



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
MAY 2016***

The Central Bank of Nigeria Economic Report is designed for the dissemination of financial and economic information on the Nigerian economy on current basis. The Report analyses developments in the financial, fiscal, real and external sectors of the economy, as well as international economic issues of interest. The Report is directed at a wide spectrum of readers including economists and financial analysts in government and the private sector, as well as general readers.

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1.0 Summary

Provisional data indicated that relative to the level at end-April 2016, growth in the key monetary aggregate was moderate at the end of May 2016. On month-on-month basis, broad money supply (M_2), at ₦20,971.21 billion, fell by 0.03 per cent, in contrast to the increase of 1.3 per cent at the end of the preceding month. The development reflected solely the fall of 1.97 per cent in net domestic credit of the banking system, which more than offset the increase of 3.19 and 3.85 per cent in net foreign asset and other assets (net) of the banking system, respectively. Narrow money supply (M_1), however, at ₦9,391.87, grew by 2.8 per cent, relative to the level in the preceding month. The development, relative to the preceding month reflected wholly the increase of 3.9 per cent in demand deposit component. Reserve money (RM) declined by 1.6 per cent at the end of the review month.

Banks' deposit and lending rates generally trended upward during the review month based on available data. All deposit rates of various maturities rose from a range of 2.53 per cent – 6.83 per cent in the preceding month to 3.53 per cent – 8.01 per cent at the end of the review month. The weighted average term deposit rate also rose to 6.38 per cent from the 5.19 per cent recorded in the preceding month. Similarly, the weighted average prime and maximum lending rates rose by 1.05 percentage points and 1.06 percentage points to 17.82 per cent and 27.93 per cent, respectively, at the end of the review month. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed from 21.69 percentage points to 21.55 percentage points in May 2016. However, the spread between the average savings deposit and average maximum lending rates, widened by 0.05 percentage point to 24.40 percentage points at the end of the review month.

Provisional data also showed that the total value of money market assets outstanding, in May 2016, stood at ₦10,226.3 billion, showing an increase of 2.8 per cent, compared with 2.0 per cent growth at the end of the preceding month. The development was attributed, largely, to the 51.9 per cent increase in the Commercial Paper outstanding. Activities on the Nigerian Stock Exchange were bullish in May 2016.

Provisional data indicated that federally-collected revenue in May 2016, at ₦384.88 billion, fell short of the receipt in the preceding month by 1.6 per cent. Oil receipts (gross), at ₦185.76 billion, fell below the receipts in the preceding

month by 0.5 per cent, and constituted 48.3 per cent of total revenue. At ₦199.12 billion or 51.7 per cent of the total, gross non-oil receipts declined by 2.7 per cent relative to the level in the preceding month. Federal Government retained revenue and estimated expenditure for May 2016 were ₦145.16 billion and ₦361.02 billion, respectively. Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦215.86 billion.

Major farming activities during the review period were planting activities and harvesting of cassava in the South, while preparation of land for cropping and harvesting of vegetables were prevalent in the North. In the livestock sub-sector, migration of livestock, such as cattle to Southern states for greener pasture continued.

Domestic crude oil production was estimated at 1.35 million barrels per day (mbd) or 41.85 million barrels in May 2016. Crude oil export stood at 0.90 mbd or 27.90 mb and indicated a decline of 26.8 per cent, relative to the level in the preceding month. At an estimated average of US\$47.59 per barrel, the average spot price of Nigeria's reference crude, the Bonny Light (37° API), increased by 12.6 per cent, above the level in the preceding month.

Headline inflation rate on a year-on-year basis was 15.6 per cent in May 2016 and 10.8 per cent on a 12-month moving average basis.

Foreign exchange inflow and outflow through the CBN in May 2016 was US\$1.51 billion and US\$1.71 billion, respectively, and resulted in a net outflow of US\$0.20 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$1.13 billion and represented a 2.6 per cent decline relative to the level in April 2016.

The average exchange rate at the inter-bank segment remained unchanged at ₦197.00 per US dollar, same as in the preceding month and the corresponding period of 2015. Gross external reserves, at US\$26.30 billion, declined by 1.1 per cent relative to the preceding month's level.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the 51st Annual Meetings of the African Development Bank (AfDB) and the 42nd Meetings of the Board of Governors of the African Development Fund (ADF). Furthermore, the 2016 continental seminar of the Association of African Central Banks (AACB) was held between May 9 - 11, 2016 in Cairo, Egypt.

2.0 *Financial Sector Developments*

2.1 **Monetary and Credit Developments**

Provisional data indicated that growth in broad money supply (M₂) was moderate at end-May 2016. Banks' deposit and lending rates generally trended downward. The value of money market assets outstanding increased, owing, largely, to the rise in investments in Commercial Paper outstanding during the review period. Activities on the Nigerian Stock Exchange (NSE) were bullish during the review month.

Money supply (M₂) was moderate on month-on-month basis at end-May 2016.

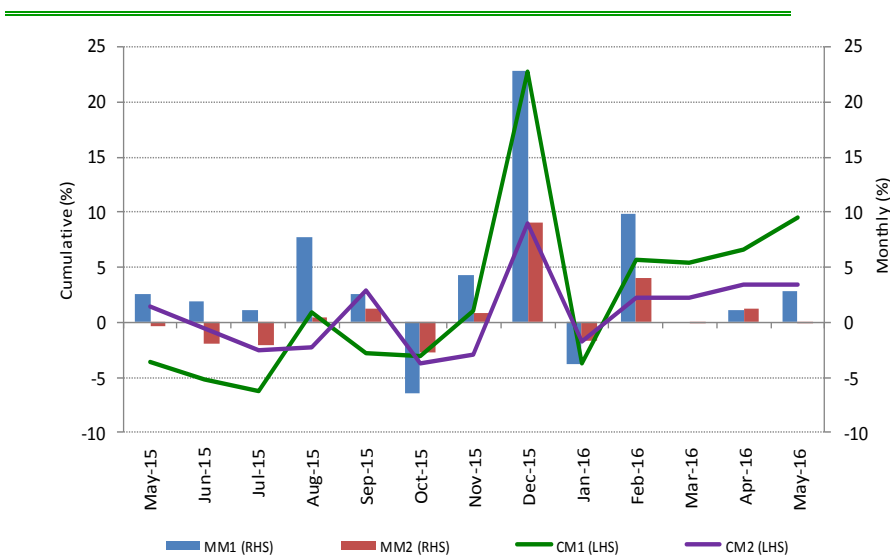
Provisional data indicated that relative to the level at end-April 2016, growth in the key monetary aggregates were moderate at the end of May 2016. On month-on-month basis, broad money supply (M₂), at ₦20,971.21 billion, fell by 0.03 per cent, in contrast to the increase of 1.3 per cent at the end of the preceding month. The development reflected solely the fall of 2.0 per cent in net domestic credit of the banking system, which more than offset the increase of 3.2 per cent and 3.9 per cent in net foreign asset and other assets (net) of the banking system, respectively. On the other hand, narrow money supply (M₁), grew by 2.8 per cent, relative to the level in the preceding month, but fell by 7.1 per cent, at the end of the corresponding period of 2015. The development, relative to the preceding month reflected, wholly, the increase of 3.9 per cent in its demand deposit component (Fig. 1, Table 1).

Over the level at end-December 2015, broad money supply (M₂), grew by 3.5 per cent, the same as in the preceding month. The development reflected, wholly, the 5.7 per cent, increase in domestic credit (net), of the banking system. Narrow money supply (M₁), grew by 9.6 per cent, compared with the increase of 6.6 per cent at the end of the preceding month, but contrasted with the decline of 3.4 per cent, in the corresponding period of 2015.

Relative to the level at the end of the preceding month, quasi-money fell by 2.3 per cent to ₦11,330.04 billion, in contrast to the increase of 1.4 per cent and 0.8 per cent, at the end of the preceding month and the corresponding period of 2015, respectively. The development was due to the fall in time and savings

deposits of banks.

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



At ₦22,852.14 billion, aggregate credit to the domestic economy, on month-on-month basis, fell by 2.0 per cent at the end of the review month, in contrast to the increase of 2.9 per cent and 5.3 per cent, at the end of the preceding month and the corresponding period of 2015, respectively. The development reflected the 3.3 per cent and 1.7 per cent, decline in net claims on the Federal Government and claims on the private sector, respectively. Over the level at end-December 2015, net domestic credit rose by 5.7 per cent at the end of the review period, compared with the growth of 7.9 per cent and 9.2 per cent, at the end of the preceding month and the corresponding period of 2015, respectively.

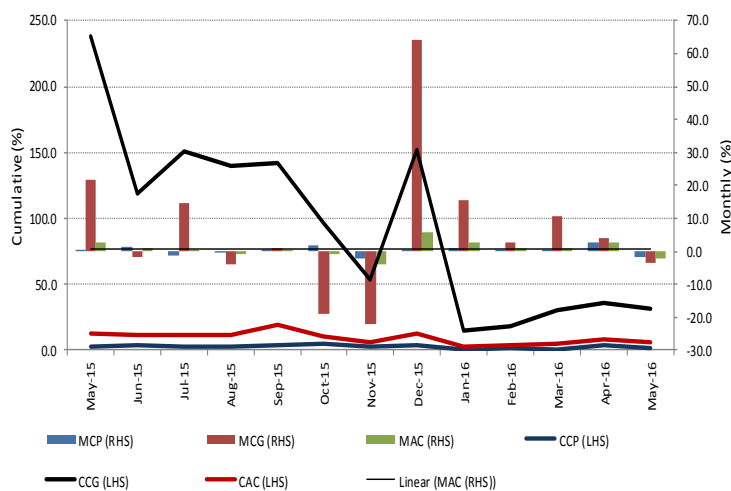
Banking system's credit (net) to the Federal Government, on month-on-month basis, fell by 3.3 per cent at end-May 2016, but contrasted with an increase of 4.0 per cent, at the end of the preceding month. It also declined by 48.6 per cent at the end of the corresponding period of 2015. The development was due to the fall in banking system's holding of government securities. Relative to the level at end-December 2015, net claims on the Federal Government rose by 31.5 per cent, at the end of the

¹ MM1 and MM2 represent month-on-month changes, while CM1 and CM2 represent cumulative changes (year-to-date).

review period, compared with the increase of 36.0 and 105.6 per cent at the end of the preceding month and the corresponding period of 2015, respectively.

At ₦19,048.96 billion, banking system's credit to the private sector, on month-on-month basis, fell by 1.7 per cent, in contrast to the increase of 2.6 per cent and 1.5 per cent at the end of the preceding month and the corresponding period of 2015, respectively. The development relative to the level at the end of the preceding month was due to the decline in claims on the core private sector. Over the level at end-December 2015, banking system's credit to the private sector grew by 1.8 per cent, compared with the growth of 3.5 per cent and 3.1 per cent recorded at the end of the preceding month and the corresponding period of 2015, respectively (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy²



Foreign assets (net) of the banking system, at ₦5,206.75 billion, rose by 3.2 per cent at end-May 2016, in contrast to the 9.1 per cent decline recorded at the end of the preceding month. This indicated an increase of 3.5 per cent when compared to the level in the corresponding period of 2015. The

Foreign assets (net) of the banking system rose, on a month-on-month basis, at end-May 2016.

