



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
MAY 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	7
2.3.1	<i>Interest Rate Developments</i>	7
2.3.2	<i>Commercial Paper (CP)</i>	9
2.3.3	<i>Bankers' Acceptances (BAs)</i>	9
2.3.4	<i>Open Market Operations</i>	9
2.3.5	<i>Primary Market</i>	9
2.3.6	<i>Bonds Market</i>	10
2.3.7	<i>CBN Standing Facilities</i>	101
2.4	Deposit Money Banks' Activities.....	11
2.5	Capital Market Developments	11
2.5.1	<i>Secondary Market</i>	11
2.5.2	<i>New/Supplementary Issues Market</i>	12
2.5.3	<i>Market Capitalisation</i>	12
2.5.4	<i>NSE All-Share Index</i>	13
3.0	Fiscal Operations	15
3.1	Federation Account Operations.....	15
3.2	The Fiscal Operations of the Three Tiers of Government.....	18
3.2.1	<i>The Federal Government</i>	18
3.2.2	<i>Statutory Allocations to State Governments</i>	20
3.2.3	<i>Statutory Allocations to Local Government Councils</i>	20
4.0	Domestic Economic Conditions	23
4.1	Agricultural Sector	23
4.2	Agricultural Credit Guarantee Scheme	23
4.3	Commercial Agriculture Credit Scheme.....	24
4.4	Petroleum Sector	24
4.5	Consumer Prices	26

5.0 External Sector Developments.....	29
5.1 Foreign Exchange Flows.....	29
5.2 Non-Oil Export Earnings by Exporters.....	30
5.3 Sectoral Utilisation of Foreign Exchange	31
5.4 Foreign Exchange Market Developments.....	31
5.5 Gross External Reserves	32
6.0 Other International Economic Developments and Meetings	35

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	14
Table 6: Gross Federation Account Revenue	16
Table 7: Components of Gross Oil Revenue	17
Table 8: Components of Gross Non-Oil Revenue.....	18
Table 9: Federal Government Fiscal Operations.....	19
Table 10: Statutory Allocation to State Governments and Local Government Councils.....	21
Table 11: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACs)	24
Table 12: Average Crude Oil Prices in the International Oil Market.....	25
Table 13: Consumer Price Index.....	26
Table 14: Headline Inflation Rate	27
Table 15: Foreign Exchange Flows Through the CBN	30
Table 16: Supply of Foreign Exchange	32
Table 17: Exchange Rate Movements.....	33
Table 18: Gross Official External Reserves.....	34

Appendix Tables

Table A1: Money and Credit Aggregates.....	39
Table A2: Money and Credit Aggregates (Growth Rates).....	40
Table A3: Federal Government Fiscal Operations	41

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).....	8
Figure 4: Volume and Value of Traded Securities	12
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	19
Figure 10: Federal Government Expenditure.....	19
Figure 11: Trends in Crude Oil Prices.....	25
Figure 12: Consumer Price Index.....	26
Figure 13: Inflation Rate	27
Figure 14: Foreign Exchange Flows Through the CBN	29
Figure 15: Sectoral Utilisation of Foreign Exchange	31
Figure 16: Supply of Foreign Exchange	32
Figure 17: Average Exchange Rate Movements	33
Figure 18: Gross Official External Reserves.....	34

1.0 Summary¹

The Bank sustained its non-expansionary monetary policy stance in April 2018. Broad money supply (M_2), on month-on-month basis rose moderately by 0.9 per cent or 6.5 per cent on annualised basis to ₦24,520.63 billion, compared with 1.2 per cent at end-March 2018. It, however, contrasted with the decline of 2.4 per cent at the end of the corresponding period of 2017. The development was attributed to the 1.8 per cent and 4.6 per cent growth in foreign assets (net) and aggregate domestic credit (net) of the banking system, respectively. Over the level at end-December 2017, M_2 grew by 2.2 per cent. Narrow money supply (M_1), fell by 2.2 per cent to ₦10,670.63 billion at end-April 2018, and reflected the 4.2 per cent and 1.9 per cent decline in its currency outside banks and demand deposits components, respectively.

Staff Estimates indicated that there were mixed developments in banks' deposit and lending rates in the review month. The 1 month, 6 months and 12 months deposit rates fell from 8.82 per cent, 10.21 per cent and 10.93 per cent at end-March 2018 to 8.78 per cent, 10.03 per cent and 10.71 per cent at end-April 2018. The 7 days, 3 months and over 12 months deposit rates rose from 3.68 per cent, 9.72 per cent and 8.49 per cent to 3.75 per cent, 9.89 per cent and 9.29 per cent, respectively. The average savings deposit rate was 4.07 per cent, while the average term deposit rate declined to 4.39 per cent, from 8.64 per cent in the preceding month.

The weighted average prime lending rate fell by 0.11 percentage point to 17.24 per cent, while the weighted average maximum lending rate rose by 0.01 percentage point to 31.56 per cent in April 2018. Consequently, the spread between the average term deposit and the average maximum lending rates widened by 4.26 percentage points to 27.17 percentage points at end-April 2018. Similarly, the spread between the average savings deposit and maximum lending rates broadened by 0.02 percentage points to 27.49 percentage points at end-April 2018, from 27.47 percentage point in the preceding month.

The total value of money market assets outstanding in May 2018 declined to ₦11,678.85 billion, from ₦12,077.86 billion in April 2018 due to the 2.5 and 5.7 per cent fall in FGN Bonds and Nigerian Treasury Bills outstanding, respectively. Developments on the Nigerian Stock Exchange (NSE) were mixed in May 2018.

Federally-collected revenue (gross) was estimated at ₦750.77 billion in May 2018. This was below the monthly budget estimate, but exceeded the receipts in the preceding month by 2.2 per cent. Oil and non-oil receipts (gross), at ₦431.37 billion and ₦318.98 billion, constituted 57.5 per cent and 42.5 per cent, respectively, of total revenue. Federal Government retained revenue and estimated expenditure for May 2018 were ₦299.10 billion and ₦409.78 billion, respectively, resulting in an estimated deficit of ₦110.68 billion.

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

Agricultural activities in May 2018 were dominated by early planting and harvesting of vegetables in the Northern part of the country, while farmers in the Southern part of the country were engaged in weeding of farms. In the livestock sub-sector, farmers continued with the breeding of poultry and migration of cattle from the Northern states to the Southern states in search of foilage.

Domestic crude oil production was estimated at 1.92 mbd or 59.52 million barrels (mb) in May 2018. This was lower than the 2018 budget benchmark of 2.3 mbd. Crude oil export was estimated at 1.47 mbd or 45.6 mb. The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), rose by 6.4 per cent to US\$77.86 per barrel in May 2018, compared with US\$73.16 per barrel in April 2018. This was higher than the International Monetary Fund and World Bank estimate of \$62.23 per barrel and \$65.0 per barrel, respectively.

The end-period headline inflation, on year-on-year and twelve month moving average bases, were 11.61 per cent and 14.79 per cent, respectively, in May 2018.

Foreign exchange inflow into and outflow from the CBN in May 2018 were US\$3.75 billion and US\$3.74 billion, respectively, and resulted in a net inflow of US\$0.01 billion. Aggregate foreign exchange inflow into and outflow from the economy were US\$9.24 billion and US\$4.08 billion, respectively, resulting in a net inflow of US\$5.16 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US\$2.92 billion, in the review month, compared with US\$2.20 billion in the preceeding 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 ₦305.90 /US\$, ₦365.00/US\$ and ₦361.65/US\$, respectively, in the review month.

The major international economic developments and meetings of importance to the domestic economy in the review period included: The Technical Committee Meeting on the proposed transformation of West African Monetary Agency (WAMA) into ECOWAS Monetary Institute (EcmI) held in Freetown, Sierra Leone from May 7 - 9, 2018. There was also the 51st Session of the Economic Commission for Africa and the Annual Conference of African Ministers of Finance, Planning and Economic Development held in Addis Ababa, Ethiopia from May 11-15, 2018.

2.0 Financial Sector Developments

2.1 Monetary and Credit Developments

Broad money supply (M_2) on month-on-month basis, rose in April 2018, while narrow money supply (M_1) declined. There were mixed developments in banks' deposit and lending rates in the review month. The value of money market assets outstanding fell, owing, largely, to the decline in FGN Bonds and Nigerian Treasury Bills. Activities on the Nigerian Stock Exchange (NSE) indicated mixed developments in the review month.

Monetary policy remained largely non-expansionary during the review period, as the monetary policy rate and other key parameters remain unchanged. Consequently, broad money supply (M_2), on month-on-month basis, rose by 0.9 per cent or 6.5 per cent on annualised basis, to ₦24,520.63 billion at end-April 2018, compared with the growth of 1.2 per cent at the end of the preceeding month, but showed a decline of 2.4 per cent at the end of the corresponding period of 2017. The development, relative to March 2018, reflected the 1.8 per cent and 4.6 per cent growth in net foreign assets and aggregate domestic credit (net) of the banking system, respectively. Over the level at end-December 2017, M_2 grew by 2.2 per cent at end-April 2018, compared with 1.3 per cent at end-March 2018. The development reflected the growth of 7.4 per cent and 6.2 per cent in net foreign and domestic credit, respectively, which suppressed the 7.3 per cent decline in other assets (net) of the banking system.

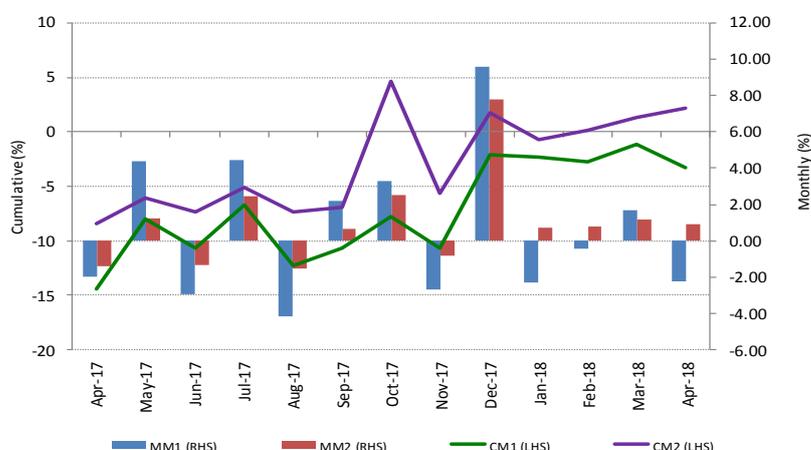
On month-on-month basis, the major monetary aggregate grew in April 2018.

