



**CENTRAL BANK OF NIGERIA**

***ECONOMIC REPORT  
JULY 2018***

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

Monetary policy stance remained, largely, non-expansionary in June 2018 to rein in inflationary pressures. The Bank introduced a revised and seasonally adjusted money supply aggregate ( $M_3$ ) in the review period to capture CBN bills held by the non-bank public. On month-on-month basis, broad money supply ( $M_3$ ), declined by 1.0 per cent to ₦33,426.21 billion at end-June 2018, in contrast to the 1.8 per cent growth recorded at end-May 2018. The development reflected the 15.0 per cent and 0.6 per cent contraction in the domestic credit (net) and other assets (net) of the banking system, respectively. Over the level at end-December 2017,  $M_3$ , however, grew by 7.3 per cent, annualised to 14.6 per cent, mainly, on account of the growth in CBN bills held by the non-bank public and foreign assets (net) of the banking system. Narrow money supply ( $M_1$ ), at ₦10,701.11 billion, fell by 4.7 per cent, below the level at end-May 2018 and reflected the decline in both its currency outside banks and demand deposits components.

Staff estimates indicated mixed developments in banks' deposit rates, while lending rates trended upward in the review month. The 3 months, 6 months and over 12 months deposit rates rose from 9.38 per cent, 10.15 per cent and 8.96 per cent, respectively, at end-June 2018 to 9.75 per cent, 10.49 per cent and 9.07 per cent at end-July 2018. The 7 days, 1 month and 12 months deposit rates, however, fell from 3.79 per cent, 8.88 per cent and 10.05 per cent to 3.76 per cent, 8.85 per cent and 10.01 per cent, respectively. The average term deposit rate rose from 8.54 per cent at end-June to 8.66 per cent at end-July 2018, while the average savings deposit rate remain unchanged at the preceding month's level of 4.07 per cent.

The weighted average prime and maximum lending rates rose by 0.25 and 0.17 percentage points to 17.03 per cent and 31.34 per cent, respectively, at end-July 2018. Consequently, the spread between the average term deposit and the average maximum lending rates widened by 0.05 percentage point to 22.68 percentage points at end-July 2018. Similarly, the spread between the average savings deposit and maximum lending rates widened by 0.17 percentage point to 27.27 percentage points at the end of the review month.

The total value of money market assets outstanding in July 2018 declined to ₦11,698.48 billion, from ₦11,749.78 billion in June 2018 due to the 4.7 and 0.1 per cent fall in FGN Bonds and Certificate of Deposits outstanding, respectively. Developments on the Nigerian Stock Exchange (NSE) were bearish in July 2018.

Federally-collected revenue (gross) was estimated at ₦947.62 billion in July 2018. This was below the monthly budget estimate by 14.4 per cent, but exceeded the receipts in the preceding month by 13.7 per cent. Oil and non-oil receipts (gross), at ₦513.54 billion and ₦434.08 billion in the review month, constituted 54.2 per cent and 45.8 per cent, respectively, of total revenue. Federal Government retained revenue

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

and estimated expenditure for July 2018 were ₦306.72 billion and ₦414.75 billion, respectively, resulting in an estimated deficit of ₦108.03 billion.

Agricultural activities in July 2018 were dominated by weeding in the Northern part of the country, while the major activities in the Southern States were harvesting of maize, cassava and yam. In the livestock sub-sector, poultry farmers sustained the breeding of poultry, while cattle rearers migrated northwards due to excessive rain in the South.

Domestic crude oil production was estimated at 1.75 mbd or 54.3 million barrels (mb) in July 2018. This was lower than the 2018 budget benchmark of 2.3 mbd. Crude oil export was estimated at 1.30 mbd or 39.0 mb. The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), rose by 0.8 per cent to US\$75.58 per barrel in July 2018.

The end-period headline inflation, on year-on-year and twelve month moving average bases, were estimated at 10.89 per cent and 13.90 per cent, respectively, in July 2018, compared with 11.23 per cent and 14.37 per cent, respectively in June 2018.

Foreign exchange inflow into and outflow from the CBN in July 2018 were US\$4.63 billion and US\$4.87 billion, respectively, and resulted in a net outflow of US\$0.24 billion. Aggregate foreign exchange inflow into and outflow from the economy were US\$10.90 billion and US\$5.18 billion, respectively, resulting in a net inflow of US\$5.72 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US\$3.64 billion, in the review month, compared with US\$3.84 billion in the preceding month.

The average exchange rate of the naira at the inter-bank and BDC segments of the foreign exchange market and the investors and exporters window were ₦305.77/US\$, ₦359.57/US\$ and ₦361.77/US\$, respectively, in the review month. The gross external reserves was US\$45.80 billion at end-July 2018, compared with US\$47.16 billion at end-June 2018.

The major international economic developments and meetings of importance to the domestic economy in the review period included: The International Monetary Fund's (IMF) Mid-Year Staff Consultations with Nigeria held from June 27 – July 9, 2018; visit to the CBN by a team from Standard and Poor's (S&P) Ratings Agency on July 19, 2018, as part of Nigeria's 2018 Review of Sovereign Credit Rating Exercise from July 17 – 19, 2018; the Afreximbank Annual Meetings (AAM) with the theme: "Celebrating the Past: Shaping the Future", was held in Abuja, Nigeria from July 11 – 14, 2018; and the 6<sup>th</sup> meeting of the Presidential Task Force (PTF) on the ECOWAS Single Currency programme held on July 30, 2018 in Lome, Togo on the sidelines of the Summit of the ECOWAS Heads of State and Government held on July 31, 2018.

## 2.0 Financial Sector Developments

### 2.1 Monetary and Credit Developments

*Major monetary aggregates, on month-on-month basis, fell in June 2018, below the levels in the preceding month. Developments in banks' deposit rates were mixed, while lending rates trended upward in the review month. The value of money market assets outstanding fell, owing, largely, to the decline in FGN Bonds and Certificate of Deposit. Developments on the Nigerian Stock were bearish in the review month.*

The stance of monetary policy remained, largely, non-expansionary in the review period, as the monetary policy rate and other key instruments remain unchanged at their levels at end-May 2018. The Bank introduced a revised and seasonally adjusted money supply aggregate (M<sub>3</sub>) in the review month to capture CBN bills held by the non-bank public. The new broader measure of money supply comprehensively captures liquidity within and outside the banking system. Consequently, broad money supply (M<sub>3</sub>), on month-on-month basis, fell by 1.0 per cent to ₦33,426.21 billion at end-June 2018, in contrast to the respective growth of 1.8 per cent and 1.0 per cent at end-May 2018 and end-June 2017. The development reflected the 15.0 per cent and 0.6 per cent contraction in domestic credit (net) and other assets (net) of the banking system, which more than offset the 6.8 per cent and 0.1 per cent growth in foreign asset (net) of the banking system and CBN bills held by the non-bank public.

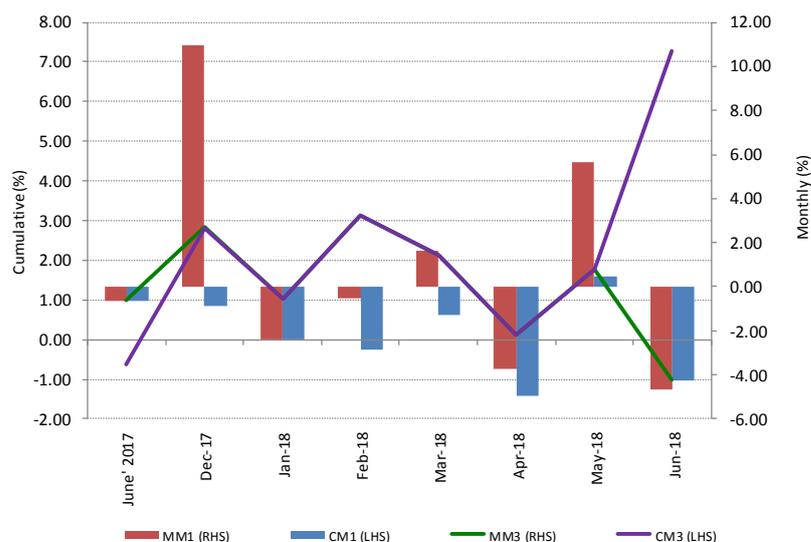
*On month-on-month basis, the major monetary aggregates fell in June 2018.*

Over the level at end-December 2017, broad money supply (M<sub>3</sub>), however, grew by 7.3 per cent, annualised to 14.6 per cent. The development reflected, wholly, the significant growth of 22.7 per cent and 17.4 per cent in CBN bills held by the non-bank public and foreign assets (net) of the banking system. This offset the effect of the contraction in domestic credit (net) and other assets (net) of the banking system.

Narrow money supply (M<sub>1</sub>), on month-on-month basis, fell by 4.7 per cent to ₦10,701.1 billion at end-June 2018, compared with the 5.7 per cent decline at end-May 2018. This reflected the respective decline of 4.9 per cent and 3.7 per cent in its demand deposits and currency outside banks components. Over the level at end-December 2017, M<sub>1</sub> fell by 4.3 per cent on account of 14.7 per cent and 2.3 per cent decline in currency outside banks and demand deposits, respectively (Figure 1, Table 1).

Quasi-money, on month-on-month basis, grew by 1.2 per cent to ₦14,112.9 billion at end-June 2018, compared with the increase of 0.7 per cent at the end of the preceding month. The development reflected the rise in time and saving deposits of commercial banks. Over the level at end-December 2017, quasi-money grew by 8.8 per cent, compared with the growth of 7.5 per cent at the end of the preceding month.

**Figure 1: Growth of Narrow Money (M<sub>1</sub>) and Broad Money (M<sub>3</sub>)<sup>2</sup>**



At ₦25,561.4 billion, aggregate credit to the domestic economy, on month-on-month basis, fell by 0.6 per cent at the end of the review month, compared with the decline of 6.8 per cent at the end of the preceding month. It, however, contrasted with the growth of 1.5 per cent in the corresponding period of 2017. The development, relative to the preceding month, reflected, wholly, the 6.4 per cent fall in net claims on the Federal Government. Over the level at end-December 2017, net domestic credit fell by 1.4 per cent, compared with the decline of 0.8 per cent at the end of the preceding month. The development was due to the contraction in claims on both the Federal government and the private sector.

