



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
FIRST QUARTER 2020***

The Central Bank of Nigeria Quarterly 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.

Subscription to the Quarterly Economic Report is available without charge to institutions, corporations, embassies and development agencies. Individuals, on written request, can obtain any particular issue without a charge. Please direct all inquiries on the publication to the Director of Research, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.

The Quarterly Reports can also be freely downloaded from the CBN website: www.cbn.gov.ng

Contents

1.0	Summary	1
2.0	Financial Sector Developments	3
2.1	Monetary and Credit Developments	3
2.2	Currency-in-circulation (CIC) and Deposits at the CBN	6
2.3	Money Market Developments	6
2.3.1	Interest Rate Developments	7
2.3.2	Open Market Operations	8
2.3.3	Primary Market	8
2.3.4	Bonds Market	9
2.3.5	CBN Standing Facilities.....	9
2.4	Deposit Money Banks' Activities	9
2.5	Capital Market Developments	10
2.5.1	Secondary Market	10
2.5.2	New Issues Market	11
2.5.3	Market Capitalisation	11
2.5.4	NSE All-Share Index	12
3.0	Fiscal Operations	13
3.1	Federation Account Operations	13
3.2	The Fiscal Operations of the Three Tiers of Government	16
3.2.1	The Federal Government	16
3.2.2	Statutory Allocations to State Governments	18
3.2.3	Statutory Allocations to Local Government Councils.....	18
4.0	Domestic Economic Conditions.....	19
4.1	Agricultural Sector	19
4.2	Agricultural Credit Guarantee Scheme Operations	20
4.3	Commercial Agricultural Credit Scheme Operations	20
4.4	Industrial Production	21
4.5	Petroleum Sector	23
4.6	Consumer Prices	24
5.0	External Sector Developments	27
5.1	Foreign Exchange Flows.....	27

5.2	Non-Oil Export Earnings by Exporters	29
5.3	Sectoral Utilisation of Foreign Exchange	29
5.4	Foreign Exchange Market Developments	30
5.5	Gross External Reserves	33
6.0	International Economic Development and Meetings	35
7.0	Global Economic Outlooks.....	39
7.1	World Output.....	39
7.2	Global Inflation	40
7.3	International Financial Markets.....	41
7.4	Outlook for Nigeria in the Second Quarter of 2020	42

Text Tables

Table 1: Growth in Monetary and Credit Aggregates.....	6
Table 2: Selected Interest Rates (Percent, Averages)	8
Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)	11
Table 4: New and Supplementary Listing on the Nigerian Stock Exchange	11
Table 5: Market Capitalisation and All Share Index (ASI)	12
Table 6: Gross Federation Account Revenue.....	13
Table 7: Components of Gross Oil Revenue	14
Table 8: Components of Gross Non-Oil Revenue	15
Table 9: Summary of Federally-Collected Revenue Deductions and Transfers.....	16
Table 10: Federal Government Fiscal Operations	17
Table 11: Disbursement of Credit Under the Commercial Agriculture Credit Scheme	21
Table 12: Index of Industrial Production and Manufacturing Capacity Utilisation Rate	23
Table 13: Average Crude Oil Prices in the International Oil Market.....	24
Table 14: Consumer Price Index (November 2009 = 100)	25
Table 15: Headline Inflation Rate	26
Table 16: Foreign Exchange Flows Through the CBN	28
Table 17: Demand for and Supply of Foreign Exchange	31
Table 18: Exchange Rate Movements and Exchange Rate Premium	32
Table 19: Gross External Reserves.....	34

Appendix Tables

Table A1: Money and Credit Aggregates.....	47
Table A2: Money and Credit Aggregates (Growth Rates)	48
Table A3: Federal Government Fiscal Operations.....	49

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.....	11
Figure 5: Market Capitalisation and All-Share Index	12
Figure 6: Components of Gross Federally-Collected Revenue.....	13
Figure 7: Gross Oil Revenue and Its Components.....	14
Figure 8: Gross Non-Oil Revenue and Its Components.....	15
Figure 9: Federal Government Retained Revenue	17
Figure 10: Federal Government Expenditure	18
Figure 11: Index of Industrial Production (1990=100)	23
Figure 12: Trends in Crude Oil Prices	24
Figure 13: Consumer Price Index.....	25
Figure 14: Inflation Rate.....	26
Figure 15: Foreign Exchange Flows Through the CBN	28
Figure 16: Sectoral Utilisation of Foreign Exchange	30
Figure 17: Demand for and Supply of Foreign Exchange	31
Figure 18: Average Exchange Rate Movements	32
Figure 19: Exchange Rate Premium.....	33
Figure 20: Gross External Reserves.....	33

1.0 Summary¹

The Bank maintained a non-expansionary monetary policy stance by retaining the Monetary Policy Rate at 13.5 per cent. Despite this, the broad measure of money supply (M₃), on quarter-on-quarter basis, rose by 2.5 per cent to ₦35,635.13 billion at end-March 2020, compared with the growth of 1.6 per cent and 2.3 per cent in the fourth quarter of 2019 and the corresponding quarter of 2019, respectively. The development was due, mainly, to the 10.2 and 5.0 per cent increase in net foreign assets of the banking system and domestic claims, respectively. The increase in net foreign assets was due, largely, to the exchange rate adjustment, while the rise in domestic claims reflected the increase in net claims on central Government and claims on other sector.

The financial market major indicators were relatively stable. However, as the global economy reeled from the effects of COVID-19 pandemic, oil prices plunged downwards, following Saudi Arabia's oil price slash, and the unprecedented disruptions in global supply chains. Global stock markets turned bearish as share prices nosedived worldwide. The level of liquidity in the period surged, due to repayment of matured CBN bills, maturing Federal Government (FGN) Bonds and Nigerian Treasury Bills (NTBs,) and fiscal disbursements to the three tiers of Government. The provisioning and settlement of foreign exchange purchases, auctioning of the CBN bills, FGN Bonds and the Nigerian Treasury Bills (NTBs), as well as, Cash Reserve Ratio (CRR) debits, however, moderated the liquidity.

The average prime and maximum lending rates rose by 0.02 percentage point and 0.47 percentage point, respectively, to 15.01 per cent and 30.70 per cent, in the review period, above their levels in the preceding quarter. The rise in interest rate reflected the liquidity condition in the system. The average term deposit rate fell by 1.46 percentage points to 6.27 per cent. The spread between the average term deposit and average maximum lending rates widened by 1.93 percentage points to 24.43 percentage points in the first quarter of 2020. The inflation rate of 12.26 per cent for March 2020 resulted in negative real rates for deposits, but positive real rates for the prime and maximum lending rates. Developments on the Nigerian Stock Exchange (NSE) were bearish in the review period, owing to the COVID-19 pandemic.

Federally-collected revenue, in the first quarter of 2020, fell below both the quarterly budget estimate and the receipt in the preceding quarter by 36.0 per cent and 4.8 per cent, respectively. Provisional Federal Government retained revenue, in the review quarter, was ₦864.88 billion, while total estimated expenditure amounted to ₦2,327.80 billion, resulting in an estimated deficit of ₦1,462.92 billion.

Agricultural activities in the review quarter were dominated by preparation of land for early wet season planting, harvesting of tree crops and irrigation-fed vegetables. In the live-stock sub-sector, farmers continued to intensify efforts towards raising poultry birds and cattle in anticipation of the 2020 Easter festivity. The end-period headline inflation, on year-on-year and 12-month moving average bases in the first quarter of 2020, stood at 12.26 per cent and 11.62 per cent, respectively. The development was attributed, largely, to food supply shortages caused by the persisting security challenges in producing regions, the effect of the increase in VAT rate from 5.0 per cent to 7.5 per cent,

¹ The March 2020 data on monetary aggregates and First Quarter 2020 data on government spending and foreign exchange flows were provisional.

the negative supply shocks, arising from the COVID-19 pandemic, and increased food demand in preparation for the Easter festivity

Foreign exchange inflow and outflow, through the CBN, rose by 11.2 per cent and 9.4 per cent, respectively, relative to their levels in the fourth quarter of 2019. Total non-oil export proceeds received by banks increased by 26.9 per cent, compared with the level at end-December 2019. The average exchange rates at the 'Investors' and 'Exporters' window, the BDC and the Inter-bank segments of the foreign exchange market were ₦365.06/US\$, ₦363.48/US\$ and ₦310.57/US\$, respectively, in the review quarter. At US\$33.69 billion, the gross external reserves fell by 11.6 per cent, compared with the level at end-December 2019.

World crude oil demand and supply were estimated at 97.58 mbd and 99.46 mbd, respectively, in the first quarter of 2020, compared with 100.95 mbd and 99.32 mbd demanded and supplied in the fourth quarter of 2019. Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 1.84 mbd or 167.44 mb in the review quarter, compared with 1.85 mbd or 170.20 mb in the preceding quarter. The average price of Nigeria's reference crude, the Bonny Light (37⁰ API), was US\$52.51 per barrel in the first quarter of 2020, compared with US\$65.71 per barrel in the fourth quarter of 2019. The movement in oil prices was driven, mainly, by falling global demand amidst the ravaging impact of the COVID-19 pandemic and the ensuing price war between Russia and Saudi Arabia.

Major international developments and meetings of importance to the domestic economy in the review quarter included: the Extra-Ordinary Meeting of the Ministers for Finance and the Committee of Governors of the Central Banks of the Member States of the West African Monetary Zone (WAMZ), held in Abuja, Nigeria, on January 16, 2020; the 2019 End-of-Year Statutory Meeting of the Economic and Monetary Affairs Committee and the Operations and Administration Committee of West African Monetary Agency (WAMA), held in Freetown, Sierra Leone from February 6 – 13, 2020; the 41st Meeting of the Technical Committee of the West African Institute for Financial and Economic Management (WAIFEM), held in Freetown, Sierra Leone on February 9, 2020; the 2019 End-of-Year Statutory Meetings of the WAMZ held at the International Conference Centre, Freetown, Sierra Leone from February 10 – 14, 2020; and the 33rd Ordinary Session of the Assembly of Heads of State and Government of the African Union, held in Addis Ababa, Ethiopia from February 9 – 10, 2020.

2.0 Financial Sector Developments²

The Bank maintained its monetary policy stance by keeping the Monetary Policy Rate at 13.5 per cent in the review period. Over the level at end-December 2019, broad money supply (M₃), rose by 2.5 per cent at end-March 2020, reflecting the 10.2 per cent and 5.0 per cent growth in net foreign assets of the banking system and domestic claims, respectively. The increase in net foreign assets was due, largely, to the exchange rate adjustment, while the rise in domestic claims reflected the increase in net claims on central Government and claims on other sector. Narrow money supply (M₁) rose by 5.0 per cent, due, largely, to 7.8 per cent increase transferable deposits. Money market indicators were relatively stable during the review period. However, as the global economy reeled from the effects of COVID-19 pandemic, oil prices plunged, following Saudi Arabia's oil price slash, and the unprecedented disruptions in global supply chains. Activities on the Nigerian Stock Exchange (NSE) indicated bearish developments during the first quarter of 2020 owing to the COVID-19 pandemic that led to the near total lockdown in the global economy.

2.1 Monetary and Credit Developments

In the review period, the Bank maintained a non-expansionary monetary policy stance by retaining the Monetary Policy Rate at 13.5 per cent. Despite this, the broad measure of money supply (M₃), on quarter-on-quarter basis, rose by 2.5 per cent to ₦35,635.13 billion at end-March 2020, compared with the growth of 1.6 per cent and 2.3 per cent at the end of fourth quarter of 2019 and the corresponding quarter of 2019, respectively. The development was due, mainly, to the 10.2 and 5.0 per cent increase in net foreign assets of the banking system and domestic claims. The rise in net foreign assets was due, largely, to the exchange rate adjustment, while that of domestic claims reflected the increase in net claims on central Government and claims on other sector.

At ₦11,063.13 billion, narrow money supply (M₁), on quarter-on-quarter basis, grew by 5.0 per cent at end-March 2020, compared with the growth of 9.0 per cent at the end of the fourth quarter of 2019, but was in contrast to the decline of 5.0 per cent recorded at end of the first quarter of 2019. The growth in narrow money supply (M₁) at end-March 2020, reflected, wholly, the 7.8 per cent rise in transferable deposits (Figure 1, Table 1).

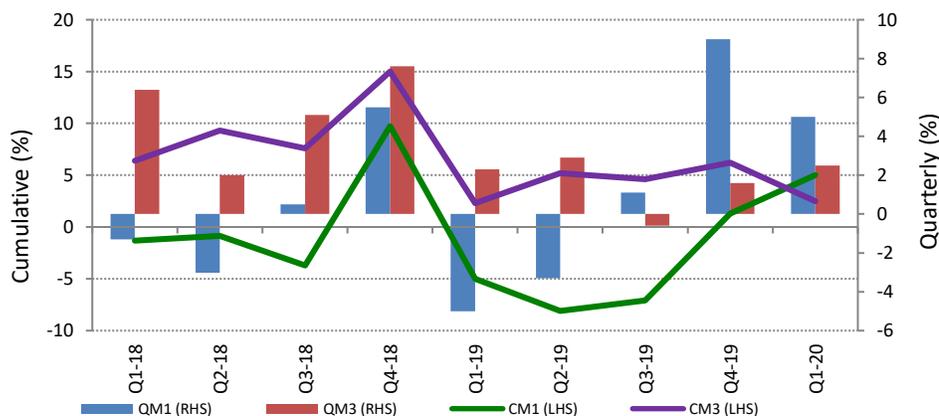
Other deposits, on quarter-on-quarter basis, grew by 8.4 per cent to

Monetary aggregates recorded an increase in the review period.

² The monetary aggregate numbers used for the first quarter 2020 report are provisional.

