CENTRAL BANK OF NIGERIA

ECONOMIC REPORT
MAY 2010

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1.0 Summary

Growth in key monetary aggregate moderated in May 2010 relative to the level in the preceding month. Broad money (M_2) contracted by 2.0 per cent, relative to the preceding month. The development in M_2 was due wholly to the 5.8 per cent decline in foreign asset (net) of the banking system. Narrow money (M_1), also declined, by 0.5 per cent, from the level in the preceding month. Reserve money (RM), however, increased by 1.2 per cent over the level at the end of April 2010. Relative to the level at end-December 2009, M_2 contracted by 0.2 per cent, owing to the decline in net foreign assets of the banking system.

Available data indicated a general increase in banks' deposit and lending rates. The spread between the weighted average term deposit and maximum lending rates narrowed from 15.77 percentage points in April 2010 to 15.13 percentage points. The margin between the average savings deposit and maximum lending rates, however, widened from 19.54 percentage points in the preceding month to 19.68 percentage points. The weighted average inter-bank call rate rose to 5.97 per cent from 1.27 per cent in the preceding month, reflecting the liquidity condition in the interbank funds market.

The value of money market assets outstanding at end–May 2010 was ₦3, 483.7 billion, representing an increase of 2.6 per cent, compared with the increase of 2.5 per cent at end-April 2010. The development was attributed to the 4.1 and 2.5 per cent increase in FGN Bonds and Bankers Acceptances (BAs), respectively.

Total federally-collected revenue in May 2010 was estimated at ₦605.23 billion, representing a shortfall of 9.8 per cent relative to the proportionate budget estimate, but an increase of 7.6 per cent over the receipts in the preceding Month. At ₦478.36 billion, gross oil receipts, which constituted 79.0 per cent of the total, fell short of the proportionate budget estimate by 1.9 per cent, but was 20.5 per cent above the receipts in the preceding month. The increase in oil receipts relative to the preceding month's level was attributed largely to the rise in receipts from crude-oil and gas export, PPT and Royalties and domestic crude oil and gas sale. Similarly, non-oil receipts, at ₦126.87 billion or 21.0 per cent of the total, was 30.8 and 23.3 per cent lower than *the proportionate budget estimate and the receipts in the preceding month, respectively. The unimpressive performance relative to the preceding month, reflected largely the fall in customs and excise duties, value added tax, independent revenue of the Federal Government and other taxes. Federal Government estimated retained revenue in May 2010 was ₦331.42 billion, while total estimated expenditure was ₦164.90 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated surplus of ₦166.52 billion, in contrast to the budgeted deficit of ₦129.23 billion for the review month.*

The dominant agricultural activities during May 2010 were weeding, staking of yams and harvesting of early crops, particularly maize. Nigeria's crude oil production, including condensates and natural gas liquids in May 2010 was estimated at 2.17 million barrels per day (mbd) or 67.27 million barrels. Crude oil export was estimated at 1.72 mbd or 53.32 million barrels for the month, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or13.95 million barrels. The average price of Nigeria's reference crude, the Bonny Light (37^0 API), estimated at US$78.63 per barrel, declined by 8.1 per cent from the level in the preceding month.

The end-period headline inflation rate (year-on-year), in May 2010, was 11.0 per cent, compared with 12.5 per cent recorded at the end of the preceding month. Inflation rate on a twelve-month moving average basis in May 2010 was 11.6 per cent, compared with 11.8 per cent recorded in the preceding month.

Foreign exchange inflow and outflow through the CBN in May 2010 were US$2.38 billion and US$3.84 billion, respectively, and resulted in a net outflow of US$1.46 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US$2.98 billion, indicating an increase of 38.6 per cent over the level in the preceding month, but declined by 4.2 per cent from the level in the corresponding period of 2009.

The average Naira exchange rate vis-à-vis the US dollar, depreciated by 0.3 per cent to ₦150.31 per dollar at the WDAS. In the bureaux-de-change segment of the market, the naira also depreciated, by 0.8 per cent, to ₦153.26 per dolla and at the interbank segment, it depreciated from ₦150.38 per US dollar in April 2010 to ₦151.48 per dollar.

Non-oil export earnings by Nigerian exporters declined by 30.7 per cent from the level in the preceding month to US$81.4 million. The development was attributed largely to the fall in the prices of all the commodities traded at the international commodities market during the period.

World crude oil output in May 2010 was estimated at 86.02 million barrels per day (mbd), while demand was estimated at 84.08 mbd, representing an excess supply of 1.94 mbd, compared with 85.92 and 85.08 mbd supplied and demanded, respectively, in the preceding month. The development was attributed to the high oil inventories in the US and the concerns about the sovereign debt crisis in Greece.

Other major international economic developments and meetings of relevance to the domestic economy during the review month included: an updated 2010 World Economic Situation and Prospects released by the UN Department for Economic and Social Affairs (DESA) at the United Nations Headquarters in New York, USA on May 26, 2010. The Report revealed, among other things, that world gross product had started to grow again, though slowly, in the early months of 2010 after contracting by 2.0 per cent in 2009 amid the most severe international recession since World War II.

In a related development, the Economic Report for Africa (ERA) report, published annually by the United Nations Economic Commission for Africa (UNECA) and the African Union Commission, was launched on May 18, 2010 at the UNECA office in Addis Ababa, Ethiopia. The ERA 2010 Report focused on how African countries can use the lessons provided by the recent global economic crisis to pursue policies that would help them not only to recover from the crisis, but also, to lay a foundation for sustainable high growth that would generate high-paying employment for Africans as a way of reducing poverty.

Also, the 20th World Economic Forum on Africa 2010 was held in Dar es Salaam, Tanzania from May 5-7, 2010 on the theme 'Rethinking Africa's Growth Strategy'. Thirteen (13) African Heads of State and Government together with more than 1,000 participants from 85 countries participated in the Forum. The Forum concluded with a call to end the continent's marginalization.

Finally, the 45th Annual Meeting of the African Development Bank (AfDB) and the 36th Meeting of the African Development Fund (ADF) were held in Abidjan, Cote d'Ivoire from May 27–28, 2010. The Governors' sessions were preceded by deliberations of the Coalition for Development on Africa (CoDA), a joint venture of the AfDB, the African Union (AU) Commission and the Economic Commission for Africa, and a successor forum to the Global Coalition for Africa, the OECD 'Big Table' and the African Development Forum. The Meetings also involved high-level and thematic seminars on the theme "Africa on the Rebound: Towards Balanced and Clean Growth" as well as the dissemination of the 2010 African Economic Outlook, and the launch of "Making Finance Work for Africa" website.

2.0 Financial Sector Developments

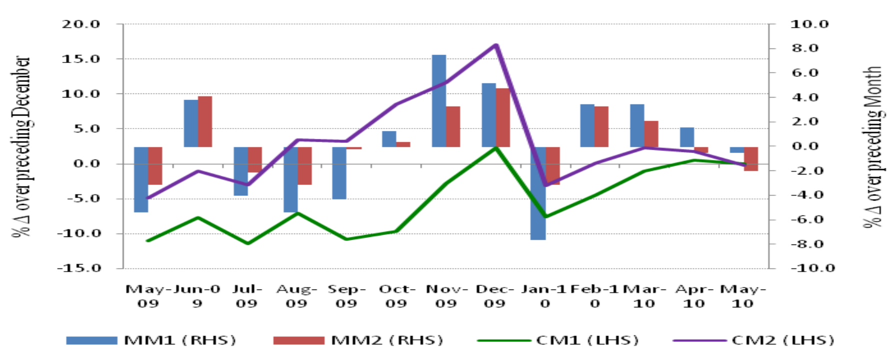
2.1 Monetary and Credit Developments

Growth in key monetary aggregate contracted, while banks' deposit and lending rates generally increased in May 2010. The value of money market assets increased, following largely the rise in FGN Bonds and Bankers Acceptances (BAs). Transactions on the Nigerian Stock Exchange (NSE) were bearish as all the major market indicators trended downward during the review month.

Provisional data indicated that growth in the major monetary aggregate moderated in May 2010 relative to the level in the preceding month. Broad money supply, (M_2), fell by 2.0 per cent to ₦10,746.1 billion, compared with the decline of 0.5 per cent in April 2010. The development was accounted for, largely, by the 5.8 per cent decline in foreign asset (net) of the banking system. Similarly, narrow money supply (M_1), at ₦5,006.0 billion fell by 0.5 per cent from the level at the end of the preceding month. Quasi-money also declined, by 3.2 per cent. Relative to the level at end-December 2009, the growth in M_2 contracted by 0.2 per cent, owing to the decline in net foreign assets of the banking system (Fig. 1, Table 1).

Growth in key monetary aggregates contracted in May 2010

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



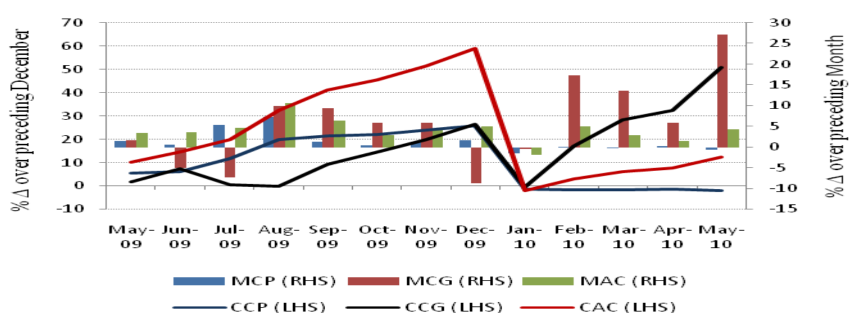
[1] MM1 and MM2 represent month-on-month changes, while CM1 and CM2 represent cumulative changes (year-to-date).

At ₦8,882.6 billion, aggregate banking system credit (net) to the domestic economy rose by 4.3 per cent at the end of the month under review, compared with the increase of 1.5 per cent in the preceding month. The development reflected largely the rise in claims on the Federal Government. Relative to the level at end-December 2009, domestic credit (net) increased significantly by 12.4 per cent.

Banking system's credit (net) to the Federal Government at the end of the review month increased by 27.1 per cent to negative ₦1,131.1 billion, compared with 5.9 per cent in the preceding month. The development reflected the increase in banking system's holding of Federal Government securities, reinforced by the decline in Federal Government deposits with the CBN. The Federal Government, however, remained a net lender to the banking system during the review month.