Narrow money supply (M_1), on month-on-month basis, fell by 2.2 per cent to ₦10,670.63 billion at end-April 2018, in contrast to 1.7 per cent growth at the end of the preceeding month. The development reflected the 4.2 per cent and 1.9 per cent decline in currency outside banks and demand deposits, respectively (Figure 1, Table 1). Over the level at end-December 2017, M_1 fell by 3.3 per cent on account of 10.3 per cent and 2.0 per cent decline in currency outside banks and demand deposit, respectively.

Quasi-money, on month-on-month basis, grew by 3.4 per cent to ₦13,850.01 billion at end-April 2018, compared with the increase of 0.8 per cent at the end of the preceding month, but was in contrast to the decline of 1.0 per cent recorded at the end of the corresponding period of 2017. The development relative to the preceding month was attributed to the increase in time and savings deposits of banks. Over the level at end-December 2017, quasi money

grew by 6.8 per cent, compared with the increase of 3.3 per cent at the end of the preceding month.

Figure 1: Growth of Narrow Money (M₁) and Broad Money (M₂)²



At ₦27,476.83 billion, aggregate credit to the domestic economy, on month-on-month basis, rose by 4.6 per cent at the end of the review month, in contrast to the decline of 2.4 per cent and 0.6 per cent at the end of the preceding month and the corresponding period of 2017, respectively. The development reflected the significant growth in claims on the Federal Government, which more than off set the 0.9 per cent decline in claims on the private sector. Over the level at end-December 2017, net domestic credit rose by 6.2 per cent at the end of the review period, compared with the growth of 1.6 and 2.4 per cent at the end of the preceding month and the corresponding period of 2017, respectively. The development was due to the significant growth in claims on the Federal government, as claims on the private sector fell by 0.2 per cent.

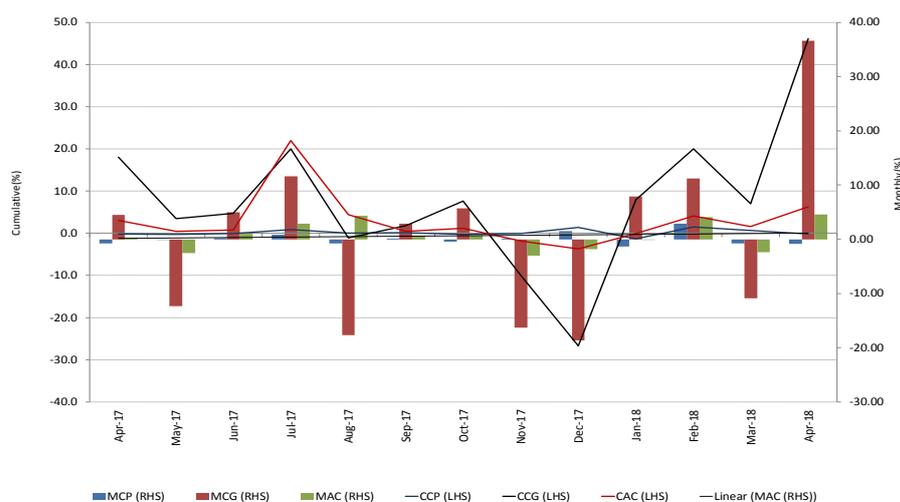
Net claims on the Federal Government, on month-on-month basis, rose by 36.6 per cent to ₦5,222.74 billion at end-April 2018, in contrast to the decline of 10.8 per cent and 0.6 per cent at the end of the preceding month and the corresponding period of 2017, respectively. The development was due to the increase in banking system's holding of Government securities and direct loans to the Federal Government. Relative to the level at end-December 2017, net claims on the Federal Government grew by 46.1 per cent

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

at the end of the review period, compared with the increase 7.0 per cent and 8.1 per cent at the end of the preceding month and the corresponding period of 2017, respectively.

Credit to the private sector, on month-on-month basis, fell by 0.9 per cent to ₦22,254.09 billion, compared with 0.8 per cent and 0.6 per cent at the end of the preceding month and the corresponding period of 2017, respectively. The development reflected the decline of 0.7 per cent and 0.9 per cent in claims on the core private sector and the States and Local governments, respectively. Over the level at end-December 2017, banking system's credit to the private sector declined by 0.2 per cent, in contrast to the growth of 0.7 and 1.2 per cent at the end of the preceding month and the corresponding period of 2017, respectively. The development relative to end-December 2017 was attributed to the decline of 1.9 per cent in claims on the core private sector (Figure 2, Table 1).

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



Foreign assets (net) of the banking system, at ₦15,906.04 billion, on month-on-month, grew by 1.8 per cent at end-April 2018, compared with the increase of 8.5 per cent at the end of the preceding month. It, however, contrasted with the decline of 4.7 per cent recorded at the end of the corresponding period of 2017. The increase relative to the preceding month was due to the 0.3 per cent and 61.1 per

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

cent rise in the foreign asset holdings of the CBN and the commercial banks, respectively. Over the level at end-December 2017, foreign assets (net) grew by 7.4 per cent, compared with 5.4 per cent growth at end-March 2018. The development reflected the 5.8 per cent and 66.4 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 7.3 per cent to negative ₦18,862.23 billion at end-April 2017, compared with the decline of 1.7 per cent and 0.1 per cent at the end of the preceding month and the corresponding period of 2017, respectively. 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 13.1 per cent, compared with the decline of 5.5 per cent and 4.8 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)

	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
Domestic Credit (Net)	0.2	-2.5	1.0	2.9	-4.3	0.6	0.7	-3.0	-1.8	-0.1	4.1	-2.4	4.6
Claims on Federal Government	4.5	-12.3	5.0	11.6	-17.7	2.9	5.7	-16.3	-26.7	7.9	11.2	-10.8	36.6
Claims on Private Sector	0.8	-0.1	0.2	0.9	-0.8	0.1	-0.4	0.1	1.4	-1.4	2.9	-0.8	-0.9
Claims on Other Private Sect	0.9	-0.4	0.3	0.6	-1.0	0.3	-0.4	-1.5	-1.0	-1.8	1.9	-1.3	-0.7
Foreign Assets (Net)	-4.7	17.5	-0.8	3.3	11.3	3.1	23.4	7.3	11.3	0.7	-3.5	8.5	1.8
Other Assets (Net)	0.1	-2.4	-3.8	-6.3	-0.8	-2.2	-13.2	-1.5	-34.3	-1.5	-2.1	-1.7	-7.3
Broad Money Supply (M2)	-1.4	1.2	-1.4	1.0	-1.6	0.7	2.5	-0.8	1.7	-0.7	0.8	1.2	0.9
Quasi-Money	-1.0	-1.4	0.0	0.7	0.7	-0.6	1.8	0.7	5.2	0.7	1.8	0.8	3.4
Narrow Money Supply (M1)	-2.0	4.4	-3.0	1.3	-4.2	2.2	3.3	-2.7	-2.1	-2.3	-0.5	1.7	-2.2
Reserve Money (RM)	0.1	6.2	-0.2	1.6	-1.4	1.3	3.7	-1.5	10.8	57.1	7.7	4.7	-3.2

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

Currency-in-circulation, at ₦1,957.22 billion, on month-on-month basis, fell by 4.0 per cent in April 2018, in contrast to the 5.3 per cent increase at the end of the preceding month. The development reflected, mainly, the decline in its currency outside banks and demand deposit components by 4.2 per cent and 1.9 per cent, respectively.

At end-April 2018, Federal Government, private sector and banks' deposits with the CBN fell below the level at end-March 2018. This resulted in a 6.7 per cent fall in aggregate deposit at the CBN to ₦12,682.79 at end-April 2018. Of the

total deposits at the CBN, the shares of the Federal Government, banks and the private sector were 44.2 per cent, 36.1 per cent and 19.7 per cent, respectively.

Reserve money, on month-on-month basis, fell by 3.2 per cent to ₦6,532.70 billion at end-April 2018, reflecting the decline in currency-in-circulation and banks' deposit with the CBN.

Reserve money (RM) fell in the review month.

2.3 Money Market Developments

Key financial market indicators remained moderately stable due to effective liquidity management in both the domestic and the foreign exchange markets during the review period. Consequently, there was sufficient liquidity to sustain activities in both the domestic and foreign exchange markets at relatively moderate prices during the review period.

Provisional data indicated that the total value of money market assets outstanding in May 2018 stood at ₦11,678.85 billion, showing a decline of 3.30 per cent, compared with the 0.14 per cent fall in the preceding month. The development was attributed, largely, to the 2.46 per cent and 5.66 per cent decline in FGN Bonds and Nigerian Treasury Bills outstanding, respectively.

2.3.1 Interest Rate Developments

Staff estimates indicated that developments in banks' deposit and lending rates were mixed in April 2018. Short-term money market rates traded below the monetary policy rate for the major parts of the review period. The 1 month, 6 months and 12 months deposit rates fell from 8.82 per cent, 10.21 per cent and 10.93 per cent at end-March 2018 to 8.78 per cent, 10.03 per cent and 10.71 per cent, respectively, at end-April 2018. The 7 days, 3 months and over 12 months deposit rates rose from 3.68 per cent, 9.72 per cent and 8.49 per cent to 3.75 per cent, 9.89 per cent and 9.29 per cent, respectively.

Staff Estimates indicated that there were mixed developments in banks' deposit and lending rates in the review month.

The average savings deposit rate was 4.07 per cent, while the average term deposit rate declined to 4.39 per cent, from 8.64 per cent in the preceding month.

The weighted average prime lending rate fell by 0.11 percentage point to 17.24 per cent, while the weighted average maximum lending rate rose by 0.01 percentage points to 31.56 per cent in April 2018. Consequently, the spread between the average term deposit and the average

maximum lending rates widened by 4.26 percentage points to 27.17 percentage points at end-April 2018. Similarly, the spread between the average savings deposit and maximum lending rates widened by 0.02 percentage point to 27.49 percentage points at end-April 2018, compared with 27.47 percentage points in the preceeding month.