₦19,785.23 billion at end-March 2020, compared with the growth of 6.1 per cent and 3.4 per cent in the fourth quarter of 2019 and the corresponding period of 2019, respectively. The growth in other deposits was attributed to the increase in savings, time and foreign currency deposits of other depository corporations (Figure 1, Table 1).

Figure 1: Growth Rate of Narrow Money (M₁) and Broad Money (M₃)³



Source: CBN

Claims on domestic economy (net), on quarter-on-quarter basis, grew by 5.0 per cent to ₦37,975.86 billion at end-March 2020, reflecting, wholly, the 2.6 and 5.8 per cent increase in net claims on Government and claims on other sectors, compared with the growth of 1.4 per cent and 15.9 per cent at the end of the fourth quarter of 2019 and the first quarter of 2019, respectively.

Net banking system claims on Government, on quarter-on-quarter basis, grew by 2.6 per cent at end-March 2020, compared with a growth of 48.0 per cent in the first of quarter of 2019, but was in contrast to the 4.4 per cent decline recorded at the end of the fourth quarter of 2019. The development reflected the increase in holdings of government securities by the monetary authority.

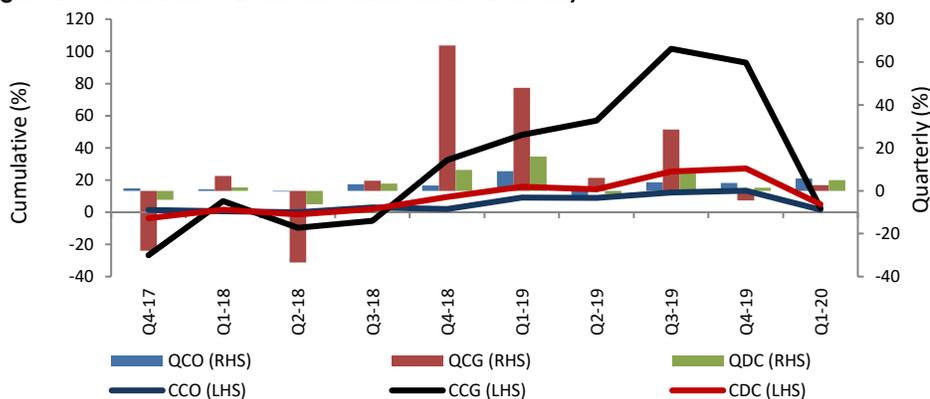
Banking system's credit to other sectors of the economy rose in the review period.

On quarter-on-quarter basis, banking system's credit to other sectors of the economy rose by 5.8 per cent to ₦28,243.82 billion at end-March 2020, compared with the growth of 3.6 per cent and 9.2 per cent in the

³ QM1 and QM2 represent quarter-on-quarter changes, while CM1 and CM2 represent cumulative changes (year-to-date) in narrow and broad money supply, respectively.

fourth quarter of 2019 and the first quarter of 2019, respectively. The development was attributed, largely, to the 9.1, 0.1 and 5.9 per cent growth in claims on financial corporations, claims on state and local governments and claims on the private sector, respectively (Figure 2, Table 1).

Figure 2: Growth Rate of Domestic Claims on the Economy⁴



Source: CBN

Foreign assets (net) of the banking system, on quarter-on-quarter basis, rose by 10.2 per cent to ₦6,397.76 billion at end-March 2020, compared with the growth of 7.5 per cent in the fourth quarter of 2019, but was in contrast to the growth of 15.3 per cent at the end of first quarter of 2019. The increase in net foreign assets was due, largely, to the exchange rate adjustment during the review period.

Foreign assets (net) of the banking system rose in the review period.

⁴ QCO, QCG and QDC represent quarter-on-quarter changes, while CCO, CCG and CDC represent cumulative changes (year-to-date) in claims on the other sectors of the economy, claims on Government and domestic claims, respectively.

Table 1: Growth in Monetary and Credit Aggregates (Per cent) Over the Preceding Quarter*

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Domestic Claims (Net)	9.8	15.9	-1.5	9.8	1.4	5.0
<i>Claims on Government (Net)</i>	67.8	48.0	6.1	28.6	-4.4	2.6
<i>Claims on Other Sector</i>	2.4	9.2	-3.6	3.9	3.6	5.8
<i>Claims on Private Sector</i>	-11.8	4.3	0.5	4.6	5.1	5.9
<i>Claims on State and Local Government</i>	35.2	1.8	-0.7	-0.5	6.5	0.1
<i>Claims on Non-financial Public Enterp.</i>	-0.8	-15.3	-0.9	-45.7	7.5	10.2
Foreign Assets (Net)	-8.4	-15.3	-0.9	-45.7	7.5	10.2
Other Items (Net)	43.6	79.6	-28.4	-35.1	-25.4	69.6
Broad Money Supply (M3)	7.6	2.3	2.9	-0.6	1.6	2.5
Other Deposits	5.1	3.4	7.7	-3.8	6.1	8.4
Narrow Money Supply (M1)	5.5	-5.0	-3.3	1.1	9.0	5.0
Memorandum Items:						
Reserve Money (RM)	5.6	13.5	-11.8	-2.6	23.9	17.1

Source: CBN

**figures are provisional*

2.2 Currency-in-circulation and Deposits at the CBN

Currency-in-circulation (CIC), on quarter-on-quarter basis, fell by 6.0 per cent to ₦2,296.17 billion at end-March 2020, compared with a decline of 7.5 per cent at the end of the first quarter of 2019, but was in contrast to the growth of 21.8 per cent recorded at the end of the fourth quarter of 2019. The development, relative to the level in the preceding quarter, reflected, mainly, the decline in currency outside depository corporations and the fall in vault cash, owing to the increase in CRR by the Bank.

The monetary authority's liabilities to other depository corporations grew by 26.1 per cent to ₦7,853.18 billion at end-March 2020, compared with the growth of 24.7 per cent and 23.6 per cent in the fourth quarter of 2019 and the first quarter of 2019, respectively. The development reflected the increase in CRR by the CBN.

Reserve money grew by 17.1 per cent to ₦10,149.36 billion at end-March 2020, compared with the growth of 23.9 per cent and 13.5 per cent in the fourth quarter of 2019 and the first quarter of 2019, respectively. The development reflected mainly, the 3.7 per cent growth in net foreign assets on the assets side and 26.1 per cent growth in total banks reserves on the liabilities side.

2.3 Money Market Developments

Financial market key indicators were relatively stable in the review period. However, as the global economy reeled from the effects of

Reserve money (RM) rose in the review period.

The money market indicators were relatively stable in the review period.

COVID-19 pandemic, oil prices plunged, following Saudi Arabia's oil price slash and the unprecedented disruptions in global supply chains. Global stock markets also turned bearish, as share prices plunged worldwide. The level of liquidity in the period rose, as a result of repayment of matured CBN bills, maturing Federal Government (FGN) Bonds and Nigerian Treasury Bills (NTBs), as well as, fiscal disbursements to the three tiers of Government. The provisioning and settlement of foreign exchange purchases, auctioning of CBN bills, FGN Bonds, Nigerian Treasury Bills (NTBs), and CRR debits, however, moderated the liquidity.

2.3.1 Interest Rates Developments

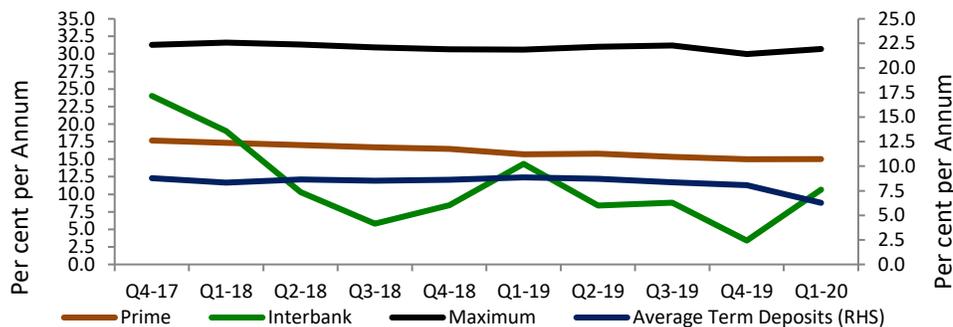
Money market rates were generally stable and moved in tandem with the level of liquidity in the first quarter of 2020. Daily interbank call and OBB rates ranged from 5.00 per cent to 7.24 per cent and 1.77 per cent to 21.02 per cent, respectively. Average interbank and OBB rates were 10.68 per cent and 12.08 per cent, respectively. Other rates, such as the 7-day and 30-day NIBOR, traded at averages of 11.74 per cent and 9.81 percent, respectively.

Interest rates moved in tandem with the level of banking system liquidity during the review period.

Staff estimates showed that the average prime and maximum lending rates rose by 0.02 percentage point and 0.47 percentage point, respectively, to 15.01 per cent and 30.70 per cent, in the review period, above their levels in the preceding quarter. The average term deposit rate fell by 1.46 percentage points to 6.27 per cent.

The spread between the average term deposit and the average maximum lending rates widened by 1.93 percentage points to 24.43 percentage points in the first quarter of 2020. With the headline inflation at 12.26 per cent in March 2020, all deposit rates remained negative in real terms, while prime and maximum lending rates were positive in real term (Figure 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)



Source: CBN

Table 2: Selected Interest Rates (Per cent, Averages)

	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Average Term Deposits	8.34	8.66	8.51	8.61	8.86	8.73	8.36	8.07	6.27
Prime Lending	17.31	17.03	16.69	16.45	15.67	15.80	15.34	14.99	15.01
Interbank	18.98	10.29	5.83	8.45	14.32	8.38	8.80	3.40	10.68
Maximum Lending	31.61	31.34	30.93	30.66	30.62	31.04	31.18	29.98	30.70

Source: CBN

2.3.2 Open Market Operations

The Bank intervened through the conduct of direct OMO auctions to moderate liquidity during the review quarter. The tenor of the instrument was from 81 to 364 days. Total amount offered, subscribed and allotted were ₦4,259.42 billion, ₦5,305.35 billion and ₦4,441.54 billion, respectively. The bid rates ranged from 11.29 to 18.25 per cent, while the stop rates were from 11.44 per cent to 13.28 per cent. Repayment of matured CBN bills was ₦5,519.17 billion, translating to a net injection of ₦1,077.63 billion.

2.3.3 Primary Market

At the 91-day auction of NTBs, total subscription and allotment were ₦246.33 billion and ₦94.25 billion, respectively, with bid rates ranged from from 2.00 per cent to 9.40 per cent, while the stop rates were 2.30 per cent to 3.50 per cent. For the 182-day auction, total subscription and allotment were ₦331.84 billion and ₦165.33 billion, respectively. The

bid rates ranged from 2.80 per cent to 10.50 per cent, while the stop rates ranged from 3.40 per cent to 4.90 per cent. At the 364-day auction, total subscription and allotment were ₦1,199.28 billion and ₦662.72 billion, respectively, with bid rates ranging from 2.40 per cent to 15.49 per cent, and stop rates ranging from 4.60 per cent to 6.54 per cent per cent. On all the maturities, the stop rates ranged from 2.30 per cent to 6.54 per cent.

2.3.4 Bonds Market

In the domestic bond market, tranches of 5-, 10-, 15- and 30-year bonds were reopened and offered for sale in the review quarter. The term-to-maturity of the FGN Bonds ranged from 3 years 1 months to 30 years. Total amount offered, subscribed and allotted were ₦345.00 billion, ₦1,203.90 billion and ₦559.99 billion, respectively. Allotment on non-competitive basis was ₦80.83 billion, while the sum of ₦606.43 billion matured for repayment in the review quarter. The bid rates on all tenors ranged from 7.00 per cent to 16.00 per cent, while the marginal rates ranged from 8.75 per cent to 12.98 per cent.

Tranches of FGN Bonds of various maturities were offered for sale in the Q1 of 2020.

2.3.5 CBN Standing Facilities

The Deposit Money Banks (DMBs) and merchant banks continued to access the standing facilities window to square-up their positions. The trend at the CBN standing facilities window showed more frequency at the SLF window, as against the decreased patronage at the SDF window. Applicable rates for the SLF and SDF remained at 15.50 and 8.50 per cent, respectively.

Total request for the SLF during the review quarter was ₦1,811.99 billion (This was made up of ₦1,214.03 billion direct SLF and ₦597.96 billion ILF converted to overnight repo). Daily request ranged from ₦0.72 billion to ₦181.63 billion and averaged ₦40.26 billion in the 45 transaction days in the period. Total interest earned at 15.50 per cent was ₦767.13 billion.

The total SDF granted during the review period was ₦843.09 billion with a daily average of ₦14.05 billion in the 60 transaction days in the first quarter of 2020. Daily request ranged from ₦1.57 billion to ₦47.90 billion. Cost incurred on SDF in first quarter of 2020 stood at ₦0.46 billion.

2.4 Other Depository Corporations' Activities

The total assets and liabilities of other depository corporations amounted to ₦47,413.56 billion at end-March 2020, representing 8.8 per

cent increase above the level at end-December 2019. Funds were sourced, mainly, from mobilisation of deposits, other account payable and financial derivatives. The funds were used, mainly, for accretion to reserves, settlement of financial derivatives and repayment of loans.

Credit by other depository corporations to the domestic economy was ₦22,574.80 billion at end-March 2020, indicating an increase of 1.2 per cent above the level in the preceding quarter. The development was attributed to the increase in claims on private sector.

Total specified liquid assets of other depository corporations was ₦15,398.40 billion at end-March 2020, representing 56.33 per cent of the total current liabilities. The liquidity ratio, at 78.36 per cent, was 17.8 percentage points below the level at end-December 2019, but was 48.36 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 62.3 per cent, was 3.4 percentage points higher than the level at end-December 2019, but was 2.7 percentage points lower than the prescribed minimum of 65.0 per cent.

