and natural gas production was estimated at an average of 1.87 million barrels per day.

### 4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, averaged 1.87 mbd or 57.97 million barrels (mb) in January 2018. This represented 0.01 mbd or 0.54 per cent increase above the average of 1.86 mbd or 57.66 mb in the preceding month. Crude oil export was 1.42 mbd or 44.02 mb and represented an increase of 0.7 per cent, compared

with 1.41 mbd or 43.71 mb recorded in the preceding month. The increase in production was attributed to the relative calm in the Niger Delta region with records of uninterrupted production. Allocation of crude oil for domestic consumption remained at 0.45 mbd or 13.95 mb in the review period.

In the review month, bullish market sentiments grew as OPEC and participating non-OPEC countries continued to conform with the agreement on production cut and inventory drawdown deal. Consequently, the average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), rose to US\$70.75 per barrel in January 2018, representing 8.2 per cent increase above US\$65.41 per barrel in December 2017. The UK Brent at US\$69.48/b, the Forcados at US\$70.33/b and the WTI at US\$63.95 exhibited similar trends 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 eleven selected crude streams stood at US\$66.49/b in January 2018. This represented 7.1 per cent and 26.9 per cent increase, compared with US\$62.06/b and US\$52.40/b in December 2017 and the corresponding period of 2017, respectively (Figure 11, Table 12).

Figure 11: Trends in Crude Oil Prices

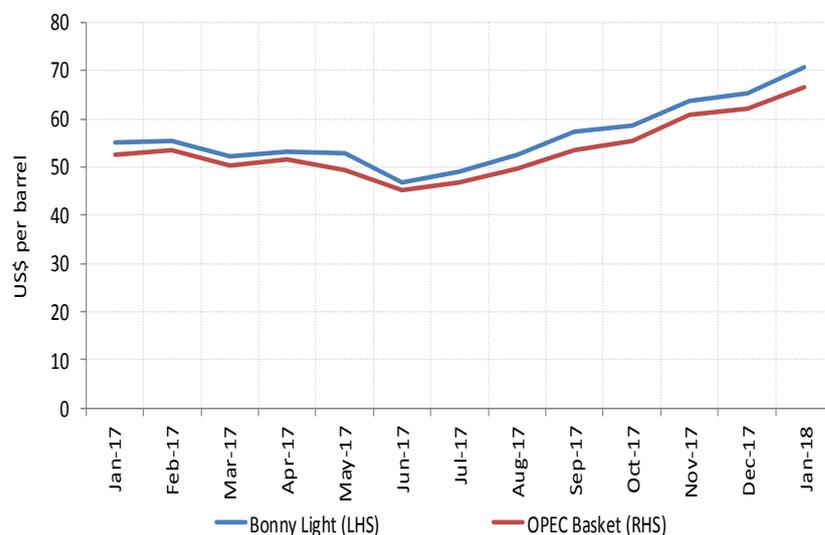


Table 12: Average Crude Oil Prices in the International Oil Market

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Bonny Light	55.1	55.5	52.2	53.1	52.9	46.9	48.9	52.5	57.4	58.7	63.7	65.4	70.8
OPEC Basket	52.4	53.4	50.3	51.4	49.2	45.2	46.9	49.6	53.4	55.5	60.8	62.1	66.5

## 4.5 Consumer Prices

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

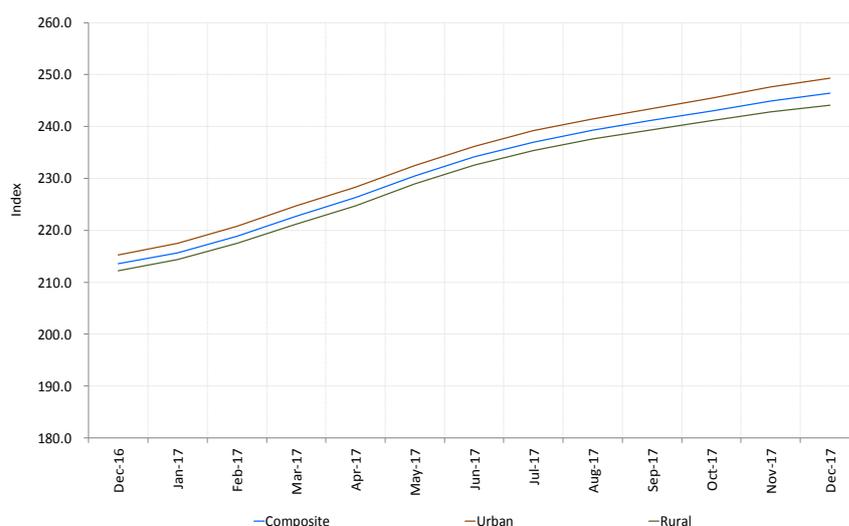
The all-items composite Consumer Price Index (CPI) was estimated at 248.8 (November 2009=100) in January 2018, representing 0.97 per cent and 13.43 per cent increase over the levels in December 2017 and the corresponding month of 2017, respectively. The development, relative to the preceding month, reflected, mainly, the increase in the prices of bread and cereals, oil and fats, milk, cheese, egg, coffee, tea, cocoa and fish.