At the inter-bank call segment, the weighted average rate, which stood at 15.16 per cent at end-March 2018, fell significantly by 12.06 percentage points to 3.10 per cent in the review month. Similarly, the weighted average rate at the open-buy-back (OBB) segment, fell significantly from 12.69 per cent in the preceding month to 2.88 per cent in April 2018. The Nigerian inter-bank offered rate (NIBOR), for the 30-day tenor, declined to 12.92 per cent in the review period, below the 15.38 per cent at end-March 2018. With the headline inflation at 12.48 per cent in April 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)

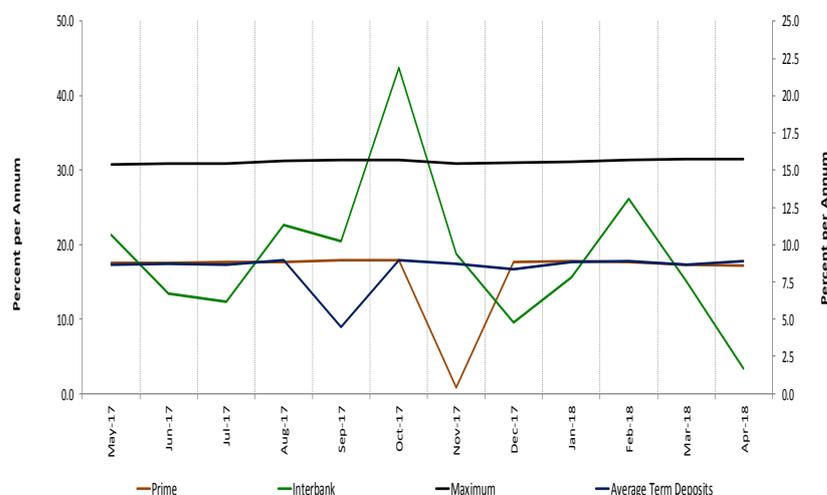


Table 2: Selected Interest Rates (Percent, Averages)

	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
Average Term Deposits	9.1	8.65	8.72	8.63	8.95	4.47	4.56	8.7	8.36	9.23	8.92	8.64	8.92
Prime Lending	17.44	17.58	17.59	17.65	17.69	17.88	17.86	17.77	31.11	17.5	17.71	17.35	17.23
Interbank Call	64.58	21.29	13.46	12.28	22.63	20.44	43.78	18.78	9.49	15.58	26.19	15.16	3.34
Maximum Lending	30.31	30.75	30.94	30.94	31.2	31.39	31.39	30.95	30.99	31.39	31.4	31.55	31.45

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs stood at ₦0.49 billion at the end of the review month, showing a decline of 80.48 per cent, compared with ₦2.51 billion recorded in the preceding month. Thus, CP constituted 0.004 per cent of the total value of money market assets outstanding during the review period, compared with 0.02 per cent in the preceding month.

2.3.3 Bankers' Acceptances (BAs)

During the review period, BAs stood at ₦8.74 billion, showing an increase of 19.89 per cent, compared with ₦7.29 billion recorded in the preceding month. Consequently, BAs accounted for 0.07 per cent of the total value of money market assets outstanding at the end of the review period, compared with 0.06 per cent in the preceding month.

2.3.4 Open Market Operations

The Bank intervened through the conduct of Open Market Operations (OMO), by the sale of Central Bank of Nigeria (CBN) bills to target liquidity in the system. The tenors to maturity of the instruments ranged from 105 to 364 days in May 2018. Total amount offered, subscribed and allotted to were ₦1,776.51 billion, ₦1,923.12 billion and ₦1,472.15 billion, respectively. The bid rates ranged from 10.6000 to 14.4000 per cent, while the stop rates were from 11.0000 to 14.4000 per cent. Repayment and maturity of CBN bills was ₦1,286.72 billion, translating to a net withdrawal of ₦185.43 billion.

2.3.5 Primary Market

At the Government securities market, NTBs and FGN Bonds were issued at the primary market on behalf of the Debt Management Office (DMO) during the review period. NTBs of 91-, 182- and 364-day tenors, amounting to ₦129.26 billion, ₦475.95 billion and ₦129.26 billion were offered, subscribed to and allotted, respectively, at the two auctions held in May 2018 on behalf of the Debt Management Office.

At the 91-day auction, total subscription and allotment were ₦51.49 billion and ₦12.93 billion, respectively, with bid rates ranging from 9.0000 to 12.0000 per cent, while the stop rates were 10.0000 and 10.0000 per cent. For the 182-day auction, total subscription and allotment were ₦132.99 billion and ₦64.63 billion, respectively. The bid rates ranged from 10.1000 to 12.5001 per cent, while the stop rates were 10.5000 and 10.9500 per cent. At the 364-day, total subscription and allotment were ₦291.46 billion and ₦51.70 billion with bid

rates from 10.0000 to 18.6000 per cent, while stop rates were 10.7000 and 11.1490 per cent. On all the maturities, the stop rates ranged from 10.0000 to 11.1490 per cent with the bid to cover ratio at 3.68.

2.3.6 Bonds Market

Tranches of the 5-, 7- and 10-year bonds were offered for sale during the review period. The term to maturity of the bonds ranged from 4 years, 11 months to 9 years, 9 months. Total amount offered, subscribed to and allotted were ₦70.00 billion, ₦89.82 billion and ₦50.45 billion, respectively. A total of ₦29.98 billion was allotted on non-competitive basis.

The bid rates ranged from 11.5000 to 14.2915 per cent, while the marginal rates for the 5-, 7- and 10-year bonds were 13.5000, 13.5000 and 13.5500 per cent, respectively. For all the tenors, the marginal rates were from 13.5000 to 13.5500 per cent. The bid to cover ratio was 1.78, while the auction was oversubscribed by 0.28 per cent. This might be due to renewed investors' confidence on the back of the growth in the foreign exchange reserves.

2.3.7 CBN Standing Facilities

The commercial 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 total request for the SLF granted during the review period was ₦1,648.10 billion (This was made up of ₦529.66 billion direct SLF and ₦982.80 billion ILF converted to overnight repo). The Daily average was ₦91.56 billion in the 18 transaction days in May 2018. Daily requests ranged from ₦28.34 billion to ₦239.07 billion. SLF request peaked on May 14, 2018 due to the settlement of foreign exchange. Total interests earned was ₦1.23 billion in May 2018. The total request for the SDF granted during the review period was ₦1,076.29 billion with daily average of ₦59.79 billion in the 18 transaction days in the period in May 2018. Daily requests ranged from ₦1.5 billion to ₦152.12 billion. Cost incurred on SDF in the review month stood at ₦0.38 billion.

2.4 Deposit Money Banks' Activities

Total assets and liabilities of the deposit money banks amounted to ₦35,681.93 billion at end-March 2018, showing a 0.3 per cent increase, over the level at end-February 2018. Funds were sourced, mainly, from the realisation of claims on the Central Government and claims on the private sector and increase in unclassified liabilities and foreign liabilities. The funds were used for accretion to reserves, increase claims on the Central Bank, acquisition of foreign assets and reduction in capital account balance.

Banks' credit to the domestic economy, at ₦19,391.8 billion, fell by 3.6 per cent, below the level at end-February 2018. The development was attributed to the fall in claims on both the Federal Government and the private sector in the review month.

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

Total specified liquid assets of banks stood at ₦11,094.22 billion at end-March 2018, representing 55.1 per cent of their total current liabilities. At that level, the liquidity ratio was 0.76 percentage point above the level at the end of the preceding month and 25.1 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 67.43 per cent, was 2.72 percentage points and 12.57 percentage points below the levels at the end of the preceding month and the maximum ratio of 80.0 per cent, respectively.

2.5 Capital Market Developments

2.5.1 Secondary Market

Despite the sustained improvement in the macroeconomic conditions reflected by the positive data on the gross domestic product (GDP) for the first quarter of 2018 and a further decline in inflation, volatility in the market continued in the review period. The declining trend in the level of activities in the market remained buoyed by uncertainty on the passage of the 2018 budget, investors' strong profit-taking sentiments, as well as, currency risk, which induced gradual outflow of portfolio investment. Consequently, developments on the Nigerian Stock Exchange (NSE) were mixed in May 2018. The volume of traded securities fell by 11.5 per cent to 7.5 billion shares, while the value of traded securities rose by 50.0 per cent to ₦159.2 billion in 90,586 deals, compared with 8.5 billion shares valued at ₦106.1 billion in 92,807 deals, in April 2018 (Figure 4, Table 3).

The financial services sector continued to dominate activities on the Exchange, as trading in the quoted stocks of banks, constituted the bulk. Trading in securities in the financial sector (measured by volume) led the activity chart with 4.6 billion shares, valued at ₦57.3 billion traded in 44,742 deals as at May 25, 2018, compared with 6.5 billion shares, valued at ₦69.2 billion, traded in 50,387 deals in April 2018. This accounted for 61.3 per cent and 43.5 per cent of the total turnover volume and value, respectively.

Figure 4: Volume and Value of Traded Securities

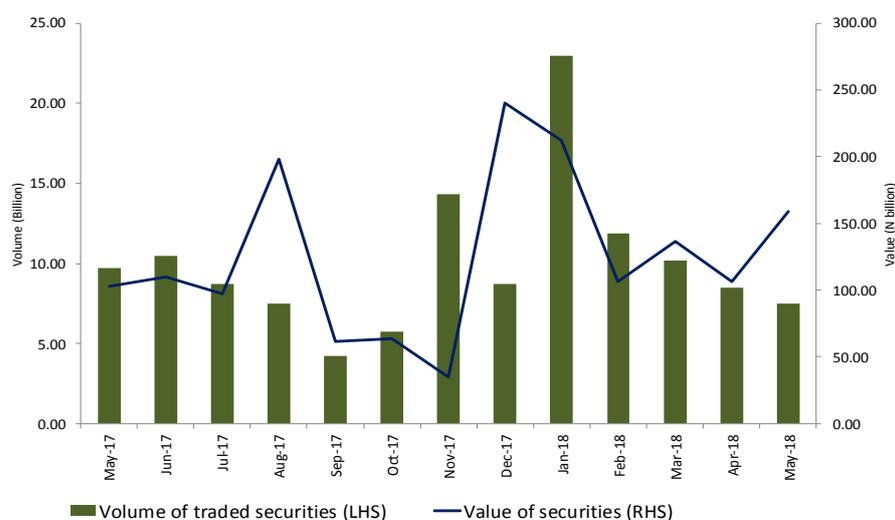


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Volume (Billion)	9.7	10.5	8.7	7.5	4.2	5.8	14.3	8.7	23.0	11.9	10.2	8.5	7.5
Value (₦ Billion)	102.8	109.9	97.1	198.4	61.8	63.9	35.1	240.4	212.4	106.1	136.2	106.1	159.2

2.5.2 New/Supplementary Issues Market

There was no supplementary equity listing in the review period (Table 4).

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

S/N	Company	Additional Shares (Units)	Reasons	Listing
		NILL	NILL	NILL

2.5.3 Market Capitalisation

The aggregate market capitalisation fell by 5.4 per cent to ₦23.7 trillion at end-May 2018, compared with ₦25.1 trillion at the end of the preceding month. Similarly, market

capitalisation for the equity segment fell by 7.7 per cent to ₦13.8 trillion and constituted 58.2 per cent of the total market capitalisation at end-May 2018, compared with ₦14.9 trillion and 59.6 per cent in April 2018 (Figure 5, Table 5).

2.5.4 NSE All-Share Index

The All-Share Index, which opened at 41,268.01 at the beginning of the month, stood at 38,104.54 at end-May 2018, representing a 7.8 per cent decline below the level in the preceding month.