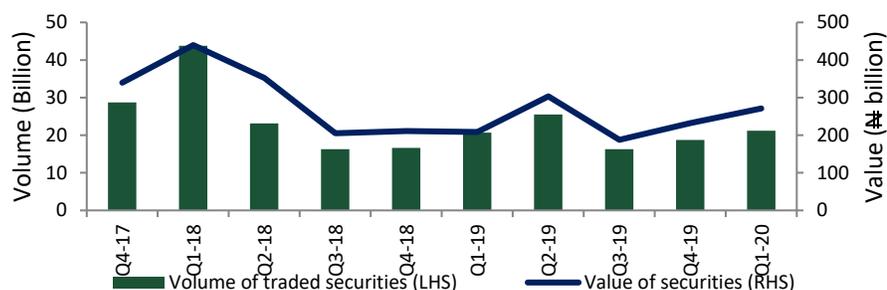
Liquidity ratio was above the prescribed minimum, while the Loan-to-deposit ratio was below the prescribed minimum in March 2020.

2.5 Capital Market Developments

2.5.1 Secondary Market

Activities on the Nigerian Stock Exchange (NSE) were bearish during the first quarter of 2020, as the All Share Index (ASI) and aggregate market capitalisation fell. The development was driven, largely, by the negative impact of COVID-19 pandemic and disruptions in global supply chain. The turnover volume and value of traded securities, however, rose by 26.0 per cent and 24.6 per cent to 23.56 billion shares and ₦289.62 billion, respectively, in 276,616 deals, compared with 18.70 billion shares and ₦232.41 billion, respectively, in 201,076 deals, recorded in the fourth quarter of 2019. The development was attributed to the massive sell-off embarked upon by the investors, triggered by the COVID-19 pandemic (Figure 4, Table 3).

Figure 4 : Volume and Value of Traded Securities



Source: NSE

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

	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Volume (Billion)	43.8	23.1	16.3	18.9	20.7	25.5	16.3	18.7	23.6
Value (₦ Billion)	439.7	359.2	205	211.2	208.7	303	187.7	232.41	289.62

Source: NSE

2.5.2 New Issues Market/Supplementary Listings

There was one new equity listings during the review period (Table 4).

Table 4: New and Supplementary Listing on the Nigerian Stock Exchange

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Interswitch Limited	23.00 Billion Collable Bond	Debt Issuance	New Listing

Source: NSE

2.5.3 Market Capitalisation

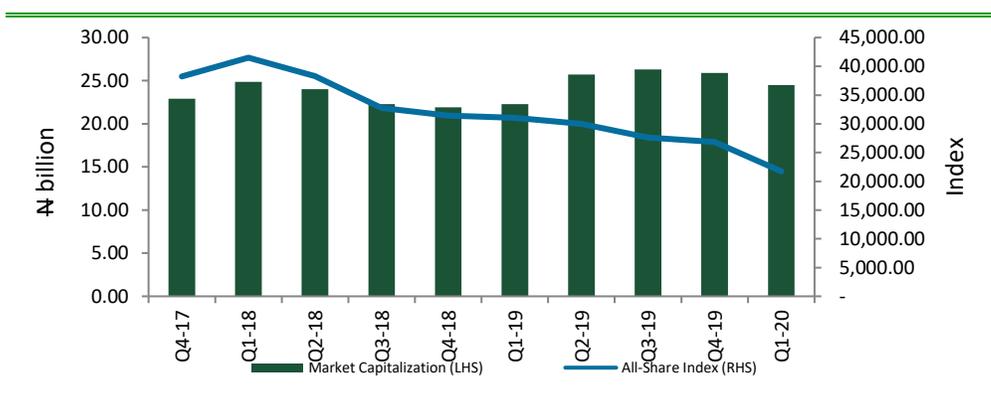
The aggregate market capitalisation for all listed securities (equities and debts) fell by 5.3 per cent to ₦24.51 trillion in the first quarter of 2020, compared with ₦25.89 trillion at end-December 2019. Similarly, market capitalisation for the equities segment declined by 14.3 per cent to ₦11.11 trillion in the first quarter of 2020 and constituted 45.3 per cent of the aggregate market capitalisation, compared with ₦12.97 trillion and 50.1 per cent at end-December 2019.

2.5.4 NSE All-Share Index

The All-Share Index, which opened at 26,867.79 at the beginning of the quarter, fell by 26.1 per cent to 21,300.47 at end-March 2020. With the

exception of the NSE-AseM sectoral index, which remain unchanged at 734.99 in the review period, all other sectoral indices showed a declining trend. Specifically, NSE-Consumer Goods, NSE-Banking, NSE-Pension, NSE-Lotus, NSE-Premium, NSE-Oil and Gas, NSE-Insurance and NSE-Industrial indices fell by 45.0 per cent, 33.7 per cent, 21.2 per cent, 18.4 per cent, 17.3 per cent, 13.7 per cent, 6.0 per cent and 1.1 per cent to 325.50, 235.86, 826.75, 1,512.63, 1,761.23, 215.25, 119.40 and 1,040.295, respectively, at end-March 2020.

Figure 5: Market Capitalisation and All-Share Index



Source: NSE

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

	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Market Capitalisation (₦trillion)	24.869	23.9	22.3	21.9	22.3	25.7	26.3	25.89	24.51
All-Share Index (Equities)	41,504.51	38,278.55	32,766.37	31,430.50	31,041.42	29,966.87	27,630.56	26,842.07	21,300.47

Source: NSE

3.0 Fiscal Operations⁵

Federally-collected revenue in the first quarter of 2020 fell below both the quarterly budget estimate and the receipt in the preceding quarter by 36.0 per cent and 4.8 per cent, respectively. Federal Government retained revenue, in the review quarter, was ₦864.88 billion, while total estimated expenditure amounted to ₦2,327.80 billion, resulting in an estimated deficit of ₦1,462.92 billion.

3.1 Federation Account Operations

At ₦2,527.27 billion, Federally-collected revenue, in the first quarter of 2020, was lower than the quarterly budget estimate of ₦3,947.58 billion by 36.0 per cent. Similarly, it fell below the receipt in the preceding quarter by 4.8 per cent. The decline in federally-collected revenue (gross), relative to the quarterly budget estimate, was attributed to shortfalls in receipt from both oil and non-oil revenue components during the review period (Figure 6, Table 6).

Gross federally - collected revenue fell by 36.0 per cent below the quarterly budget estimate.

Figure 6: Components of Gross Federally-Collected Revenue

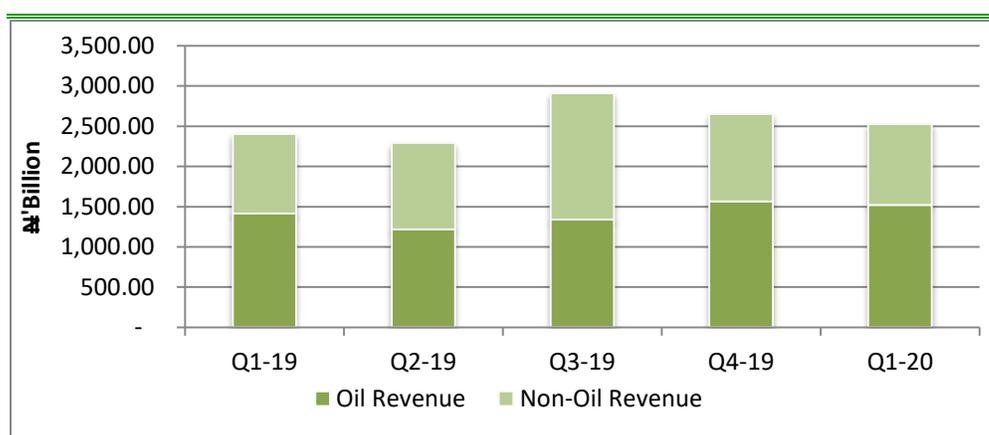


Table 6: Gross Federation Account Revenue (₦ Billion)*

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Federally-collected revenue (Gross)	2,402.47	2,292.16	2,912.73	2,654.96	2,527.27
Oil Revenue	1,413.74	1,219.19	1,340.08	1,563.65	1,523.03
Non-Oil Revenue	988.73	1,072.96	1,572.65	1,091.32	1,004.24

Source: Federal Ministry of Finance

*All figures are provisional

⁵ Figures on government revenue and expenditure for the first quarter of 2020 were provisional and subject to changes

Gross oil receipt, at ₦1,523.03 billion or 60.3 per cent of the total revenue, was below the quarterly budget estimate and the receipt in the preceding quarter by 31.2 per cent and 2.6 per cent, respectively. The decline in oil revenue, relative to the quarterly budget estimate, was due to shortfall in receipt from PPT and royalties (Figure 7, Table 7).

Figure 7 : Gross Oil Revenue and Its Components

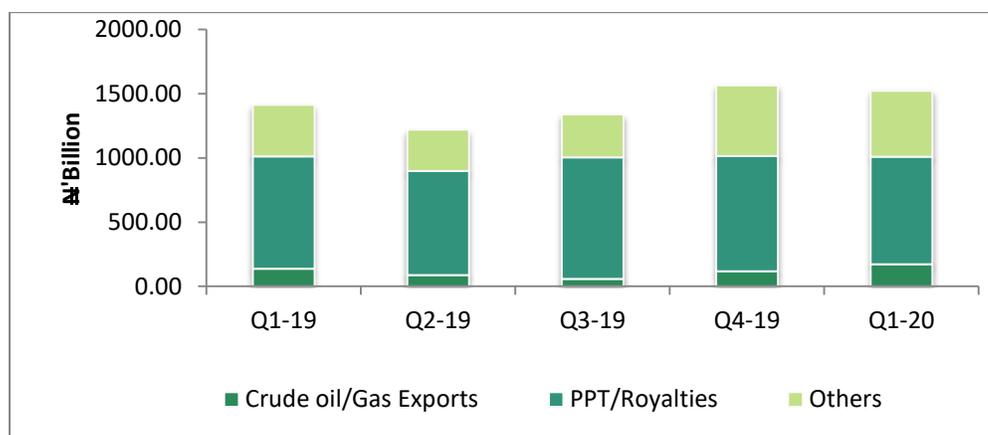


Table 7: Components of Gross Oil Revenue (₦ Billion)

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Oil Revenue Gross	1,413.74	1,219.19	1,340.08	1,563.65	1,523.03
Crude oil/Gas Exports	137.09	86.98	57.28	117.29	172.58
PPT/Royalties	874.03	810.79	947.53	896.71	838.24
Others	402.62	321.42	335.26	549.64	512.21

Source: Federal Ministry of Finance

* Figures are provisional

Non-oil revenue (gross), at ₦1,004.24 billion or 39.7 per cent of total revenue, fell below the quarterly budget estimate of ₦1,733.01 billion by 42.1 per cent. It also fell below the level in the preceding quarter by 8.0 per cent. The lower non-oil revenue, relative to the quarterly budget estimate, was due to the decline in receipt from VAT and corporate tax (Figure 8, Table 8).

Figure 8: Gross Non-Oil Revenue and Its Components

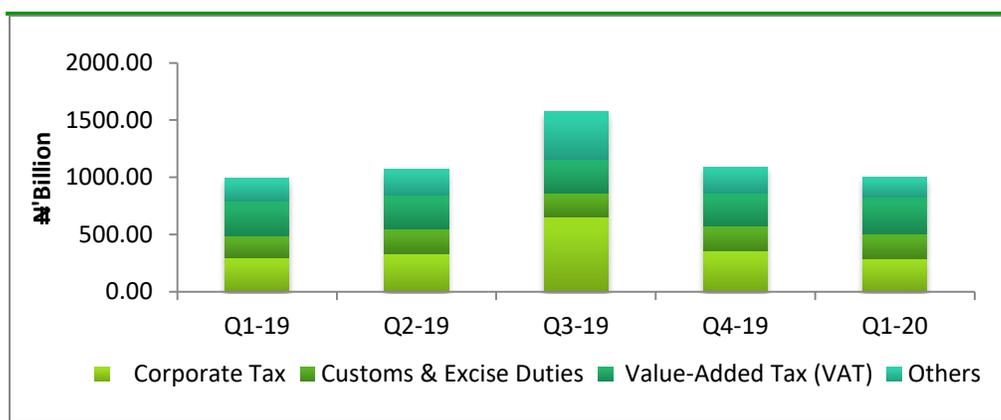


Table 8: Components of Gross Non-Oil Revenue (₦ Billion)*

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Non-Oil Revenue	988.73	1,072.96	1,572.65	1,091.32	1,004.24
Value-Added Tax (VAT)	301.62	295.49	290.87	287.95	319.12
Corporate Tax	297.21	332.61	651.43	355.97	290.17
Customs & Excise Duties	190.96	214.93	210.77	220.70	216.09
Others/1	198.95	229.93	419.58	226.69	178.87

1/Includes FGN Independent Revenue, Education Tax, NITDF & Customs Federation/Non-Federation Account Levies (Port, Sugar, ETLs, Steel, CISS & Cement Levies)

Source: Federal Ministry of Finance

* Figures are provisional

After the statutory deductions and transfers of ₦523.69 billion and ₦479.10 billion, respectively, a net sum of ₦1,524.49 billion was retained in the Federation Account for distribution. Of this amount, the Federal Government received ₦729.63 billion, State and Local governments received ₦370.08 billion and ₦285.32 billion, respectively, while the balance of ₦139.47 billion was transferred to the 13.0 per cent Derivation Fund for distribution among the oil-producing states.