The composite food index (with a weight of 50.7 per cent) for January 2018 was estimated at 264.3 per cent, compared with 261.0 per cent and 221.4 per cent in the preceding month and the corresponding period of 2017, respectively. The rise in the index reflected increase in transport costs arising from the scarcity and partial rise in the prices of petroleum products in the country during the month.

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

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Composite	215.7	218.9	222.7	226.3	230.5	234.2	237.0	239.3	241.2	243.0	244.9	246.4	248.8
Urban	217.5	220.8	224.7	228.3	232.5	236.2	239.2	241.5	243.5	245.5	247.6	245.5	N/A
Rural	214.4	217.5	221.2	224.7	229.0	232.6	235.4	237.6	239.4	241.1	242.8	241.1	N/A
CPI - Food	221.4	225.8	230.8	235.5	241.5	246.3	250.0	252.9	255.1	257.2	259.5	261.0	264.3
CPI - Non Food	210.0	212.3	215.1	217.5	220.0	223.0	225.2	227.3	229.1	230.9	232.6	233.8	235.5

Figure.12: Consumer Price Index



Inflationary pressures were expected to subside given the anticipated decline in food inflation during the month. However, a slight upward pressure was experienced in the core sub-component of the CPI given the increase in domestic prices arising from lingering scarcity and unofficial increase in the prices of petroleum products in most parts of the country during the month. Consequently, staff estimate indicated a decline of 0.2 percentage point in headline inflation to 15.35 per cent in January 2018, from 15.37 per cent and 18.7 per cent in the preceding month and the corresponding month of 2016, respectively, attributed to the decline in food inflation. The Twelve-Month Moving Average (12MMA) inflation rate for January 2018 was estimated at 16.2 per cent, compared with 16.5 per cent and 16.4 per cent recorded in the preceding month and the corresponding month of 2016, respectively (Figure 13, Table 14).

The year-on-year headline inflation was 15.35 per cent in January 2018, compared with 15.37 per cent in December 2017.

Figure 13: Inflation Rate

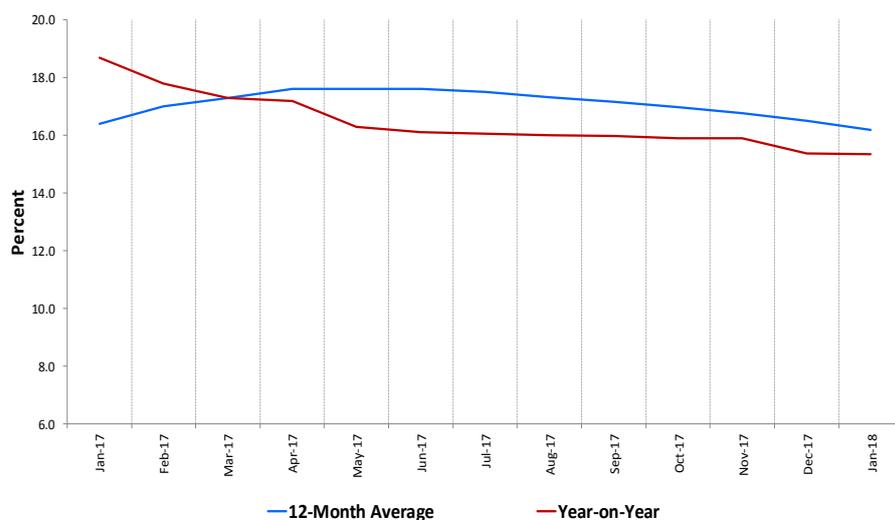


Table 14: Headline Inflation Rate (%)

