CENTRAL BANK OF NIGERIA

ECONOMIC REPORT
FEBRUARY 2017

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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Contents

Text Tables

Appendix Tables

Figures

1.0 Summary[1]

Key monetary aggregates decelerated in February 2017. On month-on-month basis, broad money supply (M_2), at ₦23,365.65 billion, fell by 4.3 per cent, owing to the 11.2 per cent and 0.6 per cent decline in net foreign assets and other assets (net) of the banking system, respectively. Over the level at end-December 2016, M_2 fell by 5.7 per cent, reflecting the decline in net foreign assest and domestic credit (net) of the banking system. Narrow money supply (M_1), also fell by 9.4 per cent, due to the decline in its demand deposits and currency components. Reserve money (RM) fell by 1.6 per cent to ₦5,542.22 billion at the end of the review month, reflecting the fall in both currency-in-circulation and bank reserves.

Banks' deposit and lending rates showed mixed developments during the review month. Deposit rates ranged from 4.40 to 10.40 per cent in February 2017, compared with 4.29 to 10.31 per cent in January 2017. The average term deposit rate remained the same at 8.51 per cent. The average prime and maximum lending rates rose by 0.22 and 0.38 percentage points to 17.13 and 29.26 per cent at end-February 2017. Consequently, the spread between the average term deposit and the maximum lending rates widened by 0.38 percentage point to 20.75 percentage points. Similarly, the spread between the average savings deposit and maximum lending rates, widened by 0.27 percentage point to 24.86 percentage points at the end of the review month.

The total value of money market assets outstanding in February 2017 stood at ₦11,482.94 billion, showing a decline of 3.4 per cent, in contrast to 9.3 per cent increase in the preceding month. The development was attributed, wholl,y to the 6.2 per cent fall in FGN Bonds outstanding. Activities on the Nigerian Stock Exchange (NSE) were mixed in the review month.

Federally-collected revenue in February 2017, at ₦545.05 billion, was higher than the level in the preceding month by 20.4 per cent, reflecting the increase in receipts from both oil and non-oil components. Oil and non-oil receipts (gross), at ₦292.82 billion and ₦252.24 billion, constituted 53.7 per cent and 46.3 per cent of total revenue, respectively. Federal Government retained revenue and estimated expenditure for February 2017 were ₦194.38 billion and ₦599.30 billion, respectively, resulting in an estimated deficit of ₦404.92 billion.

Preparation for early planting dominated agricultural activities across the country in the review month. In the livestock sub-sector, farmers intensified the raising of broilers and layers preparatory to

[1] Data on monetary aggregates, government spending and foreign exchange flows are provisional and subject to changes

the festivities in April 2017.

Domestic crude oil production was estimated at 1.65 million barrels per day (mbd) or 46.2 million barrels during the month. Crude oil export was estimated at 1.20 million barrels per day (mbd) or 33.60 million barrels. The average price of Nigeria's reference crude, the Bonny Light (37^0 API), was estimated at US$55.49 per barrel, indicating a marginal increase of 0.7 per cent relative to the level in the preceding month.

The end-period headline inflation (year-on-year), was 17.8 per cent in February 2017, compared with 18.7 per cent in January 2017. On twelve-month moving average basis, headline inflation was 17.0 per cent in February 2017.

Foreign exchange inflow and outflow through the CBN in February 2017 were US$2.37 billion and US$0.98 billion, respectively, and resulted in a net inflow of US$1.39 billion. Foreign exchange sales by the CBN to the authorised dealers amounted to US$0.59 billion and represented a 31.1 per cent increase over the level in January 2017.

The average exchange rate at the inter-bank segment stood at ₦305.30 per US dollar, indicating 0.03 per cent and 35.5 per cent depreciation, relative to the levels in the preceding month and the corresponding period of 2016, respectively. Gross external reserves increased by 4.3 per cent above the preceding month's level.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: the 34th Meeting of the Committee of Governors of the Central Banks of West African Monetary Zone; the 32nd Board of Governors Meeting of the West African Institute for Financial and Economic Management (WAIFEM); and the 49th ordinary Meeting of the Committee of Governors of Central Banks of ECOWAS member states, all held on Feberuary 9, 2017 in Freetown, Sierra Leone. Similarly, the 37th Meeting of the Convergence Council of Ministers and Governors of the Central Banks of the West African Monetary Zone (WAMZ) was held on February 10, 2017 in Freetown, Sierra Leone. Finally, the 2017 G-24 Technical Group Meeting (TGM) was held from February 27 – 28, 2017 in Addis-Ababa, Ethiopia.

2.0 Financial Sector Developments

2.1 Monetary and Credit Developments

Growth in broad money supply (M_2) decelerated at end-February 2017. Developments in banks' deposit and lending rates were mixed. The value of money market assets outstanding fell, owing, largely, to the decline in FGN Bonds. Activities on the Nigerian Stock Exchange (NSE) were mixed during the review month.

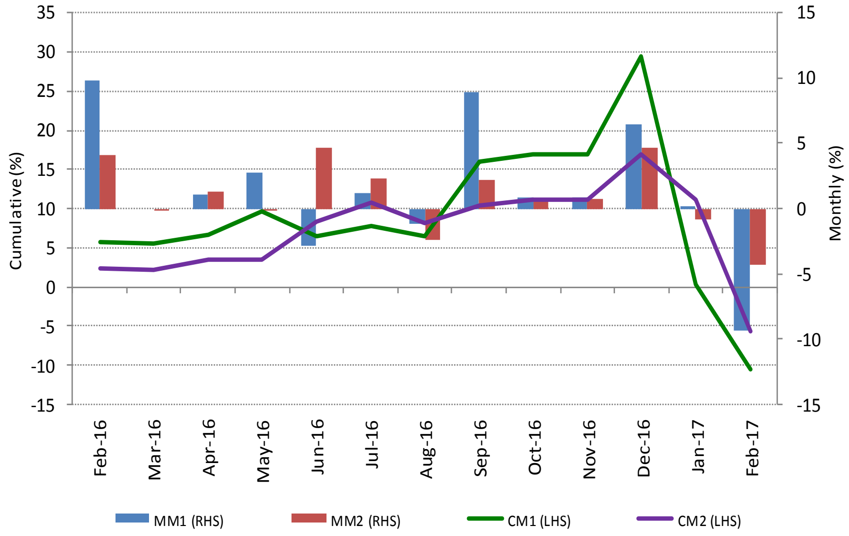
Money supply (M_2) decelerated on month-on-month basis at end-February

The Bank sustained its restrictive monetary policy stance amidst waning inflationary pressure. Consequently, broad money supply (M_2) fell by 4.3 per cent to ₦22,365.65 billion below the level at end-January 2017, compared with the decline of 1.5 per cent at the end of the preceding month. The development, relative to the preceding month, reflected the respective decline of 11.2 per cent and 0.6 per cent in net foreign assets and other assets (net) of the banking system, which suppressed the 0.5 per cent growth in net domestic credit. Over the level at end-December 2016, broad money supply (M_2) fell by 5.7 per cent, compared with 1.5 per cent at end-January 2017. The development reflected the 3.9 and 1.4 per cent fall in net foreign assets and domestic credit (net) of the banking system, respectively.

Narrow money supply (M_1), on month-on-month basis, declined by 9.4 per cent, reflecting the 10.8 per cent and 1.2 per cent fall in its demand deposit and currency components (Fig. 1, Table 1). Over the level at end-December 2016, narrow money supply (M_1) also fell by 10.5 per cent due to the decline in its demand deposit and currency components.

Quasi-money rose by 0.3 per cent to ₦12,153.00 billion, in contrast to the decline of 1.7 per cent at the end of the preceding month. The development reflected the increase in savings and time deposits of commercial banks, arising from the 0.4 per cent rise in foreign currency deposits in the review month. Over the level at end-December 2016, quasi money fell by 1.4 per cent, owing to the fall in time and savings desposits, compared with the decline of 1.7 per cent at the end of the preceding month.

Figure 1: Growth of Narrow Money (M_1) and Broad Money (M_2)[2]



There was increased borrowing by the Federal Government as reflected in the rise in banks' purchase of government treasury papers in the review month. Simiarly, increased loans and advances by commercial and merchant banks led to growth in credit to the private sector. Accordingly, on month-on-month basis, aggregate credit (net) to the domestic economy, at ₦26,771.07 billion, rose by 0.5 per cent at end-February 2017, in contrast to the 2.0 per cent decline in January 2017. The development reflected the 2.9 per cent and 0.1 per cent rise in net claims on the Federal Government and credit to the private sector, respectively. Over the level at end-December 2016, aggregate credit to the economy fell by 1.4 per cent, reflecting the 8.3 per cent fall in net claims on the Federal Government.

Following the respective increase of 2.3 per cent and 16.6 per cent in banks' holding of government bills and direct loans to the Federal Government by the CBN, banking system's net claims on the Federal Government amounted to ₦4,408.66 at end-February 2017. At that level, net claims on the Federal Government increased by 2.9 per cent over the level at the end of the preceding month, in contrast to the 10.9 per cent decline at end-January 2017. Relative to the level at end-December 2016, net claims on the Federal Government fell by 8.3 per cent, compared with the decline of 10.9 per cent at the end of the preceding month. The

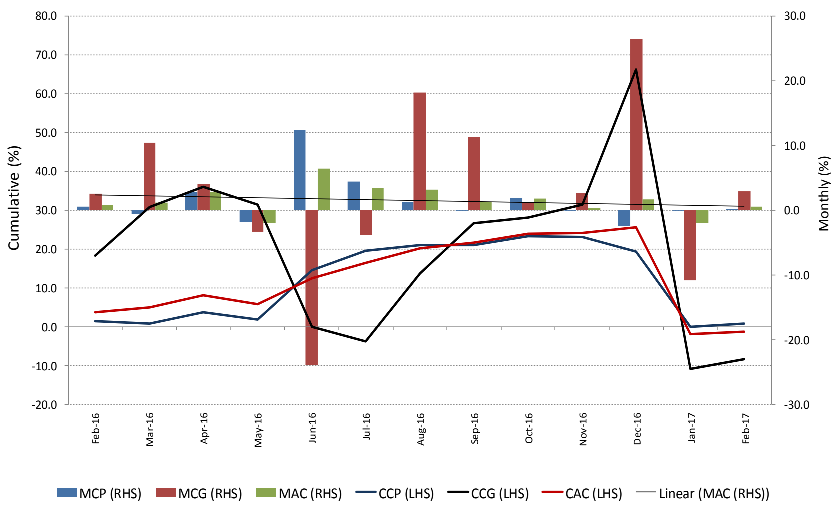
MM1 and MM2 represent month-on-month changes, while CM1 and

CM2 represent cumulative changes (year-to-date).

development reflected a fall in holdngs of government bills and direct loans to the Federal Government.

At ₦22,362.41 billion, banking system's credit to the private sector, on month-on-month basis, rose marginally by 0.1 per cent, in contrast to the 0.02 per cent decline at the end of the preceding month. The development was attributed to the increase in loans and advances to the private sector by merchant and commercial banks in the review month. Over the level at end-December 2016, credit to the private sector grew marginally by 0.07 per cent as a result of the increase in loans and advances by the monetary authority (Fig. 2, Table 1).

Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy[3]



The net foreign assets (NFA) of the banking system declined in the review month as the effect of foreign assets revaluation withered. Relative to the level at end-January 2017, NFA, at ₦8,546.70 billion fell by 11.2 per cent, in contrast to the 8.3 per cent and 1.5 per cent growth in the preceding month and the corresponding period of 2016, respectively. The development reflected the fall in CBN's foreign currency deposits and foreign currency holdings of commercial banks. Relative to the level at end-December 2016, NFA fell by 3.9 per cent, reflecting the fall in foreign asset holdings of the CBN and banks.

Foreign assets (net) of the banking system rose on month-on-month basis at end-January 2017.

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

Other Assets (net) of the banking system, on month-on-month basis, contracted by 0.6 per cent at end-February 2017 to negative ₦12,952.13 billion, compared with a decline of 4.5 per cent, at end-January 2017. The decline reflected, wholly, the significant fall in other assets (net) of banks, which more than offset the growth in other assets (net) of the CBN. Relative to the level at end-December 2016, other assets (net) rose by 5.1 per cent, compared with a growth of 4.5 per cent at the end of the preceding month.

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

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Domestic Credit (Net)	0.9	1.1	2.9	-2.0	6.4	3.5	3.2	1.4	1.8	0.3	1.7	-2.0	0.5
Claims on Federal Government (Net)	2.6	10.5	4.0	-3.4	-23.9	-3.8	18.2	11.3	1.2	2.6	26.4	-10.9	2.9
Claims on Private Sector	0.6	-0.6	2.8	-1.9	12.5	4.4	1.3	-0.1	1.9	-0.1	-2.4	0.0	0.9
Claims on Other Private Sector	-0.4	0.1	0.4	0.0	12.5	4.6	0.7	0.6	1.0	0.6	-1.1	-0.5	-1.8
Foreign Assets (Net)	1.5	1.5	-9.1	3.2	36.5	6.5	0.8	1.6	-1.6	4.9	11.2	8.3	-11.2
Other Assets (Net)	6.7	-4.7	1.7	3.7	-32.7	-8.2	-13.2	0.02	-1.6	-2.8	-89.1	-4.5	-0.6
Broad Money Supply (M2)	4.1	-0.1	1.5	-0.3	4.7	2.3	-2.4	2.2	0.7	0.5	-15.8	-1.5	-4.3
Quasi-Money	-0.1	0.0	1.8	-2.7	10.9	3.1	-3.3	-2.7	0.6	-2.4	3.1	-1.7	0.3
Narrow Money Supply (M1)	9.9	-0.2	1.0	2.8	-2.8	1.2	-1.1	8.9	0.9	4.1	-29.7	-1.2	-9.4
Reserve Money (RM)	-11.4	13.0	-3.0	-1.6	-2.3	-1.9	-0.9	18.1	6.7	5.6	8.8	-3.4	-1.6

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

Currency-in-circulation, at ₦1,978.88 billion, fell by 0.8 per cent in the review month, compared with 8.5 per cent decline at end-Jnauary 2017. The development was as a result of the decline in its currency and demand deposit components.

Total deposits at the CBN amounted to ₦11,541.19 billion, indicating a decline of 6.2 per cent below the level at the end of the preceding month. The development could be explained by the decline in private sector and banks' deposits. Of the total deposits at CBN, the shares of the Federal Government, banks and the private sector were 48.8, 30.9 and 20.4 per cent, respectively.

Reserve money (RM) fell during the review month.

Reserve money, on month-on-month basis, fell by 1.6 per cent to ₦5,542.22 billion at end-February 2017, reflecting the 11.0 per cent decline in net foreign assets of the CBN. The corresponding fall in CBN's liabilities resulted from the respective decline of 0.8 per cent and 2.1 per cent in currency-in-circulation and bank reserves.

2.3 Money Market Developments

Developments in the financial market were influenced largely by the Bank's effort to attain convergence of foreign exchange rates through the improvement of foreign exchange supply. The money market experienced liquidity shortage, following the provisioning and settlement of foreign exchange purchases. Average money market rates for the interbank call and Open-Buy-Back (OBB) segments moved in tandem with the tight liquidity and were above the monetary policy rate for most part of the period. Requests for standing lending facility (SLF) were more than standing deposit facility (SDF) at the standing facilities window.

Total value of money market assets outstanding in February 2017 stood at ₦11,482.94 billion, showing a decline of 3.4 per cent, as against the 9.3 per cent increase in the preceding month. The development was attributed, wholly, to the 6.2 per cent fall in the FGN Bonds outstanding.

2.3.1 Interest Rate Developments

Available data indicated mixed developments in banks' deposit and lending rates during the review month.

Banks' deposit and lending rates showed mixed developments in February 2017. The average savings and term deposit rates, at 4.22 per cent and 8.51 per cent, respectively, remained the same as in the preceding month. The 1-month and 12-months maturity deposit rates fell from 8.58 per cent and 10.77 per cent in January 2017, to their respective levels of 8.24 per cent and 10.37 per cent, at end-February 2017. All other deposit rates of various maturities rose from a range of 4.29 per cent – 10.31 per cent in the preceding month to 4.40 per cent – 10.40 per cent in February 2017. The average prime and maximum lending rates rose by 0.22 percentage point and 0.38 percentage point to 17.13 per cent and 29.26 per cent, respectively, at end-February 2017. Consequently, the spread between the average term deposit and the maximum lending rates widened by 0.38 percentage point to 20.75 percentage points at end-February 2017. Similarly, the spread between the average savings deposit and maximum lending rates, widened by 0.27 percentage point to 24.86 percentage points at the end of the review month.

At the inter-bank call segment, the weighted average rate, which stood at 8.15 per cent in the preceding month, rose significantly by 19.31 percentage points to 27.46 per cent in the review month. Similarly, the weighted average rate at the open-buy-back (OBB) segment increased from 8.69 per cent in the preceding month to 23.60 per cent in the review month. The development reflected the liquidity squeez in the market. The Nigerian inter-bank offered rate (NIBOR) for the 30-day tenor, however, fell to 16.37 per cent in the review period, below the 16.95 per cent in the preceding month. Consequently, with the headline inflation rate at 18.72 per cent at end-February 2017, all deposit and prime lending rates were negative in real terms, while the maximum lending rate was positive in real terms (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

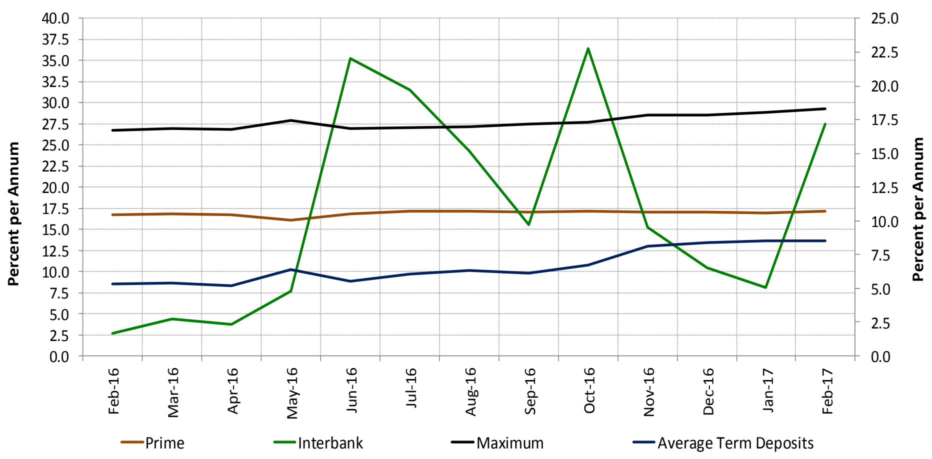


Table 2: Selected Interest Rates (Percent, Averages)

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Average Term Deposits	5.36	5.38	5.19	6.38	5.53	6.03	6.3	6.15	6.75	8.12	8.39	8.51	8.51
Prime Lending	16.72	16.82	16.77	17.82	16.78	17.14	17.18	17.09	17.1	17.06	17.09	16.91	17.13
Interbank Call	2.67	4.32	3.75	7.67	35.26	31.51	24.25	14.5	36.42	15.21	10.39	8.15	27.46
Maximum Lending	26.73	26.93	26.88	27.93	26.93	27.06	27.21	27.49	27.69	28.53	28.55	28.88	29.26

2.3.2 *Commercial Paper (CP)*

Commercial Paper (CP) outstanding held by DMBs stood at ₦0.44 billion at end–February 2017, showing a 52.3 per cent decline below the level at the end of the preceding month. This was the result of a decline in investment in CP by the commercial banks in the review month. Thus, CP constituted 0.004 per cent of the total value of money market assets outstanding at end-February 2017, compared with 0.008 per cent at the end of the preceding month.

2.3.3 *Bankers' Acceptances (BAs)*

Bankers' Acceptances outstanding at end-February 2017 amounted to ₦25.3 billion, compared with ₦22.2 billion at the end of the preceding month. The development relative to the level at end-January 2017 was attributed to increased investment in BAs by commercial banks in the review period. Consequently, BAs accounted for 0.22 per cent of the total value of money market assets outstanding at end–February 2017, compared with 0.19 per cent at the end of January 2017.

2.3.4 *Open Market Operations*

The Bank sold CBN bills through the Open Market Operations (OMO) during the review month. The tenors to maturity of the instrument ranged from 174 days to 342 days. Total amount offered, subscribed to and allotted was ₦200.00 billion, ₦605.55 billion and ₦605.06 billion, respectively. The bid rates ranged from 17.9700 per cent to 18.6000 per cent, while the stop rates ranged from 18.0000 per cent to 18.6000 per cent. Repayment for matured CBN bills was ₦543.36 billion, translating to a net withdrawal of ₦61.70 billion.

2.3.5 *Primary Market*

Nigerian Treasury Bills (NTBs) and FGN Bonds were issued at the primary market on behalf of the Debt Management Office (DMO). NTBs of 91-, 182- and 364-day tenors, amounting to ₦384.83 billion, ₦1,017.23 billion and ₦504.83 billion were offered, subscribed to and allotted, respectively, at the two auctions held in February 2017. The bid rates ranged from 9.00 per cent to 25.00 per cent, 15.50 per cent to 18.82 per cent, and 17.00 per cent to 22.00 per cent, for the repsective tenors of 91-, 182- and 364-day. The stop rates were from 13.69 per cent to 13.80 per cent, 17.15 per cent to 17.25 per cent, and 18.45 per cent to 18.54 per cent, respectively.

2.3.6 *Bonds Market*

In the review month, tranches of the 5-, 10- and 20-year FGN Bonds were re-opened and offered for sale in February 2017. The term to maturity of the bonds ranged from 4 years 5 months to 19 years, 1 month. Total amount offered, subscribed to and allotted were ₦110.00 billion, ₦337.03 billion and ₦214.95 billion, respectively. There were no allotments on non-competitive basis and maturity in the period.

The bid rates ranged from 12.00 to 18.00 per cent, while the marginal rates for the 5-, 10-, and 20-year bonds were 16.5500 per cent, 16.6120 per cent and 16.7700 per cent, respectively. For all the tenors, the marginal rates were from 16.5500 to 16.7700 per cent. The auction was oversubscribed by 206.39 per cent and the bid to cover ratio was 2.11, reflecting renewed investors' confidence in the market.