² MCP, MCG and MAC represent month-on-month changes in credit to private sector, credit to government (net) and aggregate credit (net) to the domestic economy, respectively, while CCP, CCG and CAC, represent the cumulative changes (year-to-date).

development reflected the increase in the foreign assets holdings of the CBN. Over the level at end-December 2015, foreign assets (net) of the banking system declined by 7.9 per cent at end-May 2016, compared with the decline of 10.7 and 9.6 per cent at the end of the preceding month and the corresponding period of 2015, respectively. The decline was attributed to the fall in the foreign assets holdings of the CBN.

Other assets (net) of the banking system, at ₦7,336.99 billion, grew by 3.9 per cent at end-May 2016, compared with the increase of 1.5 per cent at the end of the preceding month, but contrasted with the 25.9 per cent decline in the corresponding period of 2015. The development relative to the level at end-April 2016 was attributed to the growth in unclassified assets of the DMBs. Over the level at end-December 2015, other assets (net) of the banking system fell by 1.4 per cent, compared with the decline of 5.5 per cent at the end of the preceding month.

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

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Domestic Credit (Net)	2.5	0.9	0.6	-0.7	0.6	-0.8	-4.1	5.6	2.8	0.9	1.1	2.9	-2.0
Claims on Federal Government (Net)	21.8	-1.8	14.5	-4.0	0.9	-18.9	-22.0	64.0	15.4	2.6	10.5	4.0	-3.3
Claims on Private Sector	0.3	1.3	-1.2	-0.2	0.5	1.9	2.0	0.1	0.9	0.6	-0.6	2.6	-1.7
Claims on Other Private Sector	0.6	1.3	-1.3	0.3	-0.3	0.2	0.0	-0.4	-0.1	-	0.1	0.3	0.2
Foreign Assets (Net)	-8.9	8.6	-4.4	-3.3	-7.6	-9.1	14.4	6.9	-4.6	0.4	1.5	-9.1	3.2
Other Assets (Net)	-0.7	-14.1	-3.0	4.6	6.1	1.5	4.8	9.1	-9.6	6.7	-4.7	1.5	3.9
Broad Money Supply (M2)	-0.4	-2.0	-2.1	0.4	1.2	-2.7	0.9	9.1	-1.7	4.1	-0.1	1.3	0.0
Quasi-Money	0.8	-2.0	-2.6	-3.6	0.4	-0.5	-1.1	0.6	-0.2	-0.1	0.0	1.4	-2.3
Narrow Money Supply (M1)	-2.6	-1.9	-1.1	7.7	2.6	-6.4	4.4	22.8	-3.8	9.9	-0.2	1.1	2.8
Reserve Money (RM)	-0.4	-3.8	-0.2	-0.6	-1.8	-4.2	1.7	3.1	-1.1	-11.4	13.0	-3.0	-3.0

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

At ₦1,763.53 billion, currency-in-circulation, fell by 1.0 per cent in the review month, compared with the 2.6 per cent decline at the end of April 2016. The development relative to the level at the end of the preceding month was due, largely, to the fall in its

currency outside banks component.

Total deposits at the CBN amounted to ₦9,791.2 billion, indicating an increase of 1.4 per cent above the level at the end of the preceding month. The development reflected the rise in private sector and Federal Government deposits with the CBN. Of the total deposits at CBN, the shares of the Federal Government, banks and the private sector were 41.8 per cent, 38.3 per cent and 19.9 per cent, respectively.

Relative to the level at the end of the preceding month, reserve money (RM) fell by 1.6 per cent to ₦5,496.71 billion at the end of the review month, reflecting the decline in both currency-in-circulation (CIC) and banks' demand deposit.

Reserve money (RM) fell during the review month.

2.3 Money Market Developments

Financial market indicators adjusted to the incremental changes in the Monetary Policy Rate (MPR) and Cash Reserve Ratio (CRR) in the preceding month. The tight Monetary Policy stance by the MPC was necessitated by the need to achieve price stability across the range of consumer prices, exchange rate and interest rate, which is fundamental to reviving economic growth and employment generation. However, the market remained liquid due to the refund of unutilized deposits for the purchase of foreign exchange at the interbank segment and matured Central Bank of Nigeria (CBN) bills. The Bank deployed Open Market Operations (OMO) through sales of CBN bills for liquidity management to achieve its monetary policy objective.

Provisional data indicated that total value of money market assets outstanding in May 2016 stood at ₦10,226.3 billion, showing an increase of 2.8 per cent, compared with 2.0 per cent growth at the end of the preceding month. The development was attributed, largely, to the 51.9 per cent increase in the Commercial Paper outstanding.

2.3.1 Interest Rate Developments

Available data indicated that banks' deposit and lending rates generally trended upward during the review month. All deposit rates of various maturities rose from a range of 2.53 per cent – 6.83 per cent in the preceding month to 3.53 per cent – 8.01 per cent at the end of the review month. The average term deposit rate also rose to 6.38 per cent from the 5.19 per cent in the preceding month.

Available data indicated that rates generally trended upward during the review month.

The weighted average prime and maximum lending rates rose by 1.05 percentage points and 1.06 percentage points to 17.82 per cent and 27.93 per cent, respectively, at the end of the review month. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed from 21.69 percentage points to 21.55 percentage points in May 2016. However, the spread between the average savings deposit and average maximum lending rates, expanded by 0.05 percentage point to 24.40 percentage points at the end of the review month.

At the inter-bank call segment, the weighted average rate, which stood at 3.75 per cent in the preceding month, rose by 3.92 percentage points to 7.67 per cent in the review month. Similarly, the Nigeria inter-bank offered rate (NIBOR) for the 30-day tenor, fell to 6.21 per cent in the review month from 6.29 per cent in the preceding month. The development reflected liquidity ease in the market. However, the weighted average rate at the open-buy-back (OBB) segment was 10.0 per cent in the review month.

With the headline inflation rate at 15.6 per cent at end-May 2016, the lending rates (prime and maximum) were positive in real terms, while all the deposit rates were negative in real terms (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

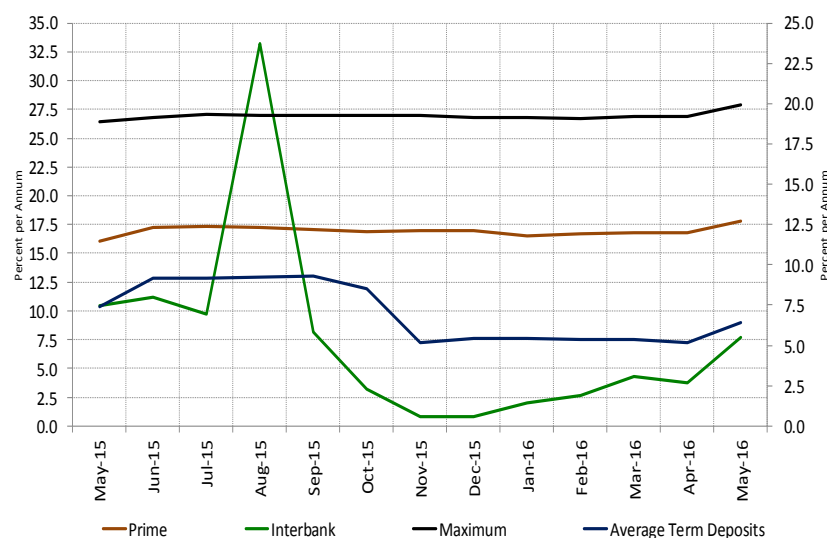


Table 2: Selected Interest Rates (Percent, Averages)

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Average Term Deposits	7.37	9.14	9.15	9.24	9.32	8.52	5.2	5.43	5.43	5.36	5.38	5.19	6.38
Prime Lending	16.08	17.24	17.3	17.29	17.02	16.84	16.98	16.96	16.54	16.72	16.82	16.77	17.82
Interbank Call	10.43	11.19	9.69	33.26	8.12	3.22	0.84	0.77	2.04	2.67	4.32	3.75	7.67
Maximum Lending	26.43	26.84	27.03	27.01	26.99	27.01	27.02	26.84	26.77	26.73	26.93	26.88	27.93

2.3.2 Commercial Paper (CP)

Commercial Paper (CP) outstanding held by banks grew by 51.9 per cent to ₦3.22 billion at the end of May 2016, compared with ₦2.12 billion at the end of the preceding month. The development was due to the increase in investment in CP by the merchant banks in the review month. Thus, CP constituted 0.03 per cent of the total value of money market assets outstanding at the end of the review month, compared with 0.02 per cent at the end of the preceding month.

2.3.3 Bankers' Acceptances (BAs)

At the end of the review period, the value of BAs outstanding increased by 2.4 per cent to ₦11.33 billion, in contrast with the ₦11.06 billion at the end of the preceding month. The development was attributed to the increase in investment in BAs by the commercial banks during the month. Consequently, BAs accounted for 0.1 per cent of the total value of money market assets outstanding, at the end of May

2016 which was the same at the end of the preceding month.

2.3.4 Open Market Operations (OMO)

The Bank intervened four (4) times in the money market through direct OMO auctions. The tenors of the instruments auctioned ranged from 205 to 223 days. The amount offered, subscribed to and allotted were ₦111.65 billion, ₦171.46 billion and ₦64.63 billion, respectively, compared with ₦240.00 billion, ₦356.91 billion and ₦125.89 billion, in April 2016. The bid rates ranged from 9.50 per cent to 12.00 per cent, while the stop rates ranged between 9.50 per cent and 10.00 per cent. CBN bills, amounting to ₦115.85 billion, matured and were repaid. Consequently, there was a net injection of ₦51.22 billion into the system.

2.3.5 Primary Market

Nigerian Treasury Bills of 91-, 182- and 364-day tenors were auctioned twice at the primary market during the review period. Total amount offered, subscribed to and allotted were ₦261.56 billion, ₦350.70 billion and ₦261.56 billion, respectively, compared with ₦386.41 billion, ₦699.08 billion and ₦386.41 billion in April 2016. The auctions were oversubscribed with the bid-to-cover ratio of 1.34. The bid rates for all tenors ranged from 6.00 per cent to 13.00 per cent, while the stop rates ranged from 7.9990 per cent to 8.1000 per cent.

Sales to non-competitive bidders amounted to ₦94.55 billion with the 91-, 182-, and 364-day at ₦24.98 billion, ₦26.60 billion and ₦42.98 billion respectively. The sum of ₦261.56 billion matured and was repaid during the review period.

