



CENTRAL BANK OF NIGERIA

ECONOMIC REPORT
MAY 2019

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1.0 Summary¹

The stance of Monetary Policy in the review period remained accommodative as the Monetary Policy Rate was maintained at 13.50 per cent. On month-on-month basis, broad money supply (M_3), grew by 4.0 per cent to ₦35,167.53 at end-April 2019, compared with the growth of 3.0 per cent at the end of the preceding month. The development reflected the respective growth of 3.7 per cent and 3.0 per cent in domestic credit (net) and foreign assets (net) of the banking system. Over the level at end-December 2018, broad money supply (M_3), grew by 5.4 per cent, mainly, on account of the 19.3 per cent growth in domestic credit (net) of the banking system. Narrow money supply (M_1), grew by 2.8 per cent to ₦11,252.4 billion at end-April 2019, in contrast to the decline of 4.3 per cent at end-December 2018. The growth in April level was due to the 4.1 per cent increase in demand deposit.

Movements in banks' deposit rates were mixed, while lending rates trended downwards in May 2019. With the exception of the 6-month and 12-month deposit rates, which declined to 10.26 per cent and 10.56 per cent, respectively, from its preceding month's levels of 10.36 per cent and 10.70 per cent, all other rates of various maturities, rose from a range of 3.70 per cent – 9.71 per cent in the preceding month to a range of 3.71 per cent – 9.82 per cent in May 2019.

The weighted average prime and maximum lending rates fell by 2.28 percentage points and 0.1 percentage point to 16.64 per cent and 30.76 per cent in May 2019. Consequently, the spread between the average term deposit and the maximum lending rates narrowed by 0.21 percentage point to 21.97 percentage points at end-May 2019. Similarly, the spread between the average savings deposit and maximum lending rates narrowed by 0.20 percentage point to 26.78 percentage points at end-May 2019.

The total value of money market assets outstanding in May 2019 stood at ₦12.49 billion, showing an increase of 0.9 per cent, compared with the 4.1 per cent increase in the preceding month. The development was, due to the 16.0 per cent, 2.9 per cent and 1.2 per cent increase in Bankers Acceptances, Commercial Paper and FGN Bonds outstanding, respectively. Activities on the Nigerian Stock Exchange (NSE) were bullish in the month of May 2019.

Federally-collected revenue (gross) was estimated at ₦733.82 billion in May 2019. This was below the monthly budget estimate and the receipts in April 2019 by 33.7 per cent and 7.7 per cent, respectively. Oil and non-oil receipts (gross), at ₦410.18 billion and ₦323.64 billion in the review month, constituted 55.9 per cent and 44.1 per cent of total revenue, respectively. Federal Government retained revenue and estimated expenditure for May 2019 were ₦302.69 billion and ₦490.72 billion respectively, resulting in an estimated deficit of ₦188.03 billion.

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

Agricultural activities in May 2019 were predominantly early weeding in the Southern states of the country. In the livestock sub-sector, farmers continued with the breeding of poultry and cattle rearing across the states.

Domestic crude oil production was estimated at 1.82 mbd or 56.4 million barrels (mb) in April 2019. Crude oil export was estimated at 1.37 mbd or 42.5 mb, while the allocation of crude oil for domestic consumption was 0.45 mbd or 13.5 mb in the review month. The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), rose by 7.2 per cent to US\$73.70 per barrel in May 2019.

The end-period headline inflation, on year-on-year and twelve-month moving average bases, was 11.40 per cent and 11.30 per cent, respectively, in May 2019, compared with 11.37 per cent and 11.31 per cent, in April 2019.

Foreign exchange inflow into and outflow from the CBN in May 2019 were US\$4.02 billion and US\$3.6 billion, respectively, and resulted in a net inflow of US\$0.42 billion. Aggregate foreign exchange inflow into and outflow from the economy were US\$10.22 billion and US\$3.97 billion, respectively, resulting in a net inflow of US\$6.25 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US\$2.04 billion, in the review period, compared with US\$2.43 billion in the preceding month.

The average exchange rate of the naira at the inter-bank, the BDC segment and the "investors" and "exporters" window were ₦306.95/US\$, ₦359.69/US\$ and ₦360.71/US\$, respectively, in May 2019. The gross external reserves was US\$44.85 billion at end-May 2019, compared with US\$44.44 billion at end-April 2019.

The major international economic developments and meetings of importance to the domestic economy in the review month included: The 2019 Continental Seminar of the Association of African Central Banks (AACB) held in Balaclava, Mauritius, from May 6 - 8, 2019 with the theme: 'Renewed Protectionist Tendencies: Some Implications for Macroeconomic Policy in Africa'.

2.0 Financial Sector Developments

2.1 Monetary and Credit Developments

Broad money supply (M₃) grew, while narrow money supply (M₁) fell in April 2019. Developments in banks' deposit rates were mixed, while lending rates trended downwards in the review month. The value of money market assets outstanding rose, owing, largely, to the increase in Bankers Acceptances, commercial paper and FGN Bonds outstanding. Activities on the Nigerian Stock Market were bullish in the review month.

The stance of Monetary Policy in the review period remained accommodative as the Monetary Policy Rate was maintained at 13.50 per cent. Consequently, broad measure of money supply (M₃), on month-on-month basis, rose by 4.0 per cent to ₦35,167.5 billion at end-April 2019, compared with the growth of 3.0 per cent at the end of the preceding month. The development reflected the growth of 3.7 per cent and 3.0 per cent in domestic credit (net) and foreign assets (net), respectively, which more than offset the 2.3 per cent decline in other assets (net) of the banking system.

On month-on-month basis, the major monetary aggregate rose in April 2019.

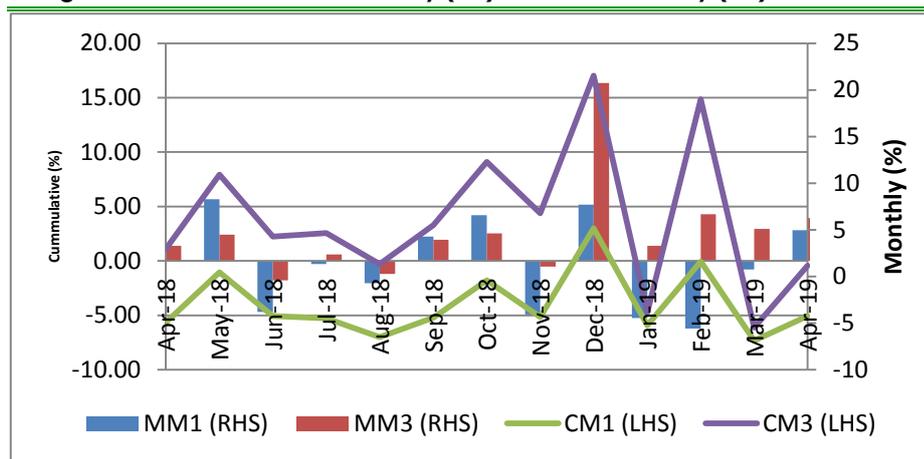
Over the level at end-December 2018, broad money supply (M₃), grew by 5.4 per cent, compared with the growth of 1.4 per cent apiece at the end of the preceding month and the corresponding period of 2018. The growth in broad money supply (M₃), over the level at end-December 2018, reflected the increase of 19.3 per cent in domestic credit (net), which more than offset the respective decline of 5.8 per cent and 19.4 per cent in net foreign assets and other assets (net) of the banking system.

Narrow money supply (M₁), on month-on-month basis, grew by 2.8 per cent to ₦11,252.4 billion, but contrasted with the respective decline of 0.8 per cent and 3.7 per cent at the end of the preceding month and the corresponding period of 2018. The growth in narrow money supply, reflected the 4.1 per cent increase in demand deposits, which more than offset the 3.5 per cent decline in currency outside banks. Over the level at end-December 2018, M₁ fell by 4.3 per cent, compared with the decline of 6.9 per cent and 4.9 per cent at the end of the preceding month and the corresponding period of 2018, respectively. The fall in M₁ showed a 3.1 per cent and 10.2 per cent decline in demand deposits and currency outside banks, respectively (Figure 1, Table 1).

Quasi-money, on month-on-month basis, grew by 2.7 per cent to ₦16,316.0 billion at end-April 2019, compared with the respective growth of 2.4 per cent and 3.4 per cent at the end

of the preceding month and the corresponding period of 2018. The development reflected the increase in time and saving deposits of commercial banks. Over the level at end-December 2018, quasi money grew by 6.5 per cent, compared with the growth of 3.8 per cent and 6.8 per cent at the end of the preceding month and the corresponding period of 2018, respectively. The increase was attributed to the rise in time and savings deposits of banks, respectively.

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



Aggregate credit to the domestic economy (net), on month-on-month basis, grew by 3.7 per cent to ₦32,898.5 billion at end-April 2019, compared with 4.0 per cent growth at the end of the preceding month. It, however, contrasted with 0.1 per cent decline at the end of the corresponding period of 2018. The development showed an increase of 3.4 per cent and 3.8 per cent in net claims on the Federal Government and claims on the private sector, respectively. Relative to the level at end-December 2018, aggregate credit to the domestic economy (net) rose by 19.3 per cent, compared with the growth of 15.1 per cent and 5.1 per cent at the end of the preceding month and the corresponding period of 2018, respectively. The increase in aggregate credit to the domestic economy (net) was as a result of 64.4 per cent and 9.6 per cent rise in net claims on the Federal Government and claims on the private sector, respectively.

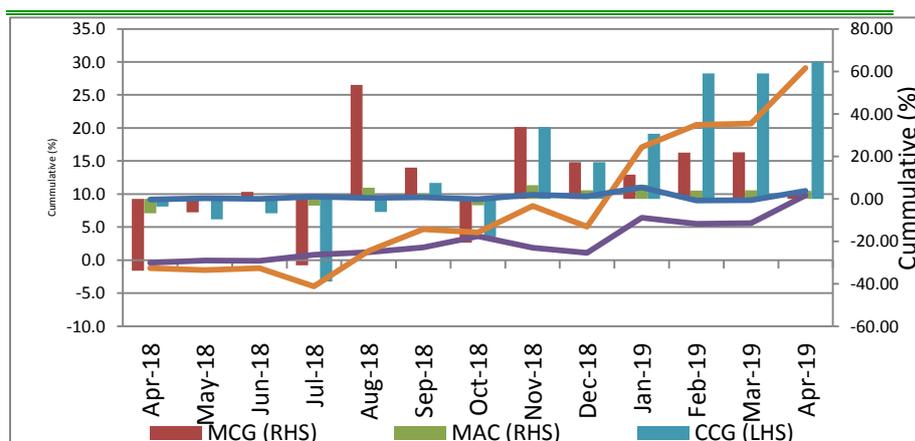
Net claims on the Federal Government grew by 3.4 per cent to ₦8,001.8 billion at the end-April 2019, compared with the 21.8 per cent and 1.1 per cent growth at the end of the preceding month and the corresponding period of 2018,

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

respectively. The growth in net claims on the Federal Government, reflected the increase in banking system holdings of government securities. Over the level at end-December 2018, net claims on the Federal Government rose by 64.4 per cent, compared with the respective growth of 59.1 per cent and 37.0 per cent at the end of the preceding month and the corresponding period of 2018.