Banking system's credit to the private sector fell marginally by 0.5 per cent to ₦10,013.7 billion, as against the increase of 0.3 per cent at end-April 2010. The fall reflected the decline in both CBN and the DMBs' claims on the sector (Fig. 2, Table 1). Over the level at end-December 2009, credit to the private sector fell by 1.9 per cent.

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



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

At ₦6,601.4 billion, foreign assets (net) of the banking system fell by 5.8 per cent, compared with the decline of 3.3 per cent in April 2010. The development was attributed to the 6.2 and 3.8 per cent fall in the CBN and DMBs' holdings of foreign assets. Over the level at end-December 2009, foreign assets (net) of the banking system fell by 13.1 per cent.

Foreign assets (net) of the banking system fell during the month under review.

Quasi-money fell, by 3.2 per cent, to ₦5,741.0 billion, compared with the decline of 2.1 per cent at the end of April 2010. The development was attributed to the fall in all the components namely, time, savings and foreign currency deposits of the DMBs. Over the level at end-December 2009, quasi-money also fell, by 0.4 per cent.

Similarly, other assets (net) of the banking system fell, by 3.8 per cent, to ₦4,738.0 billion, in contrast to the increase of 1.4 per cent in the preceding month. The fall reflected largely the decline in unclassified assets of both the CBN and the DMBs during the review month. Relative to the level at end-December 2009, other assets (net) of the banking system fell by 7.9 per cent.

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

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Domestic Credit (Net)	-2.7	5.4	-1.9	5.1	3	1.5	4.3
Claims on Federal Government (Net)	9.6	-7.7	0.5	-17.5	13.6	5.9	27.1
Claims on Private Sector	2.1	2.2	-1.3	-0.1	-0.2	0.3	-0.5
Claims on Other Private Sector	1.3	2.2	-1.4	-0.1	-0.4	0.2	-0.4
Foreign Assets (Net)	-5.2	1.6	-2.3	-1.6	-0.7	-3.3	-5.8
Other Assets (Net)	9.4	-0.1	0.2	-1.5	0.8	1.4	-3.8
Broad Money Supply (M2)	-1.8	4.8	-3.1	3.3	2.1	-0.5	-2
Quasi-Money	0.5	4.5	0.7	3.2	1.1	-2.1	-3.2
Narrow Money Supply (M1)	-3.9	5.2	-7.6	3.5	3.5	1.6	-0.5
Memorandum Items:							

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

At ₦1,056.7 billion, currency in circulation declined by 1.5 per cent at end-May 2010 from the level in April 2010. The fall was traceable wholly to the 1.7 per cent decline in currency outside banks during the month.

Total deposits at the CBN amounted to ₦4,089.2 billion, indicating a decline of 8.3 per cent from the level at the end of the preceding month. The development reflected largely the 10.6 and 5.9 per cent decline in Federal Government and others' deposits. Of this total, the shares of the Federal Government, banks and "others" were ₦3,170.4 billion (77.5%), ₦478.0 billion (11.7%)and ₦440.8 billion (10.8%), respectively.

Reserve money (RM) rose during the month under review

Thus, mirroring the trends in DMBs' deposits with the CBN, the CBN operating target, the reserve money (RM), increased from ₦1,516.5 billion at the end of the preceding month to ₦1,534.8 billion in May 2010.

2.3 Money Market Developments

Tight liquidity condition in the financial market led to higher rates at the inter-bank market in May 2010.

The money market was characterised by tight liquidity condition which led to higher rates at the inter-bank market. The development reflected largely the delay in the release of statutory revenue funds to the three tiers of government during the month. Consequently, the number of direct OMO auctions held declined when compared with the number in the preceding month. Patronage was relatively high at the Nigerian Treasury Bills and FGN Bonds segments of the primary market. Public subscriptions consistently outstripped the amount on offer and thus, the issue rates were much higher than in the preceding month. There were requests for the Bank's standing lending facility, following the tight liquidity condition. There was, however, no transaction at both the two-way quote and repurchase segments. The request for the standing deposit facility was, therefore; significantly lower than in the preceding month.

Provisional data indicated that the value of money market assets outstanding at end–May 2010 was ₦3, 483.7 billion, representing an increase of 2.6 per cent, compared with the increase of 2.5 per cent at end-April 2010. The development was attributed to the 4.1 and 2.5 per cent increase in FGN Bonds and Bankers Acceptances (BAs), respectively.

2.3.1 Interest Rate Developments

Available data indicated a general increase in banks' deposit and lending rates in May 2010. The average savings deposit rate increased by 0.1 percentage point to 3.2 per cent. All rates on deposits of various maturities increased from a range of 1.27 – 8.02 per cent in the preceding month to 3.20-8.65. Similarly, at 7.75 per cent, the average term deposit rate increased by 0.8 percentage points over the level in the preceding month. The average prime and maximum lending rates also increased by 8 and 24 basis points to 18.11 and 22.88 per cent, respectively. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed from 15.77 percentage points in April 2010 to 15.13 percentage points. The margin between the average savings deposit and maximum lending rates, however, widened marginally from 19.54 percentage points in the preceding month to 19.68 percentage points. With headline inflation rate at 11.0 per cent at end-May, all deposit rates, were negative in real terms.

There was a general increase in deposit and lending rates in May 2010.

With deposit rates falling faster than lending rates, the spread between deposit and maximum lending rates widened, while in real terms all deposit rates turned negative.

At the interbank call segment, the weighted average rate, which stood at 1.27 per cent in April 2010, rose to 5.97 per cent, reflecting the liquidity condition in the interbank funds market. Similarly, the weighted average rate at the Open Buy Back (OBB) rose from 1.11 per cent in April 2010 to 4.92 per cent at the end of May 2010. In tandem with activities at the interbank market, the Nigeria Interbank Offered Rate (NIBOR) for the 7- and 30-day tenors increased to 6.43 and 8.24 per cent from 2.46 and 5.13 per cent, respectively, in the preceding month (Fig. 3, Table 2).

All interbank money market rates trended upward in May 2010.

Figure 3: Selected DMBs Interest Rates (Average)

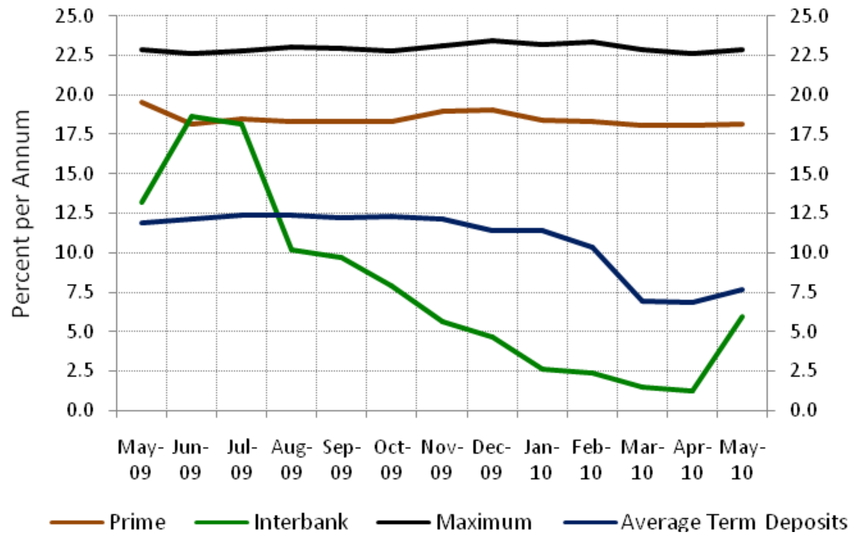


Table 2: Selected Interest Rates (Percent, Averages)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Average Term Deposits	11.7	11.4	11.4	10.3	6.9	6.9	7.8
Prime Lending	19.3	19.0	18.4	18.3	18.1	18.0	18.1
Interbank	12.5	4.7	2.6	2.4	1.5	1.3	6.0
Maximum Lending	23.2	23.5	23.2	23.3	22.9	22.8	22.9

2.3.2 Commercial Papers (CPs)

DMBs holdings of CPs fell during the month under review

The value of Commercial Papers (CPs) held by DMBs fell by 1.7 per cent to ₦356.9 billion at end-May, compared with a decline of 0.6 per cent at end-April 2010. Thus, CPs constituted 10.2 per cent of the total value of money market assets outstanding as at end-May 2010, compared with 10.7 per cent at the end of the preceding month.

2.3.3 Bankers' Acceptances (BAs)

DMBs' holdings of BAs rose marginally in May 2010.

The value of BAs holding by DMBs increased by 2.5 per cent to ₦44.6 billion at end-May 2010, compared with an increase of 12.2 per cent in the preceding month. The rise in BAs reflected the increase in investments by deposit money banks and discount houses. Consequently, BAs accounted for 1.3 per cent of the total value of money market assets outstanding at the end of May 2010, same as in the preceding month.

2.3.4 Open Market Operations

At the open market operations segment, Nigerian Treasury Bills (NTBs) of 84- and 175-day maturities valued at ₦40.00 billion were offered at the only auction held in the first week of the review month, compared with ₦150.0 billion offered in three auctions in the preceding month. Total public subscription was ₦116.90 billion, while ₦40.0 billion was allotted and sold. The bid and stop rates ranged from 1.600 per cent to 5.011 per cent and 1.800 per cent to 3.042 per cent for the 84- and 175-day maturities, respectively. There was, however, no purchase or sale of NTBs at the two-way quote platform and repurchase segments as the rates quoted by counterparties were speculative. Furthermore, no OMO bills matured for repayment during the review period. The low level of sales at the open market was attributed to the tight liquidity condition in the market.

2.3.5 Primary Market

At the primary market segment, Nigerian Treasury Bills of 91-, 182- and 364-day tenors amounting to ₦100.22 billion were offered and allotted in May 2010. Total public subscription was ₦234.22 billion which exceeded the amount offered and allotted by 133.7 per cent. The bid rates ranged from 1.000 to 5.000 per cent for the 91-day, 2.100 to 6.000 per cent for the 182-day and 3.183 to 4.450 per cent for the 364-day tenor. The marginal rates for the tenors increased considerably, as NTBs were sold at rates considered to be in line with the prevailing market conditions. Patronage at the primary market remained impressive as market players sought to shore up their holdings of tradable government securities. Overall, matured NTBs worth ₦100.22 billion was repaid during the review month.

The marginal rates for the Nigerian Treasury Bills of 91-, 182- and 364-day tenors increased considerably as NTBs were sold at rates considered to be in line with the prevailing market conditions.