2.3.6 Bonds Market

In the review month, existing tranches of the 5-, 10- and 20-year FGN Bonds were re-opened and offered for sale. The term to maturity of the bonds were 3 years, 9 years and 19 years 10 months, respectively. Total amount offered, subscribed to and allotted were ₦105.00 billion, ₦159.60 billion and ₦52.50 billion, respectively. The auction was oversubscribed with a bid-to-cover ratio of 1.52, compared with 1.88 in the preceding month. The bid rate on all the bonds ranged from 10.9900 per cent to 18.0000 per cent. The

marginal rates for the 5-, 10- and 20-year were 13.2490 per cent, 13.7430 per cent and 13.9000 per cent, respectively. No bill matured in the review period.

2.3.7 CBN Standing Facilities

Developments at the CBN standing facilities window indicated that requests for Standing Deposit Facility (SDF) significantly exceeded the Standing Lending Facility (SLF). Applicable rates for the SLF and SDF were 14.00 per cent and 7.00 per cent, respectively.

Total request for SLF was ₦882.99 billion, and comprised, mainly, Intra-day Lending Facility (ILF) converted to overnight repos. Average daily request was ₦51.94 billion in the 17 transaction days from May 1 – 25, 2016, while interest received during the period was ₦0.45 billion. In the preceding month, the sum of ₦827.82 billion was granted with a daily average request of ₦39.42 billion in the 21 transaction days and ₦0.49 billion as interest earned.

Standing Deposit Facility (SDF) totaling ₦1,424.22 billion was granted during the review month. This represented a daily average of ₦83.78 billion in the 17 transaction days in the period from May 1- 25, 2016. Cost incurred on SDF in the period stood at ₦0.37 billion, compared with ₦0.75 billion in the preceding month.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of banks amounted to ₦28,407.92 billion, showing a decrease of 0.7 per cent when compared with the level at the end of the preceding month. Funds were sourced mainly from increase in demand deposit and, reduction in foreign assets and claims on central government. The funds were used, largely, for repayment of credit from the Central Bank and acquisition of unclassified assets.

At ₦18,175.2 billion, banks' credit to the domestic economy fell by 0.8 per cent, compared with the level at the end of the preceding month. The development reflected, largely, the decline in claims on the Federal Government (net).

Banks' credit to the domestic economy rose by 0.8 per cent.

Total specified liquid assets of banks stood at ₦6,812.7 billion, representing 38.8 per cent of their total current

liabilities. At that level, the liquidity ratio was 0.4 percentage point below the level at the end of the preceding month, but was 8.8 percentage points below the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 69.5 per cent, was 0.9 percentage point above the level at the end of the preceding month, but 10.5 percentage points below the stipulated maximum ratio of 80.0 per cent.

2.5 Capital Market Developments

2.5.1 Secondary Market

Provisional data at end-May 2016 indicated that developments on the Nigerian Stock Exchange (NSE) were generally bullish. The volume of traded securities fell by 34.4 per cent to 7.5 billion shares, while value of traded securities rose by 45.8 per cent to ₦48.8 billion in 83,703 deals, compared with 11.5 billion shares valued at ₦33.5 billion in 62,747 deals, recorded in the preceding month. The Financial Services Sector (measured by volume) led the activity chart with 6.1 billion shares valued at ₦33.9 billion traded in 49,323 deals and accounted for 81.3 per cent and 69.5 per cent of the total equity turnover volume and value, respectively, compared with 1.1 billion shares worth ₦4.6 billion traded in 9,640 deals, in the preceding month. The Conglomerates and Consumer Goods industry (measured by volume) followed the financial sector. The Banking sub-sector of the Financial Services sector (measured by turnover volume) was the most active during the month, with 3.5 billion shares valued at ₦20.0 billion in 25,678 deals (Fig.4, Table 3).

Figure 4: Volume and Value of Traded Securities

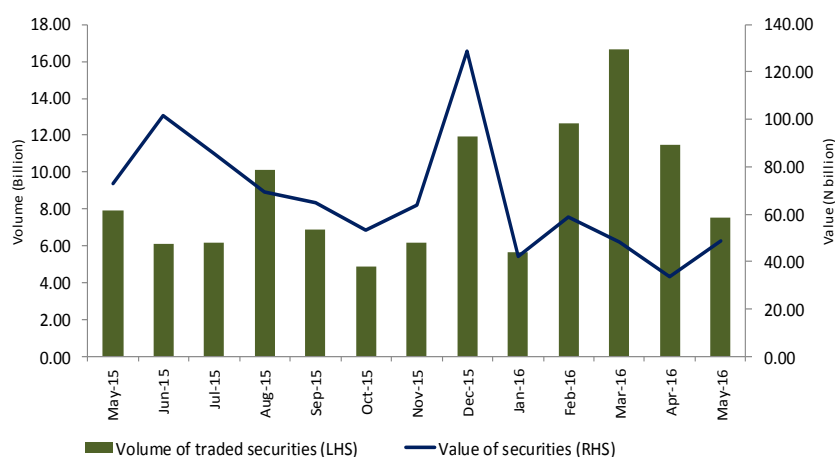


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Volume (Billion)	8.0	6.1	6.2	10.1	6.9	4.9	6.2	11.9	5.7	12.6	16.6	11.5	7.5
Value (₦ Billion)	72.7	101.7	85.4	69.4	64.9	53.5	63.9	129.0	42.1	58.6	48.2	33.5	48.8

2.5.2 Over-the-Counter (OTC) Bonds Market

There were no transactions in the OTC Bond market in the review month.

2.5.3 New/Supplementary Issues Market

There were two supplementary listings in the review month.

Table 4: New and Supplementary Listings on the Nigerian Stock Exchange for May 2016.

S/N	Company	Additional Shares (Units)	Reasons	Listing
1	Fortis Microfinance Bank Plc	656,666,668	Special Placement	Supplementary
2	Vitafoam Nigeria Plc	59,570,053	Merger with Vono Product Plc	Supplementary

2.5.4 Market Capitalisation

The aggregate market capitalisation increased by 6.9 per cent to ₦17.03 trillion at end-May 2016 above ₦15.93 trillion at end-April 2016, reflecting the increase in the market capitalisation of both equity and debt securities. Market capitalisation for the equity segment also increased by 15.12 per cent to ₦9.93 trillion and constituted 58.3 per cent of the total, compared with ₦8.63 trillion at the end of the preceding month (Fig.5, Table 5).

2.5.5 NSE All-Share Index

The All-Share Index, which opened at 25,062.41 at the beginning of the month, closed at 25,902.25, representing an increase of 15.32 per cent above the level in the preceding month.

Similarly, all sectoral indices rose above their levels in the preceding month. The NSE-Banking, NSE-Pension, NSE-Consumer Goods, NSE Industrial Goods, NSE-Lotus Islamic, NSE-Premium, NSE-Oil and Gas, NSE-Insurance and NSE-ASeM indices rose by 28.2 per cent, 24.1 per cent, 19.0 per cent, 11.7 per cent, 11.6 per cent, 10.7 per cent, 8.5 per cent, 2.7 per cent and 0.3 per cent above their respective levels in the preceding month to 302.36, 893.72, 727.36, 2,059.26, 1,859.26, 1,745.88,

344.27, 135.63 and 1,214.55, respectively, at end-May 2016 (Fig.5, Table 5).

Figure 5: Market Capitalization and All-Share Index

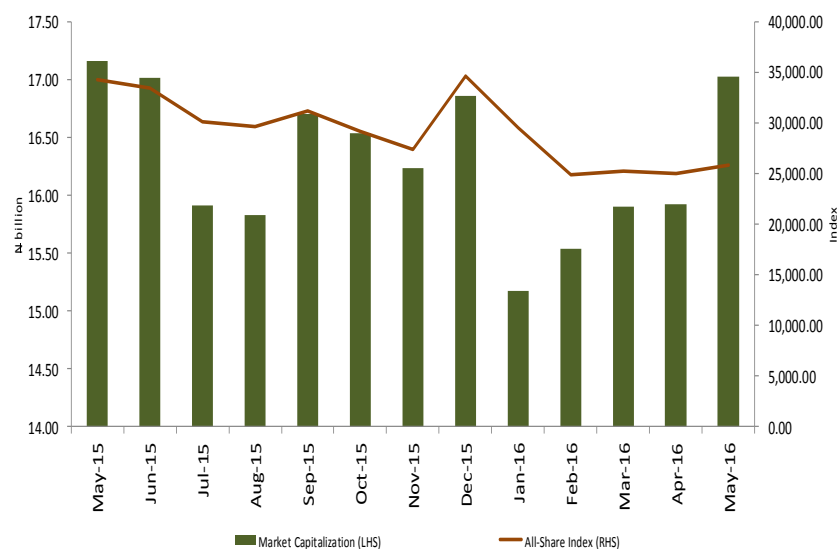


Table 5: Aggregate Market Capitalization and All Share Index (NSE)

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Aggregate Market Capitalization (N trillion)	16.54	16.24	16.86	15.17	15.57	15.88	15.93	17.03
All-Share Index	29,177.72	27,385.69	34,657.15	29,562.07	24,570.00	25,306.22	25,062.41	25,902.25

3.0 Fiscal Operations

Provisional data showed that federally-collected revenue in May 2016, at ₦384.88 billion, fell short of the receipt in the preceding month by 1.6 per cent. Federal Government retained revenue for May 2016 was ₦145.16 billion, while total provisional expenditure was ₦361.02 billion. Consequently, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦215.86 billion.

3.1 Federation Account Operations

At ₦384.88 billion, estimated federally-collected revenue (gross) in May 2016, fell short of the provisional monthly budget estimate of ₦814.87 billion by 52.8 per cent. It was also lower than the receipt of the preceding month by 1.6 per cent. The development, relative to the provisional monthly budget estimate was attributed to the decline in oil and non-oil revenue (Fig. 6, Table 6).

At ₦384.88 billion, gross federally-collected revenue in May 2016, was below the provisional monthly budget estimate by 52.8 per cent.