2.3.7 CBN Standing Facilities

The Deposit Money Banks (DMBs) and merchant banks continued to access the Standing Facility window to square up their positions via either borrowing from the CBN or depositing of excess as reserves at the end of each business day. The trend showed more patronage for the standing lending facility. Applicable rates for the standing lending facility (SLF) and standing deposit facility (SDF) remained at 16.00 per cent and 9.00 per cent, respectively.

Total request for SLF (including Intra-day lending facilities (ILF) converted to overnight repo) amounted to ₦4,266.74 billion (made up of ₦696.31 billion direct SLF and ₦3,570.43 billion ILF converted to overnight repo), with a daily average of ₦224.57 billion. The Bank earned ₦3.29 billion in interest income, compared with SLF of ₦3,380.57 billion and interest income of ₦2.683 billion in January 2017. Total standing deposit facility (SDF) granted during the review period was ₦742.62 billion with a daily average of ₦39.09 billion, compared with ₦1,855.98 billion in January 2017. The cost incurred on SDF in February 2017 was ₦218.39 million, compared with ₦633.32 billion in January 2017.

2.4 Deposit Money Banks' Activities

Total assets and liabilities of the commercial banks amounted to ₦32,120.2 billion, showing a 0.53 per cent decline below the level at end-January 2017. Funds were sourced, mainly, from drawdown on reserves. The funds were used, largely, to extend credit to the Central Government.

Banks' credit to the domestic economy rose by 1.2 per cent.

Banks' credit to the domestic economy, at ₦21,817.6 billion, rose by 1.2 per cent, above the level at end-January 2017. The development was attributed to the 4.8 per cent and 0.2 per cent increase in claims on the Federal Government and claims on the private sector, at the end of the review month.

Total specified liquid assets of commercial banks stood at ₦7,550.3 billion, representing 42.2 per cent of their total current liabilities. At that level, the liquidity ratio was 2.1 percentage points below the level at the end of the preceding month, but was 12.2 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 77.6 per cent, was 2.1 percentage points and 2.4 percentage points below the level at end-January 2017 and the maximum ratio of 80.0 per cent, respectively.

2.5 Capital Market Developments

2.5.1 Secondary Market

Activities on the Nigerian Stock Exchange (NSE) in February, 2017 was bearish. The volume and value of traded securities fell by 45.7 per cent and 22.0 per cent to 4.41 billion shares and N37.2 billion, resepctively, in 55,021 deals, compared with 8.1 billion shares valued at N47.7 billion in 61,600 deals, recorded in the preceding month. The Financial Services Sector (measured by volume) led the activity chart with 3.6 billion shares valued at N18.5 billion, traded in 31,580 deals, compared with 7.1 billion shares worth N17.4 billion, traded in 34,712 deals, in the preceding month. The Banking sub-sector was the most active in the review month (Fig.4, Table 3).

Figure 4: Volume and Value of Traded Securities

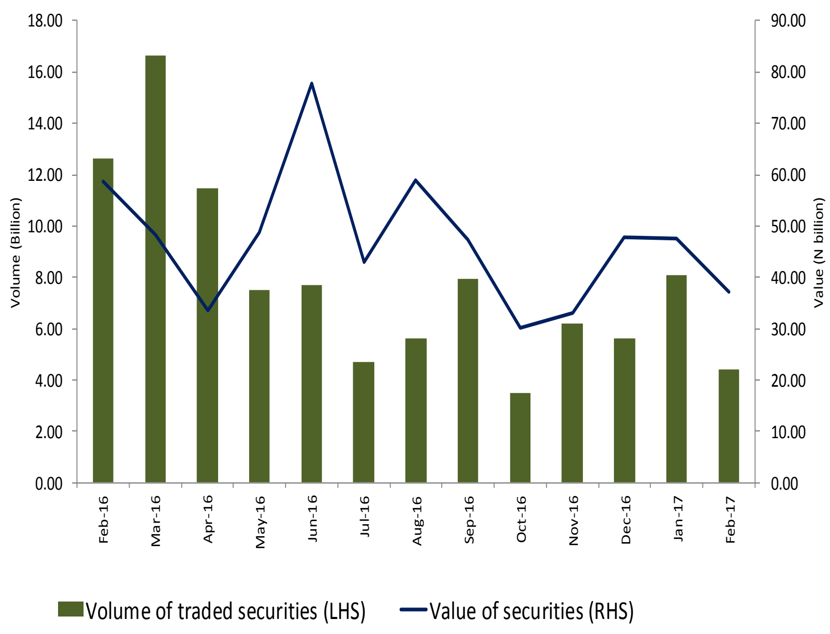


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Volume (Billion)	12.6	16.6	11.5	7.5	7.7	4.7	5.6	8.0	3.5	6.1	5.6	8.1	4.4
Value (₦ Billion)	58.6	48.2	33.5	48.8	77.9	42.9	58.8	47.4	30.1	33.1	47.7	47.7	37.2

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 no new supplementary listings in the review month.

2.5.4 *Market Capitalisation*

The aggregate market capitalisation fell by 0.5 per cent to ₦16.1 trillion at end-February 2017 from ₦16.2 trillion at the end of the preceding month. Market capitalisation for the equity segment also fell by 2.3 per cent to ₦8.7 trillion and constituted 54.0 per cent of the total, compared with ₦9.0 trillion and 55.5 per cent at end-January 2016 (Fig.5, Table 5).

2.5.5 *NSE All-Share Index*

The All-Share Index, which opened at 26,036.24 at the beginning of the month, closed at 25,329.08, representing a decline of 2.7 per cent below the level in the preceding month. Available data indicated mixed developments in the sectoral indices at end-February 2017. With the exception of the NSE-Premium and NSE-Banking indices which rose by 4.2 and 3.3 per cent above the levels in the preceding month to 1,650.78 and 277.32 at end-February 2017, all other sectoral indices fell below the levels in the preceding month. The NSE-Oil and Gas, NSE-ASeM, NSE-Pension, NSE industrial Goods, NSE-Lotus Islamic, NSE-Insurance and NSE-Consumer Goods indices fell by 19.2 per cent, 1.3 per cent, 4.4 per cent, 28.7 per cent, 20.5 per cent, 13.8 per cent and 21.2 per cent to 288.06, 1,193.52, 778.93, 1,544.23, 1,587.13, 122.91 and 588.35, respectively (Fig.5, Table 4).

Figure 5: Market Capitalisation and All-Share Index

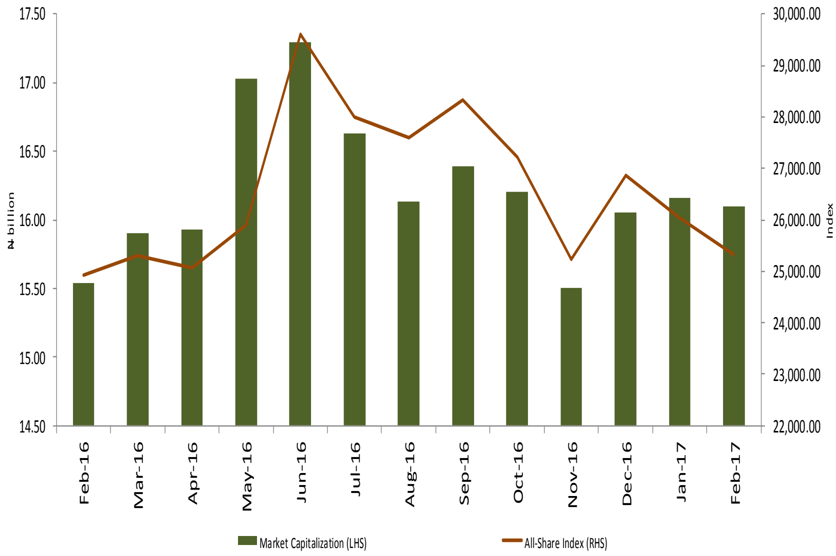


Table 4: Aggregate Market Capitalisation and All Share Index (NSE)

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Aggegate Market Capitalization (₦ trillion)	16.63	16.13	16.39	16.2	15.5	16.05	16.16	16.1
All-Share Index	28,009.93	27,599.03	28,335.40	27,220.09	25,241.63	26,874.62	26,036.24	25,329.10

3.0 Fiscal Operations[4]

Federally-collected revenue in February 2017 fell short of the monthly budget estimate by 31.2 per cent, but was 20.4 per cent higher than receipts in January 2017. Federal Government retained revenue for the review month was ₦194.38 billion, while total provisional expenditure was ₦599.30 billion, resulting in estimated deficit of ₦404.92 billion.

3.1 Federation Account Operations

Federally-collected revenue (gross) in February 2017 was estimated at ₦545.05 billion. This fell short of the 2017 provisional monthly budget estimate of ₦792.71 billion by 31.2 per cent, but was higher than the receipts in January 2017 by 20.4 per cent. The increase relative to the preceding month level was attributed to the rise in receipts from both oil and non-oil components (Fig. 6, Table 6).

At ₦545.05 billion, the estimated federally-collected revenue (gross) in February 2017, fell short of the 2017 provisional monthly budget estimate by 31.2 per cent

Figure 6: Components of Gross Federally-Collected Revenue

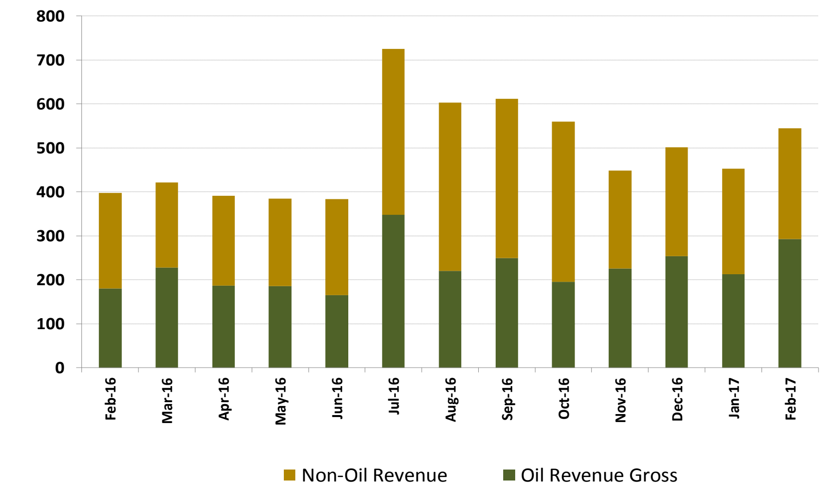


Table 5: Gross Federation Account Revenue (N billion)

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Gross Revenue	**396.4**	**436.1**	**391.3**	**384.9**	**405.8**	**783.7**	**503.1**	**561.8**	**484.4**	**448.4**	**501.7**	**452.9**	**545.1**
Oil Revenue	180.0	227.7	186.7	185.8	164.8	348.1	220.5	249.0	194.7	225.2	253.2	212.3	292.8
Non-oil Revenue	216.3	208.4	157.9	182.5	241.0	435.6	282.6	312.8	289.7	223.2	248.5	240.5	252.2

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

At ₦292.82 billion, oil receipts (gross) was below the monthly budget estimate by 0.6 per cent, and constituted 53.7 per cent of the total revenue.

Gross oil receipts, at ₦292.82 billion or 53.7 per cent of total revenue, fell below the provisional monthly budget estimate by 0.6, but was 37.9 per cent higher than the receipts in January 2017. The increase in oil revenue relative to the preceding month reflected the significant rise in receipts from domestic crude oil/gas sales and PPT/Royalties (Fig. 7, Table 7).