Relative to the level at end-March 2019, banking system credit to the private sector grew by 3.8 per cent to ₦24,896.7 billion at end-April 2019, in contrast to the 0.7 per cent decline at the end of the preceding month. The development was attributed, wholly, to the 4.0 per cent increase in claims on the core private sector. Over the level at end-December 2018, banking system credit to the private sector grew by 9.6 per cent, compared with the growth of 5.7 per cent at the end of the preceding month. It, however, contrasted with the decline of 0.1 per cent at the end of the corresponding period of 2018 (Figure 2, Table 1).

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



Net foreign assets (NFA) of the banking system, on month-on-month basis, grew by 3.0 per cent to ₦17,324.3 billion at end-April 2019, but contrasted with 1.2 per cent and 2.8 per cent decline at the end of the preceding month and the corresponding period of 2018, respectively. The rise in NFA was due, to the 1.6 per cent and 46.8 per cent increase in foreign asset holdings of the banking system. Over the level at end-December 2018, NFA declined by 5.8 per cent, compared with the decline of 8.6 per cent at the end of the

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).

preceding month. The fall in NFA was due, to the decline of 9.0 per cent in foreign asset holdings of the Bank. It, however, showed a growth of 2.2 per cent at the end of corresponding period of 2018.

Other Assets (net) of the banking system rose by 2.3 per cent to negative ₦15,055.3 billion at end-April 2019, in contrast to the increase of 0.3 per cent and 3.0 per cent at the end of the preceding month and the corresponding period of 2018, respectively. Relative to the level at end-December 2018, other assets (net) fell by 19.4 per cent, compared with the decline of 16.7 per cent and 10.1 per cent at the end of the preceding month and the corresponding period of 2018, respectively, owing to the decline in unclassified assets of the banking system.

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

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-18	Mar-19	Apr-19
Domestic Credit (Net)	1.1	-6.8	-0.6	0.3	-3.2	5.2	2.6	-3.0	6.3	4.0	6.5	4.0	3.7
Claims on Federal Government (Net)	7.8	-33.9	-6.4	3.3	-31.4	53.6	14.6	-20.6	33.7	17.2	11.4	21.8	3.4
Claims on Private Sector	-0.9	-0.3	0.3	-0.1	0.9	0.4	0.7	-0.2	1.9	1.1	5.3	-0.7	3.8
Claims on Other Private Sector	-0.7	0.6	0.2	0.2	1.4	1.8	-0.3	-0.2	1.9	0.8	5.2	-0.4	4.0
Foreign Assets (Net)	19.5	9.7	0.2	-3.0	3.5	2.2	-0.4	1.2	18.5	-3.2	-4.4	-1.2	3.0
Other Assets (Net)	-39.1	9.6	-5.2	6.6	-2.5	-10.9	2.7	3.2	1.3	-0.3	15.3	0.3	2.3
Broad Money Supply (M3)	0.1	1.8	-1.8	0.6	-1.2	1.9	2.5	-0.5	16.4	1.4	-2.6	3.0	4.0
Quasi-Money	3.4	0.7	1.2	1.4	0.8	1.3	-0.1	-0.1	18.1	2.0	-0.7	2.4	2.7
Narrow Money Supply (M1)	-3.7	5.7	-4.7	-0.3	-2.1	2.2	4.2	-4.9	5.2	-5.3	-1.0	-0.8	2.8
Money Supply (M3)	0.1	1.8	-1.8	0.6	-0.5	1.7	1.7	-2.2	12.1	1.4	-2.6	3.0	4.0
Reserve Money (RM)	-3.2	3.6	-6.0	4.1	1.0	1.7	7.7	-7.1	10.1	4.9	0.4	1.1	9.7

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

At ₦2,158.7 billion, currency-in-circulation, on month-on-month basis, rose by 0.3 per cent at end-April 2019. This was in contrast to the respective decline of 3.9 per cent and 4.0 per cent at the end of the preceding month and the end of the corresponding period of 2018. The development relative to the preceding month reflected the increase in demand deposit component.

Deposits of the Federal Government, banks and the private sector with the CBN, on month-on-month basis, rose, relative to the level at the end of the preceding month. Overall, aggregate deposit at the CBN increase by 12.8 per cent to ₦15,746.3 billion at end-April 2019. Of the total deposits at the CBN, the shares of the Federal Government, banks and the private sector were 42.4 per cent, 36.8 per cent and 20.8 per

cent, respectively.

Reserve money rose by 9.7 per cent to ₦7,948.3 billion at end-April 2019. The upward movement in reserve money reflected mainly the 13.7 per cent increase in DMBs' deposits with CBN.

Reserve money (RM) rose in the review month.

2.3 Money Market Developments

During the review period, observed excess liquidity in the system, arising, mainly, from matured CBN bills and fiscal injections were consistently mopped-up through Open Market Operations (OMO) auctions. Consequently, major money market rates trended in tandem with the level of liquidity in the system.

The total value of money market assets outstanding in May 2019 was ₦12.49 billion, showing an increase of 0.9 per cent, compared with 4.1 per cent increase in the preceding month. The development was attributed, largely, to the 16.0 per cent, 2.9 per cent and 1.2 per cent increase in Bankers Acceptances, Commercial Paper and FGN Bonds outstanding, respectively.

2.3.1 Interest Rate Developments

Money market rates were generally stable and moved in tandem with the level of liquidity in the review period. Provisional data indicated that movements in banks' deposit rates were mixed, while lending rates trended downwards in May 2019. With the exception of the 6-month and 12-month deposit rates, which declined to 10.26 per cent and 10.56 per cent, respectively, from its preceding month's levels of 10.36 per cent and 10.70 per cent, all other rates of various maturities, rose from a range of 3.70 per cent – 9.71 per cent in the preceding month to a range of 3.71 per cent – 9.82 per cent in May 2019.

Staff estimates indicated that banks' deposit rates were mixed, while lending rates trended downwards in the review month.

The weighted average prime and maximum lending rates fell by 2.28 percentage points and 0.1 percentage point to 16.64 per cent and 30.76 per cent, respectively, in May 2019. Consequently, the spread between the average term deposit and the maximum lending rates narrowed by 0.21 percentage point to 21.97 percentage points at end-May 2019. Similarly, the spread between the average savings deposit and maximum lending rates narrowed by 0.20 percentage point to 26.78 percentage points at end-May 2019.

The average inter-bank rate, which stood at 13.98 per cent at end-April 2019, fell by 8.84 percentage points to 5.14 per cent at end-May 2019. The Open-buy-back (OBB) rate, which stood at 16.15 per cent in the preceding month, fell by 7.81 percentage points to 8.34 per cent at end-May 2019. Similarly, the Nigerian inter-bank offered rate (NIBOR), for the 30-day tenor, fell to 11.62 per cent in the review period, compared with 12.08 per cent at end-April 2019. With headline inflation at 11.40 per cent in May 2019, 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)

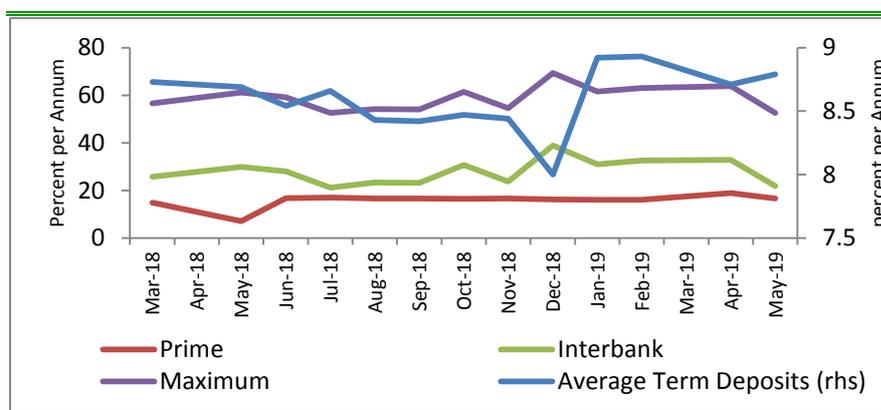


Table 2: Selected Interest Rates (Percent, Averages)

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Average Term Deposits	8.69	8.54	8.68	8.43	8.42	8.47	8.44	8	8.92	8.93	8.73	8.71	8.79
Prime Lending	17.08	16.78	16.83	16.65	16.59	16.53	16.59	16.17	16.01	16.08	14.92	18.92	16.64
Interbank Call	22.77	11.23	4.2	6.64	6.64	14.18	7.17	22.68	15	16.45	10.8	13.98	5.14
Maximum Lending	31.29	31.17	31.09	30.93	30.77	30.67	30.79	30.52	30.48	30.56	30.83	30.89	30.76

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by DMBs stood at ₦33.15 billion at the end of the review month, showing an increase of 2.9 per cent, compared with ₦34.15 billion recorded in the month of April 2019. Thus, CP constituted 0.3 per cent of the total value of money market assets outstanding in the review period, same as in the preceding month.

2.3.3 Bankers' Acceptances (BAs)

At end-May 2019, BAs stood at ₦7.27 billion, representing an increase of 16.0 per cent, in contrast to the 20.8 per cent decline recorded in the preceding month. Consequently,

BAs accounted for 0.1 per cent of the total value of money market assets outstanding at the end of the review period, same as in the preceding month.

2.3.4 Certificate of Deposits (CDs)

Certificate of Deposits (CDs) grew by 0.5 per cent to ₦59.68 billion in the review period, same as in the preceding month. At that level, CDs constituted 0.5 per cent of total money market assets outstanding in May 2019, same as in the preceding month.