Figure 6: Components of Gross Federally-Collected Revenue

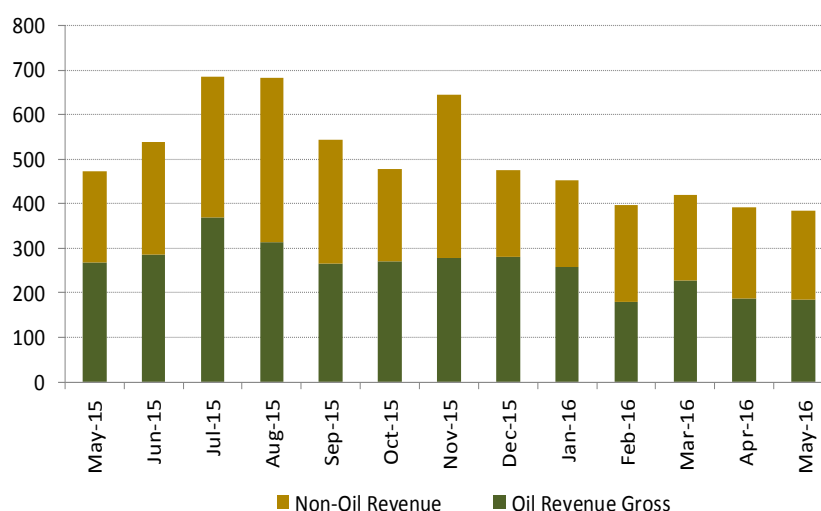


Table 6 Gross Federation Account Revenue (N billion)

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Federally-collected revenue (Gross)	462.5	462.6	679.3	682.6	543.9	478.2	646.6	476.2	453.3	397.3	421.1	391.3	384.9
Oil Revenue	267.2	285.6	369.4	314.9	265.2	271.1	278.3	281.4	258.4	180.0	227.7	186.7	185.8
Non-Oil Revenue	195.3	177.0	309.9	367.7	278.7	207.1	368.3	194.8	194.9	217.3	193.4	204.7	199.1

At ₦185.76 billion or 48.3 per cent of the total revenue, gross oil receipts fell short of both the provisional

At ₦185.76 billion, oil receipts (gross) was below the monthly budget estimate by 59.0 per cent, and constituted 48.3 per cent of total revenue.

monthly budget estimate of ₦452.60 and the preceding month's receipts of ₦227.69 billion by 59.0 and 0.5 per cent, respectively. The decrease in oil revenue relative to the monthly budget estimate was attributed to the decline in domestic crude oil/gas sales owing to shut-downs and shut-ins in production arising from repairs at some NNPC terminals. Pipeline destruction, vandalism and the persistent decline in crude oil prices also contributed to the decline (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

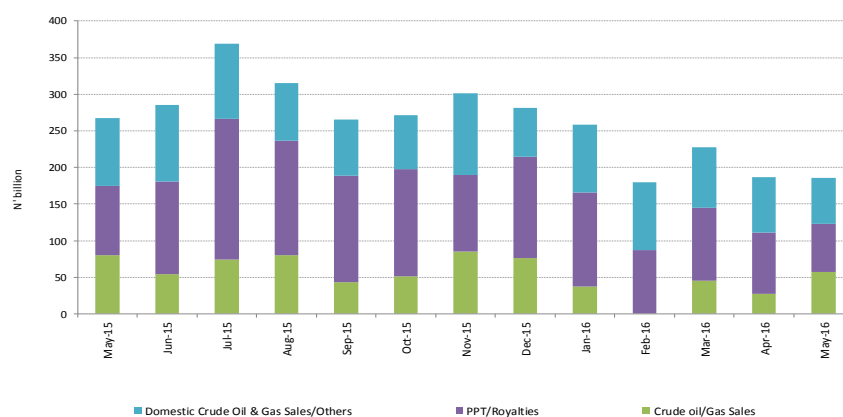


Table 7: Components of Gross Oil Revenue (₦ billion)

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Oil Revenue	267.2	285.6	369.4	314.9	265.2	271.1	278.3	281.4	258.5	180.0	227.7	186.7	185.8
Crude oil/Gas Sales	80.4	54.1	73.7	79.7	42.9	51.7	84.7	76.4	37.5	0.0	45.0	27.0	57.1
PPT/Royalties	94.3	126.3	192.4	157.0	146.0	145.8	82.1	138.2	128.0	86.6	99.4	83.6	65.7
Domestic crude oil/Gas sales	83.8	96.7	95.6	71.1	67.5	66.9	104.7	60.2	86.1	86.0	76.6	69.5	56.2
Others	8.7	8.5	7.6	7.1	8.8	6.7	6.7	6.6	6.9	7.5	6.7	6.6	6.8

At ₦199.12 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 45.0 per cent and constituted 51.7 per cent of total revenue.

Non-oil revenue, at ₦199.12 billion or 51.7 per cent of the total revenue, fell short of both the provisional monthly budget estimate of ₦362.26 billion and the preceding month's level by 45.0 and 2.7 per cent, respectively. The decline in May 2016, compared with the preceding month, was due to the decrease in receipts from the Independent Revenue of the Federal Government and customs and excise duties (Fig. 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components

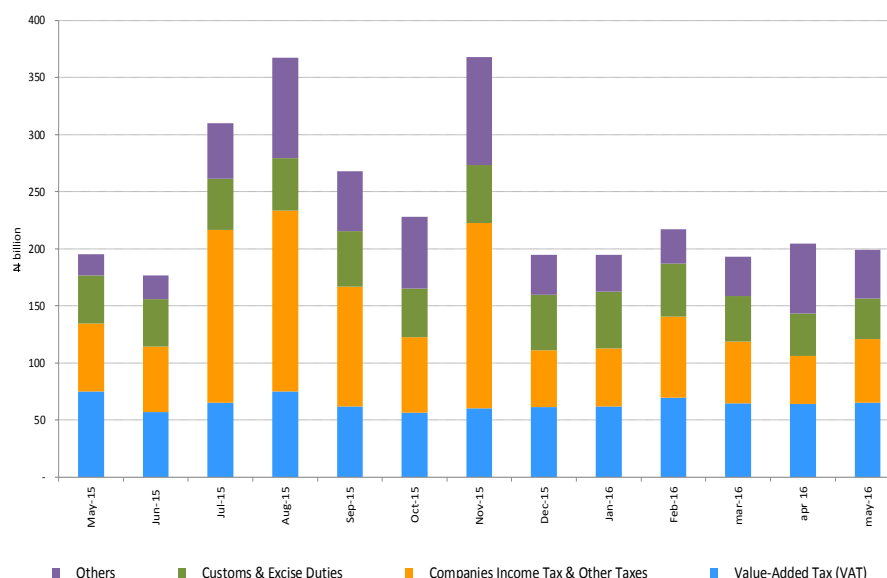


Table 8: Components of Gross Non-Oil Revenue (N billion)

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Non-Oil Revenue	195.3	177.0	309.9	367.7	278.7	207.1	368.3	194.8	194.9	217.3	193.4	204.7	199.1
Companies Income Tax & Other Taxes	59.5	57.7	151.9	158.8	105.0	66.5	162.6	50.0	50.8	71.2	54.2	41.8	56.0
Customs & Excise Duties	42.1	41.2	44.7	45.9	48.2	42.4	50.5	48.8	49.5	46.1	39.9	37.4	35.6
Value-Added Tax (VAT)	75.2	56.8	65.0	75.0	62.2	56.4	60.2	61.2	62.1	69.7	64.8	64.2	65.3
Others	18.5	21.3	48.3	88.0	63.4	41.8	95.0	34.8	32.5	30.3	34.5	61.3	42.4

Of the gross federally-collected revenue, the sums of ₦57.11 billion, ₦1.20 billion and ₦6.33 billion were deducted from the gross oil revenue in respect of JVC Cash Calls, DPR cost of collection and NNPC Refunds, respectively, leaving a net balance of ₦121.12 billion as oil receipts. Similarly, the sum of ₦7.35 billion was deducted as cost of collection by the FIRS and NCS from the gross non-oil receipt, leaving a net balance of ₦191.77 billion. Overall, the total Federally collected revenue (net) amounted to ₦312.89 billion.

Of the total federally-collected revenue (net), the sum of ₦207.88 billion was transferred to the Federation Account for distribution among the three tiers of government, ₦62.65 billion to VAT Pool Account, ₦27.08 billion to the Federal Government Independent Revenue and ₦15.28 billion to "Others" (including Tertiary Education Trust Fund, National Information

Technology Development Fund and Customs Special Levies).

From the ₦207.88 billion transferred to the Federation Account, the Federal Government received ₦101.22 billion, while the State and Local Governments received ₦51.34 billion and ₦39.58 billion, respectively. The balance of ₦15.75 billion was shared among the oil producing States as 13%³ Derivation Fund.

Similarly, after the deduction of the cost of collection, the net balance of ₦62.65 billion was shared from the VAT Pool Account among the three tiers of governments, in the order: Federal Government, ₦9.40 billion; State Governments, ₦31.32 billion; and Local Governments, ₦21.93 billion.

In addition, the sum of ₦2.42 billion was shared as exchange gain as follows: Federal Government, ₦1.13 billion; State Governments, ₦0.58 billion; Local Governments, ₦0.44 billion and 13% Derivation Fund, ₦0.27 billion. Furthermore, the Federal Government received the sum of ₦6.33 billion in respect of NNPC's 21st equal installment refund of indebtedness.

In summary, total allocation to the three tiers of government from the Federation and VAT Pool Accounts in May 2016 amounted to ₦279.28 billion. Total allocation declined by 55.2 per cent, compared with the provisional monthly budget estimate of ₦623.82 billion. The sum also fell short of the April distribution by 6.2 per cent.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦145.16 billion, the estimated Federal Government retained revenue was below the monthly budget estimate by 53.1 per cent.

The estimated Federal Government retained revenue for the month of May 2016, at ₦145.16 billion, was below the provisional monthly budget estimate of ₦309.83 billion by 53.1 per cent. It was also below the receipt in April by 16.5 per cent. Of the total receipt, Federation Account accounted for 69.7 per cent, while FGN Independent Revenue, VAT, NNPC refund

³ This represents the amount shared amongst the oil producing states from the total oil revenue before the application of the distribution formula.

and exchange gain accounted for 18.7, 6.5, 4.4 and 0.8 per cent, respectively (Fig. 9, Table 9).

Figure 9: Federal Government Retained Revenue

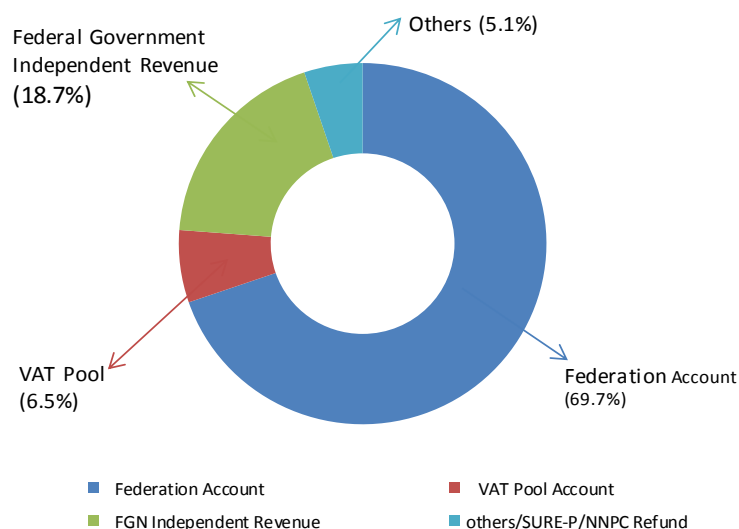
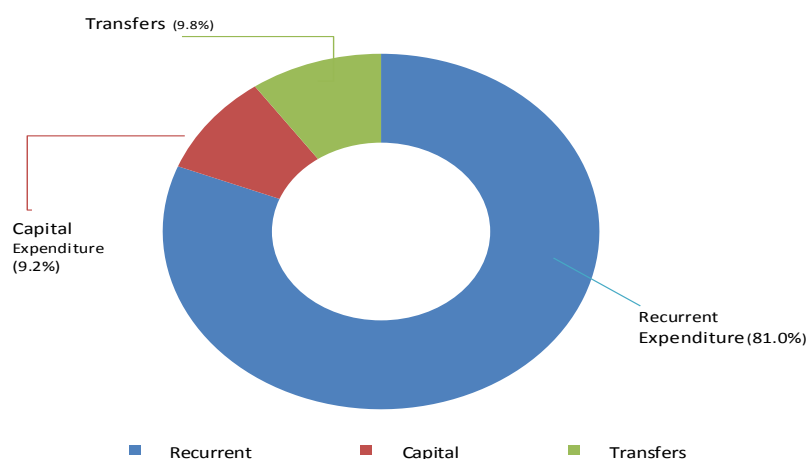