Developments in the sectoral indices were generally bearish at end-May 2018. The NSE- Consumer Goods, NSE-Pension, NSE-Banking, NSE-Industrial Goods, NSE Lotus, NSE-Premium, NSE-Oil and Gas, NSE- Insurance and NSE-AseM, indices all fell by 11.4 per cent, 9.8 per cent, 8.8 per cent, 7.6 per cent, 6.0 per cent, 5.0 per cent, 4.9 per cent, 2.6 per cent and 0.9 per cent, respectively, to 890.55, 1446.35, 474.14, 1919.25, 2526.27, 2804.68, 346.22, 1411.93 and 949.59 below the levels at end-April 2018 (Figure 5, Table 5).

Figure 5: Market Capitalisation and All-Share Index



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

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Aggregate Market Capitalization (N trillion)	21.2	22.9	25.4	25.3	24.9	24.9	25.1	23.7
All-Share Index	37,944.60	38,243.19	44,460.18	42,607.85	41,504.51	41,504.51	41,268.01	38,104.54

3.0 Fiscal Operations⁴

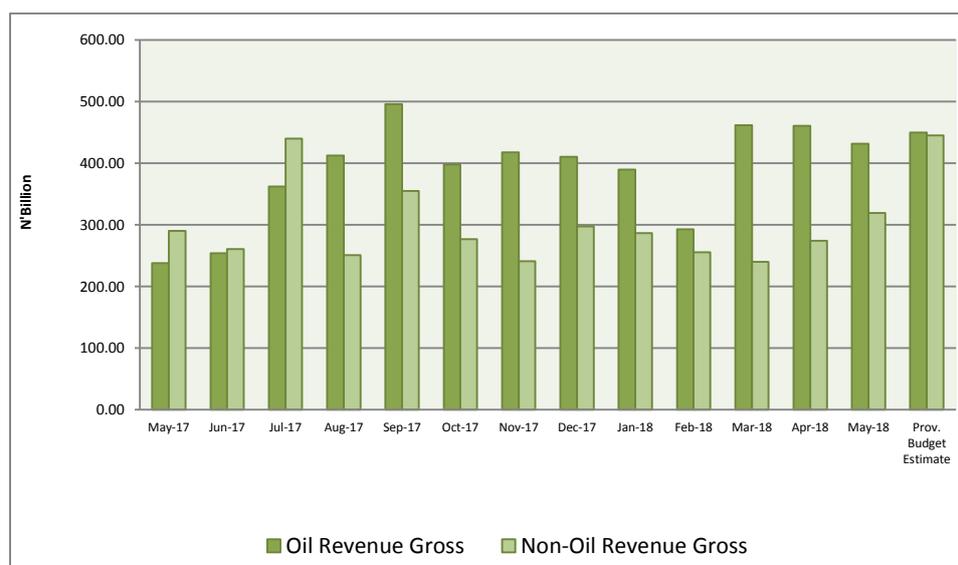
Federally-collected revenue in May 2018 fell short of the provisional monthly budget estimate by 16.1 per cent, but exceeded the receipts in April 2018 by 2.2 per cent. Federal Government retained revenue for the review month was ₦299.10 billion, while total provisional expenditure was ₦409.78 billion, resulting in an estimated deficit of ₦110.68 billion.

3.1 Federation Account Operations

At ₦750.77 billion, estimated federally-collected revenue (gross) in May 2018, fell below the provisional monthly budget estimate⁵ of ₦894.76 billion by 16.1 per cent. However, it was higher than the receipt of ₦734.82 billion in the preceding month by 2.2 per cent. The decline relative to the provisional monthly budget estimate was attributed to the shortfall in both oil and non-oil revenue, (Figure. 6, Table 6).

At ₦750.77 billion, the estimated federally-collected revenue (gross) in May 2018 fell short of the provisional monthly budget estimate by 16.1 per cent.

Figure 6: Components of Gross Federally-Collected Revenue



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

⁵ The 2017 approved budget is used as the provisional 2018 budget estimate pending the approval of the 2018 appropriation bill

At ₦431.37 billion, oil receipts (gross) was below the provisional monthly budget estimate by 4.1 per cent, and constituted 57.5 per cent of the total revenue.

Table 6: Gross Federation Account Revenue (₦ billion)

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Federally-collected revenue (Gross)													
Gross Revenue	528.4	514.7	802.1	663.0	850.7	674.5	658.6	707.4	676.0	719.4	701.7	734.8	750.4
Oil Revenue	238.1	254.0	362.4	412.3	495.9	398.1	417.7	410.2	389.4	436.9	461.7	460.8	431.4
Non-oil Revenue	290.3	260.7	439.7	250.7	354.8	276.5	240.9	297.2	286.6	282.6	240.0	274.1	319.0

Oil receipts, at ₦431.37 billion or 57.5 per cent of total revenue, was below the provisional monthly budget estimate of ₦449.62 billion by 4.1 per cent. It was also below the April 2018 collection of ₦460.76 billion by 6.4 per cent. The fall in oil revenue relative to the monthly budget estimate was attributed to decline in the receipt from Crude Oil and Gas Exports and 'Other Oil Revenue' (Figure 7, Table 7).

Figure 7 Gross Oil Revenue and Its Components

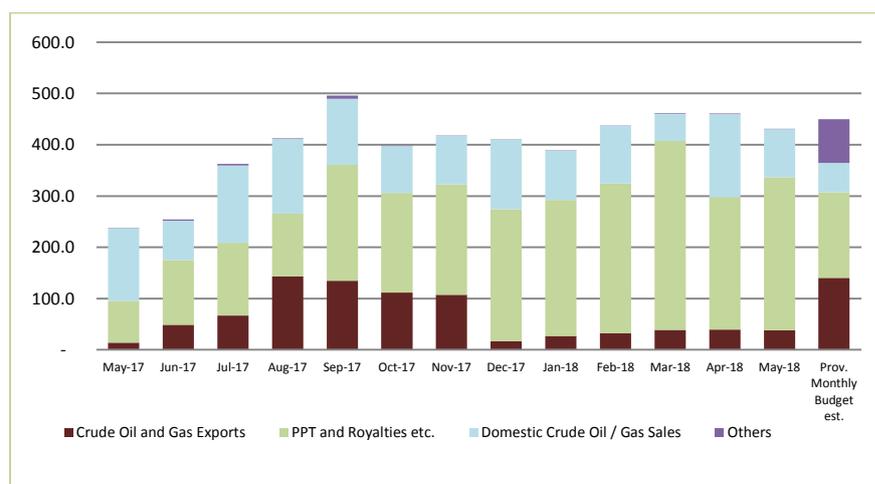


Table 7: Components of Gross Oil Revenue (N' billion)

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	2018 Provisional Monthly Budget
Oil Revenue	238.1	254.0	362.4	412.3	495.9	398.1	417.7	410.2	389.4	436.9	461.7	460.8	431.4	449.6
Crude oil/Gas Sales	13.9	48.8	66.9	143.8	134.9	111.9	107.6	17.3	26.8	32.5	38.9	39.2	38.0	140.3
Domestic crude oil/Gas sales	142.1	76.5	151.0	145.8	128.9	91.9	94.5	257.3	265.4	292.2	52.6	161.9	94.2	57.3
PPT/Royalties	81.5	126.3	141.7	121.7	226.0	193.9	215.0	135.1	96.7	111.7	368.8	258.5	298.3	167.1
Others	0.7	2.4	2.9	0.9	6.2	0.4	0.7	0.6	0.6	0.5	1.4	1.1	0.8	84.9

At ₦318.98 billion or 42.5 per cent of total revenue, non-oil revenue was below the provisional monthly budget estimate of ₦445.14 billion by 28.3 per cent, but exceeded the preceding month's collection of ₦274.05 billion by 16.4 per cent. The poor performance relative to the monthly budget estimate was due to shortfalls in all receipts except Customs and Excise Duties (Figure 8, Table 8).

At ₦318.98 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 28.3 per cent and constituted 42.5 per cent of the total revenue.

Figure 8: Gross Non-Oil Revenue and its Components

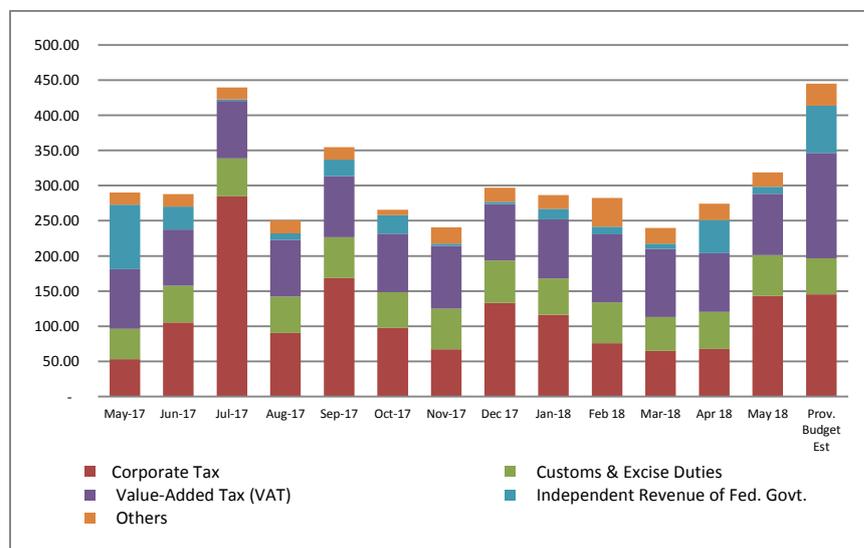


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Prov. Monthly Budget Est
Non-Oil Revenue	290.3	260.7	439.6	250.7	354.7	276.5	240.9	297.2	286.6	282.6	240.0	274.1	319.0	445.1
Corporate Tax	52.9	105.2	284.8	90.3	168.2	97.5	67.0	133.1	116.2	75.7	64.9	67.6	142.9	145.2
Customs & Excise Duties	43.5	52.4	54.0	51.8	58.3	50.8	57.9	60.4	52.0	58.4	48.1	52.5	58.5	51.3
Value-Added Tax (VAT)	84.7	80.0	81.6	80.5	86.7	83.3	89.7	80.4	84.0	96.7	96.6	83.7	86.9	150.0
Independent Revenue of Fed. Govt.	91.6	5.5	2.5	9.4	23.9	26.5	3.0	3.1	14.9	10.9	7.9	47.1	10.3	67.3

Of the total federally-collected revenue (net), ₦574.27 billion was retained in the Federation Account, while ₦83.40 billion, ₦10.27 billion and ₦20.49 billion were transferred to the VAT Pool Account, the Federal Government Independent revenue and “Others”, respectively.

From the ₦574.27 billion transferred to the Federation Account for distribution, the Federal Government received ₦276.31 billion, while the State and Local Governments received ₦140.15 billion and ₦108.05 billion, respectively. The balance of ₦49.76 billion was shared among the oil producing states as 13% Derivation Fund.