2.3.5 Open Market Operations

The Bank continued to intervene through the conduct of direct Open Market Operations (OMO), to influence liquidity in the system in May 2019. The tenors to maturity of the instruments ranged from 91 to 357 days. Total amount offered, subscribed to and allotted, stood at ₦720.00 billion, ₦1,323.19 billion and ₦999.04 billion, respectively. The bid rates ranged from 11.60 per cent to 13.01 per cent, while the stop rates were from 11.72 per cent to 12.94 per cent. Repayment of matured CBN bills was ₦767.10 billion, translating to a net withdrawal of ₦231.94 billion through this medium.

2.3.6 Primary Market

At the three auctions held in May 2019 on behalf of the Debt Management Office (DMO), NTBs of 91-, 182- and 364-day tenors, amounting to ₦143.55 billion, ₦422.55 billion and ₦143.55 billion were offered, subscribed to and allotted, respectively. At the 91-day auction, total subscription and allotment were ₦51.86 billion and ₦32.40 billion, respectively, with the bid rates ranging from 9.00 per cent to 12.50 per cent, while the stop rates ranged from 10.00 per cent to 10.00 per cent. For the 182-day auction, total subscription and allotment, were ₦80.99 billion and ₦23.54 billion, respectively. The bid rates ranged from 11.80 per cent to 13.47 per cent, while the stop rates were from 12.30 per cent to 12.49 per cent. At the 364-day, total subscription and allotment were ₦289.70 billion and ₦87.61 billion with bid rates ranging from 12.00 per cent to 14.40 per cent, while stop rates ranged from 12.49 per cent to 12.77 per cent. On all the maturities, the stop rate ranged from 10.00 per cent to 12.77 per cent.

2.3.7 Bonds Market

Tranches of the 5-, 10- and 30-year bonds were offered for sale in the review period. Terms to maturity of the bonds ranged from 3 years to 29 years. Total amount offered, subscribed to and allotted were ₦100.00 billion, ₦271.11

billion and ₦111.31 billion, respectively. The bid rates on all the tenors ranged from 13.72 per cent to 14.98 per cent, while the marginal rates were from 14.11 per cent to 14.49 per cent.

2.3.8 CBN Standing Facilities

The trend at the CBN standing facilities window showed more patronage at the Standing Lending Facility (SLF) window. Applicable rates for the Standing Lending Facility (SLF) and Standing Deposit Facility (SDF) remained at 15.50 per cent and 8.50 per cent, respectively.

The total SLF granted during the review period was ₦829.79 billion, (inclusive of Intra-day Lending Facility (ILF) converted to overnight repo). Daily average was ₦46.10 billion in the 18 transaction days in May 2019. Total interest earned was ₦0.52 billion.

The total SDF granted during the review period was ₦1,813.90 billion with a daily average of ₦100.77 billion in the 18 transaction days. Daily request ranged from ₦24.75 billion to ₦144.10 billion. Cost incurred on SDF in the month stood at ₦0.59 billion.

2.4 Banks' Activities

Total assets and liabilities of the banks amounted to ₦38,641.8 billion at end-April 2019, showing a 0.5 per cent increase, compared with the level at the end of the preceding month. Funds were sourced, mainly, from mobilisation of time, savings and foreign currency deposits, drawdown on reserves and reduction in claims on central bank. The funds were used mainly, to acquire foreign assets, reduce claims on federal government and to pay off demand deposits.

Banks' credit to the domestic economy rose by 0.6 per cent.

Banks' credit to the domestic economy rose by 0.6 per cent to ₦20,973.8 billion at end-April 2019, compared with the level at the end of the preceding month. The development was attributed to the rise in claims on the Federal Government.

Total specified liquid assets of banks stood at ₦13,634.3 billion at end-April 2019, representing 60.3 per cent of their total current liabilities. At that level, the liquidity ratio was 0.1 percentage point below the level at the end of the preceding month but was 30.3 percentage points above the stipulated minimum liquidity ratio of 30.0 per cent. The loans-to-deposit ratio at 58.49 per cent, was 1.0 percentage point lower, compared with the level at the end of the

preceding month and was lower than the maximum ratio of 80.0 per cent by 21.51 percentage points.

2.5 Capital Market Developments

2.5.1 Secondary Market

Activities on the Nigerian Stock Exchange (NSE) were bullish in the month of May 2019, as the key market indicators (ASI and equities market capitalisation) trended upwards. The turnover volume, however, fell by 29.1 per cent to 6.1 billion shares, while the turnover value rose by 51.4 per cent to ₦109.9 billion, in 88,955 deals, compared with 8.6 billion shares worth ₦72.6 billion, in 74,446 deals at end-April 2019 (Figure 4, Table 3).

Figure 4: Volume and Value of Traded Securities

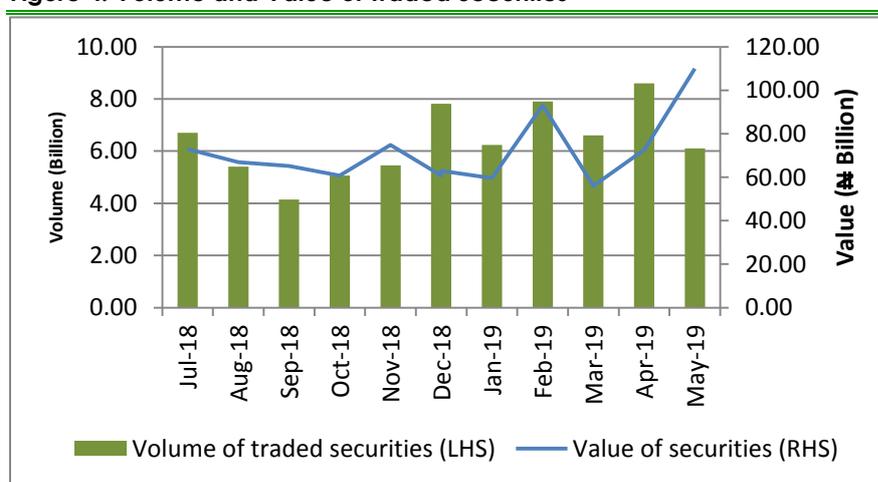


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Volume (Billion)	7.5	7.1	6.7	5.4	4.2	5.1	5.5	7.8	6.2	7.9	6.6	8.6	6.1
Value (₦ Billion)	159.2	93.9	73.0	66.9	65.1	60.7	74.9	62.9	59.6	93.0	56.1	72.6	109.9

2.5.2 New/Supplementary Issues Market

There was one (1) new and one (1) supplementary listings in the review period (Table 4).

Table 4: New & Supplementary Listing on the Nigerian Stock Exchange May 2019

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Mutual Benefits Assurance Plc	3.17 billion Ordinary Shares	Additional Shares	Supplementary
2	MTN Nigeria	20.35 billion Ordinary Shares	Entire Shares Issued	New Listing

2.5.3 Market Capitalisation

The aggregate market capitalisation rose by 12.9 per cent to ₦24.5 trillion at end-May 2019, compared with ₦21.7 trillion recorded at end-April 2019. Similarly, market capitalisation for the equities segment rose by 24.5 per cent to ₦13.7 trillion and constituted 55.9 per cent of the total market capitalisation, compared with ₦11.0 trillion and 50.7 per cent at the end of the preceding month (Figure 5, Table 4).

2.5.4 NSE All-Share Index

The All-Share Index, which opened at 29,159.74, at the beginning of the month, closed at 31,069.37, representing an increase of 6.5 per cent, compared with the level in the preceding month.

Developments in the sectoral indices were, however, mixed. With the exception of the NSE Premium, NSE-Lotus Islamic and NSE industrial indices, which rose by 15.8 per cent, 1.4 per cent and 5.0 per cent, respectively, all other sectoral indices fell in the review period. The NSE AseM, NSE Banking, NSE-Insurance, NSE-Consumer Goods, NSE Oil/Gas and NSE Pension indices, fell by 0.4 per cent, 5.3 per cent, 1.2 per cent, 5.9 per cent, 6.4 per cent and 4.1 per cent, respectively, at the end of the preceding month (Figure 5, Table 5).

Figure 5: Market Capitalisation and All-Share Index

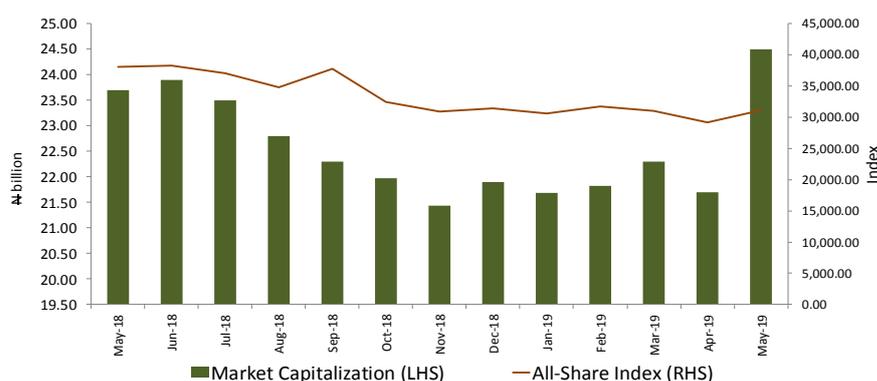


Table 5: Aggregate Market Capitalisation and All Share Index (NSE)

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Aggregate Market Capitalization (₦ trillion)	21.97	21.44	21.9	21.68	21.82	22.3	21.7	24.5
All-Share Index	32,466.27	30,874.17	31,430.50	30,557.20	31,721.76	31,041.42	29,159.74	31,069.37

3.0 Fiscal Operations⁴

Federally-collected revenue in May 2019 was below the monthly budget estimate by 33.7 per cent and the receipts collected in April 2019 by 7.7 per cent. Federal Government retained revenue for the review month was ₦302.69 billion, while estimated total expenditure was ₦490.72 billion, resulting in an estimated deficit of ₦188.03 billion.

3.1 Federation Account Operations

Federally collected revenue (gross), at ₦733.82 billion, in May 2019, was lower than the provisional⁵ monthly budget estimate of ₦1,107.12 billion by 33.7 per cent. Similarly, it fell below the receipts in the preceding month by 7.7 per cent. The decline in federally-collected revenue (gross) relative to the monthly budget estimate was attributed to the shortfall in receipts from oil revenue during the review period (Fig. 6, Table 6).

At ₦733.82 billion, the estimated federally-collected revenue (gross) in May 2019 fell short of the monthly budget estimate of ₦1,107.12 billion by 33.7 per cent.