Table 9: Federal Government Fiscal Operations (₦ billion)

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Retained Revenue	166.3	182.9	407.2	228.8	189.9	172.4	299.9	164.8	174.8	167.3	166.1	173.8	145.2
Expenditure	557.6	236.4	423.1	376.9	430.0	247.0	419.6	369.4	364.5	316.9	357.8	367.0	361.0
Overall Balance: (+)/(-)	-391.4	-53.5	-15.9	-148.1	-240.1	-74.7	-119.7	-204.6	-189.7	-149.6	-191.7	-193.2	-215.9

The estimated total expenditure of the Federal Government, at ₦361.02 billion, fell short of the provisional monthly budget estimate of ₦396.58 billion by 9.0 per cent. It also fell short of the preceding month's receipts of ₦366.99 billion by 1.6 per cent. Recurrent expenditure, capital expenditure, and transfers accounted for 81.0 per cent, 9.2 per cent, and 9.8 per cent, of the total expenditure, respectively. A breakdown of the recurrent expenditure showed that non-debt obligation was 71.0 per cent of total recurrent expenditure, while debt service payments accounted for the balance of 29.0 per cent (Fig. 10).

Total estimated expenditure at ₦361.02 billion fell by 9.0 per cent in comparison with the provisional monthly budget estimate.

Figure 10: Federal Government Expenditure

Overall, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦215.86 billion, compared with the provisional monthly budget deficit of ₦86.75 billion.

The fiscal operations of the FG resulted in an estimated deficit of ₦215.86 billion.

3.2.2 Statutory Allocations to State Governments

Total statutory estimated allocations to State Governments amounted to ₦99.25 billion. This was below the provisional monthly budget estimate of ₦221.11 billion by 55.1 per cent. It was also lower than the preceding month's receipts of ₦106.95 billion by 7.2 per cent. Receipt from the Federation Account amounted to ₦67.93 billion or 68.4 per cent of the total statutory allocations. This was below the provisional budget estimate of ₦169.77 billion by 60.0 per cent. It also fell below the receipts in the preceding month by 10.8 per cent.

Further decomposition of the receipt revealed that the VAT Pool Account, at ₦31.32 billion or 31.6 per cent of the total statutory allocation, was below the provisional monthly budget estimate of ₦51.35 billion by 39.0 per cent. It, however, rose above the preceding month's receipts of ₦30.83 billion by 1.6 per cent, (Table 9).

3.2.3 Statutory Allocations to Local Government Councils

Provisional data of allocations to Local Governments from the Federation and VAT Pool Accounts in the month of May 2016 stood at ₦61.95 billion. This was

below the provisional monthly budget estimate of ₦134.28 billion by 53.9 per cent. It also fell below the preceding month's receipts of ₦64.78 billion by 4.4 per cent.

Allocation from the Federation Account was ₦40.02 billion (64.6 per cent of the total statutory allocation), while its share from the VAT Pool Account was ₦21.93 billion (35.4 per cent of the total statutory allocation) (Table 10).

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

May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Monthly Budget
99.1	117.4	147.5	132.9	115.2	106.1	123.7	98.1	104.1	93.3	88.5	76.1	69.9	169.8
36.1	27.3	31.2	36.0	29.8	27.1	28.9	29.4	29.8	33.5	31.1	30.8	31.3	51.3
135.2	144.7	178.7	168.9	145.0	133.2	152.6	127.5	133.9	126.7	119.6	107.0	101.3	221.1
56.1	65.0	86.8	80.2	66.8	60.1	76.4	55.4	58.5	54.4	50.4	43.2	40.0	98.3
25.3	19.1	21.8	25.2	20.9	19.0	20.2	20.6	20.9	23.4	21.8	21.6	21.9	35.9
81.4	84.1	108.6	105.4	87.7	79.1	96.7	76.0	79.3	77.8	72.1	64.8	62.0	134.3
216.5	228.7	287.3	274.3	232.7	212.3	249.3	203.5	213.2	204.6	191.8	171.7	163.2	355.4

4.0 *Domestic Economic Conditions*

During the review month, agricultural activities in the southern states were dominated by planting and harvesting of cassava, while predominant activities in the northern states were preparation of land for the forthcoming cropping season and harvesting of vegetables. In the livestock sub-sector, farmers engaged in the breeding of poultry and migration of cattle from the northern to the southern states in search of greener pastures. Domestic crude oil production was estimated at 1.35 million barrels per day (mbd) or 41.85 million barrels during the month. Headline inflation rate, on a year-on-year basis, was 15.6 and 10.8 per cent, on a 12-month moving average basis, in May 2016.

4.1 **Agricultural Sector**

During the review month, agricultural activities in the southern states were dominated by planting and harvesting of cassava, while predominant activities in the northern states were preparation of land for the forthcoming cropping season and harvesting of vegetables. In the livestock sub-sector, farmers engaged in the breeding of poultry and migration of cattle from the northern to the southern states in search of greener pastures. Also, the continued resettlement and re-integration of hitherto displaced persons arising from Boko Haram insurgency has improved the prospects for increased agricultural activities in the North Eastern parts of the country.

A total of ₦561.79 million was guaranteed to 3,741 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in May, 2016. This amount represented a decline of 25.0 and 38.2 per cent below the levels in the preceding month and the corresponding period of 2015, respectively. Sub-sectoral analysis showed that food crops obtained the largest share of ₦329.6 million (58.7 per cent) guaranteed to 2,747 beneficiaries, livestock got ₦127.8 million (22.8 per cent) guaranteed to 392 beneficiaries, while ₦37.6 million (6.7 per cent) was guaranteed to 161 beneficiaries in the fisheries subsector. The cash crops sub-sector received ₦34.7 million (6.2 per cent) guaranteed to 252 beneficiaries. Mixed crops received ₦20.4 million (3.6 per cent) guaranteed to 104 beneficiaries, while 'others' had

₦11.6 million (2.1 per cent) guaranteed to 85 beneficiaries.

Analysis by state showed that 25 states (including Abuja) benefited from the Scheme during the review month with the highest and lowest sums of ₦85.6 million (15.2 per cent) and ₦1.7 million (0.3 per cent) guaranteed to Borno and Ebonyi states, respectively.

At-end May 2016, the total amount released by the CBN under CACS to the participating banks for disbursement stood at ₦364.77 billion for 452 projects.

At-end May 2016, a cumulative sum of ₦364.77 billion had been released to the economy under the Commercial Agriculture Credit Scheme (CACS) in respect of 452 projects from inception in 2009. This comprised releases from the DMBs' Receivable Account (₦199.83 in respect of 273 projects) and the Repayment Account (₦164.64 billion in respect of 179 new projects) (Table 11).

Table 11: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACS) as at May 2016.

Participating Banks	Amount Disbursed (₦billion)	Number of Projects/State Governments
UBA Plc	55.76	40
Zenith Bank	74.49	53
First Bank of Nigeria Plc	39.89	96
Unity Bank Plc	24.33	26
Union Bank Plc	21.90	28
Stanbic IBTC Plc	20.64	38
Sterling Bank	24.17	30
Access Bank Plc	16.63	18
Fidelity Bank Plc	15.91	13
Skye Bank Plc	11.77	9
FCMB Plc.	10.17	20
Ecobank	6.38	10
GTBank	23.70	20
Diamond Bank Plc	4.67	19
Heritage Bank	4.81	13
Citibank Plc	3.00	2
Keystone Bank	3.45	6
WEMA Bank Plc	1.82	10
Jaiz Bank Plc	1.00	1
TOTAL	364.5	452

4.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids stood at an average of 1.35 mbd or 41.85 million barrels (mb) in the review month. This represented a decline of 0.33 mbd or 19.6 per cent below the average of 1.68 mbd or 52.08 mb recorded in the preceding month. Crude oil export stood at 0.90 mbd or 27.90 mb, which represented a decrease of 26.83 per cent, compared with 1.23 mbd or 38.13 mb recorded in the preceding month. The development in crude oil production was attributed, largely, to destruction of oil and natural gas infrastructure in the Niger Delta by the militants.

Allocation of crude oil for domestic consumption remained at 0.45 mbd or 13.95 mb during the period under review.

At an estimated average of US\$47.59 per barrel, the average spot price of Nigeria's reference crude, the Bonny Light (37° API), indicated an increase of 12.6 per cent, compared with the level in the preceding month. The development was attributed, largely, to increasing global oil supply outages and the growth in global oil demand, plus ongoing declines in the US rig count and in crude oil production. The UK Brent at US\$44.77/b, the WTI at US\$46.61/b, and the Forcados at US\$47.19/b, exhibited similar trends as the Bonny Light.

The average price of OPEC basket of eleven selected crude streams stood at US\$43.23/b in May 2016. This represented a rise of 14.2 per cent, compared with the average price of US\$37.86/b recorded in the preceding month. It however showed a decline of 30.0 per cent relative to the level in the corresponding period of 2015 (Fig. 11, Table 12).

Crude oil and natural gas production was estimated at an average of 1.35 million barrels per day.

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

Figure 1: Trends in Crude Oil Prices

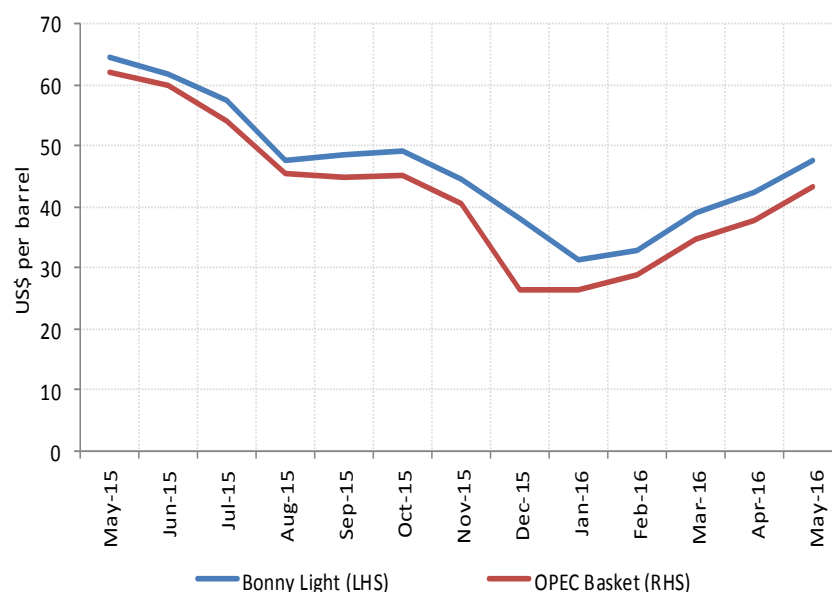


Table 12: Average Crude Oil Prices in the International Oil Market

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Bonny Light	64.7	61.7	57.4	47.5	48.6	49.2	44.5	38.2	31.2	32.9	38.9	42.3	47.6
OPEC Basket	62.2	59.9	54.1	45.5	44.8	45.1	40.5	26.5	26.5	28.7	34.7	37.9	43.2

4.3 Consumer Prices

The general price level rose in May 2016, compared with the level in the preceding month.