Figure 7: Gross Oil Revenue and Its Components

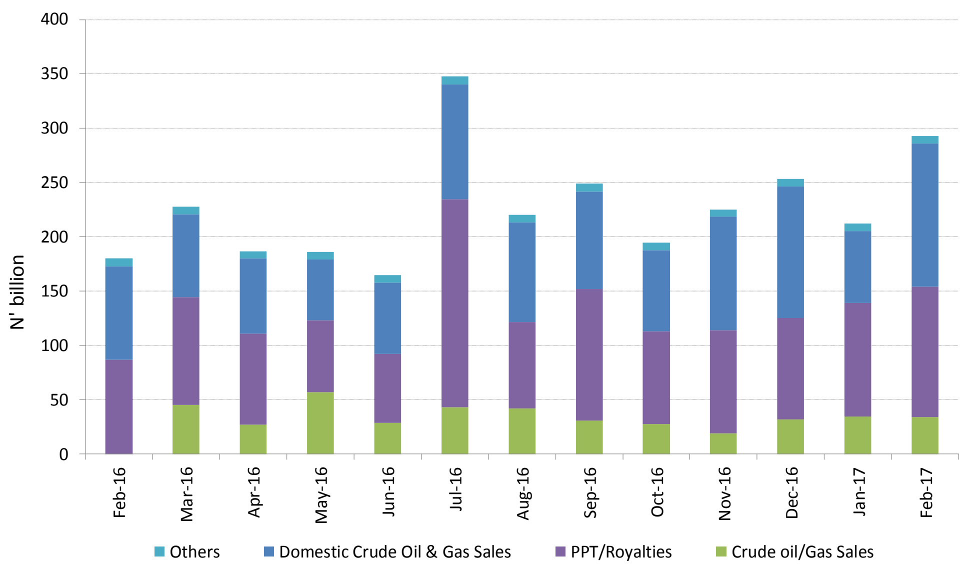


Table 6: Components of Gross Oil Revenue (₦' billion)

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Oil Revenue	***180.0***	***227.7***	***186.7***	***185.8***	***164.8***	***348.1***	***220.5***	***249.0***	***194.7***	***225.2***	***253.2***	***212.3***	***292.8***
Crude oil/Gas Sales	*0.0*	*45.0*	*27.0*	*57.1*	*28.5*	*43.2*	*41.8*	*30.9*	*27.5*	*19.2*	*32.0*	*34.5*	*33.7*
Domestic crude oil/Gas sales	*86.0*	*76.6*	*69.5*	*56.2*	*66.0*	*105.7*	*91.8*	*89.8*	*74.9*	*104.7*	*121.1*	*65.9*	*132.2*
PPT/Royalties	*86.6*	*99.4*	*83.6*	*65.7*	*63.5*	*191.4*	*79.9*	*121.0*	*85.5*	*94.6*	*93.1*	*104.8*	*120.1*
Others	*7.4*	*6.7*	*6.6*	*6.8*	*6.8*	*7.7*	*6.9*	*7.2*	*6.9*	*6.7*	*7.1*	*7.1*	*6.8*

At ₦252.24 billion, non-oil receipts (gross) was lower than the monthly budget estimate by 49.4 per cent and constituted 46.3 per cent of the total revenue.

At ₦252.24 billion or 46.3 per cent of the total revenue, gross non-oil revenue was below the 2017 provisional monthly budget estimate of ₦498.14 billion by 49.4 per cent. It, however, exceeded the receipts in January 2017 by 4.9 per cent. The poor performance relative to the provisional budget, reflected the shortfall in most of the components due to the low economic activities in the country during the review period (Fig. 8, Table 8).

Figure 8: Gross Non-Oil Revenue and its Components

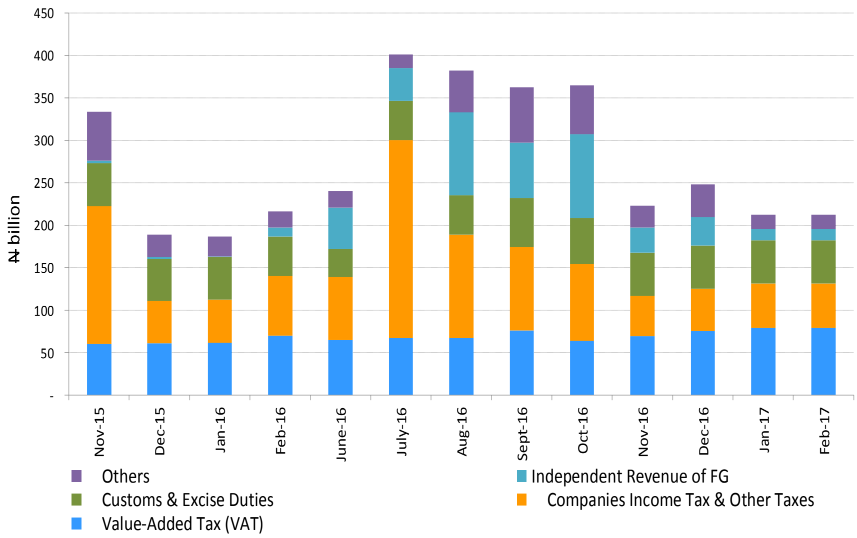


Table 7: Components of Gross Non-Oil Revenue (₦ billion)

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Non-Oil Revenue	**216.3**	**208.4**	**157.9**	**182.5**	**241.0**	**435.6**	**282.6**	**312.8**	**289.7**	**223.2**	**248.5**	**240.5**	**252.2**
Corporate Tax	*71.2*	*54.2*	*41.8*	*55.9*	*73.9*	*232.9*	*122.2*	*98.7*	*89.6*	*47.2*	*50.0*	*52.1*	*70.2*
Customs & Excise Duties	*46.1*	*39.9*	*37.4*	*35.6*	*33.6*	*46.3*	*46.3*	*57.6*	*54.7*	*51.4*	*50.5*	*51.0*	*51.2*
Value-Added Tax (VAT)	*69.7*	*64.8*	*64.2*	*65.3*	*65.1*	*67.4*	*67.0*	*76.0*	*64.3*	*69.6*	*75.6*	*79.3*	*73.5*
Independent Revenue of Fed. Govt.	*10.6*	*36.1*	*0.6*	*10.0*	*48.5*	*54.1*	*5.6*	*14.7*	*56.8*	*28.9*	*33.5*	*38.6*	*12.5*
Others 1/	*18.8*	*13.4*	*13.8*	*15.7*	*19.9*	*35.0*	*41.6*	*65.9*	*24.3*	*26.1*	*38.9*	*19.6*	*44.7*

1/ includes Education Tax, Customs special levies (Federation and Non-Federation) & National Information Technology Development Fund (NITDF)

Of the total federally-collected revenue (net), the sum of ₦273.45 billion was retained in the Federation Account, while ₦70.58 billion, ₦12.51 billion and ₦44.73 billion, were transferred to the VAT Pool Account, the Federal Government Independent revenue and "Others" (including Tertiary Education Trust Fund, National Information Technology Development Fund and Customs Special Levies), respectively.

From the sum of ₦273.45 billion retained in the Federation Account, the Federal Government received ₦133.19 billion, while the State and Local Governments received ₦67.56 billion and ₦52.08 billion, respectively. The balance of ₦20.62 billion was shared among the oil producing states as 13% Derivation Fund.

In addition, the sum of ₦70.58 billion retained in the VAT pool Account, after deduction for cost of collection, was shared as follows: Federal Government ₦10.59 billion, while the State and Local Governments received ₦35.29 billion and ₦24.70 billion, respectively.

Similarly, the sum of ₦20.00 billion was distributed from the Excess Crude Account. The Federal, State and Local Governments received ₦9.17 billion, ₦4.65 billion and ₦3.58 billion, while the oil producing states received ₦2.60 billion as 13% Derivation Fund.

Furthermore, the sum of ₦48.37 billion was shared as exchange gain in the order: Federal Government, ₦22.59 billion; State Governments, ₦11.46 billion; Local Governments, ₦8.83 billion; and 13% Derivation Fund, ₦5.49 billion. The Federal Government also received the sum of ₦6.33 billion being NNPC's 27th equal installment refund of indebtedness.

Overall, total allocations to the three tiers of government in February 2017 amounted to ₦418.82 billion. This was below the 2017 provisional monthly budget estimate of ₦495.23 billion by 15.4 per cent, but exceeded the collection in January 2017 by 6.2 per cent.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦194.38 billion, the estimated Federal Government retained revenue was below the monthly budget estimate by 42.4 per cent.

The estimated Federal Government retained revenue for the month of February 2017, at ₦194.38 billion, was below the 2017 provisional monthly budget estimate of ₦337.48 billion and the receipts in January 2017 by 42.4 per cent and 5.9 per cent, respectively. Of the total receipt, Federation Account accounted for 68.5 per cent, while Exchange Gain, FGN Independent Revenue, VAT, Excess Crude, and NNPC refund accounted for 11.6, 6.5, 5.4, 4.7, and 3.3 per cent, respectively (Fig. 9, Table 9).

Figure 9: Federal Government Retained Revenue

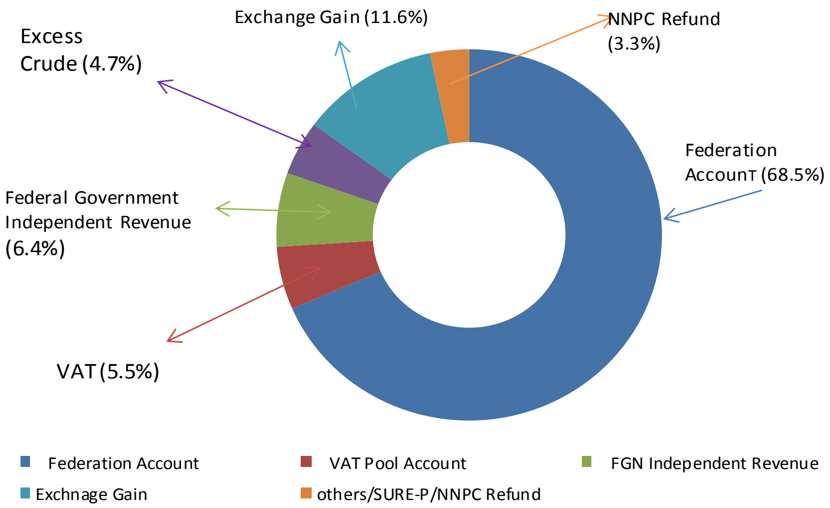


Table 8: Federal Government Fiscal Operations (₦ billion)