In addition, the Federal Government received ₦44.52 billion, while the State and Local governments received ₦148.39 billion and ₦103.87 billion, respectively, from the VAT Pool Account.

A net sum of ₦1,524.49 billion of the gross federally-collected revenue was distributed among the three tiers of government and the 13.0 per cent Derivation Fund for oil producing states.

Table 9: Summary of Federally-Collected Revenue Deductions and Transfers (₦ Billion)*

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Total Deductions	435.51	292.68	443.68	517.67	523.69
Oil Revenue Deductions	394.20	248.66	379.68	475.39	450.22
Non-Oil Revenue Deductions	41.31	44.02	64.00	42.28	73.47
Total Transfers	488.51	513.61	698.82	503.13	479.10
Federal Gov't. Ind. Revenue	111.81	104.22	207.34	133.97	82.03
VAT Pool Account	289.55	283.67	279.24	276.43	300.22
Others 1/	87.14	125.71	212.24	92.73	96.84
1/Includes Federation and Non-Federation Special Levies, Education Tax & NITDEF					

Source: Office of the Accountant General of the Federation (OAGF) and Federal Ministry of Finance

* Figures are provisional

Also, the sum of ₦18.17 billion was shared as Exchange Gain in the following proportion: Federal Government, ₦8.35 billion; State governments, ₦4.23 billion; Local governments, ₦3.27 billion; and 13.0 per cent Derivation Fund, ₦2.32 billion. Similarly, the sum of ₦0.66 billion was shared as Non-oil Excess revenue and was distributed as follows: Federal Government, ₦0.35 billion; State government, ₦0.18 billion, while Local government received ₦0.13 billion.

Thus, the total statutory and VAT revenue allocation to the three tiers of government in the first quarter of 2020, amounted to ₦1,840.10 billion, compared with the quarterly budget estimate of ₦2,977.78 billion.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

Provisional data indicated that the Federal Government retained revenue for the first quarter of 2020 amounted to ₦864.88 billion. This was below both the quarterly budget and the receipt in the preceding quarter by 58.9 per cent and 39.0 per cent, respectively. Of the total revenue, Federation Account accounted for 84.4 per cent, while Federal Government Independent Revenue, VAT, Exchange Gain, and Non-oil Excess accounted for 9.5 per cent, 5.1 per cent, 1.0 per cent, and 0.04 per cent, respectively (Figure 9).

At ₦864.88 billion, the estimated FGN retained revenue was lower than the quarterly budget estimate by 58.9 per cent.

Figure 9: Federal Government Retained Revenue

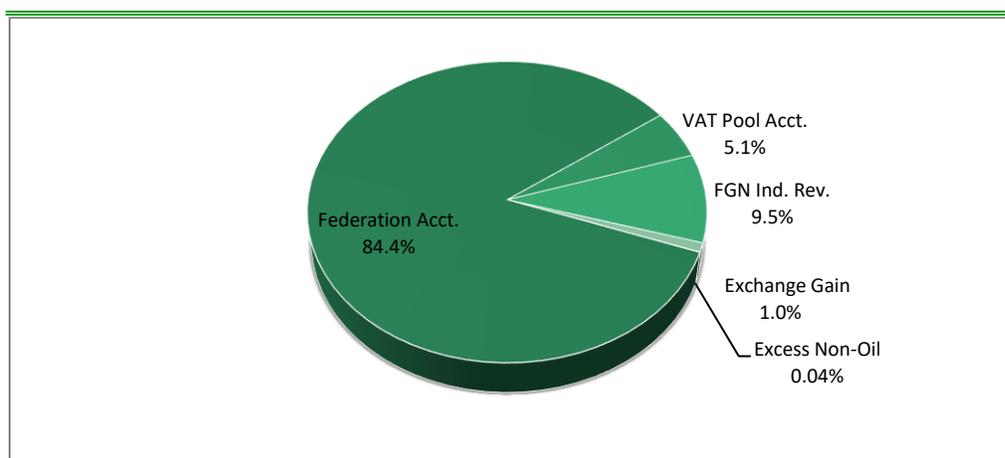


Table 10: Federal Government Fiscal Operations (₦ Billion)*

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Retained Revenue	1,130.91	971.72	1,279.54	1,418.87	864.88
Expenditure	2,512.57	2,389.36	2,185.53	2,627.38	2,327.80
Current Surplus(+)/Deficit(-)	(832.25)	(626.90)	(252.98)	(575.21)	(892.25)
Primary Surplus(+)/Deficit(-)	(654.22)	(1,046.31)	136.48	(744.06)	(973.40)
Overall Balance: Surplus(+)/Deficit(-)	(1,381.66)	(1,417.64)	(906.00)	(1,208.51)	(1,462.91)

Source: Fiscal Liquidity Assessment Committee (FLAC), Ministry of Finance & the Office of the Accountant General of the Federation

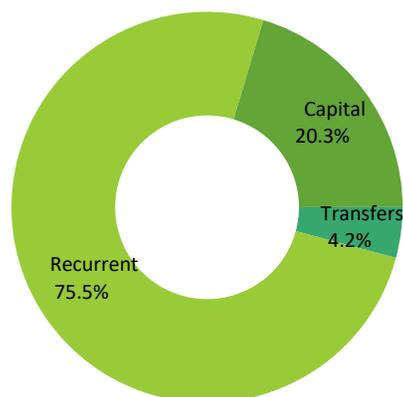
*Figures are provisional

At ₦2,327.80 billion, the estimated Federal Government expenditure for the first quarter of 2020 was below the quarterly budget estimate of ₦2,648.59 billion by 12.1 per cent. It also fell by 11.4 per cent, compared with the level in the preceding quarter. A breakdown of the total expenditure, showed that the recurrent component accounted for 75.5 per cent, while capital and statutory transfers accounted for 20.3 per cent and 4.2 per cent, respectively. A further breakdown of the recurrent expenditure showed that the non-debt component accounted for 72.1 per cent, while debt service payments was 27.9 per cent.

Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦1,462.92 billion, compared with the proportionate quarterly budget deficit of ₦543.80 billion.

The fiscal operations of the FG resulted in an estimated overall deficit of ₦1,462.92 billion in Q1 2020.

Figure 10: Federal Government Expenditure



3.2.2 Statutory Allocations to State Governments

At ₦664.66 billion, the total allocation to state governments from the Federation Account, including the 13.0 per cent Derivation Fund and the VAT Pool Account, was lower than the quarterly budget estimate by 42.0 per cent. A breakdown showed that receipts from the Federation Account was ₦516.27 billion (77.7%), while the share from VAT pool account stood at ₦148.39 billion (22.3%). The receipts from the Federation and VAT Pool Accounts fell below the quarterly budget estimate by 41.7 per cent and 43.2 per cent, respectively.

3.2.3 Statutory Allocations to Local Government Councils

Total allocations to local governments from the Federation and VAT Pool Accounts in the first quarter of 2020 stood at ₦392.59 billion. This was below the quarterly budget estimate by 37.1 per cent. Of the total amount, allocation from the Federation Account was ₦288.72 billion (73.5%), while the VAT Pool Account stood at ₦103.87 billion (26.5%).

4.0 Domestic Economic Conditions

Agricultural activities in the review quarter were dominated by preparation of land for early wet season planting, harvesting of tree crops and irrigation-fed vegetables. In the livestock sub-sector, farmers intensified efforts towards raising poultry birds and cattle in preparation for the 2020 Easter festivity. Crude oil production was estimated at 1.84 million barrels per day (mbd) or 167.44 million barrels for the quarter. The end-period headline inflation, on year-on-year and 12-month moving average bases, in the first quarter of 2020, stood at 12.26 per cent and 11.62 per cent, respectively.

4.1 Agricultural Sector

Agricultural activities in the first quarter of 2020 were predominantly preparation of land for early wet season planting, harvesting of tree-crops and irrigation-fed vegetables. In the livestock sub-sector, farmers continued to intensify efforts towards raising of poultry birds and cattle in preparation for the 2020 Easter festivity.

During the quarter, the African Development Bank (ADB), in collaboration with the Federal Government, signed a US\$500 million memorandum initiative to develop four Special Agro-Industrial Processing Zones in the country. The Special Agro-Industrial Processing Zones are designed to concentrate agro-processing activities within areas of high agricultural potentials to boost productivity, integrate production, processing and marketing of selected commodities. The initiative is capable of boosting the structural transformation of the economy by providing opportunities for public and private sector investments.

Following the outbreak of the COVID-19, which led to lockdown in major cities around the globe, the Nigerian Agricultural sector in Q1 2020, witnessed a huge demand uptick arising from panic buying, mostly for essential commodities. The panic buying was fueled by the speculations of economic slow-down. The development has also led to increase in commodity prices in the market. However, towards cushioning the effect of the COVID-19 pandemic on the economy, the CBN, in support of palliative measures, put in place by the government, reviewed interest rates on all applicable intervention facilities to all sectors from 9 to 5 per cent, per annum for a period of 1 year, starting with the review quarter. In addition, it granted moratorium of one year on all principal repayments on its interventions facilities.

4.2 Agricultural Credit Guarantee Scheme

A total of ₦539.8 million loans was guaranteed to 3,161 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the first quarter of 2020. This represented a decrease of 53.9 per cent and 34.8 per cent below the levels in the preceding quarter and the corresponding period of 2019, respectively.

Sub-sectorial analysis showed that food crops obtained the largest share of the total, with ₦291.6 million (54.0 per cent) guaranteed to 1,958 beneficiaries; followed by the livestock, ₦115.2 million (21.3 per cent) guaranteed to 430 beneficiaries; and cash crops, ₦64.9 million (12.0 per cent) guaranteed to 335 beneficiaries. Fisheries, Mixed crops and 'Others' received ₦36.1 million (6.7 per cent), ₦16.8 million (3.1 per cent) and ₦15.3 million (2.9 per cent), respectively, guaranteed to 121, 233, and 84 beneficiaries.

Analysis by State showed that 30 states and the Federal Capital Territory benefited from the Scheme in the review quarter, with the highest and lowest sums of ₦54.8 million (10.2 per cent) and ₦1.8 million (0.3 per cent) guaranteed to Ogun and Nasarawa states, respectively.

4.3 Commercial Agricultural Credit Scheme (CACs)

At end-March 2020, the total amount released, since inception by the CBN under the Commercial Agriculture Credit Scheme (CACs) to the participating banks for disbursement, amounted to ₦635.39 billion for 608 projects, while the total amount repaid since inception stood at ₦406.29 billion at end-March 2020 (Table 11).

Table 11: Disbursement and Repayment of Credit under the Commercial Agriculture Credit Scheme (CACs) as at end-March 2020

S/N	Participating Banks	Total No. of Projects	Amount Disbursed(N billion)	Amount repaid(N billion)
1	Access Bank Plc	49	41.51	34.73
2	Citi Bank Nigeria Ltd	2	3.00	3.00
3	First City Monument Bank	29	18.53	12.08
4	First Bank of Nigeria Plc	105	60.59	45.29
5	Fidelity Bank Plc	19	24.99	15.00
6	Guaranty Trust Bank Plc	29	39.85	27.15
7	Heritage Bank Plc	14	6.81	2.65
8	Jaiz Bank Plc	6	3.50	
9	SunTrust Bank Limited	3	1.85	0.45
10	Ecobank Nigeria Limited	10	6.38	6.38
11	Keystone Bank Limited	23	31.70	10.12
12	Polaris Bank Limited	10	13.77	11.72
13	Stanbic IBTC Bank Plc	48	31.80	19.94
14	Sterling Bank Plc	43	72.43	30.45
15	United Bank for Africa Plc	52	83.53	61.16
16	Union Bank of Nigeria Ltd	41	29.00	22.03
17	Unity Bank Plc	31	34.80	14.40
18	Wema Bank Plc	14	3.24	1.70
19	Zenith Bank Plc	80	128.13	88.05
	TOTAL	608	635.39	406.29

Source: CBN

4.4 Industrial Production⁶

Data from the Nigeria Bureau of Statistics (NBS) indicated a decline in the performance of the industrial sector in the first quarter of 2020, on

Industrial activities decline in the review quarter, due to the impact of COVID-19 and falling oil prices.

⁶ Indices are staff estimates and subject to changes and revision

account of the impact of COVID-19 pandemic, which led to contraction in manufacturing activities and fall in both crude oil production and electricity generation. Consequently, industrial production in the review quarter indicated a fall below the level in the preceding quarter. At 97.6 (2010=100), the estimated index of industrial production decline by 1.6 per cent and 9.6 per cent below the levels in the preceding quarter and the corresponding quarter of 2019, respectively. The decrease was attributed to contraction in activities in all the sub-sectors during the review period.

The estimated index of manufacturing production in the first quarter of 2020, at 181.5 (2010=100), showed a decrease of 1.1 per cent and 1.2 per cent, compared with the levels in the preceding quarter and the corresponding quarter of 2019, respectively. The decline in manufacturing activities was due to fall in demand occasioned by the shut-down of the global economy, which led to decline in the importation of raw material and machines (Figure11).

At 56.4 (2010=100), the estimated index of mining production decreased by 7.2 per cent and 27.8 per cent, below the levels attained in the preceding quarter and the corresponding quarter of 2019, respectively. The decline in mining production during the review quarter could be attributed to the drastic fall in crude oil and gas production (Figure 11, Table 12).

At 3,574.1 MW/h, average estimated electricity generation in the first quarter of 2020 declined by 2.1 per cent and 14.7 per cent, compared with the levels in the preceding quarter and the corresponding quarter of 2019, respectively. The decrease was attributed to the fall in gas supply to thermal stations, decrease in water levels at the hydro stations, as well as, breakdown in transmission network.