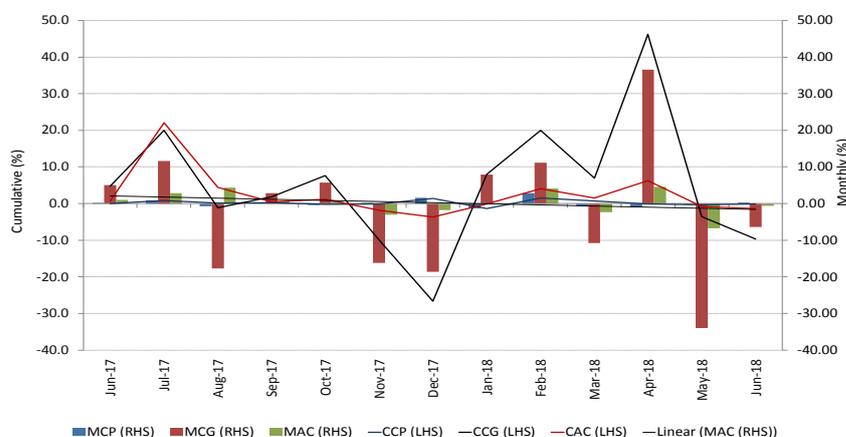
Net claims on the Federal Government, on month-on-month basis, fell by 6.4 per cent to ₦3,286.3 billion at end-June 2018, compared with the decline of 33.9 per cent at the end of the preceding month. The development was attributed, mainly,

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

to the fall in holdings of Government securities by the CBN in the review period. Over the level at end-December 2017, net claims on the Federal Government fell by 9.7 per cent at end-June 2018, compared with the decline of 3.6 per cent at the end of the preceding month. The development reflected the decline in banking system's holding of Government securities.

Credit to the private sector, on month-on-month basis, grew marginally by 0.3 per cent to ₦22,275.1 billion at end-June 2018, in contrast to the decline of 0.3 per cent and 0.2 per cent at the end of the preceding month and the corresponding period of 2017, respectively. The development reflected the 0.2 per cent and 0.4 per cent increase in claims on the core private sector and the state and local Governments, respectively. Over the level at end-December 2017, banking system's credit to the private sector declined by 0.1 per cent, compared with the decline of 0.4 per cent at the end of the preceding month. The development was attributed to the fall of 1.1 per cent in claims on the core private sector (Figure 2, Table 1).

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



Foreign assets (net) of the banking system, at ₦18,222.7 billion, on month-on-month, grew by 6.8 per cent at end-June 2018, compared with the increase of 9.7 per cent at the end of the preceding month. It, however, contrasted with the 0.8 per cent decline recorded at the end of the corresponding period of 2017. The increase relative to the preceding month was due to the respective rise of 35.0 per

<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).

cent and 6.2 per cent in foreign asset holdings by commercial banks and the CBN. Over the level at end-December 2017, foreign assets (net) grew by 17.4 per cent, compared with 9.9 per cent growth at end-May 2018. The development reflected the 17.1 per cent and 27.8 per cent increase in the foreign asset holdings of the CBN and the commercial banks, respectively.

Other assets (net) of the banking system, on month-on-month basis, fell by 15.0 per cent to negative ₦10,358.0 billion, at end-June 2018, in contrast to the rise of 9.6 per cent at the end of the preceding month. The development was attributed to the decline in unclassified assets of the banks in the review period. Over the level at end-December 2017, other assets (net) of the banking system declined by 0.6 per cent, in contrast with the growth of 12.5 per cent and 1.6 per cent at the end of the preceding month and the corresponding period of 2017, respectively.

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

	Jun-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
<b>Domestic Credit (Net)</b>	1.5	-1.6	0.1	4.4	0.7	1.1	-6.8	-0.6
<i>Claims on Federal Government (Net)</i>	9.1	-17.1	9.1	15.8	7.2	7.8	-33.9	-6.4
<i>Claims on Private Sector</i>	-0.2	1.5	-1.3	2.9	-0.8	-0.9	-0.3	0.3
<i>Claims on Other Private Sector</i>	0.3	1.9	-1.8	1.9	-1.3	-0.7	0.6	0.2
<b>Foreign Assets (Net)</b>	-0.8	16.7	-1.8	-13.1	-1.8	19.5	9.7	6.8
<b>Other Assets (Net)</b>	0.7	-10.2	5.5	18.9	9.2	-39.1	9.6	-15.0
<b>Broad Money Supply (M3)</b>	1.0	2.8	1.0	3.1	2.1	0.1	1.8	-1.0
<b>Quasi-Money</b>	0.0	6.3	0.7	1.8	0.8	3.4	0.7	1.2
<b>Narrow Money Supply (M1)</b>	-0.7	11.0	-2.4	-0.5	1.7	-3.7	5.7	-4.7
<b>Broad Money Supply (M2)</b>	-0.3	8.4	-0.7	0.8	1.2	0.2	2.8	-1.4
<b>Reserve Money (RM)</b>	-0.39	14.25	-6.43	6.38	4.7	-3.2	3.6	-6.0

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

Currency-in-circulation, at ₦1,900.7 billion, on month-on-month basis, fell by 1.6 per cent in June 2018, compared with the decline of 1.4 per cent per cent at the end of the preceding month. The development reflected the respective decline of 3.7 per cent and 4.9 per cent in its currency outside banks and demand deposits components.

Deposits of the Federal Government and the private sector with the CBN, on month-on-month basis, rose, while that of the deposit money banks' fell, relative to the levels at end-May 2018. Overall, aggregate deposit at the CBN rose by 0.5 per cent to ₦13,530.97 at end-June 2018. Of the total

deposits at the CBN, the shares of the Federal Government, banks and the private sector were 45.0 per cent, 33.0 per cent and 22.0 per cent, respectively.

Reserve money, on month-on-month basis, fell by 6.0 per cent to ₦6,360.5 billion at end-June 2018, in contrast to the growth of 3.6 per cent at end-May 2018. This reflected the decline in currency-in-circulation and bank reserves with the CBN.

*Reserve money (RM) fell in the review month.*

## 2.3 Money Market Developments

The major financial market indicators were relatively stable in July 2018 as liquidity management measures in both the money and foreign exchange markets ensured optimal liquidity in the system. Liquidity inflow was, mainly, from fiscal disbursement, maturing CBN bills and FGN Securities, while provisioning and settlements for purchase of CBN bills and foreign exchange auctions moderated the liquidity level in the market. The Bank also conducted open market operations (OMO) to mop-up excess liquidity, in line with the restrictive stance of monetary policy.

Provisional data indicated that the total value of money market assets outstanding at end-July 2018 stood at ₦11,698.48 billion, showing a decline of 0.4 per cent, in contrast to 0.6 per cent increase in the preceding month. The development was attributed to the 4.7 per cent and 0.1 per cent decline in FGN Bonds and Certificate of Deposits outstanding, respectively.

### 2.3.1 Interest Rate Developments

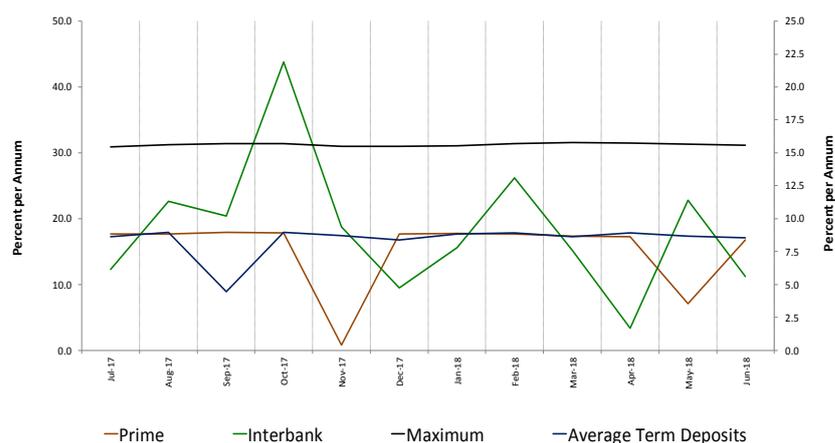
Staff estimates indicated mixed developments in banks' deposit rates, while the average lending rates trended upward in July 2018. The 3 months, 6 months and over 12 months deposit rates rose from 9.38 per cent, 10.15 per cent and 8.96 per cent at end-June 2018 to 9.75 per cent, 10.49 per cent and 9.07 per cent, respectively, at end-July 2018. The 7 days, 1 month and 12 months deposit rates, however, fell by to 0.03 percentage point, 0.03 percentage point and 0.04 percentage point, respectively, to 3.76 per cent, 8.85 per cent and 10.01 per cent, at end-July 2018. The average term deposit rate rose by 0.12 percentage point to 8.66 per cent at end-July 2018, while the average savings deposit rate remain unchanged at the preceding month's level of 4.07 per cent.

*Staff Estimates indicated mixed developments in banks' deposit rates, while lending rates trended upwards in the review month.*

The weighted average prime lending rate rose by 0.25 percentage point to 17.03 per cent. Similarly, the weighted average maximum lending rate rose by 0.17 percentage point to 31.34 per cent at end-June 2018. Consequently, the spread between the average term deposit and the average maximum lending rates widened by 0.05 percentage point to 22.68 percentage points at end-June 2018. Similarly, the spread between the average savings deposit and maximum lending rates widened to 27.27 percentage points at end-June 2018, from 27.10 percentage points in the preceding month.

Short-term money market rates generally traded below the monetary policy rate in the review period. At the inter-bank call segment, the weighted average rate, which stood at 11.23 per cent at end-June 2018, fell significantly by 7.03 percentage points to 4.20 per cent at end-July 2018. Similarly, the weighted average rate at the open-buy-back (OBB) segment, fell from 14.00 per cent in the preceding month to 12.13 per cent at end-July 2018. The Nigerian inter-bank offered rate (NIBOR), for the 30-day tenor, declined to 13.25 per cent in the review period, below the 13.88 per cent at end-June 2018. With the headline inflation estimated at 10.89 per cent in July 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)**

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Average Term Deposits	8.63	8.95	4.47	4.56	8.7	8.36	9.23	8.92	8.64	8.92	8.69	8.54	8.66
Prime Lending	17.65	17.69	17.88	17.86	17.77	31.11	17.5	17.71	17.35	17.23	17.08	16.78	17.03
Interbank Call	12.28	22.63	20.44	43.78	18.78	9.49	15.58	26.19	15.16	3.34	22.77	11.23	4.2
Maximum Lending	30.94	31.2	31.39	31.39	30.95	30.99	31.39	31.4	31.55	31.45	31.29	31.17	31.34

### 2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs amounted to ₦27.18 billion at the end of the review month, showing a significant increase over the ₦6.29 billion recorded in the preceding month. Thus, CP constituted 0.2 per cent of the total value of money market assets outstanding during the review period, compared with 0.05 per cent in the preceding month.

### 2.3.3 Bankers' Acceptances (BAs)

During the review period, BAs stood at ₦3.80 billion, showing an increase of 15.1 per cent above the ₦3.30 billion recorded in the preceding month. Consequently, BAs accounted for 0.03 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)

CDs outstanding at end-July 2018 amounted to ₦59.45 billion, showing a decline of 0.07 per cent below the ₦59.49 billion recorded in the preceding month. Consequently, CDs accounted for 0.5 per cent of the total value of money market assets outstanding at the end of the review period, same as in the preceding month.

### 2.3.5 Open Market Operations

The Bank intervened through the conduct of Open Market Operations (OMO) in July 2018. The tenor to maturity of the instruments traded ranged from 70 to 364 days in the review month. Total amount offered, subscribed and allotted to were ₦2,093.98 billion, ₦1,790.13 billion and ₦1,790.13 billion, respectively. The bid rates ranged from 11.0400 to 12.1500 per cent, while the stop rates ranged from 11.0500 to 12.1500 per cent. Repayment of matured CBN bills amounted to ₦1,573.34 billion, translating to a net withdrawal of ₦216.79 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), as yields on issued securities moderated during the review period. NTBs of 91-, 182- and 364-day tenors, amounting to ₦348.92 billion, ₦326.51 billion and ₦209.36 billion were offered, subscribed to and allotted, respectively, at the two auctions held in July 2018.