Similarly, from the ₦83.40 billion transferred to the VAT Pool Account, the Federal Government received ₦12.51 billion, while the State and Local Governments received ₦41.70 billion and ₦29.19 billion, respectively.

Overall, total allocations to the three tiers of government in May 2018 amounted to ₦657.67 billion. This was below the provisional monthly budget estimate of ₦783.57 billion by 16.1 per cent, but exceeded the ₦622.69 billion distributed in April 2018, by 5.6 per cent.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦299.10 billion, the estimated Federal Government retained revenue for the month of May 2018 was below the provisional monthly budget estimate of ₦449.60 billion by 33.5 per cent. It was also below the April receipt of ₦315.42 billion by 5.2 per cent. Federation Account recorded 92.4 per cent, while VAT and FGN Independent Revenue were 4.2 and 3.4 per cent, respectively (Figure 9, Table 9).

At ₦299.10 billion, the estimated Federal Government retained revenue was below the provisional monthly budget estimate by 33.5 per cent.

Figure 9: Federal Government Retained Revenue

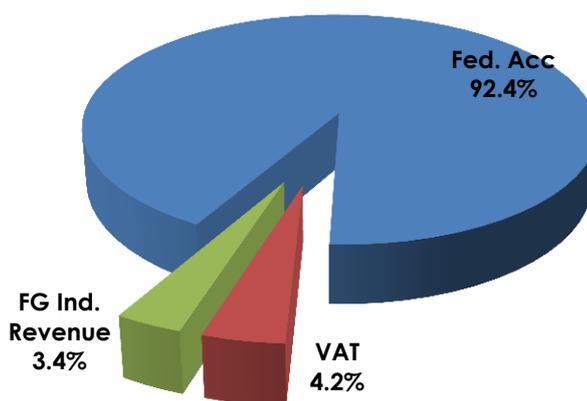


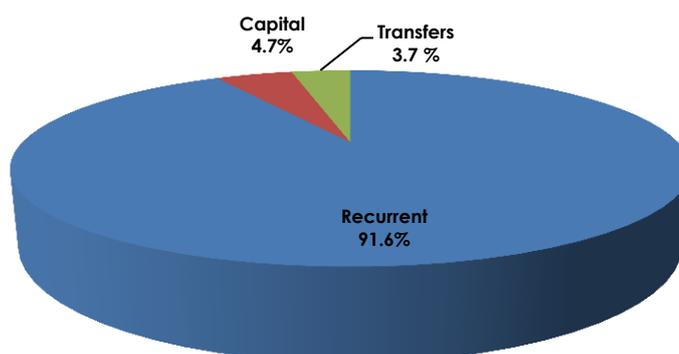
Table 9: Federal Government Fiscal Operations (₦ billion)

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	2018 Monthly Budget Est.
Retained Revenue	552.6	325.1	477.0	204.8	300.6	260.8	207.9	262.9	293.6	274.2	278.7	310.3	299.1	449.6
Expenditure	459.1	437.2	598.2	442.1	366.9	422.1	293.4	263.5	266.6	380.9	586.3	218.0	409.8	646.0
Overall Balance: (+)/(-)	93.5	-112.1	-121.2	-237.4	-66.3	-161.4	-85.5	-0.6	27.0	-106.8	-307.6	97.4	-110.7	-196.4

At ₦409.78 billion, the estimated total expenditure of the Federal Government was below the monthly budget estimate of ₦645.99 billion by 36.6 per cent, but exceeded the ₦217.97 billion recorded in April, by 88.0 per cent. Total recurrent expenditure, capital expenditure and transfers constituted 91.6, 4.7 and 3.7 per cent of total expenditure, respectively. A breakdown of the recurrent expenditure showed that non-debt obligation was 45.7 per cent of the total, while debt service payments accounted for the balance of 54.3 per cent (Figure 10).

Total estimated Federal Government expenditure rose by 88.0 per cent, above the level in the preceding month.

Figure 10: Federal Government Expenditure



The fiscal operations of the FG resulted in an estimated deficit of ₦110.69 billion relative to the provisional monthly budget deficit of ₦196.40 billion.

Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦110.68 billion, compared with the provisional monthly budget deficit of ₦196.40 billion.

3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the State Governments amounted to ₦231.61 billion. This was lower than the 2018 budget estimate of ₦282.84 billion by 18.1 per cent. It, however, exceeded the ₦226.12 billion allocated in April 2018 by 2.4 per cent.

Receipts from the Federation Account was ₦189.91 billion or 82.0 per cent of the total statutory allocations. This was below the provisional monthly budget estimate of ₦210.84 billion by 9.9 per cent. However, it was higher than the level in April 2018 by 2.1 per cent.

At ₦41.70 billion or 18.0 per cent of the total, allocation to the VAT Pool Account fell below the provisional monthly budget estimate of ₦72.00 billion by 42.1 per cent. Relative to the level in April 2018, VAT receipt decline by 3.8 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 May stood at ₦137.24 billion. This represented a shortfall of 19.7 per cent relative to the provisional monthly budget estimate of ₦170.92 billion. However, the receipt rose by 8.7 per cent relative to the level in the preceding month.

Allocation from the Federation Account amounted to ₦108.05 billion or 78.7 per cent of the total. The amount was below the provisional monthly budget estimate of ₦120.52 billion by 10.3 per cent. However, it rose above the ₦100.19 billion received in April 2018 by 7.8 per cent.

The share from the VAT Pool Account was ₦29.19 billion or 21.3 per cent of the total. It fell below the provisional monthly budget estimate of ₦50.40 by 42.1 per cent. It, however, represented an increase of 3.8 per cent, compared with the preceding month's level (Table 10).

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

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	2018 Monthly Budget Est
SG Federation Account	106.8	117.5	169.3	123.6	174.2	153.0	134.3	169.1	187.0	178.5	188.2	181.9	189.9	210.8
SG VAT	40.6	38.4	39.2	38.7	41.6	40.0	43.1	38.6	40.3	46.4	42.9	40.2	41.7	72.0
SG Total	147.4	155.9	208.5	162.3	215.8	193.0	177.4	207.7	227.3	224.9	231.1	222.0	231.6	282.8
LG Federation Account	59.3	69.8	107.5	71.0	101.9	86.9	75.1	97.1	104.3	97.5	100.9	98.2	108.0	120.5
LG VAT	28.5	26.9	27.4	27.0	29.1	28.0	30.1	27.0	28.2	32.5	30.1	28.1	29.2	50.4
LG Total	87.8	96.7	134.9	98.0	131.0	114.9	105.2	124.1	132.5	130.0	130.9	126.3	137.2	170.9
Total Statutory Revenue and VAT	235.2	252.6	343.4	260.3	346.8	307.9	282.6	331.8	359.8	354.9	362.0	348.3	368.8	453.8

4.0 Domestic Economic Conditions

The predominant activity in the Southern part of the country during the review period was the weeding of farms, while the major activities in the Northern states were early planting and harvesting of vegetables. In the livestock sub-sector, farmers continued with the breeding of poultry and migration of cattle from the Northern states to the Southern States in search of foilage.

4.1 Agricultural Sector

Agricultural activity across the country received a boost as a result of prevalent rainfall observed across most states in the country in May 2018. The predominant activity in the Southern States in the review period was the weeding of farms, while the major activities in the Northern States were early planting and harvesting of vegetables. In the livestock sub-sector, farmers continued with the breeding of poultry and migration of cattle from the Northern States to the Southern States in search of foilage. However, the unabated herders/farmers attacks continued to impact negatively on the agricultural productivity.

4.2 Agricultural Credit Guarantee Scheme

A total of ₦280.66 million was guaranteed to 1,532 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in April 2018. This amount represented an increase of 22.4 per cent, above the level in the preceding month, but was a decline of 40.3 per cent below the level in the corresponding period of 2017. Sub-sectorial analysis showed that food crops accounted for the largest share with ₦173.3 million (61.8 per cent) guaranteed to 1,055 beneficiaries; livestock, ₦43.95 million (15.7 per cent) guaranteed to 172 beneficiaries; cash crops, ₦34.34 million (12.2 per cent) guaranteed to 212 beneficiaries; and the fishery sub-sector, ₦21.84 million (7.8 per cent) guaranteed to 67 beneficiaries. 'Others' receive ₦4.20 million (1.5 per cent) guaranteed to 17 beneficiaries, while the mixed crop sub-sector got ₦3.03 million (1.1 per cent) guaranteed to 9 beneficiaries.

Analysis by state indicated that 24 states and the FCT benefited from the Scheme in the review month, with the highest sum of ₦42.96 million (15.3 per cent) guaranteed to Lagos and the lowest sum of ₦0.60 million (0.2 per cent) guaranteed to each of Delta and Kogi states, respectively.

4.3 Commercial Agriculture Credit Scheme

As at May 21, 2018, the total amount released since inception by the CBN under the Commercial Agriculture Credit Scheme (CACs) to participating banks for disbursement, amounted to ₦557.41 billion in respect of 554 projects (Table 11).

Table 11: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACs) as at May 21, 2018.

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects/State Governments
1	UBA Plc	74.06	47
1	Zenith Bank	120.16	71
3	First Bank of Nigeria Plc	42.88	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	71.67	41
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
	TOTAL	557.41	554

4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 1.92 mbd or 59.52 million barrels (mb) in the review month. This represented 1.03 mbd or 0.02 per cent below the average of 1.94 mbd or 58.20 million barrels (mb) produced in April 2018, and 0.38 mbd or 19.8 per cent below the 2018 budget benchmark of 2.3 mbd. Crude oil export was estimated at 1.47 mbd or 45.6 mb, representing a decline of 1.34 per cent, compared with 1.49 mbd recorded in the preceding month. The decline in production recorded in the month was attributed to the aging crude oil pipelines. Allocation of crude oil for domestic consumption remained at 0.45 mbd or 13.95 million barrels in the review period.

Domestic crude oil and natural gas production was estimated at an average of 1.92 million barrels per day.

The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), rose to US\$77.86/b in May 2018, above US\$73.16/b in April 2018, representing 6.4 per cent increase. 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 a firm global oil demand growth; geopolitical tension in the Middle East, especially, uncertainties surrounding the announced U.S. withdrawal from the Iran deal, as well as, an intact OPEC production-cut (with Kuwait hinting that OPEC would consider extending the production cuts into 2019). The UK Brent at US\$77.95/b, the WTI at US\$61.52/b and the Forcados at US\$77.95/b exhibited similar trends.

The average prices of Nigeria's reference crude, the Bonny Light and all other competing crudes rose, compared with the levels in the preceding month.

The average price of OPEC basket of fourteen selected crude streams stood at US\$73.81/b in May 2018. This represented 7.9 per cent and 50.02 per cent increase over the US\$73.81/b and US\$49.20/b in April 2018 and the corresponding period of 2017, respectively, (Figure 11, Table 12).