Figure 6 : Components of Gross Federally-Collected Revenue

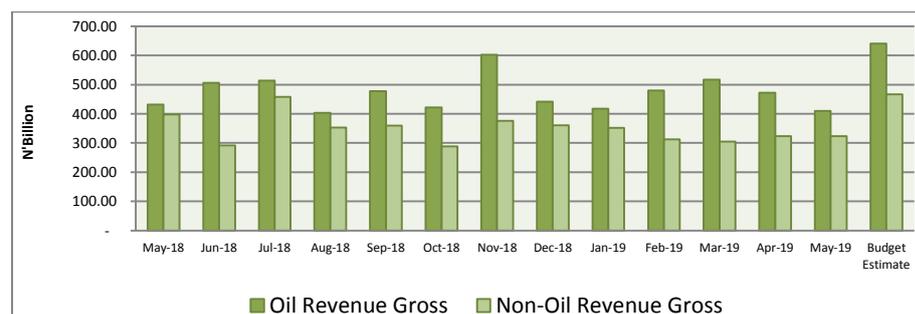


Table 6: Gross Federation Account Revenue (₦ billion)

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Monthly Budget Est
Federally-collected Revenue(Gross)	829.0	797.2	971.3	756.4	836.6	710.2	977.6	801.9	769.2	792.2	821.5	795.3	733.8	1,107.1
Oil Revenue	431.4	505.9	513.5	403.6	477.1	422.1	601.9	441.3	417.3	479.5	516.9	472.4	410.2	640.2
Non-oil Revenue	397.6	291.2	457.8	352.8	359.5	288.1	375.7	360.6	351.9	312.7	304.6	322.9	323.6	466.9

Gross oil receipts, at ₦410.18 billion or 55.9 per cent of the total revenue, was below both the monthly budget of ₦640.21 billion by 35.9 per cent and the preceding month's receipts of ₦472.38 billion by 13.2 per cent, respectively. The

At ₦410.18 billion, oil receipts (gross) was below the provisional monthly budget estimate by 35.9 per cent, and constituted 55.9 per cent of the total revenue.

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

⁵ The 2018 approved budget as provisional estimate for 2019 budget pending the availability of the 2019 Appropriation Act

decline in oil revenue relative to the provisional monthly budget estimate was attributed to shut-ins and short-downs at some NNPC terminals due to pipeline leakages and maintenance activities (Figure 7, Table 7).

Figure 7: Gross Oil Revenue and its Component

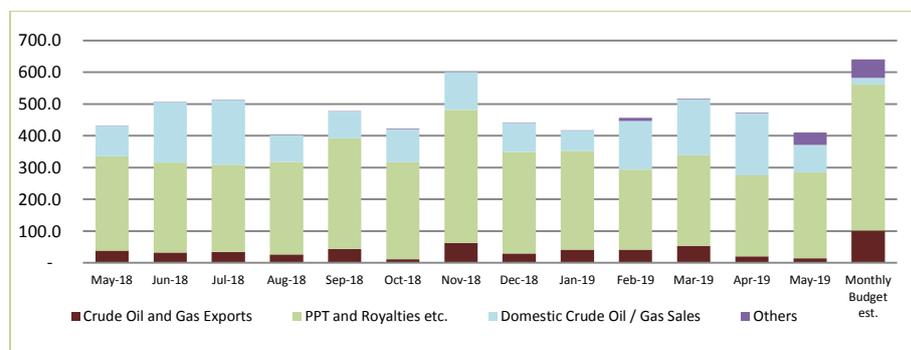


Table 7: Components of Gross Oil Revenue (N' billion)

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Monthly Budget
Oil Revenue	431.4	505.9	513.5	403.6	477.1	422.1	601.9	441.3	417.3	479.5	516.9	472.4	410.2	640.2
Crude Oil and Gas Exports	38.0	32.1	34.3	26.8	43.4	11.6	62.2	29.8	41.8	41.5	53.8	20.8	14.7	101.9
PPT and Royalties etc.	298.3	284.2	274.2	291.5	348.8	305.0	420.1	319.1	310.5	275.5	285.3	254.8	270.4	459.7
Domestic Crude Oil / Gas Sales	94.2	189.1	204.2	84.4	84.3	103.8	118.8	91.5	63.8	153.0	176.3	194.6	85.9	21.0
Others	0.8	0.5	0.9	0.8	0.6	1.7	0.8	0.9	1.2	9.5	1.5	2.1	39.1	57.6

1/Includes education tax, customs special levies, (federation and non federation) &National information Technology Development Fund (NITF), Solid Minerals and other mining revenue

At ₦323.64 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 30.7 per cent and constituted 44.1 per cent of total revenue.

Non-oil revenue, at ₦323.64 billion or 44.1 per cent of the total revenue, fell below the provisional monthly budget estimate of ₦466.91 billion by 30.7 per cent. It, however, exceeded the preceding month's receipt of ₦322.93 billion by 0.2 per cent. The lower non-oil revenue relative to the provisional monthly budget was due to the shortfalls in receipts from all the non-oil revenue components, except Customs and Excise Duties (Figure 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components

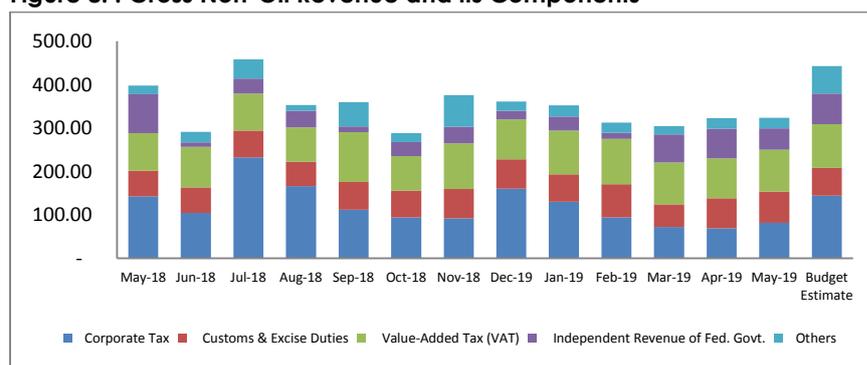


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

Table: Gross Federally-Collected Revenue (₦ Billion)														
	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Monthly Budget Est
Non-Oil Revenue	397.6	291.2	457.8	352.8	359.6	288.1	375.7	360.6	351.9	312.7	304.6	322.9	323.6	466.9
Corporate Tax	142.9	104.7	232.7	166.0	112.0	94.0	92.5	160.6	130.5	94.5	72.2	69.3	81.9	144.3
Customs & Excise Duties	58.5	58.7	61.4	55.8	63.8	62.2	67.0	67.1	62.8	76.1	52.1	68.9	71.8	60.0
Value-Added Tax (VAT)	86.9	93.4	85.3	79.8	114.5	79.2	105.2	92.1	100.8	104.5	96.4	92.2	96.5	128.7
Independent Revenue of Fed. Govt.	89.3	9.9	34.6	37.7	13.3	31.9	38.1	20.0	32.6	14.1	64.3	67.8	48.8	70.7
Others 1/	20.1	24.6	43.7	13.4	55.9	20.8	72.9	20.8	25.3	23.5	19.6	24.7	24.7	63.3

1/ Includes Education Tax, Customs special levies (Federation and Non-Federation) & National Information Technology Development Fund (NITDF), Solid Minerals and Other Mining Revenue.

Of the total ₦667.29 billion retained revenue in the Federation Account, the sums of ₦92.63 billion, ₦48.76 billion and ₦24.73 billion were transferred to the VAT Pool Account, the Federal Government Independent revenue and "Others", respectively, leaving a net balance of ₦501.18 billion for distribution to the three (3) tiers of government.

Of this amount, the Federal Government received ₦239.65 billion, while the state and local governments received ₦121.56 billion and ₦93.71 billion, respectively. The balance of ₦46.26 billion was shared among the oil producing states as 13% Derivation Fund.

Similarly, from the ₦92.63 billion transferred to the VAT Pool Account, the Federal Government received ₦13.89 billion, while the state and local governments received ₦46.31 billion and ₦32.42 billion, respectively.

In addition, the sum of ₦0.81 billion was distributed in the month as exchange gain with the Federal, state and local governments receiving ₦0.39 billion, ₦0.19 billion and ₦0.14 billion, respectively, while the 13% Derivation Fund received ₦0.10 billion.

Overall, total allocation to the three tiers of government in May 2019 amounted to ₦594.62 billion. This was below the provisional monthly budget estimate of ₦923.39 billion by 36.4 per cent and below the preceding month's allocation of ₦602.41 billion, by 1.3 per cent.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦302.69 billion, the estimated Federal Government retained revenue was below the monthly budget estimate by 51.9 per cent.

The Federal Government retained revenue, at ₦302.69 billion, in May 2019, was below the monthly budget estimate of ₦629.44 billion by 51.9 per cent. A breakdown showed that Federation Account constituted 79.2 per cent of the total retained revenue, while FGN Independent Revenue, VAT, and Exchange Gain amounted to 16.1 per cent, 4.6 per cent, and 0.1 per cent, respectively (Figure 9, Table 9).

Figure 9: Federal Government Retained Revenue

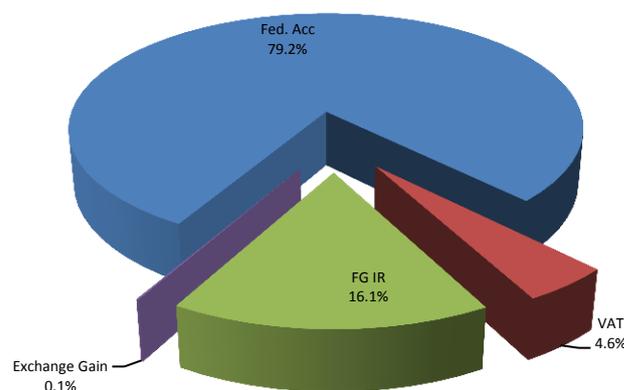


Table 9: Federal Government Fiscal Operations (₦ billion)