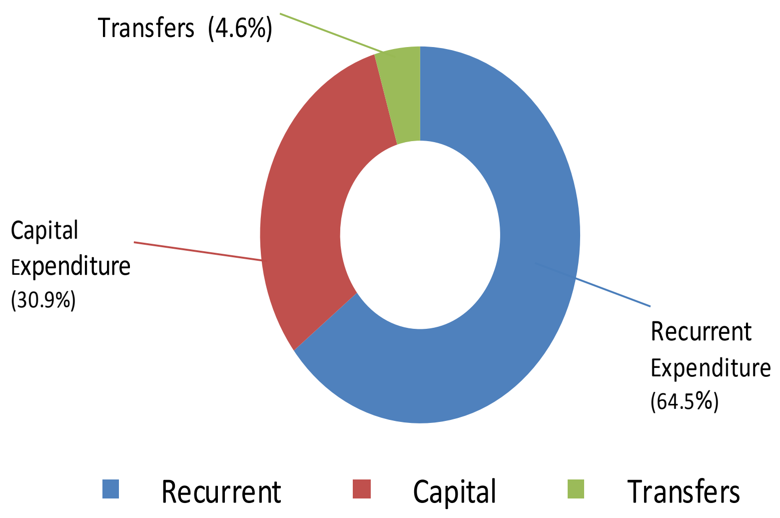
	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Retained Revenue	181.7	199.1	334.8	138.6	249.0	363.1	354.8	282.1	253.3	283.3	440.8	206.6	194.4
Federation Account	137.5	127.2	109.1	101.2	112.8	195.2	129.2	149.3	120.4	96.7	97.9	105.8	133.2
VAT Pool Account	10.0	9.3	9.2	9.4	9.4	9.7	9.6	10.9	9.3	10.0	10.9	11.4	10.6
FGN Independent Revenue	10.6	36.1	0.6	10.0	48.5	54.1	5.6	14.7	56.8	28.9	33.5	38.6	12.5
Excess Crude	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.0	29.1	50.0	30.2	19.7	9.2
Others /SURE-P/NNPC Refund	23.6	26.5	215.9	18.0	78.2	104.1	210.4	91.1	37.8	97.6	268.3	31.1	28.9
Expenditure	587.9	408.9	703.9	318.3	359.3	517.8	407.9	375.3	413.0	421.5	823.7	552.7	599.3
Recurrent	507.3	357.9	408.9	263.4	263.9	438.7	377.3	342.6	381.7	391.9	382.2	385.3	386.4
Capital	54.9	18.0	240.5	25.6	66.3	49.8	1.3	3.5	2.0	0.4	415.8	139.4	185.2
Transfers	25.7	33.0	54.5	29.3	29.2	29.3	29.3	29.2	29.3	29.3	25.7	28.1	27.7
Overall Balance: Surplus(+)/Deficit(-)	-406.2	-209.8	-369.1	-179.6	-110.4	-154.7	-53.1	-93.2	-159.8	-138.2	-382.8	-346.1	-404.9

1/ Revised

The estimated total expenditure of the Federal Government, at ₦599.30 billion, exceeded both the 2017 provisional monthly budget estimate of ₦522.64 billion and January 2017 level of ₦552.74 billion by 14.7 and 8.4 per cent, respectively. Recurrent and capital expenditure, accounted for 64.9, and 30.5 per cent, respectively, while transfers accounted for the balance of 4.6 per cent of the total expenditure. A breakdown of the recurrent expenditure showed that non-debt obligation was 79.3 per cent of the total, while debt service payments accounted for the balance of 20.7 per cent (Fig. 10).

Total estimated expenditure, at ₦599.30 billion, rose by 8.4 per cent, compared with the level in the preceding month.

Figure 10: Federal Government Expenditure



The fiscal operations of the FG resulted in an estimated deficit of ₦404.92 billion.

Thus, overall, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦404.92 billion, compared with the 2017 provisional monthly budget deficit of ₦185.16 billion.

3.2.2 Statutory Allocations to State Governments

Total estimated statutory allocations to the State Governments amounted to ₦147.75 billion. This was lower than the 2017 provisional budget estimate of ₦173.43 billion by 14.8 per cent, but was above the January 2017 allocations of ₦141.12 billion by 4.7 per cent.

Receipt from the Federation Account amounted to ₦112.46 billion or 76.1 per cent of the total statutory allocations. This was below the 2017 provisional monthly budget estimate of ₦114.43 billion by 1.7 per cent, but exceeded the level in January 2017 by 9.1 per cent.

At ₦35.29 billion or 23.9 per cent of the total, receipts from the VAT Pool Account fell short of the 2017 provisional monthly budget estimate of ₦59.00 billion by 40.2 per cent. It also declined by 7.3 per cent below the level in January 2017.

3.2.3 Statutory Allocations to Local Government Councils

Allocations to Local Governments from the Federation and VAT Pool Accounts in the month of February 2017 stood at ₦89.20 billion. This was below the 2017 provisional monthly budget estimate of ₦115.18 billion by 22.6 per cent, but exceeded the preceding month's receipt by 4.5 per cent.

Allocation from the Federation Account was ₦64.50 billion or 72.3 per cent of the total, while the share from the VAT Pool Account amounted to ₦24.70 billion or 27.7 per cent of the total(Table 9).

Table 9: Statutory Allocation to State Governments and Local Government Councils (₦ Billion)

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
SG Federation Account	93.3	88.5	76.1	67.9	74.8	142.4	113.6	137.6	112.0	115.2	100.7	103.1	112.5
SG VAT	33.5	31.1	30.8	31.3	31.3	32.4	32.2	36.5	30.8	33.4	36.3	38.1	35.3
SG Total	**126.7**	**119.6**	**107.0**	**130.6**	**106.1**	**174.7**	**259.4**	**174.0**	**142.9**	**182.0**	**173.2**	**179.2**	**185.8**
LG Federation Account	54.4	50.4	43.2	40.0	44.6	93.7	70.7	80.2	66.1	64.2	57.2	58.8	64.5
LG VAT	23.4	21.8	21.6	21.9	21.9	22.6	22.5	25.5	21.6	23.4	25.4	26.6	24.7
LG Total	**77.8**	**72.1**	**64.8**	**62.0**	**66.5**	**116.3**	**93.2**	**105.8**	**87.6**	**87.6**	**82.6**	**85.4**	**89.2**
Total Statutory Revenue and VAT	***204.6***	***191.8***	***171.7***	***192.5***	***172.6***	***291.0***	***352.6***	***279.8***	***230.5***	***269.6***	***255.9***	***264.6***	***275.0***

4.0 Domestic Economic Conditions

The predominant agricultural activities across the country in February 2017 were preparation for early planting, harvesting of tree crops and cereal production. In the livestock sub-sector, farmers intensified effort to raise livestock preparatory to the festivities in April. Average crude oil production was estimated at 1.65 million barrels per day (mbd) or 46.2 million barrels, during the month. The end-period inflation on a year-on-year basis and 12-month moving average were 17.8 per cent and 17.0 per cent, respectively, in the review month.

4.1 Agricultural Sector

The predominant agricultural activity across the country during February 2017 was preparation for early planting. Other activities included harvesting of tree crops and irrigation-fed vegetable, and cereal production. In the livestock sub-sector, farmers intensified effort towards raising of broilers and layers, preparatory to the festivities in April. However, agricultural activities remained subdued in most part of southern Yobe and Borno states, despite the fact that incidences of insurgency subsided significantly in February 2017. There were also incidences of cattle rustling and community conflicts in the review period.

A total of ₦527.6 million was guaranteed to 3,324 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in February 2017. This amount represented 12.6 and 14.3 per cent decline below the levels in the preceding month and the corresponding period of 2016, respectively. Sub-sectoral analysis showed that food crops got the largest share of ₦330.3 million (62.6 per cent) guaranteed to 2,309 beneficiaries. The mixed crops sub-sector received ₦25.7 million (4.9 per cent) guaranteed to 164 beneficiaries; livestock, ₦72.0 million (13.7 per cent) guaranteed to 314 beneficiaries; and Cash crops, ₦52.0 million (9.9 per cent) guaranteed to 270 beneficiaries. Fisheries sub-sector had ₦24.5 million (4.6 per cent) guaranteed to 89 farmers, while "others" got ₦23.1 million (4.4 per cent) guaranteed to 178 beneficiaries. Analysis by state showed that 23 states, including the FCT benefited from the Scheme in the review month with the highest sum of ₦119.4 million (22.6 per cent) guaranteed to Anambra state. Kogi state received the lowest guaranteed sum of ₦0.6 million (0.1105 per cent).

As at February 21, 2017, the total amount released by the CBN under CACS to the participating banks for disbursement stood at ₦431.98 billion.

As at February 21, 2017, the total amount released by the CBN under the Commercial Agriculture Credit Scheme

(CACS) to participating banks for disbursement, since inception, amounted to ₦431.98 billion in respect of 494 projects (Table 11).

Table 10: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACS) February 2017.

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects/State Governments
1	UBA Plc	59.76	42
1	Zenith Bank	85.86	63
3	First Bank of Nigeria Plc	42.89	98
4	Unity Bank Plc	24.33	26
5	Union Bank Plc	23.18	33
6	Stanbic IBTC Plc	23.41	42
7	Sterlling Bank	51.68	34
8	Access Bank Plc	23.63	22
9	Fidelity Bank Plc	15.87	13
10	Skye Bank Plc	11.77	9
11	FCMB Plc.	11.37	22
12	Ecobank	6.38	10
13	GTBank	29.70	23
14	Diamond Bank Plc	4.73	20
15	Heritage Bank	6.82	14
16	Citibank Plc	3.00	2
17	Keystone Bank	3.95	8
18	WEMA Bank Plc	2.08	11
19	Jaiz Bank Plc	1.00	1
20	Suntrust BanK Ltd	0.60	1
	TOTAL	431.98	**494**

4.2 Petroleum Sector

Crude oil and natural gas production was estimated at an average of 1.65 million barrels per day.

Increased domestic crude oil production recorded in the last two months continued in the review month as government and other stakeholders sustained effort at curtailing vandalism in the Niger-Delta region. Consequently, Nigeria's crude oil production, including condensates and natural gas liquids stood at an average of 1.65 mbd or 46.2 million barrels in February 2017. This represented an increase of 0.08 mbd or 5.10 per cent over the average of 1.57 mbd or 48.67 million barrels (mb) recorded in January 2017. Crude oil export was estimated at 1.20 mbd or 33.60 mb, representing an increase of 7.14 per cent, compared with 1.12 mbd or 34.72 mb recorded in the preceding month. Allocation of crude oil for domestic consumption remained at 0.45 mbd or 12.60 mb during the review period.

Following the deal by the members of the Organisation of Petroleum Exporting Countries (OPEC) to cut production, global oil prices increased in February 2017. The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API) rose from US$55.10 per barrel in January 2017 to US$55.49 per barrel in February 2017, representing a marginal increase of 0.7 per cent. The UK Brent at US$54.50/b, the Forcados at US$55.07/b and the WTI at US$53.65 exhibited similar trend as the Bonny Light.

The average price of OPEC basket of thirteen selected crude streams was US$53.37/b in February 2017. This represented an increase of 1.85 and 85.83 per cent, compared with the average price of US$52.40/b and US$28.72/b in the preceding month and the corresponding period of 2016, respectively (Fig. 11, Table 12).

