CENTRAL BANK OF NIGERIA

# ECONOMIC REPORT
# THIRD QUARTER 2016

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

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# 1.0 Summary

*The significant increase in domestic credit (net), foreign assets (net) and other asset (net) led to growth in key monetary aggregates in the third quarter of 2016. Broad money supply ($M_2$) and narrow money supply ($M_1$) grew by 2.1 per cent and 9.0 per cent, respectively, over the levels at end-June 2016.*

*The continued restrictive monetary policy stance of the Bank led to the general increase in banks' deposit and lending rates in the third quarter of 2016. The spread between the weighted average term deposit and maximum lending rates narrowed to 21.09 percentage points at the end of the third quarter of 2016. Similarly, the margin between the average savings deposit and the maximum lending rates narrowed to 23.96 percentage points. The weighted average inter-bank call rate rose to 23.42 per cent, reflecting the liquidity condition in the banking system.*

*The total value of money market assets outstanding at the end of the third quarter of 2016, stood at ₦10,684.44 billion, showing an increase of 2.14 per cent over the level at the end of the second quarter of 2016. The development reflected the increase in commercial paper outstanding. Developments on the Nigerian Stock Exchange (NSE) were bearish in the review quarter.*

*Shortfall in receipts from oil and non-oil revenue due to persistent low price of crude oil and pipeline vandalism, continued to impact negatively on government revenue. Consequently, at ₦1,980.95 billion, total federally-collected revenue was lower than both the quarterly budget estimate and the preceding quarter's receipts. Gross oil and non-oil receipts were both lower than the provisional quarterly budget estimate, though receipt from non-oil sources was above the level in the preceding quarter by 87.1 per cent. Federal Government retained revenue was ₦922.9 billion, while total expenditure was ₦1,424.9 billion, resulting in an estimated deficit of ₦502.0 billion in the third quarter of 2016, compared with the proportionate quarterly budget deficit of ₦555.49 billion.*

*Agrcultural sector activities increased in the review period due to widespread rain experienced in most parts of the country. Major activities in the Southern and Northern parts of the country were harvesting of maize, yam, groundnuts and potatoes, while farmers in the livestock sub-sector, engaged in the breeding of poultry and migration of cattle from the North to the South in search of green pastures. The end-period inflation rate, on year-on-year and 12-month moving average basis for the third quarter of 2016, was 17.9 per cent and 13.5 per cent, respectively.*

*World crude oil demand and supply were estimated at 95.15 mbd and 95.65 mbd, respectively, in the third quarter of 2016. Nigeria's crude oil production, including condensates and natural gas liquids, was also estimated at an average of 1.48 million barrels per day (mbd) or 136.16 million barrels (mb) for the third quarter of 2016. Crude oil export was estimated at 1.03 mbd or 94.76 million barrels, while deliveries to the refineries for domestic consumption was 0.45 mbd or 41.40 million barrels in the review quarter. The average price of Nigeria's reference crude, the Bonny Light ($37^0$ API), was US$46.44 per barrel in the review quarter.*

*Provisional data showed that foreign exchange inflow and outflow through the CBN amounted to US$5.59 billion and US$7.73 billion, respectively, resulting in a net outflow of US$2.14 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US$5.30 billion, while the average exchange rate of the naira vis-à-vis the US dollar at the inter-bank market depreciated further to ₦303.16/US$.*

*World Economic Outlook (WEO) 2016, projected a decline in global growth to 3.1 per cent in 2016. Growth was, however, estimated to rebound next year to 3.4 per cent. Growth in emerging market and developing economies is expected to strengthen slightly in 2016 to 4.2 per cent after five consecutive years of decline.*

*Other major international economic developments and meetings of importance to the domestic economy in the review period included: the 2016 meeting of the African Governors of the IMF and World Bank held at Palais des Congres, Cotonou, Benin Republic from August 4 - 5, 2016; the 2016 Annual meetings of the Association of African Central Banks held in Abuja, Nigeria, from August 15 – 19, 2016; and the 29th Ordinary Meeting of the Economic and Monetary Affairs Committee and the Administration Committee of WAMA held at the Riviera Royale Hotel, Conakry, Guinea from July 29 - 30, 2016. In addition, the 33rd meeting of the Committee of Governors of the West African Monetary Zone (WAMZ) was held on 4th August, 2016 to deliberate on the Report of the 39th Meeting of the Technical Committee of the WAMZ. Finally, The 31st meeting of the Board of Governors of WAIFEM was held at the Riviera Royale Hotel Conakry, Guinea on August 4, 2016.*

# 2.0 Financial Sector Developments

## 2.1 Monetary and Credit Developments

*On the back of significant increase in both domestic, foreign assets (net) and other assets (net), growth in the key monetary aggregates accelerated at the end of the third quarter of 2016. Banks' deposit and lending rates trended upward. The value of money market assets outstanding increased, due, largely, to the rise in commercial paper. Developments on the Nigerian Stock Exchange (NSE) were bearish.*

Key monetary aggregates grew during Q3 of 2016.

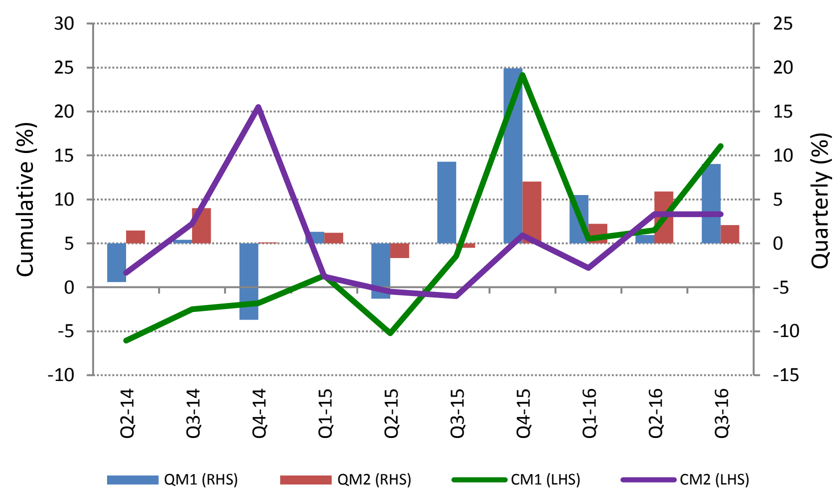
The persistent low crude oil prices continued to have negative impact on the economy, including rising inflation which resulted in a restrictive monetary policy stance of the monetary authorities. However, provisional data indicated that growth in the key monetary aggregates accelerated at the end of the third quarter of 2016. On quarter-on-quarter basis, broad money supply ($M_2$), at ₦22,133.48 billion, grew by 2.1 per cent, compared with the growth of 5.9 per cent at the end of the second quarter of 2016. The growth in $M_2$ was attributed to the significant increase in foreign assets (net), other assets (net) and domestic credit (net) of the banking system.

Over the level at end-December 2015, broad money supply ($M_2$) grew by 10.5 per cent, compared with the growth of 10.8 per cent at the end of the second quarter. The development reflected the 21.9 per cent and 37.0 per cent growth in aggregate credit and foreign assets of the banking system, respectively.

Narrow money supply ($M_1$), rose by 9.0 per cent to ₦9,949.39 billion, compared with 0.9 per cent and 9.3 per cent growth at the end of the second quarter of 2016 and the corresponding period of 2015, respectively . The development was attributed to the 7.1 per cent and 9.4 per cent growth in currency outside banks and demand deposits, respectively. Over the level at end-December 2015, narrow money supply ($M_1$) rose by 16.1 per cent, reflecting the 1.5 per cent and 19.1 per cent increase in its currency outside banks and demand deposit components, respectively.

Relative to the level at the end of the second quarter of 2016, quasi-money fell by 3.0 per cent to ₦12,184.09 billion in the third quarter, in contrast to the growth of 9.9 per cent recorded in the preceding quarter. The fall in quasi-money was due to a fall in foreign currency deposits of banks. Over end-December 2015, quasi money increased by 6.3 per cent, compared with the 9.6 per cent growth at the end of the preceding quarter (Fig. 1, Table 1).

**Figure 1: Growth Rate of Narrow Money ($M_1$) and Broad Money ($M_2$)[1]**




At ₦26,341.47 billion, aggregate domestic credit (net) to the economy, on quarter-on-quarter basis, grew by 8.3 per cent, compared with the growth of 7.3 per cent and 0.5 per cent at the end of the preceding quarter and the corresponding period of 2015, respectively. The growth in aggregate credit was attributed to the increased borrowing by the Federal Government through the issuance of treasury bills and the increased lending by banks to the private sector. Over the level at end-December 2015, net domestic credit grew by 21.9 per cent, compared with the growth of 12.5 per cent and 11.7 per cent at end-June 2016 and the corresponding period of 2015, respectively. The development was attributed to the substantial growth in net claims on the Federal Government and claims on the private sector.

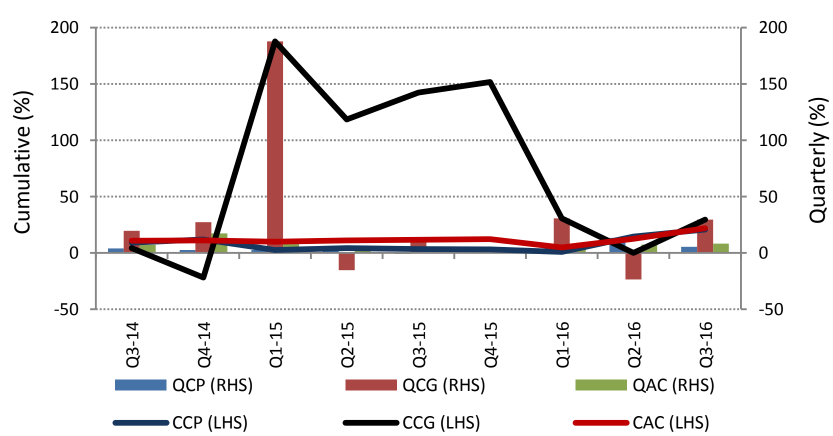
[1] QM1 and QM2 represent quarter-on-quarter changes, while CM1 and CM2 represent cumulative changes (year-to-date).

Banking system's credit (net) to the Federal Government increased by 29.6 per cent to ₦3,748.84 billion, in contrast to the decline of 23.5 per cent at the end of the preceding quarter. The development reflected the respective increase of 4.0 per cent and 4.5 per cent in outstanding government bills held by banks and direct loans largely through CBN's Ways and Means Advances, respectively. Relative to the level at end-December 2015, net claims on the Federal Government grew by 29.6 per cent, compared with the 0.00003 per cent growth at end-June 2016.

Banking system's credit to the Federal Government increased by 29.6 per cent at the end of the third quarter of 2016.

At ₦22,592.63 billion, banking system's credit to the private sector, grew by 5.5 per cent quarter-on-quarter, compared with the growth of 13.5 per cent at end-June 2016. The development was due, mainly, to CBN interventions in critical sectors of the economy through the banks. Over the level at end-December 2015, banking system's credit to the private sector grew by 20.7 per cent, compared with the growth of 14.5 per cent at the end of the preceding quarter.

**Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy**




The continued depreciation of the naira in the second quarter of 2016 impacted positively on the foreign assets in the third quarter, as net foreign asset holdings of the CBN rose by 13.9 per cent. Consequently, foreign Asset (Net) of the banking system grew by 9.0 per cent (₦7,742.28), compared with the growth of 28.0 per cent at end-June 2016. Over the level at end-December 2015, foreign asset (net) increased by 37.0 per cent in the third quarter of 2016, compared with the growth of

Foreign assets (net) of the banking system grew at the end of the review quarter.

25.7 per cent at the end of the second quarter. The growth was due to the 40.5 per cent increase in the foreign asset holdings of the CBN.

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

| | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 |
|---|---|---|---|---|---|---|---|---|
| Domestic Credit (Net) | 17.3 | 7.7 | 3.8 | 0.5 | 0.4 | 4.9 | 7.3 | 8.3 |
| *Claims on Federal Government (Net)* | -27.3 | 89.4 | 26.5 | 11.0 | 3.8 | 30.7 | -23.5 | 29.6 |
| *Claims on Private Sector* | 2.6 | 2.5 | 1.3 | -0.9 | -0.1 | 0.9 | 13.5 | 5.5 |
| *Claims on Other Private Sector* | 2.7 | 2.6 | 1.6 | -1.3 | -0.2 | -0.4 | 13.0 | 5.7 |
| Foreign Assets (Net) | -5.1 | 13.9 | -12.3 | -14.6 | 11.2 | -1.8 | 28.0 | 9.0 |
| Other Assets (Net) | 5.4 | 3.9 | -3.1 | 7.8 | 8.2 | 7.1 | 25.7 | 22.7 |
| Broad Money Supply (M2) | 0.1 | 1.2 | -1.7 | -0.5 | 7.0 | 2.2 | 5.9 | 2.1 |
| Quasi-Money | 6.2 | 1.2 | 1.0 | -5.7 | -1.0 | -0.3 | 9.9 | -3.0 |
| Narrow Money Supply (M1) | -8.7 | 1.3 | -6.3 | 9.3 | 19.9 | 5.5 | 0.9 | 9.0 |
| *Memorandum Items:* | | | | | | | | |
| Reserve Money (RM) | 20.7 | -0.1 | 0.7 | -2.7 | 0.4 | -0.9 | -6.7 | 24.0 |

## 2.2 Currency-in-circulation (CIC) and Deposits at CBN

At ₦1,794.3 billion, currency-in-circulation rose by 6.1 per cent relative to the level in the second quarter of 2016. The development was due, largely, to the increase in its currency outside banks component.