Available data showed that the all-items composite Consumer Price Index (CPI) in May 2016, was 198.3 (November 2009=100), and represented 2.8 and 15.6 per cent increase relative to the levels in April 2016 and the corresponding period of 2015, respectively. The development was attributed to the rise in various components including: food and non-alcoholic beverages; housing, water, electricity, gas and other fuels; clothing and footwear; transport; education; furnishing, household equipment & maintenance; and health.

The urban all-items CPI at end-May 2016, was 199.8 (November 2009=100), representing an increase of 2.9 and 17.1 per cent, compared with the levels at end-April 2016 and the corresponding period of 2015, respectively. The rural all-items CPI for the month was 197.4 (November 2009=100), indicating a rise of 2.5 and 14.4 per cent, compared with the levels at end-

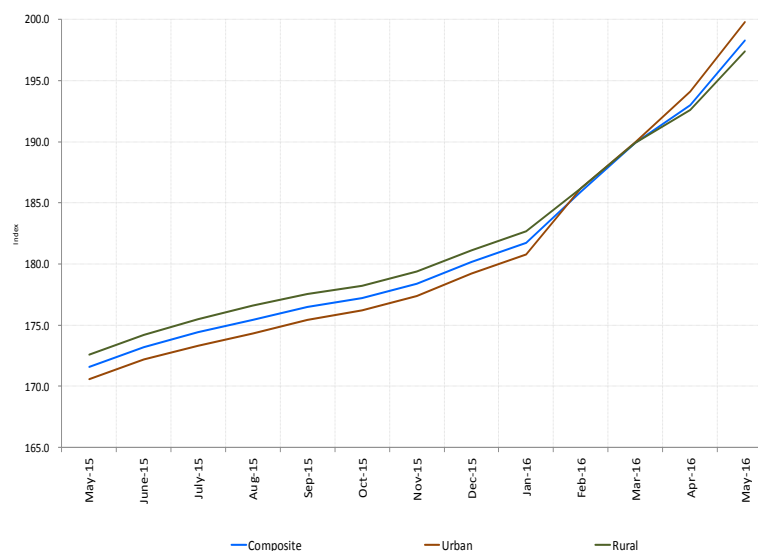
April 2016 and the corresponding period of 2015, respectively (Fig. 12, Table 12).

The composite food index was 202.5, showing increase of 2.6 and 14.9 per cent, compared with the levels in the preceding month and the corresponding period of 2015, respectively. The development was accounted for, largely, by the contributions of farm produce (vegetables; yam, potatoes & other tubers; rice; fruits; maize and millet); and processed food.

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

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Composite	171.6	173.2	174.4	175.4	176.46	177.2	178.4	180.2	181.7	185.9	189.9	193.0	198.3
Urban	170.6	172.2	173.3	174.3	175.45	176.2	177.4	179.2	180.8	186.2	190.0	194.1	199.8
Rural	172.6	174.2	175.5	176.6	177.5	178.2	179.4	181.1	182.7	186.0	189.9	192.6	197.4
CPI - Food	176.3	178.1	179.5	180.6	181.78	182.6	184.1	186.2	187.9	190.5	194.9	197.4	202.5
CPI - Non Food	169.2	170.59	171.64	172.7	173.66	174.4	175.4	176.7	178.2	183.0	186.4	189.6	194.7

Figure.12: Consumer Price Index



The year-on-year headline inflation rate was 15.6 per cent in April 2016.

The end-period inflation rate for the review month, on a year-on-year basis, was 15.6 per cent, indicating a 7.3 percentage points increase over the level in the preceding month. On a twelve-month moving average basis, the inflation rate was 10.8 per cent,

indicating a 0.6 percentage point increase over the level in April 2016 (Fig. 13, Table 13).

Figure 13: Inflation Rate

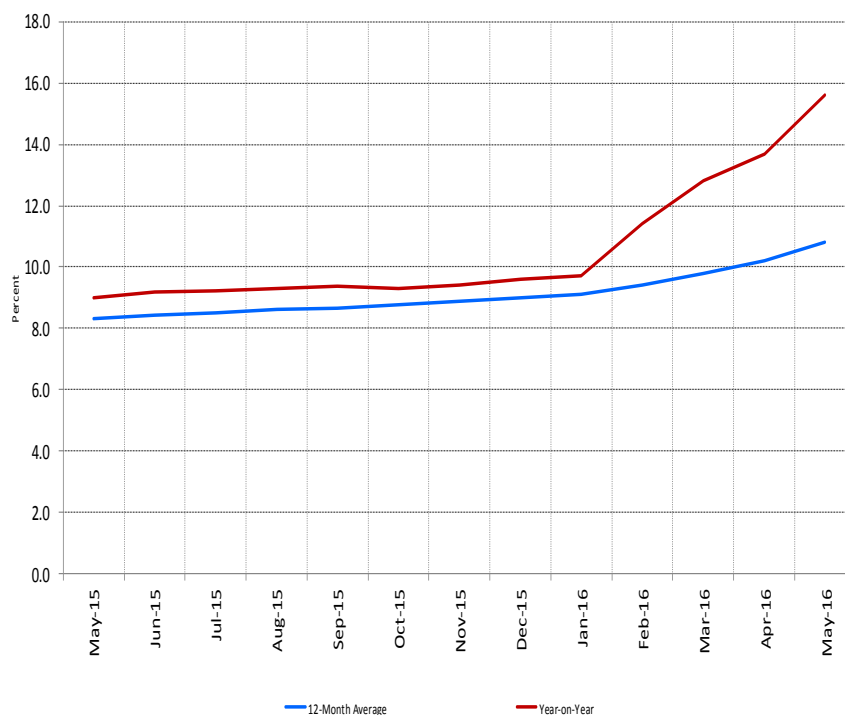


Table 13: Headline Inflation Rate (%)

May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
8.3	8.4	8.5	8.6	8.7	8.8	8.9	9.0	9.1	9.4	9.8	10.2	10.8
9.0	9.2	9.2	9.3	9.4	9.3	9.4	9.3	9.6	11.4	12.8	13.7	15.6

5.0 External Sector Developments

Provisional data showed that, on month-on-month basis, foreign exchange inflow through the CBN rose by 31.8 per cent, but outflow fell by 19.8 per cent in May 2016. Total non-oil export receipts by banks declined by 17.9 per cent, compared with the level in the preceding month. The average exchange rate of the naira at the inter-bank segment was ₦197.00 per US dollar, the same as in the preceding month. The gross external reserves fell by 1.1 per cent, compared with the level in the preceding month.

5.1 Foreign Exchange Flows

Provisional data indicated that foreign exchange inflows through the CBN, at US\$1.51 billion, rose by 31.8 per cent, in contrast to the level in the preceding month, but fell by 13.7 per cent relative to the level at the end of the corresponding period of 2015. The development reflected a 272.8 and 116.0 per cent rise in non-oil inflow relative to the levels in the preceding month and the corresponding period of 2015, respectively. Aggregate outflows through the CBN, at US\$1.71 billion, fell by 19.8 and 41.5 per cent, compared with the levels in April 2016 and the corresponding period of 2015, respectively. The development was driven, mainly, by the decrease in interbank sales, other official payments, and 3rd party MDA transfers (Fig. 14, Table 15). Overall, a net outflow of US\$0.20 billion, was recorded through the CBN, compared with the net outflow of US\$0.99 billion in the preceding month.

Foreign exchange inflow through the CBN rose by 31.8, but outflow fell by 19.8 per cent in May 2016.

Figure 14: Foreign Exchange Flows through the CBN

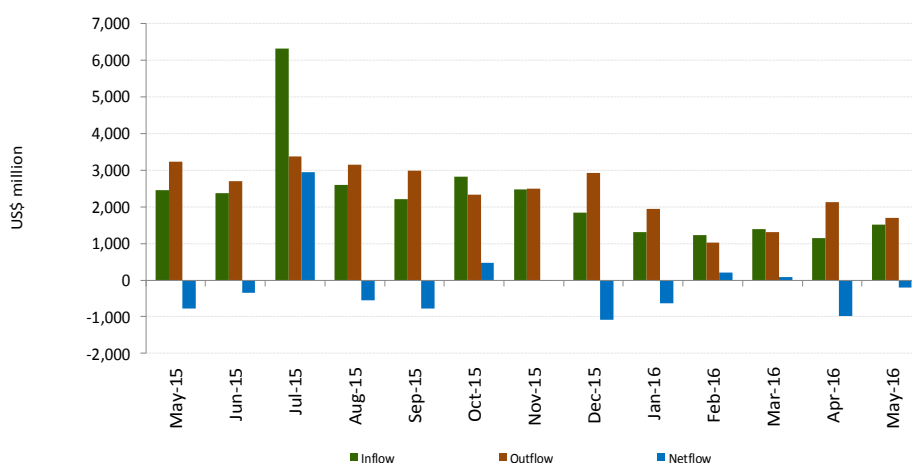


Table 15: Foreign Exchange Flows through the CBN (US\$ million)

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Inflow	2,450.3	2,372.0	6,321.6	2,598.1	2,200.8	2,821.2	2,481.2	1,833.0	1,301.8	1,228.3	1,392.0	1,142.5	1,505.5
Outflow	3,225.7	2,709.1	3,381.2	3,154.0	2,987.1	2,341.1	2,499.8	2,916.7	1,942.0	1,030.7	1,780.7	2,129.8	1,707.4
Netflow	(775.4)	(337.1)	2,940.4	(555.9)	(786.3)	480.1	(18.6)	(1,083.7)	(640.2)	197.6	(388.8)	(987.3)	(201.8)

Provisional data indicated that aggregate foreign exchange inflow into the economy was US\$3.93 billion, in May 2016. This represented 6.2 and 39.0 per cent, decline relative to the levels at the end of the preceding month and the corresponding period of 2015, respectively. The development relative to the preceding month was driven by the 20.4 per cent decline in inflow through the autonomous sources. Of the total inflows, receipts through the CBN and autonomous sources accounted for 38.3 and 61.7 per cent, respectively.

Autonomous inflow through the economy fell below the level in the preceding month.

Non-oil sector inflows, at US\$1.06 billion (27.0 per cent of the total), rose by 278.6 per cent above the level in the preceding month. Autonomous inflows fell by 20.3 and 48.3 per cent, below the levels in the preceding month and the corresponding period of 2015, respectively, and accounted for 61.8 per cent of the total.