At the 91-day auction, total subscription and allotment were ₦25.29 billion and ₦15.37 billion, respectively. The bid rates ranged from 9.8000 to 12.5000 per cent, while the stop rates ranged from 10.0000 to 12.5000 per cent. For the 182-day auction, total subscription and allotment were ₦60.80 billion and ₦60.53 billion, respectively. The bid rates ranged from 10.1000 to 11.5000 per cent, while the stop rates ranged from 11.0000 to 11.5000 per cent. At the 364-day, total subscription and allotment were ₦240.30 billion and ₦133.46 billion with bid rates from 11.0000 to 18.2000 per cent, while stop rates ranged from 11.4900 to 11.5096 per cent.

### 2.3.7 Bonds Market

Tranches of the 5-, 7- and 10-year bonds were re-opened and offered for sale in July 2018. The term to maturity of the bonds ranged from 4 years, 9 months to 9 years, 7 months. Total amount offered, subscribed to and allotted were ₦90.00 billion, ₦77.02 billion and ₦66.90 billion, respectively. There were no allotment on non-competitive basis and no repayment on maturity in the review period.

The bid rates ranged from 12.5000 to 14.6490 per cent, while the marginal rates for the 5-, 7- and 10-year bonds were 13.6900, 14.0000 and 14.2999 per cent, respectively. For all the tenors, the marginal rates ranged from 13.6900 to 14.2999 per cent. Total subscription for the 10-year bond amounted to ₦50.51 billion, as against the ₦40.0 billion offered, indicating renewed investors' confidence in the long-term end of the market.

### 2.3.8 CBN Standing Facilities

The banks accessed the Standing Facilities window in the review month to square up their positions either by borrowing via the standing lending facility (SLF) from the CBN or depositing their excess reserves through the standing deposit facility (SDF) 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 total request for the SLF granted during the review period amounted to ₦419.84 billion (This was made up of ₦229.82 billion direct SLF and ₦190.03 billion ILF converted to overnight repo) with a daily average of ₦20.99 billion. Total interest earned was ₦0.27 billion in July 2018, compared with SFL granted of ₦1,147.55 billion and interest earned of ₦0.96 billion in June 2018.

The total request for the SDF granted during the review period was ₦1,546.00 billion with daily average of ₦77.32 billion, compared with ₦1,508.82 billion in June 2018. Interest payment on SDF in the review month stood at ₦0.38 billion, compared with ₦0.59 billion in June 2018.

## 2.4 Deposit Money Banks' Activities

Total assets and liabilities of the deposit money banks amounted to ₦35,625.35 billion at end-June 2018, showing a 1.2 per cent decline, below the level at end-May 2018. Funds were sourced, mainly, from drawdown on reserves, realisation of unclassified assets, mobilisation of time and savings deposit as well as credit from the Centrak Bank. The funds were used, largely, to pay matured deposits and reduce foreign liabilities.

Banks' credit to the domestic economy rose marginally by 0.7 per cent to ₦19,147.83 billion at end-June 2018, compared with the level at end-May 2018. The development was attributed to the increase in claims on both the Federal Government and the private sector in the review month.

*Banks' credit to the domestic economy rose marginally by 0.7 per cent.*

Total specified liquid assets of banks stood at ₦11,595.03 billion at end-June 2018, representing 58.65 per cent of their total current liabilities. At that level, the liquidity ratio was 1.48 percentage point below the level at end-May 2018, but was 28.65 percentage points above the stipulated minimum liquidity ratio of 30.0 per cent. The loans-to-deposit ratio, at 64.60 per cent, was 1.22 percentage point above the level at the end of the preceding month, but was 15.40 percentage points below the maximum ratio of 80.0 per cent.

## 2.5 Capital Market Developments

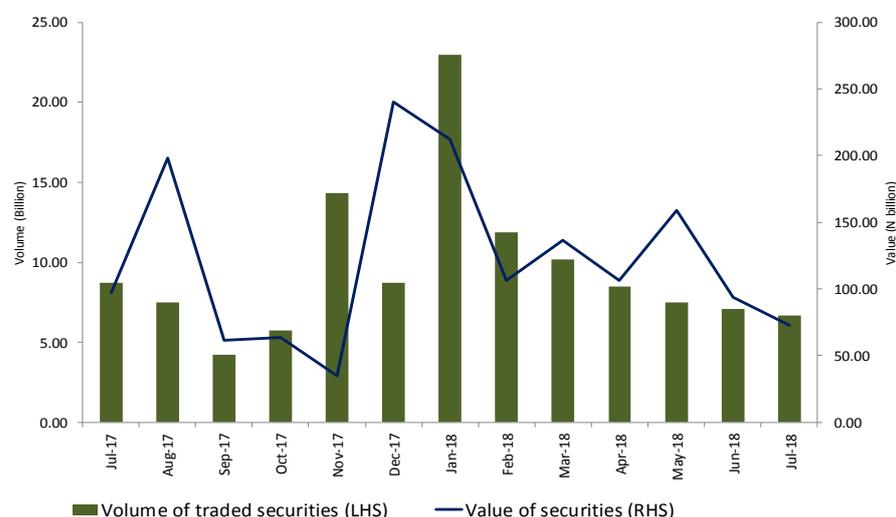
### 2.5.1 Secondary Market

Despite sustained improvement in the macroeconomic conditions, including further decline in inflation, market sentiments remained uncertain due to gradual outflow of portfolio investment and investors' strong profit-taking. Consequently, volatility in the market continued during the

review period, leading to bearish developments on the Nigerian Stock Exchange (NSE) in July 2018. The volume and value of traded securities fell by 5.5 per cent and 22.2 per cent to 6.7 billion and ₦73.0 billion shares, in 84,964 deals, respectively, compared with 7.1 billion shares, valued at ₦93.9 billion in 79,247 deals, in June 2018 (Figure 4, Table 3).

The financial services sector continued to dominate activities on the Exchange, with 3.8 billion shares, valued at ₦39.5 billion in 40,230 deals as at July 27, 2018, compared with 4.3 billion shares, valued at ₦52.4 billion traded in 41,186 deals in June 2018. This accounted for 55.9 per cent and 54.1 per cent of the total turnover volume and value of shares traded, respectively.

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



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

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Volume (Billion)	8.7	7.5	4.2	5.8	14.3	8.7	23.0	11.9	10.2	8.5	7.5	7.1	6.7
Value (₦ Billion)	97.1	198.4	61.8	63.9	35.1	240.4	212.4	106.1	136.2	106.1	159.2	93.9	73.0

### 2.5.2 New/Supplementary Issues Market

There were no new or supplementary equity listing in the review period.

### 2.5.3 Market Capitalisation

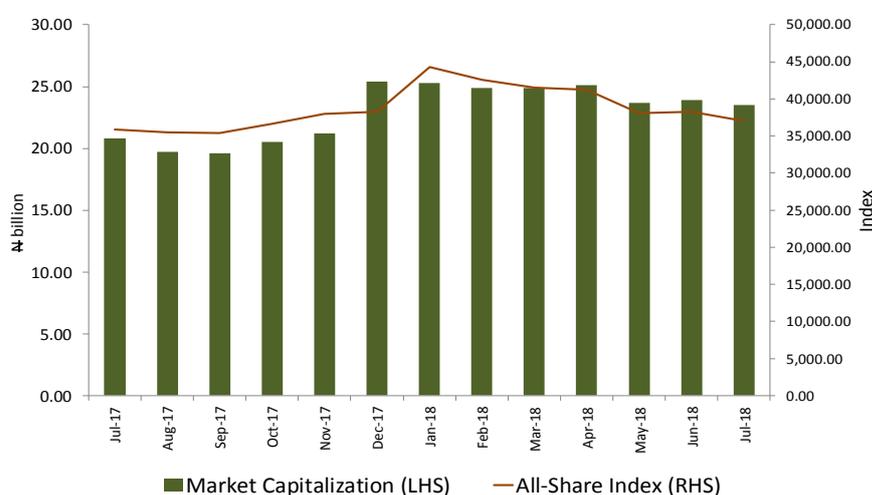
The performance of quoted stocks continued to be affected by the uncertainty in investors' confidence and volatility in the market. Consequently, the aggregate market capitalisation of the 278 quoted securities on the Exchange fell by 2.0 per

cent to ₦23.5 trillion at end-July 2018, from ₦23.9 trillion at the end of the preceding month. Similarly, market capitalisation for the equity segment fell by 3.3 per cent to ₦13.4 trillion below the level at end-June 2018, and constituted 57.1 per cent of the total market capitalisation at end-July 2018, compared with ₦13.8 trillion and 57.8 per cent at the end of the preceding month (Figure 5, Table 5).

#### 2.5.4 NSE All-Share Index

The All-Share Index, which opened at 38,278.55 at the beginning of the month, stood at 37,017.78 at end-July 2018, indicating a 3.3 per cent decline below the level in the preceding month. Similarly, developments in the sectoral indices were generally bearish at end-July 2018. The NSE-AseM, NSE-Industrial Goods, NSE-Pension, NSE- Consumer Goods, NSE-Banking, NSE Lotus, NSE-Oil and Gas, NSE-Premium, and NSE- Insurance indices fell by 14.7 per cent, 11.4 per cent, 6.8 per cent, 5.1 per cent, 3.8 per cent, 3.3 per cent, 2.2 per cent, 1.9 per cent and 1.8 per cent, respectively, to 809.92, 1,780.57, 1,389.16, 880.62, 458.07, 2,538.91, 316.22, 2,668.64 and 147.68 below the levels at end-July 2018 (Figure 5, Table 4).

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



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

	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Aggregate Market Capitalization (₦ trillion)	25.4	25.3	24.9	24.9	25.1	23.7	23.9	23.5
All-Share Index	44,460.18	42,607.85	41,504.51	41,504.51	41,268.01	38,104.54	38,278.55	37,017.78



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

Federally-collected revenue in July 2018 fell short of the provisional monthly budget estimate by 14.4 per cent, but exceeded the receipts in June 2018 by 13.7 per cent. Federal Government retained revenue for the review month was ₦306.72 billion, while total provisional expenditure was ₦414.75 billion, resulting in an estimated deficit of ₦108.03 billion.

#### 3.1 Federation Account Operations

At ₦947.62 billion, estimated federally-collected revenue (gross) in July 2018 was below the 2018 monthly budget estimate of ₦1,107.12 billion by 14.4 per cent. It, however, exceeded the receipt of ₦833.51 billion in the preceding month by 13.7 per cent. The shortfall relative to the monthly budget estimate was attributed to lower oil and non-oil revenue (Figure. 6, Table 5).

At ₦947.62 billion, the estimated federally-collected revenue (gross) in July 2018 was below the monthly budget estimate by 14.4 per cent.

