CENTRAL BANK OF NIGERIA

QUARTERLY STATISTICAL BULLETIN

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Vision of the CBN

Be the model central bank delivering price and financial system stability and promoting sustainable economic development

Mission of the CBN

To be proactive in providing a stable framework for the economic development of Nigeria, through the effective, efficient and transparent implementation of monetary and exchange rate policy, and management of the financial sector

Mandate of the Statistics Department

To collect, analyze and manage data on all sectors of the economy, in order to provide statistical support to the Bank, the government, international organizations and other stakeholder

	CONTENTS
SECTION	
A	

EXPLANATORY NOTES

SECTION A: FINANCIAL STATISTICS

Financial data are normally compiled from balance sheets and financial statements which are primarily designed to meet a variety of legal and administrative requirements, as well as the specific needs of economic analysis. Financial data compilation involves the aggregation of the financial system's accounts to the level at which general macroeconomic tendencies are discernible.

Effective end-December 2019, the Bank fully adopted the Standardized Report Forms (SRFs) for compiling, presenting, and disseminating monetary statistics as well as policy decisions in line with the IMF Monetary and Financial Statistics Manual 2000 (MFSM) and the 2008 Monetary and Financial Statistics Compilation Guide (MFS Guide). The SRFs contain more detailed coverage of the classification, economic sectorization, currency denomination, valuation, and recording of financial assets and liabilities in the economy. Although both the non-SRF and SRF tables are presented in this publication, the non-SRF data series stopped at end-November 2007 (Table A.1.1 and Table A.2.1) while the SRF reporting templates are used going forward with historical data from end-December 2007 (Table A.1.2 and Table A.2.2).

The consolidated accounts of the monetary authorities/central bank for assets and liabilities, which are shown in Tables A.3.1 – A.4.3 are derived from different sub-accounts of the CBN operations. The Finance Department generates the CBN Analytical Balance Sheet (ABS) using data obtained from the general ledger on the Oracle ERP application. This is forwarded to the Statistics Department as an input for central bank survey. Similarly, the consolidated balance sheets of deposit money banks/other depository corporations (ODCs) are downloaded from Financial Analysis Application (FinA) as inputs for ODCs' accounts which are shown in Tables A.5.1A – A.11.3. The balance sheets of the central bank and ODCs are consolidated to produce depository corporations survey shown on Table A.1.1 – A.1.2.

The monthly interest rate returns are used to compute the weighted average lending and deposit rates, using as weights, amount lent for various rates and total depositors' funds, respectively. The deposit rates: savings and time/term deposit of various maturities ranging from 7 days to over 12 months are also computed and presented on Tables A.14 along with other money market interest rates.

Payments system statistics, sectoral allocation of ODCs' loans and advances and stock market statistics and are covered in Tables A.12, A.13A – 13B and A.15, respectively. Assets and liabilities of development and specialised financial institutions are presented in Tables A.16 – A.19.

SECTION B: GOVERNMENT FINANCE STATISTICS

The fiscal sector indicators are the revenue, expenditure, and public debts (domestic and external) of the Federal, State and Local Governments. Revenue is an inflow of resources or money into the government sector from other economic units/sectors. It includes all non-repayable receipts and grants and is divided into current and capital. While current revenue comprises tax and non-tax receipts within a given period, capital revenue are receipts from non-financial assets used in production process for more than one year. Grants are non-compulsory, non-repayable unrequited receipts from other governments and international institutions. Expenditure is an outflow of resources from government to other sectors of the economy whether requited or unrequited. It is divided into recurrent and capital expenditures. While recurrent expenditures are payments for salaries and overheads, capital expenditures are payments for non-financial assets.

The difference between government payments for expenditure and total receipts from revenue could either be surplus or deficit. If revenue is greater than expenditure, there is a surplus, but when expenditure is greater than revenue, we have a deficit. Financing represents government's sources of meeting deficit or utilizing surplus. Sources of financing are divided into domestic and foreign. Debt (domestic and external) is a stock of liabilities with different tenors accumulated by government operations in the past and scheduled to be fully repaid by government in the future. It covers only recognized direct financial obligations of government on which government pays interest on redemption. External debt figures in the tables are converted to Naira using end-period exchange rate.