Total deposits at the CBN amounted to ₦12,550.63 billion, indicating an increase of 19.5 per cent relative to the level at the end of the second quarter. The development reflected increase in all the components of 2016. Of the total deposits at CBN, the shares of the Federal Government, Banks and ''Others'' were ₦5,072.8 (40.4 per cent), ₦4,864.7 billion billion (38.8 per cent) and ₦2,613.1 billion (20.8 per cent), respectively.

Reserve money (RM) rose at the end of the third quarter of 2016.

Reserve money (RM) rose by 24.0 per cent to ₦6,659.01 billion at the end of the third quarter of 2016, reflecting an increase in both DMBs' reserves with the CBN and currency-in-circulation.

## 2.3 Money Market Developments

The financial market was relatively liquid during the review period .

To complement the adoption of the flexible foreign exchange policy framework, the Monetary Policy Committee (MPC), at its meeting during the quarter, increased the Monetary Policy Rate (MPR) from 12.00 to 14.00 per cent to moderate inflation and provide for positive real returns on investment to attract foreign investment. However, the shortfall in the supply of foreign exchange impacted on financial market indicators in the third quarter. Furthermore, the Bank directed that foreign exchange from remittances be sold to Bureau-De-Change (BDC) operators to boost supply. However, these efforts could not signifcinatly increase the supply of foreign exchange in the market as the naira depreciated further at the parallel market, while the rate at the official market was largely stable.

Provisional data indicated that the total value of money market assets outstanding at the end of the third quarter of 2016 stood at ₦10,684.44 billion, showing 2.14 per cent increase, compared with the increase of 20.36 per cent at the end of the second quarter. The development was attributed, mainly, to the significant increase in Commercial Paper.

### *2.3.1 Interest Rate Developments*

The Monetary Policy Committee (MPC) increased the Monetary Policy Rate (MPR) from 12.00 to 14.00 per cent at its first meeting in the third quarter to moderate inflation, ensure positive real returns on investment and attract investors. The restrictive monetary policy stance of the Bank brought about liquidity squeeze in the system due to the increase in market interest rates.

The spread between the weighted – average term deposit and maximum lending rates narrowed at the end of the third quarter of 2016.

Available data showed an upward movement in all banks' deposit and lending rates in the third quarter of 2016. Similalry, the average term deposit rate rose by 0.75 percentage point above the level in the preceding quarter to 6.16 per cent at end-September 2016. The average prime and maximum lending rates increased by 0.58 and 0.4 percentage points to 17.14 per cent and 27.25 per cent, respectively. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed by 0.34 percentage point to 21.09 percentage points, at the end of the third quarter of 2016. The margin between the average savings deposit and the maximum lending rates contracted by 0.14 percentage point to 23.96 percentage points. With headline inflation at 17.9 per cent at end-September 2016, the prime lending and deposit rates were negative in real terms, while the maximum lending rate was positive in real terms.

Interbank call rate rose in Q3 2016.

At the inter-bank funds segment, the weighted average inter-bank call rate, which stood at 15.56 per cent at end-June 2016, rose by 7.86 percentage points to 23.42 per cent, in the third quarter of 2016, due to the tight liquidity condition in the banking system. The Nigeria inter-bank offered rate (NIBOR) for the 30-day tenor rose from 10.04 per cent in the preceding quarter to 17.72 per cent in the third quarter of 2016. Similarly, the weighted average rate at the Open-Buy-Back (OBB) segment rose by 4.27 percentage points to 14.85 per cent (Fig. 3, Table 2).

**Figure 3: Selected DMBs Interest Rates (Average)**

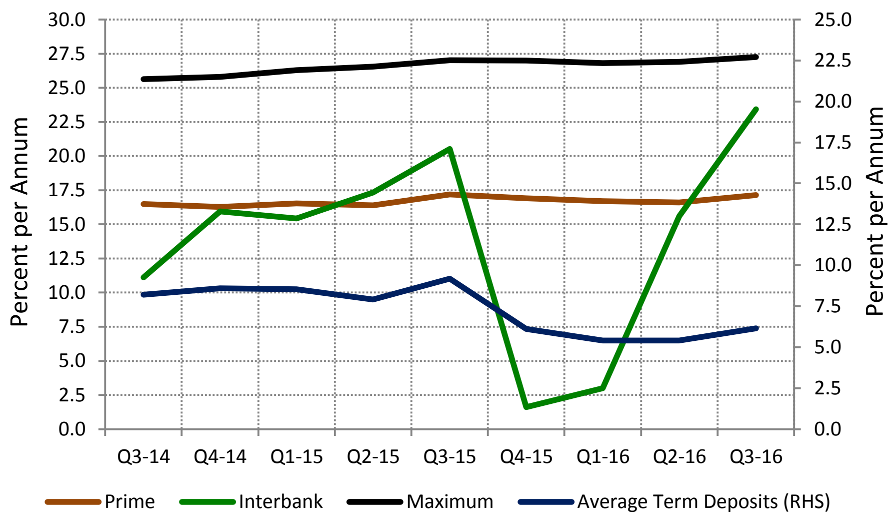



**Table 2: Selected Interest Rates (Percent, Averages)**

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| Average Term Deposits | 8.2 | 8.6 | 8.5 | 7.9 | 9.2 | 6.1 | 5.4 | 5.4 | 6.2 |
| Prime Lending | 16.5 | 16.3 | 16.8 | 16.4 | 17.2 | 16.9 | 16.7 | 16.6 | 17.1 |
| Interbank | 11.1 | 16.0 | 15.4 | 17.3 | 20.5 | 1.6 | 3.0 | 15.6 | 23.4 |
| Maximum Lending | 25.6 | 25.8 | 26.3 | 26.6 | 27.0 | 27.0 | 26.8 | 26.9 | 27.3 |

### 2.3.2 *Commercial Paper (CP)*

Commercial Paper (CP) outstanding held by banks rose significantly to ₦3.1 billion at the end of the third quarter of 2016, above ₦0.5 billion at the end of the second quarter of 2016. The development was due to the rise in investment in CP by the banks in the review period. Thus, CP constituted 0.03 per cent of the total value of money market assets outstanding during the review period, compared with 0.01 per cent at the end of the preceding quarter.

Investment in CP by banks rose in the third quarter of 2016.

### 2.3.3 *Bankers' Acceptances (BAs)*

BAs outstanding increased by 53.23 per cent to ₦45.60 billion from ₦29.76 billion at the end of the preceding quarter. The development was attributed to the increase in investment in BAs by the banks during the quarter. Consequently, BAs accounted for 0.43 per cent of the total value of money market assets outstanding, at the end of the third quarter of 2016, compared with 0.28 per cent at end-June 2016.

DMBs' holdings of BAs increased during Q3 of 2016.

### 2.3.4 *Open Market Operations*

In furtherance of the restrictive policy stance, the Bank continued to deploy different monetary policy tools to achieve its objectives. There were regular interventions through Open Market Operations (OMO) involving the sale of Central Bank of Nigeria (CBN) bills for liquidity management. Instruments with maturities ranging from 100 to 364 days were issued between July and September 2016. Total sales was ₦3,481.31 billion, while total subscription was ₦4,225.76 billion. The bid rates ranged from 12.50 per cent to 20.00 per cent, while the stop rates ranged from 12.50 per cent to 19.00 per cent. Total sales included the ₦420.00 billion allotted through the two-way quote trading platform. This translated to a net withdrawal of ₦2,315.09 billion.

### 2.3.5 *Primary Market*

At the government securities market, NTBs and long-term (FGN Bonds) debt instruments were issued at the primary market on behalf of the Debt Management Office (DMO). NTBs of 91-182- and 364-day tenors, amounting to ₦1,066.55 billion, ₦2,550.72 billion and ₦1,239.55 billion were offered, subscribed to and alloted, respectively, in the third quarter of 2016. The bid rates ranged from 7.00 per cent to 20.00 per cent, 9.00 per cent to 20.49 per cent, and 10.50 per cent to 25.35 per cent, respectively, for the 91-, 182- and 364- day tenors, while the stop rates ranged from 9.98 per cent to 15.44 per cent, 12.24 per cent to 18.06 per cent and 14.99 per cent to 18.50 per cent, respectively, for the different tenors.

### 2.3.6 *Bonds Market*

Subscription for FGN Bonds of various maturities were re-opened during the third quarter of 2016.

Tranches of the 5-, 10- and 20-year FGN Bonds were re-opened in addition to a new issue of the 5-year bond offered for sale in the third quarter of 2016. The term to maturity of the bonds ranged from 4 years 10 months to 19 years, 8 months. Total amount offered, subscribed to and allotted were ₦350.0 billion, ₦604.1 billion and ₦335.0 billion, respectively. The marginal rates for the 5-year bond ranged from 14.5000 per cent to 15.1430 per cent, 14.9000 per cent to 15.5357 per cent for the 10-year bond and 14.9830 per cent to 15.5974 per cent for the 20-year. The marginal rates for all the tenors ranged from 14.50 per cent to 15.59 per cent. The sum of ₦448.00 billion FGN Bonds matured in the third quarter.

### 2.3.7 *CBN Standing Facilities*

Deposit money banks and merchant banks continued to access the Standing Facility window to smoothen their liquidity needs either through lending (SLF) from the CBN or depositing (SDF) their excess reserves at the end of each business day. There was a reversal in the trend of standing facilities patronage, with more requests for SLF than the SDF in the review period. Applicable rates for the SLF and SDF stood at 16.00 per cent and 9.00 per cent, respectively.

Total request for Standing Lending Facility (including the Intra-day lending facilities (ILF) converted to overnight repo) amounted to ₦ 11,360.51 billion with interest income of ₦8.78 billion, compared with SLF of ₦4,518.78 billion and interest income of ₦2.64 billion in the preceding quarter. Penal rate of an additional 500 basis points was charged on institutions that failed to redeem their lending as at when due.

Total standing deposit facility (SDF) granted during the review period was ₦2,431.95 billion with a daily average of ₦45.04 billion, compared with ₦6,085.58 billion in the second quarter of 2016. The interest payment on SDF in the third quarter stood at ₦0.87 billion, compared with ₦ 1.76 billion in the preceding quarter.

## 2.4 Deposit Money Banks' Activities

The total assets and liabilities of the commercial banks stood at ₦31,792.04 billion at the end of the third quarter of 2016, representing an increase of 1.6 per cent over the level at the end of the the second quarter of 2016. The funds were sourced, mainly, from drawdown on reserves, and increase in capital accounts and foreign liabilities. The funds were used, mainly, to reduce time, savings and foreign currency deposits, demand deposit and unclassified liabilities as well as to increase claims on the central government.

At ₦21,485.13 billion, banks' credit to the domestic economy, rose by 5.3 per cent, relative to the level at end-June 2016. The development was attributed to the increase in claims on both the private sector and the Federal Government, in the review quarter.

Central Bank's credit to the commercial banks fell by 17.9 per cent to ₦855.57 billion, at the end of the review quarter. Total specified liquid assets of the banks stood at ₦6,782.09 billion, representing 37.0 per cent of their total current liabilities. At that level, the liquidity ratio expanded by 8.13 percentage points above the level at the end of the preceding quarter and was 7.0 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 81.05 per cent, was 6.18 percentage points, above the level at the end of the preceding quarter and 1.1 percentage points above the prescribed maximum of 80.0 per cent.

Liquidity ratio in $Q_3$ was above the stipulated minimum, while the Loan-to-deposit ratio was above the prescribed maximum.

## 2.5 Capital Market Developments

### *2.5.1 Secondary Market*

The market was characterised by investors's low sentiments, high volatility and poor performance by listed companies in the review period. Hence, developments on the Nigerian Stock Exchange (NSE) were generally bearish. Total volume and value of traded securities declined by 32.3 per cent and 8.7 per cent to 18.3 billion shares and ₦149.1 billion in 211,065 deals, compared with 27.04 billion shares worth ₦163.36 billion in 251,646 deals recorded in the second quarter of 2016. The Financial Services Industry led the activity chart (measured by volume) with 14.84 billion shares worth ₦77.98 billion in 117,547 deals, compared with 22.4 billion shares worth ₦105.5 billion in 154,827 deals in the second quarter of 2016. The banking sub-sector was the most active (measured by volume).