Figure 11: Trends in Crude Oil Prices

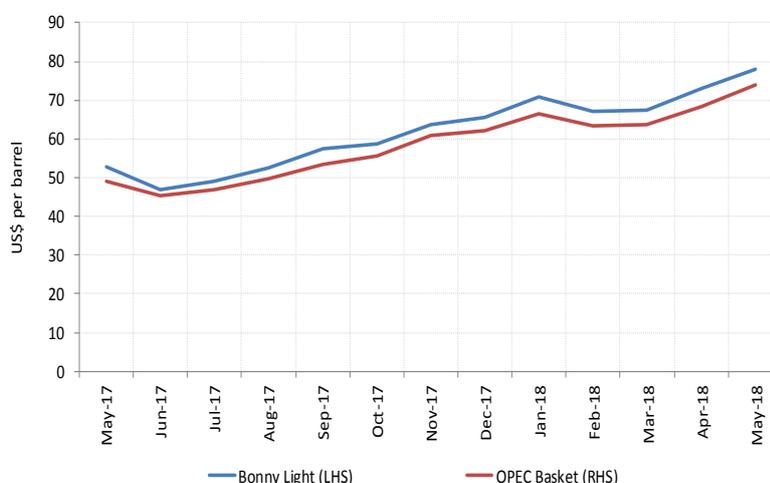


Table 12: Average Crude Oil Prices in the International Oil Market

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Bonny Light	52.9	46.9	48.9	52.5	57.4	58.7	63.7	65.4	70.8	67.2	67.5	73.2	77.9
OPEC Basket	49.2	45.2	46.9	49.6	53.4	55.5	60.8	62.1	66.9	63.5	63.8	68.4	73.8

4.5 Consumer Prices

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

The all-items composite Consumer Price Index (CPI) was 257.3 (November 2009=100) in May 2018, representing 1.1 per cent and 11.6 per cent increase over the respective levels in April 2018 and the corresponding month of 2017.

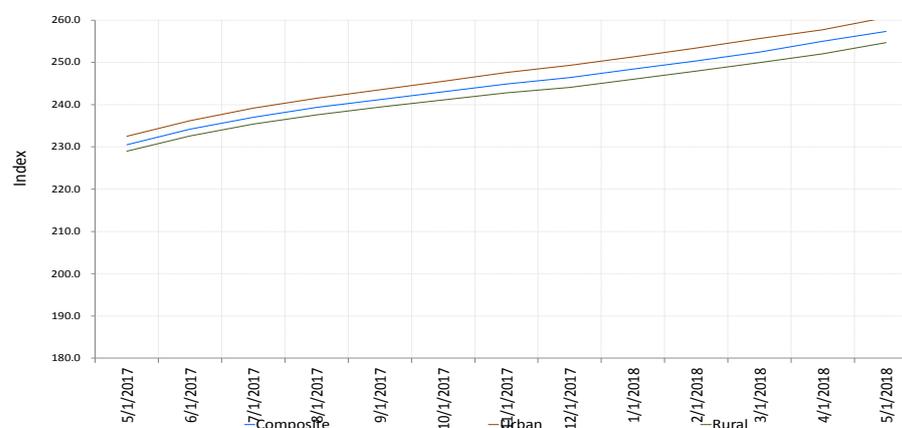
The urban All-items CPI (November 2009=100) was 260.6 at end-May 2018, representing 1.13 per cent and 12.09 per cent increase, compared with the levels at end-April 2018 and at end-May 2017, respectively. The rural all-items CPI (November 2009=100), was 254.7 at end-May 2018, representing 1.07 per cent and 11.22 per cent increase, compared with the levels at end-April 2018 and the corresponding period, respectively.

The composite food index (with a weight of 50.7 per cent) for May 2018 was 273.9, compared with 270.4 and 241.5 in the preceding month and the corresponding period of 2017, respectively. The development was attributed to 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 13).

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

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Composite	230.5	234.2	237.0	239.3	241.2	243.0	244.9	246.4	248.4	250.3	252.4	255.0	257.3
Urban	232.5	236.2	239.2	241.5	243.5	245.5	247.6	245.5	251.3	253.4	255.6	257.7	260.6
Rural	229.0	232.6	235.4	237.6	239.4	241.1	242.8	241.1	246.0	247.9	249.9	252.0	254.7
CPI - Food	241.5	246.3	250.0	252.9	255.1	257.2	259.5	261.0	263.3	265.5	267.9	270.4	273.9
CPI - Non Food	220.0	223.0	225.2	227.3	229.1	230.9	232.6	233.8	235.4	237.2	239.2	241.3	243.6

Figure.12: Consumer Price Index



Inflationary pressures declined further in May 2018 due to anticipated decline in food inflation during the review period. Consequently, headline inflation declined to 11.61 per cent in May 2018, compared with 12.48 per cent and 16.25 per cent in the preceding month and the corresponding period of 2017, respectively. The Twelve-Month Moving Average (12MMA) inflation for May 2018 was 14.79 per cent, compared with 15.20 per cent and 17.63 per cent in the preceding month and the corresponding period of 2017, respectively (Figure 13, Table 14).

The year-on-year headline inflation was estimated at 11.61 per cent in May 2018.

Figure 13: Inflation Rate

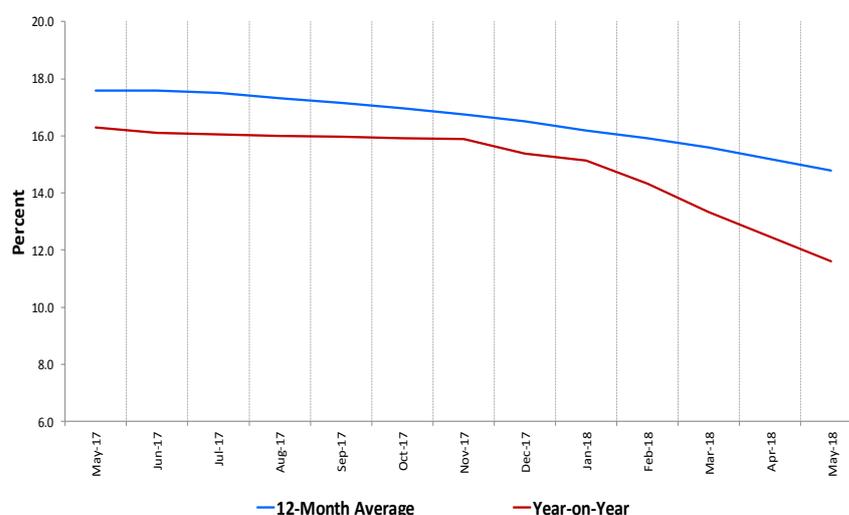


Table 14: Headline Inflation Rate (%)

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
12-Month Average	17.60	17.60	17.50	17.33	17.17	16.97	16.76	16.50	16.20	15.93	15.60	15.20	14.79
Year-on-Year	16.30	16.10	16.05	16.01	15.98	15.91	15.90	15.37	15.13	14.33	13.34	12.48	11.61

5.0 External Sector Developments⁶

On month-on-month basis, foreign exchange inflow through the CBN declined by 11.4 per cent to US\$3.75 billion, but outflow through the CBN rose by 6.3 per cent to US\$3.74 billion in May 2018. Total non-oil export receipts by banks rose by 12.5 per cent above the level in April 2018. The average exchange rate at the interbank, BDC, and the I&E windows were ₦305.90, ₦365.00 and ₦361.65, respectively, in the review month. The gross external reserves was US\$47.50 billion as at May 22, 2018.

5.1 Foreign Exchange Flows

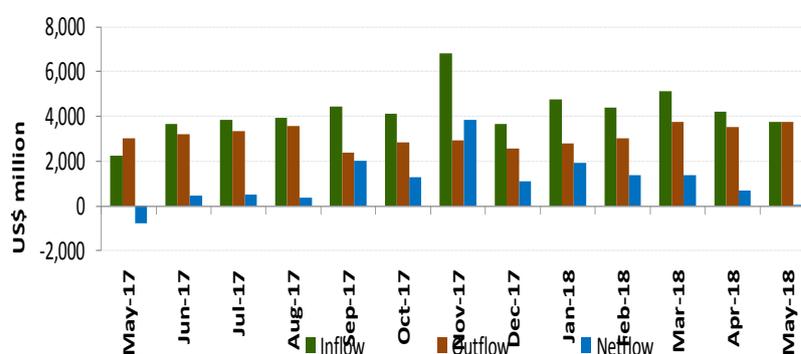
Provisional data indicated that aggregate foreign exchange inflow through the CBN was US\$3.75 billion, showing a decline of 11.4 per cent, compared with the level in the preceding month. It, however, indicated an increase of 35.8 per cent above the level in the corresponding period of 2017. The development, relative to the preceding month was attributed, largely, to the 17.9 per cent fall in non-oil receipts.

Foreign exchange inflow through the CBN declined by 11.4 per cent, while outflow through the CBN rose by 6.3 per cent in May 2018.

Aggregate outflow of foreign exchange through the Bank was US\$3.74 billion, showing 6.3 per cent and 1.6 per cent increase above the levels in the preceding month and the corresponding period of 2017, respectively. The development, relative to the preceding period was, due, mainly, to 32.7 per cent increase in interbank utilisation.

Overall, foreign exchange flows through the Bank in the month of May 2018 resulted in a net inflow of US\$0.01 billion, compared with US\$0.71 billion in April 2018 (Figure 14, Table 15).

Figure 14: Foreign Exchange Flows through the CBN



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

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

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Inflow	2,259.2	3,672.7	3,867.0	3,943.3	4,425.3	4,132.8	6,812.0	3,600.8	4,386.3	4,401.3	5,117.3	4,232.7	3,751.7
Outflow	3,021.1	3,208.1	3,358.3	3,594.3	2,390.4	2,839.1	2,951.1	2,584.5	2,734.4	3,040.5	3,754.1	3,523.0	3,742.9
Netflow	(761.9)	464.6	508.7	349.1	2,035.1	1,293.7	3,860.8	1,016.4	1,652.0	1,360.8	1,363.1	709.7	8.8

Provisional data showed that aggregate foreign exchange inflow into the economy amounted to US\$9.24 billion, indicating a decline of 12.2 per cent relative to the level at the end of the preceding month. It, however, indicated an increase of 46.6 per cent above the level in the corresponding period of 2017. The decline in inflow was as a result of 11.4 per cent and 12.7 per cent fall in inflow through the CBN and the autonomous sources, respectively.

Aggregate foreign exchange outflow from the economy, at US\$4.08 billion, rose by 8.9 per cent and 6.2 per cent above the levels in April 2018 and May 2017, respectively. This was driven, largely, by 50.2 per cent and 6.2 per cent increase in outflow through autonomous sources and the Bank, respectively.