Figure 6: Components of Gross Federally-Collected Revenue

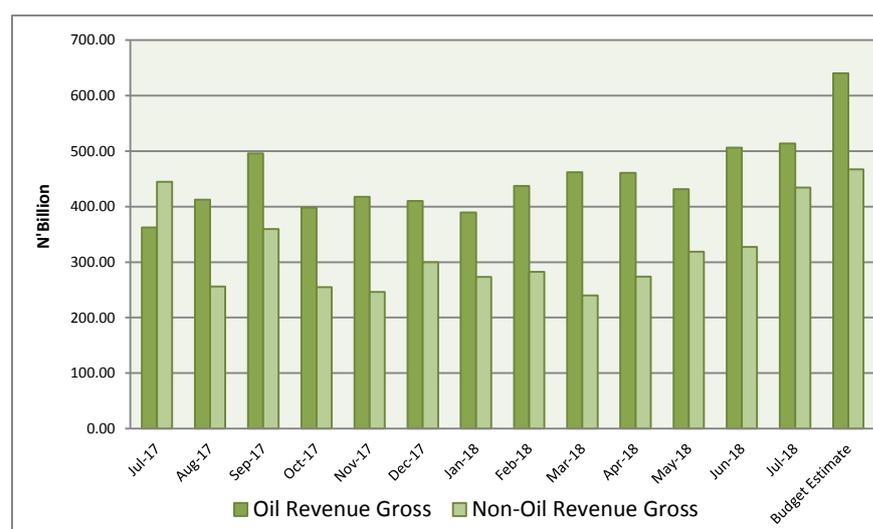


Table 5: Gross Federation Account Revenue (₦ billion)

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Monthly Budget Estimate
Gross Revenue	806.9	668.1	855.6	652.9	663.9	710.1	662.5	719.4	701.7	734.8	749.9	833.5	947.6	1107.1
Oil Revenue	362.4	412.3	495.9	398.1	417.7	410.2	389.4	436.9	461.7	460.8	431.4	505.9	513.5	640.2
Non-oil Revenue	444.5	255.8	359.7	254.8	246.1	299.9	273.1	282.6	240.0	274.1	318.6	327.6	434.1	466.9

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

At ₦513.54 billion, oil receipts (gross) was below the monthly budget estimate by 19.8 per cent, and constituted 54.2 per cent of the total revenue.

Oil receipts, at ₦513.54 billion or 54.2 per cent of total revenue, was below the monthly budget estimate of ₦640.21 billion by 19.8 per cent, but was above the ₦505.93 billion in the preceding month by 1.5 per cent. The shortfall in oil revenue relative to the monthly budget estimate was attributed to reduced production as a result of the shut-ins and shut-downs of oil facilities at various NNPC terminals for repairs and maintenance (Figure 7, Table 6).

Figure 7 Gross Oil Revenue and Its Components

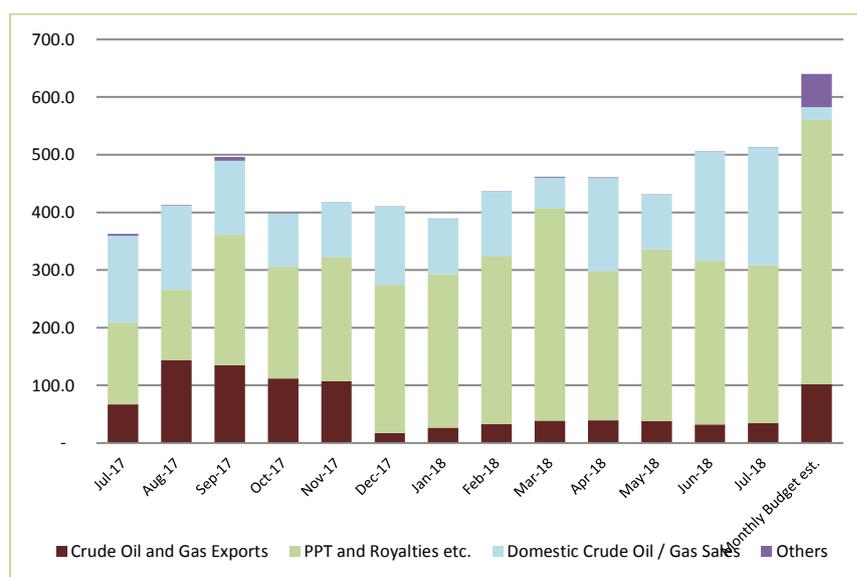


Table 6: Components of Gross Oil Revenue (₦ billion)

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Monthly Budget
Oil Revenue	362.4	412.3	495.9	398.1	417.7	410.2	389.4	436.9	461.7	460.8	431.4	505.9	513.5	640.2
Crude oil/Gas Sales	66.9	143.8	134.9	111.9	107.6	17.3	26.8	32.5	38.9	39.2	38.0	32.1	34.3	101.9
Domestic crude oil/Gas sales	141.7	121.7	226.0	193.9	215.0	257.3	265.4	292.2	368.8	258.5	298.3	284.2	274.2	459.7
PPT/Royalties	151.0	145.8	128.9	91.9	94.5	135.1	96.7	111.7	52.6	161.9	94.2	189.1	204.2	21.0
Others	2.9	0.9	6.2	0.4	0.7	0.6	0.6	0.5	1.4	1.1	0.8	0.5	0.9	57.6

At ₦434.08 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 7.0 per cent and constituted 45.8 per cent of the total revenue.

At ₦434.08 billion or 45.8 per cent of total revenue, non-oil revenue was below the 2018 monthly budget estimate of ₦466.91 billion by 7.0 per cent, but exceeded the ₦327.58 billion in June 2018, by 32.5 per cent. The lower revenue relative to the monthly budget estimate was due, mainly to shortfalls in the Federal Government Independent Revenue and Value-Added Tax (Figure 8, Table 7).

Figure 8: Gross Non-Oil Revenue and its Components

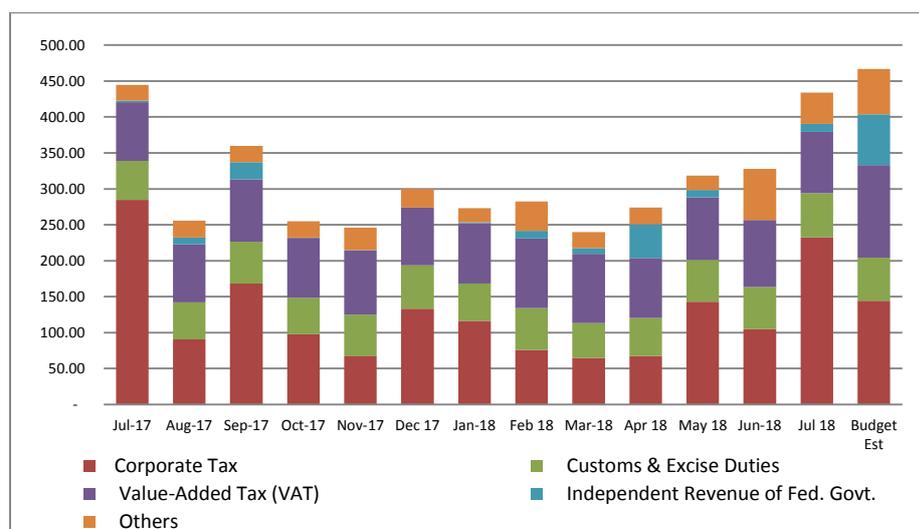


Table 7: Components of Gross Non-Oil Revenue (₦ billion)

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Monthly Budget Est
Non-Oil Revenue	444.5	255.8	359.7	254.8	246.1	299.9	273.1	282.6	240.0	274.1	318.6	327.6	434.1	466.9
Corporate Tax	284.8	90.3	168.2	97.5	67.0	133.1	116.2	75.7	64.9	67.6	142.9	104.7	232.7	144.3
Customs & Excise Duties	54.0	51.8	58.3	50.8	57.9	60.4	52.0	58.4	48.1	52.5	58.5	58.7	61.4	60.0
Value-Added Tax (VAT)	81.6	80.5	86.7	83.3	89.7	80.4	84.0	96.6	96.6	83.7	86.9	93.4	85.3	128.7
Independent Revenue of Fed. Govt.	2.5	9.4	23.9	0.6	0.3	0.1	1.4	10.9	7.9	47.1	10.3	0.0	10.9	70.7
Others 1/	21.5	23.7	22.6	22.6	31.3	25.9	19.5	40.9	22.4	23.1	20.1	70.8	43.7	63.2

Of the gross federally-collected revenue, the sum of ₦225.78 billion was deducted from the gross oil revenue, leaving a net balance of ₦287.78 billion. Similarly, the sum of ₦17.02 billion was deducted from the non-oil receipt, leaving a net balance of ₦417.06 billion. Thus, the federally collected revenue (net) amounted to ₦704.81 billion, out of which ₦568.32 billion was retained in the Federation Account. Also, the sums of ₦81.93 billion, ₦10.89 billion and ₦43.68 billion were transferred to the VAT Pool Account, the Federal Government Independent revenue and "Others", respectively.

Of the ₦568.32 billion transferred to the Federation Account for distribution, the Federal Government received ₦279.68 billion, while the state and local governments received ₦141.86 billion and ₦109.37 billion, respectively. The balance of ₦37.41 billion was shared among the oil producing states as 13% Derivation Fund.

Similarly, from the ₦81.93 billion transferred to the VAT Pool Account, the Federal Government received ₦12.29 billion. State and local governments also received ₦40.96 billion and ₦28.68 billion, respectively.

In addition, the sum of ₦7.32 billion was distributed in the month as “Excess Bank Charges Recovered”. Of this amount, the Federal, State and Local Governments received ₦3.86 billion, ₦1.96 billion and ₦1.51 billion, respectively.

Overall, total allocations to the three tiers of government in July 2018 amounted to ₦657.57 billion. This was below the 2018 monthly budget estimate of ₦967.43 billion by 32.0 per cent, but was above the allocations in June 2018 by 0.7 per cent.

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

#### 3.2.1 The Federal Government

At ₦306.72 billion, the estimated Federal Government retained revenue was below the monthly budget estimate by 51.3 per cent.

At ₦306.72 billion, the estimated Federal Government retained revenue for the month of July 2018 was below the monthly budget estimate of ₦629.44 billion by 51.3 per cent, but was above the ₦282.22 billion in June 2018, by 8.7 per cent. Federation Account constituted 91.2 per cent of the total revenue, while VAT, FGN Independent Revenue and Excess Bank Charges Recovered accounted for 4.0, 3.5 and 1.3 per cent, respectively (Figure 9, Table 8).