**Figure 4: Volume and Value of Traded Securities**

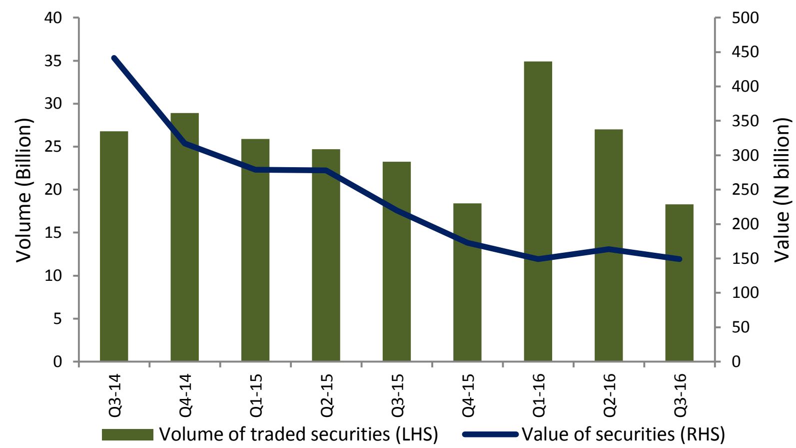



**Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)**

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| Volume (Billion) | 26.8 | 28.9 | 25.9 | 24.7 | 23.26 | 18.4 | 34.9 | 27 | 18.3 |
| Value (₦ Billion) | 441.25 | 316.99 | 279.1 | 277.9 | 219.76 | 172.6 | 148.9 | 163.4 | 149.1 |

### 2.5.2 New Issues Market/Supplementary Listings

There were no new or supplementary listings in the review quarter.

### 2.5.3 Market Capitalization

Aggregate market capitalization for all the listed securities (Equities and Bonds), as at September 29, 2016 stood at ₦16.39 trillion, indicating a decline of 5.2 per cent below the level at the end of the second quarter of 2016. Similarly, market capitalization for the listed equities decreased by 4.3 per cent below the level in the second quarter of 2016 to close at ₦9.7 trillion at the end of the review quarter. Listed equities accounted for 59.4 per cent of the aggregate market capitalisation compared, with 58.9 per cent at the end of the preceding quarter.

### 2.5.4 NSE All-Share Index

The All-Share Index, which opened at 29,597.79, at the beginning of the period, closed at 28,335.40 and represented a decrease of 2.7 per cent. With the exception of the NSE-Oil and Gas and NSE Consumer Goods indices, which increased by 3.7 per cent and 2.9 per cent to 336.03 and 757.40, respectively, at end-September 2016, as well as the NSE AseM, which closed flat at 1,213.68, all other sectoral indices fell below their levels at the end of the preceding quarter. The NSE Banking, NSE Insurance, NSE Lotus Islamic, NSE Industrial, NSE Pension and NSE Premium indices fell by 8.1 per cent, 7.5 per cent, 2.3 per cent, 14.6 per cent, 4.9 per cent, and 4.9 per cent to close at 274.77, 129.58, 1914.19, 1834.31, 839.08 and 1772.51, respectively.

**Figure 5: Market Capitalization and All-Share Index**

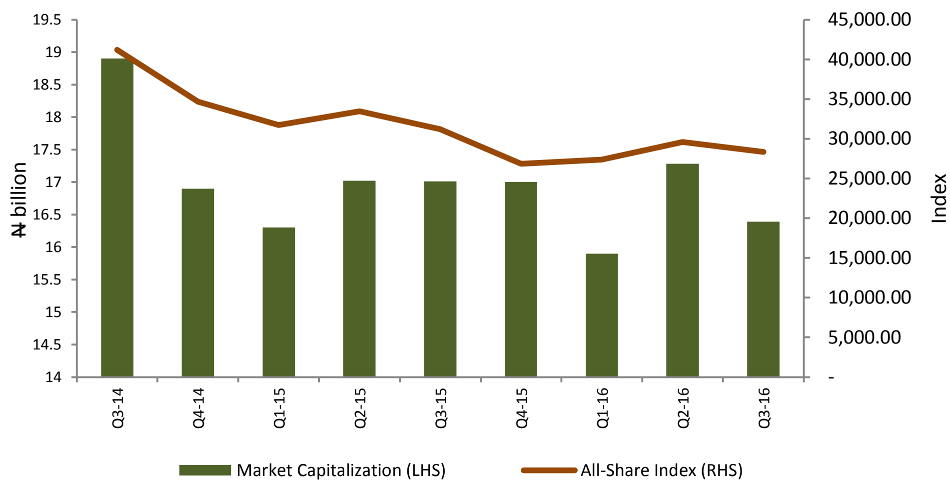



**Table 4: Market Capitalization and All Share Index (NSE)**

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| Market Capitalization (₦ trillion) | 18.90 | 16.90 | 16.30 | 17.02 | 17.01 | 17.00 | 15.88 | 17.28 | 16.39 |
| All-Share Index (Equities) | 41,210.10 | 34,657.15 | 31,744.82 | 33,456.86 | 31,217.77 | 26,871.24 | 27,385.69 | 29,597.79 | 28,335.40 |

# 3.0 Fiscal Operations

## 3.1 Federation Account Operations

Federally-collected revenue in the third quarter of 2016, at ₦1,980.95 billion, was lower than the quarterly budget[2] estimate of ₦2,378.12 billion by 16.7 per cent. However, it was higher than the receipts in the second quarter of 2016 by 70.9 per cent. The decline in federally-collected revenue (gross) relative to the quarterly budget estimate was attributed to the shortfall in receipts from both oil and non-oil sources (Fig. 6, Table 6).

Gross federally - collected revenue rose by 70.9 per cent above the level in the second quarter of 2016.

**Figure 6: Components of Gross Federally Collected Revenue**

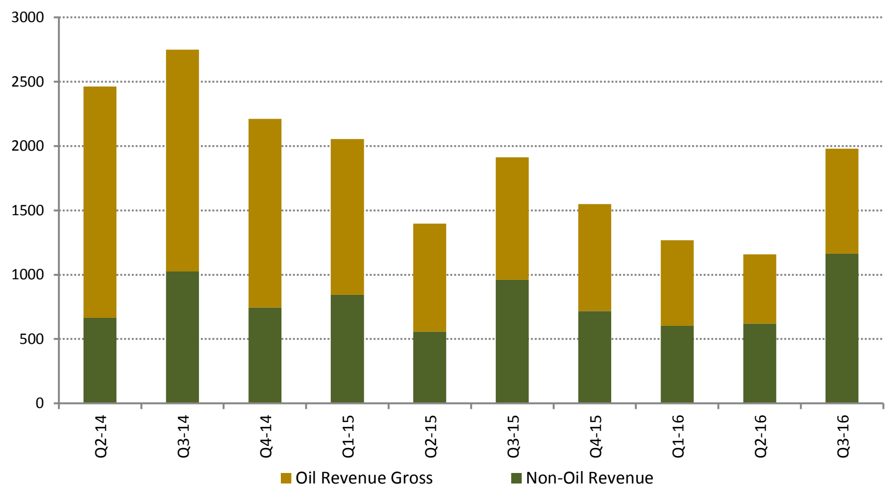



**Table 5: Gross Federation Account Revenue (₦ billion)**

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| Federally-collected revenue (Gross) | 2783.46 | 2210.81 | 2055.64 | 1397.20 | 1911.71 | 1547.96 | 1268.59 | 1159.05 | 1980.95 |
| Oil Revenue | 1723.11 | 1466.22 | 1210.77 | 839.02 | 949.45 | 830.81 | 666.13 | 537.19 | 817.48 |
| Non-Oil Revenue | 1060.30 | 744.58 | 844.87 | 558.19 | 956.32 | 717.16 | 602.46 | 621.86 | 1163.46 |

Gross oil receipts, at ₦817.48 billion or 41.3 per cent of the total revenue, was lower than the quarterly budget estimate by 7.5 per cent. It was however, higher than the receipts in the second quarter of 2016 by 52.2 per cent. The decline in oil revenue relative to the quarterly budget estimate was

[2] Quarterly Budget is arrived at by prorating the Annual budget into four equal proportions.

attributed to the fall in receipts from crude oil/gas export, owing to the drop in the price of crude oil in the international market as well as the shut-ins and shut-downs at some NNPC terminals, arising from vandalism of oil infrastructure in the Niger Delta region (Fig. 7, Table 7).

**Figure 7: Gross Oil Revenue and Its Components**

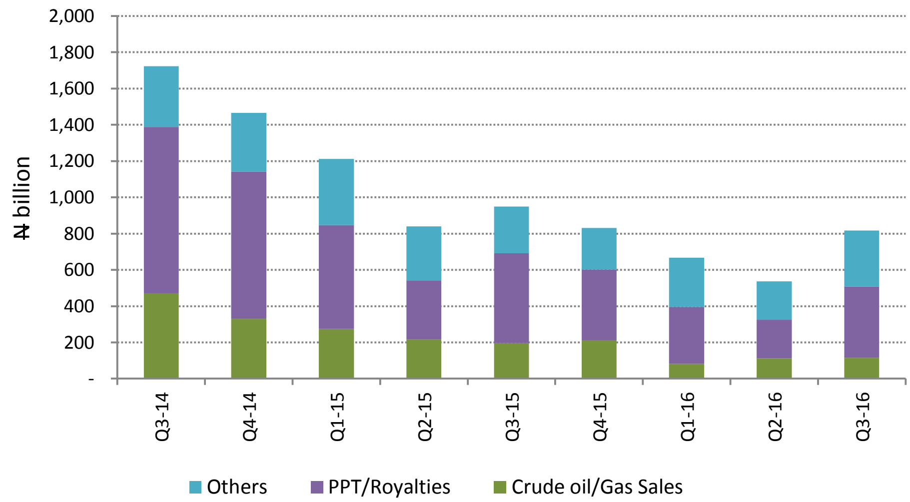



**Table 6: Components of Gross Oil Revenue (₦ billion)**

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| ***Oil Revenue Gross*** | *1723.11* | *1466.22* | *1210.77* | *839.02* | *949.45* | *830.81* | *666.13* | *537.19* | *817.48* |
| ***Crude oil/Gas Sales*** | *470.99* | *331.18* | *274.09* | *215.40* | *196.29* | *212.86* | *82.43* | *112.54* | *115.95* |
| ***PPT/Royalties*** | *916.31* | *809.89* | *573.30* | *325.03* | *495.39* | *388.66* | *314.04* | *212.78* | *392.38* |
| ***Others*** | *335.81* | *325.15* | *363.38* | *298.59* | *257.78* | *229.28* | *269.66* | *211.86* | *309.15* |

Non-oil receipts (gross), at ₦1,163.46 billion or 58.7 per cent of total revenue, also fell below the quarterly budget estimate by 22.1 per cent, but was above the level in the second quarter of 2016 by 87.1 per cent. The fall in non-oil revenue relative to the quarterly budget estimate was due, largely, to the fall in receipts from VAT, Independent Revenue of the Federal Government and Customs Special Levies (Federation Account component), during the review quarter (Fig. 3, Table 3).

**Figure 8: Gross Non-Oil Revenue and its Components**

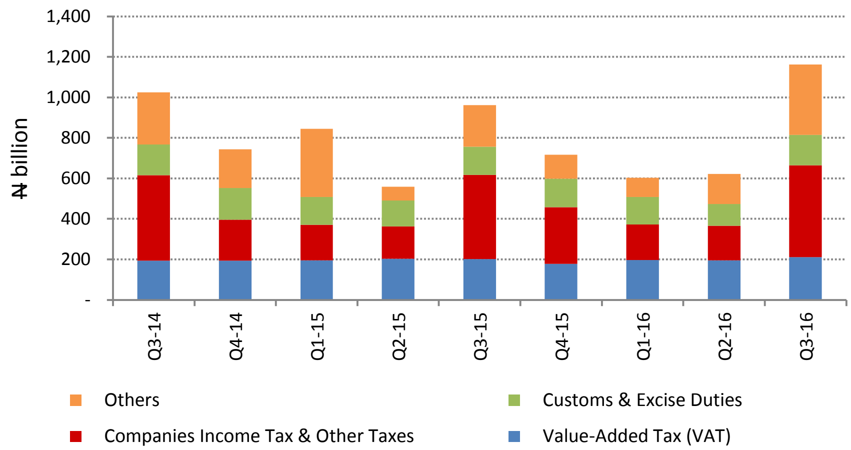



**Table 7: Components of Gross Non-Oil Revenue (₦ Billion)**

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| Non-Oil Revenue | 1025.89 | 744.58 | 844.87 | 558.19 | 962.25 | 717.15 | 602.46 | 621.86 | 1163.46 |
| *Value-Added Tax (VAT)* | 193.39 | 192.88 | 195.66 | 203.18 | 202.11 | 177.78 | 196.57 | 194.61 | 210.35 |
| *Companies Income Tax & Other Taxes* | 422.60 | 202.38 | 174.94 | 159.36 | 415.67 | 279.13 | 176.26 | 171.71 | 453.74 |
| *Customs & Excise Duties* | 151.53 | 156.80 | 138.08 | 127.59 | 138.83 | 141.67 | 135.51 | 106.54 | 150.15 |
| *Others/1* | 258.37 | 192.52 | 336.19 | 68.06 | 205.64 | 118.57 | 94.12 | 149.00 | 349.22 |

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

A net sum of ₦948.26 billion was retained in the Federation Account after the statutory deductions and transfers of ₦481.53 billion and ₦551.16 billion, respectively, from the gross federally-collected revenue. This amount was distributed among the three tiers of government and the 13.0% Derivation Fund as follows: Federal Government, ₦473.73 billion; States ₦240.28 billion; and local governments, ₦185.25 billion. The balance of ₦49.00 billion was allocated to the 13.0% Derivation Fund for distribution among the oil-producing states. In addition, the Federal Government received ₦30.29 billion from the VAT Pool Account, while the state and local governments received ₦100.97 billion and ₦70.68 billion, respectively. The sum of ₦9.93 billion was received from the Ministry of Mines and Steel Development (MMSD) in July 2016 and shared as follows: Federal Government, ₦4.55 billion; States, ₦2.31 billion; and local governments, ₦1.78 billion, while the balance of ₦1.29 was distributed among the mineral

The sum of ₦948.26 billion out of the gross federally collected revenue was distributed among the three tiers of government and 13.0% Derivation Fund for oil producing states.

producing states as 13.0% Derivation Fund.