Autonomous inflow through the economy declined by 12.7 per cent, compared with the level in the preceding month.

Outflow through autonomous sources, rose by 50.2 per cent to US\$0.33 billion, relative to the level in the preceding month.

Thus, net foreign exchange flow into the economy, amounting to US\$5.17 billion, was recorded in the review period, compared with US\$6.77 billion and US\$2.47 billion for April 2018 and May 2017, respectively.

5.2 Non-Oil Export Earnings by Exporters

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

Total non-oil export earnings, at US\$0.34 billion, rose by 12.5 per cent and 197.7 per cent above the levels in the preceding month and the corresponding period of 2017, respectively. The development, relative to the preceding month, was due to the respective increase in all sub-sectors except the transport sub-sector, which declined by 43.4 per cent. Proceeds from the food products, minerals, industrial, manufacturing, and agricultural sub-sectors improved by 30.8 per cent, 25.0 per cent, 17.7 per cent, 10.6 per cent, and 10.3 per cent to US\$9.16 million, US\$11.40 million, US\$50.87 million,

US\$210.15 million and US\$55.40 million, respectively, compared with US\$7.01 million, US\$9.12 million, US\$43.2 million, US\$190.05 million and US\$50.22 million in the preceding period. However, export proceeds from transport sub-sector declined to US\$0.03 million relative to the level in the preceding month. This was as a result of a decline in export receipts from vehicles.

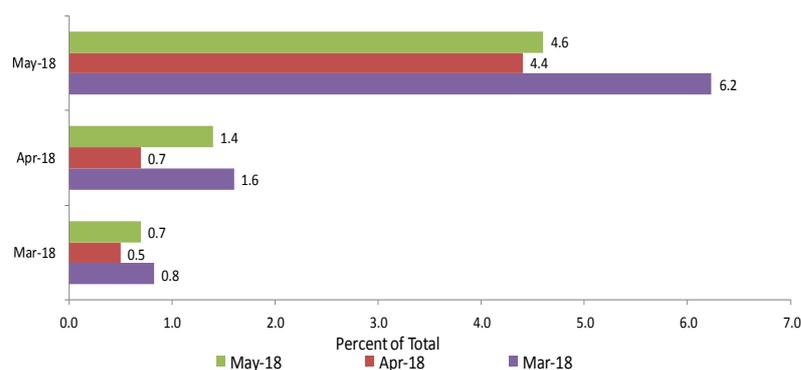
The shares of the various sectors in non-oil export proceeds were: manufactured products, 62.4 per cent; agricultural products, 16.4 per cent; industrial sector, 15.1 per cent; minerals, 3.4 per cent; and food products, 2.7 per cent.

5.3 Sectoral Utilisation of Foreign Exchange

Provisional data on sectoral foreign exchange utilisation in May 2018 showed an increase of 6.0 per cent to US\$2.61 billion over the level in the preceding month. The invisible sector accounted for the bulk (59.7 per cent) of total foreign exchange disbursed in the review month, followed by industrial sector (17.6 per cent). The shares of other sectors in a descending order were: manufactured products (10.3 per cent); minerals and oil (5.7 per cent); food products (4.6 per cent); transport (1.4 per cent); and agricultural products (0.7 per cent) (Figure 15).

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

Figure 15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

The Bank sustained interventions at the interbank and BDC segments of the market. Similarly, the Bank made interventions in the foreign exchange market through the Nigerian Autonomous Foreign Exchange Fixing (NAFEX), thereby promoting relative stability in the Nigerian foreign exchange market. A total of US\$2.92 billion was sold by the

Bank to authorised dealers, indicating increase of 7.3 per cent and 150.3 per cent, over the respective levels in the preceding month and the corresponding period of 2017. This was attributed to increased interbank sales and quantum of forwards disbursed at maturity. Similarly, swaps transactions rose by 16.4 per cent to US\$0.20 billion, while sales to BDCs declined by 11.3 per cent to US\$0.46 billion below the level in April 2018 (Figure 16, Table 16).

Figure 16: Supply of Foreign Exchange

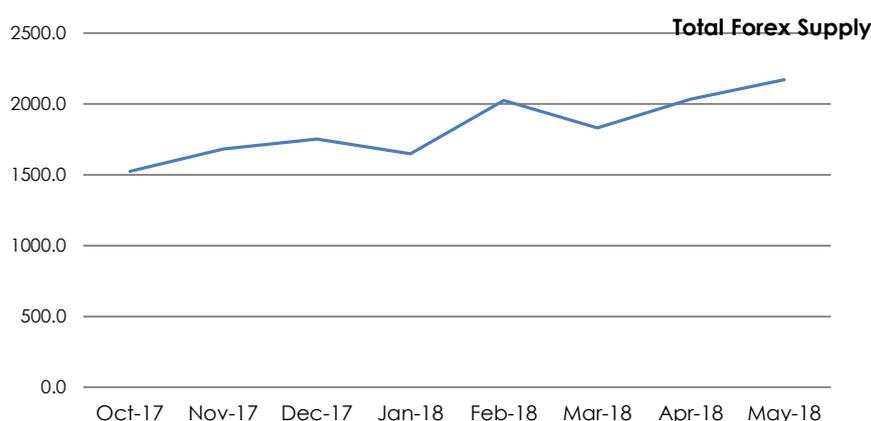


Table 16: Supply of Foreign Exchange (US\$ billion)

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Total Forex Supply	1.6	1.8	1.6	2.0	1.8	2.0	2.2	2.9

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

Increased demand for foreign exchange led to depreciation of the naira at all segments of the market. The average exchange rate of the naira to the US-dollar at the inter-bank segment was ₦305.90/US\$, indicating a depreciation of 0.06 per cent below the level in the preceding month, but showed an appreciation of 0.02 per cent above the level in the corresponding period of 2017. The rates at the BDC segment also depreciated by 0.8 per cent and 2.9 per cent to ₦365.00/US\$, below the levels in the preceding month and the corresponding period of 2017, respectively. At the Investors and Exporters (I&E) window, the naira depreciated by 0.3 per cent to ₦361.65/US\$ relative to the level in the preceding month (Figure 17, Table 17).

Thus, the premium between the interbank/BDC rates

widened by 0.9 percentage points to 19.3 per cent in May 2018 from 18.4 per cent in April 2018. Also, the premium between the Interbank/I&E widened by 0.9 percentage point to 18.2 per cent in the review period.

Figure 17: Average Exchange Rate Movement

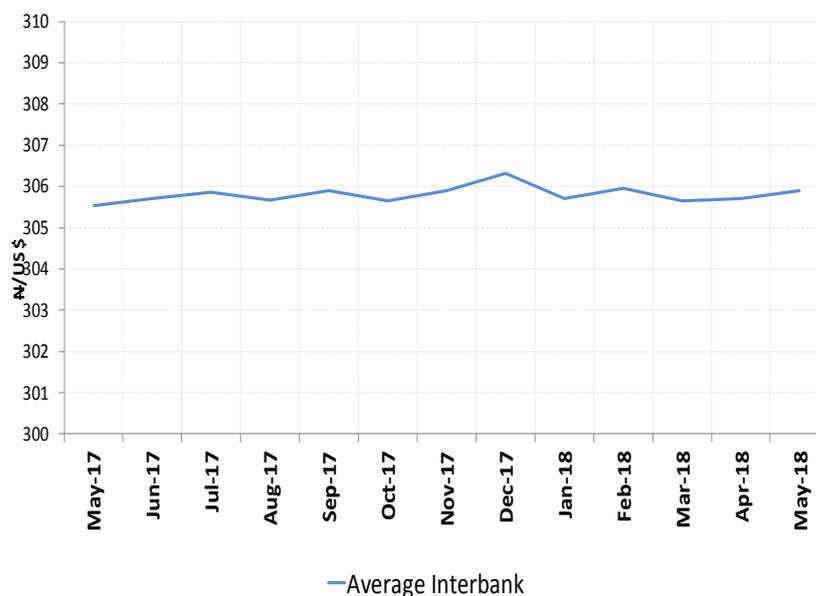


Table 17: Exchange Rate Movements

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Average Exchange Rate (N/US\$)													
Interbank	305.54	305.71	305.86	305.67	305.89	305.65	305.90	306.31	305.70	305.95	305.65	305.70	305.90

5.5 Gross External Reserves

Following the increase in proceeds from crude oil, swaps and foreign exchange purchases, the external reserves rose from US\$47.44 billion at end-April 2018 to US\$47.50 billion as at May 22, 2018. A breakdown of the external reserves by ownership showed that the share of Federation reserves was US\$1.97 billion (4.1%); Federal Government reserves, US\$8.31 billion (17.5%); and the CBN reserves, US\$37.22 billion (78.4%) of the total (Figure. 18, Table 18).

Gross external reserves rose to US\$47.50 from US\$47.44 billion as at May 22, 2018.

Figure 18: Gross Official External Reserves

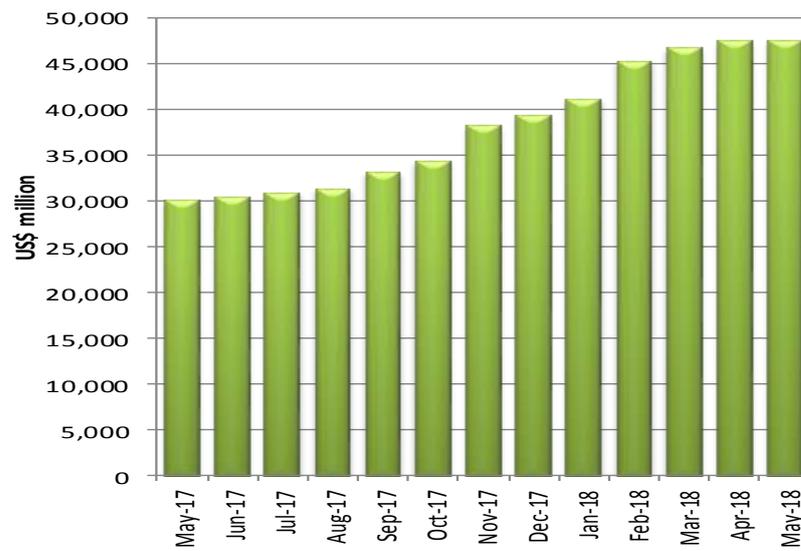


Table 18: Gross Official External Reserves (US\$ million)

Period	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
External Reserves	33,159.73	34,332.58	38,209.36	39,353.49	41,150.28	45,276.58	46,730.54	47,438.22	47,504.97

6.0 Other International Economic Developments and Meetings

World crude oil output and demand in May 2018 were estimated at average of 98.08 mbd and 98.10 mbd, compared with 97.89 and 97.20 mbd supplied and demanded, respectively, in April 2018. The increase in world crude oil demand was attributed, largely to the rising demand in the OECD region and India on account of improved economic activities.