SECTION C: REAL SECTOR STATISTICS

TABLES C.1.1 – C1.3
These tables, for the composite, urban and rural price indicators, show monthly consumer price indices and inflation rates given in four forms: - all items (headline), all items less farm produce (core), all items less farm produce & energy (another type of core) and food. The

inflation rate is designed to measure the rate of increase of a price index. It is a percentage rate of change in price level over time.

The first CPIs were computed separately for the then Federal and Regional Capitals. The indices for Lagos, and Ibadan, Kaduna, Enugu had 1953 and 1957 as base years, respectively. The CBN in collaboration with the Federal Office of Statistics (FOS) now National Bureau of Statistics (NBS), felt that the separate indices had some disadvantages. The Consumer Expenditure Survey (CES) conducted in 1957 was reviewed to reflect the need for a single national CPI based on the prices of harmonised basket of commodities purchased and consumed by a representative set of households in selected centres from all over the country.

A more serious limitation of the index then, was the absence of a composite consumer price index to measure average change in the price of goods and services purchased by the specified groups of consumers. As a result of this limitation, a common base was derived for all-cities index by averaging prices in 1960. In selecting every consumer item, the prices index for any given period was adjusted on the basis that the average price index for the same item in 1960 is 100. As consumption patterns change over time, a set of item weights obtained in a particular CES progressively become outdated. The changing consumption pattern of households is mirrored in the results of CES taken at regular intervals which give rise to new basket consumer items and constitute item weights. With the National Consumer Expenditure survey (NCES) conducted by NBS in 1974/75 which provided expenditure data from which item weights were derived for urban and rural indices, the CPI adopted 1975 as the ruling base year.

However, CPI is continually updated and rebased and that informed the updating of the base period to 1985 with the CES of 1980/81. The CES was updated in view of the time lag between the period of the survey and the time the detailed analysis was completed (1986). The mean expenditures were consequently revalued to take account of the time lag. Relative price changes between 1980 and 1985 were employed to update the CES estimates to 1985 values. Such relative price changes were derived from the 1975 CPI baskets when considered

state by state. For entirely new items, as new items and classification were introduced, relative price changes were compiled and utilized for the updating.

The basket of the 1985-based CPI has been restructured to indicate commodity groups such as medical care and health expenses, recreation, entertainment, education and cultural services which were not classified when 1975 base was used. Due to changes in consumption patterns overtime, NBS conducted another CES between March 1996 and April 1997, and item weights derived from the survey data were updated to May 2003, the price reference period of the CPI series. The basket for the survey was a re-structured version of the former basket, because the classification of individual consumption by purpose (COICOP) was adopted. It consists of twelve major commodity groups and eighty-five subgroup indices. Currently, the consumption expenditure data are revalued to a new base period of November 2009, using the Nigerian Living Standard Survey (NLSS) outcome of 2003/2004 to arrive at the CPI series for *all items, all items less farm produce, all items less farm produce & energy and food* categories. The monthly indices are provided from January 2000.