2.3.6 Bonds Market

In a related development, Federal Government of Nigeria (FGN) Bonds of 3-, 5- and 20- year tranches, amounting to ₦80.00 billion were re-opened and auctioned in line with the debt management programme. The bid rates ranged from 2.75 to 8.25 per cent, 3.00 to 10.00 per cent and 6.20 to 13.75 per cent

The marginal rates for various tenors of FGN bonds were higher than in the preceding month owing to the expectations of higher inflation and interest rates.

for the 3-, 5- and 20-year tranches, respectively. Allotments were ₦25.0 billion at 8.25 per cent, ₦25.0 billion at 9.0 per cent and ₦30.00 billion at 10.0 per cent for the 3-, 5– and 20-year FGN Bonds, respectively. In the preceding month, FGN Bonds worth ₦80.00 billion was offered, while allotment was ₦140.00 billion. The extra ₦60.00 billion was for non-competitive bidders. The marginal rate for each of the tenors was higher than in the preceding month owing to the expectations of higher inflation and interest rates.

2.3.7 CBN Standing Facilities

The total standing deposit facility requested by DMBs and discount houses was ₦1,776.2 billion, compared with ₦6,772.9 billion in the preceding month. Following the tight liquidity condition in the market, request for the standing lending facility resumed after the last request in January 2010. A total request of ₦271.4 billion was granted in May 2010 under the standing lending facility.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets/liabilities of the Deposit Money Banks (DMBs) amounted to ₦17,613.2 billion, indicating a decline of 1.3 per cent from the level at end-April 2010. Funds, sourced mainly from the disposal of unclassified assets, claims on other financial institutions, foreign assets and Federal Government deposits, were used largely in the purchase of Federal Government securities.

At ₦11,564.5 billion, DMBs' credit to the domestic economy fell by 3.1 per cent from the level in the preceding month. The breakdown showed that credit to government rose by 2.2 per cent, while credit to the core private sector declined by 0.4 per cent from the level in April 2010.

DMBs' Credit to government rose by 2.2 per cent, while credit to the core private sector declined by 0.4 per cent from the level in April 2010.

Central Bank's credit to the DMBs rose by 0.9 per cent to ₦409.3 billion in May 2010, reflecting largely the increase in both CBN's loans and advances and overdrafts to banks during the review month.

Total specified liquid assets of the DMBs was ₦3,141.9 billion, representing 30.4 per cent of their total current liabilities. This level of liquid assets was 0.1 and 5.4 percentage points above the preceding month's level and the stipulated minimum ratio of 25.0 per cent for fiscal 2010, respectively. The loan-to-deposit ratio was 79.9 per cent which was less than the stipulated maximum target of 80.0 per cent by 0.1 percentage point.

2.5 Discount Houses' Activities

Total assets/liabilities of the discount houses stood at ₦378.2 billion at end-May 2010, indicating an increase of 1.8 per cent over the level at the end of April 2010. The increase in assets was accounted for largely by the 6.3 and 5.1 per cent rise in claims on Federal Government and on "others", respectively. Correspondingly, the rise in total liabilities was attributed largely to the increase in the level of "other liabilities" by 22.0 per cent during the period.

Discount houses' investment in Federal Government securities of less than 91-day maturity fell to ₦30.6 billion and accounted for 10.3 per cent of their total deposit liabilities. At this level, discount houses' investment declined by 5.3 per cent from the level at the end of the preceding month. It was also 49.7 percentage points below the prescribed minimum level of 60.0 cent for fiscal 2010. Total borrowing by the discount houses was ₦28.6 billion, while their capital and reserves amounted to ₦43.7 billion. This resulted in a gearing ratio of 2.0:1, compared with the stipulated maximum target of 50:1 for fiscal 2010.

2.6 Capital Market Developments

Activities on the NSE in May 2010 were bearish, as all the major indicators trended downwards.

2.6.1 Secondary Market

Available data indicated that activities on the Nigerian Stock Exchange (NSE) in May 2010 were bearish as all the major market indicators trended downwards. The volume and value of traded securities declined by 35.0

and 30.0 per cent to 8.3 billion shares and ₦72.2 billion, respectively, compared with 12.6 billion shares and ₦108.3 billion in the preceding month. The Banking sub-sector was the most active on the Exchange with a traded volume of 3.9 billion shares valued at ₦36.3 billion in 66,231 deals. This was followed by the Insurance sub-sector with a traded volume of 1.6 billion shares valued at ₦2.0 billion in 8,995 deals.

Figure 4: Volume and Value of Traded Securities

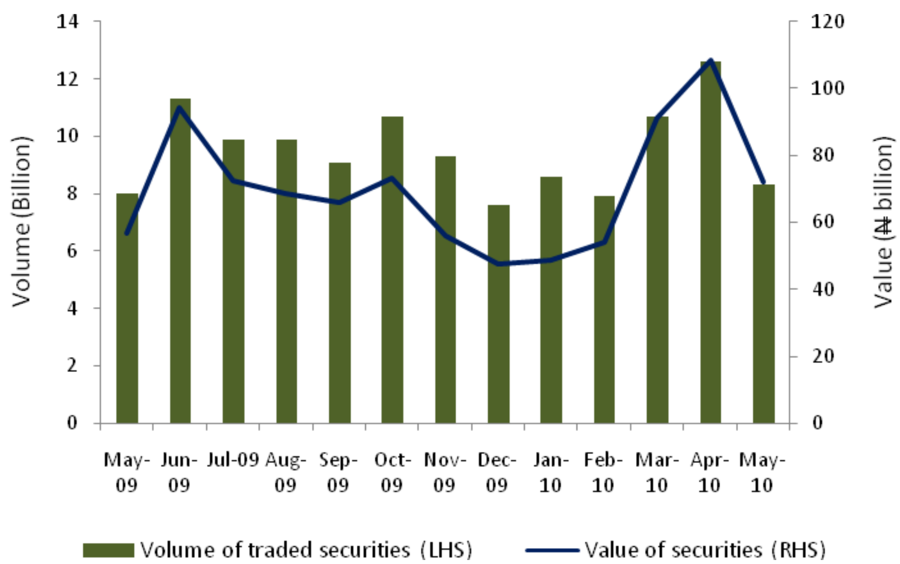


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Volume (Billion)	8.0	7.6	8.6	7.9	10.7	12.6	8.3
Value (₦ Billion)	42.4	47.6	47.6	54.1	91.0	108.3	72.2

Transactions on the OTC Bonds market slowed, while the most active bond in the market during the period under review was the 5th FGN Bond 2018 Series 2.

2.6.2 Over-the-Counter (OTC) Bonds Market

Transactions on the Over-the-Counter (OTC) Bonds market indicated a turnover of 782.5 million units worth ₦937.7 billion in 7,039 deals in the review month, compared with 1.4 billion units valued at ₦1.7 trillion in 14,166 deals in April 2010. The most active bond, by turnover volume, was the 5th FGN Bond 2018 series 2 with a traded volume of 39.1 million units valued at ₦52.8 billion in 357 deals. This was followed by the 6th FGN Bond 2012 series 2 with traded volume of 26.3 million units valued at ₦29.7 billion in 205 deals.

2.6.3 New Issues Market

There were eight (8) supplementary listings in May 2010, compared with five (5) in April. Also, fourteen (14) equities were adjusted for dividend, compared with eleven (11) in the preceding month.

2.6.4 *Market Capitalization*

The total market capitalization of the 262 listed securities declined by 0.4 per cent to ₦8.43 trillion. The 214 listed equities accounted for ₦6.4 trillion (75.6 per cent of the total market capitalization), down by 0.6 per cent from the level in the preceding month. The development was attributed to the fall in the prices of equities during the greater part of the month as the rise in equity prices in the first week of the month could not be sustained. However, ten subsectors recorded an increase in market capitalization of between 0.45 and 14.8 per cent, while twenty-one subsectors suffered a reduction in market capitalization of between 0.13 and 31.1 per cent. Four subsectors did not record any change in market capitalization. In the preceding month, eighteen subsectors recorded increased market capitalization of between 0.6 and 44.8 per cent while twelve subsectors suffered a reduction in market capitalization of between 0.3 and 11.1 per cent.

Both total market capitalisation and ASI declined in May 2010

Overall, the market recorded growth rates of 18.8 and 25.6 per cent in total market capitalization and equity market capitalization, respectively, in the first five months of the year.

2.6.5 *NSE All-Share Index*

The All-Share Index declined by 1.0 per cent to close at 26,183.21 (1984 = 100) in May 2010. However, two of the four sectoral indices appreciated during the review month. The NSE Food/Beverage and Oil/Gas Indices rose by 6.4 and 3.54 per cent to close at 861.37 and 417.8, respectively. The development was attributed largely to the price gains recorded by the highly capitalized companies on the Exchange. However, the NSE Banking and Insurance Indices dropped by 3.5 and 3.6 per cent to close at 403.8 and 197.5, respectively.

Figure 5: Market Capitalization and All-Share Index

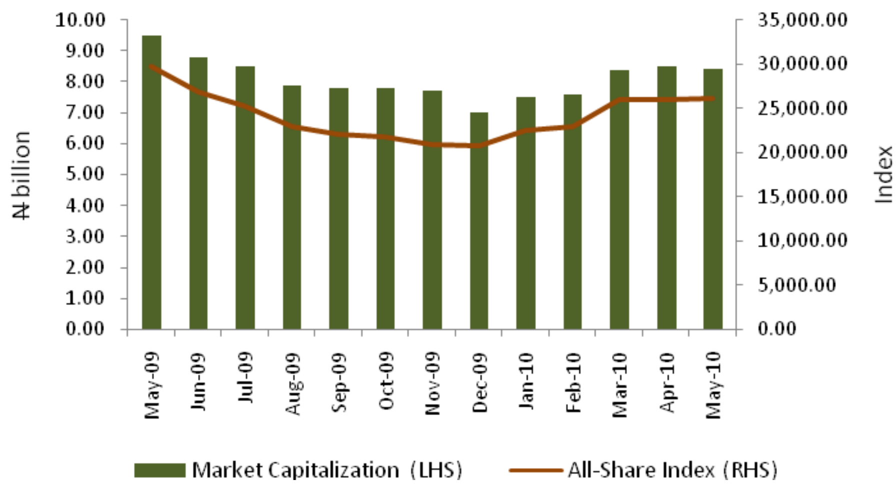


Table 4: Market Capitalization and All Share Index (NSE)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Market Capitalization (₦ trillio	9.5	7.0	7.5	7.6	8.4	8.5	8.4
All-Share Index	29700.2	20827.2	22594.9	22985.0	25966.3	26453.2	26183.2

3.0 Fiscal Operations

3.1 Federation Account Operations

Total federally collected revenue was below 2010 proportionate monthly budget .estimate