Other major international economic developments and meetings of importance to the domestic economy in the review period included: The Technical Committee Meeting on the proposed transformation of West African Monetary Agency (WAMA) into ECOWAS Monetary Institute (EcMI) held in Freetown, Sierra Leone from May 7 - 9, 2018. The objective of the meeting was to discuss and validate WAMA's draft proposal for transforming the Agency into EcMI.

Highlights of the meetings were as follows:

- Project Document on the Transformation of the West African Monetary Agency (WAMA) to the ECOWAS Monetary Institute (EcMI);
- Protocol for the Proposed ECOWAS Monetary Institute;
- Articles of Agreement of the proposed ECOWAS Monetary Institute; and
- Proposed Conditions of Service for the ECOWAS Monetary Institute.

In another development, the 51st Session of the Economic Commission for Africa and the Annual Conference of African Ministers of Finance, Planning and Economic Development was held in Addis Ababa, Ethiopia from May 11-15, 2018. The theme of the Conference was "African Continental Free Trade Area (AfCFTA) and Fiscal Space for Jobs and Economic Diversification", which took into account the launch of the AfCFTA and the opportunities it presents for economic growth and job creation in Africa. The strategic framework for 2018-2019 was endorsed by the Session of the Conference of African Ministers of Finance, Planning and Economic Development.

The Framework summarised the outcome of the recent ECA reforms and articulated the Commission's vision, overall objectives and programmatic focus as follows:

- Advancing ECA's position as a premier knowledge institution that would build on its unique position and privilege to bring global solutions to the Continent;
- Building sustainable development solutions to accelerate Africa's economic diversification and industrialisation;
- Creating innovative solutions to finance sustainable infrastructure, human, physical and social for transforming Africa;
- Contributing solutions to trans-boundary issues, with a focus on social inclusion; and
- Developing regional solutions as a contribution to global governance issues, as well as, building knowledge to advocate for and manage Africa's next-generation challenges.

APPENDIX TABLES

Table A1: Money and Credit Aggregates (₦ billion)

	Apr-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
Domestic Credit (Net)	27,514.34	25,863.3	25,846.4	26,909.6	26,267.1	27,476.8
<i>Claims on Federal Government</i>	5,270.20	3,574.0	3,857.4	4,288.3	3,823.3	5,222.7
Central Bank (Net)	492.82	(420.5)	244.0	556.1	536.5	1,790.5
Banks	4,777.38	3,994.5	3,613.5	3,732.2	3,286.8	3,432.2
<i>Claims on Private Sector</i>	22,244.13	22,289.3	21,989.0	22,621.3	22,443.8	22,254.1
Central Bank	5,730.34	5,869.3	5,792.0	6,227.0	6,338.8	6,435.9
Banks	16,513.80	16,420.0	16,196.9	16,394.3	16,105.0	15,818.2
<i>Claims on Other Private</i>	20,799.43	20,766.9	20,397.7	20,790.9	20,514.9	20,375.2
Central Bank	4,975.82	5,251.4	5,166.3	5,346.9	5,385.2	5,518.4
Banks	15,823.61	15,515.6	15,231.4	15,443.9	15,129.6	14,856.8
<i>Claims on State and Local</i>	1,108.33	1,494.8	1,563.7	1,556.9	1,581.9	1,567.8
Central Bank	418.15	590.4	598.1	606.5	606.5	606.5
Banks	690.19	904.4	965.6	950.4	975.4	961.3
<i>Claims on Non-financial Public Enterprises</i>						
Foreign Assets (Net)	7,269.85	14,813.3	14,912.5	14,396.2	15,619.1	15,906.0
Central Bank	7,194.87	14,427.1	14,531.1	14,110.5	15,220.4	15,263.7
Banks	74,978.60	386.1	381.4	285.7	398.7	642.3
Other Assets (Net)	(13,015.95)	(16,675.2)	(16,926.9)	(17,286.8)	(17,583.2)	18,862.2
Total Monetary Assets (M2)	21,768.24	24,001.4	23,831.9	24,019.1	24,303.0	24,520.6
Quasi-Money 1/	11,952.56	12,965.1	13,052.0	13,288.2	13,390.4	13,850.0
Money Supply (M1)	9,815.68	11,036.4	10,779.9	10,730.9	10,912.6	10,670.6
<i>Currency Outside Banks</i>	1,606.58	1,782.7	1,587.9	1,570.9	1,668.4	1,599.2
<i>Demand Deposits 2/</i>	8,209.10	9,253.7	9,192.0	9,159.9	9,244.2	9,071.5
Total Monetary Liabilities (M)	21,768.24	24,001.4	23,831.9	24,019.1	24,303.0	24,520.6
Memorandum Items:						
Reserve Money (RM)	5,862.02	6,477.6	6,061.2	6,447.9	6,749.6	6,532.7
<i>Currency in Circulation (CIC)</i>	1,975.81	2,157.2	1,945.4	1,937.3	2,039.3	1,957.2
<i>DMBs Demand Deposit with Cl</i>	3,886.21	4,320.4	4,115.7	4,510.6	4,710.3	4,575.5

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)

	Apr-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
	Growth Over Preceding December (%)					
Domestic Credit (Net)	2.4	-3.7	-0.1	4.1	1.6	6.2
<i>Claims on Federal Government (Net)</i>	8.1	-26.7	7.9	19.9	6.9	46.1
<i>Claims on Private Sector</i>	1.2	1.40	-1.35	1.50	0.70	-0.20
<i>Claims on Other Private Sector</i>	-0.8	-1.0	-1.8	0.1	-1.2	-1.9
<i>Claims on State and Local Government</i>	12.0	51.1	4.6	4.2	5.8	4.9
<i>Claims on Non-financial Public Enterprises</i>						
Foreign Assets (Net)	-20.6	61.9	0.7	-2.8	5.4	7.4
Other Assets (Net)	-4.8	-34.31	-1.51	-3.67	-5.45	-13.12
Total Monetary Assets (M2)	-7.7	1.7	-0.7	0.1	1.3	2.2
Quasi-Money 1/	-3.0	5.2	0.7	2.5	3.3	6.8
Money Supply (M1)	-12.9	-2.1	-2.3	-2.8	-1.1	-3.3
<i>Currency Outside Banks</i>	-11.8	-2.1	-10.9	-11.9	-6.4	-10.3
<i>Demand Deposits 2/</i>	-13.1	-2.09	-0.67	-1.01	-0.10	-1.97
Total Monetary Liabilities (M2)	-7.7	1.7	-0.7	0.1	1.3	2.2
Memorandum Items:						
Reserve Money (RM)	0.2	10.8	-6.4	-0.5	4.2	0.9
<i>Currency in Circulation (CIC)</i>	-9.3	-1.0	-9.8	-10.2	-5.5	-9.3
<i>DMBs Demand Deposit with CBN</i>	5.9	17.8	-4.7	4.4	9.0	5.9
	Growth Over Preceding Month (%)					
Domestic Credit (Net)	-0.6	-1.8	-0.1	4.1	-2.4	4.6
<i>Claims on Federal Government (Net)</i>	-0.6	-18.6	7.9	11.2	-10.8	36.6
<i>Claims on Private Sector</i>	-0.6	1.5	-1.35	2.9	-0.78	-0.85
<i>Claims on Other Private Sector</i>	-1.0	2.1	-1.8	1.9	-1.3	-0.7
<i>Claims on State and Local Government</i>	1.7	-6.3	4.6	-0.4	1.6	-0.9
<i>Claims on Non-financial Public Enterprises</i>						
Foreign Assets (Net)	-4.7	11.3	0.7	-3.5	8.5	1.8
Central Bank	-5.6	9.8	0.7	-2.9	7.9	0.3
Banks	1615.2	125.1	-1.2	-25.1	39.6	61.1
Other Assets (Net)	-0.1	4.12	-1.51	-2.13	-1.71	-7.27
Total Monetary Assets (M2)	-2.4	7.8	-0.7	0.8	1.2	0.9
Quasi-Money 1/	-1.0	6.3	0.7	1.8	0.8	3.4
Money Supply (M1)	-4.1	9.6	-2.3	-0.5	1.7	-2.2
<i>Currency Outside Banks</i>	-3.3	18.1	-10.9	-1.1	6.2	-4.2
<i>Demand Deposits 2/</i>	4.3	8.08	-0.67	-0.35	0.92	-1.87
Total Monetary Liabilities (M2)		7.79	-0.7	0.79	1.2	0.9
Memorandum Items:						
Reserve Money (RM)	3.9	1.3	-6.4	6.4	4.7	-3.2
<i>Currency in Circulation (CIC)</i>	-0.4	-4.7	180.9	-0.4	5.3	-4.0
<i>DMBs Demand Deposit with CBN</i>	6.2	4.44	-4.7	9.60	4.4	-2.9

Table A3: Federal Government Fiscal Operations (₦ billion)

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	2018 Monthly Total
Retained Revenue	552.6	325.1	477.0	204.8	300.6	260.8	207.9	262.9	293.6	274.2	278.7	310.3	229.1	449.6
Federation Account	124.4	147.7	274.9	181.5	260.6	198.1	191.5	248.2	251.5	249.4	257.6	222.4	276.3	297.9
VAT Pool Account	26.1	11.5	11.8	11.6	12.5	12.0	12.9	11.6	12.1	13.9	12.9	12.1	12.5	21.6
FGN Independent Revenue	91.6	5.5	2.5	9.4	23.9	26.5	3.0	3.1	14.9	10.9	7.9	47.1	10.3	67.3
Excess Crude Account	10.2	9.4	0.0	0.0	0.0	0.0	0.0	0.0	14.1	0.0	0.0	0.0	0.0	0.0
Others/Exchange Gain/Recovery	300.3	151.0	187.9	2.3	3.6	24.2	0.5	0.0	1.0	0.0	0.3	28.7	0.0	62.8
Expenditure	459.1	437.2	598.2	442.1	366.9	422.1	293.4	263.5	266.6	380.9	586.3	218.0	409.8	646.0
Recurrent	424.3	396.8	556.0	405.0	366.9	366.4	213.7	219.4	221.5	240.3	570.9	180.5	375.5	428.6
Capital	0.0	0.0	0.0	0.0	0.0	28.2	43.4	22.8	22.8	132.0	0.0	16.8	19.4	181.2
Transfers	34.8	40.4	42.2	37.1	0.0	27.6	36.3	21.3	22.3	8.6	15.4	20.7	14.9	36.2
Overall Balance:														
Surplus(+)/Deficit(-)	93.5	-112.1	-121.2	-237.4	-66.3	-161.4	-85.5	-0.6	27.0	-106.8	-307.6	97.4	-110.7	-196.4

1/ Revised