Figure 9: Federal Government Retained Revenue

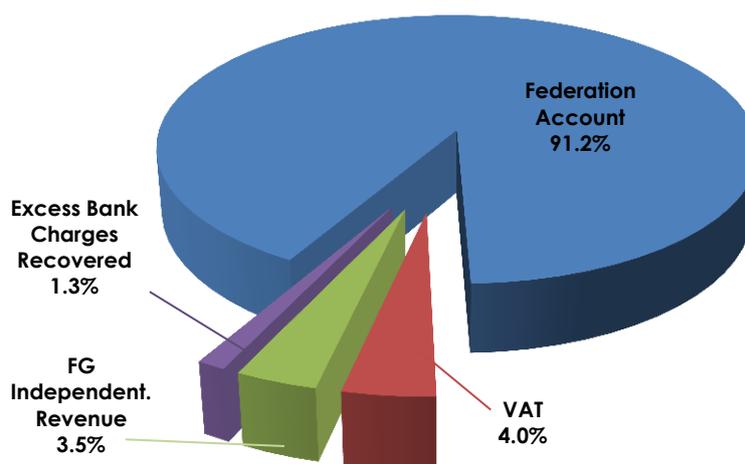
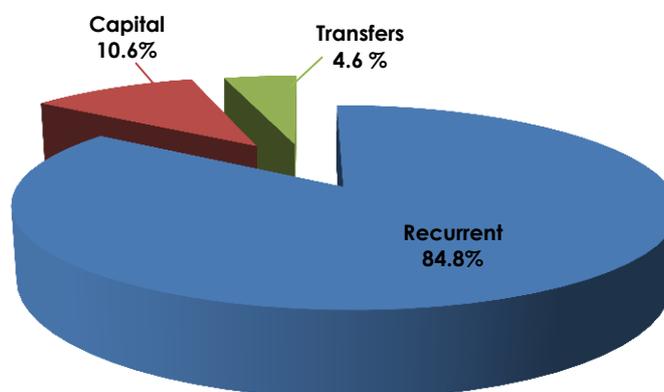


Table 8: Federal Government Fiscal Operations (₦ billion)

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	2018 Monthly Budget Est.
Retained Revenue	477.0	212.6	300.6	244.9	287.5	733.3	349.7	274.2	278.7	315.4	299.1	282.2	306.7	629.4
Expenditure	603.2	555.5	483.3	400.7	439.2	1116.9	639.6	373.9	586.3	218.0	409.8	453.0	414.7	792.3
Overall Balance: (+)/(-)	-126.2	-352.9	-182.6	-155.9	-151.7	-383.5	-289.8	-99.7	-307.6	97.4	-110.7	-170.8	-108.0	-162.9

At ₦414.75 billion, the estimated total expenditure of the Federal Government was 47.7 per cent and 8.5 per cent below the monthly budget estimate of ₦792.31 billion and ₦453.05 billion in June 2018, respectively. Total recurrent expenditure, capital expenditure and transfers constituted 84.8, 10.6 and 4.6 per cent of the total expenditure, respectively. A breakdown of the recurrent expenditure showed that non-debt obligation was 41.4 per cent of the total, while debt service payments accounted for the balance of 58.6 per cent. (Figure 10).

Figure 10: Federal Government Expenditure



Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦108.03 billion, compared with the monthly budget deficit of ₦162.87 billion.

*The fiscal operations of the FG resulted in an estimated deficit of ₦108.03 billion in July 2018.*

### 3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to state governments amounted to ₦222.19 billion. This was lower than the monthly budget estimate of ₦354.04 billion and the ₦234.24 billion allocated in June 2018, by 37.2 per cent and 5.1 per cent,

respectively.

Receipt from the Federation Account was ₦181.22 billion or 81.6 per cent of the total statutory allocations. This was 38.0 per cent and 4.3 per cent below the monthly budget estimate and the receipts in June 2018, respectively.

At ₦40.96 billion or 18.4 per cent of the total, allocation from the VAT Pool Account fell short of the monthly budget and receipts in June 2018, by 33.7 per cent and 8.6 per cent, respectively.

### 3.2.3 Statutory Allocations to Local Government Councils

Allocations to local governments from the Federation and VAT Pool Accounts in the month of July amounted to ₦139.55 billion. This represented a shortfall of 28.9 per cent relative to the 2018 monthly budget estimate of ₦196.25 billion, but was 2.2 per cent above the receipts in the preceding month.

Allocation from the Federation Account amounted to ₦110.88 billion or 79.5 per cent of the total. The amount was 27.5 per cent below the monthly budget estimate, but 5.5 per cent above the allocation in June 2018.

The share from the VAT Pool Account was ₦28.68 billion or 20.5 per cent of the total. This was below the monthly budget estimate and the receipts in the preceding month by 33.7 per cent and 8.6 per cent, respectively, (Table 9).

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

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Budget
SG Federation Account	169.3	123.6	174.2	153.0	134.3	169.1	187.0	178.5	188.2	181.9	189.9	189.4	181.2	292.3
SG VAT	39.2	38.7	41.6	40.0	43.1	38.6	40.3	46.4	42.9	40.2	41.7	44.8	41.0	61.8
<b>SG Total</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>224.9</b>	<b>231.1</b>	<b>222.0</b>	<b>231.6</b>	<b>234.2</b>	<b>222.2</b>	<b>354.0</b>
LG Federation Account	107.5	71.0	101.9	86.9	75.1	97.1	104.3	97.5	100.9	98.2	108.05	105.1	110.9	153.0
LG VAT	27.4	27.0	29.1	28.0	30.1	27.0	28.2	32.5	30.1	28.1	29.2	31.4	28.7	43.2
<b>LG Total</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>130.0</b>	<b>130.9</b>	<b>126.3</b>	<b>137.2</b>	<b>136.5</b>	<b>139.6</b>	<b>115.2</b>
<b>Total Statutory Revenue and VAT</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>354.9</b>	<b>362.0</b>	<b>348.3</b>	<b>368.8</b>	<b>370.7</b>	<b>361.7</b>	<b>288.6</b>

## 4.0 Domestic Economic Conditions

*The predominant farming activities in the Northern part of the country were weeding, while the major activities in the Southern States were harvesting of maize, cassava and yam. In the livestock sub-sector, poultry farmers intensified the breeding of birds, while cattle rearers migrated northwards due to excessive rainfall in most parts of Southern States. The end-period headline inflation, on year-on-year and twelve month moving average bases, were estimated at 10.94 per cent and 13.90 per cent, respectively, in July 2018*

### 4.1 Agricultural Sector

Agricultural activities received boost across the country as a result of widespread rainfall across most states in the country in July 2018. Moderate-to-severe wetness was witnessed in the Southern, Eastern and some Northern states, while Plateau state and the Federal Capital Territory (FCT) experienced normal weather conditions. There were, however, few cases of flooding in Katsina and Kogi states. Consequently, the predominant farming activity in the Northern States was weeding, while farmers in the Southern States concentrated on harvesting of maize, cassava and yam.

In the livestock sub-sector, poultry farmers intensified the breeding of birds, while cattle rearers continued to migrate northwards due to more than normal rainfall in most parts of Southern States. Cases of farmers/herders clashes in states such as Adamawa, Zamfara, Borno and Plateau, however, continued to negatively affect agricultural activities in the country.

### 4.2 Agricultural Credit Guarantee Scheme

A total of ₦375.67 million was guaranteed to 3,272 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in July 2018. This represented decline of 1.6 per cent and 3.8 per cent below the levels in the preceding month and the corresponding period of 2017, respectively. Sub-sectoral analysis showed that food crops accounted for the largest share with ₦234.49 million (62.4 per cent) guaranteed to 2,545 beneficiaries, followed by livestock sub-sector, which got ₦66.03 million (17.6 per cent) guaranteed to 232 beneficiaries. Cash crops sub-ector received ₦32.96 million (8.8 per cent), guaranteed to 208 beneficiaries; the mixed crop sub-sector, ₦22.11 million (5.9 per cent) guaranteed to 200 beneficiaries; and fishery sub-sector, ₦15.99 million (4.3 per cent) guaranteed to 64 beneficiaries. 'Others' received

₦4.10 million (1.1 per cent), guaranteed to 23 beneficiaries.

Analysis by state indicated that 24 states and the FCT benefited from the Scheme in the review month. The highest sum of ₦60.55 million (16.1 per cent) was guaranteed to Niger and the lowest sum of ₦1.58 million (0.4 per cent) guaranteed to Delta states.

### 4.3 Commercial Agriculture Credit Scheme

As at June 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 ₦560.92 billion in respect of 556 projects (Table 10).

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

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects/State Governments
1	UBA Plc	77.06	48
1	Zenith Bank	120.16	71
3	First Bank of Nigeria Plc	42.89	99
4	Unity Bank Plc	25.18	26
5	Union Bank Plc	28.74	37
6	Stanbic IBTC Plc	27.66	44
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	13
11	FCMB Plc.	15.43	25
12	Ecobank	6.38	10
13	GTBank	39.70	27
14	Diamond Bank Plc	4.85	23
15	Heritage Bank	6.81	15
16	Citibank Plc	3.00	2
17	Keystone Bank	14.05	15
18	WEMA Bank Plc	2.89	13
19	Jaiz Bank Plc	0.00	0
20	Suntrust Bank Ltd	1.85	3
	<b>TOTAL</b>	<b>560.92</b>	<b>556</b>

### 4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 1.75 mbd or 54.3 million barrels (mb) in the review month. This was 0.55 mbd or 19.8 per cent below the 2018 budget benchmark of 2.3 mbd and 0.02 mbd or 1.1 per cent decline below the 1.77 mbd or 53.1 million barrels (mb) produced in June 2018. Crude oil export was estimated at 1.30 mbd or 39 mb, representing a decline

*Domestic crude oil and natural gas production was estimated at an average of 1.75 million barrels per day.*

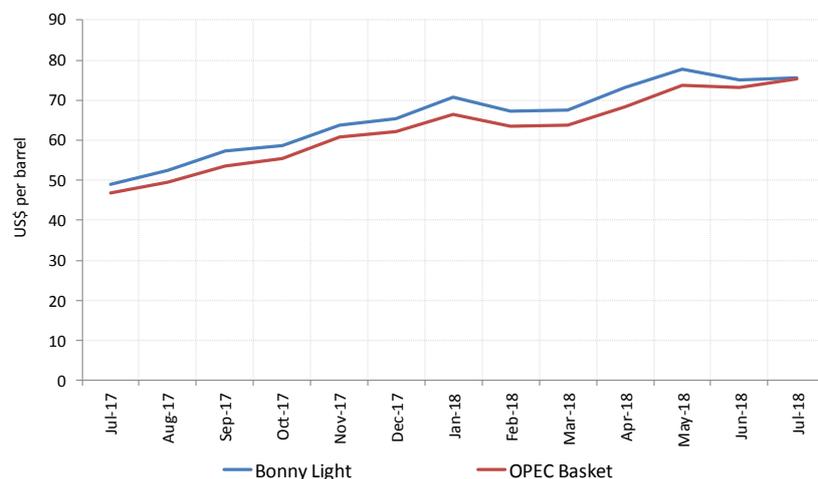
of 1.5 per cent, compared with the 1.32 mbd in the preceding month. The decline in production was attributed to the shutdown of the Nembe Creek Trunk Line and the damaged NNPC pipelines. The allocation of crude oil for domestic consumption was 0.45 mbd or 13.95 million barrels in the review period.

The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), rose to US\$75.68/b in July 2018, representing 0.8 per cent increase above the US\$75.11/b in June 2018. It was also higher than the IMF and World Bank projections of \$62.23 per barrel and \$65.0 per barrel, respectively, for 2018. The rise in oil prices was attributed, largely, to the announcement effect of the news that Saudi Arabia would not ramp-up production as previously indicated, and the fall in the U.S. crude oil inventories. The UK Brent at US\$74.10/b, the WTI at US\$56.93/b and the Forcados at US\$75.61/b exhibited similar trends.