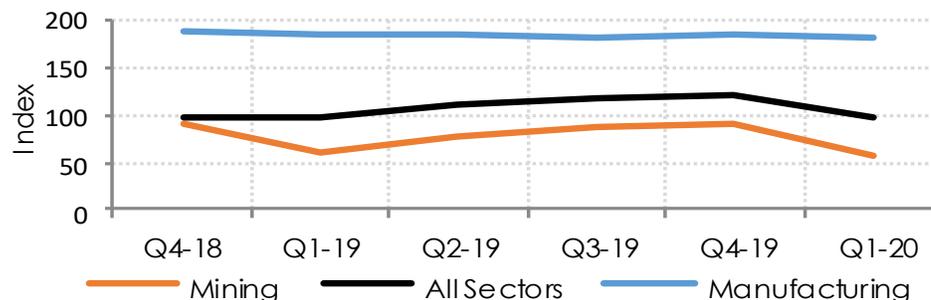
At 3,123.5MW/h, average estimated electricity consumption decreased by 2.8 per cent, compared with the level in the preceding quarter. The decrease was attributed to the incessant breakdown in transmission network and instability of the distribution networks.

The Manufacturing Purchasing Manager Index (PMI) was 58.3 in the first quarter of 2020, compared with 60.8 in the preceding quarter. The index grew at a slower rate, relative to the level in the preceding quarter of 2019 by 1.6 per cent, due to high inventories stockpile and decline in new orders of manufacturing sub-sector. The Non-

Average electricity generation and consumption decreased in the review quarter.

Manufacturing PMI stood at 58.6 in the first quarter of 2020, also showed a slower growth, compared with 62.1 in the preceding quarter.

Figure 11 : Indices of Industrial Production (2010=100)



Source: Staff Estimate

Table 12: Indices of Industrial Production

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
All Sectors (1990=100)	108.62	109.10	115.50	119.80	97.60
Manufacturing	183.7	184.2	181.2	185.1	181.5
Mining	77.48	78.2	87	89.2	56.4

Source: Staff Estimate

4.5 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, averaged 1.84 mbd or 167.44 mb in the review quarter. This represented a decrease of 1.1 per cent, compared with the 1.85 mbd or 170.20 mb produced in the preceding quarter. Crude oil export was estimated at 1.39 mbd, representing a decrease of 0.7 per cent, compared with the 1.40 mbd recorded in the preceding quarter. The estimated decrease in production was attributed to the aftermath of the December 2019 OPEC meeting, where members and their allies pledged a further production cut by 500,000 bpd beginning in January 2020 to stabilise the global crude market. The allocation of crude oil for domestic consumption was 0.45 mbd or 41.4 million barrels.

The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API), was US\$52.51/barrel in the first quarter of 2020, representing decrease of 20.1 per cent and 18.9 per cent below the US\$65.71/barrel and US\$64.75/barrel recorded in the fourth quarter of 2019 and the corresponding period of 2019, respectively. Oil prices have continued

Crude oil and natural gas production decreased in first quarter 2020

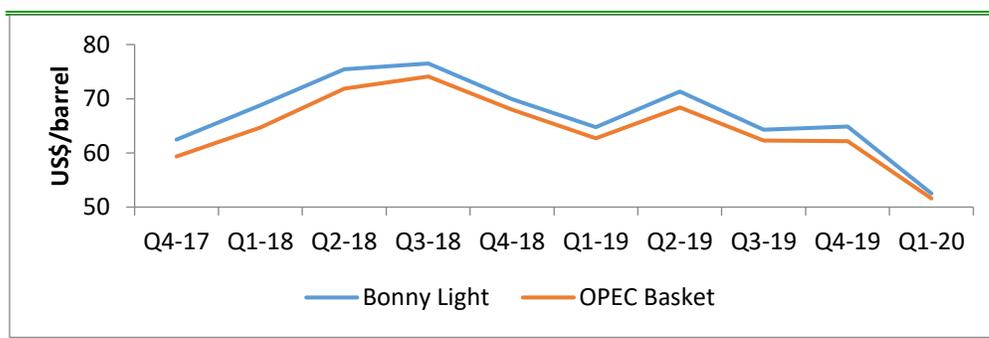
Crude oil export decreased in Q1 2020.

Average crude oil prices, including the Bonny Light (37° API) fell in the international crude oil market in Q1 2020.

to plunge, following OFEC's failure in its March 6, 2020 meeting to address the falling global demand by agreeing on additional supply cuts amidst the ravaging impact of COVID-19 pandemic and ensuing price war between Russia and Saudi Arabia. The UK Brent at US\$51.02/barrel, Forcados at US\$52.88/barrel and WTI at US\$45.40/b exhibited similar trend as the Bonny Light.

The average price of the OPEC basket of thirteen selected crude streams was US\$51.60/barrel in the first quarter of 2020. A decrease of 18.2 per cent and 17.7 per cent, compared with the US\$63.05/b and US\$62.72/b recorded in the preceding quarter and the corresponding quarter of 2019, respectively.

Figure 12: Trends in Crude Oil Prices



Source: Reuters

Table 13: Average Crude Oil Prices in the International Oil Market (US\$ Barrel)

	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q1-20
Bonny Light	68.55	75.43	76.5	69.89	64.75	71.3	64.25	52.51
OPEC Basket	64.76	71.88	74.1	67.98	62.72	68.40	62.30	51.60

Source: Reuters

4.6 Consumer Prices⁷

The all-items composite Consumer Price Index (CPI), at end-March 2020 stood at 315.2 (November 2009=100), indicating 2.5 per cent and 12.3 per cent increase above the levels in December 2019 and the corresponding period of 2019, respectively. The development was attributed, largely, to food supply shortages caused by the persisting

The general price level increased in Q1 2020 above the level in the preceding quarter.

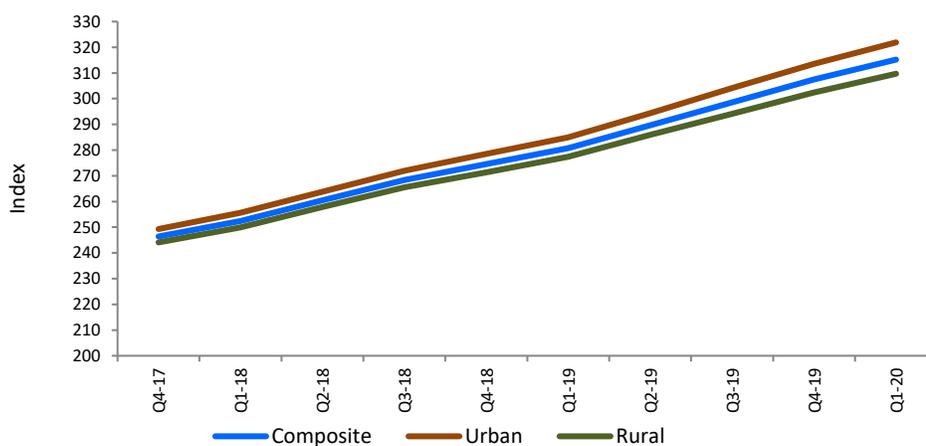
⁷ New CPI with November 2009 = 100, as base and new weight, based on the 2003/2004 Nigeria Living Standard Survey (NLSS), was released by the National Bureau of Statistics (NBS) on October 18, 2010.

security challenges in producing regions, the effect of increase in VAT rate from 5.0 per cent to 7.5 per cent, the negative supply shocks, arising from the COVID-19 pandemic, and increased food demand in preparation for the Easter festivity.

The urban All-items CPI (November 2009=100) stood at 321.9 at end-March 2020, representing 2.6 per cent and 12.9 per cent increase above the levels at end-December 2019 and the corresponding period of 2019, respectively. The rural all-items CPI (November 2009=100), was 309.7 at end-March 2020, representing 2.4 per cent and 11.6 per cent increase, compared with the levels at the end of the preceding quarter and the corresponding period of 2019, respectively (Figure 13, Table 14).

The composite food index (with a weight of 50.7 per cent) was 349.5 in the first quarter of 2020, compared with the 339.9 and 303.9 in the preceding quarter and the corresponding period of 2019, respectively.

Figure 13: Consumer Price Index



Source: NBS

Table 14: Consumer Price Index (November 2009=100)

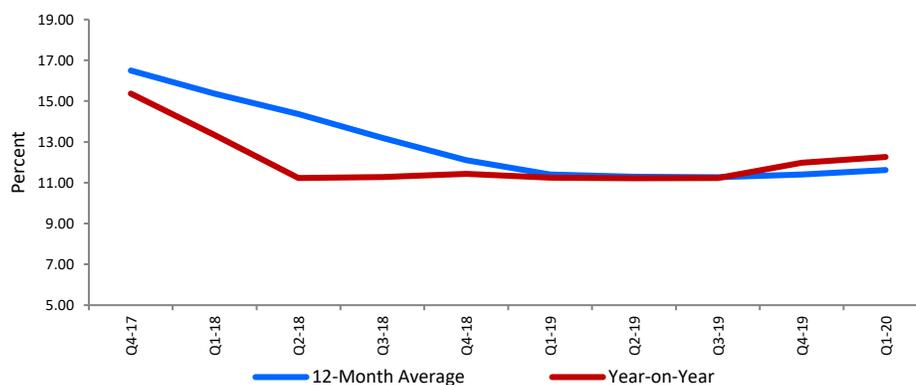
	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Composite	252.4	260.5	268.4	274.6	280.8	289.7	298.6	307.5	315.2
Urban	255.6	263.8	272	278.5	285	294.4	304.1	313.6	321.9
Rural	249.9	257.8	265.5	271.4	277.4	285.9	294.1	302.4	309.7

Source: NBS

The headline inflation (y-o-y) stood at 12.26 per cent in Q1 2020.

Headline inflation stood at 12.26 per cent in the review quarter, compared with 11.98 per cent and 11.25 per cent at the end of the preceding quarter and the corresponding period of 2019, respectively. The 12-month moving average (12MMA) inflation, for the first quarter of 2020, was 11.62 per cent, compared with 11.40 per cent apiece in the preceding quarter and the corresponding period of 2019, respectively (Figure 14, Table 15).

Figure 14: Inflation Rate



Source: NBS

Table 15: Headline Inflation Rate (%)

	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
12-Month Moving Average	15.60	14.37	13.20	12.10	11.40	11.30	11.27	11.40	11.62
Year-on-Year	13.34	11.23	11.28	11.44	11.25	11.22	11.24	11.98	12.26

Source: NBS

5.0 External Sector Developments⁸

Foreign exchange inflow and outflow through the CBN, on quarter-on-quarter basis, rose by 11.2 per cent and 9.4 per cent, relative to their levels in the fourth quarter of 2019. Total non-oil export proceeds received by banks increased by 26.9 per cent, compared with the level at end-December 2019. The average exchange rate at the 'Investors' and 'Exporters' window, the BDC and the Inter-bank segments of the foreign market were ₦365.06/US\$, ₦363.48/US\$ and ₦310.57/US\$, respectively, in the review quarter. At US\$33.69 billion, the gross external reserves fell by 11.6 per cent, compared with the level at end-December 2019.

5.1 Foreign Exchange Flows

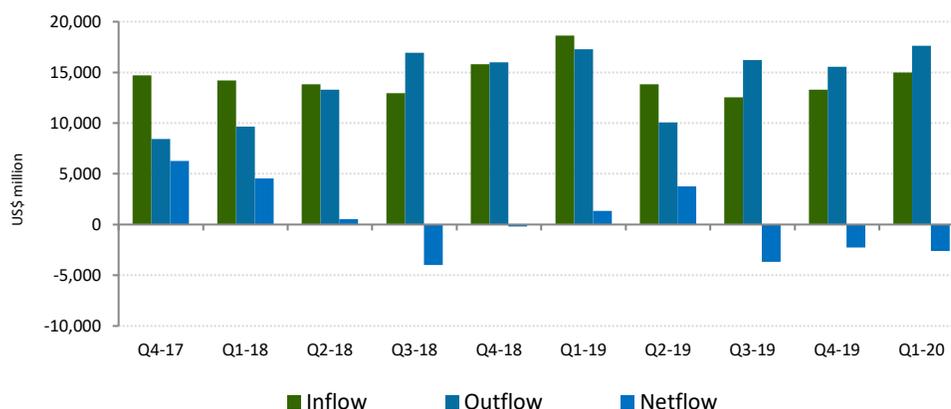
Aggregate foreign exchange inflow into the CBN amounted to US\$15.01 billion, showing an increase of 11.2 per cent above the level in the fourth quarter of 2019, but a decrease of 18.4 per cent below the level in the corresponding period of 2019. The development, relative to the preceding quarter, reflected, mainly, the rise in non-oil receipts, driven by proceeds from TSA and Third Party receipts.

Foreign exchange inflow and outflow through the CBN rose, resulting in a net outflow of US\$2.61 billion in Q1 2020.

Aggregate outflow from the CBN was US\$17.62 billion, indicating an increase of 9.4 per cent and 8.1 per cent above the levels in the preceding quarter and the corresponding period of 2019, respectively. The rise in outflow, relative to the level in the preceding quarter, reflected, mainly, the increase in interbank utilisation, external debt service, national priority projects, foreign exchange special payment, Bank and SDR charges/Fees and funds returned to remitter. Overall, foreign exchange flows through the Bank, in the review period, resulted in a net outflow of US\$2.61 billion, compared with the net outflow of US\$2.60 billion in the preceding quarter, but was a net inflow of US\$2.08 billion in the corresponding period of 2019 (Figure 15, Table 16).

⁸ Data on foreign exchange flows through the CBN and the Economy, as well as foreign exchange utilisation for first quarter 2019, are provisional and subject to change.