SECTION C.2 – C.6: NATIONAL ACCOUNTS

The System of National Accounts (SNA) is a consistent, coherent and integrated set of macroeconomic accounts; balance sheets and tables based on a set of internationally agreed concepts, definitions, conventions, classifications and accounting rules. It provides a comprehensive accounting framework within which economic data can be compiled and presented in a format that is designed for purposes of economic analysis, policy making and decisions. The compilation of the National Accounts statistics presented in this bulletin is based on the same principles as recommended in the 2008 System of National Accounts (2008 SNA). The SNA runs a sequence of accounts to generate macroeconomic aggregates that guide policy decisions and assists in gauging the performance of an economy. There are three major accounts in the sequence of accounts: the current account, accumulation account, and the balance sheets. The transactions in one account affect the transactions in the subsequent accounts. Most of the data captured in this publication are compiled within the current account and the accumulation account as presented in the relevant tables.
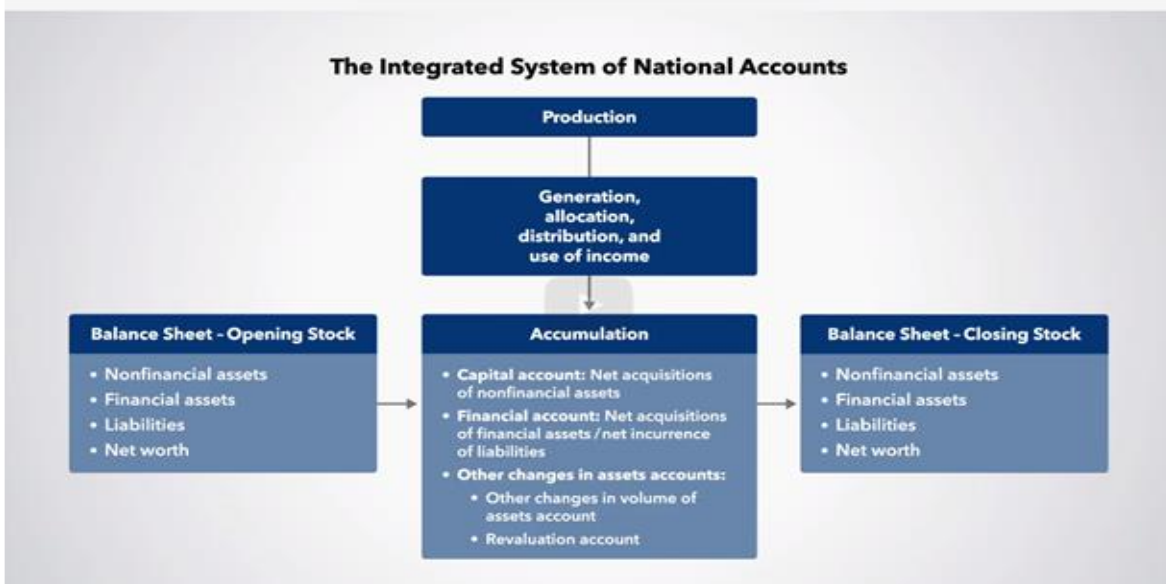
Source: International Monetary Fund (IMF 2021)

The current account consists of five sub-accounts: *production account*, *generation of income account, allocation of primary income account, secondary distribution of income account, and use of disposable income account*, which are flow accounts that account for production, income, consumption and savings in an economy. These two accounts generate very important economic aggregates which are derived as balancing items from each of the accounts. Some of the aggregates produced under the current account include the *value added or gross domestic product (GDP), gross national income (GNI), gross national disposable income (GNDI), and national savings*.

Source: International Monetary Fund (IMF 2021)

13
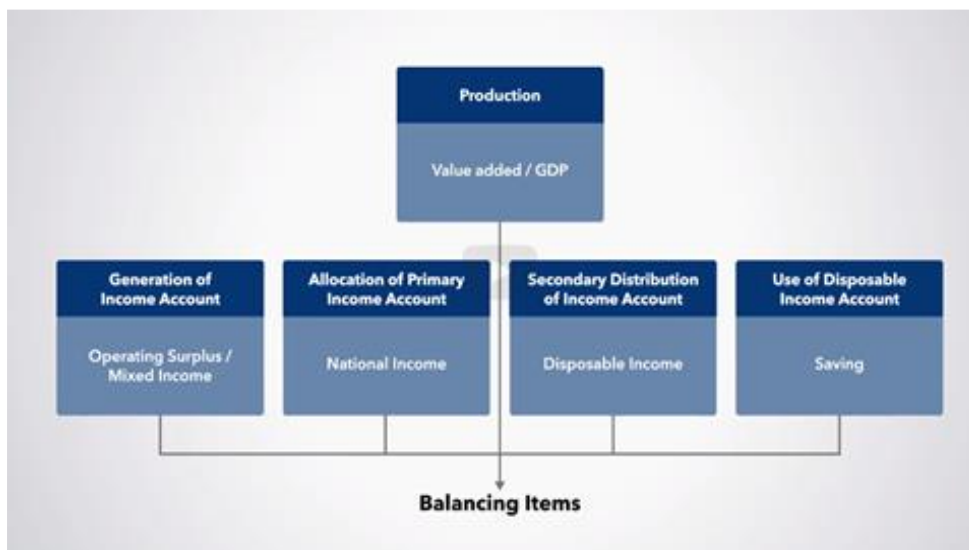
The accumulation account consists of the *capital account, financial account, and Other Changes in the Volume of Assets Account (OCVA)*. The capital account records transactions in nonfinancial assets, while the financial account records transactions in financial assets and liabilities. The other changes in the volume of assets account shows changes in nonfinancial assets, financial assets, and liabilities that are not the result of transactions. The capital account shows how saving and capital transfers are used to fund capital formation. Capital formation consists of *gross fixed capital formation*, the *change in inventories*, and the net acquisition of valuables. *Gross fixed capital formation is the acquisition of assets used in production such as buildings, machinery, and intellectual property products*.