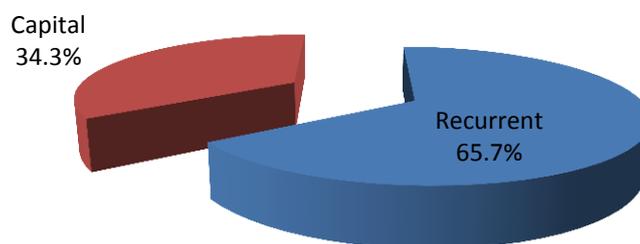
	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Monthly Budget Est
Retained Revenue	488.4	315.6	349.6	336.0	350.1	437.5	342.6	364.4	302.8	266.5	301.8	325.6	302.7	629.4
Federation Account	276.3	268.8	279.7	269.8	274.9	263.4	284.4	280.9	255.2	232.8	221.0	208.4	239.7	381.0
VAT Pool Account	12.5	13.5	12.3	11.5	16.5	11.4	15.1	13.3	14.5	15.0	13.9	13.3	13.9	18.5
FGN Independent Revenue	89.3	9.9	34.6	37.7	13.3	31.9	38.1	20.0	32.6	14.1	64.3	67.8	48.8	70.7
Excess oil revenue	0.0	0.0	0.0	5.5	0.0	0.0	0.0	0.0	0.0	0.3	0.4	35.8	0.0	0.0
Others /Exchange Gain/Recovere	110.2	23.5	23.0	11.5	45.5	130.8	5.0	50.2	0.5	4.3	2.1	0.3	0.4	159.3
Expenditure	625.0	454.4	575.7	555.3	808.9	758.0	669.0	590.6	303.2	496.1	397.8	636.8	490.7	792.3
Recurrent	481.1	369.4	535.9	475.5	589.0	565.3	364.2	428.9	225.5	349.6	279.8	450.5	322.3	509.0
Capital	105.9	46.9	1.8	41.8	181.8	154.6	266.8	123.7	39.6	146.5	89.5	162.9	168.4	239.1
Transfers	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	0.0	28.5	23.4	0.0	44.2
Overall Balance:														
Surplus(+)/Deficit(-)	-136.6	-138.7	-226.1	-219.3	-458.7	-320.6	-326.4	-226.3	-0.4	-229.6	-96.0	-311.2	-188.0	-162.9

1/ Revised
2/ Provisional

The estimated Federal Government expenditure in May 2019, at ₦490.72 billion, was below the monthly budget estimate of ₦792.31 billion by 38.1 per cent. Furthermore, It fell below the preceeding month's expenditure of ₦636.78 billion by 22.9 per cent. Recurrent and capital expenditures constituted 65.7 per cent and 34.3 per cent, while there was no transfers for the period. A breakdown of the recurrent expenditure showed that non-debt obligation was 78.3 per cent, while

debt service payments accounted for 21.7 per cent of the total (Figure 10).

Figure 10: : Federal Government Expenditure



The fiscal operations of the FG resulted in an estimated deficit of ₦188.03 billion, relative to the provisional monthly budget deficit of ₦162.87 billion..

Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦188.03 billion, compared with the provisional monthly budget deficit of ₦162.87 billion.

3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the State Governments amounted to ₦214.41 billion. This was lower than the provisional budget estimate of ₦331.71 billion by 34.3 per cent, but higher than the preceding month's receipt of ₦218.08 billion by 1.7 per cent.

The Federation Account allocation, at ₦168.10 billion or 78.4 per cent of the total statutory allocation, was below the provisional monthly budget estimate of ₦269.95 billion by 37.7 per cent. Similarly, the allocation from the VAT Pool Account, at ₦46.31 billion or 21.6 per cent of the total, fell below the provisional monthly budget estimate of ₦61.76 billion by 25.0 per cent.

3.2.3 Statutory Allocations to Local Government Councils

Allocation to Local Governments from the Federation and VAT Pool Accounts in the month of May stood at ₦126.28 billion. This represented a decrease of 34.3 per cent, relative to the provisional monthly budget estimate of ₦192.20 billion.

At ₦93.86 billion or 74.3 per cent of the total, allocation from the Federation Account was below the monthly budget estimate of ₦148.97 billion by 37.0 per cent. Similarly, the share from the VAT Pool Account, at ₦32.42 billion or 25.7 per cent of the total, fell below the provisional monthly budget estimate of ₦43.23 billion by 25.0 per cent (Table 10).

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

Federal Government Fiscal Operations (₦ Billion)														
	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Monthly Budget Est
SG Federation Account	190.0	189.4	196.4	195.2	192.5	205.5	202.6	216.1	175.3	162.4	158.6	173.8	168.1	269.9
SG VAT	41.7	44.8	41.0	38.3	55.0	38.0	50.5	44.2	48.4	50.1	46.3	44.2	46.3	61.8
SG Total	231.7	234.2	237.4	233.6	247.5	243.5	253.1	260.3	223.7	212.5	204.9	218.1	214.4	331.7
LG Federation Account	108.1	105.1	118.4	112.1	107.5	112.9	111.4	122.6	100.0	92.8	87.4	95.6	93.9	149.0
LG VAT	29.2	31.4	28.7	26.8	38.5	26.6	35.3	30.9	33.9	35.1	32.4	31.0	32.4	43.2

4.0 Domestic Economic Conditions

Agricultural activities in May 2019 were predominantly early weeding in the Southern states of the country. In the livestock sub-sector, farmers continued with the breeding of poultry and cattle rearing across the states. The end-period headline inflation, on year-on-year and twelve month moving average bases, stood at 11.40 per cent and 11.30 per cent, respectively, in May 2019.

4.1 Agricultural Sector

Standard precipitation index (SPI) for May 2019 indicated that normal conditions prevailed over most parts of the country except for some parts of Plateau, Nasarawa, Benue, Kwara, Abia and Imo, which experienced mild-to-extreme wetness. Consequently, predominant agricultural activities during the period were early weeding in the Southern state of the country. In the livestock sub-sector, farmers continued with the breeding of poultry and cattle rearing across the states. Also, in a bid to revive the nation's moribund cotton, textiles and garment industry, the CBN in collaboration with the Federal Ministry of Agriculture flagged off the distribution of seeds and other input to cotton farmers in Katsina State.

4.2 Agricultural Credit Guarantee Scheme

The Agricultural Credit Guarantee Scheme (ACGS) guaranteed a total of ₦259.1 million to 1,397 farmers in May 2019. The amount represented a decrease of 24.4 per cent and 2.7 per cent below the levels in the preceding month and the corresponding period of 2018, respectively. Sub-sectoral analysis showed that food crops got the largest share, amounting to ₦136.0 million (52.5%) guaranteed to 860 beneficiaries, followed by livestock, ₦44.9 million (17.3%) guaranteed to 171 beneficiaries. The sum of ₦41.8 million (16.1%) was guaranteed to cash crops sub-sector, in favour of 226 beneficiaries. Fisheries, 'others' and Mixed crops received ₦22.8 million (8.8%), ₦10.9 million (4.2%) and ₦2.8 million (1.1%), guaranteed to 77, 45 and 18 beneficiaries, respectively.

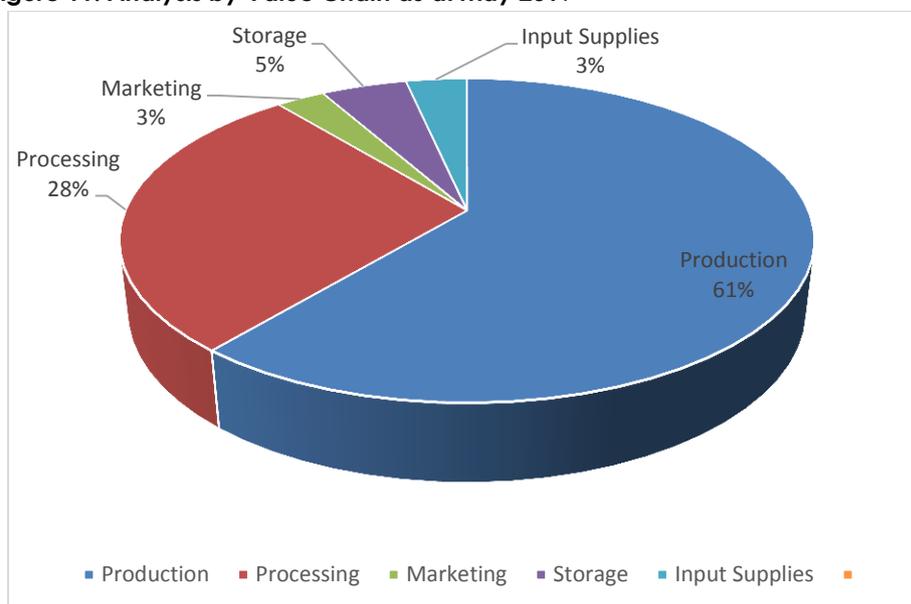
Analysis by State showed that 22 states and the Federal Capital Territory benefited from the Scheme in May 2019, with the highest and lowest sums of ₦34.6 million (13.4%) and ₦0.1 million (0.04%) guaranteed to Ogun and Delta states, respectively.

4.3 Commercial Agriculture Credit Scheme

As at May 20, 2019, twenty one (21) projects repaid the sum of ₦2.63 billion in respect of one (1) project as full repayment and twenty (20) projects as steady repayments. The repayment of ₦2.63 billion brings the cumulative repayment under CACS from inception in 2009 to ₦347.69 billion.

Analysis of number of projects financed under CACS by value chain indicated that out of the 588 CACS sponsored projects; production accounted for 61.1 per cent and dominated the activities funded, while processing accounted for 28.1 per cent. These were followed by storage, input supplies and marketing which accounted for 4.8 per cent, 3.4 per cent and 2.7 per cent, respectively (Figure 11).

Figure 11: Analysis by Value Chain as at May 2019



Source: Development Finance Department (DFD)

4.4 Petroleum Sector

Domestic crude oil and natural gas production was 1.82 million barrels per day.

Nigeria's crude oil production, including condensates and natural gas liquids, was 1.82 mbd or 56.4 million barrels (mb) in the review month. This represented a decline of 0.01 mbd or 5.2 per cent, compared with 1.92 mbd or 57.6 million barrels (mb) produced in the preceding month. Crude oil export was 1.37 mbd or 42.5 mb, representing a decline of 6.8 per cent, compared with 1.47 mbd or 44.1 mb recorded in the preceding month. The allocation of crude oil for domestic consumption was 0.45 mbd or 13.5 mb in the review month.

The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API) rose to US\$73.70 per barrel in the review period, compared with US\$73.03 per barrel recorded in April

The average prices of Nigeria's reference crude, the Bonny Light and all other competing crudes rose, except WTI that fell in the review month.

2019. This represented an increase of 0.9 per cent, in contrast to the level in the preceding month. The rise in crude oil price was due, largely, to the growing tensions across the Middle-East, which threatened crude oil supply, escalating trade war between the U.S. and China, supply losses from Venezuela, Libya and Iran, as well as, compliance with supply-cut pact by most OPEC member countries. The UK Brent at US\$72.05/b and the Forcados at US\$73.90/b exhibited similar trend as the Bonny Light, while the price of WTI at US\$58.32/b declined by 3.8 per cent.

