CENTRAL BANK OF NIGERIA

ECONOMIC REPORT
SECOND QUARTER 2010

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

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1.0 Summary

Provisional data from the National Bureau of Statistics (NBS) estimated GDP growth in the second quarter of 2010 stood at 7.7 per cent, compared with 7.4 per cent in the preceding quarter. The growth was driven mainly by the non-oil sector which contributed 84.3 per cent of the total GDP.

Broad money (M_2) declined by 1.5 per cent, relative to the preceding quarter. The development was accounted for, wholly, by the decline in foreign assets (net) of the banking system. Similarly, narrow money (M_1) declined by 0.7 per cent, from the level in the preceding quarter. Over the level at end-December 2009, however, M_2 rose by 0.7 per cent, while M_1 declined by 1.7 per cent. Reserve money (RM) contracted by 15.2 per cent from the level at the end of the preceding quarter, and fell short of the indicative benchmark for Q2 2010 by 14.7 per cent.

Available data indicated a general decline in banks' deposit and lending rates. The spread between the weighted average term deposit and maximum lending rates narrowed from 14.53 percentage points in the preceding quarter to 12.54 percentage points. The margin between the average savings deposit and maximum lending rates also narrowed from 20.01 percentage points in the preceding quarter to 14.84 percentage points during the review period. The weighted average inter-bank call rate which stood at 2.59 per cent in the preceding quarter rose slightly to 2.64 per cent, reflecting the liquidity condition in the interbank funds market.

The value of money market assets outstanding expanded by 12.0 per cent over the level in the preceding quarter to ₦3,711.1 billion. The development was attributed to the increase in FGN Bonds, Bankers' Acceptances (BAs) and Treasury Bills (TBs). Activities on the Nigerian Stock Exchange (NSE) were mixed during the quarter under review.

Total federally-collected revenue in the second quarter of 2010 stood at ₦1,712.01 billion, representing a shortfall of 22.4 per cent from the proportionate budget estimate, but an increase of 10.9 and 63.8 per cent over the receipts in the preceding quarter and the corresponding quarter of 2009, respectively. At ₦1,288.7 billion, oil receipts, which constituted 75.3 per cent of the total, fell short of the proportionate budget estimate by 11.9 per cent, but rose by 11.4 and 85.0 per cent over the receipts in the preceding quarter and the corresponding quarter of 2009, respectively. The decline in oil receipts relative to the proportionate budget estimate, was largely attributed to the fall in receipts from crude oil and gas exports as well *as petroleum profit tax and royalties. Similarly, non-oil receipts, at ₦404.86 billion or 25.9 per cent of the total, was lower than the proportionate budget estimate, but rose above the levels in the preceding quarter and corresponding quarter of 2009 by 9.4 and 21.5 per cent, respectively. The shortfall relative to the proportionate budget estimate reflected largely the decline in company income tax, customs and excise duties, customs special levies and independent revenue of the Federal Government.*

Federal Government retained revenue for the second quarter of 2010 was ₦827.74 billion, while total expenditure was ₦977.7 billion. Thus, the fiscal operations of the Federal Government resulted in a deficit of ₦149.96 billion or 2.3 per cent of estimated nominal GDP for Q2 2010, compared with the budgeted deficit of ₦387.70 billion and ₦243.76 billion for the quarter under review and the corresponding quarter of 2009, respectively.

Agricultural activities during the quarter under review centered on intense cultivation of rice and harvesting of crops such as maize and vegetables as a result of increased rainfall and its widespread in most parts of the country. In the livestock sub-sector, farmers restocked broilers and layers to replenish Easter sales.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.13 million barrels per day (mbd) or 193.8 million barrels for the quarter. Crude oil export was estimated at 1.68 mbd or 152.88 million barrels for the quarter, while deliveries to the refineries for domestic consumption remained at 0.445 mbd or 40.95 million barrels. The average price of Nigeria's reference crude, the Bonny Light (370 API), estimated at US$79.70 per barrel, rose by 0.8 per cent over the level in the preceding quarter.