Figure 15: Foreign Exchange Flows through the CBN



Source: CBN

Table 16: Foreign Exchange Flows through the CBN (US\$ million)

	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Inflow	13,817.56	12,949.01	15,815.40	18,384.02	13,830.98	12,536.38	13,294.93	15,005.63
Outflow	13,296.38	16,931.36	16,002.49	16,302.16	10,066.75	16,204.22	15,565.02	17,616.58
Netflow	521.18	(3,982.36)	(187.09)	2,081.86	3,764.22	(3,667.84)	(2,270.09)	(2,610.95)

Source: CBN

Aggregate foreign exchange inflow into the economy amounted to US\$42.71 billion in the first quarter of 2020, indicating an increase of 1.0 per cent and 13.8 per cent above the levels in the preceding quarter and the corresponding period of 2019, respectively. The development was as a result of 11.2 per cent increase in inflow through the Bank. Oil sector receipts, at US\$3.36 billion or 7.9 per cent of the total, declined by 7.6 per cent and 21.1 per cent below the levels in the preceding quarter and the corresponding period of 2019, respectively.

Non-oil public sector inflow, at US\$11.65 billion or 27.3 per cent of total in the review period, rose by 18.1 per cent above the level in fourth quarter of 2019, but was a decline of 17.6 per cent below the level in the corresponding period of 2019. Autonomous inflow, at US\$27.71 billion in first quarter of 2020, declined by 3.8 per cent, compared with the level in the preceding quarter, but rose by 44.7 per cent above the level in the corresponding period of 2019. Inflow from autonomous sources accounted for 64.9 per cent of the total.

Autonomous inflow into the economy declined by 3.8 per cent in Q1 2020.

At US\$18.97 billion, aggregate foreign exchange outflow from the economy, increased by 9.8 per cent and 11.4 per cent above the levels in the preceding quarter and the corresponding period of 2019, respectively. The development, relative to the level in the preceding quarter, was driven, mainly, by 9.4 per cent increase in outflow from the CBN. Thus, foreign exchange flows through the economy, resulted in a net inflow of US\$23.74 billion in the review quarter, compared with US\$25.02 billion and US\$20.51 billion in the preceding quarter and the corresponding period of 2019, respectively.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings received through the banks during the review period amounted to US\$1.21 billion, representing an increase of 26.9 per cent relative to the level in the preceding quarter, but a decrease of 77.6 per cent relative to the level in the corresponding period of 2019. The development, relative to the preceding quarter's level, was attributed, largely, to the rise in the export receipts from manufactured products, driven by increased receipts from plastics, textiles, foot wear, drugs and pharmaceutical products, wood products, metals and metal products, electrical and electronics, and other manufactured products.

Total non-oil export earnings by exporters' rose in Q1 2020.

Sectoral analysis showed that proceeds from minerals, industrial and manufactured products rose by 107.6 per cent, 46.4 per cent and 42.5 per cent to US\$7.12 million, US\$769.08 million and US\$130.55 million, respectively, above the levels in the preceding quarter. Receipts from food products and the agricultural sector fell by 24.6 per cent and 7.4 per cent to US\$21.39 million and US\$284.23 million, respectively, below the levels in the preceding quarter. The decline in the food products sub-sector was attributed to the fall in receipts from wheat and fish.

The shares of the various sectors in non-oil export proceeds were: industrial sector, 63.4 per cent; agricultural products, 23.4 per cent; manufactured products, 10.8 per cent; food products, 1.8 per cent and minerals, 0.6 per cent.

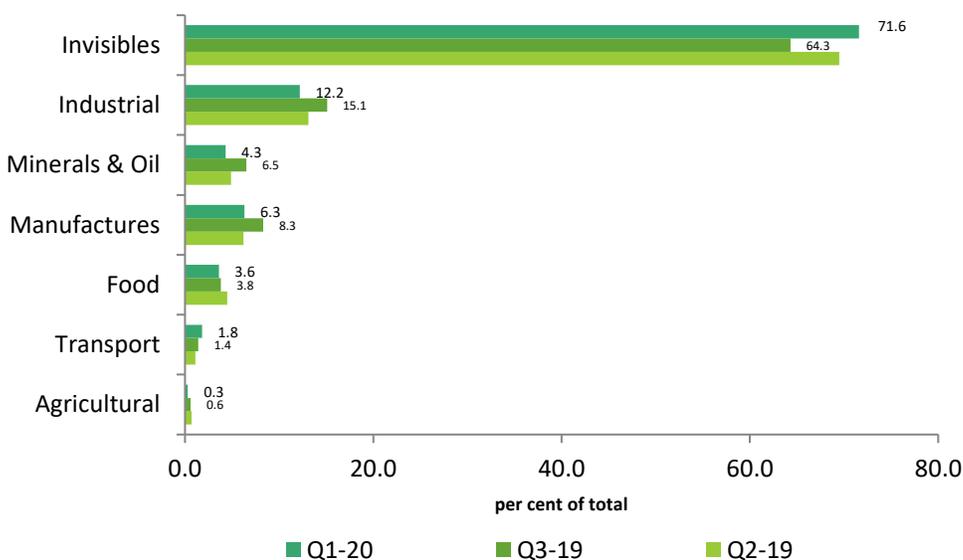
5.3 Sectoral Utilisation of Foreign Exchange

Aggregate sectoral foreign exchange utilisation in the first quarter of 2020 stood at US\$15.20 billion, indicating an increase of 29.3 per cent and 31.2 per cent above the levels in the fourth quarter of 2019 and the first quarter of 2019, respectively. The invisible sector accounted for

The invisible sector accounted for the bulk of the total foreign exchange disbursed in Q1 2020.

71.6 per cent of total foreign exchange disbursed in the review quarter, followed by the industrial sector, 12.1 per cent. Others were: manufactured products, 6.3 per cent; minerals and oil, 4.3 per cent; food products, 3.6 per cent; transport, 1.8 per cent; and agricultural sector, 0.3 per cent (Figure 16).

Figure 16: Sectoral Utilisation of Foreign Exchange



Source: CBN

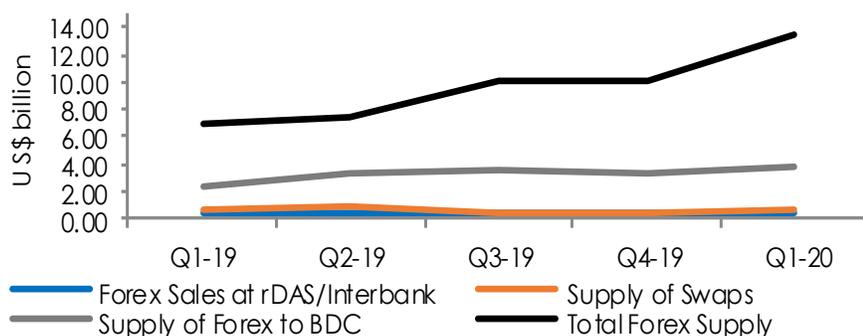
5.4 Foreign Exchange Market Developments

A total of US\$13.37 billion was sold by the CBN to authorised dealers in the first quarter of 2020. This represented a 28.4 per cent increase, compared with the level in the fourth quarter of 2019. The development, relative to the preceding quarter, reflected, mainly, the increase in foreign exchange sales to the I & E window, BDC segment of the market, secondary market intervention sales (SMIS) and wholesale forwards in the review quarter.

Of the total, wholesale forwards intervention, interventions at the I & E window, sales to BDCs and SMIS rose by 77.2 per cent, 72.5 per cent, 12.9 per cent and 5.5 per cent to US\$2.08 billion, US\$4.60 billion, US\$3.76 billion and US\$1.68 billion, respectively, above the levels in the preceding quarter, while swap transactions, SME interventions and interbank sales fell by 36.4 per cent, 10.7 per cent and 3.4 per cent to US\$0.60 billion, US\$0.36 billion and US\$0.30 billion, respectively, below the levels in the preceding quarter (Figure 17, Table 17).

Supply of foreign exchange to authorised dealers rose in Q1 2020.

Figure 17: Supply of Foreign Exchange



Source: CBN

Table 17: Demand for and Supply of Foreign Exchange (US\$ billion)

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Forex Sales at rDAS/Interbank	0.36	0.33	0.33	0.31	0.30
Supply of Swaps	0.66	0.09	0.47	0.40	0.60
Supply of Forex to BDC	2.44	3.33	3.54	3.34	3.76
Wholesale Forward	0.31	1.18	1.50	1.24	2.08
Supply to I & E	0.83	0.08	2.02	2.62	4.60
SMIS Intervention	0.70	1.93	1.84	1.64	1.68
SME Intervention	0.13	0.40	0.43	0.43	0.36
Disbursement at maturity	1.47	0.00	0.00	0.00	0.00
Total Forex Supply(BDC and rDAS)	6.90	7.33	10.11	9.98	13.38

Source: CBN

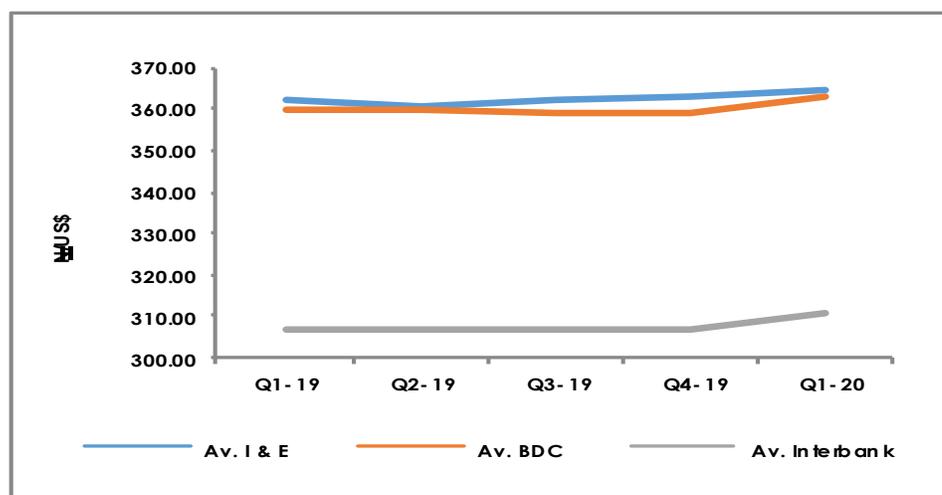
The CBN sustained its interventions at both the Inter-bank and the BDC segments of the foreign exchange market in the review quarter. Consequently, average exchange rate of the naira vis-à-vis the US dollar at the Inter-bank segment, was ₦310.57/US\$, representing a depreciation of 1.2 per cent apiece below the levels in the preceding quarter and the corresponding period of 2019, respectively. Also, at the BDC segment, the average exchange rate, depreciated by 1.1 per cent and 1.0 per cent to ₦363.48/US\$, relative to the levels in the preceding quarter and the corresponding quarter of 2019, respectively. Similarly, at ₦365.06/US\$, the average exchange rate at the “Investors” and “Exporters” (I&E) window depreciated by 0.8 per cent and 1.0 per cent below the levels in the preceding quarter and

The average naira exchange rate vis-à-vis the US \$ depreciated at the inter-bank, BDC segment,

the corresponding period of 2019, respectively.

Consequently, the premium between the average inter-bank and BDC rates narrowed by 0.1 percentage point to 17.0 per cent, relative to the level in the preceding quarter. The premium between the average exchange rates at the “Investors” and “Exporters” window and the BDC segment narrowed by 0.4 percentage point to 0.61 per cent in the review quarter, from 0.96 per cent in the fourth quarter of 2019. The premium between the average exchange rates at the “Investors” and “Exporters” and inter-bank rates also narrowed by 0.5 percentage point to 17.7 per cent, relative to the level in the preceding quarter (Figure 18, Table 18).

Figure 18: Average Exchange Rate Movements



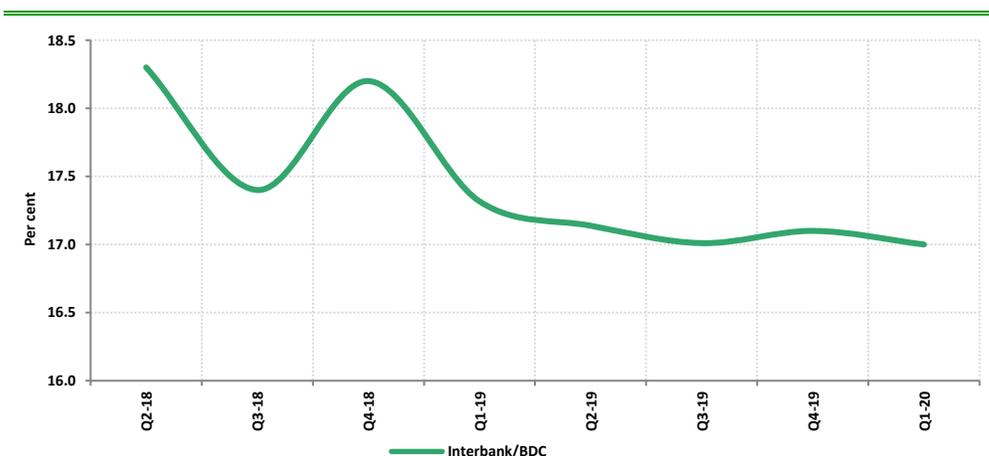
Source: CBN

Table 18: Exchange Rate Movements and Exchange Rate Premium

Average Exchange Rate (N/US\$)	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Investors and Exporters Window	360.38	360.80	362.49	364.21	362.07	360.72	362.20	362.83	365.06
BDC	362.58	361.84	359.27	362.34	359.97	360.00	359.14	359.42	363.48
Interbank	305.81	305.77	306.03	306.70	306.84	306.95	306.93	306.95	310.57
Premium (%)									
I&E/Interbank	N/A	18.0	18.4	18.3	18.3	17.5	18.0	18.2	17.7
BDC/Interbank	18.59	18.30	17.40	0.50	0.80	17.14	17.00	17.10	17.00