The average OPEC basket of fifteen selected crude streams was US\$70.01/b in May 2019. This showed a decline of 0.8 per cent and 5.5 per cent, compared with the US\$70.59/b and US\$74.09/b recorded in the preceding month and the corresponding period of 2018, respectively (Figure 12, Table 11).

Figure 12: Trends in Crude Oil Prices

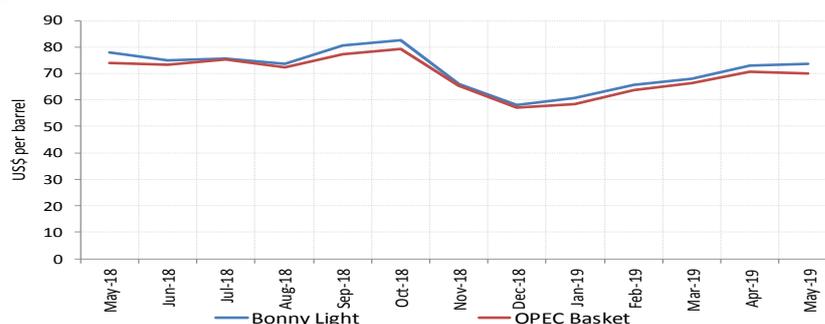


Table 11: Average Crude Oil Prices in the International Oil Market (US\$ per barrel)

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Bonny Light	77.79	77.86	75.11	75.68	73.70	80.50	82.53	65.99	60.80	65.83	68.11	73.03	73.70
OPEC Basket	74.09	73.80	73.22	73.30	72.23	77.21	79.40	65.32	58.42	63.80	66.37	70.59	70.01

4.5 Consumer Prices

The all-items composite Consumer Price Index (CPI), at end-May 2019, was 286.6 (November 2009=100), indicating a 1.1 per cent and 11.4 per cent increase over the respective levels in the preceding month and the corresponding period of 2018.

The general price level rose in May 2019, compared with the level in the preceding month.

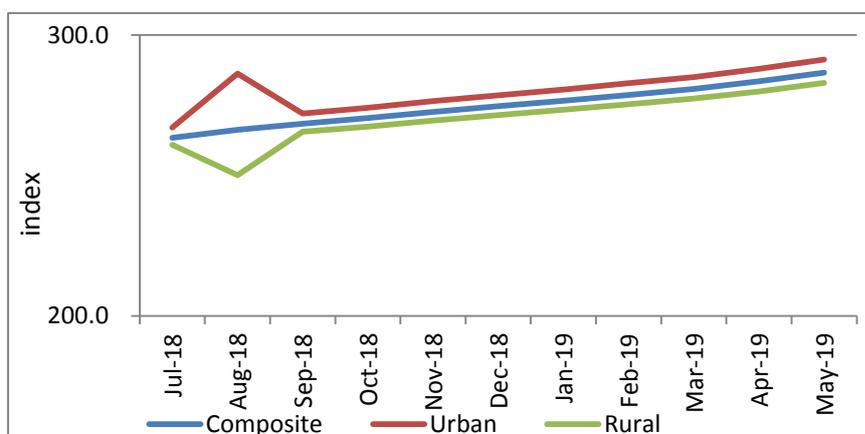
The composite food index (with a weight of 50.7 per cent) was 311.7 per cent for May 2019, compared with the 307.4 per cent and 273.9 per cent in the preceding month and the corresponding period of 2018, respectively. This represented an increase of 1.4 per cent and 13.8 per cent over the respective comparable periods. The rise in the food index was as a result of increase in prices of food items, with the highest increases recorded in potatoes, yam, and other tubers, bread and cereals, fish, meat, vegetables, oil and fats, milk, cheese and egg (Figure 13, Table 12).

Table 12: Consumer Price Index (November 2009=100)*6

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Composite	255.0	257.3	260.5	263.4	266.2	268.4	270.4	272.6	276.6	278.8	280.8	283.5	286.6
Urban	257.7	260.6	263.8	267.0	269.7	272.0	274.1	278.5	280.6	282.8	285.0	287.9	291.2
Rural	252.0	254.7	257.8	260.9	263.4	265.5	267.4	271.4	273.4	275.3	277.4	279.9	282.9
CPI - Food	270.4	273.9	278.2	282.2	286.2	289.0	291.4	294.0	298.9	301.3	303.9	307.4	311.7
CPI - Non Food	243.6	246.1	248.1	250.1	251.7	235.7	255.4	256.7	258.8	260.4	261.8	263.7	265.6

*Source: NBS

Figure 13: Consumer Price Index



The year-on-year headline inflation was 11.40 per cent in May 2019.

The headline inflation on year-on-year was 11.40 per cent in May 2019, compared with the preceding month's level of 11.37 per cent and 11.61 per cent in the corresponding month of 2018. The Twelve-Month Moving Average (12MMA) inflation for May 2019 was 11.30 per cent, compared with 11.31 per cent and 14.79 per cent in the preceding month and the corresponding period of 2018, respectively (Figure 14, Table 13).

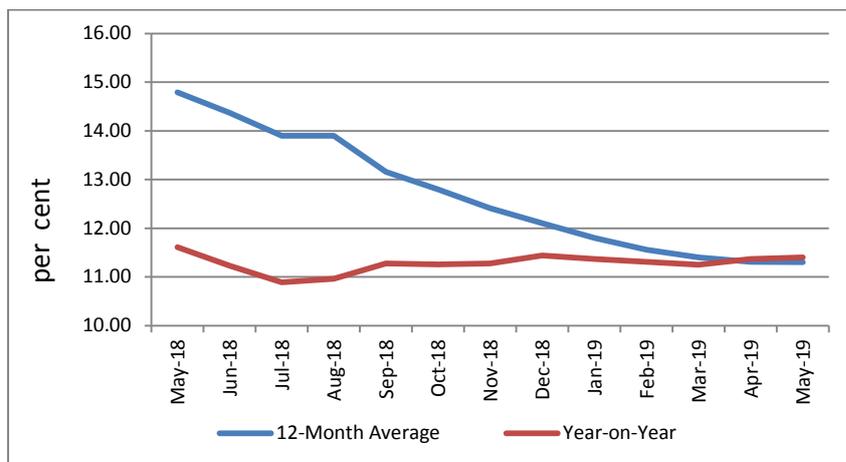
May 2019 figures on CPI and components are actual.

Table 13: Headline Inflation Rate (%)

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
12-Month Average	14.79	14.37	13.95	13.55	13.16	12.78	12.41	12.10	11.80	11.56	11.40	11.31	11.30
Year-on-Year	11.61	11.23	11.14	11.23	11.28	11.26	11.28	11.44	11.37	11.31	11.25	11.37	11.40

Source: NBS

Figure 14: Inflation Rate



5.0 External Sector Developments⁷

Foreign exchange inflow into the CBN, on month-on-month basis, rose by 4.3 per cent to US\$4.02 billion, while outflow from the CBN fell by 15.8 per cent to US\$3.60 billion. This resulted in a net inflow of US\$0.42 billion in May 2019. Total non-oil export receipts by banks fell by 16.3 per cent, compared with the level in April 2019. The average exchange rate at the inter-bank, BDC segment, and the I&E window were ₦306.95/US\$, ₦359.69/US\$ and ₦360.71/US\$, respectively, in the review month. The gross external reserves was US\$44.85 billion at end-May 2019.

5.1 Foreign Exchange Flows

The external sector performance remained stable in the review month supported by an increase in the price of crude oil from an average of US\$73.10 per barrel in April 2019 to US\$74.10 per barrel as at May 24, 2019. The development was due, largely, to the growing tensions across the Middle East, which threatened outages and even war, although escalating trade tension between the U.S. and China continued to subdue prices. Consequently, aggregate foreign exchange inflow into the CBN, at US\$4.02 billion, showed an increase of 4.3 per cent above the level in the preceding month, but contrasted with the decline of 8.1 per cent at the end of the corresponding period of 2018. The rise in aggregate foreign exchange inflow into the CBN, relative to the preceding month's level was attributed, largely, to the respective increase in oil and non-oil receipts.

Aggregate outflow of foreign exchange from the Bank fell by 15.8 per cent and 25.4 per cent to US\$3.60 billion, compared with the level at the end of the preceding month and the corresponding period of 2018, respectively. The development was mainly due to 16.1 per cent decline in interbank utilisation.

Overall, foreign exchange flows through the Bank as at May 24, 2018 resulted in a net inflow of US\$0.42 billion, but contrasted with the net outflow of US\$0.42 billion and US\$0.45 billion in the preceding month and corresponding period of 2018, respectively, (Figure 15, Table 14).

⁷ Data on foreign exchange flows through the CBN and the Economy are provisional and subject to change.

Figure 15: Foreign Exchange Flows through the CBN

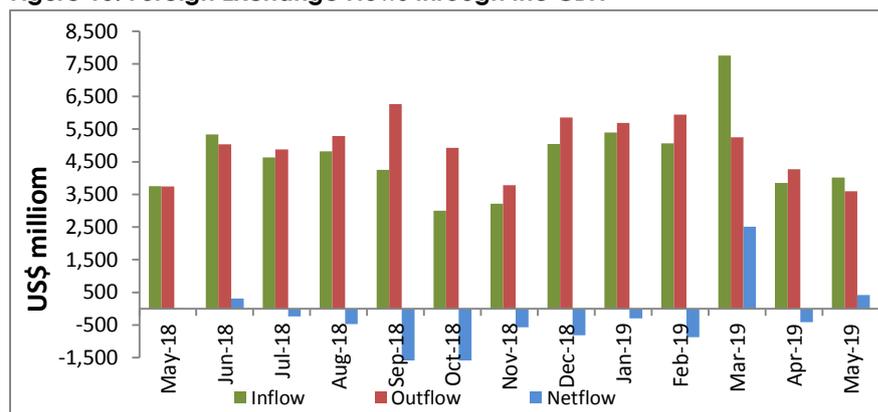


Table 14: Foreign Exchange Flows through the CBN (US\$ million)

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Inflow	4,373.0	5,340.8	4,631.5	4,817.1	4,248.3	2,995.5	3,212.6	5,044.3	5,397.4	5,228.4	7,758.2	3,852.7	4,018.0
Outflow	4,821.9	5,030.9	4,874.5	5,289.2	6,270.2	4,929.0	3,786.9	5,856.8	5,690.2	5,362.4	5,248.9	4,271.0	3,596.2
Netflow	(448.9)	309.9	(1.3)	(472.1)	(2,021.9)	(1,933.5)	(574.3)	(812.6)	(292.8)	(134.0)	2,509.4	(418.4)	421.9

Aggregate foreign exchange inflow into the economy amounted to US\$10.22 billion, showing an increase of 3.2 per cent above the level at the end of the preceding month, but contrasted with the decline of 4.0 per cent below the level in the corresponding period of 2018. The increase was as a result of 4.3 per cent and 2.6 per cent rise in inflows through the Bank and Autonomous sources, respectively.