Available data showed that total federally-collected revenue in May 2010 was estimated at ₦605.23 billion, showing a shortfall of 9.8 per cent relative to the proportionate monthly budget estimate, but an increase of 7.6 per cent over the receipts in the preceding month (Frig. 6, Table 5)

Figure 6: Components of Gross Federally-Collected Revenue

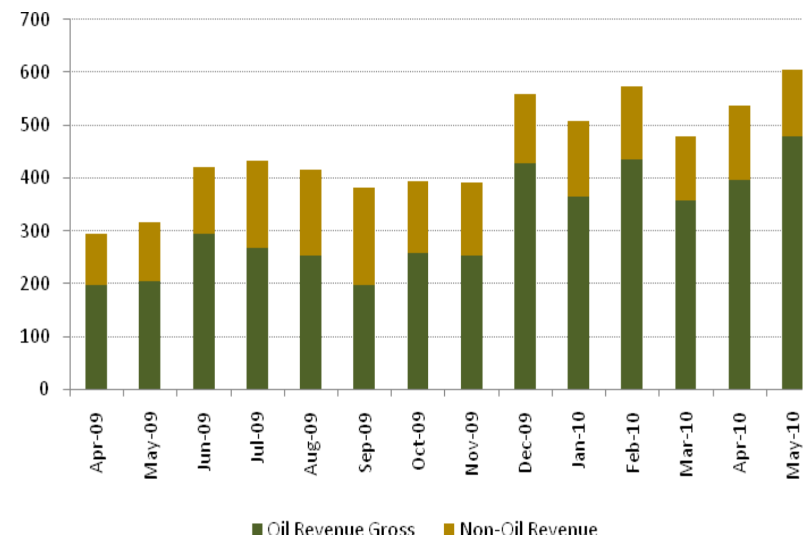


Table 5: Gross Federation Account Revenue (₦ billion)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Federally-collected revenue (Gross)	298.9	572.9	509.1	573.5	479.0	537.7	605.2
Oil Revenue	197.5	426.8	365.5	435.0	356.3	396.9	478.4
Non-Oil Revenue	101.5	146..09	143.6	138.6	122.7	165.5	126.87

At ₦478.36 billion, gross oil receipts, which constituted 79.0 per cent of the total, fell short of the proportionate monthly budget estimate by 1.9 per cent, but was 20.5 per cent above the receipts in the preceding month. The increase in oil receipts relative to the preceding month's level was attributed largely to the rise in receipts from crude-oil and gas export, PPT and Royalties and domestic crude oil and gas sales receipts

Relative to the preceding month's level, oil receipts increased during the month under review (Fig. 7, Table 6).

Figure 7: Gross Oil Revenue and Its Components

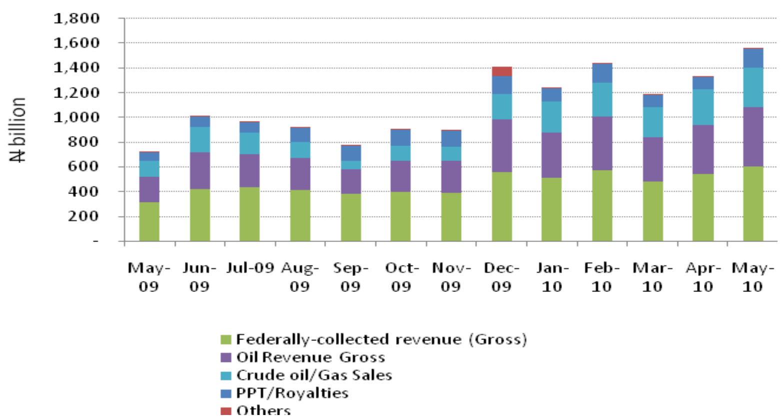


Table 6: Components of Gross Oil Revenue (₦ billion)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Oil Revenue	**197.5**	**426.8**	**365.5**	**35.0**	**356.3**	**396.9**	**478.4**
Crude oil/Gas Sales	*118.9*	*206.8*	*252.8*	*275.9*	*250.2*	*293.8*	*318.1*
PPT/Royalties	*78.2*	*144.9*	*112.3*	*158.2*	*106.0*	*102.8*	*160.0*
Others	*0.3*	*75.2*		*0.4*	*0.9*	*0.1*	*0.3*

The performance of non-oil receipts was unimpressive relative to the preceding month.

Non-oil receipts, at ₦126.87 billion or 21.0 per cent of the total was 30.8 and 23.3 per cent lower than the proportionate monthly budget estimate and the receipts in the preceding month, respectively. The unimpressive performance relative to the preceding month reflected largely the fall in customs and excise duties, value added tax, independent revenue of the Federal Government and other taxes (Fig. 8, Table 7).

Figure 8: Gross Non-Oil Revenue and Its Components

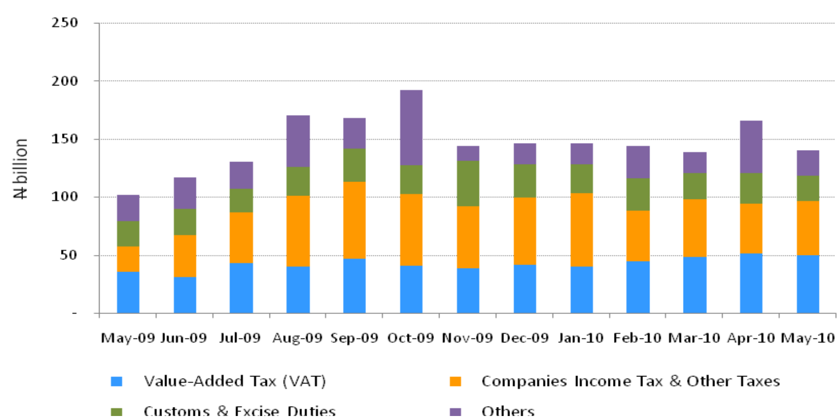


Table 7: Components of Gross Non-Oil Revenue (₦ billion)

	May-09	Dec-09	Jan-10	Feb-10	Mar=10	Apr-10	May-10
Non-Oil Revenue	**101.5**	**146.1**	**143.6**	**138.6**	**122.7**	**140.9**	**126.9**
Value-Added Tax (VAT)	*35.5*	*39.6*	*44.7*	*48.1*	*46.4*	*51.1*	*49.8*
Companies Income Tax & Other Taxes	*22.1*	*63.8*	*43.3*	*49.7*	*39.2*	*42.6*	*46.6*
Customs & Excise Duties	*21.7*	*24.4*	*27.7*	*22.5*	*21.8*	*26.6*	*21.9*
Others	*22.2*	*18.2*	*27.9*	*18.2*	*15.3*	*20.5*	*21.5*

Of the gross federally-collected revenue during the month, the sum of ₦362.49 billion (after accounting for all deductions and transfers) was transferred to the Federation Account for distribution among the three tiers of government and the 13.0 per cent Derivation Fund. The Federal Government received ₦167.73 billion, while the States and Local Governments received ₦85.07 billion and ₦65.59 billion, respectively. The balance of ₦44.10 billion went to the 13.0 per cent derivation fund for distribution by the oil-producing states. Also, the Federal Government received ₦7.16 billion, while the State and Local Governments received ₦23.86 and ₦16.72 billion, respectively, from the VAT Pool Account. Furthermore, the sum of ₦339.63 billion was drawn from the excess crude account and shared among the three tiers of government as revenue augmentation. The Federal Government received ₦155.66 billion, while the state and local governments received ₦78.95 billion and ₦60.87 billion, respectively. The balance of ₦44.15 billion went to the oil producing states as 13.0 per cent derivation fund. Consequently, the total allocation to the three tiers of government in May 2010 amounted to ₦749.88 billion.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦331.42 billion, the estimated Federal Government retained revenue for May 2010, was higher than the proportionate monthly budget estimate and the receipts in the preceding month by 20.2 and 34.6 per cent, respectively. Of this amount, the shares from the Federation Account and the VAT Pool account were ₦167.73 and ₦7.16 billion, respectively, while the

Federal government estimated retained revenue was higher than both the proportionate monthly budget and the receipts in the preceding g month.

balance came from FGN independent revenue, revenue augmentation (excess crude account) and "others" (Fig. 9, Table 8).

Figure9:Federal.Government.Retained.Revenue

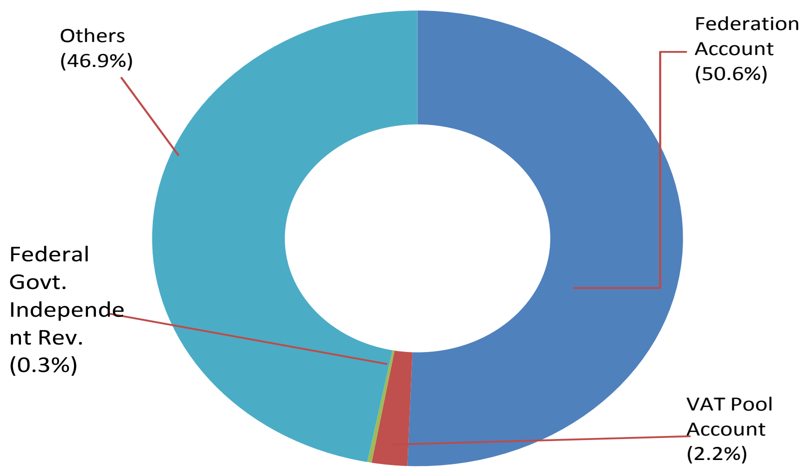


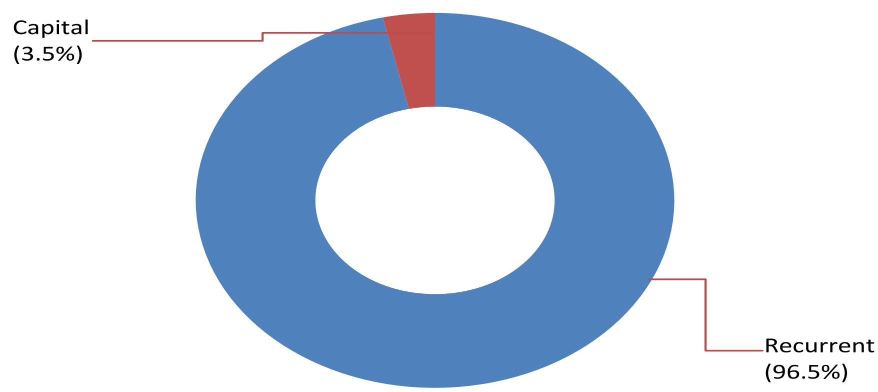
Table 8: Federal Government Fiscal Operations (₦ billion)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Retained Revenue	212.4	185.1	183.4	206.7	209.7	246.3	331.4
Expenditure	233.9	359.0	180.2	385.4	311.8	158.9	164.9
Overall Balance: Surplus(+)/Deficit(-	-21.6	-173.9	3.1	-178.7	-102.0	87.4	166.5

Total estimated expenditure for May 2010 fell short of the proportionate monthly budget by 59.3%, but exceeded the level in the preceding month.