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

Figure11: Trends in Crude Oil Prices

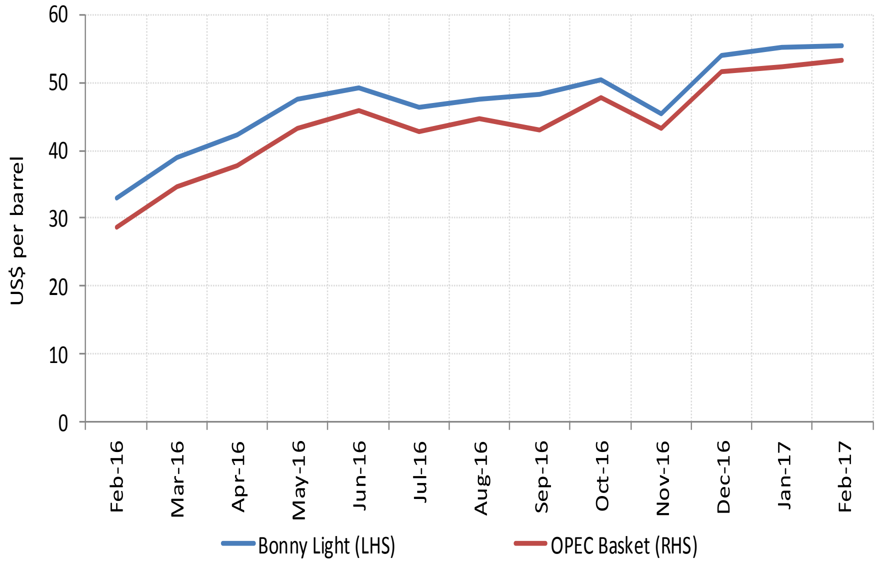


Table 11: Average Crude Oil Prices in the International Oil Market

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Bonny Light	32.9	38.9	42.3	47.6	49.3	46.3	47.5	48.3	50.4	45.5	54.1	55.1	55.5
OPEC Basket	28.7	34.7	37.9	43.2	45.8	42.7	44.6	42.9	47.9	43.2	51.7	52.4	53.4

4.3 Consumer Prices

The general price level rose in February 2017, compared with the level in the preceding month.

The persistent harsh macroeocnomic conditions continued to affect movement in the general price level in February 2017. The all-items composite Consumer Price Index (CPI) was 218.9 (November 2009=100) in February 2017 and represented 1.5 per cent and 17.8 per cent increase, relative to the levels in January 2017 and the corresponding period of 2016, respectively. The development reflected, mainly, the increase in the price of electricity; gas and other fuels; food and alcoholic beverages; housing; water; transportation services; education; and clothing.

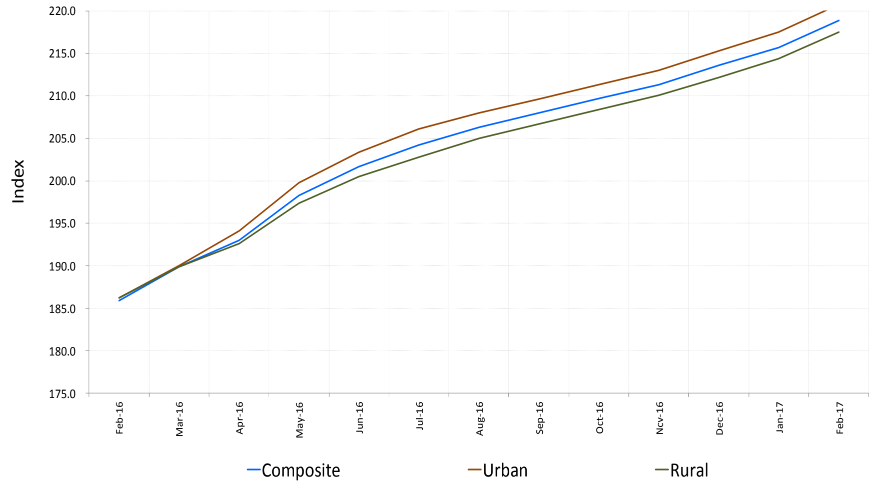
The urban all-items CPI at end-February 2017, was 220.8 (November 2009=100), representing an increase of 1.5 and 18.6 per cent, compared with the levels in January 2017 and the corresponding period of 2016, respectively. The rural all-items CPI for the month was 217.5 (November 2009=100), indicating a rise of 1.4 per cent, compared with the level at end-Janaury 2017 (Fig. 12, Table 13).

The composite food index (with a weight of 50.7 per cent) for February 2017 was 225.8, compared with 221.4 and 190.5 at end-January 2017 and the corresponding month of 2016, respectively. The rise in the index was driven, mainly, by increase in the prices of bread, cereals, meat, fish, potatoes, yams and other tubers and wine.

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

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Composite	185.9	189.9	193.0	198.3	201.7	204.2	206.3	208.0	209.7	211.3	213.6	215.7	218.9
Urban	186.2	190.0	194.1	199.8	203.4	206.1	208.0	209.6	211.3	213.0	215.3	217.5	220.8
Rural	186.0	189.9	192.6	197.4	200.5	202.8	205.0	206.7	208.4	210.1	212.2	214.4	217.5
CPI - Food	190.5	194.9	197.4	202.5	205.4	207.9	210.3	212.0	213.8	215.7	218.6	221.4	225.8
CPI - Non Food	183.0	186.4	189.6	194.7	198.3	200.7	202.4	204.3	205.9	207.3	208.6	210.0	212.3

Figure.12: Consumer Price Index



CBN's foreign exchange policy measures moderated exchange rate pass-through to domestic prices and contributed to the easing of headline inflationary pressures in February 2017. Consequently, headline inflation declined marginally to 17.8 per cent from 18.7 per cent in January 2017. The decline, relative to the preceding month, was the first time in fifteen months and reflected the effects of slower rise in food and non-food prices. The Twelve-Month Moving Average (12MMA) inflation for February 2017 was 17.0 per cent, compared with 16.4 and 9.4 per cent in the preceding month and the corresponding period of 2016, respectively (Fig. 13, Table 14).

The year-on-year headline inflation was 17.8 per cent in February 2017.

Figure13: Inflation Rate

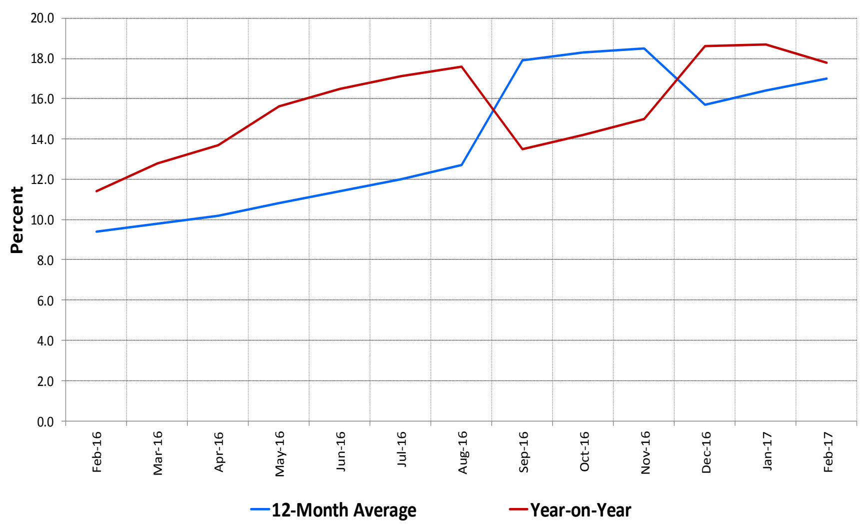


Table 13: Headline Inflation Rate (%)

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
12-Month Average	9.4	9.8	10.2	10.8	11.4	12.0	12.7	13.5	14.2	15.0	15.7	16.4	17.0
Year-on-Year	11.4	12.8	13.7	15.6	16.5	17.1	17.6	17.9	18.3	18.5	18.6	18.7	17.8

5.0 External Sector Developments[5]

On month-on-month basis, foreign exchange inflow and outflow through the CBN fell by 8.9 and 7.3 per cent, respectively. Total non-oil export receipts by banks declined by 7.0 per cent below the level in the preceding month. The average exchange rate of the naira at the inter-bank segment was ₦305.30 per US dollar, indicating a marginal depreciation of 0.03 per cent, relative to the level in January 2017. The gross external reserves rose by 4.3 per cent, compared with the preceding month's level.

5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN fell by 8.9 and 7.3 per cent, respectively, in

The external sector marginally strengthened in February 2017 following the increase in domestic oil production and international crude oil prices as well as improved inflow through autonomous sources. Increase in crude oil prices followed the deal reached by the Organisation of Petroleum Exporting Countries (OPEC) members to cut production. However, foreign exchange supply shortages continued to constrain import of raw materials which suppressed domestic production. Consequently, non-oil export receipts declined in the review period. Foreign exchange inflow through the CBN, at US$2.37 billion, fell by 8.9 per cent, relative to the level in the preceding month, but was 94.4 per cent above the level in the corresponding period of 2016. The development reflected the significant decline in non-oil receipts due to lack of interbank swap transactions and fall in TSA and third party receipts during the review month.

Aggregate outflow through the CBN, at US$0.98 billion, declined by 7.3 per cent and 4.6 per cent below the levels in the preceding month and the corresponding period of 2016, respectively. The development was attributed to the decline in drawings on Letters of Credits (L/Cs), external debt service, foreign exchange special payment (NSA), other official payments and 3rd party MDA transfers. Overall, a net inflow of US$1.40 billion was recorded, compared with US$1.55 and US$0.20 in January 2017 and the corresponding period of 2016, respectively (Fig. 14, Table 15).

[5] Data on foreign exchange flows through the CBN and the Economy are provisional and subject to change

Figure14: Foreign Exchange Flows through the CBN

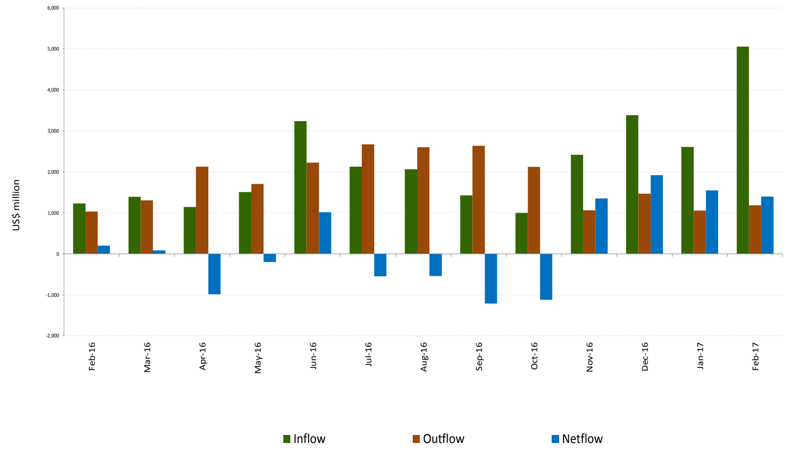


Table 14: Foreign Exchange Flows through the CBN (US$ million)

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Inflow	1,228.3	1,392.0	1,142.5	1,505.5	3,239.9	1,092.2	2,061.2	1,425.4	999.2	2,414.8	3,385.3	2,605.5	5,056.9
Outflow	1,030.7	1,780.7	2,129.8	1,707.4	2,227.0	2,728.0	2,603.3	2,637.7	2,119.2	1,061.9	1,468.7	1,055.8	1,184.5
Netflow	197.6	(388.8)	(987.3)	(201.8)	1,012.9	(1,635.8)	(542.0)	(1,212.3)	(1,120.0)	1,353.0	1,916.6	1,549.7	1,395.9

Government's effort to improve crude oil production yielded positive results as output increased further in the review period by 1.9 per cent over the level in January 2017. Conseqeuntly, aggregate foreign exchange inflow into the economy was US$5.06 billion in February 2017. This represented 6.5 per cent and 17.1 per cent increase above the levels at end-January 2017 and the corresponding month of 2016, respectively. The development relative to the preceding month indicated the increase in inflow from oil export proceeds and autonomous sources. Inflow through the CBN and autonomous sources accounted for 47.0 per cent and 53.0 per cent, respectively.