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
12-Month Average	16.40	17.00	17.30	17.60	17.60	17.60	17.50	17.33	17.17	16.97	16.76	16.50	16.20
Year-on-Year	18.70	17.80	17.30	17.20	16.30	16.10	16.05	16.01	15.98	15.91	15.90	15.37	15.35

## 5.0 External Sector Developments<sup>6</sup>

On month-on-month basis, foreign exchange inflow and outflow through the CBN rose by 29.1 per cent and 8.7 per cent, respectively, to US\$4.75 billion and US\$2.81 billion in January 2018. Total non-oil export receipts by banks rose by 20.7 per cent above the level in December 2017. The average exchange rate of the naira at the inter-bank segment was ₦305.79 per US dollar, and the Investor and Exporter window (I&E) was ₦360.62 per US dollar in the review month, while the rate at the BDC segment was ₦363.12 per US dollar. The gross external reserves was US\$41.15 billion at end-January 2018.

### 5.1 Foreign Exchange Flows

The external sector was strengthened due to an increase in foreign exchange inflow into the economy driven largely by an upsurge in non-oil inflow through the Central bank of Nigeria (CBN). Consequently, aggregate foreign exchange inflow through the CBN in January 2018 stood at US\$4.75 billion, compared with US\$3.68 billion and US\$2.61 billion in December 2017 and January 2017, representing an increase of 29.1 per cent and 82.3 per cent, respectively. The development was attributed to increase in non-oil receipts, mainly, other official receipts, cash swap in respect of BDC sales and TSA and third party receipts during the review period.

Aggregate outflow of foreign exchange through the Bank was US\$2.81 billion, indicating 8.7 per cent and 165.9 per cent increase above the levels in December 2017 and the corresponding period of 2017, respectively. The development was driven, mainly, by increased funding of the foreign exchange market by the CBN. Overall, foreign exchange flows through the Bank in the month of January 2018 resulted in a net inflow of US\$1.94 billion, compared US\$1.10 billion and US\$1.55 billion in December 2017 and January 2017, respectively (Figure 14, Table 15).

*Foreign exchange inflow through the CBN increased by 29.1 per cent to US\$4.75 billion, while outflow rose by 8.7 per cent, to US\$2.81 billion in January 2018.*

<sup>6</sup> Data on foreign exchange flows through the CBN and the Economy are provisional and subject to change

Figure 14: Foreign Exchange Flows through the CBN

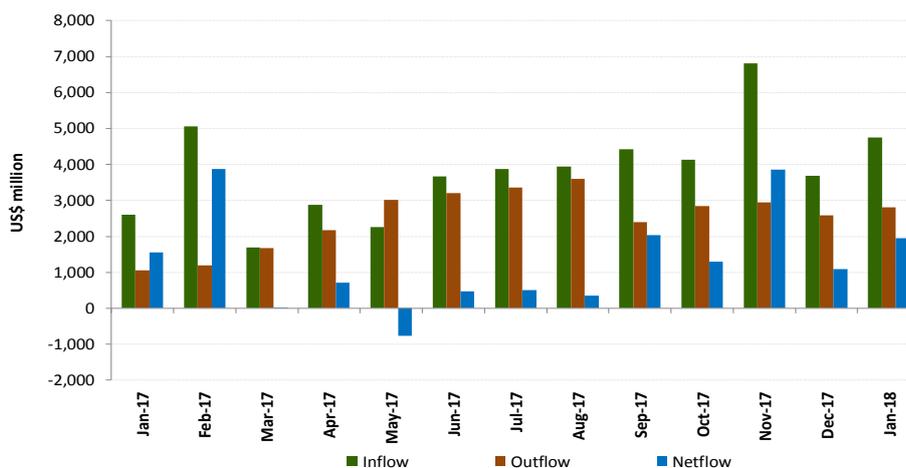


Table 15: Foreign Exchange Flows through the CBN (US\$ million)

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Inflow	2,605.5	5,056.9	1,693.4	2,874.9	2,259.2	3,672.7	3,867.0	3,943.5	4,425.5	4,132.8	6,812.0	3,680.8	4,750.7
Outflow	1,055.8	1,184.5	1,672.6	2,164.4	3,021.1	3,208.1	3,358.3	3,594.3	2,390.4	2,839.1	2,951.1	2,584.5	2,807.9
Netflow	1,549.7	3,872.4	20.8	710.5	(761.9)	464.6	508.7	349.1	2,035.1	1,293.7	3,860.8	1,096.4	1,942.8

Autonomous inflow through the economy rose by 43.9 per cent above the level in the preceding month.