At ₦166.90 billion, total estimated expenditure for May 2010 fell short of the proportionate monthly budget estimate by 59.3 per cent, but higher than the level in the preceding month by 3.8 per cent. The higher total expenditure relative to the preceding month's level was attributed to the increase in both recurrent and capital components. A breakdown of total expenditure showed that the recurrent component accounted for 96.5 per cent, while the capital component accounted for the balance of 3.5 per cent (Fig. 10).

Figure 10: Federal Government Expenditure in May 2010



Thus, the fiscal operations of the Federal Government in May 2010, resulted in a surplus of N166.52 billion, in contrast to the monthly budgeted deficit of N129.23 billion.

The fiscal operations of the FG resulted in an estimated surplus of ₦166.52 in May 2010.

3.2.2 Statutory Allocations to State Governments

During the review month, total receipts by state governments, including the 13.0 per cent Derivation Fund and share of VAT from the Federation Account stood at ₦276.16 billion. This represented an increase of 166.5 and 142.7 per cent over the levels in the preceding month and the corresponding month of 2009, respectively.

The breakdown showed that, at ₦23.88 billion, receipts from the VAT Pool Account declined by 2.7 per cent from the level in the preceding month, while receipts from the Federation Account stood, at ₦252.28 billion, increased by 219.0 and 154.5 per cent over the levels in April 2010 and the corresponding month of 2009, respectively.

3.2.3 Statutory Allocations to Local Government Councils

Total receipts by the Local Governments from the Federation and VAT Pool Accounts during May 2010, stood at ₦143.17 billion. This exceeded the levels in the preceding month and the corresponding period of 2009 by 134.1 and 125.8 per cent, respectively. Of this amount, receipts from the Federation Account was ₦126.46 billion (88.3 per cent of the total), while the VAT Pool Account accounted for ₦16.72 billion or 11.7 per cent of the total.

4.0 Domestic Economic Conditions

The dominant agricultural activities during May 2010 were weeding, staking of yams and harvesting of early crops, particularly maize. Crude oil production was estimated at 2.17 million barrels per day (mbd) or 67.27 million barrels during the month. The end-period inflation rate for May 2010, on a year-on-year basis was at 11.0 per cent, compared with the preceding month's level of 12.5 per cent. The inflation rate on a 12-month moving average basis was at 11.6 per cent, compared with 11.8 per cent in April 2010.

4.1 Agricultural Sector

Agricultural activities during May 2010 in the southern states were dominated by weeding, staking of yams and harvesting of early crops, particularly maize, while in the northern states, there were limited farming activities due to the sparse distribution of rainfall.

A total of ₦180.4 million was guaranteed to 2,036 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in May. This represented a decline of 15.9 and 49.0 per cent from the levels in the preceding month and the corresponding month of 2009, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the livestock crop sub-sector had the largest share of ₦74.7 million (41.4 per cent) guaranteed to 411 beneficiaries, while the food crops sub-sector received ₦62.9 million (34.9 per cent) guaranteed to 1,121 beneficiaries. In addition, the fisheries sub-sector received ₦20.9 million (11.6 per cent) guaranteed to 286 beneficiaries. The cash crops sub-sector had ₦8.0 million (4.4 per cent) guaranteed to 163 beneficiaries, while "mixed crops" received ₦0.6 million (0.3 per cent) granted to 3 beneficiaries. "Others" received ₦13.3 million (7.4 per cent) guaranteed to 127 beneficiaries. Analysis by state showed that 16 states benefited from the scheme during the month with the highest and lowest sums of ₦50.5 (28.0 per cent) and ₦1.3 million (0.7 per cent) guaranteed to Delta and Katsina States, respectively.

At end-May 2010, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦55.3 billion (for fifty-three projects).

At end-May 2010, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦55.3 billion (for fifty-three projects). The beneficiaries included five state governments, namely Adamawa, Bauchi, Kogi, Nasarawa and Ondo. A breakdown of the amount showed that United Bank for Africa (UBA) Plc got ₦37.4 billion (for thirty-three projects), First Bank of Nigeria Plc ₦4.7 billion (for eleven projects), Skye Bank Plc ₦5.6 billion (for three projects), Zineth Bank Plc ₦6.3 billion (for four projects) and GT Bank Plc ₦0.3 billion (for one project).

4.2 Petroleum Sector

Crude oil and natural gas production declined marginally, by 0.5 per cent, to 2.17 mbd in May 2010.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.17 million barrels per day (mbd) or 67.27 million barrels for the month, and was 0.5 per cent below the level in the preceding month.

In May 2010, crude oil export stood at 1.72 mbd, compared with 1.73 in the preceding month.

Crude oil export was estimated at 1.72 mbd or 53.32 million barrels, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels. The decline in the level of production was attributed to the renewed threats by militants in the Niger Delta region as a result of the slow implementation of the amnesty programme by the Federal Government.

The average price of all the crude streams and the Bonny Light fell below the preceding month's level.

At an estimated average of US$78.63 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), declined by 8.1 per cent from the level in April 2010. The average prices of other competing crudes namely, the West Texas Intermediate, U.K Brent and Forcados also fell, by 10.8, 8.4 and 8.2 per cent, to US$75.03, US$77.50 and US$78.6 per barrel, respectively.

The average price of OPEC's basket of eleven crude streams fell by 4.1 per cent to US$78.9 from the level in April 2010. The development was attributed to the high oil inventories in the US and concerns about the sovereign debt crisis in Greece (Fig. 11, Table 9).

Figure11: Trends in Crude Oil Prices

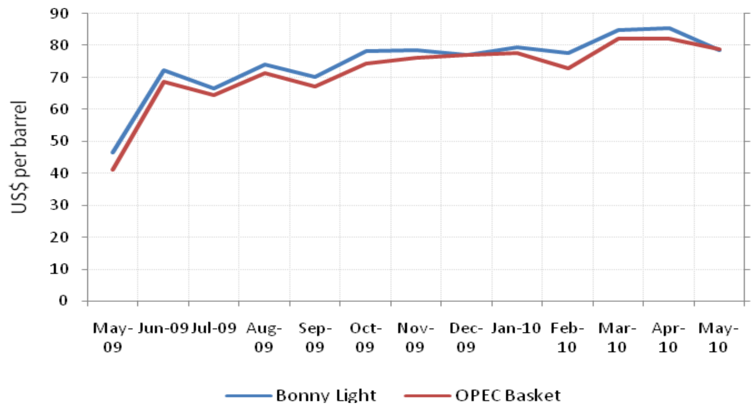


Table 9: Average Crude Oil Prices in the International Oil Market

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Bonny Light	45.00	77.00	79.40	77.60	85.00	85.51	78.63
OPEC Basket	41.90	77.10	77.80	73.00	82.20	82.33	78.94

4.3 Consumer Prices

Available data showed that the all-items composite Consumer Price Index (CPI) in May 2010 was 223.1 (May 2003=100), representing an increase of 0.5 per cent over the level in the preceding month. The development was attributed to the increase in the price of some staple food items and non-alcoholic beverages.

General price level rose in May relative to April 2010, owing to price increase in respect of staple food and non-alcoholic beverages.

Retail price survey of staples by the CBN showed that the prices of most of the major staples recorded increases in May 2010. Eight (8) of the fourteen (14) commodities monitored, recorded a price increase ranging from 0.2 per cent for guinea corn to 4.0 per cent for local rice, over their levels in the preceding month, while the prices of yam flour, vegetable oil, brown beans, yellow maize, white beans and eggs (medium) fell by 6.4, 3.7, 3.2, 1.1, 0.6 and 0.3 per cent, respectively. Relative to their levels in the corresponding month of 2009, ten (10) of the commodities recorded a price increase ranging from 2.6 per cent for millet to 15.6 per cent for yam flour,

The retail prices of most staples rose in May 2010.

while the prices of white garri, brown beans, yellow garri and guinea corn fell by 2.6, 2.7, 3.1 and 7.3 per cent, respectively.

The urban all-items CPI at end-May 2010 was 234.5 (May 2003=100), indicating a marginal increase of 0.2 per cent over the level in the preceding month. The rural all-items CPI for the month was 218.1 (May 2003=100), representing an increase of 0.6 per cent over the level in the preceding month.

The inflation rate on a year-on-year basis fell by 1.5 percentage points, while the 12-month moving average basis rose by 0.2 percentage point, in May 2010.

The end-period inflation rate for May 2010, on a year-on-year basis, was 11.0 per cent, compared with 12.5 per cent in the preceding month. The inflation rate on a twelve-month moving average basis for May 2010, was 11.6 per cent, compared with 11.8 per cent in April 2010. (Fig. 12, Table 10).