The end-period headline inflation rate (year-on-year), for the second quarter of 2010, was 14.1 per cent, compared with 14.8 and 11.2 per cent recorded at the end of the preceding quarter and the corresponding quarter of 2009, respectively. Inflation rate on a twelve-month moving average basis for the second quarter, was 13.1 per cent, compared with 12.8 and 13.7 per cent in the preceding quarter and the corresponding quarter of 2009, respectively.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US$6.5 billion and US$10.7 billion, respectively, resulting in a net outflow of US$4.2 billion during the quarter. Foreign exchange sales by the CBN to the authorized dealers amounted to US$8.1 billion in Q2 2010, compared with US$6.1 billion in the first quarter.

The average Naira exchange rate vis-à-vis the US dollar, depreciated by 0.1 per cent to ₦150.13 per dollar at the WDAS. At the bureaux-de-change segment of the market, the naira also depreciated from ₦152.49 per dollar to ₦153.16 per dollar; while at the interbank segment it depreciated from ₦150.46 per US dollar in Q1 2010 to ₦151.05 per dollar.

Non-oil export earnings by Nigerian exporters declined significantly, by 56.4 per cent, from the level in the preceding quarter to US$297.2 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 and demand in Q2 2010 were estimated at 85.73 million barrels per day (mbd) and 84.40 mbd, compared with the respective 86.00 mbd and 84.70 mbd supplied and demanded in the preceding quarter. The decline in demand was due to the continued slow pace of economic activities in the world economy, triggered by the sovereign debt issues in the Eurozone.

Other major international economic developments of relevance to the domestic economy during the review quarter included: the 2010 Spring Meetings of the World Bank Group and the International Monetary Fund (IMF) held in Washington D.C., USA during April 20 – 25, 2010. Some of the key issues discussed included global economic and financial developments, trade, reform of the Bretton Wood Institutions (BWIs), and the IMF mandate, amongst others (See April 2010 Report).

Furthermore, at the Spring Meetings, a Committee of Governors representing the African Development Bank (AfDB) shareholders, endorsed the tripling of the Bank's capital resources to nearly US$100 billion. The substantial increase in capital is expected to allow the AfDB to sustain a higher level of lending, especially to the private sector, in response to the overwhelming demand from a number of member countries. It is also hoped that the capital increase will enable the institution meet Africa's infrastructural needs (See April 2010 Report).

Furthermore, the African Development Bank (AfDB) Group, through its private sector window, approved an equity investment equivalent of US$50 million in the Africa Capitalization Fund (ACF) in Tunis on April 28, 2010. The ACF which is an 8-year, pan-African investment fund, with a targeted investment level of US$200 million is focused on investing capital and subordinated debt in commercially viable and systemically important banks to strengthen their lending ability (See April 2010 Report).

An updated 2010 World Economic Situation and Prospects was 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 global recession since World War II (See May 2010 Report).

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 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 recover from the crisis but also lay a foundation for sustainable high growth that would generate high-paying employment for Africans as a way of reducing poverty (See May 2010 Report).

Also, the 20th World Economic Forum on Africa 2010 was held in Dar es Salaam, Tanzania during 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 (See May 2010 Report).

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 during 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 (See May 2010 Report).

A new International Labour Organisation (ILO) report prepared for the June 2010 session of the International Labour Conference indicated that domestic work absorbed significant proportion of the workforce, ranging between 5 and 9 per cent of total employment in developing countries, and 2.5 per cent of total employment in industrialized countries. The report added that, despite its growing *social and economic significance, domestic work has traditionally been one of the most precarious, low-paid, insecure and the most unprotected forms of employment.*

Finally, the meeting of the Group of 20 Finance Ministers and Central Bank Governors was held in Busan, South Korea, on June 4 – 5, 2010. The meeting focused on how to firmly secure the global recovery and address its attendant economic challenges and risks. The meeting resolved to drop proposals for a global banking levy, giving countries leeway to do what they thought best for their domestic circumstances.