The various National Accounts tables presented in this publication were compiled by the National Bureau of Statistics (NBS) in line with the 2008 SNA. Apart from reporting these statistics in their nominal values using market prices, the NBS also provides their values in real terms using the 2010 Price Deflators as the base period.

Table C.2

  i. The Gross Domestic Product (GDP) is the monetary value of goods and services produced in an economy during a specific period irrespective of the nationality of the people who produced the goods and services. It is calculated without making deductions for depreciation. The concept behind GDP compilation is to measure gross value added after deducting the cost of inputs used in production (intermediate consumption) from the gross output value.

  ii. GDP at Current Basic Prices (i.e. Nominal GDP) equals GDP at Current Market Prices less indirect taxes net of subsidies. The GDP valued at the market prices is what purchasers pay for the goods and services they acquire or use.

Table C.3

  i. GDP at Constant Basic Prices (otherwise known as the real GDP) equals GDP at Market Prices less indirect taxes net of subsidies.

  ii. GDP at Constant Market Prices equals GDP at Constant Basic Prices plus indirect taxes net of subsidies.

Table C.4

Implicit Price Deflator is GDP at current basic prices divided by GDP at constant basic prices. The ratio is used to account for the effects of inflation by reflecting the changes in the prices of bundles of goods and services that make up the GDP as well as changes in the bundles themselves.

Tables C.5 – C.6

GDP by Expenditure (at current purchasers' value and 2010 constant purchasers' prices) and by Income on quarterly frequencies:

i)   GDP by expenditure based - is total final expenditure at purchasers' prices (including the f.o.b value of exports of goods and services) less the f.o.b value of imports of goods and services.

ii)   GDP by income based - is compensation of employees, plus taxes less subsidies on production and imports, plus gross mixed income and operating surplus.

iii)   Gross Fixed Capital Formation - is expenditure on fixed assets (such as building, machinery) either for replacing or adding to the stock of existing fixed assets.

iv)   Gross Capital Formation (i.e. Gross Domestic Investment) - is the total change in the value of fixed assets plus change in stocks.

v)   Private Consumption-Household Final Consumption

Household actual final consumption consists of the consumption of goods or services acquired by individual households by expenditures or through social transfers in kind, received from government units or Non-Profit Institutions Serving Households (NPISHs). The value of household actual final consumption is given by the sum of the two components:

a)   The value of household expenditures on consumption of goods or services including expenditures on non-market goods or services sold at prices that are not economically significant.

b)   The value of the expenditures incurred by the NPISH, on Individual consumption of goods or services provided households as social transfers in kind.

vi)   Government Final Consumption Expenditure consists of expenditure, including imputed expenditure incurred by general government of both individual consumption of goods and services and collective consumption of services. This expenditure may be divided into:

      a) Government expenditure on individual consumable goods and service

      b) Government expenditure on collection consumption

vii)   Gross Consumption Expenditure is equal to Private Consumption Expenditure plus Government Consumption Expenditure

viii) Gross National Savings show the amount of domestic and foreign investment financed from domestic output, comprising public and private savings. It is gross domestic investment plus the net exports of goods and non-factor services.

ix)   GDP 2010 Basic Prices is the GDP at 2010 Producers Price less taxes on expenditure plus subsidies.

x)   GDP at Current Basic Prices is the GDP at Producers Price less taxes on expenditure plus subsidies.

Other real sector indicator tables include index of industrial production, real sector indices, Nigeria's Bonny Light crude petroleum price and indices of average world prices of Nigeria's major agricultural export commodities, as well as manufacturing capacity utilization. (Tables C.7 – C.12).