Figure 12: Consumer Price Index

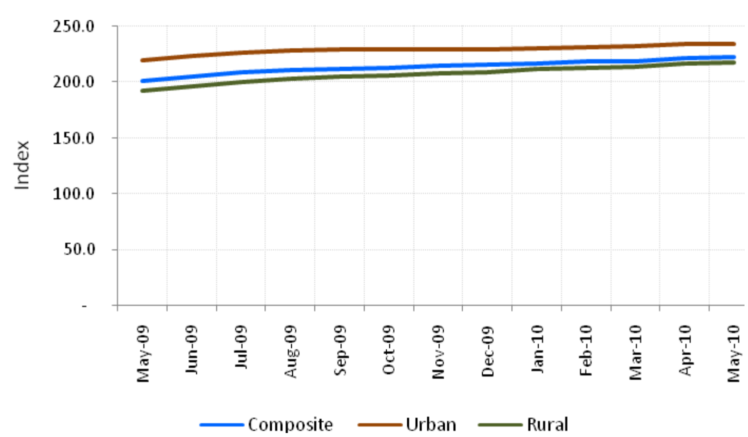


Table 10: Consumer Price Index (May 2003=100)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Composite	197.4	216.6	217.6	219.0	219.4	222.1	233.1
Urban	216.8	230.1	230.3	231.3	232.3	234.0	234.5
Rural	208.3	209.4	211.9	213.7	213.8	216.9	218.1

Figure 13: Inflation Rate

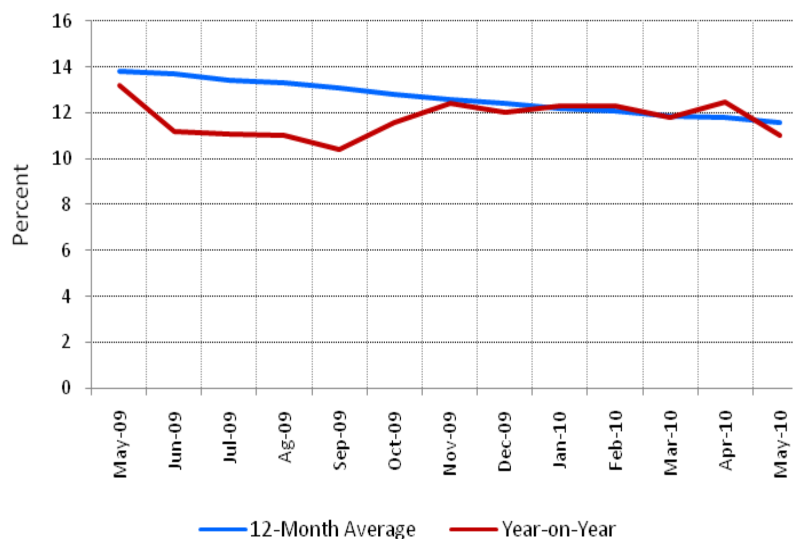


Table 11: Headline Inflation Rate (%)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
12-Month Average	13.5	12.4	12.2	12.1	11.9	11.8	11.6
Year-on-Year	13.3	12.0	12.3	12.3	11.8	12.5	11.0

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow and outflow through the CBN in May 2010 rose by 18.1 and 28.8 per cent over the levels in the preceding month. Total non-oil export earnings receipts by banks declined, by 30.7 per cent, from the level in the preceding month. The average exchange rate of the Naira vis-à-vis the US dollar, depreciated by 0.3 per cent to ₦150.31 per dollar at the Wholesale Dutch Auction System (WDAS).

5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in May 2010 were US$2.38 billion and US$3.84 billion, respectively, resulting in a net outflow of US$1.46 billion. Relative to the levels in the preceding month, inflow and outflow rose by 18.1 and 28.8 per cent, respectively. The rise in inflow was attributed wholly to the increase in crude oil receipts, while the increase in outflow was due largely to the 39.0 and 10.5 per cent increase in supply at the Wholesale Dutch Auction System (WDAS) and other official payments, respectively, during May 2010 (Fig. 14, Table 12).

Foreign exchange inflow and outflow through the CBN rose in May 2010. Overall there was a net outflow of US$1.46 billion during the period.

Figure14: Foreign Exchange Flows Through the CBN

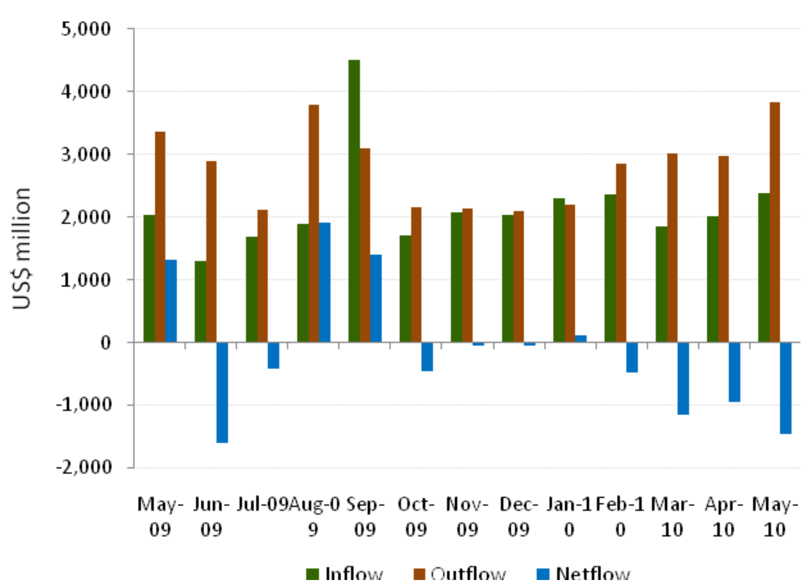


Table 12: Foreign Exchange Flows Through the CBN (US$ million)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Inflow	1500.0	2040.7	2302.5	2369.2	1849.4	2016.9	2381.6
Outflow	3530.0	2096.2	2197.1	2860.4	3096.4	2981.6	3840.4
Netflow	**-2030.0**	**-55.5**	**105.5**	**-491.1**	**-1160.0**	**-1549.1**	1456.8

Non-oil inflows into the economy declined by 20.7 per cent and accounted for 1.4 per cent of the total, in May 2010.

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US$6.68 billion, representing an increase of 5.7 and 52.9 per cent over the levels in the preceding month and corresponding period of 2009, respectively. Oil sector receipts, which accounted for 34.3 per cent of the total, stood at US$2.29 billion, compared with US1.90 billion in the preceding month.

Non-oil public sector inflow, however, fell by 20.7 per cent and accounted for 1.4 per cent of the total, while autonomous inflow, which declined marginally by 0.02 per cent, accounted for 64.3 per cent.

At US$3.91 billion, aggregate foreign exchange outflow from the economy increased by 27.6 and 14.3 per cent over the levels in the preceding month and corresponding month of 2009, respectively. The rise in outflow relative to the preceding month was accounted for, largely, by the 39.0 per cent increase in WDAS utilisation during the review period.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings by exporters fell sharply in May on account of decline in the prices of most traded commodities.

Total non-oil export earnings received by banks declined by 30.7 per cent to US$81.4 million from the level in the preceding month. The development was attributed largely to the decline in the prices of the goods traded at the international market. A breakdown of the proceeds in May 2010 showed that proceeds of industrial, manufactured products, agricultural, minerals and food products sub-sectors stood at US$32.6, US$25.8, US$10.1, US$11.0 and US$1.9 million, respectively.

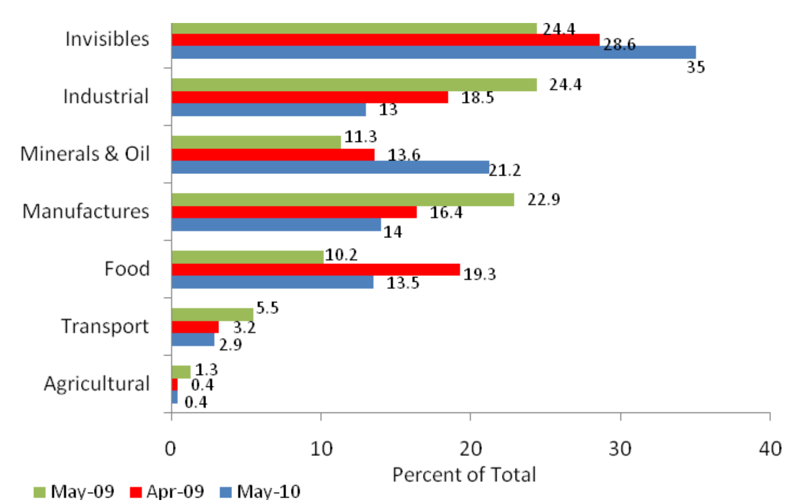
The shares of industrial, manufactured products, agricultural, minerals and food products sub-sectors in non-oil export proceeds were 40.1, 31.7, 12.4, 13.5 and 2.3 per cent, respectively, in the review month.

5.3 Sectoral Utilisation of Foreign Exchange

The invisibles sector accounted for the bulk (35.0 per cent) of total foreign exchange disbursed in May 2010, followed by minerals & oil (21.2 per cent). Other beneficiary sectors, in a descending order included: the manufactured products (14.0 per cent), food products (13.5 per cent), industrial sector (13.0 per cent), transport (2.9 per cent) and agricultural products (0.4 per cent) (Fig.15).

The invisibles sector accounted for the bulk of the total foreign exchange disbursed in May 2010.

Figure15: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

Aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (WDAS) was US$3.49 billion in May 2010, indicating an increase of 47.3 per cent over the level in the preceding month, but a decline of 14.9 per cent from the level in the corresponding month of 2009. A total of US$2.98 billion was sold by the CBN to authorized dealers during the period, indicating an

Demand for foreign exchange by authorized dealers was higher in May 2010 relative to April 2010, but declined when compared with the corresponding month of 2009.

increase of 38.6 per cent over the level in the preceding month, but a decline of 4.2 per cent from the level in the corresponding period of 2009 (Fig.16, Table 13).

Figure16: Demand for and Supply of Foreign Exchange

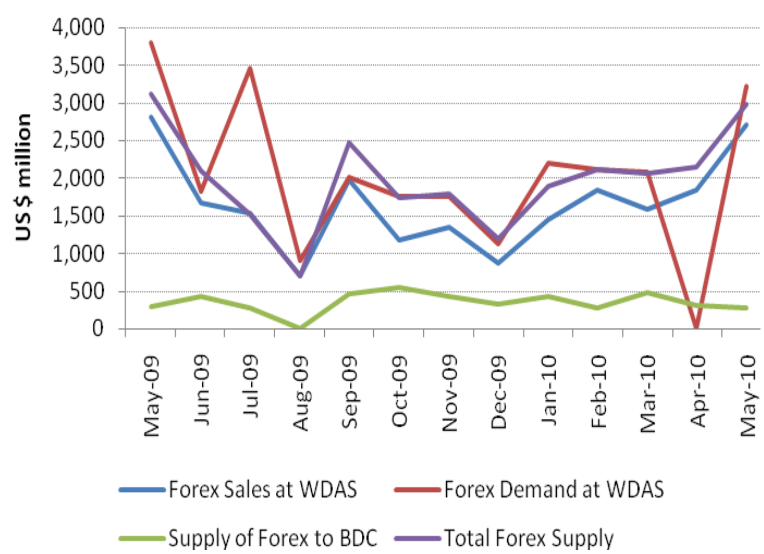


Table 13: Demand for and Supply of Foreign Exchange (US$ billion)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Forex Sales at WDAS	2427.5	872.0	1461.8	1838.9	1582.0	1841.1	2707.5
Forex Demand at WDAS	3133.2	1128.5	2199.2	2110.8	2081.2	2068.6	3492.2
Supply of Forex to BDC	195.0	334.3	429.2	279.0	482.2	306.1	277.3
Total Forex Supply	2622.5	1206.2	1890.9	2117.9	2064.2	2147.1	2984.8

The Naira exchange rate vis-à-vis the US dollar depreciated marginally at the WDAS, BDC and interbank segments of the foreign exchange market from the levels in the preceding month.