The sum of ₦269.23 billion was also distributed as Exchange Gain among the three tiers of government and the 13% Derivation Fund as follows: Federal Government (₦130.59 billion); State Governments (₦66.23 billion); Local Governments (₦51.06 billion) and 13% Derivation Fund (₦21.34 billion). Similarly, the sum of ₦85.17 billion was drawn down in the quarter from the Excess Crude Account for distributiuon among the three tiers of government and 13% Derivation Fund. The Federal Government received ₦66.21 billion, state governments received ₦8.14 billion and local governments received ₦6.27 billion, while the sum of ₦4.55 billion was distributed among the oil-producing states as 13% Derivation Fund.

Furthermore, the sum of ₦18.99 billion was received by the Federal Government being refund of indebtedness by the NNPC to the Federal Governmnt in the third quarter of 2016.

Thus, the total statutory and VAT revenue allocation to the three tiers of government in the third quarter of 2016 amounted to ₦1,534.88 billion, compared with the quarterly budget estimate of ₦1,485.70 billion and ₦879.35 billion received in the second quarter of 2016.

## 3.2 The Fiscal Operations of the Three Tiers of Government

### *3.2.1 The Federal Government*

Provisional data indicated that the Federal Government retained revenue for the third quarter of 2016 amounted to ₦922.86 billion. This was below the quarterly budget estimate by 8.8 per cent. It was, however, higher than the receipts in the preceding quarter by 36.1 per cent. Of the total revenue, Federation Account accounted for 51.3 per cent, while Federal Government Independent Revenue, Exchange Gain, ‘Other Oil Revenue’, VAT, and NNPC Refund accounted for 21.4, 14.2, 7.7, 3.3 and 2.1 per cent, respectively (Fig. 9, Table 9).

**Figure 9: Federal Government Retained Revenue**

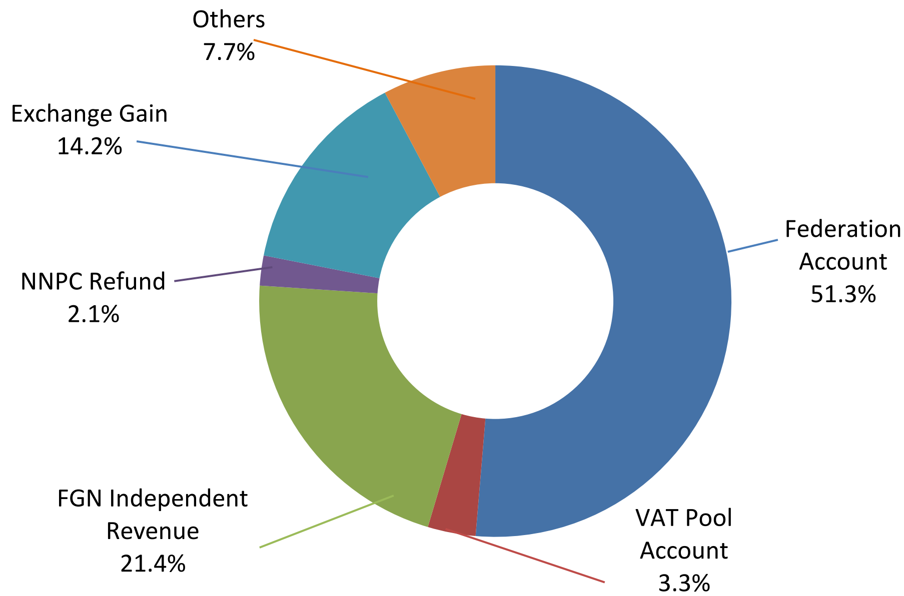



**Table 8: Federal Government Fiscal Operations (₦ Billion)**

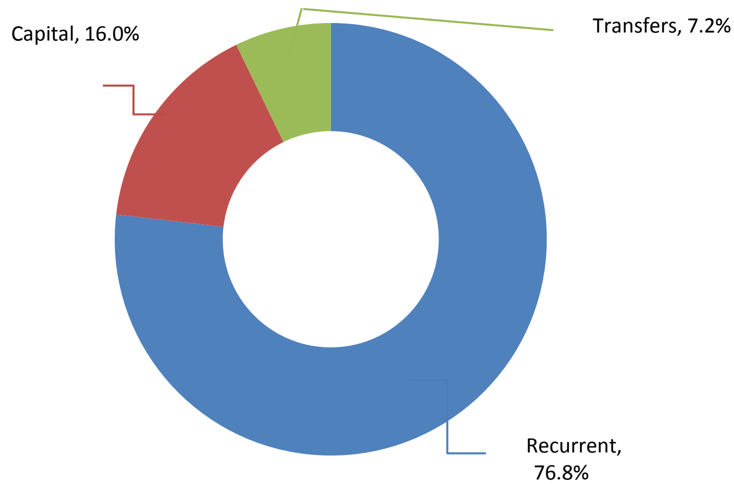
| | Q2-14 | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|---|
| Retained Revenue | 936.7 | 988.6 | 839.8 | 1027.0 | 538.6 | 1044.9 | 802.6 | 570.5 | 677.9 | 922.9 |
| Expenditure | 949.0 | 1252.4 | 1164.0 | 1156.6 | 1024.6 | 1176.2 | 1538.5 | 1119.0 | 1768.9 | 1424.9 |
| Overall Balance: Surplus(+)/Deficit(-) | -12.4 | -263.8 | -324.2 | -129.5 | -485.9 | -131.3 | -735.8 | -548.4 | -1091.0 | -502.1 |

Fiscal operations of the FG resulted in an estimated deficit of ₦502.05 billion in Q3 2016.

At ₦1,424.91 billion, the estimated Federal Government expenditure for the third quarter of 2016 was lower than the quarterly budget estimate of ₦1,567.93 billion by 9.1 per cent. It was also lower than the level in the preceding quarter by 19.4 per cent. This development relative to the quarterly budget estimate was attributed, mainly, to the decrease in capital expenditure in the period under consideration. A breakdown of the total expenditure showed that the recurrent component accounted for 76.8 per cent, while capital and statutory transfers accounted for 16.0 and 7.2 per cent, repectively (Fig. 5). A further breakdown of the recurrent expenditure showed that the non-debt component accounted for 77.5 per cent, while debt service payments accounted for the balance of 22.5 per cent.

The fiscal operations of the Federal Government, therefore resulted in a deficit of ₦502.05 billion, which was 9.6 per cent lower than the quarterly budget deficit of ₦555.49 billion.

**Figure 10: Federal Government Expenditure**




### *3.2.2 Statutory Allocations to State Governments*

Total allocation to state governments from the Federation Account, including 13.0% Derivation Fund and the VAT Pool Account stood at ₦494.48 billion during the review quarter. This was lower than the quarterly budget estimate by 5.0 per cent, but higher than the level in the preceding quarter by 58.3 per cent. Further breakdown showed that receipts from the Federation Account was ₦393.51 billion (79.6 per cent), while VAT contributed ₦100.97 billion (20.4 per cent). The share of Federation Account was 79.8 per cent higher than the level in the preceding quarter. Similarly, receipts from the VAT Pool Account rose by 8.1 per cent above the level in the preceding quarter.

### *3.2.3 Statutory Allocations to Local Government Councils*

Provisional allocations to local governments from the Federation and VAT Pool Accounts in the third quarter of 2016 stood at ₦315.32 billion. This was below the quarterly budget estimate by 8.7 per cent but exceeded the level in the preceding quarter by 63.2 per cent. Of the total amount, allocation from the Federation Account was ₦244.65 billion (77.6 per cent), while VAT Pool Account accounted for the balance of ₦70.68 billion (22.4 per cent).

# 4.0 Domestic Economic Conditions

*There was improvement in the activities of the agrcultural sector in the third quarter due to widespread rain experienced in most parts of the country. Farmers in the Southern part of the country engaged in the early harvest of maize and yam, while farmers in the Northern and central states engaged in the harvest of potatoes and groundnuts. Livestock farmers were involved in the breeding of poultry and migration of cattle from the North to the South in search of green pastures. Crude oil production was estimated at 1.48 million barrels per day (mbd) or 136.16 million barrels, for the quarter. End-period inflation rate for the third quarter of 2016, on year-on-year and 12-month moving average basis, were 17.9 per cent and 13.5 per cent, respectively.*

## 4.1 Agricultural Sector

There was improvement in the activities of the agricultural sector in the third quarter of 2016 due to impressive rainfall experienced in most part of the country. Analysis of the Standardized Precipitation Index (SPI) showed that there was clement weather condition for farming. However, there were cases of flash floods along the Benue and Niger rivers, the confluence at Lokoja, and at convergence areas into the Atlantic Ocean in the Niger Delta area.

Farming activities in the South centered on early harvest of yams and maize, while farmers in the Central and Northern states were mainly involved in the harvest of potatoes and groundnuts. In the livestock sub-sector, farmers engaged in breeding of poultry and migration of cattle from the Northern states to the South in search of green pastures. However, activities of insurgents continued to impact adversely on livelihoods and functioning of markets in Northern and Central Borno as well as south-eastern Yobe. The development hampered humanitarian effort, especially provision of food to the displaced households, thereby contributing to increased prices of staple foods in those areas.

## 4.2 Agricultural Credit Guarantee Scheme

In terms of credit to the farmers, the sum of ₦2,146.2 million was guaranteed to 17,851 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the third quarter of 2016. This amount represented an increase of 7.6 per cent above the level in the second quarter of 2016, but was a decrease of

26.1 per cent below the level in the corresponding period of 2015. Sub-sectoral analysis showed that food crops obtained the largest share of ₦1,437.4 million (67 per cent) guaranteed to 14,130 beneficiaries, livestock got ₦297.8 million (13.9 per cent) guaranteed to 1,328 beneficiaries, cash crops had ₦152.4 million (7.1 per cent) guaranteed to 887 beneficiaries, while fisheries received ₦131.7 million (6.1 per cent) guaranteed to 491 beneficiaries. The Mixed Crop sub-sector received ₦105.3 million (4.9 per cent) guaranteed to 822 beneficiaries, while 'Others' received a total of ₦21.6 million (1.0 per cent) guaranteed to 193 beneficiaries. Analysis by state showed that 34 states and the Federal Capital Territory benefited from the Scheme in the period under review, with the highest and lowest sums of ₦265.0 million (12.4 per cent) and ₦4.6 million (0.22 per cent) guaranteed to Ogun and Bauchi States, respectively.

As at September 20, 2016, total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) from inception to the participating banks, for disbursement, stood at ₦386.04 billion, for 474 projects(Table 10).

**Table 9: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACS)**

| S/N | Participating Banks | Amt Disbursed (₦ billion) | Number of Projects/State Governments |
|---|---|---|---|
| 1 | Access Bank Plc | 18.63 | 20 |
| 2 | Citibank Plc | 3.00 | 2 |
| 3 | Diamond Baqnk Plc | 4.73 | 20 |
| 4 | ECOBANK | 6.38 | 10 |
| 5 | FCMB Plc. | 11.37 | 22 |
| 6 | Fidelity Bank Plc | 15.91 | 13 |
| 7 | First Bank of Nigeria Plc | 41.89 | 97 |
| 8 | GTBank Plc | 25.70 | 21 |
| 9 | Heritage Bank Plc | 6.81 | 14 |
| 10 | Keystone Bank | 3.55 | 7 |
| 11 | Jaiz Bank Plc | 1.00 | 1 |
| 12 | Skye Bank Plc | 11.77 | 9 |
| 13 | Stanbic IBTC Bank | 21.99 | 41 |
| 14 | Sterling Bank Plc | 29.68 | 32 |
| 15 | Union Bank Nigeria PLC | 22.91 | 31 |
| 16 | United Bank for Africa (UBA) Plc | 57.76 | 41 |
| 17 | Unity Bank Plc | 24.33 | 26 |
| 18 | Wema Bank | 1.82 | 10 |
| 19 | Zenith Bank | 76.84 | 57 |
| | **TOTAL** | 386.0 | 474 |

## 4.3 Industrial Production

Industrial activities fell in the review quarter due to reduced activities in all sub-sectors.