*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 fifteen selected crude streams stood at US\$75.26/b in July 2018. This represented 2.8 per cent and 60.4 per cent increase over the US\$73.22/b and US\$46.91/b in June 2018 and the corresponding period of 2017, respectively, (Figure 11, Table 11).

**Figure 11: Trends in Crude Oil Prices**



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

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Bonny Light	48.93	52.46	57.42	58.74	63.70	65.41	70.75	67.20	67.46	73.16	77.86	75.11	75.68
OPEC Basket	46.91	49.60	53.44	55.50	60.75	62.06	66.85	63.52	63.76	68.40	73.80	73.22	75.26

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

## 4.5 Consumer Prices

The all-items composite Consumer Price Index (CPI) was estimated at 263.0 (November 2009=100) in July 2018, representing 1.0 per cent and 10.9 per cent increase over the respective levels in June 2018 and the corresponding month of 2017.

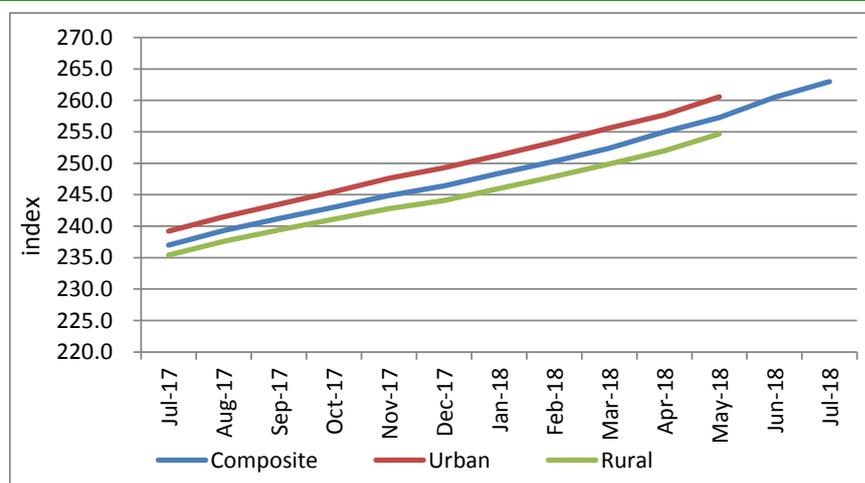
The composite food index (with a weight of 50.7 per cent) for July 2018 was estimated at 281.9, compared with 278.2 and 250.0 in the preceding month and the corresponding period of 2017, respectively. The development was attributed to the projected increase in the prices of potatoes, yam and other tubers, vegetables, fish bread and cereals, fruits and meat and high transportation cost (Figure 12, Table 12).

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

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Composite	237.0	239.3	241.2	243.0	244.9	246.4	248.4	250.3	252.4	255.0	257.3	260.5	263.0
Urban	239.2	241.5	243.5	245.5	247.6	245.5	251.3	253.4	255.6	257.7	260.6	263.8	N/A
Rural	235.4	237.6	239.4	241.1	242.8	241.1	246.0	247.9	249.9	252.0	254.7	257.8	N/A
CPI - Food	250.0	252.9	255.1	257.2	259.5	261.0	263.3	265.5	267.9	270.4	273.9	278.2	281.9
CPI - Non Food	225.2	227.3	229.1	230.9	232.6	233.8	235.4	237.2	239.2	241.3	243.6	246.1	247.4

\*consumer prices index numbers for July are estimates

**Figure 12: Consumer Price Index**



*The year-on-year headline inflation was estimated at 10.94 per cent in July 2018.*

Inflationary pressures were expected to decline further in July 2018 due to anticipated fall in food inflation during the review period. Consequently, headline inflation was estimated at 10.89 per cent in July 2018, compared with 11.23 per cent and 16.05 per cent in the preceding month and the corresponding period of 2017, respectively. The Twelve-Month Moving Average (12MMA) inflation for July

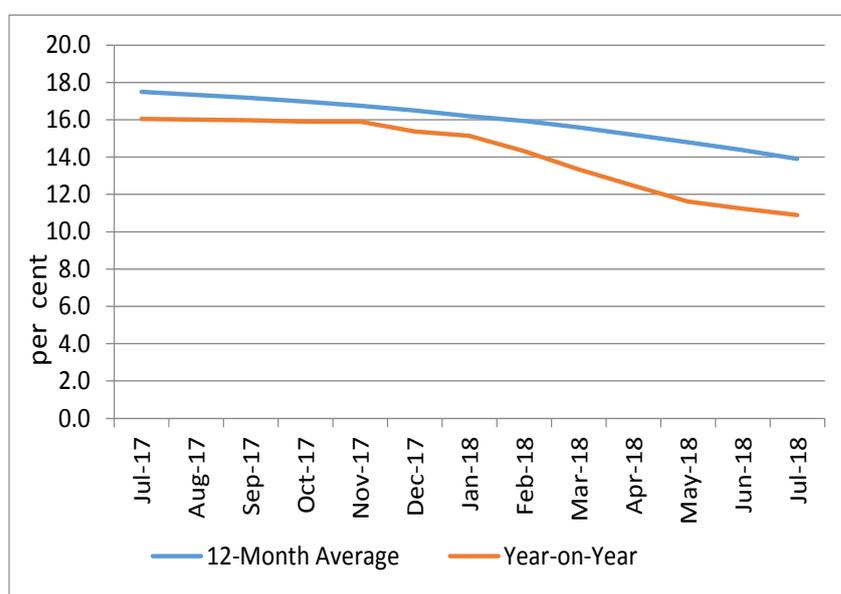
2018 was estimated at 13.90 per cent, compared with 14.37 per cent and 17.47 per cent in the preceding month and the corresponding period of 2017, respectively (Figure 13, Table 13).

**Table 13: Headline Inflation Rate (%)\***

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
12-Month Average	17.50	17.33	17.17	16.97	16.76	16.50	16.20	15.93	15.60	15.20	14.79	14.37	13.90
Year-on-Year	16.05	16.01	15.98	15.91	15.90	15.37	15.13	14.33	13.34	12.48	11.61	11.23	10.89

\*inflation numbers for July 2018 are estimates

**Figure 13: Inflation Rate**





## 5.0 External Sector Developments<sup>5</sup>

On month-on-month basis, foreign exchange inflow into and outflow from the CBN declined by 13.3 per cent and 3.2 per cent to US\$4.63 billion and US\$4.87 billion, respectively, in July 2018. Total non-oil export receipts by banks rose by 7.8 per cent above the level in June 2018. The average exchange rate at the inter-bank, BDC, and the I&E windows were ₦305.77/US\$, ₦359.57/US\$ and ₦361.77/US\$, respectively, in the review month. The gross external reserves was US\$45.80 billion at end-July 2018.

### 5.1 Foreign Exchange Flows

Provisional data indicated that aggregate foreign exchange inflow into the CBN was US\$4.63 billion, showing a decline of 13.3 per cent, compared with the level in the preceding month. It, however, represented an increase of 28.1 per cent above the level in the corresponding period of 2017. The development, relative to the preceding month was attributed, largely, to the 17.4 per cent fall in non-oil receipts.

*Foreign exchange inflow and outflow through the CBN declined by 13.3 per cent, and 3.2 per cent, respectively, in July, 2018.*

Aggregate outflow of foreign exchange from the Bank fell by 3.2 per cent to US\$4.87 billion in July 2018, below the level at the end of the preceding month. It, however, indicated a 44.9 per cent increase over the level at the end of the corresponding period of 2017. The development, relative to the preceding period reflected, mainly, the fall in inter-bank utilisation.

Overall, foreign exchange flows through the Bank in the month of July 2018 resulted in a net outflow of US\$0.24 billion, compared with net inflow of US\$0.31 billion in June 2018 (Figure 14, Table 14).

<sup>5</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

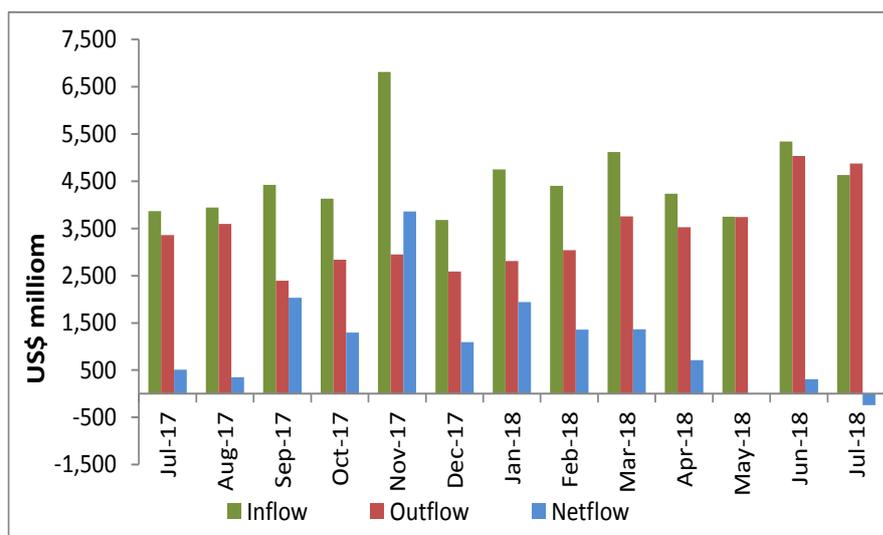


Table 14: Foreign Exchange Flows through the CBN (US\$ million)

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Inflow	3,867.0	3,943.5	4,425.5	4,132.8	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
Outflow	3,358.3	3,594.3	2,390.4	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
Netflow	508.7	349.1	2,035.1	1,293.7	3,860.8	1,096.4	1,652.0	1,360.8	1,363.1	709.7	8.8	309.9	(243.0)

Provisional data showed that aggregate foreign exchange inflow into the economy amounted to US\$10.9 billion, indicating a decline of 5.6 per cent relative to the level at the end of the preceding month. It, however, indicated a 31.4 per cent increase above the level in the corresponding period of 2017. The development relative to the preceding month was as a result of 13.3 per cent fall in inflow through the CBN.

Aggregate foreign exchange outflow from the economy, at US\$5.18 billion, fell by 4.0 per cent below the level in June 2018, but represented an increase of 43.5 per cent above the level at the end of the corresponding month of 2017. This was attributed to the 3.1 per cent and 17.0 per cent decline in outflow through autonomous sources and the Bank, respectively.

Inflow through autonomous sources, improved marginally by 1.0 per cent to US\$6.27 billion in July 2018, above the level in the preceding month. Outflow through autonomous sources, on month-on-month basis, however, declined by 17.0 per cent to US\$0.30 billion below the level in the preceding month and reflected the fall in outflow on invisible import.

*Autonomous inflow through the economy increase by 1.0 per cent, over the level in the preceding month.*

Thus, foreign exchange flow through the economy, resulted in a net inflow of US\$5.72 billion in the review period, compared with US\$6.15 billion and US\$4.69 billion for June 2018 and July 2017, respectively.