2.0 Financial Sector Developments

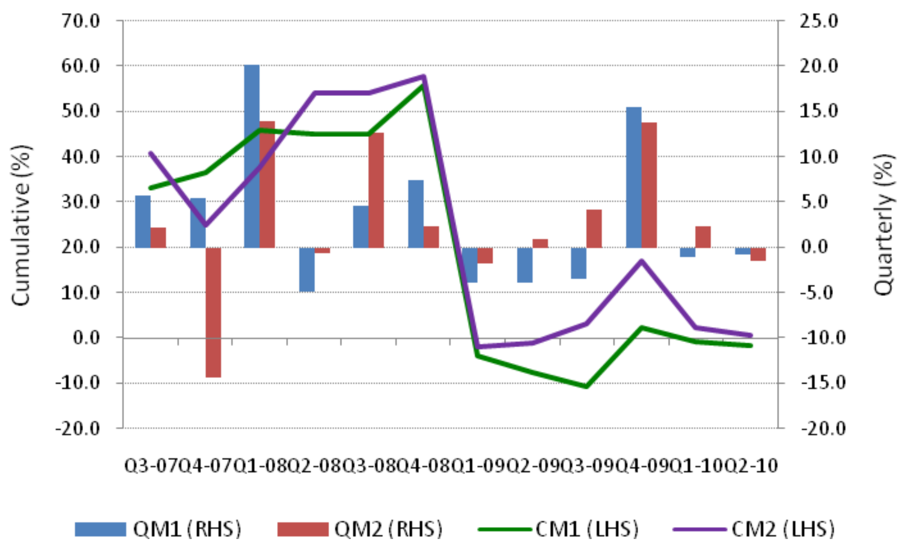
2.1 Monetary and Credit Developments

The growth of the key monetary aggregate contracted. Banks' deposit and lending rates generally declined at the end of the second quarter of 2010. The value of money market assets increased, following largely, the rise in the volume of FGN Bonds, Bankers' Acceptances (BAs) and Treasury Bills (TBs). Transactions on the Nigerian Stock Exchange (NSE) recorded mixed developments during the quarter under review

Growth in key monetary aggregates remained subdued during Q2 2010.

Provisional data indicated that the growth of the major monetary aggregate contracted at the end of the second quarter of 2010. On quarterly basis, broad money supply, (M_2), declined by 1.5 per cent from the level at the end of the first quarter of 2010 to ₦10,845.5 billion, compared with the growth of 2.3 and 0.9 per cent at the end of the preceding quarter and the corresponding quarter of 2009, respectively. The development was accounted for, wholly, by the decline in foreign assets (net) of the banking system, which more than offset the effect of the increase of 2.7 and 8.1 per cent in net domestic credit and other assets (net), respectively. Narrow money supply (M_1), at ₦4,918.0 billion, also declined, by 0.7 per cent, from the level at the end of the preceding quarter. In the same vein, quasi money fell by 2.1 per cent from the level in the preceding quarter. Over the level at end-December 2009, M_2 rose by 0.7 per cent, reflecting the increase in net domestic credit and other assets (net) of the banking system. M_1,, on the other hand, dropped by 1.7 per cent, owing to the fall in the currency component (Fig. 1, Table 1).

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



At ₦8,612.9 billion, aggregate banking system credit (net) to the domestic economy at the end of the second quarter rose by 2.7 per cent over the level at the end of the preceding quarter, compared with the increase of 6.1 per cent in the preceding quarter. The development reflected wholly the rise in net claims on the Federal Government. Over the level at end-December 2009, aggregate banking system credit (net) to the domestic economy rose by 9.0 per cent.

Banking system credit to the private sector rose marginally during the second quarter of 2010.