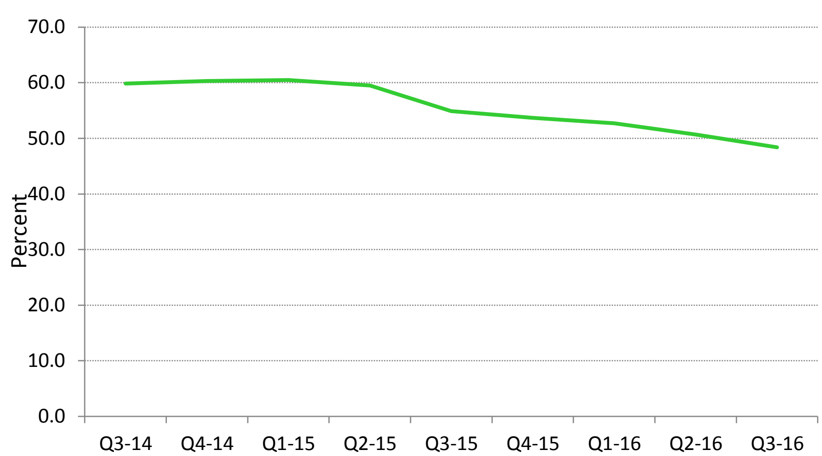
Persistent supply-demand imbalance in the foreign exchange market continued to adversely impact business confidence and business transactions in the review period. Consequently, activities in the industrial sector decreased, compared with the levels in the second quarter of 2016, reflecting the decline in the placement of new orders, output and employment within the sector.

At 108.5 (2010=100), the estimated index of industrial production fell by 0.02 per cent and 0.12 per cent below the levels in the second quarter of 2016 and the corresponding period of 2015, respectively. The decrease also reflected the decline in activities in manufacturing and mining subsectors, which more than offset the marginal improvement in the electricity sub-sector.

Industrial capacity utilization was estimated to have declined by 2.3 percentage points during the review quarter.

The estimated index of manufacturing production in the third quarter of 2016, at 186.6 (2010=100), showed a marginal decrease of 0.01 and 0.03 per cent relative to the levels in the second quarter of 2016 and the corresponding period of 2015, respectively. Capacity utilization was estimated at 48.4 per cent, indicating a 2.3 percentage points decrease, occasioned by a fall in aggregate demand. The development was exacerbated by the depreciation of the naira exchange rate which contributed to increased production cost, hence the fall in output (Fig.11).

**Figure11: Manufacturing Capacity Utilization Rate**



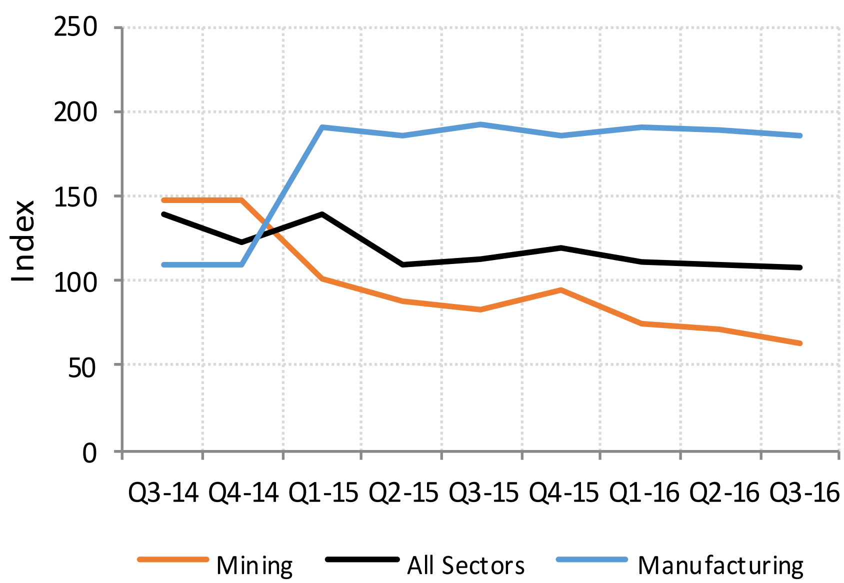
At 62.7 (1990=100), the estimated index of mining production in the third quarter of 2016, fell by 0.1 and 0.3 per cent relative to the levels attained in the preceding quarter and the corresponding period of 2015, respectively. The decrease in mining activities was attributed, mainly, to he fall in crude oil and gas production.

Average electricity generation and consumption rose during the review quarter.

At 3,307.15 MW/h, estimated average electricity generation in the third quarter of 2016 rose by 25.4 per cent, compared with the level attained in the second quarter of 2016. Increased generation from the various hydro-power plants, due to widespread rain in the country, accounted for the increase in electricity generation.

Average estimated electricity consumed, at 2,853 MW/h also rose by 22.9 per cent, compared with the level attained in the second quarter of 2016. The increase in electricity consumption was attributed to rise in generation (Fig. 12, Table 11).

**Figure 12: Index of Industrial Production (2010=100)** [3]




[3] Index measurement at (2010=100) from first quarter15

Table 10: Index of Industrial Production and Manufacturing Capacity Utilization Rate

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| **All Sectors (1990=100)** | **139.00** | **123.60** | **139.45** | **110.20** | **112.50** | **118.80** | **111.10** | **110.30** | **108.50** |
| *Manufacturing* | *108.4* | *108.98* | *191.2* | *185.1* | *191.8* | *185.5* | *190.2* | *188.9* | *186.6* |
| *Mining* | *147.5* | *147.59* | *101.1* | *87.4* | *83.1* | *94.5* | *75* | *72* | *62.7* |
| **Capacity Utilization (%)** | *59.88* | *60.30* | *60.50* | *59.5* | *54.90* | *53.70* | *52.70* | *50.70* | *48.40* |

## 4.4 Petroleum Sector

Activities of militants in the oil producing areas, which has led to shut-ins and shut-downs at some of Nigeria's crude oil production terminals, continued to impact negatively on the nation's crude oil production. Consequently, Nigeria's crude oil production, including condensates and natural gas liquids, averaged 1.48 mbd or 136.16 million barrels (mb) in the review quarter. This represented a decrease of 0.06 mbd or 4.1 per cent, compared with 1.54 mbd or 140.14 mb recorded in the previous quarter.

Crude oil and natural gas production decreased in the third quarter of 2016.

Crude oil export stood at 1.03 mbd or 94.76 mb, representing a decrease of 5.8 per cent compared with 1.09 mbd or 99.19 mb recorded in the preceding quarter. The development was as a result of the sustained sabotage on oil pipelines, despite on-going efforts at repairing the leakages and negotiations with the militants in the Niger Delta region. Allocation of crude oil for domestic consumption was 0.45 mbd or 41.40 million barrels in the review quarter.

Crude oil export decreased in Q3 2016.

There were positive sentiments regarding the recent plans by Russia and Saudi Arabia to cooperate with other OPEC and key non-OPEC countries towards stabilisation of the oil markets in the review period. In addition, data from the EIA showed a massive drawdown on crude oil stocks of the US due to the effect of the hurricane that disrupted shipments in the Gulf of Mexico. The effect of the development was a 1.9 per cent increase in the price of Nigeria's reference crude, the Bonny Light (37° API), from estimated average of US$46.44 per barrel in the preceding quarter to US$47.33 per barrel in the review quarter. The average prices of other competing crudes, namely the The UK Brent at US$45.47/b and the Forcados at US$46.27/b, exhibited a similar trend as the Bonny Light. However, the WTI at US$44.43/b, declined by 1.7 per cent relative to the average price in the preceding quarter.

Average crude oil prices, including Nigeria's Bony Light (37° API) rose in the international crude oil market in Q3 2016.

The average price of OPEC basket of eleven selected crude streams was US$42.86/b in the third quarter of 2016, indicating a 1.1 per cent increase above the level in the preceding quarter (Fig. 13, Table 12).

**Figure13: Trends in Crude Oil Prices**

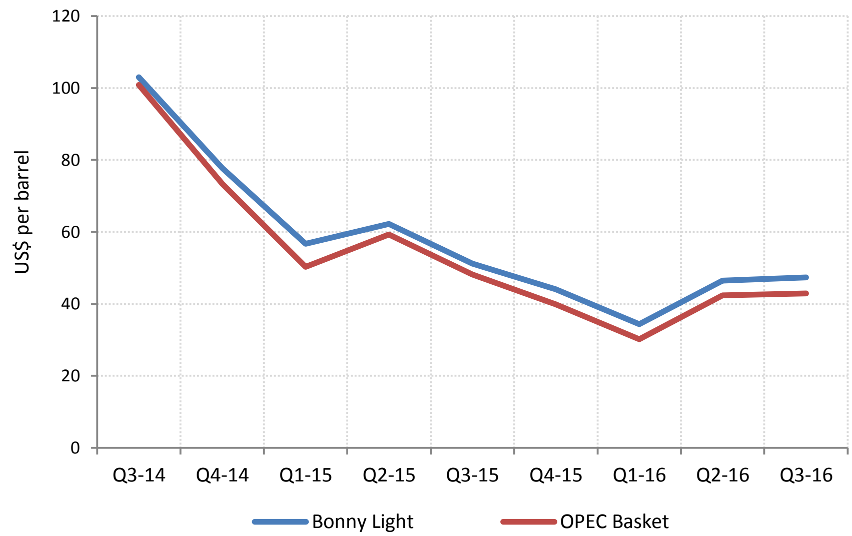



**Table 11: Average Crude Oil Prices in the International Oil Market**

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| Bonny Light | 103.04 | 77.74 | 56.73 | 62.22 | 51.15 | 44.08 | 34.39 | 46.44 | 47.33 |
| OPEC Basket | 100.86 | 7.36 | 50.3 | 59.31 | 48.14 | 39.9 | 30.16 | 42.38 | 42.86 |

## 4.5 Consumer Prices[4]

The general price level rose in $Q_3$, compared with the level in the second quarterof 2016.

Persistent depreciation of the naira exchange rate and the resultant pass-through to general prices, fuelled inflationary pressures in the review period. The pressures reflected mostly the significant increase in the prices of food and energy. The all-items composite Consumer Price Index (CPI), at the end of the third quarter of 2016, was 208.0 (November 2009=100), representing an increase of 3.1 per cent and 17.9 per cent, above the levels in the second quarter of 2016 and the

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

corresponding quarter of 2015, respectively. The development was driven, largely, by the increase in the prices of food and non-alcoholic beverages; housing, water, electricity, gas and other fuel; clothing and footwear; transport; education; furnishing, household equipment and maintenance; and health.

The urban all-items CPI at the end of the third quarter of 2016 was 209.6 (November 2009=100), indicating an increase of 3.0 and 19.4 per cent, above the levels in the second quarter of 2016 and the corresponding period of 2015, respectively. Similarly, the rural all-items CPI, at 206.7 (November 2009=100), represented increase of 3.1 per cent and 16.4 per cent above the levels at end-June 2016 and the corresponding period of 2015, respectively (Fig. 14, Table 13).

The composite food index (with a weight of 50.7 per cent) was 212.0 per cent, representing an increase of 3.2 per cent, compared with the 205.39 per cent at the end of the preceding quarter. The development was attributed to the increase in the prices of farm produce (vegetables, yam, potatoes, and other tubers, rice, millet, and fruits) and processed food.

**Figure 14: Consumer Price Index**

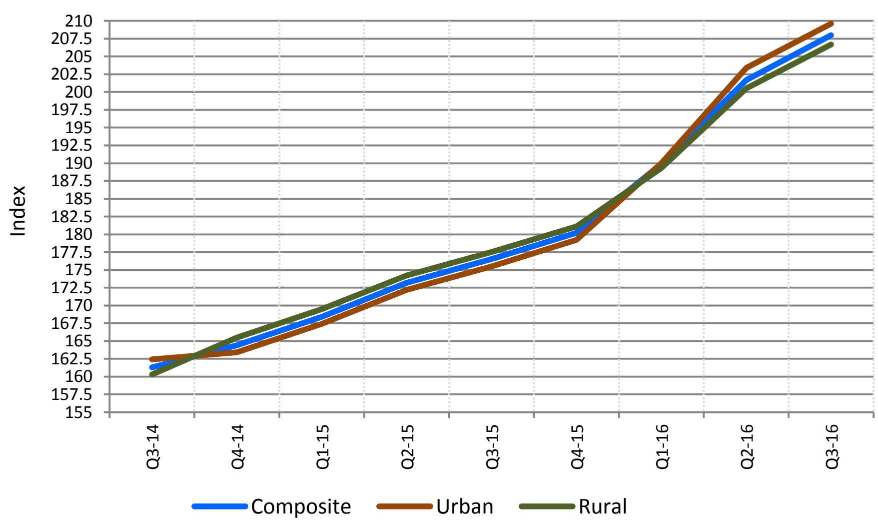


Table 12: Consumer Price Index (November 2009=100)

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| Composite | 161.3 | 164.4 | 168.4 | 173.2 | 176.5 | 180.2 | 189.9 | 201.7 | 208 |
| Urban | 162.4 | 163.4 | 167.4 | 172.2 | 175.5 | 179.2 | 190.0 | 203.4 | 209.6 |
| Rural | 160.3 | 165.5 | 169.5 | 174.2 | 177.5 | 181.11 | 189.9 | 200.5 | 206.7 |

The headline inflation (y-o-y) stood at 17.9 per cent in Q3 2016.