The premium between the WDAS rate and the rates in the other two segments were 0.8 per cent for the interbank and 1.9 per cent for the BDC segment.

Under the WDAS, the average exchange rate of the Naira vis-à-vis the US dollar depreciated by 0.3 per cent to ₦150.31 per dollar. At the bureaux-de-change segment of the market, the average rate depreciated by 0.8 per cent to ₦153.26 per dollar. It similarly, depreciated at the interbank segment, from ₦150.38 per US dollar in April 2010 to ₦151.48 per dollar.

Consequently, the premium between the official and bureau-de-change rates widened from 1.4 per cent in the preceding month to 1.9 per cent, while at the interbank market it widened from 0.3 per cent in the preceding month to 0.8 per cent.

Figure 17:Average Exchange Rate Movements

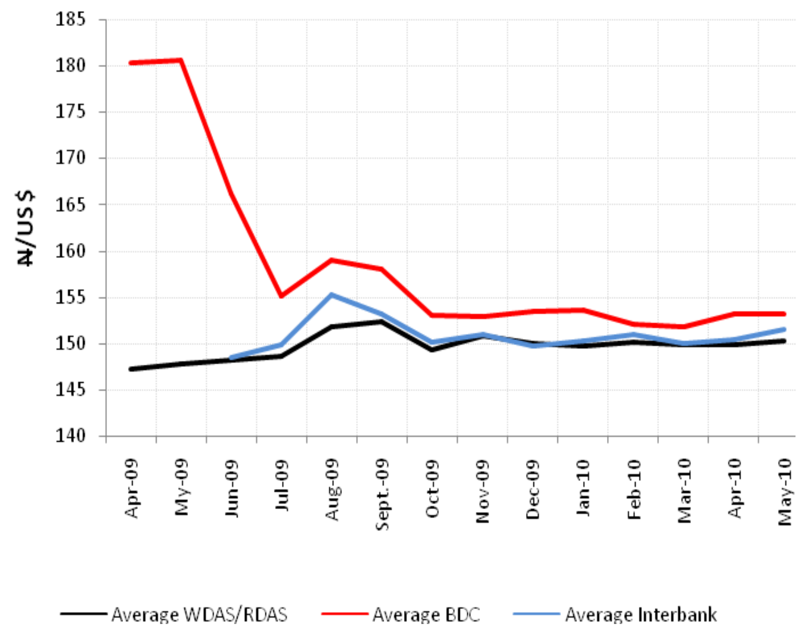
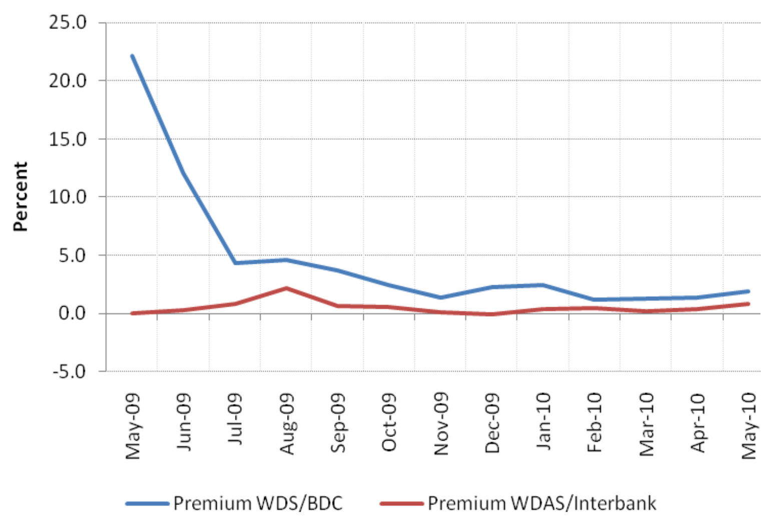


Table 14: Exchange Rate Movements and Exchange Rate Premium

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Average Exchange Rate (₦/$)							
WDAS/RDAS	*147.2*	*150.0*	*149.8*	*150.2*	*149.8*	*149.9*	*15.3*
BDC	*180.3*	*153.5*	*153.6*	*152.1*	*151.9*	*152.0*	*153.3*
Interbank	*n/a*	*149.8*	*150.3*	*151.0*	*150.1*	*150.4*	*151.5*
Premium (%)							
WDAS/BDC	*18.3*	*2.3*	*2.5*	*1.2*	*1.4*	*1.4*	*1.9*
WDAS/Interbank	*0.0*	*0.1*	*0.3*	*0.5*	*0.2*	*0.3*	*0.8*

Figure18:Exchange.Rate.premium



5.5 Gross External Reserves

Gross external reserves continued its decline in May 2010, as accretion to reserves remained minimal.

The gross external reserves at the end of May 2010 stood at US$38.82 billion, indicating a decline of 3.7 per cent from the level of US$40.31billion at the end of the preceding month. A breakdown of the reserves showed that CBN holding stood at US$30.25 billion (77.9 per cent), Federal Government holding was US$3.71 billion (9.6 per cent) and the Federation Account portion (Excess Crude) was US$4.86 billion (12.5 per cent) (Fig. 19, Table 15).

Figure 19: Gross External Reserves

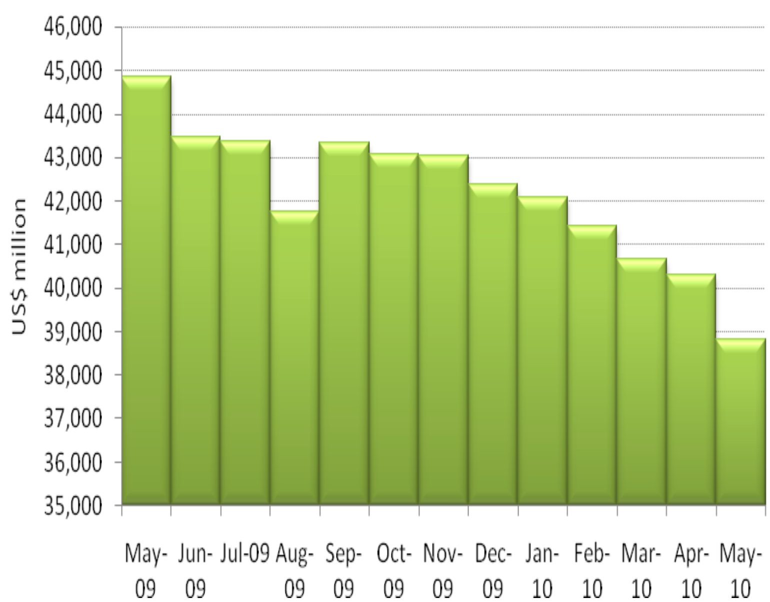


Table 15: Gross External Reserves (US$ million)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
External Reserves	44836.4	42382.49	42075.67	41410.1	40667.03	40305.92	38815.79

6.0 Other International Economic Developments and Meetings

World crude oil output in May 2010 was estimated at 86.02 million barrels per day (mbd), while demand was estimated at 84.08 mbd, representing an excess supply of 1.94 mbd, compared with 85.92 and 85.08 mbd supplied and demanded, respectively, in the preceding month.

Other major international economic developments and meetings of relevance to the domestic economy during the review month included: an updated 2010 World Economic Situation and Prospects released by the UN Department for Economic and Social Affairs (DESA) at the United Nations Headquarters in New York, USA on May 26, 2010. The Report revealed that world gross product had started to grow again, though slowly, in the early months of 2010 after contracting by 2.0 per cent in 2009, amid the most severe international recession since World War II.

It also predicted that the global economy would grow by 3.0 and 3.1 per cent in 2010 and 2011, respectively, owing largely to the fiscal stimulus packages and the expansionary monetary policies introduced by governments worldwide. The advanced economies were projected to collectively grow by 1.9 and 2.1 per cent in 2010 and 2011, respectively.

The Report added that "while developing Asia is leading the way among developing countries, the recovery is much more subdued in many economies in Africa and Latin America". Acknowledging the risk of a protracted period of mediocre growth, the Report urged policymakers to strengthen support for job-generation schemes, and stressed the need for greater international policy coordination to ensure that all countries and sectors contribute to a more sustained global economic recovery.

In a related development, the Economic Report for Africa (ERA), published annually by the United Nations Economic Commission for Africa (UNECA) and the African Union Commission, was launched on May 18, 2010 at the UNECA office in Addis Ababa, Ethiopia. The theme of the Report was: "Promoting High-level Sustainable Growth to Reduce Unemployment in Africa". Specifically, the ERA 2010 focused on how African countries could use the lessons provided by the recent global economic crisis, to pursue policies that would help them not only to recover from the crisis, but also to lay a foundation for sustainable high growth that would generate high-paying employment for Africans as a way of reducing poverty.

The ERA 2010 also monitored the performance of African economies and found that GDP growth in Africa declined from 4.9 per cent in 2008 to 2.4 per cent in 2009. It is, however, expected to grow by 4.8 per cent in 2010. The projected regional growth rates were 4.2 per cent for North Africa, 5.1 per cent for oil-exporting sub-Saharan Africa and 4.9 per cent for oil-importing sub-Saharan Africa. Furthermore, the Report confirmed that there were considerable regional variations in growth in 2009 across African regions and countries. Growth was highest in West Africa at 5.5 per cent, due largely to the boost in oil output in the Delta region of Nigeria, following the reduction in hostilities. East Africa also posted a healthy 4.3 per cent, compared with the earlier estimate of 3.9 per cent. North Africa posted a GDP growth rate of 3.6 per cent. The worst-hit region was Southern Africa where GDP declined by 1.1 per cent, followed by Central Africa with a paltry 1.8 per cent growth rate.

On the issue of climate change, the Report stated that agricultural output is expected to decline by 50.0 per cent in Africa, leading to severe undernourishment as a result of unchecked climate changes. The health burden and conflicts were expected to increase as populations grow over dwindling resources. The report noted that the current global economic crisis offers African countries an opportunity to lay the foundation for a sustainable high economic growth rate.