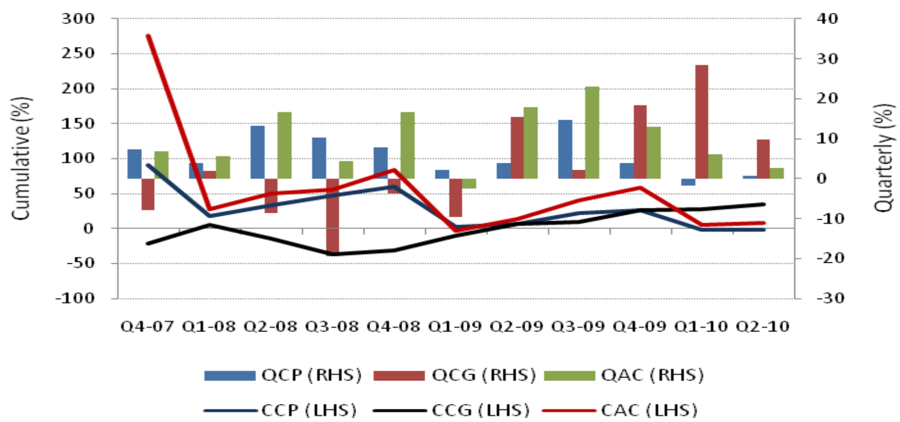
Banking system's credit (net) to the Federal Government, at end of the review quarter, increased by 9.7 per cent to negative ₦1,489.9 billion, compared with 28.4 per cent in the preceding quarter. The development was accounted for, largely, by the increase in CBN's holding of Federal Government securities (4.7 per cent), reinforced by the decline in Federal Government deposits with the Bank. Over the level at end-December 2009, banking system's claims (net) on the Federal Government rose by 35.3 per cent.

Over the level at the end of the preceding quarter, banking system's credit to the private sector increased by 0.7 per cent to ₦10,102.8 billion, in contrast to the 1.7 per cent decline at

[1] QM1 and QM2 represent quarter-on-quarter changes, while CM1a and CM2 represent cumulative changes (year-to-date).

the end of the first quarter. The development reflected largely the increase in DMBs' claims on the sector. Over the level at end-December 2009, banking system's claims on the private sector, however, fell by 1.0 per cent (Fig. 2, Table 1).

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



At ₦6,484.8 billion, foreign assets (net) of the banking system declined, by 10.6 per cent in the second quarter of 2010, compared with the decline of 4.5 per cent in the preceding quarter. The development was attributed to the fall in both the CBN and DMBs' holdings. Over the level at end-December 2009, foreign assets net of the banking system fell by 14.6 per cent

Foreign assets (net) of the banking system maintained its steady decline during the quarter under review.

Similarly, quasi-money declined by 2.1 per cent to ₦5,927.5 billion, in contrast to the increase of 5.1 per cent at the end of first quarter of 2010. The development mirrored the fall in all the components, namely; time, savings and foreign currency deposits of the DMBs.

Other assets (net) of the banking system increased, by 8.1 per cent, to negative ₦4,252.2 billion, compared with 2.2 per cent in the preceding quarter. The rise reflected largely the increase in unclassified assets of the CBN during the quarter.

[2] QCP, QCG and QAC represent quarter-on-quarter 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).

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

	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Domestic Credit (Net)	-2.6	17.8	23.1	13.1	6.1	2.7
Claims on Federal Government (Net)	9.6	-15.4	-2.1	-18.4	28.4	9.7
Claims on Private Sector	2.1	4.0	14.7	4.0	-1.7	0.7
Claims on Other Private Sector	1.3	3.6	14.6	4.0	-1.8	0.5
Foreign Assets (Net)	-5.2	-5.7	-9.9	10.3	-4.5	-10.6
Other Assets (Net)	-9.4	8.0	4.1	7.0	-2.2	8.1
Broad Money Supply (M2)	-1.8	0.9	4.2	13.8	2.3	-1.5
Quasi-Money	0.5	6.0	11.6	12.5	5.1	-2.1
Narrow Money Supply (M1)	-3.9	-3.9	-3.4	15.5	-1.0	-0.7
Memorandum Items:						
Reserve Money (RM)	24.2	-10.7	-6.7	-2.3	31.1	9.5

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

At ₦1,063.6 billion, currency in circulation declined by 2.1 per cent at end-June 2010 from the level at the end of the preceding quarter. The fall was attributed largely to the 4.6 per cent decline in currency outside the banking system.

Total deposits at the CBN amounted to ₦4,304.5 billion, indicating a decline of 9.0 per cent from the level at the end of the preceding quarter. The decline of 35.0 and 5.0 per cent in both Federal Government and private sector deposits, respectively, was responsible for the observed movement in total deposits. Of this total, the shares of the Federal Government, banks and "others" were ₦3,389.5 billion (79.0 per cent), ₦471.5 billion (11.0 per cent) and ₦443.5 billion (10.0 per cent), respectively.