Aggregate foreign exchange outflow from the economy, at US\$3.97 billion, fell by 18.5 per cent and 22.9 per cent below the levels in the preceding month and the corresponding period of 2018, respectively. This was attributed, mainly, to the 15.8 per cent and 37.8 per cent decline in outflows through the Bank and autonomous sources, respectively.

Inflow through autonomous sources, rose by 2.6 per cent to US\$6.21 billion in May 2019, compared with the level at end-April 2019. Outflow from autonomous sources, on month-on-month basis, fell by 37.8 per cent to US\$0.37 billion, reflecting the decline in both visible and invisible imports.

Accordingly, foreign exchange flows through the economy, resulted in a net inflow of US\$6.26 billion in the review period,

compared with US\$5.04 billion and US\$5.51 billion at end-April 2019 and end-May 2018, respectively.

5.2 Non-Oil Export Earnings by Exporters⁸

Total non-oil export earnings, at US\$396.62 million, indicated a decline of 16.3 per cent and 23.9 per cent, compared with the levels in April 2019 and the corresponding period of 2018, respectively. The fall in earnings from non-oil exports in May 2019 was due to 46.1 per cent, 41.0 per cent, and 10.8 per cent decrease in the proceeds from food products, agricultural and minerals sub-sectors, to US\$19.76 million, US\$85.47 million, and US\$186.59 million, respectively. However, export receipts from the industrial sector, manufacturing and transport rose to US\$48.28 million, US\$56.49 million and US\$0.02 million, respectively.

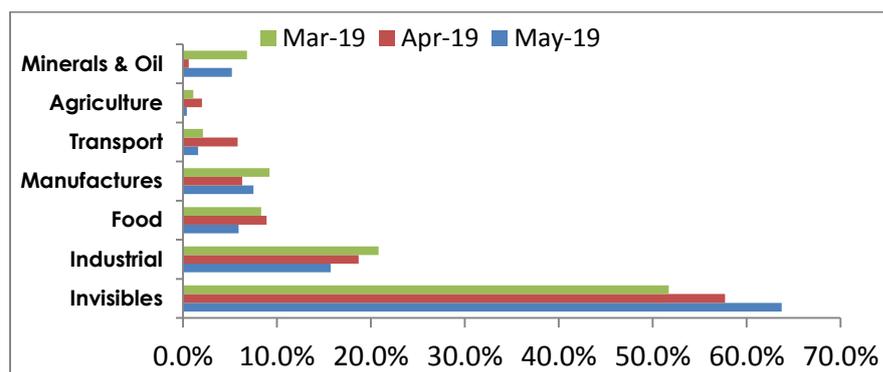
The shares of the various sectors in non-oil export proceeds were: minerals, 47.1 per cent; agricultural products, 21.6 per cent; manufactured products, 14.2 per cent; industrial sector, 12.2 per cent; and food products, 5.0 per cent.

5.3 Sectoral Utilisation of Foreign Exchange

Aggregate sectoral utilisation of foreign exchange fell by 29.7 per cent to US\$2.83 billion in May 2019, compared with the level in the preceding month. The invisible sector accounted for the bulk (63.7 per cent) of total foreign exchange disbursed in the review month, followed by components of the visible sub-sector listed in descending order as follows: Industrial sector, 15.7 per cent; manufactured products, 7.5 per cent; food products, 5.9 per cent; minerals and oil, 5.2 per cent; transport, 1.6 per cent; and agricultural products, 0.4 per cent (Figure 16).

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

Figure 116: : Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

The Bank continued to intervene in the foreign exchange market to further sustain the improved liquidity and relative stability in the market. Thus, a cumulative sum of US\$2.04 billion was sold by the Bank to authorised dealers in May 2019, compared with US\$2.43 billion supplied in April 2019. This indicated a decline of 16.1 per cent and 42.4 per cent below the levels in the preceding month and the corresponding period of 2018, respectively.

Interbank sales fell by 10.0 per cent to US\$0.09 billion, compared with the level in the preceding month. However, BDC sales rose by 6.3 per cent to US\$1.05 billion, while swaps transaction remain unchanged at the preceding month's level of US\$0.01 billion (Figure17, Table 15).

Figure 127: : Supply of Foreign Exchange

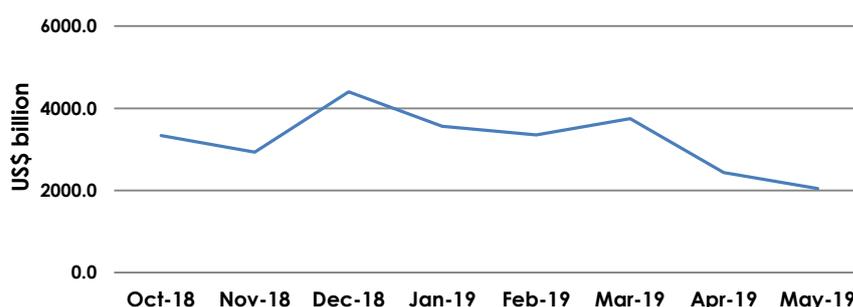


Table 15: Supply of Foreign Exchange (US\$ billion)

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Total Forex Supply	3.34	4.26	4.4	3.56	3.35	3.75	2.43	2.04

The average exchange rate of the naira to the US-dollar, at the inter-bank segment, was ₦306.95/US\$, representing an appreciation of 0.003 per cent and 0.4 per cent, compared with the levels in the preceding month and the corresponding period of 2018, respectively. The average rate at the BDC segment, at ₦360.00/US\$, depreciated by 0.3 per cent, relative to the level at the end of the preceding month, but appreciated by 0.7 per cent, relative to the level at the end of the corresponding period of 2018.

At the “Investors” and “Exporters” (I&E) window, the average exchange rate of the naira vis-à-vis the US dollar, at ₦360.74/US\$, appreciated by 0.01 per cent and 0.06 per cent above the levels in the preceding month and the corresponding period of 2018, respectively (Figure 18, Table 16). Consequently, the premium between the exchange rates at the interbank and BDC segments widened by 0.3 percentage point to 17.2 per cent from 16.95 per cent in April 2019. The premium between the BDC and I&E rates narrowed by 0.1 percentage point, compared with the preceding month’s level.

Figure 18: Average Exchange Rate Movement

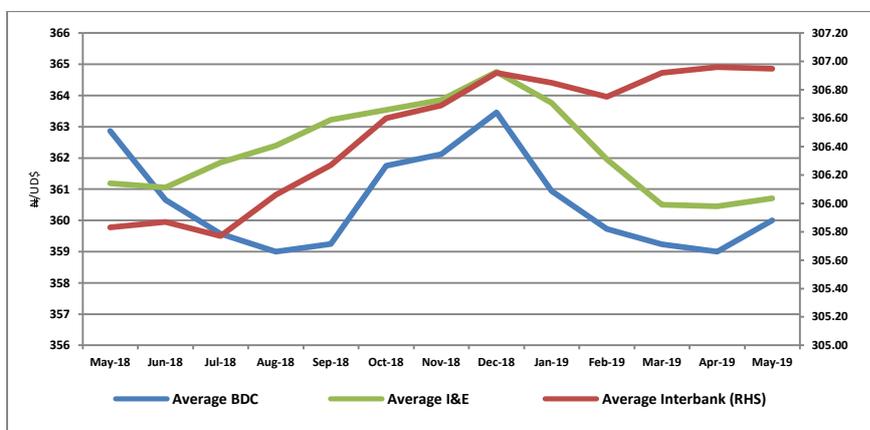


Table 16: Exchange Rate Movements

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Average Exchange Rate (₦/\$)													
Interbank	305.83	305.87	305.77	306.06	306.27	306.60	306.69	306.92	306.85	306.75	306.92	306.96	306.95
BDC	362.86	360.66	359.57	359.00	359.25	361.75	362.12	363.46	360.94	359.73	359.24	359.00	360.00
I&E Window	361.19	361.06	361.85	362.39	363.22	363.54	363.86	364.76	363.76	361.95	360.50	360.45	360.74

5.5 Gross External Reserves

The gross external reserves stood at US\$44.85 billion, at end-May 2019, indicating an increase of 0.9 per cent above the US\$44.47 billion recorded at end-April 2019. The increase was mainly due to rising receipts from foreign exchange purchases, receipts from oil related taxes, receipts from joint venture companies (JVC cash call funding) and receipts from third parties. The external reserves position could cover 6.5 months of import cover for goods and services, and 10.4 months for goods only, using the import figure for first quarter, 2019. A breakdown of the external reserves by ownership showed that the share of Federation reserves was US\$0.004 billion (0.01%); Federal Government reserves, US\$7.37 billion (16.4%); and the CBN reserves, US\$37.47 billion (83.6 %) of the total (Figure. 19, Table 17).

Gross external reserves rose from US\$44.47 billion to US\$44.85 billion at end-May 2019.

Figure 19: Gross Official External Reserves

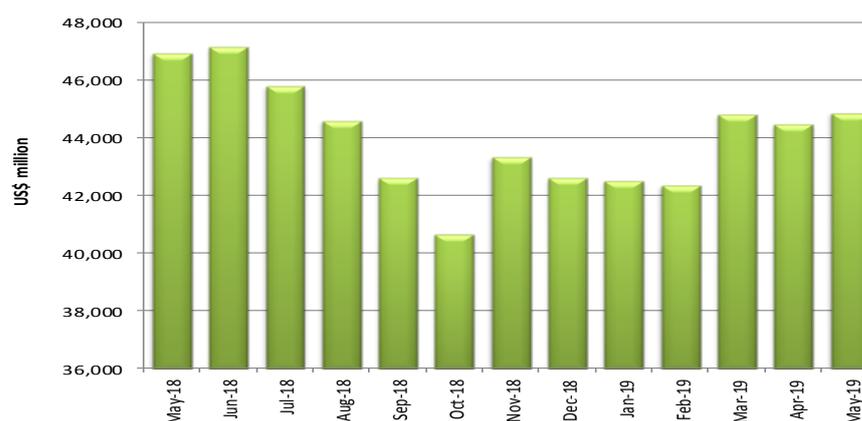


Table 17: Gross Official External Reserves (US\$ million)

Period	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
External Reserves	40,651.23	43,323.05	42,594.84	42,516.66	42,345.68	44,793.08	44,474.29	44,847.56

6.0 Other International Economic Developments and Meetings

World crude oil output and demand in May 2019 were estimated at an average of 93.79 mbd and 99.24 mbd, respectively, compared with 93.81 mbd and 99.21 mbd supplied and demanded in April 2019. The increase in world crude oil demand was attributed, largely, to 'Other Asia', particularly China and OECD Americas, owing to improved economic activities in the region.⁹

Other major international economic developments and meetings of importance to the domestic economy in the review period included: The 2019 Continental Seminar of the Association of African Central Banks (AACB) held in Balaclava, Mauritius, from May 6 - 8, 2019 with the theme: 'Renewed Protectionist Tendencies: Some Implications for Macroeconomic Policy in Africa'. The discussions at the plenary session focused on the following sub-themes:

- Mitigating the Impact of Rising Protectionist Tendencies: Role of Central Banks and the Continental Free Trade Area in Promoting Intra-African Trade;
- Trade War and Protectionist Tendencies: Implications on External Sector Performance in Africa; and
- Protectionist Trends around the World: Prospects for Monetary Integration in Africa.