The inflation rate at the end of the review quarter, on a year-on-year basis, was 17.9 per cent, compared with 16.5 and 9.4 per cent in the second quarter of 2016 and the corresponding period of 2015, respectively. On a twelve-month moving average basis, the inflation rate was 13.5 per cent, indicating a 2.1 percentage points increase, above the level in the preceding quarter (Fig. 15, Table 14).

Figure 15: Inflation Rate

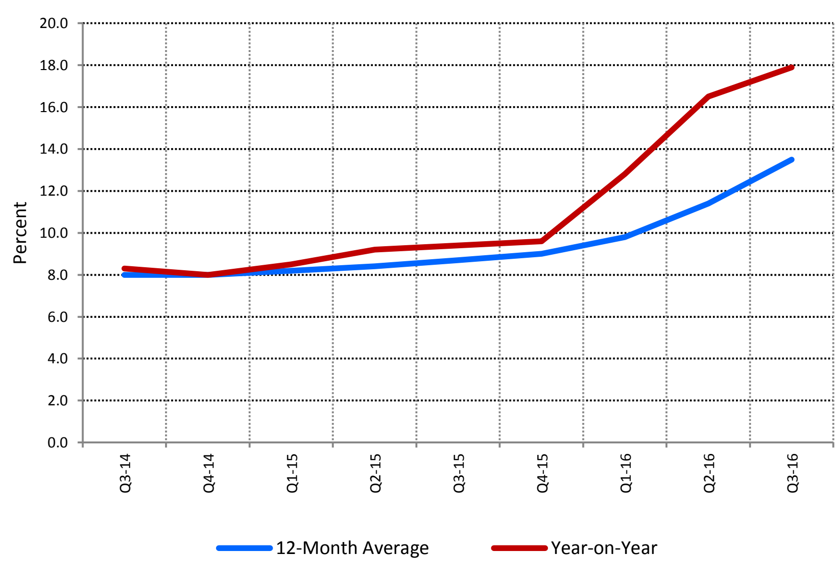



Table 13: Headline Inflation Rate (%)

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| 12-Month Moving Average | 8.0 | 8.0 | 8.2 | 8.4 | 8.7 | 9.0 | 9.8 | 11.4 | 13.5 |
| Year-on-Year | 8.3 | 8.0 | 8.5 | 9.2 | 9.4 | 9.6 | 12.8 | 16.5 | 17.9 |

# 5.0 External Sector Developments

*Lower than expected global crude oil prices and domestic production challenges remained the major hindrance to the performance of the external sector in the third quarter of 2016. Provisional data showed that foreign exchange inflow through the CBN in the third quarter of 2016, declined by 4.8 per cent below the level in the preceding quarter, while outflow grew by 28.4 per cent. Total non-oil export receipts declined by 15.3 per cent, relative to the level in the preceding quarter. The average exchange rate at the inter-bank segment was ₦303.16/US$, compared with ₦209.13/US$ at end-June 2016. At US$24.11 billion, the gross external reserves fell by 11.4 per cent, compared with the level at the end of the second quarter of 2016.*

## 5.1 Foreign Exchange Flows

The persistent lower than expected global crude oil prices and below target crude oil output due to restiveness in the Niger Delta region were the major challenges to the performance of the external sector in the third quarter of 2016. As part of the measures by the CBN to improve foreign exchange supply, commercial banks were mandated to sell $50,000 from diaspora-related foreign exchange inflow on weekly basis to over 2,500 BDC operators to ease the foreign exchange supply shortage. The Bank also amended Memorandum 21 of the Foreign Exchange Manual to allow foreign exchange inflow of individual Nigerians, companies, residents and non-residents alike for investment in the debt, equities and money market instruments.

Foreign exchange inflow through the CBN rose by 4.8 per cent, but outflow grew by 28.4 percent. This resulted in a net outflow of US$2.14 billion in Q3 of 2016.

Thus, there was a rise in inflow through the the CBN and marginal increase in foreign exchange supply in the retail-end of the foreign exchange market. However, fall in non-oil receipts, more than offset the increase in oil and autonomous receipts, and resulted in weak overall performance of the external sector in the review period.

Provisional data showed that foreign exchange inflow and ouflow through the CBN in the third quarter of 2016 were US$5.59 billion and US$7.73 billion, respectively. This resulted in a net outflow of US$2.14 billion, compared with the net outflow of US$0.20 billion in the preceding quarter. Relative to the level at end-June 2016 and the corresponding period of 2015, inflow declined by 4.8 per cent and 49.7 per cent, respectively. Conversely, outflow through the CBN, at US$7.73 billion, rose by 28.4 per cent above the level in the preceding quarter, but was a decline of 18.8 per cent relative to the level at the end of the corresponding period of 2015. The development relative to the preceding quarter was driven mainly, by inter-bank sales, swaps and 3rd party MDA transfers (Fig.16, Table 15).

**Figure 16: Foreign Exchange Flows Through the CBN**

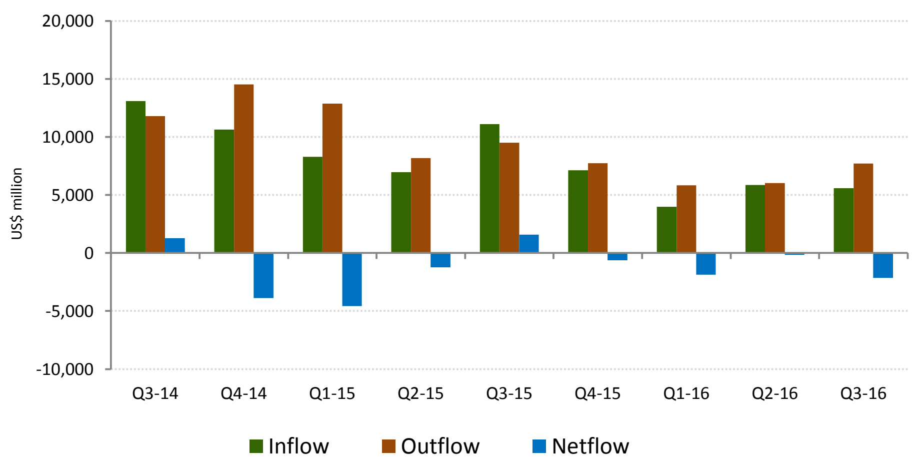



**Table 14: Foreign Exchange Flows Through the CBN (US$ million)**

| | Q2-14 | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| Inflow | 13,094.23 | 10,641.86 | 8,307.23 | 6,976.02 | 11,111.00 | 7,135.41 | 3,942.89 | 5,875.18 | 5,592.44 |
| Outflow | 11,804.98 | 14,527.35 | 12,875.77 | 8,194.56 | 9,523.32 | 7,757.49 | 4,487.05 | 6,023.10 | 7,731.19 |
| Netflow | 1,289.25 | (3,885.49) | (4,568.54) | (1,218.54) | 1,587.68 | (622.08) | (544.16) | (147.92) | (2,138.75) |

Autonomous inflow into the economy increased by 21.1 per cent in Q3 2016

Provisonal data on aggregate foreign exchange inflow into the economy indicated that total inflow was US$17.02 billion. This represented an increase of 11.1 per cent above the level at the end of the second quarter of 2016, but showed a decline of 37.7 per cent relative to the level at the end of the corresponding period of 2015. The development was driven by increase in oil and autonomous receipts. Oil sector receipts, which accounted for 21.1 per cent of the total, stood at US$3.60 billion, compared with US$3.15 billion and US$6.05 billion, in the second quarter of 2016 and the corresponding period of 2015, respectively.

Non-oil public sector inflow, at US$1.99 billion (11.7 per cent of the total), declined by 27.0 per cent and 60.7 percent below the levels at the end of the second quarter and corresponding period of 2015. Autonomous inflow, which accounted for 67.2 per cent of the total, increased by 21.1 per cent compared with the level in the preceding quarter of 2016.

At US$8.33 billion, aggregate foreign exchange outflow from the economy rose by 27.2 per cent, above the level in the preceding quarter, but showed a decline of 23.9 per cent, below the level at the end of the corresponding period of 2015. The outflow rose on the account of payments for matured foreign exchange forwards, external debt service and other official payments, which increased to US$3.54 billion, US$125.96 million and US$1.49 billion, respectively. Thus, foreign exchange flows through the economy resulted in a net inflow of US$8.69 billion in the review quarter, compared with US$8.77 billion and US$16.4 billion in the second quarter of 2016 and at end-September 2015, respectively.

## 5.2 Non-Oil Export Earnings by Exporters

In spite of the measures taken by the Bank to reduce foreign exchange supply constraints, low imports of production input hampered domestic production of non-oil exports. Hence, provisional data showed that non-oil export receipts by banks in the third quarter of 2016 at US$500.45 million, fell by 15.3 per cent, relative to the level in the second quarter. This was due to the 28.6 per cent and 12.5 per cent contraction in the volumes of exports of industrial and manufactured products to US$65.59 million and US$70.61 million, respectively. Similarly, in the review period, foreign exchange proceeds from transport, agricultural and minerals sub-sectors fell by 4.0 per cent, 34.0 per cent and 0.7 per cent to US$0.12 million, US$146.95 million and US$184.18 million, respectively.

Total non-oil export earnings by exporters fell during the second quarter of 2016.

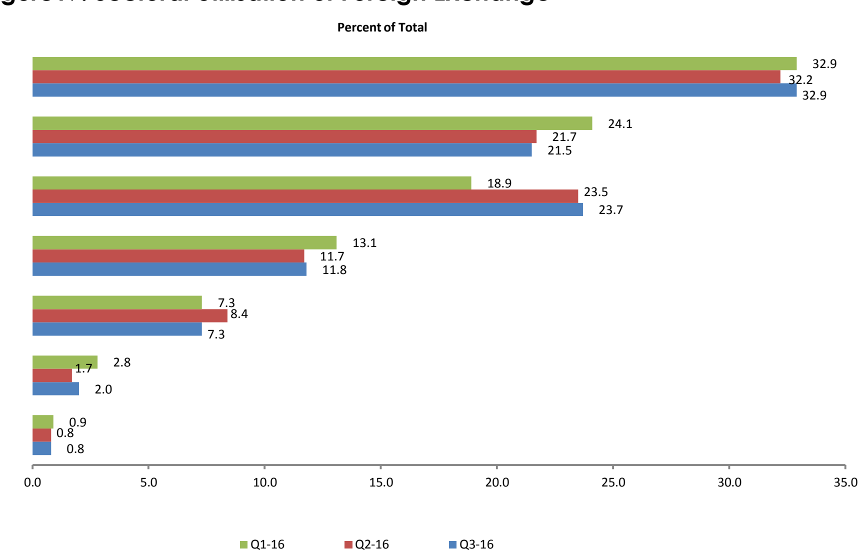
The percentage shares of minerals, agricultural, manufacturing, industrial and food products as well as transport sub-sectors in total non-oil export proceeds were 36.8 per cent, 29.4 per cent, 14.1 per cent, 13.1 per cent, 6.6 per cent and 0.02 per cent, respectively.

## 5.3 Sectoral Utilisation of Foreign Exchange

The visible sector accounted for the bulk of the total foreign exchange disbursed during Q3 2016.

There was increased utilisation of foreign exchange mainly, for industrial and manufatcured products in the review period, following the various measures taken to improve the supply of foreign exchange in the retail segment of the foreign exchange market. Consequently, aggregate sectoral utilisation of foreign exchange rose by 50.2 per cent to US$10.10 billion, compared with the level in the second quarter of 2016. The Invisible, which accounted for the bulk of total foreign exchange disbursed in the third quarter of 2016, (32.9 per cent), rose by 53.9 per cent relative to the preceding quarter's level of US$3.33 billion. This was followed by the minerals and oil sub-sector (23.7 per cent). The contributions of the other sectors in a descending order were: industrial sub-sector (21.5 per cent), manufactured products (11.7 per cent), food products (7.3 per cent), transport sector (2.1 per cent) and agricultural products (0.8 per cent) (Fig.17).

**Figure17: Sectoral Utilisation of Foreign Exchange**



## 5.4 Foreign Exchange Market Developments[5]

Supply for foreign exchange by authorized dealers rose during Q3 2016.

The measures taken by the Bank in the review period marginally improved foreign exchange supply in the retail end of the foreign exchange market. To further improve the general supply of foreign exchange, a total of US$5.30 billion was sold by the CBN to authorized dealers during the third quarter of 2016. This reflected an increase of 23.1 per cent above the level in the second quarter of 2016, but a 34.1 per cent decline below the level in the corresponding period of 2015. The development, relative to the preceding quarter, was attributed to the increased intervention by the CBN in the inter-bank market and swap transactions. Of the aggregate, interbank sales amounted to US$0.72 billion or 13.6 per cent, while swap contracts disbursed at maturity were valued at US$1.04 billion or 19.6 per cent. The balance was accounted for by matured forwards contract, valued at US$3.54 billion or 66.8 per cent of the total supply in the review period (Fig. 18, Table 16).