SECTION D: EXTERNAL SECTOR STATISTICS

TABLES D.1 – D.3: INTERNATIONAL TRADE

International trade takes place between residents in the reporting economy and the rest of the world (ROW). International Trade Statistics (ITS), therefore, measure the quantities and values of goods that move into and out of a country. In other words, ITS refer to imports and exports unadjusted for Balance of Payments (BOP). They are compiled from customs bills

of entry, which are usually completed by importers and exporters, indicating the quantities and values of goods imported into and exported out of the compiler economy.

ITS can also be derived from records of transactions in foreign exchange where customs data are not available. Due to Nigeria's peculiarity, the exports and imports statistics in Tables D.2 – D.3 highlighted the oil components for analytical purposes.

TABLES D.4 – D.9: BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION

The BOP is defined as a systematic record of economic and financial transactions for a given period between residents of an economy and non-residents. These transactions involve the provision and receipts of real resources and changes in claims on, and liabilities to, the ROW. Specifically, it records transactions in goods, services and income, as well as changes in ownership and other holdings of financial instruments, including monetary gold, Special Drawing Rights (SDRs) and claims on, and liabilities to, the ROW. The BOP also records current transfers - the provision or receipt of an economic value without the acceptance or relinquishing of something of equal value, or quid pro quo.

Generally, transactions involving payments to residents of an economy by non-residents are classified as "Credit" entries, while payments by the residents of an economy to non-residents are "Debit" entries. Tables D.4 – D.7 present the detailed and abridged versions of BOP tables.

The method of BOP compilation has been reviewed several times by the International Monetary Fund (IMF). The fifth edition of the BOP compilation Manual (BPM5) is used for Tables D.4 and D.5, while the sixth edition (BPM6) is used for Tables D.6 and D.7. Tables D.8 and D.9 provide an expanded conceptual framework to encompass both balance of payments flows (transactions) and stock of external financial assets and liabilities otherwise called the International Investment Position.

However, the editions of the Manual provide flexibility in the sense that although more details are provided for in the revised editions, the overall presentations do not change significantly. Following the BPM5 template, the BOP table is divided into two main sections, namely the Current Account, and the Capital and Financial Account. The Net Errors and Omissions in the manual's presentation structure is a balancing item.

Current Account

The Current Account is divided into two major sections; visible and invisible. The visible account consists of Goods Account (exports and imports), which are tangible physical commodities, movement of which constitutes merchandise trade. Exports are "Credit" entries as non-residents acquiring goods have to pay the exporting country. Imports are "Debit" entries as the importer has to use up his stock of foreign currencies to pay for the imported goods.

In the balance of payments table, the value of exports and imports are recorded "free-on-board" (F.O.B.) to show the actual costs of the goods without insurance and freight, both of which are treated in the Services section of the current account. The services include transport, freight, travels, insurance and other business services. Entries are either credit or debit depending on whether the charges are received or paid by the reporting economy.

The Investment Income aspect of invisibles refers to accrued income on existing foreign financial assets. This income may be profits, interest, dividends and royalties received by or paid to direct and portfolio investors. It may also be interest and commitment charges on loans (Other Investment Income).

The "Current Transfers" is the fourth sub-account under the Current Account. It is a unilateral transfer by the reporting economy to the ROW or vice versa without an equivalent value in exchange. It is usually classified as private (other sector) or official (government). Private transfers include home remittances by migrant workers or private sector grants to educational institutions, etc. Official transfers are by way of grants, subscriptions, technical assistance, etc. to governments and other official agencies. Transfers received are recorded as credit items, while outflows are debits to the reporting economy.

The sum total of the balances of these sub accounts namely: Goods, Services, Income and Current Transfers make up the Current Account.

Capital and Financial Account

The Capital and Financial Account captures changes in a country's foreign assets and liabilities, capital movements and changes in international investment position. Capital may be long or short-term, and private or public (government). Furthermore, investment, as a major component of financial account is "Direct" if it creates or establishes a permanent controlling interest in an enterprise; and the investor has equity ownership of at least 10 per cent. "Portfolio Investment" covers the acquisition and disposal of equity and debt securities (instruments), which cannot be classified under direct investment.