Reserve money (RM) fell and was below the 2010 second quarter benchmark by 15.0 per cent.

Consistent with the trends in CIC and DMBs' deposits with the CBN, the CBN operating target, the reserve money (RM), fell from ₦1,810.9 billion at the end of the preceding quarter to ₦1,535.1 billion which was below the second quarter 2010 benchmark of ₦1,798.8 billion.

2.3 Money Market Developments

The resumption of direct auctions at the open market operations in April boosted activities at the money market during the second quarter of 2010. Consequently, four auctions were held at the open market segment for liquidity management during the review period. Patronage at the auctions was impressive. Similarly, patronage was high at the primary auction of Nigerian Treasury Bills (NTBs) and Federal Government of Nigeria (FGN) Bonds, as investors took advantage of the higher returns. Public subscription consistently exceeded the offered amounts and, thus, the issue rates were much higher than in the preceding quarter. Request for standing lending facility was high, following the tight liquidity condition that manifested during the second month of the quarter. Consequently, the inter-bank market rates were higher than the Monetary Policy Rate (MPR), which remained at 6.0 per cent. The turnover at the Over- the-Counter (OTC) market for NTBs remained high, while it declined at the FGN Bonds segment at the secondary market.

Provisional data indicated that the value of money market assets outstanding at the end of the second quarter of 2010 was ₦3,711.1 billion, representing an increase of 12.0 per cent, over the level at the end of the preceding quarter, as against the decline of 0.2 per cent recorded at end-March 2010. The development was attributed to the increase in the volume of FGN Bonds, Bankers' Acceptances (BAs) and Treasury Bills (TBs), respectively.

The resumption of direct auctions at the open market operations in April boosted activities at the money market during the second quarter of 2010.

2.3.1 Interest Rate Developments

Available data indicated a general decline in banks' deposit and lending rates in the second quarter of 2010. The average savings deposit rate declined significantly by 1.28 percentage points to 1.95 per cent. All other rates on deposits of various maturities also declined from a range of 4.08 – 10.63 per cent in the first quarter to 1.77-7.07. Similarly, at 4.25 per cent, the average term deposit rate declined by 445 basis points from the level in the preceding quarter. The average prime and maximum lending rates also dropped significantly by 506 and 645 basis points to 13.80 and 16.79 per cent, respectively. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed from 14.53 percentage points in the preceding quarter to 12.54 percentage points. The margin between the average savings deposit and maximum lending rates also narrowed from 20.01 percentage points in the preceding quarter to 14.84 percentage points. With headline inflation rate at 14.1 per

Both deposit and lending rates generally trended downward in Q2 2010.

The spread between deposit and maximum lending rates narrowed while in real terms all deposit rates turned significantly negative.

cent at end-June, all deposit rates, were significantly negative in real terms.

With the exception of the NIBOR for the 7- and 30-day tenors, all interbank money market rates trended upward in Q2 2010.

At the interbank call segment, however, the weighted average rate, which stood at 2.59 per cent in the preceding quarter, rose slightly to 2.64 per cent, reflecting the liquidity condition in the interbank funds market. Similarly, the weighted average rate at the Open Buy Back (OBB) rose from1.99 per cent in March 2010 to 2.58 per cent at the end of the second quarter of 2010. However, the Nigeria Inter-bank Offered Rate (NIBOR) for the 7- and 30-day tenors declined to 4.08 and 6.37 per cent at the end of the second quarter from 6.73 and 10.65 per cent, respectively, in the first quarter of 2010 (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