Provisional data showed that aggregate foreign exchange inflow through the economy amounted to US\$10.01 billion, indicating increase of 11.0 and 86.1 per cent relative to the levels in December 2017 and the corresponding period of 2017, respectively. The development was as a result of 29.1 per cent increase in inflow through the Bank relative to the level in December 2017. Inflow through autonomous sources, however, fell by 1.5 per cent to US\$5.26 billion in the review period, compared with the level in December 2017.

Provisional data on aggregate foreign exchange outflow through the economy, at US\$3.08 billion, rose by 6.3 and 149.2 per cent above the levels in December 2017 and the corresponding month of 2017, respectively. This was driven, largely, by 8.7 per cent growth in outflow through the Bank relative to the level in the preceding month.

Non-oil sector receipts, through the CBN, at US\$3.83 billion, rose by 43.3 per cent, compared with the level in the preceding month. Outflow through autonomous sources,

however, fell by 13.6 per cent to US\$0.27 billion, compared with the level in December 2017.

The net position of the foreign exchange flows through the economy was US\$6.93 billion during the review period relative to US\$6.13 billion and US\$4.15 billion in December 2017 and January 2017, respectively.

## 5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings, at US\$0.20 billion, increased by 20.7 per cent, compared with the level at the end of December 2017. This, however, showed a decline of 50.3 per cent relative to the level in the corresponding period of 2017. The development was due to the improvements in the agricultural sector, transport, industrial and mineral sub-sectors, respectively. Proceeds from the agricultural sector, transport, industrial and mineral sub-sectors, increased by 43.2 per cent, 37.0 per cent, 18.2 per cent and 6.1 per cent, respectively, relative to the levels in the preceding month. Export proceeds from food products and manufactured products sub-sectors, however, declined by 44.7 per cent and 1.6 per cent, respectively, relative to the levels in the preceding month.

Total non-oil export earnings by exporters increased in January 2018.

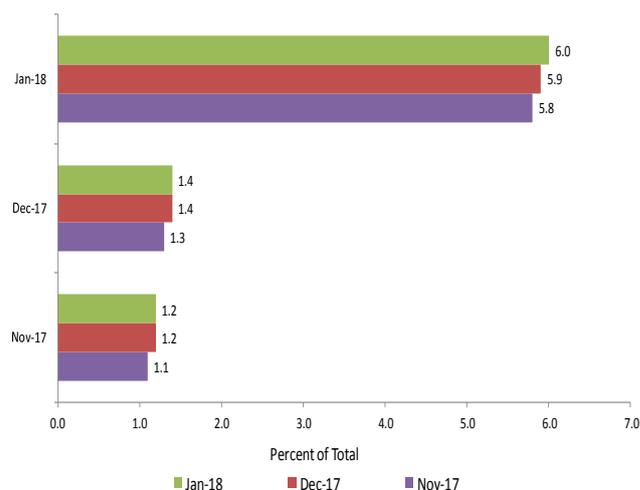
The shares of the various sectors in the non-oil export proceeds were: agricultural product, 50.8 per cent; minerals, 16.9 per cent; manufactured products, 14.4 per cent; industrial sector, 16.1 per cent; and food products, 1.8 per cent.

## 5.3 Sectoral Utilisation of Foreign Exchange

Provisional data on the sectoral foreign exchange utilisation in January 2018 showed an increase of 5.7 per cent over the level in the preceding month. The invisible sector accounted for the bulk (47.7 per cent) of total foreign exchange disbursed in January 2018, followed by industrial sector (27.0 per cent). The shares of other sectors in a descending order were: minerals and oil (9.1 per cent); manufactured products (7.6 per cent); food products (6.0 per cent); transport (1.4 per cent); and agricultural products (1.2 per cent) (Figure 15).