Capital inward movements may take place between a reporting economy and the ROW by injection of new loans and investments into the reporting economy by foreigners. This movement may take the form of increases in foreign owned deposits in the banks of the domestic (reporting) economy. The latter may decide to recover its loans and investments, as well as bank deposits abroad. These are examples of credit entries. Capital flows through new loans and increases in deposits in foreign banks by the reporting economy, constitute "debit entries". The capital transfers component of un-requited transfers is included in the capital account of the balance of payments.

In general, under the double-entry accounting system, all debit and credit entries should be equal. If this happens to all the items in both the current and capital accounts, it will be easy to ascertain the net change in assets and liabilities of the reporting economy by establishing the balance on both current and capital accounts. However, this equality does not always hold in reality as either the debit or credit is usually understated. Thus, provision is made in the "errors and omissions".

Net Errors and Omissions

Differences between debits and credits in the current and the capital and financial accounts are balanced through the Errors and Omissions component of the BOP.

Data from both sides of a single transaction arise from independent sources leading to discrepancies. In addition, different values may be given to the same item at each valuation point and the item may be completely omitted at one of the valuations. A credit balance on the Net Errors and Omissions Account shows that the credit items are under-estimated, while a debit balance indicates an understatement of debit items.

The Central Bank of Nigeria is currently in the process of full transition to the BPM6 from BPM5. Consequently, this edition of Quarterly Statistical Bulletin equally features Tables D.6, D.7 and D.9 prepared on the basis of BPM6.

TABLES D.13 – D.22:   EXCHANGE RATES

The foreign exchange and exchange rate management in Nigeria has undergone transformation over the years. It has moved from officially pegged exchange rate system between 1970 and 1985 to a market-determined system since 1986. The naira exchange rate is now determined through the foreign exchange market segments on the basis of demand and supply. The dollar is the intervention currency in the market; while the exchange rates of other currencies are based on cross reference to the naira - dollar exchange rate.

The trade-weighted Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER) indices for Nigeria represent the value of the Naira in terms of a weighted basket of currencies. The weights represent the relative importance of each currency to the Nigerian economy. In other words, they represent the share of each of the selected countries in Nigeria's total trade. Therefore, the NEER and REER indices measure the average change of the Naira's exchange rate against all other currencies in nominal and real terms, respectively.

In constructing the NEER index, the geometric approach was adopted, while *ab initio*, 10 major trading partners, which control about 76.0 per cent of Nigeria's trade with the ROW were selected.   These are: Belgium, France, Italy, Japan, The Netherlands, Spain, Switzerland, Germany, United Kingdom and the United States of America. However, following the dynamism in Nigeria's International Trade, there had been some modifications in the group of selected trading partners. Thus, the following are the current 19 major trading

partners included in the computation of the NEER and REER indices: Belgium, Brazil, China (Mainland), Cote d'Ivoire, France, Germany, Ghana, India, Indonesia and Italy. Others include Japan, The Netherlands, South Africa, South Korea, Spain, Sweden, United Arab Emirate, United Kingdom and the United States of America.

Other tables in section D capture various external sector indicators. Nigeria's *gross external reserves* monthly time series are provided in Table D.12 while Tables D.24 and D.25 present *foreign exchange flows through the Nigerian economy* and *sectoral utilization of foreign exchange,* respectively. *External debt and debt service* statistics are in Table D.26 and *all products (SITC) terms of trade indices* are captured in Tables D.27 - D.30.

SECTION E: PURCHASING MANAGERS' INDEX (PMI)

TABLES E.1 – E.2: PURCHASING MANAGERS' INDEX

The Statistics Department of the CBN conducts PMI survey on monthly basis. PMI statistics on businesses is based on data compiled from purchasing and supply executives of manufacturing and non-manufacturing organizations in all states in Nigeria and the Federal Capital Territory. Survey responses reflect the change, if any, in the current month compared with the previous month. For each of the indicators measured, the percentage reporting of each response, the net difference between the number of responses in the positive and negative economic direction and the diffusion index are shown. The diffusion index includes the percent of positive responses plus one-half of those responding the same (considered positive). The composite PMI is a weighted average of the following diffusion indices: production level, new orders, supplier deliveries, employment level and inventories. The weights assigned to these variables are 25%, 30%, 15%, 10% and 20%, respectively.

Diffusion indices have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. A PMI reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining, with respect to the specific business activity. Manufacturing and Non-Manufacturing PMI tables are provided in Tables E.1 and E.2.