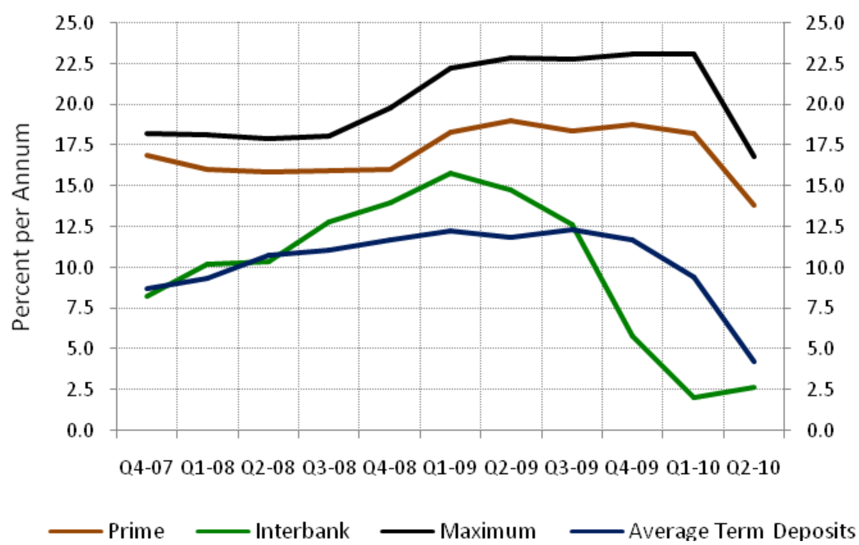


Table 2: Selected Interest Rates (Percent, Averages)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Average Term Deposits	12.3	11.9	12.3	11.7	8.7	4.3
Prime Lending	18.3	19.0	18.4	18.8	18.9	13.8
Interbank	15.8	14.8	12.7	5.8	2.6	2.6
Maximum Lending	22.2	22.9	22.8	23.1	23.2	16.8

The decline in investment in CPs by DMBs continued into the second quarter of 2010.

2.3.2 Commercial Papers (CPs)

The value of Commercial Papers (CPs) held by DMBs as a supplement to bank credit to the private sector fell by 2.3 per cent to ₦356.9 billion at the end of the second quarter 2010, compared with the decline of 28.3 per cent at the end of the first quarter. Thus, CPs constituted 9.6 per cent of the total value of money market assets outstanding at the end of second quarter, compared with 11.0 per cent at the end of the preceding quarter.

2.3.3 Bankers' Acceptances (BAs)

The value of BAs held by DMBs increased by 15.1 per cent to ₦44.6 billion at end of the review quarter, as against the decline of 37.7 per cent at the end of the preceding quarter. The development reflected the rise in investments by deposit money banks and discount houses. Consequently, BAs accounted for 1.2 per cent of the total value of money market assets outstanding at the end of the second quarter, same as at the end of the preceding quarter.

DMBs' holdings of BAs rose during Q2 of 2010

2.3.4 Open Market Operations

Open market operations resumed with the conduct of direct auctions for liquidity management during the review quarter. Nigerian Treasury Bills with tenors of 57- to 352-day, were auctioned at the direct OMO auctions. Total amount offered and subscribed to stood at ₦190.00 billion and ₦392.44 billion, respectively, while ₦160.00 billion was allotted. The bid rates ranged from 1.204 to 6.411 per cent, while the issue rates ranged from 1.799 to 3.042 per cent. Furthermore, the two-way quotes trading as conducted with the bid and offer rates ranging from 0.80 to 2.80 per cent and 0.50 to 2.20 per cent, respectively. Also, NTBs worth ₦60.00 billion were bought at rates ranging from 1.10 to 2.20 per cent. There was, however, no request for repurchase transactions. NTBs valued at ₦160.00 billion matured and were paid during the review quarter.

The conduct of open market operations (OMO) resumed during Q2 2010.

2.3.5 Primary Market

At the primary market segment, NTBs of 91-, 182- and 364-day tenors amounting to ₦519.41 billion were offered and allotted in the second quarter of 2010. Total public subscription, at ₦857.21 billion, exceeded the amount offered and allotted by 65.0 per cent. The range of issue rates for the 91- and 182- day NTBs was 1.0000 to 2.5000 per cent and 1.2950 to 3.5100 per cent, respectively, compared with the range of 0.9500 to 3.9990 per cent for the same tenors in the preceding quarter. At the 364-day tenor segment, the issue rates were from 1.8000 to 3.9990 per cent, compared with 1.5500 and 5.3500 per cent

Patronage at the primary market remained impressive as market players sought to shore up their holdings of tradable government securities.

in the preceding quarter. Patronage at the primary market remained impressive and reflected market players' preference for risk-free government securities. Overall, the sum of ₦355.72 billion was repaid on matured NTBs during the review quarter.