Autonomous inflow through the economy rose by 25.2 per cent above the level in the preceding month.

Non-oil sector inflow, at US$1.53 billion (30.2 per cent of the total), fell by 23.1 per cent, compared with the level in the preceding month. Autonomous inflow, rose by 25.2 per cent, above the level in January 2017.

Aggregate foreign exchange outflow from the economy, at US$1.18 billion, declined by 4.1 per cent and 2.5 per cent, below the levels in the preceding month and the corresponding month of 2016, respectively. Thus, foreign exchange flows through the economy, resulted in a net inflow of US$3.87 billion in the review month, compared with

US$3.51 billion and US$3.10 billion, in January 2017 and the corresponding month of 2016, respectively.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings, at US$0.31 billion, fell by 7.0 per cent, below the level in January 2017. This resulted from the 50.0 per cent, 41.6 per cent, 36.4 per cent and 32.3 per cent decline in receipts from transport, food products, agricultural and industrial subsectors, respectively. The manufactured product and minerals sub-sector, however, grew by 209.8 per cent and 5.0 per cent, respectively, above the levels in the preceding month to US$60.28 million and US$135.13 million.

Total non-oil export earnings by exporters decreased in February 2017.

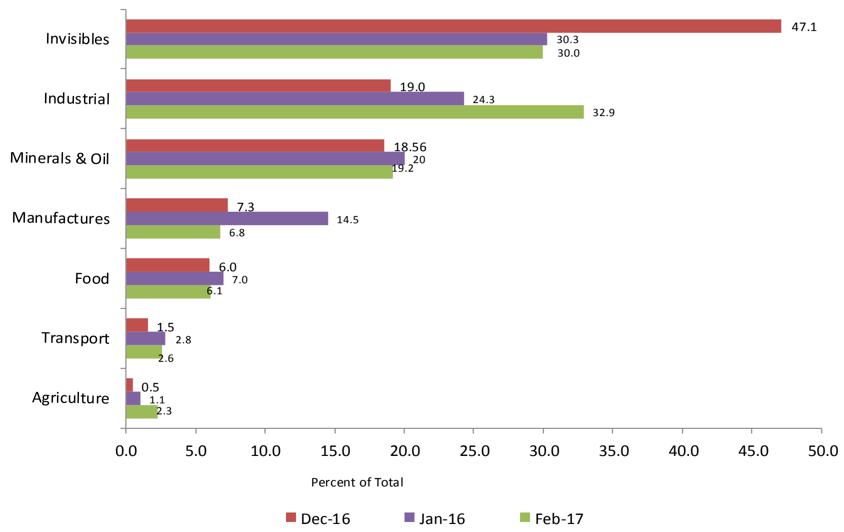
The shares of the sectors in the non-oil export proceeds were: minerals (43.3 per cent); agricultural (21.2 per cent); manufactured products (19.3 per cent); food products (12.0 per cent); and industrial (4.2 per cent).

5.3 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for the bulk (32.9 per cent) of total foreign exchange disbursed in February 2017, followed by invisible sector (30.0 per cent). The shares of other sectors in a descending order were: minerals and oil (19.2 per cent); manufactured product (6.9 per cent); food products (6.1 per cent); transport (2.6 per cent); and agricultural products (2.3 per cent) (Fig.15).

The industrial sector accounted for the bulk of the total foreign exchange disbursed in February 2017.

Figure15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

A total of US$0.59 billion was sold by the CBN to authorised dealers in February 2017. This reflected the 31.8 per cent increase above the level in the preceeding month, but a decline of 32.1 per cent below the level in the corresponding period of 2016. The development was attributed to the increased inter-bank and BDC sales. Of the aggregate sales, Forwards contracts disbursed at maturity were valued at US$0.37 billion or 63.8 per cent of the total, while inter-bank sales amounted to US$0.12 billion or 21.1 per cent. The balance of US$0.09 billion or 15.1 per cent of the total was accounted for by sales to BDC (Fig.16, Table 16).

Figure16: Demand for and Supply of Foreign Exchange

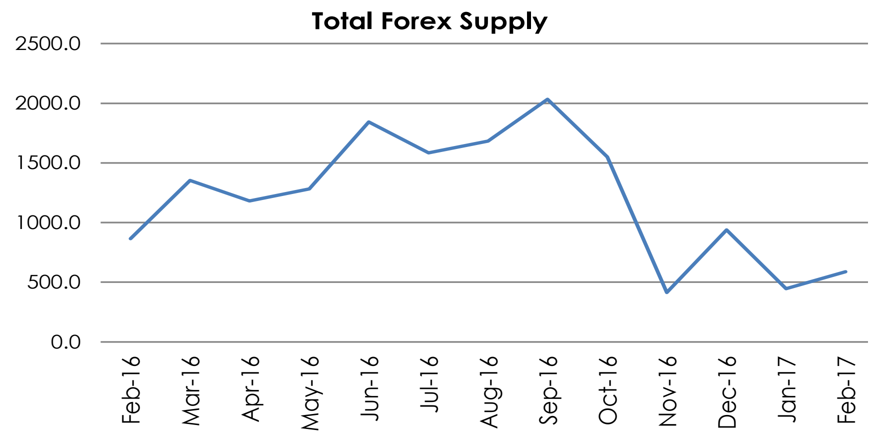


Table 15: Supply of Foreign Exchange (US$ billion

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Total Forex Supply	1.6	1.7	2.0	1.5	0.4	0.9	0.5	0.6

The average exchange rate of the naira at the inter-bank segment, at ₦305.30 per US dollar, depreciated by 0.03 and 35.5 per cent, relative to the levels in January 2017 and the corresponding period of 2016, respectively. Increased intervention by the Bank in line with the new foreign exchange policy, however, dampened pressure in the BDC segment of the market. Consequently, the exchange rate of the naira per US dollar at the BDC market segment averaged ₦497.05 per US dollar, an appreciation of 0.8 per cent and 33.6 per cent relative to the levels in January 2017 and the corresponding period of 2016, respectively (Figure 17, Table

The naira exchange rate vis-à-vis the US dollar appreciated at the BDC segment of the market but depreciated at the Inter-bank segment

17).

Consequently, the premium between the inte-rbank and BDC rates narrowed from 62.8 per cent in January 2017 to 47.3 per cent in the review period (Figure 18).

Figure 17: Average Exchange Rate Movement

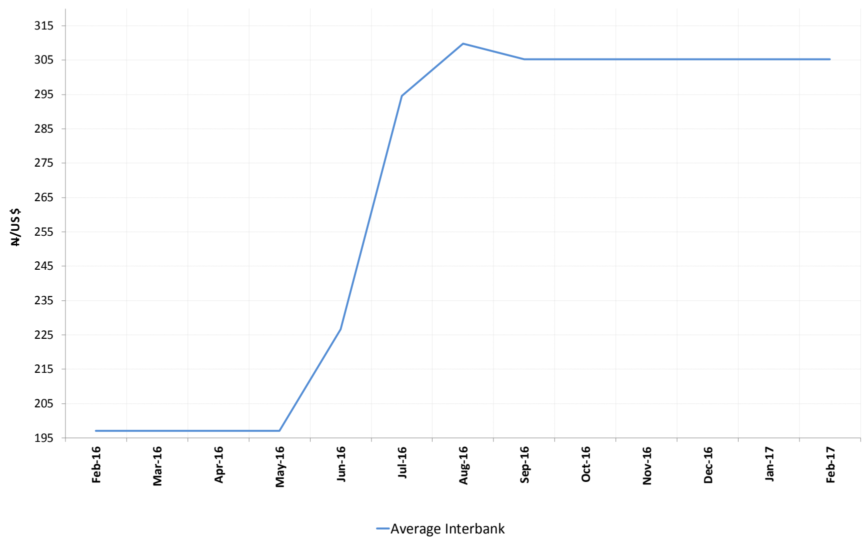


Table 16: Exchange Rate Movements

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Average Exchange Rate (₦/$)													
Interbank	196.99	197.00	197.00	197.00	226.65	294.57	309.73	305.20	305.21	305.18	305.22	305.20	305.30

5.5 Gross External Reserves

Gross external reserves rose in February 2017.

Following increase in both domestic oil production and global crude oil prices, inflow of FGN Eurobond proceeds and notional changes in the value of third currencies, the unadjusted stock of foreign exchange reserves rose from US$28.73 billion at end-January 2017 to US$29.98 billion at end-February 2017. A breakdown of the official external reserves showed that Federation reserves was US$2.83 billion (9.4 per cent of the total), Federal Government reserves, US$8.18 billion (27.3 per cent of the total), and the CBN reserves, US$18.97 billion (63.3 per cent of the total), (Fig. 19, Table 18).

Figure 18: Gross Official External Reserves

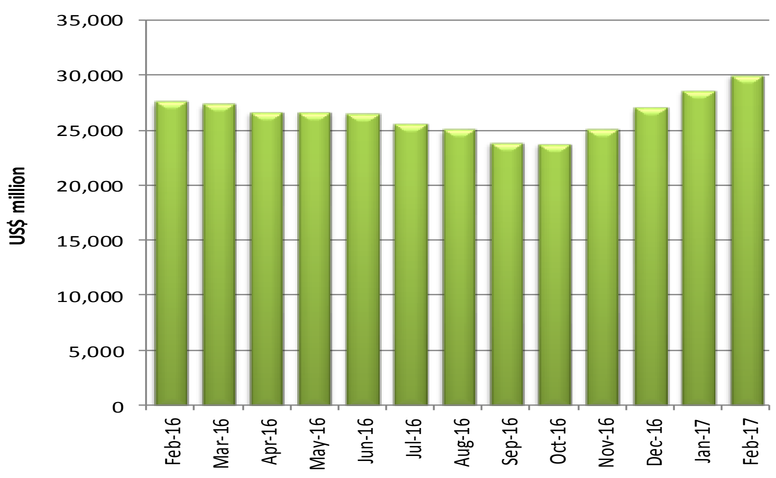


Table 17: Gross Official External Reserves (US$ million)

Period	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
External Reserves	26,505.50	25,581.58	25,031.93	23,806.51	23,689.87	25,039.81	26,986.22	28,579.81	29,975.38

6.0 Other International Economic Developments and Meetings

World crude oil output and demand in February 2017 was estimated at an average of 95.88 and 95.04 million barrels per day (mbd), compared with 95.82 and 94.80 mbd supplied and demanded, respectively, in January 2017. The development was attributed to increased demand for jet fuel/kerosene and LPG consumption for heating purposes as a result of colder-than-usual winter weather.

Other major international economic developments and meetings of importance to the domestic economy during the review period included: The 34th Meeting of the Committee of Governors of the Central Banks of the West African Monetary Zone (WAMZ) held in Freetown, Sierra Leone, on February 9, 2017. At the end of the meeting, the COG:

- Adopted the report on macroeconomic developments and convergence in the WAMZ as at the end of June 2016;
- Directed the West African Monetary Institute (WAMI) to undertake a study on the implications of fragility of member states' economies on the convergence process;
- Endorsed the transformation of WAMI into a Commission and approved the roadmap for the establishment of the proposed Commission; and
- Considered the progress report on capital market integration in West Africa and urged member states to redouble efforts at addressing constraints in the WAMZ processes.