**Figure 18: Supply of Foreign Exchange**

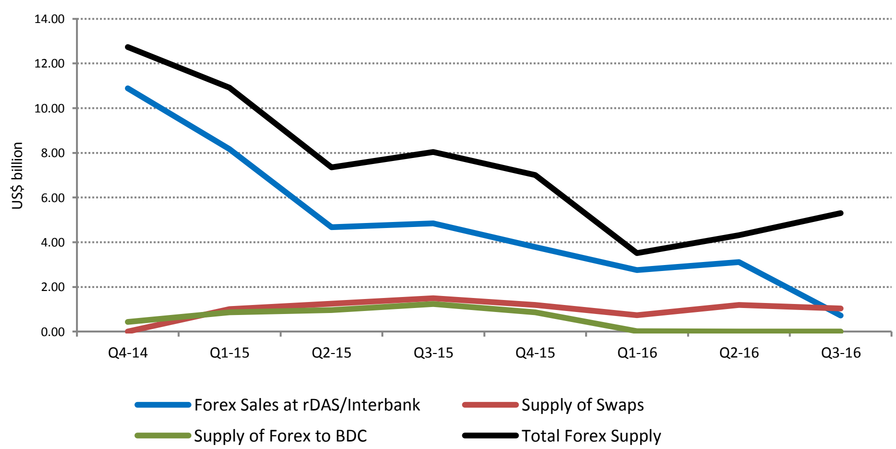



**Table 15: Demand for and Supply of Foreign Exchange (US$ billion)**

| | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|
| *Forex Sales at rDAS/Interbank* | 8.17 | 4.68 | 4.85 | 3.78 | 2.75 | 3.11 | 0.72 |
| *Supply of Swaps* | 1.00 | 1.25 | 1.50 | 1.20 | 0.74 | 1.20 | 1.04 |
| *Supply of Forex to BDC* | 0.86 | 0.97 | 1.24 | 0.87 | 0.02 | 0.00 | 0.00 |
| **Total Forex Supply(BDC and rDAS)** | 10.92 | 7.35 | 8.04 | 7.01 | 3.51 | 4.31 | 5.30 |

[5] **Market Closed (MC) - wDAS and rDAS window was closed in February 2015**

The average naira exchange rate vis-à-vis the US dollar was ₦303.16/US$ at the interbank segment in Q3 2016.

The average naira exchange rate at the inter-bank segment depreciated by 31.8 per cent to ₦303.16/US$, compared with ₦206.8800/US$ in the second quarter of 2016. At the BDC segment, the naira exchange rate depreciated by 14.7 and 42.9 per cent to an average of ₦394.59/US$, relative to the levels in the second quarter and the corresponding period of 2015, respectively, (Fig. 19, Table 17).

**Figure 19: Average Exchange Rate Movements**

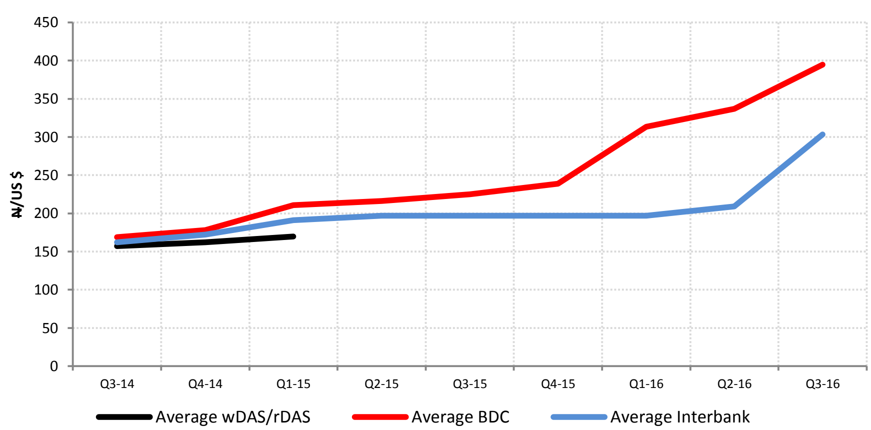
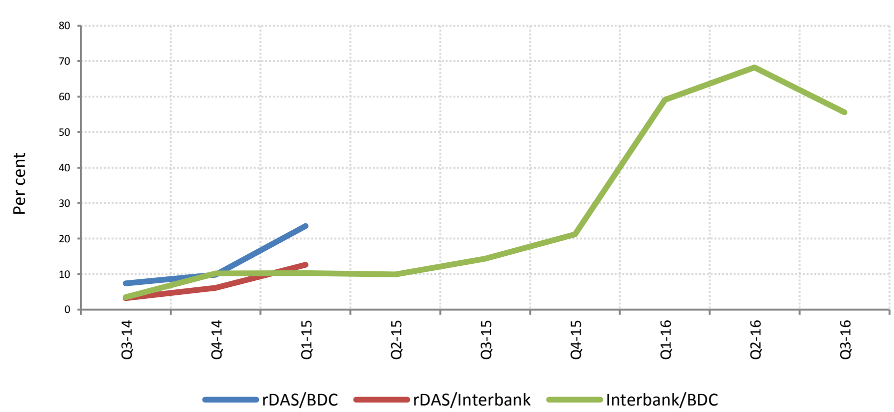



**Table 16: Exchange Rate Movements and Exchange Rate Premium**

| Average Exchange Rate (₦/US$) | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| *rDAS* | *157.29* | *162.33* | *169.68* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* |
| *BDC* | *168.90* | *178.24* | *210.69* | *216.41* | *225.21* | *238.69* | *313.49* | *336.67* | *394.59* |
| *Interbank* | *162.39* | *172.16* | *191.11* | *196.97* | *196.99* | *196.99* | *197.00* | *206.88* | *303.16* |
| **Premium (%)** | | | | | | | | | |
| *rDAS/BDC* | *7.4* | *9.8* | *23.5* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* |
| *rDAS/Interbank* | *3.2* | *6.1* | *12.6* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* |
| *BDC/Interbank* | *4.0* | *3.5* | *10.2* | *9.9* | *14.3* | *21.2* | *59.1* | *62.7* | *55.6* |

**Figure 20: Exchange Rate Premium**



## 5.5 Gross Official External Reserves

The lingering weak proceeds from oil and non-oil exports together with the need by the CBN to make up for foreign exchange supply shortage constrained the accretion to reserves. Provisional data indicated that gross external reserves as at September 28, 2016 stood at US$24.11 billion, showing a decline of 11.4 per cent and 19.3 per cent, below the levels in the second quarter and the corresponding period of 2015, respectively. Foreign exchange payments in respect of swap transactions in the review period accounted for the bulk of the decline in reserves. A breakdown of external reserves by ownership showed that the federation reserves was US$3.03 billion (12.6%); the Federal Government reserves, US$5.92 billion (24.6%), and the CBN reserves, US$15.16 billion (62.8%) (Fig. 21, Table 18).

Gross external reserves declined during the third quarter of 2016.

**Figure 21: Gross Official External Reserves**

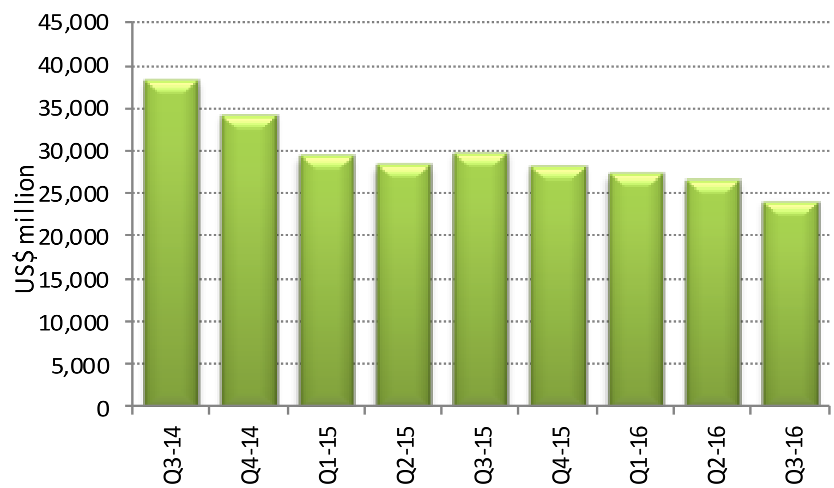



**Table 17: Gross Official External Reserves (US$ million)**

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| External Reserves | 38,278.6 | 34,241.5 | 29,357.2 | 28,335.2 | 29,880.2 | 28,284.8 | 27,336.4 | 26,505.4 | 24,111.3 |

# 6.0 Global Economic Conditions

## 6.1 Global Output

The decline in momentum of the U.S. economy over the past few quarters continued amidst failed expectation of a rebound in the second quarter of 2016. Growth in the euroarea declined to 1.2 per cent at a seasonally adjusted annualized rate in the second quarter. Strong start to the second quarter in the United Kingdom lifted GDP growth to 2.4 per cent at a seasonally adjusted annualized rate, from 1.8 per cent in the first quarter of 2016. Survey indicators for July and August point to sharp retrenchment in manufacturing activity in the immediate post-Brexit referendum period, followed by a rebound, while retail sales have remained upbeat. Emerging market and developing economies as a group recorded a slight rebound in momentum. Emerging Asia registered strong growth, while the situation improved slightly for stressed economies such as Brazil and Russia. World Economic Outlook (WEO) 2016, projected global growth at 3.1 per cent and 3.4 per cent in 2016 and 2017, respectively.

## 6.2 Global Inflation

There was mix development in inflation rates across regions and countries in the review period. Inflation in the US average slightly above 2.0 per cent, reflecting the effect of temporary factor or seasonality, while inflation in the euroarea and Japan were lower. Gradual diminishing effect of past exchange rate depreciation in emerging and developing economies has led to relative stability in inflation, though pass-through of large depreciations has kept inflation in double-digit levels in few major economies in sub-Sahara Africa.

WEO of October 2016 projected inflation rates in advanced economies to reach about 0.8 per cent in 2016, from 0.3 per cent in 2015 reflecting, mostly, a reduced drag from energy prices. As fuel prices increase modestly and output gaps gradually shrink, inflation is expected to rise over the next few years. With the exception of Argentina (where high inflation is a byproduct of liberalization process) and Venezuela, waning effect of earlier currency depreciations in emerging market and developing economies is expected to move inflation to 4.5 per cent in 2016 from 4.7 per cent in 2015.

## 6.3 Global Commodity Demand and Prices

World crude oil demand was estimated at 95.15 mbd in the third quarter of 2016, representing an increase of 1.6 per cent compared with the 93.7 mbd recorded in the preceding quarter. World crude oil supply in the review quarter was estimated at 95.65 mbd, representing an increase of 1.2 per cent from the level in the preceding quarter.

The price of OPEC Reference Basket (ORB) was US$42.86 per barrel in the third quarter of 2016, representing an increase of 1.1 per cent, over the level in the preceding quarter. The development was attributed to positive sentiments arising from possible cooperation between OPEC and non-OPEC suppliers towards stabilizing the market and indications of massive drawdown on crude stock by the US.

## 6.4 International Financial Markets

Performance of international stock markets in the review period were largely positive except in Africa. In Europe, the DAX, FTSE 100, CAC 40 and MICEX indices increased by 8.6, 6.1, 5.0 and 4.6 per cent, respectively. In North America, Canada S&P/TSX Composite, the US S&P 500 and Mexican Bolsa Indices all increased by 4.7, 3.3 and 2.8 per cent, respectively. Similarly, in South America, Argentine Merval index, the Brazilian Bovespa and Columbian IGBC General all increased by 13.6, 13.3 and 2.0 per cent, respectively.

In Africa, however, the Kenyan Nairobi NSE 20, Nigerian All-Share, Ghanaian GSE All-Share and South African JSE AS indices decreased by 10.9, 4.3, 0.7 and 0.5 per cent, respectively, while the Egyptian EGX CSE 30 index increased by 13.5 per cent.

Developments in the international foreign exchange market were mixed in the review period. In Europe, the euro and Russian ruble appreciated against the dollar, while the British pound depreciated against the dollar. The Columbian peso, Canadian dollar, Mexican peso, Japanese yen and Indian rupee appreciated against the dollar, while the Chinese yuan, Brazilian real and Argentine peso all deprecated against the dollar. In Africa, with the exception of the Nigerian naira and the Kenyan shilling which depreciated, against the dollar, other major African currencies appreciated against the dollar.

## 6.5 Other International Economic Developments and Meetings

Other major international economic developments and meetings of importance to the domestic economy during the review period included, the 2016 meeting of the African Governors of the IMF and World Bank held at Palais des Congres, Cotonou, Benin Republic from August 4 - 5, 2016. The theme of the meeting was "Scaling Up Bretton Woods Institutions Support to Address Shocks, Robust Growth and Enhance Transformation in Africa". At the end of the meetings the Governors agreed that:

- Conduct of development policies on the continent has proven to be more challenging due to declining commodity prices, tighter financial conditions in capital markets and multiplicity of non-economic shocks, mainly security issues (terrorism) and climate change;
- To address the challenges of these shocks, it was necessary to promote diversity, inclusive growth, and strengthening our regional economies; and
- It was necessary to continue to work for more transparent governance, while implementing public policies for development.