The following recommendations were made at the end of the Seminar:

- African countries and regional or continental institutions should conduct in-depth studies on the impact of trade war on African economies (exports, exchange rates, economic growth), which would aid in developing and proposing strategies for adoption by the African countries;
- African countries should pay greater attention to expanding trade and investment links in Africa from major countries, taking the example of China's 'Belt

⁹ Source: Reuters, OPEC Monthly report, EIA Report

and Road' initiative, which has had a significant impact on infrastructure in Africa;

- African countries should consider diversifying their economies to enhance their productive capacities and make them more resilient;
- The implementation of the AfCFTA should be fast-tracked;
- AACB-focused programmes, such as the convergence criteria, which will facilitate intra-regional trade should be implemented;
- Overall macroeconomic conditions should be improved with emphasis on addressing structural impediments;
- There should be increased investment in commodity exchanges to influence global market prices of commodities for which African economies are the predominant producers, so as to derive maximum benefits from those resources; and
- Macro-prudential regulation should be strengthened to detect vulnerabilities emanating from the corporate sector that could arise from their exposure to the export sector.

APPENDIX TABLES

Table A1: Money and Credit Aggregates (₦ billion)

	Dec-18	Feb-19	Mar-19	Apr-19
Domestic Credit (Net)	27,574,309.9	30,520,853.7	31,696,509.8	32,898,445.4
<i>Claims on Federal Government (Net)</i>	4,866,094.4	6,355,285.1	7,741,326.6	8,001,772.4
Central Bank (Net)	342,214.3	1,847,764.4	3,215,423.5	3,268,535.8
Banks	4,523,880.2	4,507,520.8	4,525,903.1	4,733,236.7
<i>Claims on Private Sector</i>	22,708,215.5	24,165,568.5	23,955,183.3	24,896,873.0
Central Bank	6,574,674.5	7,737,445.6	7,678,570.9	8,656,135.6
Banks	16,133,541.0	16,428,123.0	16,276,612.3	16,240,537.4
<i>Claims on Other Private Sect.</i>	21,109,720.7	22,364,594.7	22,245,228.8	23,175,831.7
Central Bank	5,873,283.7	6,852,530.7	6,870,787.3	7,833,857.0
Banks	15,236,437.1	15,512,064.0	15,374,441.4	15,341,974.7
<i>Claims on State and Local Govt.</i>	1,553,644.8	1,578,199.8	1,618,854.5	1,618,036.7
Central Bank	656,531.4	662,131.4	716,674.1	719,474.1
Banks	897,113.4	916,068.4	902,180.4	898,562.7
<i>Claims on Non-financial Public Ent.</i>				
Foreign Assets (Net)	18,397,816.9	17,023,155.0	16,816,802.5	17,324,334.1
Central Bank	18,181,445.8	16,584,590.1	16,292,639.6	16,554,871.3
Banks	216,371.1	438,564.9	524,162.9	769,462.8
Other Assets (Net)	(12,612,878.3)	(14,683,595.6)	(14,703,747.2)	(15,055,249.6)
Total Monetary Assets (M₃)	33,359,248.5	32,860,413.0	33,809,565.1	35,167,529.9
Quasi-Money 1/	15,316,017.1	15,516,522.2	15,868,056.4	16,315,946.4
Money Supply (M1)	11,752,558.0	11,030,117.5	10,945,250.1	11,252,429.9
<i>Currency Outside Banks</i>	1,912,975.6	1,840,518.8	1,781,442.5	1,717,643.5
<i>Demand Deposits 2/</i>	9,839,582.4	9,189,598.7	9,163,807.5	9,534,786.5
Money Supply (M₂)	27,068,575.1	26,546,639.7	26,813,306.5	27,568,376.4
CBN Bills held by Non-Bank Sectors	6,290,673.5	6,313,773.3	6,996,258.6	7,599,153.6
Total Monetary Liabilities (M₃)	33,359,248.5	32,860,413.0	33,809,565.1	35,167,530.0
<i>Memorandum Items:</i>				
Reserve Money (RM)	7,135,729.3	7,166,894.5	7,246,275.2	7,948,251.3
<i>Currency in Circulation (CIC)</i>	2,329,706.6	2,241,313.5	2,153,220.1	2,158,698.8
<i>DMBs Demand Deposit with CBN</i>	4,806,022.7	4,925,581.0	5,093,055.1	5,789,552.5

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

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

Table A2: Money and Credit Aggregates (Growth Rates)

	Dec-18	Feb-19	Mar-19	Apr-19
	Growth Over Preceding December (%)			
Domestic Credit (Net)	2.7	10.7	15.0	19.3
<i>Claims on Federal Government (Net)</i>	7.4	30.6	59.1	64.4
<i>Claims on Private Sector</i>	1.9	6.4	5.5	9.6
<i>Claims on Other Private Sector</i>	1.9	5.9	5.4	9.8
<i>Claims on State and Local Government</i>	1.4	1.6	4.2	4.1
<i>Claims on Non-financial Public Enterprises</i>				
Foreign Assets (Net)	20.7	-7.5	-8.6	-5.8
Other Assets (Net)	0.4	-16.4	-16.6	-19.4
Total Monetary Assets (M3)	12.7	-1.5	1.4	5.4
Quasi-Money 1/	12.5	1.3	3.6	6.5
Money Supply (M1)	-0.4	-6.2	-6.9	-4.3
<i>Currency Outside Banks</i>	-9.9	-3.8	6.9	-10.2
<i>Demand Deposits 2/</i>	1.4	-6.6	-6.9	-3.1
Total Monetary Liabilities (M2)	6.5	-1.9	-0.9	1.9
CBN Bills held by Non-Bank Sectors	34.0	0.4	11.2	20.8
Total Monetary Assets (M3)	12.7	-1.5	1.4	5.4
<i>Memorandum Items:</i>				
Reserve Money (RM)	13.0	0.4	1.6	11.4
<i>Currency in Circulation (CIC)</i>	-9.3	-3.8	-7.6	-7.3
<i>DMBs Demand Deposit with CBN</i>	24.2	2.5	6.0	20.5
	Growth Over Preceding Month (%)			
Domestic Credit (Net)	5.2	6.5	4.0	3.7
<i>Claims on Federal Government (Net)</i>	53.6	11.4	21.8	3.4
<i>Claims on Private Sector</i>	0.4	5.3	-0.7	3.8
<i>Claims on Other Private Sector</i>	1.8	5.2	-0.4	4.0
<i>Claims on State and Local Government</i>	-16.9	1.7	2.6	0.1
<i>Claims on Non-financial Public Enterprises</i>				
Foreign Assets (Net)	2.2	-4.4	-1.2	3.0
Central Bank	1.6	-3.2	-1.8	1.6
Banks	28.7	-35.0	19.5	46.8
Other Assets (Net)	-10.9	15.3	0.3	2.3
Total Monetary Assets (M3)	1.9	-2.6	3.0	4.0
Quasi-Money 1/	1.3	0.7	2.4	2.7
Money Supply (M1)	2.2	-1.0	-0.8	2.8
<i>Currency Outside Banks</i>	4.3	5.8	-3.3	-3.5
<i>Demand Deposits 2/</i>	-3.2	-2.3	-0.3	4.1
Total Monetary Liabilities (M2)	-0.5	-0.8	1.1	2.7
CBN Bills held by Non-Bank Sectors	-3.3	-9.2	10.8	8.6
Total Monetary Assets (M3)	-1.2	-2.6	3.0	4.0
<i>Memorandum Items:</i>				
Reserve Money (RM)	1.0	-4.3	1.1	9.7
<i>Currency in Circulation (CIC)</i>	5.7	4.8	-3.9	0.3
<i>DMBs Demand Deposit with CBN</i>	-0.8	-7.9	3.4	13.7

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

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Monthly Budget Est
Retained Revenue	488.4	315.6	349.6	336.0	350.1	437.5	342.6	364.4	302.8	266.5	301.8	325.6	302.7	629.4
Federation Account	276.3	268.8	279.7	269.8	274.9	263.4	284.4	280.9	255.2	232.8	221.0	208.4	239.7	381.0
VAT Pool Account	12.5	13.5	12.3	11.5	16.5	11.4	15.1	13.3	14.5	15.0	13.9	13.3	13.9	18.5
FGN Independent Revenue	89.3	9.9	34.6	37.7	13.3	31.9	38.1	20.0	32.6	14.1	64.3	67.8	48.8	70.7
Excess oil revenue	0.0	0.0	0.0	5.5	0.0	0.0	0.0	0.0	0.0	0.3	0.4	35.8	0.0	0.0
Others/Exchange Gain/Recovery	110.2	23.5	23.0	11.5	45.5	130.8	5.0	50.2	0.5	4.3	2.1	0.3	0.4	159.3
Expenditure	625.0	454.4	575.7	555.3	808.9	758.0	669.0	590.6	303.2	496.1	397.8	636.8	490.7	792.3
Recurrent	481.1	369.4	535.9	475.5	589.0	565.3	364.2	428.9	225.5	349.6	279.8	450.5	322.3	509.0
Capital	105.9	46.9	1.8	41.8	181.8	154.6	266.8	123.7	39.6	146.5	89.5	162.9	168.4	239.1
Transfers	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	0.0	28.5	23.4	0.0	44.2
Overall Balance:														
Surplus(+)/Deficit(-)	-136.6	-138.7	-226.1	-219.3	-458.7	-320.6	-326.4	-226.3	-0.4	-229.6	-96.0	-311.2	-188.0	-162.9
1/ Revised														
2/ Provisional														

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