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

**Figure15: Sectoral Utilisation of Foreign Exchange**



### 5.4 Foreign Exchange Market Developments

The CBN sustained its intervention in the foreign exchange market in January 2018 to further dampen demand pressure and ensure exchange rate stability. A total of US\$1.69 billion was sold by the Bank to authorised dealers in January 2018. This indicated 2.8 per cent and 280.0 per cent increase, compared with the respective levels in December 2017 and the corresponding period of 2017. Matured forwards contracts disbursed at maturity rose by 17.7 per cent to US\$0.93 billion, while swaps, interbank sales and sales to BDC declined by 13.3 per cent, 11.5 per cent and 10.2 per cent, respectively, to US\$0.06 billion, US\$0.30 billion and US\$0.40 billion in the review period, relative to the levels in December 2017 (Figure16, Table 16).

Figure 16: Supply of Foreign Exchange



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

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Total Forex Supply	2.7	2.6	2.4	1.5	1.6	1.8	1.6	1.7

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

Sustained intervention by the Bank in the foreign exchange market led to the fall in average inter-bank rates. Consequently, the average exchange rate of the naira to the US-dollar at the inter-bank segment was ₦305.79/US\$, indicating an appreciation of 0.2 per cent, compared with the level in December 2017. It, however, depreciated by 0.2 per cent, compared with the level in the corresponding period of 2017. At the BDC segment, the average exchange rate of the naira to the dollar was ₦363.12/US\$. Increased demand depreciated the exchange rate by 0.1 per cent below the level in the December 2017, but appreciated by 35.8 per cent above the level in the corresponding period of 2017. At the Investors and Exporter window, the exchange rate also depreciated by 0.06 per cent from the level in the preceding month to ₦360.62/US\$ in the review period (Figure 17, Table 17).

Thus, the premium between the average interbank/BDC rates, widened by 0.3 percentage point to 18.8 per cent in January 2018 from 18.5 per cent in December 2017.

Figure 17: Average Exchange Rate Movement

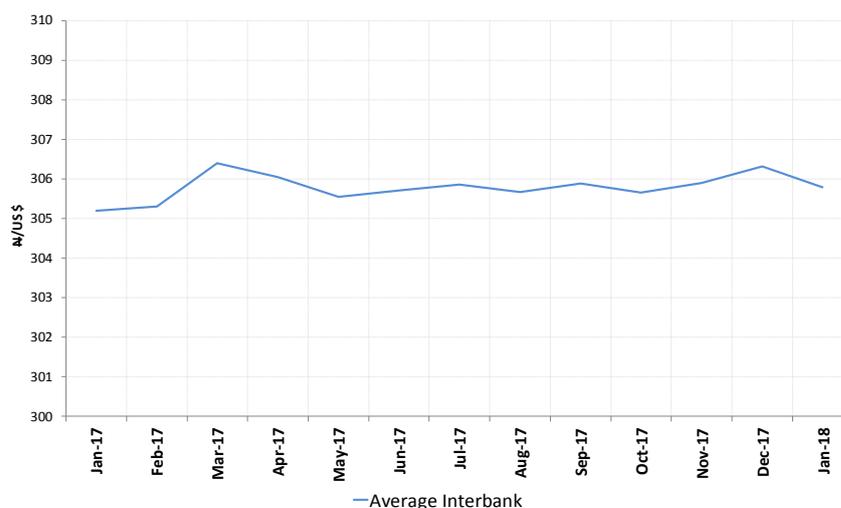


Table 17: Exchange Rate Movements

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Average Exchange Rate (N/US\$)													
Interbank	305.20	305.30	306.40	306.05	305.54	305.71	305.86	305.67	305.89	305.65	305.90	306.31	305.79

### 5.5 Gross External Reserves

Following the increase in foreign exchange purchases and other official receipts, the gross external reserves rose by 4.6 per cent to US\$41.15 billion at end-January 2018 above US\$39.35 billion at end-December 2017. A breakdown of the external reserves by ownership showed that the share of the Federation reserves was US\$2.46 billion (6.0%); Federal Government reserves, US\$6.26 billion (15.2%); and the CBN reserves, US\$32.43 billion (78.8%) of the total (Figure. 18, Table 18).

Gross external reserves rose at end-January 2018.