Source: CBN

Figure 19: Exchange Rate Premium



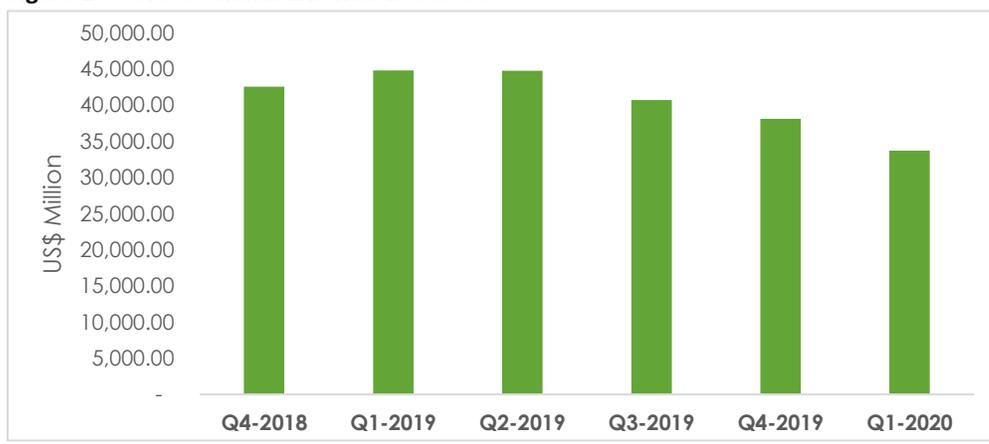
Source: CBN

5.5 Gross Official External Reserves

Gross external reserves was US\$33.69 billion at end-March 2020. This indicated a net decrease of 11.6 per cent, compared with the level in the fourth quarter of 2019. The external reserves position would cover 4.5 months of import of goods and services or 7.3 months of import of goods only, based on the estimated value of import for first quarter 2020. A breakdown of the external reserves by ownership showed that the share of Federation reserves was US\$0.32 billion (0.9%); Federal Government reserves, US\$5.85 billion (17.4%); and the CBN reserves, US\$27.52 billion (81.7%) of the total (Figure 20, Table 19).

Gross external reserves fell in the first quarter of 2020.

Figure 20 : Gross Official External Reserves



Source: CBN

Table 19: Gross Official External Reserves (US\$ million)

	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
External Reserves	42,542.82	44,793.1	44,747.0	40,689.9	38,092.7	33,689.1

Source: CBN

6.0 *International Economic Developments and Meetings*

Other major international economic developments and meetings of importance to the domestic economy in the first quarter of 2020 included: the Extra-Ordinary Meeting of the Ministers for Finance and the Committee of Governors of the Central Banks of the Member States of the West African Monetary Zone (WAMZ), also referred to as the Convergence Council, was held at the Central Bank of Nigeria, Abuja, on January 16, 2020. Representatives from all the WAMZ Member States and the West African Monetary Institute (WAMI) were present at the Meeting.

The Report of the Extra-Ordinary Meeting of the Technical Committee of the WAMZ formed the basis for the deliberations of the Convergence Council. The Technical Committee had discussions regarding the declaration by the Chairman of the Authority of Heads of State of the West African Economic and Monetary Union (WAEMU) on December 21, 2019 to change the name of CFA franc to the Eco.

Based on the Technical Committee's report, the Convergence Council:

- Reaffirmed their commitment to the decisions of the ECOWAS Authority of Heads of State and Government, relating to the ECOWAS Monetary Cooperation Programme, the revised roadmap, and the Single-Track Approach to the ECOWAS Single Currency Programme 2020;
- Welcomed the achievements under the revised roadmap, including, the adoption of a flexible exchange rate, monetary policy framework based on inflation targeting, federal model of common central bank, name of the common central bank, name and symbol of the common currency;
- Acknowledged the policy reform measures taken by WAEMU, including the change in gross external reserves management, as a major first step toward delinking the CFA franc from the euro, and urged WAEMU to implement outstanding programme areas of the revised roadmap of the single currency programme and revert to the Single-Track Approach in line with ECOWAS Authority decision;

- Expressed reservations about the action of the WAEMU and the inaction of the ECOWAS Commission in connection with the unjustifiable and unilateral renaming of the CFA franc to Eco, on one hand, and the adoption of fixed exchange rate regime, on the other hand, which are not in line with the ECOWAS Authority decision; and
- Underscored the importance of the need for a tripartite consultative meeting between the Authorities of ECOWAS Commission, WAEMU Commission, and WAMZ with a view to clarifying and resolving issues and to avoid jeopardising the achievement of the shared goal of introducing a single currency in West Africa, guided by a single roadmap adopted by the ECOWAS Authority.

Furthermore, the 2019 End-of-Year Statutory meeting of the Economic and Monetary Affairs Committee and the Operations and Administration Committee of WAMA was held from February 6 – 13, 2020, at the International Conference Centre, Freetown, Sierra Leone. The meeting deliberated on the macroeconomic developments in the ECOWAS sub-region, assessed the performance of member countries in terms of compliance with the convergence criteria, the 2020 monetary integration agenda and administrative/operational issues of the Agency.

The meeting deliberated on 12 reports, broadly classified into three sub-groups to wit: (a) Economic and Monetary Affairs Committee, Operations and Administration Committee, and Any Other Business, as presented by WAMA, after the opening ceremony. The documents were:

- Economic and Monetary Affairs Committee;
- Director General's Progress Report in the 1st half of 2019;
- Report on the ECOWAS Monetary Cooperation Programme for first half 2019;
- Report on Exchange Rate Developments of ECOWAS Currencies as at end 2019;
- Proposal for the Creation of a Community Solidarity and Cooperation Fund;

- The Charter Establishing the West Africa Securities Regulators Association (WASRA);
- West African Capital Markets Integration (WACMI) Operational Rules; and
- Report of the Meeting of Member States Experts to Validate the WASRA Charter and WACMI Rules.

After deliberations, the meeting made recommendations to the Committee of Governors for consideration and approval.

Moreover, the 41st Meeting of the Technical Committee of the West African Institute for Financial and Economic Management (WAIFEM) was held at the Sierra Leone International Conference Centre, Aberdeen, Freetown, Sierra Leone on February 9, 2020. In attendance were representatives of all the 5 member central banks, as well as representatives from the Ministry of Finance Sierra Leone; Ministry of Finance and Economic Affairs, The Gambia; West African Monetary Institute (WAMI); West Africa Monetary Agency (WAMA); ECOWAS Bank for Investment and Development (EBID); and Inter-Governmental Action Group Against Money Laundering in West Africa (GIABA). The major decisions from the meeting were:

- Approval of the Draft Minutes of the 37th Meeting of the Board of Governors;
- Approval of the Progress Report by the Director General;
- Approval of the Draft Strategic Plan for Year (2020-2024);
- Approval of the Draft Budget for Year 2020; and
- Approval for the Draft Proposals for the Engagement of New External Auditors.

Also, the 2019 End-of-Year Statutory Meetings of the WAMZ was held at the International Conference Centre, Freetown, Sierra Leone from February 10 – 14, 2020. The meeting deliberated on the macroeconomic developments and convergence report in the WAMZ at end-June 2019. The meeting also deliberated on administrative and operational issues of the Institute and considered the WAMI work programme and budget for the financial year 2020.

Lastly, the 33rd Ordinary Session of the Assembly of Heads of State and Government of the African Union was held at the AU Headquarters in Addis Ababa, Ethiopia from February 9 – 10, 2020. Themed “Silencing the Guns: Creating Conducive Conditions for Africa’s Development”, the Meeting included an opening address by the newly elected Chairperson of the African Union, H.E. President Cyril Ramaphosa of the Republic of South Africa. During his address, the Chairperson outlined the priorities of the Union towards bolstering the progress being made in driving Africa’s growth trajectory within the framework of Agenda 2063. These included:

- Deepening the unity of the continent;
- Advancing inclusive economic growth and sustainable development;
- Ensuring political and economic unity, good governance and peace;
- Supporting integration, industrialisation, economic development, trade and investment;
- Development of an appropriate strategy for the fourth industrial revolution;
- Economic and financial inclusion for women and mainstreaming the interests of women;
- Conflict resolution; and
- Championing the position of Africa as a strong and influential player in the global arena.

7.0 *Global Economic Outlooks*

7.1 World Output

The momentum of global growth in the first quarter of 2020 was projected to be slow for both the advanced and emerging/developing economies, due to the ongoing coronavirus pandemic. The outbreak of the coronavirus in countries outside China posed a significant challenge to global growth, with a tendency to drive countries into recession. The growing political tension between the United States and Iran could disrupt oil supply, escalate uncertainties in international investment and erode confidence, thereby leading to slower business activities and growth. Also, the trade war between United States and China is of great concern, as it has extended to technological wars with negative implication on global supply chains. These impediments to global growth may further expose vulnerabilities in the international financial system, resulting in rising rollover risk for corporate and sovereign borrowers and portfolio reallocations/shift towards safe assets and rapid shifts in financial sentiments.

The IMF's World Economic Outlook (WEO) update for April 2020, projected global growth to fall from the estimated 2.9 per cent in 2019 to negative 3.0 per cent in 2020, but a growth of 5.8 per cent for 2021. This reflected a downward revision of negative 6.3 percentage points and an increase of 2.4 percentage points for 2020 and 2021, respectively, compared with the January 2020 WEO estimates. The downward revision reflects primarily negative surprises to economic activity in a few emerging market economies. On the positive side, market sentiment would be influenced by a broad-based shift toward accommodative monetary policy, intermittent favorable news on US-China trade negotiations, and diminishing fears of a no-deal Brexit. Across advanced economies, growth is projected to fall to negative 6.1 per cent in 2020, indicating 7.7 percentage points lower than the estimates in January 2020 WEO, but was estimated to have a positive growth of 4.5 per cent in 2021, showing a 2.9 percentage points higher than the estimate in the January 2020 WEO. The slowdown in growth was due, mainly, to downward revisions for the United States, euro area and the United Kingdom. For emerging market and developing economies, growth is estimated to fall to negative 1.0 per cent in 2020, but a positive growth of 6.6 per cent in 2021.

7.2 Global Inflation

Data on global inflation in the first quarter of 2020 revealed mixed result. In the major advanced and emerging market development economies, inflationary pressures were subdued due to weak oil prices and moderate growth, on account of the COVID-19 pandemic. The inflationary pressure in the review quarter is likely to persist in the months ahead, as the effects of the Coronavirus outbreak dampened consumer spending and depressed global supply chain.

Inflation, in the United States, eased to 2.2 per cent in March 2020 from 2.5 per cent in December 2019. This was attributed to fall in gasoline prices and airline fares as well as apparel prices. In the euro area, inflation declined to 0.7 per cent year-on-year in March 2020, compared to 1.3 per cent recorded at the end of the fourth quarter of 2019. The decline was due, mainly, to the sharp fall in energy prices, driven by coronavirus containment measures, slower increase in services price and oil price war between Saudi Arabia and Russia. In the United Kingdom, inflation increased from 1.3 per cent in the fourth quarter of 2019 to 1.5 per cent in the first quarter of 2020. The increase was due, mainly, to rise in prices of transport, fuels and lubricants.

In Major Emerging Market and Developing Economies, inflation in China fell to 4.3 per cent in March 2020 from 4.5 per cent recorded in December 2019. The deceleration in inflation was driven, primarily by government control measures to contain the COVID-19 outbreak, which reduced the cost of both food and non-food. In Brazil, inflation fell to 3.3 per cent in the first quarter of 2020 from 4.31 per cent in the fourth quarter of 2019. The development was due, largely, to low prices for transportation, household items and personal expenses.

In major Sub-Saharan African countries, inflation heightened due to tight monetary conditions. Inflation in Nigeria rose to 12.26 per cent in the first quarter of 2020 from 11.98 per cent in December 2020, reflecting, largely, the continued impact of border protection and hike in VAT tax rate. In Ghana, inflation fell by 0.1 per cent in March 2020 to 7.8 per cent from 7.9 in the fourth quarter of 2019, driven by a slowdown in prices of non-food products. In South Africa, inflation increased slightly to 4.1 per cent in the first quarter of 2020, from 4.0 per cent in fourth quarter of 2019, due largely to increase in transport prices.

The inflationary pressures experienced in the first quarter of 2020 is likely to persist in the subsequent quarters, especially in countries that were

severely hit by supply disruptions and shortages due to the effects of the Coronavirus pandemic. However, in others, persistent weak demand may lead to lower inflation expectations.

7.3 International Financial Markets

Developments in major international stock markets were bearish in the first quarter of 2020 due to negative impact of Coronavirus pandemic. In North America, the United States S&P 500, the Canada S&P/TSX Composite index and Mexico Bolsa (IPC) decreased by 30.7 per cent, 34.2 per cent, and 24.3 per cent, respectively. In South America, the Argentine Marvel index, the Brazilian Bovespa and the Colombian COLCAP indices decreased by 45.0 per cent, 42.7 per cent and 44.7 per cent, respectively. In Europe, the UK FTSE 100, the France CAC 40, and German DAX indices decreased by 33.8 per cent, 34.5 and 34.7 per cent respectively. In Asia, Japan's Nikkei 225, China's Shanghai Stock Exchange-A, and the India's BSE Sensex indices decreased by 28.6 per cent, 12.8 per cent and 37.0 per cent, respectively. In Africa, the Nigerian ASI, the South African JSE, the Kenya Nairobi NSE 20, Egypt EGX CSE 30 and Ghana's GSE indices decreased by 19.2 per cent, 33.0 per cent, 26.2 per cent, 28.0 per cent and 3.5 per cent, respectively.