At US\$1.89 billion, aggregate foreign exchange outflow from the economy declined by 16.8 per cent and 37.3 per cent, compared with the levels in the preceding month and the corresponding month of 2015, respectively. Thus, foreign exchange flows

through the economy, resulted in a net inflow of US\$2.05 billion in the review month, compared with US\$2.99 billion and US\$3.44 billion in the preceding month and the corresponding month of 2015, respectively.

5.2 Non-Oil Export Receipts by Banks

Total non-oil export earnings by exporters fell in May 2016.

Provisional data showed that total non-oil export receipts by banks in the month of May 2016 fell by 17.9 per cent to US\$172.96 million, from the level in the preceding month. The development was attributed, mainly, to the decline in most of its components. A sectoral analysis showed that, on a month-on-month basis, proceeds from food products, transport sector and minerals rose by 271.4 per cent, 100.0 per cent and 197.0 per cent to US\$12.99 million, US\$0.07 million and US\$104.98 million, respectively, from the levels in April 2016. However, proceeds from manufactured products, industrial and agricultural sectors, fell by 42.6 per cent, 37.3 per cent and 82.4 per cent to US\$20.33 million, US\$14.70 million and US\$19.90 million, respectively.

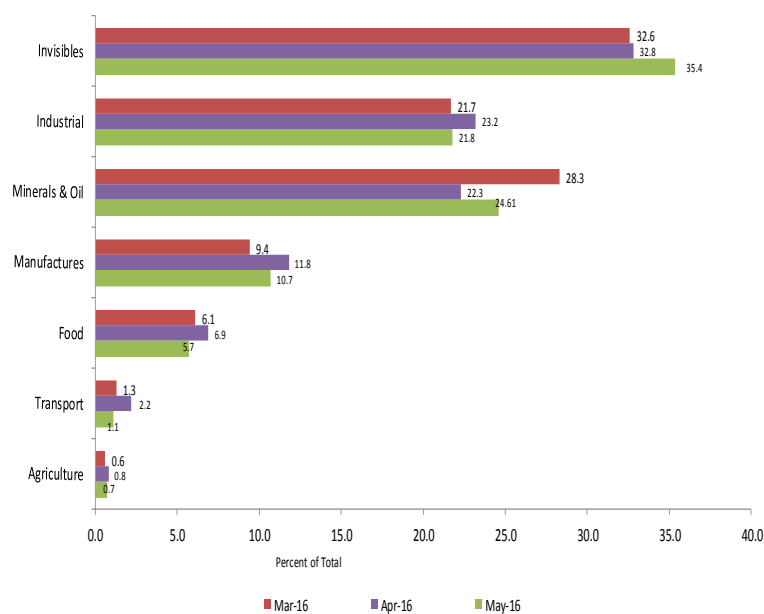
The shares of the various components in the non-oil export proceeds were: 11.8 per cent, 60.7 per cent, 11.5 per cent, 8.5 per cent and 7.5 per cent for manufactured products, minerals, agricultural, industrial and food products, respectively.

5.3 Sectoral Utilization of Foreign Exchange

The invisible sector accounted for the bulk (35.4 per cent) of total foreign exchange disbursed in May 2016, followed by the minerals and oil (24.6 per cent). The shares of other sectors in a descending order were: industrial (21.8 per cent); manufactured product (10.7 per cent); food products (5.7 per cent); transport (1.1 per cent); and agricultural products (0.7 per cent) (Fig.15).

The invisible sector accounted for the bulk of the total foreign exchange disbursed in May 2016.

Figure 15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

A total of US\$1.13 billion was sold by the CBN to authorized dealers in May 2016. This indicated a decline of 2.6 per cent and 58.4 per cent relative to the levels in the preceding month and the corresponding period of 2015, respectively. Of the aggregate sales, inter-bank amounted to US\$0.89 billion or 78.2 per cent, while swap contracts amounted to US\$0.25 billion or 21.8 per cent of the total (Fig.16, Table 16).

Figure 16: Supply of Foreign Exchange

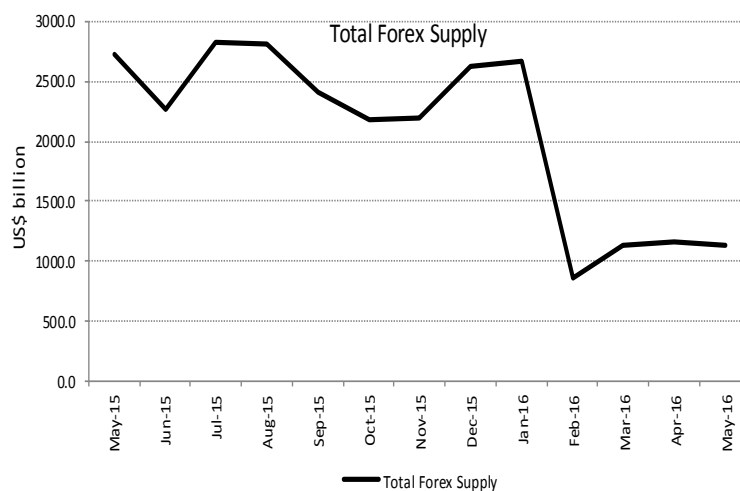


Table 16: Supply of Foreign Exchange (US\$ billion)

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Total Forex Supply	2,187.2	2,197.1	2,629.7	2,667.7	866.0	1,134.2	1,164.3	1,133.5

The naira exchange rate vis-à-vis the US dollar remained unchanged at the Inter-bank segment.

The average exchange rate of the naira to the US dollar at the interbank segment of the foreign exchange market remained unchanged at ₦197.00/US\$, relative to its levels in the preceding month and the corresponding month of 2015, respectively. However, the BDC rate recorded an average rate of ₦336.93/US\$ at end-May 2016 (Figure 17, Table 17).

Figure 17: Average Exchange Rate Movement

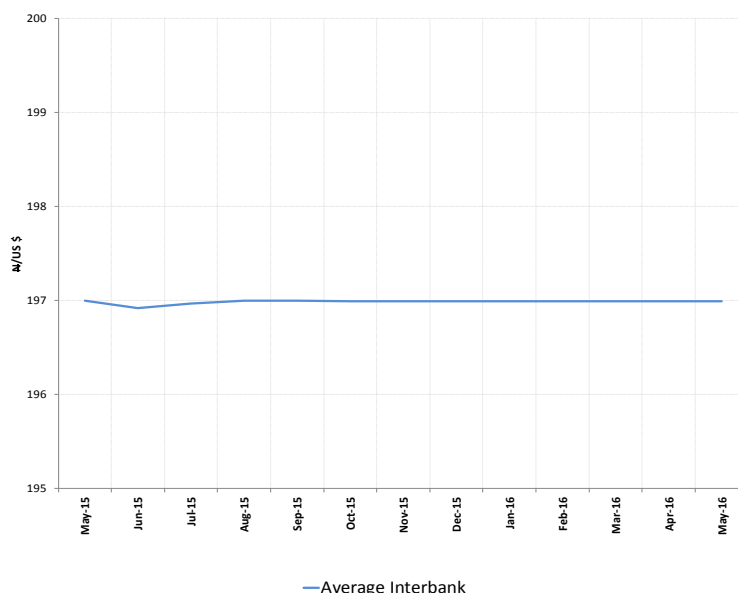


Table 17: Exchange Rate Movements

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Average Exchange Rate (₦/\$)													
Interbank	197.00	196.92	196.97	197.00	197.00	196.99	196.99	196.99	197.00	196.99	197.00	197.00	197.00

5.5 Gross External Reserves

Gross external reserves fell in May 2016.

The gross external reserves at end-May 2016 stood at US\$26.30 billion, showing a decline of 1.1 per cent, from the level in April 2016. The observed depletion in foreign reserves was attributed to sales of foreign exchange at the inter-bank market and notional changes in the value of third currencies. A breakdown of external reserves by ownership showed that Federation reserves was US\$2.45 billion (9.3%); Federal Government reserves, US\$5.86 billion (22.3%); and the CBN reserves, US\$17.99 billion (68.4%) of the total (Fig. 18, Table 18).

Figure 18: Gross Official External Reserves

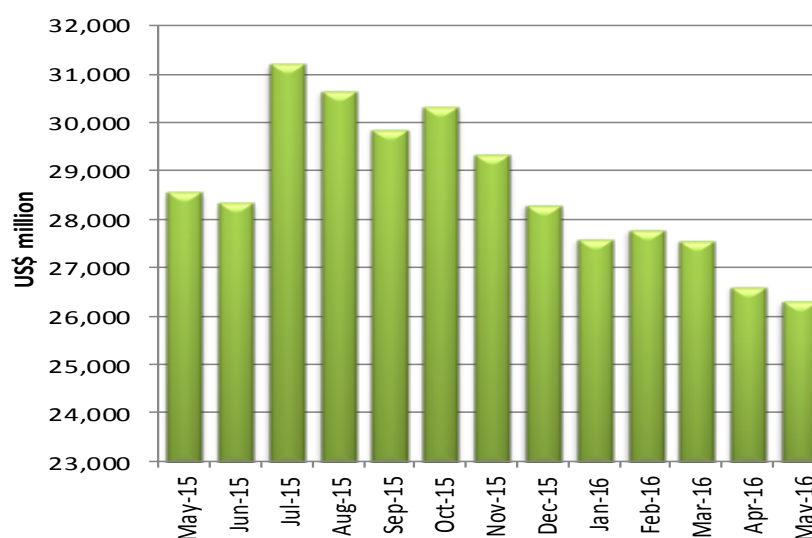


Table 18: Gross Official External Reserves (US\$ million)

Period	Sep-15	Oct-15	Nov-15	Oct-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
External Reserves	29,850.05	30,309.37	29,339.13	30,309.37	27,590.19	27,783.11	27,564.02	26,598.85	26,297.97

6.0 Other International Economic Developments and Meetings

World crude oil output and demand in May 2016 was estimated at an average of 94.51 and 93.30 million barrels per day (mbd), compared with 95.34 and 93.26 mbd supplied and demanded, respectively, in April 2016. The development was attributed to growth in demand, mostly by countries outside of the Organization for Economic Cooperation and Development (OECD). The continued strengthening of India's oil consumption growth, particularly for manufacturing and transportation contributed to the increase in demand for crude oil during the review period.

Other major international economic developments and meetings of importance to the domestic economy during the review month included: The 51st Annual Meetings of the African Development Bank (AfDB) and the 42nd Meetings of the Board of Governors of the African Development Fund (ADF) which discussed the theme, "Energy and Climate Change,". In line with the theme, the Bank's transformational agenda were encapsulated in 5 High priority areas, namely, Light up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa and Improve the quality of life for the people of Africa. The priority areas featured prominently in the various discussions and engagements.