Figure 18: Gross Official External Reserves

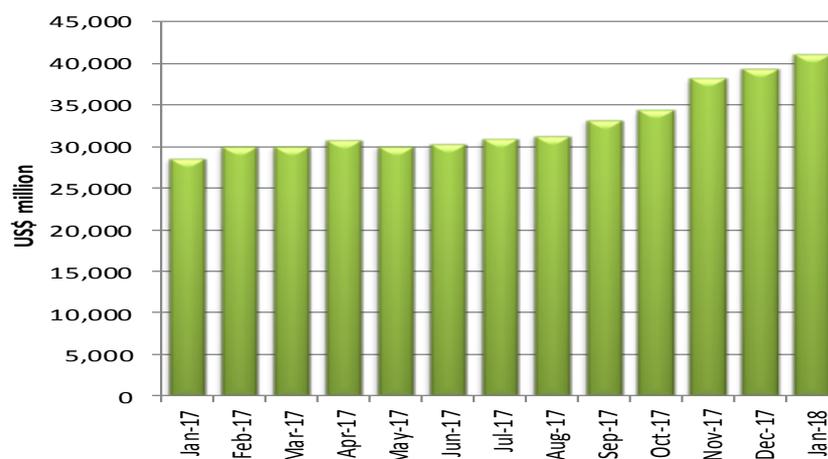


Table 18: Gross Official External Reserves (US\$ million)

Period	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
External Reserves	29,811.85	30,334.87	30,869.69	31,268.09	33,159.73	34,332.58	38,209.36	39,353.49	41,145.86



## *6.0 Other International Economic Developments and Meetings*

World crude oil output and demand in January 2018 were estimated at an average of 97.73 mbd and 98.27 million barrels per day (mbd), compared with 96.99 and 97.49 mbd supplied and demanded, respectively, in December 2017. The increase in world crude oil demand was driven, largely, by higher economic momentum in OECD region, particularly in China with a flourishing petrochemical industry and transportation sector.

Other major international economic developments and meetings of importance to the domestic economy in the review period included: The Technical Preparatory Meeting of the Ministerial Committee of the Presidential Task Force for the ECOWAS Single Currency held in Abuja, Nigeria from January 17 – 19, 2018. The objective of the Meeting was to review and enhance the roadmap for accelerating the realisation of the ECOWAS Single Currency Programme in line with the directives of the Fourth Meeting of the Presidential Task Force held in Niamey on October 24, 2017. The Technical Committee deliberated on the issues and adopted the following recommendations:

- Efforts should be accelerated towards the financing and implementation of the core roadmap activities necessary for the realisation of the Single Currency by 2020;
- That ECOWAS Commission should speed up action on the setting up of a Fund for the Single Currency Programme;
- Consideration be given to the possible launch of a virtual currency in 2020 which would precede the launching of the physical currency; and
- WAMA should submit to its statutory bodies proposals that would allow it play the role of the ECOWAS Monetary Institute (EMI) for the purpose of validation and transmission to the ECOWAS Commission, among others.

In another development, the 30<sup>th</sup> Ordinary Session of the Assembly of the African Union was held in Addis Ababa, Ethiopia from January 28 – 29, 2018. The theme of the Meeting was "Winning the Fight against Corruption: A Sustainable Path to Africa's Transformation". Key decisions

were adopted by the Assembly of Heads of State and Government which included:

- The adoption of a protocol to the Treaty Establishing the African Economic Community relating to Free Movement of Persons, Rights of Residence and Right of Establishment and its Draft Implementation Roadmap;
- On Financing the Union, the Assembly decided that the membership of the Committee of Ministers of Finance should be expanded from ten (10) to fifteen (15) members based on the principles of equitable geographical distribution and rotation. In this regard, the Committee was renamed 'Committee of Fifteen (F15) Ministers of Finance'.

Finally, the 48<sup>th</sup> World Economic Forum Annual Meeting 2018 was held in Davos-Klosters, Switzerland from January 23-26, 2018. The aim of the Meeting was to rededicate leaders from all walks of life to developing a shared narrative to improve the state of the world. The programme, initiatives, and projects of the meeting were focused on creating a Shared Future in a Fractured World. Other agenda included:

- The Global Agenda aimed at improving global governance through public-private cooperation by working in close collaboration with key international organisations;
- Geopolitical Agenda set to convene public and private sector leaders, including defense, intelligence, and public-security experts to prepare for and respond to a rapidly changing geopolitical landscape;
- Economic Agenda aimed at supporting multi-stakeholder efforts to deliver sustainable and inclusive economic development in the face of lower growth rates, declining productivity and skills gaps;
- The Regional and National Agenda set to examine in-depth social and economic transformations taking place in all regions of the world through informal interaction with over 250 political leaders on trade and investment-related issues on various national and regional contexts;
- The Industry and Business Agenda meant to shape the evolution of industry ecosystems and business models particularly in the context of scientific, technological

and policy transformations, by engaging industry leaders along with their peers from government in order to better prepare for the Fourth Industrial Revolution; and

- The Future Agenda is to share ideas, innovations, and discoveries that will reshape global systems by engaging those at the vanguard of change from the following specialisation including, arts, media, medicine, science and technology, as well as the next generation of leaders.