The 20th World Economic Forum on Africa 2010 was held in Dar es Salaam, Tanzania from May 5–7, 2010 on the theme 'Rethinking Africa's Growth Strategy'. Thirteen (13) African Heads of State and Government together with more than 1,000 participants from 85 countries participated in the Forum. The Forum concluded with a call to end the continent's marginalization. The key message that resonated across the Forum's sessions and private meetings included:

- It was noted that the smallest share of 3.5 per cent of the global exports comes from Africa, while 1.0 per cent of the global foreign direct investment (FDI) goes to the continent.
- Africa remained predominantly a primary producer and importer for industrial use as the continent produces what it does not consume and consumes what it does not produce.
- The Forum urged African governments to focus on where there are markets and opportunities and that the business sector should be given a reasonable certainty and predictability to help create more partnerships.
- The Forum identified two keys to unlock Africa's potential: the young people, who comprise 60.0 per cent of the population and could be made more productive through entrepreneurship development; and the agricultural sector if well developed.

Finally, the 45th Annual Meeting of the African Development Bank (AfDB) and the 36th Meeting of the African Development Fund (ADF) were held in Abidjan, Cote d'Ivoire from May 27–28, 2010. The meeting was attended by some African Presidents, Prime Ministers, Ministers of Finance and Central Bank Governors. The Governors' sessions were preceded by deliberations of the Coalition for Development on Africa (CoDA), a joint venture of the AfDB, the African Union (AU) Commission and the Economic Commission for Africa, and a successor forum to the Global Coalition for Africa, the OECD 'Big Table' and the African Development Forum. The Meetings also involved high-level and thematic seminars on the theme "Africa on the Rebound: Towards Balanced and Clean Growth" as well as the dissemination of the 2010 African Economic Outlook, and the launch of "Making Finance Work for Africa" website.

The following were the major highlights of the meetings:

- The Bank Group's President, Donald Kaberuka, was re-elected for a second five-year term, while the institution's number of constituency chairs was increased from 18 to 20.
- The Governors approved a 200.0 per cent sixth general capital increase for the Africa's premier development finance institution.
- They also approved the Bank's 2009 annual report and audited accounts, including its 2010 work programme, a number of the institution's routine activities, programmes, strategies and proposals for implementation.
- On the return of the Bank to its statutory headquarters, the Governors reaffirmed that the headquarters of the Bank shall remain in Abidjan, but noted that the situation in the country was not conducive enough for an immediate return; and, therefore, extended the institution's temporary relocation to Tunis for another 12 months from June 3, 2010. The situation would be reviewed and a decision taken at the 2011 Annual Meetings based on the recommendations of the Governors Consultative Committee.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	May-09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10
Domestic Credit (Net)	5,273.40	7,903.79	7,753.82	8,147.35	8,387.95	8,513.78	8,882.62
Claims on Federal Government (Net)	(3,106.51)	(2,302.29)	(2,314.93)	(1,908.87)	(1,649.47)	(1,552.19)	(1,131.10)
Central Bank (Net)	(4,350.53)	(3,731.60)	(3,892.22)	(3,577.47)	(3,434.40)	(3,424.02)	(3,043.98)
Banks	1,244.02	1,429.31	1,577.30	1,668.60	1,784.92	1,871.82	1,912.88
Claims on Private Sector	8,379.91	10,206.09	10,068.75	10,056.21	10,037.42	10,065.98	10,013.72
Central Bank	324.76	538.21	489.20	405.59	425.43	375.83	362.23
Banks	8,055.15	9,667.88	9,579.55	9,650.63	9,611.99	9,690.15	9,651.48
Claims on Other Private Sector	8,166.24	9,895.76	9,758.50	9,751.52	9,715.61	9,734.63	9,697.96
Central Bank	324.76	538.21	489.20	405.59	425.43	375.83	362.23
Banks	7,841.48	9,357.55	9,269.30	9,345.93	9,290.18	9,358.80	9,335.72
Claims on State and Local Governm	213.67	310.32	310.25	304.69	321.81	331.35	678.00
Central Bank	-	-	-	-	-	331.35	362.23
Banks	213.67	310.32	310.25	304.69	321.81	331.35	315.76
Claims on Non-financial Public Ente	-	-	-	-	-	-	-
Central Bank	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-
Foreign Assets (Net)	7,963.79	7,593.32	7,417.26	7,298.14	7,249.63	7,008.86	6,601.41
Central Bank	6,906.53	6,522.24	6,421.04	6,257.43	6,110.19	5,941.83	5,574.47
Banks	1,057.26	1,071.08	996.22	1,040.71	1,139.44	1,067.03	1,026.94
Other Assets (Net)	(4,236.18)	(4,729.74)	(4,737.95)	(4,666.09)	(4,627.52)	(4,563.40)	(4,737.97)
Total Monetary Assets (M2)	9,001.01	10,767.38	10,433.12	10,779.40	11,010.06	10,959.24	10,746.07
Quasi-Money 1/	4,431.34	5,763.51	5,805.45	5,991.93	6,056.86	5,929.20	5,741.04
Money Supply (M1)	4,569.66	5,003.87	4,627.67	4,787.47	4,953.20	5,030.04	5,005.02
Currency Outside Banks	823.77	927.24	820.53	812.13	833.56	831.29	817.43
Demand Deposits 2/	3,745.89	4,076.63	3,807.14	3,975.33	4,119.65	4,198.75	4,187.59
Total Monetary Liabilities (M2)	9,001.01	10,767.38	10,433.12	10,779.40	11,010.06	10,959.24	10,746.07
Memorandum Items:	-	-	-	-	-	-	
Reserve Money (RM)	1,506.02	1,653.86	1,647.81	1,738.74	1,810.89	1,516.55	1,534.79
Currency in Circulation (CIC)	1,048.14	1,181.54	1,068.21	1,049.41	1,086.46	1,072.61	1,056.75
DMBs Demand Deposit with CBN	457.88	472.32	579.60	689.33	724.43	443.94	478.04

1/ Quasi-money consist of Time, Savings and Foreign Currency Deposits 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 Depos non-financial Public Enterprises at Deposit Money Banks

Table A2: Money and Credit Aggregates (Growth Rates)

	May-09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10
			Growth over preceding December (%)			
Domestic Credit (Net)		59.6	-1.9	3.1	6.1	7.7
Claims on Federal Government (Net)	2.5	25.9	-0.5	17.1	28.4	32.6
Claims on Private Sector	5.6	26.6	-1.3	-1.5	-1.7	-1.4
Claims on Other Private Sector	4.4	25.1	-1.4	-1.5	-1.8	-1.6
Claims on State and Local Government	67.0	107.2	0.0	-1.8	3.7	6.9
Claims on Non-financial Public Enterprises						
Foreign Assets (Net)	-10.7	-11.2	-2.3	-3.9	-4.5	-7.7
Other Assets (Net)	-13.0	9.1	0.2	1.4	2.2	3.5
Total Monetary Assets (M2)	-4.9	17.5	-3.1	0.1	2.3	1.8
Quasi-Money 1/	2.1	33.7	0.7	4.0	5.1	2.9
Money Supply (M1)	-11.0	3.0	-7.5	-4.3	-1.0	0.5
Currency Outside Banks	-14.4	3.9	-11.5	-12.4	-10.1	-10.3
Demand Deposits 2/	-10.3	2.8	-6.6	-2.5	1.1	3.0
Total Monetary Liabilities (M2)	-4.9	17.5	-3.1	0.1	2.3	1.8
Memorandum Items:						
Reserve Money (RM)	-10.8	6.8	-0.4	5.1	9.5	-8.3
Currency in Circulation (CIC)	-11.1	2.3	-9.6	-11.2	-8.0	-9.2
DMBs Demand Deposit with CBN	-10	20.0	22.7	45.9	53.4	-6.0
			Growth over Preceding Month (%)			
Domestic Credit (Net)	3.7	5.4	-1.9	5.1	3.0	1.5
Claims on Federal Government (Net)	-2.5	7.7	-0.5	17.5	13.6	5.9
Claims on Private Sector	1.5	2.2	-1.3	-0.1	-0.2	0.3
Claims on Other Private Sector	1.1	2.2	-1.4	-0.1	-0.4	0.2
Claims on State and Local Government	17.0	2.5	0.0	-1.8	5.6	2.9
Claims on Non-financial Public Enterprises						
Foreign Assets (Net)	-4.1	1.6	-2.3	-1.6	-0.7	-3.3
Central Bank	-4.6	0.1	-0.2	1.5	0.8	1.4
Banks	-1.1	5.2	-3.1	3.3	2.1	-0.5
Other Assets (Net)	3.7	4.5	0.7	3.2	1.1	-2.1
Total Monetary Assets (M2)	-3.1	5.2	-3.1	3.3	2.1	-0.5
Quasi-Money 1/	-0.7	4.5	0.7	3.2	1.1	-2.1
Money Supply (M1)	-5.4	6.0	7.5	3.5	3.5	1.6
Currency Outside Banks	-7.2	8.9	-11.5	-1.0	2.6	-0.3
Demand Deposits 2/	-5.0	5.3	-6.6	4.4	3.6	1.9
Total Monetary Liabilities (M2)	-3.1	5.2	-3.1	3.3	2.1	-0.5
Memorandum Items:						
Reserve Money (RM)	-8.3	-9.6	-1.8	-9.6	-1.8	3.5
Currency in Circulation (CIC)	-2.0	-11.1	-2.0	-0.4	5.1	9.5
DMBs Demand Deposit with CBN	-22.6	5.3	-6.6	3.6	1.9	

Table A3: Federal Government Fiscal Operations (₦ billion)

	May-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Retained Revenue	**148.0**	**185.1**	**183.4**	*206.7*	*209.7*	*135.7*	*331.4*
Federation Account	*94.3*	*136.8*	*112.6*	*134.7*	*108.8*	*112.4*	*167.7*
VAT Pool Account	*4.4*	*5.7*	*6.4*	*6.9*	*6.7*	*7.4*	**7.2**
FGN Independent Revenue	*5.1*	*4.7*	*2.0*	*0.2*	*3.4*	*1.9*	**0.9**
Excess Crude	*41.6*	*22.3*	*42.0*	*61.6*	*72.6*	*0.0*	**0.0**
Others	*2.7*	*15.6*	*2.0*	*3.4*	*18.4*	*14.0*	**155.7**
Expenditure	**194.1**	**359.0**	**180.2**	**385.4**	**311.8**	**290.0**	**164.9**
Recurrent	*162..25*	*246.9*	*179.6*	*167.6*	*258.6*	*199.5*	**159.1**
Capital	*31.8*	*112.0*	*0.6*	*187.2*	*53.2*	*80.3*	**5.8**
Transfers	*10.8*	*12.8*	*12.5*	*10.9*	*11.5*	*9.2*	**0.0**
Overall Balance: Surplus(+)/Defi	**-21.6**	**-173.9**	**3.1**	**-178.9**	**-102.0**	**-154.3**	**166.5**