Further more, the Association of African Central Banks held its 2016 Annual meetings in Abuja, Nigeria, from August 15 – 19, 2016. The Assembly of Governors of the AACB held its 39th Ordinary Meeting, on August 19, 2016 at the Central Bank of Nigeria (CBN) Abuja, Nigeria. The meeting was attended by twenty-seven central banks and the African Union Commission (AUC), but preceded by a Symposium which held on 18th August, 2016 with the theme: "Unwinding Unconventional Monetary Policies: Implications for Monetary Policy and Financial Stability in Africa". The meeting:

- Considered the status of the progress report on the implementation of the African Monetary Cooperation Programme (AMCP) in 2015 and noted the difficulties of member countries to fullfil the AMCP's primary criteria;
- Considered the information provided by the African Union Commission on the submission to the African Union

(AU) decision making bodies of the Study Report and the Joint AUC-AACB Strategy for the creation of the African Central Bank (ACB);

- Elected Mr. Godwin I. Emefiele, Governor of the Central Bank of Nigeria (CBN) as Chairman of AACB for tiscal year 2016 – 2017; and
- Requested the submission of the Statutes of the African Institute for Remittances (AIR) to AACB member central banks for comments by December 31, 2016, among others.

The 29th Ordinary Meeting of the Economic and Monetary Affairs Committee and the Administration Committee of WAMA took place at the Riviera Royale Hotel, Conakry, Guinea from July 29 - 30, 2016. The Technical Committee deliberated on critical issues bordering on the ECOWAS Monetary Cooperation Programme (EMCP) and other administrative issues at WAMA. The 34th meeting of the technical committee of WAIFEM was also held on July 31, 2016 at the Riviera Royale Hotel, Conakry, Guinea. The meeting deliberated on developments in WAIFEM for the period January – June 2016.

Similarly, the 33rd meeting of the Committee of Governors of the West African Monetary Zone (WAMZ) took place on 4th August, 2016 to deliberate on the Report of the 39th Meeting of the Technical Committee of the WAMZ.

Finally, the 31st meeting of the Board of Governors of WAIFEM held at the Riviera Royale Hotel Conakry, Guinea on August 4, 2016. The meeting considered the report of the 34th Meeting of the Technical Committee.

# APPENDIX TABLES

## Table A1: Money and Credit Aggregates

| | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 |
|---|---|---|---|---|---|---|
| | *₦ billion* | | | | | |
| **Domestic Credit (Net)** | **21409.8** | **21519.8** | **21612.5** | **22664.8** | **24318.1** | **26341.5** |
| *Claims on Federal Government (Net)* | 2512.9 | 2787.6 | 2893.2 | 3782.6 | 2893.2 | 3748.8 |
| Central Bank (Net) | -769.5 | -1042.2 | -1653.1 | -850.7 | -1465.2 | -1042.5 |
| Banks | 3219.3 | 3829.8 | 4546.3 | 4633.3 | 4179.9 | 4569.1 |
| *Claims on Private Sector* | 18897.3 | 18732.2 | 18719.3 | 18882.2 | 21425.0 | 22592.6 |
| Central Bank | 5093.1 | 5275.2 | 5061.6 | 5166.7 | 5376.9 | 5898.9 |
| Banks | 13713.0 | 13456.9 | 13657.7 | 13715.6 | 15903.6 | 16530.1 |
| *Claims on Other Private Sector* | 18374.8 | 18142.3 | 18109.9 | 18044.3 | 20397.9 | 21560.6 |
| Central Bank | 5042.0 | 5082.3 | 5036.0 | 4996.7 | 5050.3 | 5552.9 |
| Banks | 13241.5 | 13059.9 | 13073.8 | 13047.6 | 15204.8 | 15845.5 |
| *Claims on State and Local Government* | 471.4 | 397.0 | 583.8 | 668.0 | 700.5 | 686.1 |
| Central Bank | -- | -- | -- | -- | -- | -- |
| DMBs | 471.4 | 397.0 | 583.8 | 668.0 | 698.8 | 684.5 |
| *Claims on Non-financial Public Enterprises* | -- | -- | -- | -- | -- | -- |
| Central Bank | -- | -- | -- | -- | -- | -- |
| DMBs | -- | -- | -- | -- | -- | -- |
| **Foreign Assets (Net)** | 5951.5 | 5083.1 | 5653.3 | 5551.7 | 7105.7 | 7742.3 |
| Central Bank | 5796.0 | 5242.6 | 5545.3 | 5178.2 | 6840.4 | 7791.1 |
| DMBs and Non Interest Banks | 155.5 | -159.5 | 108.0 | 373.5 | 254.5 | -51.7 |
| **Other Assets (Net)** | **-8549.8** | **-7884.9** | **-7235.9** | **-7746.1** | **-9738.8** | **-11950.3** |
| **Total Monetary Assets (M2)** | **18811.4** | **18718.0** | **20029.8** | **20470.4** | **21685.0** | **22133.5** |
| **Quasi-Money 1/** | 11569.4 | 11569.4 | 11458.1 | 11429.6 | 12559.0 | 12184.1 |
| **Money Supply (M1)** | 7148.6 | 7148.6 | 8571.7 | 9040.8 | 9125.9 | 9949.4 |
| *Currency Outside Banks* | **1219.0** | **1219.0** | **1456.1** | **1441.4** | **1379.2** | **1477.4** |
| *Demand Deposits 2/* | *5929.6* | *5929.6* | *7115.6* | *7599.5* | *7746.7* | *8471.9* |
| **Total Monetary Liabilities (M2)** | **18811.4** | **18718.0** | **20029.8** | **20470.4** | **21685.0** | **22133.5** |
| *Memorandum Items:* | | | | | | |
| Reserve Money (RM) | *4943.0* | *5930.9* | *5937.1* | *5945.8* | *5221.9* | *6659.0* |
| *Currency in Circulation (CIC)* | *1547.9* | *1798.0* | *1818.4* | *1562.6* | *1679.5* | *1794.3* |
| Banks' Deposit with CBN | *3395.1* | *4133.0* | *4118.7* | *4383.4* | *3542.4* | *4864.7* |

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

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

Table A2: Money and Credit Aggregates (Growth Rates)

| | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|
| | *Percentage Change Over Preceding Quarter* | | | | | |
| **Domestic Credit (Net)** | 3.75 | 0.51 | 0.43 | 4.87 | 7.29 | 8.32 |
| *Claims on Federal Government (Net)* | -26.46 | 10.95 | 3.79 | 30.74 | -23.51 | 29.57 |
| *Claims on Private Sector* | 1.33 | -0.87 | -0.07 | 0.87 | 13.47 | 5.45 |
| *Claims on Other Private Sector* | 1.63 | -1.27 | -0.18 | -0.36 | 13.04 | 5.7 |
| *Claims on State and Local Government* | -13.22 | -15.79 | 47.06 | 14.41 | 4.87 | -2.05 |
| *Claims on Non-financial Public Enterprises* | | | | | | |
| **Foreign Assets (Net)** | -12.3 | -14.6 | 11.2 | -1.8 | 28.0 | 8.96 |
| **Other Assets (Net)** | -3.12 | 7.78 | 8.23 | 7.05 | 25.73 | 22.71 |
| **Total Monetary Assets (M2)** | **-1.7** | **-0.5** | **7.0** | **2.2** | **5.9** | **2.1** |
| **Quasi-Money 1/** | 1.0 | -5.7 | -1.0 | -0.3 | 9.9 | -3.0 |
| **Money Supply (M1)** | -6.32 | 9.27 | 19.91 | 5.47 | 0.94 | 9.02 |
| *Currency Outside Banks* | -19.5 | 2.95 | 19.45 | -1.01 | -4.31 | 7.12 |
| *Demand Deposits 2/* | -2.98 | -10.66 | 20 | 6.8 | 1.94 | 9.36 |
| **Total Monetary Liabilities (M2)** | **-1.7** | **-0.5** | **7.0** | **2.2** | **5.9** | **2.1** |
| *Memorandum Items:* | | | | | | |
| Reserve Money (RM) | 0.65 | -2.65 | 0.42 | -0.9 | -6.74 | 23.96 |
| *Currency in Circulation (CIC)* | -14.07 | -14.07 | 13.46 | -2.52 | -6.98 | 6.5 |
| *DMBs Demand Deposit with CBN* | 7.21 | -5.31 | -4.72 | -0.14 | -6.64 | 31.93 |
| | *Percentage Change Over Preceding December* | | | | | |
| **Domestic Credit (Net)** | 11.08 | 11.65 | 12.13 | 4.87 | 12.52 | 21.88 |
| *Claims on Federal Government (Net)* | 118.5 | 142.38 | 151.56 | 30.74 | 0.00003 | 29.574 |
| *Claims on Private Sector* | 4.3 | 3.36 | 3.29 | 0.87 | 14.45 | 20.69 |
| *Claims on Other Private Sector* | 4.6 | 3.31 | 3.12 | -0.36 | 12.63 | 19.05 |
| *Claims on State and Local Governments* | -12.11 | -25.99 | 8.85 | 14.41 | 19.98 | 17.52 |
| *Claims on Non-financial Public Enterprises* | | | | | | |
| **Foreign Asset (Net)** | -14.42 | -26.91 | -18.71 | -1.8 | 25.69 | 36.95 |
| **Other Asset (Net)** | -16.9 | -7.79 | 1.08 | -7.05 | -34.59 | -65.15 |
| **Total Monetary Assets (M2)** | **-0.54** | **-1.03** | **5.90** | **2.20** | **8.26** | **10.50** |
| **Quasi-Money 1/** | 2.2 | -3.65 | -4.58 | -0.25 | 9.61 | 6.34 |
| **Money Supply (M1)** | -5.3 | 3.53 | 24.14 | 5.47 | 6.47 | 16.07 |
| *Currency Outside Banks* | -17.6 | -15.2 | 1.3 | -1.01 | -5.28 | 1.47 |
| *Demand Deposits 2/* | -2 | 8.45 | 30.15 | 6.8 | 8.87 | 19.06 |
| **Total Monetary Liabilities (M2)** | **-0.54** | **-1.03** | **5.90** | **2.20** | **8.26** | **10.50** |
| *Memorandum Items:* | | | | | | |
| Reserve Money (RM) | 0.25 | -2.41 | -1.99 | -0.9 | -7.58 | 14.56 |
| *Currency in Circulation (CIC)* | -13.11 | -8.93 | 3.34 | | -9.32 | -3.43 |
| *DMBs Demand Deposit with CBN* | 6.06 | 0.43 | 0.43 | -0.14 | -6.76 | 23.01 |

1/ Quasi money consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Taking from Discount Houses.
2/ Demand Deposit consist of State, Local and Parastatals Deposits at CBN, State, Local Government and Private Sector Deposits as well as Demand Deposits of non-financial Public Enterprises at Deposit Money Banks.

Table A3: Federal Government Fiscal Operations (₦ billion)

| | Q3-14 | Q4-14 | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 |
|---|---|---|---|---|---|---|---|---|---|
| **Retained Revenue** | **988.60** | **839.77** | **1027.03** | **538.61** | **1044.91** | **802.60** | **570.54** | **677.88** | **922.86** |
| *Federation Account* | *765.56* | *638.38* | *601.39* | *430.41* | *589.66* | *482.84* | *412.24* | *323.16* | *473.73* |
| *VAT Pool Account* | *27.85* | *27.77* | *28.17* | *29.26* | *29.10* | *25.60* | *28.31* | *28.02* | *30.29* |
| *FGN Independent Revenue* | *98.88* | *62.44* | *280.63* | *10.31* | *23.47* | *8.93* | *40.31* | *100.92* | *197.79* |
| *Excess Crude* | *0.00* | *1.27* | *7.16* | *0.00* | *0.00* | *0.00* | *0.00* | *0.00* | *66.21* |
| *Others/SURE-P* | *96.31* | *109.91* | *109.68* | *68.63* | *402.68* | *285.23* | *89.68* | *225.78* | *154.84* |
| **Expenditure** | **1252.37** | **1163.98** | **1156.57** | **1024.55** | **1176.17** | **1538.46** | **1118.96** | **1768.84** | **1424.91** |
| *Recurrent* | *904.71* | *869.66* | *1032.77* | *814.15* | *1013.07* | *939.20* | *988.37* | *1285.08* | *1094.79* |
| *Capital* | *236.82* | *193.15* | *59.58* | *162.29* | *72.31* | *463.18* | *72.36* | *350.07* | *227.44* |
| *Transfers* | *110.84* | *101.18* | *64.22* | *48.11* | *90.15* | *136.08* | *58.23* | *133.69* | *102.68* |
| **Overall Balance: Surplus(+)/Deficit(-)** | **-263.77** | **-324.21** | **-129.54** | **-485.94** | **-131.26** | **-735.86** | **-548.42** | **-1090.96** | **-502.05** |