In the foreign exchange market, the performance of 13 out of the 16 currencies surveyed showed depreciation against the US dollar, due to the downturn in global manufacturing, crash in oil prices, and the negative impact of coronavirus pandemic. The movement in the regional currencies exchange rates were as follows:

- **In North America**, the Canadian dollar and Mexican peso depreciated against the US dollar by 9.8 per cent and 19.2 per cent, respectively;
- **In Europe**, the pound Sterling, euro and Russian rubble depreciated against the US dollar by 11.8 per cent, 4.8 per cent and 20.5 per cent, respectively;
- **In South America**, the Brazilian real, Argentine peso and Colombian peso depreciated against the US dollar by 17.5 percent, 5.5 per cent and 16.6 per cent, respectively;
- **In Asia**, the Japanese yen, Chinese yuan and Indian rupee depreciated against the US Dollar by 2.0 per cent, 2.1 per cent and 6.3 per cent, respectively; and

- **In Africa**, the Egyptian pound appreciated against the US dollar by 0.40 per cent, while the Nigerian naira, South African rand, Kenyan shillings and Ghanaian cedi depreciated by 15.0 per cent, 17.2 per cent, 5.8 per cent and 0.7 per cent, respectively.

7.4 Outlook for Nigeria in the Second Quarter of 2020

On the domestic front, although the real GDP grew by 2.55 per cent in the fourth quarter of 2019, driven, largely by the services sub-sector, the growth trajectory is expected to slow-down by the second quarter of 2020, on account of the tepid global demand in the wake of the recent COVID-19 pandemic and declining crude oil prices. Inflationary pressures continued, as headline inflation rose to 12.26 per cent in March 2020, 0.06 per cent point higher than the rate recorded in February 2020. The development was driven, largely, by increase in food prices. It should be noted, however, that the inflation was not significantly affected in March, as the effects of major state lockdowns, due to COVID-19 pandemic, effectively manifested in April 2020.

The efforts of the fiscal and monetary authorities are expected to moderate the adverse effects of the COVID-19. Specifically, reduction of PMS pump price from ₦145 per litre to ₦125.0 per litre, establishment of a ₦500 billion COVID-19 intervention fund by the Federal Government, and the CBN ₦3.5 trillion stimulus package to households, healthcare sector, manufacturers and businesses, alongside other stimulus packages, would help improve the economic stance going forward. Furthermore, the subsisting loan-to-deposit ratio and continued intervention in the real sector is expected to provide stimulus for aggregate demand and supply in the economy during the period.

Notwithstanding, the headwinds facing the domestic economy include: decrease in foreign exchange receipts, owing to decline in oil prices and OPEC+ supply cut deal as demand for oil declines; difficulty in inventory adjustments, due to supply chain disruptions, occasioned by restrictions on travels and land border protections; increased fiscal deficits; and several structural rigidities. These risks could limit the fiscal space, elevate the vulnerability of the economy to external shocks, as well as retard the recovery potentials of growth-inducing sectors.

In light of the foregoing, output growth is projected to maintain a modest downward trend in the near-term. Real GDP is expected to slow to 1.87 per cent in Q1 2020, given that the effects of the lockdown

due to the pandemic, would manifest in April. In Q2 2020, output is expected to contract by negative 0.88 per cent. This is predicated on the assumption that the COVID-19 pandemic would persist until the end of the second quarter. Furthermore, consumer prices are projected to rise to 12.56 and 12.58 per cent, in April and May 2020, respectively, owing to supply shocks during this period. Also, the decline in external reserves would be sustained, given the downward trend of oil price, weakened global demand, as well as OPEC+ supply cut deal, which could likely exacerbate pressures at the foreign exchange market.

Against this background, policymakers are expected to nurture the fragile recovery of the economy with caution and employ appropriate policy instruments to tackle the likely adverse effects of the pandemic. Although the recent policies put in place by the monetary and fiscal authorities to mitigate the effects of the COVID-19 pandemic are commendable, the fiscal space should be optimally utilised, along with the implementation of structural reforms policies to boost growth and welfare over the medium-term. In addition, clear-cut monetary and financial policies would go a long way in tackling tight financial conditions and systemic stress that might emanate from the global health crisis. It is pertinent to mention that foreign exchange management is imperative, given the negative sentiment of foreign investors, which are likely to exacerbate pressures in the foreign exchange market. Finally, harmony between fiscal and monetary policy, as well as multilateral cooperation, is very imperative to ameliorate the negative impact of the COVID-19 pandemic in the short-run as well as sustain and strengthen growth in the future.

APPENDIX TABLES

Table A1: Money and Credit Aggregates (₦' Billion)

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Domestic Claims (Net)	28,453.00	32,982.06	32,503.16	35,683.14	36,178.34	37,975.86
<i>Claims on Government (Net)</i>	4,916.77	7,274.27	7,716.21	9,924.36	9,483.82	9,732.04
Monetary Authority (Net)	835.47	3,182.64	3,284.86	5,589.35	5,154.05	6,177.64
Other Depository Corporations (Net)	4,081.29	4,091.63	4,431.35	4,335.01	4,329.77	3,554.39
Claims on other Sectors	23,536.26	25,707.79	24,786.95	25,758.78	26,694.53	28,243.82
<i>Claims in Other Financial Corporations</i>	7,797.47	9,295.41	8,386.28	8,594.19	8,437.10	9,205.13
Monetary Authority	7,073.36	8,492.15	7,637.81	7,682.57	7,637.12	8,264.86
Other Depository Corporations	724.12	803.25	748.47	911.62	799.99	940.25
<i>Claims on Private Sector</i>	13,226.99	13,790.57	13,862.77	14,505.34	15,247.23	16,141.20
Monetary Authority	86.58	50.60	142.68	55.60	56.00	57.02
Other Depository Corporations	13,140.42	13,739.97	13,720.09	14,449.74	15,191.22	16,084.18
<i>Claims on State and Local Government</i>	1,746.27	1,777.70	1,764.77	1,755.61	1,869.67	1,870.84
Monetary Authority	606.52	612.12	614.92	614.92	611.68	610.65
Other Depository Corporations	1,139.76	1,165.59	1,149.86	1,140.69	1,257.99	1,260.19
<i>Claims on Non-financial Public Enterprises</i>	765.52	844.11	773.13	903.64	1,140.52	1,026.64
Monetary Authority	44.55	131.49	44.57	157.44	412.68	290.85
Other Depository Corporations	720.97	712.62	728.56	746.2	727.84	735.79
Foreign Assets (Net)	11,838.71	10,022.58	9,936.48	5,397.55	5,804.37	6,397.76
Monetary Authority	12,126.99	9,730.56	9,283.82	6,137.19	7,657.57	8,166.51
Other Depository Corporations	(288.28)	292.03	652.66	(739.64)	(1,853.19)	(1,768.76)
Other Items (Net)	2,887.85	5,187.34	3,714.24	2,410.96	1,799.06	3,050.98
Broad Money Supply (M3)	32,739.62	33,481.29	34,440.80	34,229.64	34,776.38	35,635.13
Other Deposits 1/	16,053.43	16,598.05	17,880.14	17,194.17	18,250.06	19,785.23
Narrow Money Supply (M1)	10,401.98	9,880.33	9,558.23	9,667.25	10,533.13	11,063.13
<i>Currency Outside Depository Corporations</i>	1,907.35	1,779.67	1,633.95	1,623.64	2,022.64	1,890.48
<i>Transferrable Deposits 2/</i>	8,494.64	8,100.66	7,924.29	8,043.61	8,510.50	9,172.66
Money Supply (M2)	26,455.41	26,478.39	27,438.38	26,861.43	28,783.19	30,848.37
CBN Bills held by Non-Bank Sectors	6,284.21	7,002.91	7,002.42	7,368.22	5,993.19	4,786.76
Broad Money Supply (M3)	32,739.62	33,481.29	34,440.80	34,229.64	34,776.38	35,635.13
<i>Memorandum Items:</i>						
Reserve Money (RM)	7,180.01	8,149.54	7,187.18	7,000.37	8,669.83	10,147.92
<i>Currency in Circulation (CIC)</i>	2,329.71	2,154.98	2,014.07	2,005.60	2,442.99	2,296.17
Banks' Deposit with CBN	4,850.31	5,994.56	5,173.11	4,994.76	6,226.84	7,853.18

Source: CBN

1/ Other Deposits consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Taking from Discount Houses.

2/ Transferrable 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	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
	<i>Percentage Change Over Preceding Quarter</i>					
Domestic Claims (Net)	9.8	15.9	-1.5	9.8	1.4	5.0
<i>Claims on Government (Net)</i>	67.8	48.0	6.1	28.6	-4.4	2.6
<i>Claims on Other Sectors</i>	2.4	9.2	-3.6	3.9	3.6	5.8
<i>Claims on Private Sector</i>	-11.8	4.3	0.5	4.6	5.1	5.9
<i>Claims on State and Local Government</i>	35.2	1.8	-0.7	-0.5	6.5	0.1
<i>Claims on Non-financial Public Enterprises</i>	270	10.3	-8.4	16.9	26.2	-10.0
Foreign Assets (Net)	-8.4	-15.3	-0.9	-45.7	7.5	10.2
Other Items (Net)	43.6	79.6	-28.4	-35.1	-25.4	69.6
Broad Money Supply (M3)	7.6	2.3	2.9	-0.6	1.6	2.5
Other Deposits 1/	5.1	3.4	7.7	-3.8	6.1	8.4
Narrow Money Supply (M1)	5.5	-5.0	-3.3	1.1	9.0	5.0
<i>Currency Outside Depository Corporations</i>	19.1	-6.7	-8.2	-0.6	24.6	-6.5
<i>Transferrable Deposits 2/</i>	2.8	-4.6	-2.2	1.5	5.8	7.8
Total Money Assets (M2)	5.2	0.1	3.6	-2.1	7.2	7.2
CBN Bills held by Non-Bank Sectors	18.8	11.4	-0.1	5.2	-18.7	-20.1
Broad Money Supply (M3)	7.6	2.3	2.9	-0.6	1.6	2.5
<i>Memorandum Items:</i>						
Reserve Money (RM)	5.6	13.5	-11.8	-2.6	23.9	17.1
<i>Currency in Circulation (CIC)</i>	20.9	-7.5	-6.5	-0.4	21.8	-6.0
<i>Monetary Authority Liabilities to Other Depository Corporations</i>	-0.5	23.6	-13.7	-3.5	24.7	26.1
	<i>Percentage Change Over Preceding December</i>					
Domestic Claims (Net)	9.6	15.9	14.2	25.4	27.2	5.0
<i>Claims on Government (Net)</i>	32.4	48.0	56.9	101.6	92.9	2.6
<i>Claims on Other Sectors</i>	1.9	9.2	9.0	12.2	13.4	1.5
<i>Claims on Private Sector</i>	-10.4	4.3	4.8	9.7	15.3	5.9
<i>Claims on State and Local Governments</i>	16.8	1.8	1.1	0.5	7.1	0.1
<i>Claims on Non-financial Public Enterprises</i>	328.29	10.3	1.0	18.0	49.0	-10.0
Foreign Asset (Net)	7.85	-15.3	-16.1	-54.4	-51.0	10.2
Other Items (Net)	3.7	79.6	28.6	-16.5	-37.7	69.6
Broad Money Supply (M3)	15	2.3	5.2	4.6	6.2	2.5
Other Deposits 1/	10.98	3.4	11.4	7.1	13.7	8.4
Narrow Money Supply (M1)	9.73	-5.0	-8.1	-7.1	1.3	5.0
<i>Currency Outside depository Corporations</i>	7.3	-6.7	-14.3	-14.9	6.0	-6.5
<i>Transferrable Deposits 2/</i>	4.8	-4.6	-6.7	-5.3	0.2	7.8
Money Supply (M2)	10.5	0.1	3.7	1.5	8.8	7.2
CBN Bills held by Non-Bank Sectors	38.9	11.4	11.4	17.3	-4.6	-20.1
Broad Money Supply (M3)	15.0	2.3	5.2	4.6	6.2	2.5
<i>Memorandum Items:</i>						
Reserve Money (RM)	10.7	13.5	0.1	-2.5	20.8	17.1
<i>Currency in Circulation (CIC)</i>	8.0	-7.5	-13.6	-13.9	4.8	-6.0
<i>Monetary Authority Liabilities to Other Depository Corporations</i>	12.1	23.6	6.7	3.0	28.4	26.1

Source: CBN

1/ Other Deposits consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Taking from Discount Houses.

2/ Transferrable Deposit 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.

*All figures are provisional.

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

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Retained Revenue	1,111.68	978.41	1,738.81	1,418.87	864.88
<i>Federation Account</i>	709.03	716.29	866.79	786.35	1,524.49
<i>VAT Pool Account</i>	43.43	42.55	41.89	287.95	319.12
<i>FGN Independent Revenue</i>	112.83	110.89	205.05	81.30	81.30
<i>Excess oil</i>	-	36.33	-	-	-
<i>Excess non-oil</i>	6.40	-	0.92	3.99	3.99
<i>Exchange gain</i>	1.16	0.69	1.44	25.62	25.62
<i>Others</i>	238.83	71.66	622.73	-	512.21
Expenditure	2,514.02	2,388.86	2,414.03	2,627.38	2,327.80
<i>Recurrent</i>	1,943.93	1,605.30	1,991.79	1,513.94	1,757.49
<i>Capital</i>	455.23	668.26	305.43	442.21	472.54
<i>Transfers</i>	114.87	115.30	116.81	118.31	97.77
Overall Balance: Surplus(+)/Deficit(-)	(1,402.34)	(1,410.45)	(675.21)	(1,208.51)	1,462.91

*First Quarter 2020 figures are provisional.