# APPENDIX TABLES



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

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
<b>Domestic Credit (Net)</b>	26,821.4	26,985.3	27,174.8	26,349.1	25,863.3
<i>Claims on Federal Government</i>	4,824.2	4,963.4	5,245.9	4,392.4	3,574.0
Central Bank (Net)	(194.2)	(137.9)	(50.3)	(558.1)	(420.5)
Banks	5,018.5	5,101.3	5,296.2	4,950.5	3,994.5
<i>Claims on Private Sector</i>	21,997.2	22,021.9	21,928.9	21,956.7	22,289.3
Central Bank	5,580.6	5,532.6	5,541.1	5,712.6	5,869.3
Banks	16,416.6	16,489.3	16,387.8	16,244.0	16,420.0
<i>Claims on Other Private</i>	20,684.7	20,737.4	20,652.2	20,334.3	20,766.9
Central Bank	4,974.4	4,967.1	4,969.1	5,094.7	5,251.4
Banks	15,707.3	15,770.3	15,683.1	15,239.5	15,515.6
<i>Claims on State and Local</i>	1,237.2	1,257.1	1,242.8	1,594.9	1,494.8
Central Bank	530.9	538.1	538.1	590.4	590.4
Banks	706.3	719.0	704.7	1,004.5	904.4
<i>Claims on Non-financial Public Enterprises</i>					
<b>Foreign Assets (Net)</b>	9,733.0	10,050.5	12,397.1	13,297.6	14,813.3
Central Bank	9,620.5	9,870.2	12,111.4	13,138.1	14,427.1
Banks	112.5	180.3	285.7	159.5	386.1
<b>Other Assets (Net)</b>	(14,703.0)	(15,081.8)	(17,071.3)	(17,335.5)	(16,675.2)
<b>Total Monetary Assets (M2)</b>	<b>21,851.5</b>	<b>21,954.0</b>	<b>22,500.6</b>	<b>22,311.1</b>	<b>24,001.4</b>
<b>Quasi-Money 1/</b>	11,960.6	11,889.7	12,107.6	12,196.1	12,965.1
<b>Money Supply (M1)</b>	9,890.8	10,064.2	10,393.1	10,115.1	11,036.4
<i>Currency Outside Banks</i>	1,523.2	1,435.3	1,463.8	1,553.5	1,782.7
<i>Demand Deposits 2/</i>	8,367.6	8,628.9	8,929.3	8,561.5	9,253.7
<b>Total Monetary Liabilities (M)</b>	<b>21,851.5</b>	<b>21,954.0</b>	<b>22,500.6</b>	<b>22,311.1</b>	<b>24,001.4</b>
<b>Memorandum Items:</b>					
Reserve Money (RM)	5,486.8	5,559.8	5,762.5	5,675.3	6,477.6
<i>Currency in Circulation (CIC)</i>	1,868.7	1,781.0	1,791.2	1,896.2	2,157.2
<i>DMBs Demand Deposit with CBN</i>	3,618.1	3,778.7	3,971.3	3,779.2	4,320.4