## 5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings, at US\$396.15 million, rose by 7.8 per cent and 185.8 per cent above the levels in the preceding month and the corresponding period of 2017, respectively. The development reflected, the respective increase of 140.8, 47.5 and 4.6 per cent in the proceeds from manufacturing, minerals and food products subsectors, respectively, to US\$90.69 million, US\$136.59 million and US\$7.18 million in July 2018. Export proceeds from industrial and agricultural sub-sectors, however, declined by 0.9 and 39.4 per cent, respectively, below the levels in the preceding month.

*Total non-oil export earnings by exporters rose in July 2018.*

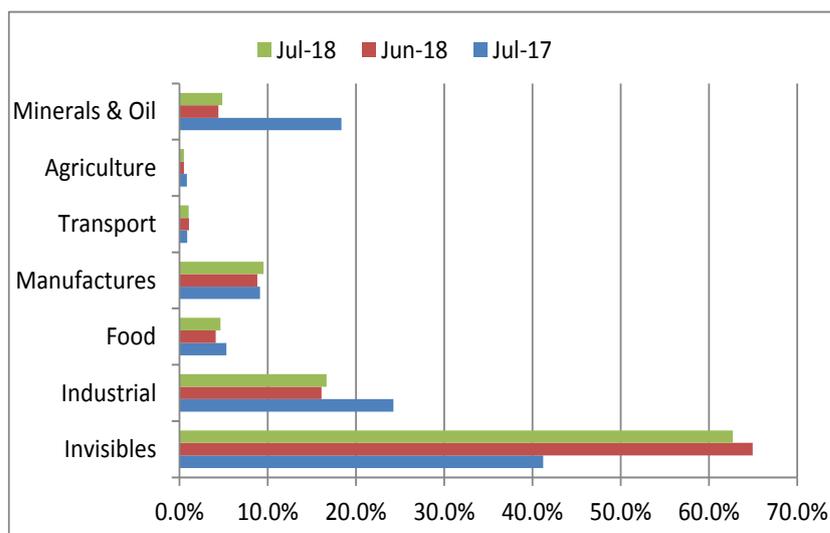
The shares of the various sectors in non-oil export proceeds were: minerals, 34.5 per cent; agricultural products, 26.6 per cent; manufactured products, 22.8 per cent; industrial sector, 14.3 per cent; and food products, 1.8 per cent.

## 5.3 Sectoral Utilisation of Foreign Exchange

Provisional data on sectoral utilisation of foreign exchange in July 2018 showed a decline of 11.1 per cent to US\$3.36 billion below the level in the preceding month. The invisible sector accounted for the bulk (62.7 per cent) of total foreign exchange disbursed in the review month, followed by industrial sector (16.7 per cent). The shares of other sectors in a descending order were: manufactured products (9.5 per cent); food products (4.7 per cent); minerals and oil (4.8 per cent); transport (1.1 per cent); and agricultural products (0.5 per cent) (Figure 15).

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

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. A total of US\$3.63 billion was sold by the Bank to authorised dealers in July 2018, compared with US\$3.63 billion supplied in June 2018. This indicated a 5.2 per cent decline relative to the level in the preceding month, but was an increase of 41.5 per cent above the level in the corresponding period of 2017. The development relative to the preceding month was attributed to lower sales at the inter-bank segment and reduced swap transactions during the review period. Matured forwards disbursed and sales to BDCs in July 2018 rose to US\$1.01 billion and US\$0.81 billion, respectively, above the levels in June 2018 (Figure 16, Table 15).

Figure 16: Supply of Foreign Exchange

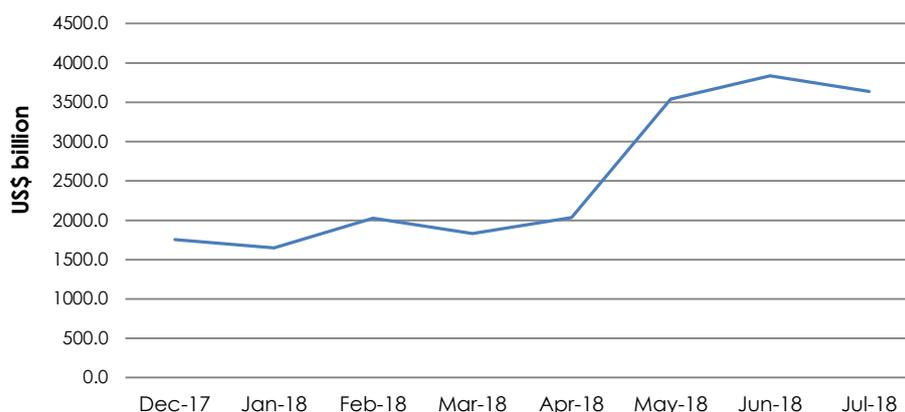


Table 15: Supply of Foreign Exchange (US\$ billion)

	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Total Forex Supply	1,640	2,030	1,800	2,000	2,200	3,540	3,040	3,640

Sustained supply of foreign exchange led to appreciation of the naira at both the interbank and BDC segments of the market. The average exchange rate of the naira to the US-dollar at the inter-bank segment was ₦305.77/US\$, representing an appreciation of 0.03 per cent apiece, relative to the levels in the preceding month and the corresponding period of 2017. The average rate at the BDC segment also appreciated by 0.3 per cent to ₦359.57/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 dollars, at ₦361.77/US\$, depreciated by 0.2 per cent below the level in the preceding month, but appreciated by 0.8 per cent relative to the level in the corresponding period of 2017 (Figure 17, Table 16).

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

Consequently, the premium between the average exchange rate at the interbank and BDC segments narrowed by 3.0 percentage points from 17.9 per cent in June 2018 to 17.4 per cent in July 2018. The premium between the average exchange rate at the Inter-bank and I&E window remain unchanged at 18.2 per cent in the review period.

Figure 17: Average Exchange Rate Movement

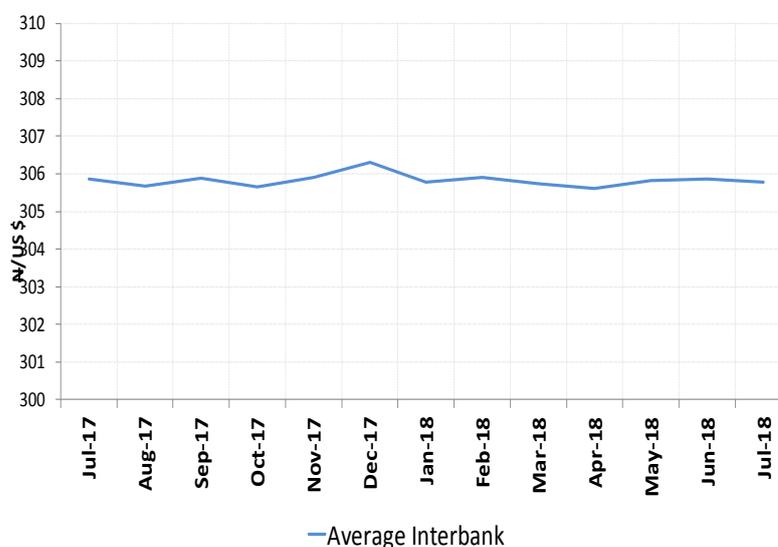


Table 16: Exchange Rate Movements

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Average Exchange Rate (N/US\$)													
Interbank	305.86	305.67	305.89	306.65	305.90	306.31	305.78	305.90	305.74	305.61	305.83	305.87	305.77

## 5.5 Gross External Reserves

The unadjusted external reserves declined from US\$47.16 billion at end-June 2018 to US\$45.80 billion at end-July 2018. A breakdown of the external reserves by ownership showed that the share of Federation reserves was US\$2.63 billion (5.7%); Federal Government reserves, US\$5.62 billion (12.3%); and the CBN reserves, US\$37.55 billion (82.02%) of the total (Figure. 18, Table 17).

*Gross external reserves fell from US\$47.16 to US\$45.80 billion at end-July, 2018.*

Figure 18: Gross Official External Reserves

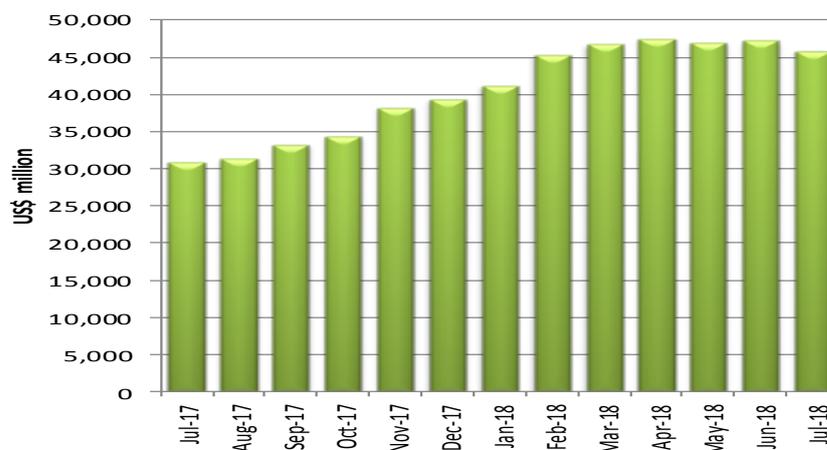


Table 17: Gross Official External Reserves (US\$ million)

Period	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
External Reserves	38,209.36	39,353.49	41,150.28	45,276.58	46,730.54	47,438.22	46,923.01	47,157.90	45,798.98



## *6.0 Other International Economic Developments and Meetings*

World crude oil output and demand in July 2018 were estimated at average of 99.55 mbd and 98.01 mbd, compared with 98.75 and 98.07 mbd supplied and demanded, respectively, in June 2018. The increase in world crude oil supply was attributed to the re-opening of closed down terminals in Saudi Arabia and Libya, while decline in demand was as a result of the effects on the escalating trade dispute between the United States and China, which slowed down oil demand.

Other major international economic developments and meetings of importance to the domestic economy in the review period included: The International Monetary Fund (IMF) conducted its Mid-Year Staff Consultations with Nigeria from June 27 – July 9, 2018. At the end of the visit, the team noted that:

- Though international reserves remained stable, supported by some convergence in existing foreign exchange windows, higher oil prices and short-term portfolio inflow, recovery was still challenging;
- Reforms to improve the business environment, including identification of priority investment projects were progressing;
- The implementation of the Power Sector Recovery Plan was advancing through a mini-grid policy and regulations on eligible customers and meter asset providers; and
- Increased oil exports would keep the current account in surplus and stabilise gross international reserves even if the current pace of foreign portfolio outflow continued.

Also, a team from Standard and Poor's (S&P) Ratings Agency visited the CBN, as part of Nigeria's 2018 Review of Sovereign Credit Rating Exercise from July 17 – 19, 2018. The exercise was focused on macroeconomic developments in Nigeria in the first half of 2018 and the outlook for the rest of 2018.