The 32nd Board of Governors Meeting of the West African Institute for Financial and Economic Management (WAIFEM) was held on February 9, 2017 in Freetown, Sierra Leone. The Meeting was preceded by the 35th meeting of the Technical Committee held on February 5, 2017. At the end of the meeting, the Board of Governors, among others:

- Considered the progress report by the Director General;
- Noted the Report on studies conducted by the Research Unit; and
- Noted the Status Report on WAIFEM as an ECOWAS Training Institute.

The 49th Ordinary Meeting of the Committee of Governors of Central Banks of ECOWAS member states was also held in Freetown, Sierra Leone on February 9, 2017. The meeting was preceded by the 30th Meeting of the Technical Committee held from February 3 - 4, 2017. After deliberations, the COG encouraged Liberia to fast-track the process for de-dollarisation of its economy and urged members to:

- Show more commitment to the monetary integration agenda by ensuring compliance with the convergence criteria on a sustainable basis;
- Intensify effort at diversifying their economies, strengthening growth prospects and boosting exports; and
- Take measures to contain budget deficit, halt the rapid growth in public debt and improve the impact of government expenditure.

The COG also directed WAMA to conduct studies on "Relationship between GDP, Growth in Money Supply and Inflation in ECOWAS Member Countries" and "Sufficiency of the Convergence Criteria as Basis for Monetary Integration in ECOWAS".

Similarly, the 37th Meeting of the Convergence Council of Ministers and Governors of the Central Banks of the West African Monetary Zone (WAMZ) was held in Freetown, Sierra Leone on February 10, 2017. The Council considered the status of implementation of the WAMZ Work Programme and approved the recommendations by the Committee of Governors.

In a separate development, the African Development Bank disbursed equity investment to the tune of US$8.2 million to Shelter Afrique, a Development Finance Institution investing in affordable housing for Africa on February 1, 2017. The institution is owned by 44 African countries, the African Development Bank and African Reinsurance Corporation. Furthermore, the Bank also announced on February 14, 2017 that it was arranging for US$20 million loan for the company to consolidate the position of the housing specialist for 2017 and beyond.

Finally, the 2017 G-24 Technical Group Meeting (TGM) was held from February 27 - 28, 2017 in Addis-Ababa, Ethiopia. Deliberations at the meeting focused on investing in infrastructure, managing structural transformation, mobilising domestic resources for development and international tax cooperation. At the end of deliberations, the meeting concluded that:

- Budget appropriations for infrastructure development were grossly inadequate. It, therefore, recommended other options in the domestic front, including the huge idle and long-term funds locked up in pension and insurance funds, mobilistaion of long-term fund through the capital market and the potentials for private sector participation through the Public-Private-Partnership option;
- There were broad lessons for industrial policy-makers, in their bid to transform industrial policies, including the need for productive capacity-building and acquaintance with a range of industrial policy experiences; and
- Domestic revenue mobilisation efforts should take a broader and longer-term perspective, targeted at creating an environment conducive to sustainable revenue mobilisation as part of a legitimate social contract between the government and the citizens.

APPENDIX TABLES

Table A1: Money and Credit Aggregates (N billion)

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Domestic Credit (Net)	26,774.7	26,848.3	27,153.9	26,627.3	26,771.1
Claims on Federal Govern	3,705.1	302.9	4,807.0	4,284.3	4,408.7
Central Bank (Net)	(994.2)	(705.3)	40.6	(729.0)	(843.0)
Commercial Banks	4,511.1	4,324.7	4,563.3	4,834.8	5,088.6
Merchant Bank	187.1	182.4	203.1	178.5	163.1
Non Interest Banks	1.1	1.1	-	-	-
Claims on Private Sector	23,069.6	23,045.4	22,346.9	22,343.0	22,362.4
Central Bank	6,287.2	6,261.8	5,663.0	5,804.2	5,796.5
Commercial Banks	16,616.5	16,604.5	16,500.2	16,352.0	16,376.6
Merchant Bank	130.5	142.0	145.2	147.9	150.8
Non Interest Banks	35.5	37.1	38.6	39.0	38.5
Claims on Other Pri	21,829.8	21,968.6	21,575.8	21,474.5	21,080.8
Central Bank	5,734.2	5,884.9	5,581.0	5,634.6	5,209.3
Commercial Bar	15,931.2	15,906.3	15,818.3	15,660.5	15,689.6
Merchant Bank	128.9	140.4	138.9	141.5	144.4
Non Interest Ba	35.5	37.1	37.5	37.9	37.5
Claims on State and	666.9	699.8	689.2	698.9	694.5
Central Bank	-	-	-	-	-
Commercial Bar	685.3	698.2	681.8	691.5	687.0
Merchant Bank	1.6	1.6	6.3	6.4	6.4
Non Interest Banks			1.1	1.0	1.0
Claims on Non-fina	553.0	377.0	81.9	169.6	587.1
Foreign Assets (Net)	7,621.2	7,996.9	8,891.1	9,625.4	8,546.7
Central Bank	7,348.3	7,754.5	8,532.1	9,459.0	
Commercial Banks	257.5	233.1	346.2	161.0	147.9
Merchant Bank	14.4	8.1	11.7	4.4	2.2
Non Interest Banks	1.1	1.3	1.1	1.0	1.4
Other Assets (Net)	(12,120.4)	(12,462.3)	(12,319.8)	(12,871.8)	(12,952.1)
Total Monetary Assets (I	22,275.5	22,382.9	23,725.1	23,380.9	22,365.6
Quasi-Money 1/	12,251.9	11,953.4	12,320.2	12,113.2	12,153.0
Money Supply (M1)	10,023.6	10,429.5	11,404.9	11,267.7	10,212.6
Currency Outside Banks	1,521.8	1,587.1	1,820.4	1,631.0	1,612.1
Demand Deposits 2/	8,501.8	8,842.5	9,584.5	9,636.7	8,600.6
Total Monetary Liabilitie	22,275.5	22,382.9	23,725.1	23,238.6	22,365.6
Memorandum Items:					
Reserve Money (RM)	6,580.6	6,946.6	5,830.2	5,633.1	5,542.2
Currency in Circulation (C	1,825.7	1,907.9	2,179.2	1,994.6	1,878.9
DMBs Demand Deposit w	4,754.9	5,038.7	3,651.1	3,638.5	3,563.3

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-16	Nov-16	Dec-16	Jan-17	Feb-17
	Growth Over Preceding December (%)				
Domestic Credit (Net)	23.9	24.2	25.6	-2.0	-1.4
Claims on Federal Government (Net)	28.1	31.4	66.2	-10.9	-8.3
Claims on Private Sector	23.2	23.1	19.4	-0.02	0.07
Claims on Other Private Sector	20.5	21.3	19.1	-0.5	-2.3
Claims on State and Local Government	17.7	19.9	17.9	1.4	0.8
Claims on Non-financial Public Enterprises					
Foreign Assets (Net)	34.8	41.5	57.3	8.3	-3.9
Other Assets (Net)	-67.5	-72.2	-74.5	-4.5	5.13
Total Monetary Assets (M2)	**11.2**	**11.8**	**16.9**	**-1.5**	**-5.7**
Quasi-Money 1/	6.9	4.3	7.5	-1.7	-1.4
Money Supply (M1)	16.9	21.7	29.5	-1.2	-10.5
Currency Outside Banks	4.5	9.0	25.0	-10.4	-11.4
Demand Deposits 2/	19.5	24.3	30.4	0.5	-10.27
Total Monetary Liabilities (M2)	**11.2**	**11.8**	**16.9**	**-1.5**	**-5.7**
Memorandum Items:					
Reserve Money (RM)	13.2	19.5	0.3	-3.4	-4.9
Currency in Circulation (CIC)	-1.7	2.7	17.3	-8.5	-9.2
DMBs Demand Deposit with CBN	20.2	27.4	-7.7	-0.3	-2.40
	Growth Over Preceding Month (%)				
Domestic Credit (Net)	1.8	0.3	1.7	-2.0	0.5
Claims on Federal Government (Net)	1.2	2.6	26.4	10.9	2.9
Claims on Private Sector	1.9	-0.1	2.4	0.0	0.09
Claims on Other Private Sector	1.0	0.6	-1.1	-0.5	-1.8
Claims on State and Local Government	0.1	1.9	-1.7	1.4	-0.6
Claims on Non-financial Public Enterprises					
Foreign Assets (Net)	6.9	1.6	11.2	8.3	-11.2
Central Bank	5.8	5.6	10.0	10.9	-11.3
Banks	128.8	-119.8	48.1	-53.7	-9.0
Other Assets (Net)	2.1	0.02	-2.6	-3.1	-0.6
Total Monetary Assets (M2)	**9.1**	**2.2**	**4.6**	**-0.8**	**-4.3**
Quasi-Money 1/	0.6	-2.7	3.1	-1.7	0.3
Money Supply (M1)	22.8	8.9	6.4	0.2	-9.4
Currency Outside Banks	15.5	7.9	14.7	10.4	-1.2
Demand Deposits 2/	22.4	9.1	4.9	2.3	-10.8
Total Monetary Liabilities (M2)	**9.1**	**2.2**	**4.6**	**-0.8**	**-4.3**
Memorandum Items:					
Reserve Money (RM)	3.1	18.1	8.8	-3.4	-1.6
Currency in Circulation (CIC)	13.8	6.8	14.2	-8.5	-0.8
DMBs Demand Deposit with CBN	-1.3	23.5	5.8	6.0	-2.1

Table A3: Federal Government Fiscal Operations (N billion)

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Retained Revenue	181.7	199.1	334.8	138.6	249.0	363.1	354.8	282.1	253.3	283.3	440.8	206.6	194.4
Federation Account	137.5	127.2	109.1	101.2	112.8	195.2	129.2	149.3	120.4	96.7	97.9	105.8	133.2
VAT Pool Account	10.0	9.3	9.2	9.4	9.4	9.7	9.6	10.9	9.3	10.0	10.9	11.4	10.6
FGN Independent Revenue	10.6	36.1	0.6	10.0	48.5	54.1	5.6	14.7	56.8	28.9	33.5	38.6	12.5
Excess Crude	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.0	29.1	50.0	30.2	19.7	9.2
Others /SURE-P/NNPC Refund	23.6	26.5	215.9	18.0	78.2	104.1	210.4	91.1	37.8	97.6	268.3	31.1	28.9
Expenditure	587.9	408.9	703.9	318.3	359.3	517.8	407.9	375.3	413.0	421.5	823.7	552.7	599.3
Recurrent	507.3	357.9	408.9	263.4	263.9	438.7	377.3	342.6	381.7	391.9	382.2	385.3	386.4
Capital	54.9	18.0	240.5	25.6	66.3	49.8	1.3	3.5	2.0	0.4	415.8	139.4	185.2
Transfers	25.7	33.0	54.5	29.3	29.2	29.3	29.3	29.2	29.3	29.3	25.7	28.1	27.7
Overall Balance: Surplus(+)/Deficit(-)	-406.2	-209.8	-369.1	-179.6	-110.4	-154.7	-53.1	-93.2	-159.8	-138.2	-382.8	-346.1	-404.9

1/ Revised