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)**

	Dec-16	Sep-17	Oct-17	Nov-17	Dec-17
	<b>Growth Over Preceding December (%)</b>				
<b>Domestic Credit (Net)</b>	24.3	0.5	1.2	-1.9	-3.7
<i>Claims on Federal Government (Net)</i>	68.6	1.8	7.6	-9.9	-26.7
<i>Claims on Private Sector</i>	17.42	0.18	-0.24	-0.12	1.40
<i>Claims on Other Private Sector</i>	15.8	-1.1	-1.5	-3.0	-1.0
<i>Claims on State and Local Government</i>	69.1	27.0	25.6	61.2	51.1
<i>Claims on Non-financial Public Enterprises</i>					
<b>Foreign Assets (Net)</b>	61.9	9.9	35.5	45.5	61.9
<b>Other Assets (Net)</b>	-71.58	-21.47	-37.50	-40.07	-34.31
<b>Total Monetary Assets (M2)</b>	<b>17.8</b>	<b>-6.9</b>	<b>-4.6</b>	<b>-5.6</b>	<b>1.7</b>
<b>Quasi-Money 1/</b>	7.5	-3.5	-1.7	-1.0	5.2
<b>Money Supply (M1)</b>	31.5	-10.7	-7.8	-10.7	-2.1
<i>Currency Outside Banks</i>	25.0	-21.2	-19.6	-17.1	-2.1
<i>Demand Deposits 2/</i>	32.82	-8.70	-5.52	-9.41	-2.09
<b>Total Monetary Liabilities (M2)</b>	<b>17.8</b>	<b>-6.9</b>	<b>-4.6</b>	<b>-5.6</b>	<b>1.7</b>
<b>Memorandum Items:</b>					
Reserve Money (RM)	0.6	-4.9	-1.5	-3.0	10.8
<i>Currency in Circulation (CIC)</i>	17.3	-18.3	-17.8	-12.9	-1.0
<i>DMBs Demand Deposit with CBN</i>	-7.2	3.00	8.3	3.0	17.8
	<b>Growth Over Preceding Month (%)</b>				
<b>Domestic Credit (Net)</b>	0.6	0.6	0.7	-3.0	-1.8
<i>Claims on Federal Government (Net)</i>	36.2	2.9	5.7	-16.3	-18.6
<i>Claims on Private Sector</i>	-4.9	0.11	-0.4	0.1	1.5
<i>Claims on Other Private Sector</i>	-3.9	0.3	-0.4	-1.5	2.1
<i>Claims on State and Local Government</i>	7.2	1.6	-1.1	28.3	-6.3
<i>Claims on Non-financial Public Enterprises</i>					
<b>Foreign Assets (Net)</b>	14.4	3.1	23.4	7.3	11.3
Central Bank	13.4	2.6	22.7	8.5	9.8
Banks	48.1	44.9	58.5	-42.4	125.1
<b>Other Assets (Net)</b>	-0.88	-2.20	-13.19	-1.54	4.12
<b>Total Monetary Assets (M2)</b>	<b>5.4</b>	<b>0.67</b>	<b>2.5</b>	<b>-0.8</b>	<b>7.8</b>
<b>Quasi-Money 1/</b>	3.1	-0.6	1.8	0.7	6.3
<b>Money Supply (M1)</b>	8.0	2.2	3.3	-2.7	9.6
<i>Currency Outside Banks</i>	14.7	5.6	2.0	6.3	18.1
<i>Demand Deposits 2/</i>	6.84	-5.75	3.48	-4.12	8.08

Table A3: Federal Government Fiscal Operations (₦ billion)

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2018	
													Jan-18	Monthly Budget Est
Retained Revenue	699.5	379.7	247.0	301.7	552.6	325.1	477.0	204.8	300.6	260.8	207.9	262.9	293.6	449.6
Federation Account	105.8	133.2	117.6	136.5	124.4	147.7	274.9	181.5	260.6	198.1	191.5	248.2	251.5	297.9
VAT Pool Account	11.4	10.6	10.0	11.3	26.1	11.5	11.8	11.6	12.5	12.0	12.9	11.6	12.1	21.6
FGN Independent Revenue	0.5	15.6	5.9	0.4	91.6	5.5	2.5	9.4	23.9	26.5	3.0	3.1	14.9	67.3
Excess Crude Account	30.2	19.7	9.2	27.9	10.2	9.4	0.0	0.0	0.0	0.0	0.0	0.0	14.1	0.0
Others /Exchange Gain/Recover	551.6	200.7	104.4	125.5	300.3	151.0	187.9	2.3	3.6	24.2	0.5	0.0	1.0	62.8
Expenditure	443.7	406.9	679.2	459.2	459.1	437.2	598.2	442.1	366.9	422.1	293.4	263.5	266.6	646.0
Recurrent	420.3	366.3	644.3	424.2	424.3	396.8	556.0	405.0	366.9	366.4	213.7	219.4	221.5	428.6
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.2	43.4	22.8	22.8	181.2
Transfers	23.4	40.6	34.9	34.9	34.8	40.4	42.2	37.1	0.0	27.6	36.3	21.3	22.3	36.2
Overall Balance: Surplus(+)/Deficit(-)	255.7	-27.1	-432.2	-157.5	93.5	-112.1	-121.2	-237.4	-66.3	-161.4	-85.5	-0.6	27.0	-196.4

1/Revised