In addition, the Afreximbank Annual Meetings (AAM) with the theme: "Celebrating the Past: Shaping the Future", was held in Abuja, Nigeria from July 11 – 14, 2018. The Event coincided with the 25<sup>th</sup> anniversary of the Afreximbank being at the forefront of promoting trade in Africa. The meeting discussed the future transformation of trade and economic

development in the continent, including the impact of the recently announced African Continental Free Trade Agreement (AfCFTA). High-level strategic seminars at the meeting focused on:

- How Africa can work with development partners to harness innovation and technology to achieve and accelerate trade as well as produce real growth and developmental transformation;
- How Africa will have leverage recovery from the recent commodity price shock, to look at key options and strategies to put the Continent on a sustainable development path, powered by industrial development and regional value chains; and
- What opportunities are there in the African Continental Free Trade Agreement (AfCFTA) considering the possibility of Africa offering the largest free trade market.

Furthermore, the 6<sup>th</sup> meeting of the Presidential Task Force (PTF) on the ECOWAS Single Currency programme was held on July 30, 2018 in Lome, Togo. The meeting was held on the sidelines of the Summit of the ECOWAS Heads of State and Government scheduled for July 31, 2018. The meeting was preceded by the 7<sup>th</sup> preparatory Technical Committee meeting of the Presidential task Force, which held on July 18 – 19, 2018 and the third meeting of the Ministerial Committee of the PTF from July 20 - 21, 2018 in Niamey, Niger. The 6<sup>th</sup> meeting of the PTF deliberated on the report of the Ministerial Committee. Also, the meeting of a sub-committee, comprising the Central Bank of Nigeria, Central Bank of West African States (BCEAO) and West African Monetary Agency (WAMA), on monetary and exchange rate policy in ECOWAS was held in Lome, Togo from July 10 – 12, 2018. The sub-Committee has the responsibility of determining the choice of an appropriate monetary policy framework and exchange rate regime for the proposed ECOWAS Central Bank.

# APPENDIX TABLES



Table A1: Money and Credit Aggregates (₦ billion)

	Jun-17	Dec-17	May-18	Jun-18
<b>Domestic Credit (Net)</b>	27,236.4	25,931.6	25,716.6	25,561.4
<i>Claims on Federal Government (Net)</i>	5,250.4	3,640.9	3,509.8	3,286.3
Central Bank (Net)	232.8	(353.6)	293.6	23.4
Banks	5,017.7	3,994.5	3,216.2	3,262.9
<i>Claims on Private Sector</i>	21,985.9	22,290.6	22,206.7	22,275.1
Central Bank	5,692.3	5,870.7	6,408.8	6,420.4
Banks	16,293.6	16,419.9	15,797.9	15,854.7
<i>Claims on Other Private Sect.</i>	20,772.6	20,718.3	20,451.4	20,488.9
Central Bank	5,163.4	5,202.7	5,599.9	5,599.8
Banks	15,609.2	15,515.6	14,851.4	14,889.2
<i>Claims on State and Local Govt.</i>	1,180.3	1,544.8	1,603.0	1,622.0
Central Bank	495.9	640.4	656.5	656.5
Banks	684.4	904.4	946.5	965.5
<i>Claims on Non-financial Public Ent.</i>				
<b>Foreign Assets (Net)</b>	8,468.10	15,520.8	17,063.5	18,222.7
Central Bank	8,378.90	15,134.6	16,698.1	17,729.3
Banks	89.20	386.1	365.4	493.5
<b>Other Assets (Net)</b>	(7,385.20)	(10,294.8)	(9,007.5)	(10,357.9)
<b>Total Monetary Assets (M<sub>3</sub>)</b>	<b>28,319.30</b>	<b>31,157.6</b>	<b>33,772.6</b>	<b>33,426.2</b>
<b>Quasi-Money 1/</b>	11,790.4	12,965.1	13,942.7	14,112.8
<b>Money Supply (M1)</b>	10,190.2	11,175.6	11,226.3	10,701.1
<i>Currency Outside Banks</i>	1,477.1	1,782.7	1,577.5	1,519.9
<i>Demand Deposits 2/</i>	8,713.0	9,392.9	9,648.8	9,181.2
<b>Total Monetary Liabilities (M<sub>2</sub>)</b>	<b>21,980.6</b>	<b>24,140.6</b>	<b>25,169.0</b>	<b>24,814.0</b>
<b>CBN Bills held by Non-Bank Sectors</b>	6,338.7	7,016.9	8,603.6	8,612.2
<b>Total Monetary Assets (M<sub>3</sub>)</b>	<b>28,319.3</b>	<b>31,157.6</b>	<b>33,772.6</b>	<b>33,426.2</b>
<b>Memorandum Items:</b>				
Reserve Money (RM)	5,480.20	6,484.3	6,767.6	6,360.5
<i>Currency in Circulation (CIC)</i>	1,873.50	2,157.2	1,930.7	1,900.7
<i>DMBs Demand Deposit with CBN</i>	3,606.70	4,327.1	4,836.9	4,459.8

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)

	Jun-17	Dec-17	May-18	Jun-18
	<b>Growth Over Preceding December (%)</b>			
<b>Domestic Credit (Net)</b>	1.4	-3.5	-0.8	-1.4
<i>Claims on Federal Government (Net)</i>	7.7	-25.3	-3.6	-9.7
<i>Claims on Private Sector</i>	0.0	1.4	-0.4	-0.1
<i>Claims on Other Private Sector</i>	-0.9	-1.2	-3.8	-3.4
<i>Claims on State and Local Government</i>	19.3	56.1	3.8	5.0
<i>Claims on Non-financial Public Enterprises</i>				
<b>Foreign Assets (Net)</b>	-7.5	69.6	9.9	17.4
<b>Other Assets (Net)</b>	1.6	-37.2	12.5	-0.6
<b>Total Monetary Assets (M3)</b>	<b>-0.6</b>	<b>9.3</b>	<b>8.4</b>	<b>7.3</b>
<b>Quasi-Money 1/</b>	-4.3	5.2	7.5	8.9
<b>Money Supply (M1)</b>	-9.6	-0.9	0.5	-4.3
<i>Currency Outside Banks</i>	-18.9	-2.1	-11.5	-14.7
<i>Demand Deposits 2/</i>	-7.8	-0.6	2.7	-2.3
<b>Total Monetary Liabilities (M2)</b>	<b>-6.8</b>	<b>2.3</b>	<b>4.3</b>	<b>2.8</b>
<b>CBN Bills held by Non-Bank Sectors</b>	29.1	42.9	22.6	22.7
<b>Total Monetary Assets (M3)</b>	<b>0.6</b>	<b>9.3</b>	<b>8.4</b>	<b>7.3</b>
<i>Memorandum Items:</i>				
Reserve Money (RM)	-6.3	10.9	4.4	-1.9
<i>Currency in Circulation (CIC)</i>	-14.0	-1.0	-10.5	-11.9
<i>DMBs Demand Deposit with CBN</i>	-1.7	17.9	11.8	3.1
	<b>Growth Over Preceding Month (%)</b>			
<b>Domestic Credit (Net)</b>	1.5	-1.6	-6.8	-0.6
<i>Claims on Federal Government (Net)</i>	9.1	-17.1	-33.9	-6.4
<i>Claims on Private Sector</i>	-0.2	1.5	-0.31	0.3
<i>Claims on Other Private Sector</i>	0.3	1.9	0.6	0.2
<i>Claims on State and Local Government</i>	-1.0	-3.1	0.9	1.2
<i>Claims on Non-financial Public Enterprises</i>				
<b>Foreign Assets (Net)</b>	-0.8	16.7	9.7	6.8
Central Bank	1.8	15.2	11.9	6.2
Banks	-70.9	142.1	-43.1	35.0
<b>Other Assets (Net)</b>	-0.7	-10.1	9.6	-14.9
<b>Total Monetary Assets (M3)</b>	<b>1.0</b>	<b>2.8</b>	<b>1.8</b>	<b>-1.0</b>
<b>Quasi-Money 1/</b>	0.0	6.3	0.7	1.2
<b>Money Supply (M1)</b>	-0.7	10.9	5.7	-4.7
<i>Currency Outside Banks</i>	-2.9	18.1	-1.4	-3.7
<i>Demand Deposits 2/</i>	-0.3	9.7	6.9	-4.9
<b>Total Monetary Liabilities (M2)</b>	<b>-0.3</b>	<b>8.4</b>	<b>2.8</b>	<b>-1.4</b>
<b>CBN Bills held by Non-Bank Sectors</b>	5.8	-12.6	-1.2	0.1
<b>Total Monetary Assets (M3)</b>	<b>1.0</b>	<b>2.8</b>	<b>1.8</b>	<b>-1.0</b>
<i>Memorandum Items:</i>				
Reserve Money (RM)	-0.4	14.3	3.6	-6.0
<i>Currency in Circulation (CIC)</i>	-1.3	13.8	-1.4	-1.6
<i>DMBs Demand Deposit with CBN</i>	0.1	14.5	5.7	-7.8

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

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Monthly Budget Est
Retained Revenue	477.0	212.6	300.6	244.9	287.5	733.3	349.7	274.2	278.7	315.4	299.1	282.2	306.7	629.4
Federation Account	274.9	181.5	260.6	198.1	191.5	248.2	251.5	249.4	257.6	222.4	276.3	268.8	279.7	381.0
VAT Pool Account	11.8	11.6	12.5	12.0	12.9	11.6	12.1	13.9	12.9	12.1	12.5	13.5	12.3	18.5
FGN Independent Revenue	2.5	9.4	23.9	0.6	0.3	0.1	1.4	10.9	7.9	47.1	10.3	0.0	10.9	70.7
Excess Crude Account	0.0	0.0	0.0	24.2	0.0	0.0	14.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others/Exchange Gain/Recovery	187.8	10.2	3.6	10.0	82.9	473.5	70.6	0.0	0.3	33.8	0.0	0.0	3.9	159.3
<b>Expenditure</b>	<b>603.2</b>	<b>565.5</b>	<b>483.3</b>	<b>400.7</b>	<b>439.2</b>	<b>1116.9</b>	<b>639.6</b>	<b>373.9</b>	<b>586.3</b>	<b>218.0</b>	<b>409.8</b>	<b>453.0</b>	<b>414.7</b>	<b>792.3</b>
Recurrent	556.0	412.9	328.9	362.7	327.7	767.4	470.8	233.3	570.9	180.5	375.5	366.6	351.7	509.0
Capital	5.0	115.6	116.3	0.0	73.5	311.4	130.8	132.0	0.0	16.8	19.4	68.7	43.9	239.1
Transfers	42.2	37.1	38.0	38.0	38.0	38.0	38.0	8.6	15.4	20.7	14.9	17.8	19.2	44.2
<b>Overall Balance:</b>	<b>-126.2</b>	<b>-352.9</b>	<b>-182.6</b>	<b>-155.9</b>	<b>-151.7</b>	<b>-383.5</b>	<b>-289.8</b>	<b>-99.7</b>	<b>-307.6</b>	<b>97.4</b>	<b>-110.7</b>	<b>-170.8</b>	<b>-108.0</b>	<b>-162.9</b>
Surplus(+)/Deficit(-)														

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