Furthermore, the 2016 continental seminar of the Association of African Central Banks (AACB) was held between May 9 - 11, 2016 in Cairo, Egypt, on the theme "Financial stability: New Challenges for Central Banks. Key recommendations from the Seminar included the need ;

- For central banks and other regulatory authorities to strengthen prudential oversights and regulations within the financial system in line with emerging developments;
- To encourage regulators to develop robust framework for the continual improvement of

capacities and skills for the detection of early warning signals; and

- For the development of Early Warning System (EWS) for the financial sector.

APPENDIX TABLES

Table A1: Money and Credit Aggregates (N billion)

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Domestic Credit (Net)	21,348.6	20,470.8	21,612.5	22,222.7	22,414.3	22,664.8	23,312.3	22,852.1
<i>Claims on Federal Government (Net)</i>	2,261.9	1,764.0	2,893.2	33,337.5	3,424.0	3,782.6	3,933.7	3,803.2
Central Bank (Net)	(1,826.3)	(2,445.8)	(1,653.1)	(1,388.8)	(1,342.3)	(850.7)	(621.2)	(585.9)
Commercial Banks	4,018.7	4,137.3	4,546.3	4,726.3	4,695.2	4,633.3	4,554.9	4,231.9
Merchant Bank	68.2	71.2	74,746.8	67,754.9	70.0	159.2	165.7	155.9
Non Interest Banks	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
<i>Claims on Private Sector</i>	19,086.7	18,706.8	18,719.3	18,885.2	18,990.3	18,882.2	19,378.6	19,049.0
Central Bank	5,535.8	5,092.9	5,061.6	5,212.4	5,302.0	5,166.7	5,610.2	5,262.8
Commercial Banks	13,457.7	13,519.7	13,568.5	13,587.1	13,599.7	13,715.6	13,768.4	13,645.8
Merchant Bank	67.5	68.3	62.8	59.4	59.4	106.0	92.7	109.0
Non Interest Banks	25.8	25.9	26.3	28.2	29.2	29.1	29.8	31.4
<i>Claims on Other Private Sector</i>	18,175.1	18,179.3	18,109.9	18,090.3	18,026.8	18,044.3	18,093.7	18,130.2
Central Bank	5,067.5	5,067.3	5,063.0	5,022.3	5,015.8	4,996.7	4,999.6	5,057.7
Commercial Banks	13,014.3	13,017.7	12,984.7	12,982.3	12,922.4	13,047.6	13,094.1	12,937.3
Merchant Bank	67.5	68.3	62.8	59.4	59.3	97.1	87.5	103.8
Non Interest Banks	25.8	25.9	26.3	28.2	29.2	29.1	29.8	31.4
<i>Claims on State and Local Governm</i>	443.4	502.0	583.8	604.8	677.3	667.9	688.9	728.3
Central Bank	-	-	-	-	-	-	14.6	14.6
Commercial Banks	443.4	502.0	583.8	604.8	677.3	659.0	674.3	713.8
Merchant Bank	-	-	-	-	-	-	-	-
Non Interest Banks	-	-	-	-	-	-	-	-
<i>Claims on Non-financial Public Ente</i>	468.3	25.6	25.6	190.1	286.2	170.0	596.0	190.5
Foreign Assets (Net)	4,622.2	5,287.2	5,653.3	5,392.2	5,471.4	5,551.7	5,045.9	5,206.7
Central Bank	4,718.6	5,240.0	5,545.3	5,240.6	5,283.5	5,178.2	4,683.9	5,033.3
Commercial Banks	(95.6)	64.0	125.4	156,156.2	189.5	373.2	362.1	182.8
Merchant Bank	(2.3)	(18.3)	(18.8)	(6.1)	(3.2)	(1.4)	(2.9)	(11.4)
Non Interest Banks	1.5	1.4	1.4	1.4	1.6	1.4	1.6	2.0
Other Assets (Net)	(7,766.4)	(7,390.8)	(7,235.9)	(7,926.6)	(7,396.5)	(7,746.1)	(7,630.4)	(7,337.0)
Total Monetary Assets (M2)	18,204.4	18,367.2	18,204.4	19,690.5	20,489.2	20,470.4	20,727.9	20,721.9
Quasi-Money 1/	11,514.7	11,386.7	11,458.1	11,442.9	11,429.6	11,429.6	11,591.8	11,330.0
Money Supply (M1)	6,689.6	6,980.5	8,571.7	8,247.3	9,059.6	9,040.8	9,136.1	9,391.9
<i>Currency Outside Banks</i>	1,202.0	1,260.7	1,456.1	1,377.8	1,377.5	1,441.4	1,444.4	1,393.7
<i>Demand Deposits 2/</i>	5,487.6	5,719.8	7,115.6	6,869.5	7,682.1	7,599.5	7,691.6	7,998.2
Total Monetary Liabilities (M2)	18,204.4	18,367.2	18,204.4	19,690.5	20,489.2	20,470.4	20,727.9	20,721.9
Memorandum Items:								
Reserve Money (RM)	5,546.5	5,639.6	5,812.7	5,751.1	5,097.2	5,760.4	5,587.7	5,496.7
<i>Currency in Circulation (CIC)</i>	1,560.4	1,633.2	1,857.9	1,725.1	1,711.6	1,811.1	1,763.5	1,746.7
<i>DMBs Demand Deposit with CBN</i>	3,986.2	4,006.4	3,954.8	4,026.0	3,385.6	3,949.4	3,824.1	3,750.0

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

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

Table A2: Money and Credit Aggregates (Growth Rates)

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
	Growth Over Preceding December (%)							
Domestic Credit (Net)	10.8	6.2	12.1	2.8	3.7	4.9	7.8	5.7
<i>Claims on Federal Government (Net)</i>	96.7	53.4	151.7	15.4	18.4	30.7	36.0	31.5
<i>Claims on Private Sector</i>	5.3	3.2	3.3	0.9	1.5	0.9	3.4	1.8
<i>Claims on Other Private Sector</i>	3.5	3.5	3.1	-0.1	-0.5	-0.4	-0.1	0.1
<i>Claims on State and Local Government</i>	-17.3	-6.4	8.9	3.6	16.0	14.4	15.5	24.8
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	-33.5	-24.0	-18.7	-4.6	-3.2	-1.8	-10.7	-7.9
Other Assets (Net)	-6.2	-1.0	1.1	-9.6	-2.2	-7.1	-5.3	-1.4
Total Monetary Assets (M2)	-3.8	-2.9	5.9	-1.7	2.3	2.2	3.5	3.5
Quasi-Money 1/	-4.1	-5.2	-4.6	-0.1	-0.3	-0.3	1.2	-1.1
Money Supply (M1)	-3.1	1.1	24.1	-3.8	5.7	5.5	6.6	9.6
<i>Currency Outside Banks</i>	-16.4	-12.3	1.3	-5.4	-5.4	-1.0	-0.8	-4.3
<i>Demand Deposits 2/</i>	0.4	4.6	30.2	-3.5	8.0	6.8	8.1	12.4
Total Monetary Liabilities (M2)	-3.8	-2.9	5.9	-1.7	2.3	2.2	3.5	3.5
<u>Memorandum Items:</u>								
Reserve Money (RM)	-6.5	-4.9	-2.0	-1.1	-12.3	-0.9	-3.9	-5.4
<i>Currency in Circulation (CIC)</i>	-13.2	-9.2	3.3	-7.2	-7.9	-2.5	-5.1	-6.0
<i>DMBs Demand Deposit with CBN</i>	5.3	-3.1	-4.3	1.8	-14.4	-0.1	-3.3	-5.2
	Growth Over Preceding Month (%)							
Domestic Credit (Net)	-0.8	-4.1	5.6	2.8	0.6	1.1	2.8	-2.0
<i>Claims on Federal Government (Net)</i>	-18.9	-22.0	64.0	15.4	2.6	10.5	4.0	-3.3
<i>Claims on Private Sector</i>	1.9	-2.0	0.1	0.9	0.6	-0.6	2.6	-1.7
<i>Claims on Other Private Sector</i>	0.2	0.0	-0.4	-0.1	-0.4	0.1	0.3	0.2
<i>Claims on State and Local Government</i>	11.7	13.2	16.3	3.6	12.0	-1.4	1.0	5.7
<i>Claims on Non-financial Public Enterprises</i>								
Foreign Assets (Net)	-9.1	14.4	6.9	-4.6	1.5	1.5	-9.1	3.2
Central Bank	-10.0	11.1	5.8	-5.5	0.8	-2.0	-9.6	7.5
Banks	-39.5	-148.9	128.8	40.4	23.7	98.9	-3.1	-52.1
Other Assets (Net)	1.5	4.8	2.1	-9.5	6.7	-4.7	1.7	3.9
Total Monetary Assets (M2)	-2.7	0.9	9.1	-1.7	4.1	-0.1	1.3	0.0
Quasi-Money 1/	-0.5	-1.1	0.6	-0.1	-0.1	0.0	1.4	-2.3
Money Supply (M1)	-6.4	4.4	22.8	-3.8	9.9	-0.2	1.1	2.8
<i>Currency Outside Banks</i>	-1.4	4.9	15.5	-5.4	0.0	4.6	0.2	-3.5
<i>Demand Deposits 2/</i>	-7.5	4.2	22.4	-3.5	11.8	-1.1	1.2	4.0
Total Monetary Liabilities (M2)	-2.7	0.9	9.1	-1.7	4.1	0.1	1.3	0.0
<u>Memorandum Items:</u>								
Reserve Money (RM)	-4.2	1.7	3.1	-1.1	-11.4	13.0	-3.0	-1.6
<i>Currency in Circulation (CIC)</i>	6.0	-4.7	4.7	13.8	-7.2	-0.8	5.8	-1.0
<i>DMBs Demand Deposit with CBN</i>	-4.6	-4.0	0.5	-1.3	1.8	-15.9	16.7	

Table A3: Federal Government Fiscal Operations (N billion)

	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Retained Revenue	189.9	172.4	248.1	164.8	171.6	167.3	166.1	173.8	145.2
<i>Federation Account</i>	168.6	151.3	192.0	139.5	147.6	137.5	127.2	109.1	101.2
<i>VAT Pool Account</i>	9.0	8.1	8.7	8.8	8.9	10.0	9.3	9.3	9.4
<i>FGN Independent Revenue</i>	3.7	4.1	37.6	7.8	6.8	11.9	21.6	47.7	27.1
<i>Excess Crude</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Others /SURE-P/NNPC Refund</i>	8.6	8.8	9.8	8.6	8.3	7.9	8.0	7.7	7.5
Expenditure	430.0	247.0	325.9	369.4	508.5	363.9	357.8	367.0	361.0
<i>Recurrent</i>	345.5	162.6	250.8	233.7	308.8	276.7	310.2	295.8	292.4
<i>Capital</i>	56.0	56.1	46.5	103.2	154.4	65.5	1.1	33.3	33.3
<i>Transfers</i>	28.5	28.3	28.6	32.4	45.4	21.8	46.5	37.9	35.4
Overall Balance: Surplus(+)/Deficit(-)	-240.1	-74.7	-77.9	-204.6	-336.9	-196.6	-191.8	-193.2	-215.9