2.3.6 *Bonds Market*

Subscription for FGN Bonds of various maturities was impressive buoyed by market players' confidence in the economy and their perception about stable and attractive yields.

FGN Bonds of 3-, 5- and 20-year tenors amounting to ₦240.00 billion were re-opened (in line with the debt management programme) during the period under review. Total public subscription and allotments stood at ₦481.12 billion and ₦300.00 billion, respectively. A breakdown of the total issues showed that ₦85.00 billion, ₦75.00 billion and ₦80.00 billion, were issued for the 3-, 5- and 20-year tenors, respectively. In the preceding quarter, total issue and allotments was ₦220.00 billion apiece, while total subscription was ₦487.38 billion. The FGN Bonds were offered and allotted at marginal rates ranging between 1.0000 – 9.0000, 2.6200 – 1000.00 and 5.0000 - 13.7500 per cent, respectively, for the 3-, 5– and 20– year tenors, compared with the respective range of 3.4800 -6.8299, 6.0000 – 8.1400 and 7.0000 – 8.5000 per cent in the preceding quarter. The impressive subscription, especially for the 20-year tenor, reflected market players' confidence in the Nigerian economy as well as the attractive yields on the instruments.

2.3.7 *CBN Standing Facilities*

The CBN Standing Lending Facility (SLF) rate and Standing Deposit Facility (SDF) rate on overnight deposits by the DMBs remained at 8.0 and 1.0 per cent, respectively, during the quarter.

The MPR, SLF and SDF rates were retained at 6.0, 8.0 and 1.0 per cent, respectively, in Q2 2010 interbank trading.

Following the tight liquidity condition in the money market, total deposit by the DMBs at the SDF window in the second quarter 2010 declined substantially from ₦20,500.39 billion at the end of the preceding quarter to ₦12,352.21 billion. The development was traceable to the huge purchases of foreign exchange by the DMBs, that absorbed substantial liquidity from the system.

The patronage of the SLF by the DMBs resumed in May after the last request in January. Total lending under the SLF window to the DMBs and discount houses in the second quarter of 2010 amounted to ₦1,293.07 billion, as against ₦135.5 billion granted in the first quarter of 2010.

2.4 Deposit Money Banks' Activities

Available data indicated that at the end of second quarter of 2010, the total assets/liabilities of the DMBs stood at ₦18, 053.2 billion, representing an increase of 1.2 per cent over the level at the end of the preceding quarter. The development was attributed largely to the 3.5 per cent increase in DMBs' unclassified assets.

The funds, which were sourced largely from the increase in their unclassified liabilities and deposit liabilities—demand, time, savings and foreign currency deposits, were used mainly to increase capital and acquisition of unclassified assets.

At ₦11,489.2 billion, credit to the domestic economy increased marginally by 0.8 per cent from the level in the preceding quarter. The development was attributed wholly to the 1.0 per cent increase in claims on the private sector.

DMBs' credit to the private sector increased slightly in Q2 2010.

Central Bank's credit to the DMBs, largely loans and advances, rose by 9.9 per cent to ₦449.3 billion at the end of the review quarter.

Total specified liquid assets of the DMBs stood at ₦3,208.4 billion, representing 30.3 per cent of their total current liabilities. At that level, the liquidity ratio fell by 0.3 percentage point from the level at the end of the preceding quarter, but was 5.3 percentage points above the stipulated minimum ratio of 25.0 per cent. The loans-to-deposit ratio fell by 1.3 percentage point from the level at the end of the preceding quarter to 78.1 per cent, and was 1.9 percentage points below the prescribed minimum ratio of 80.0 per cent. The low credit flow to the real sector also persisted despite the measures put in place by the Bank to combat the problem. The development was attributed to the tight liquidity condition in the banking system, coupled with the unwillingness of some DMBs to trade with other counterparties, despite the Central Bank's guarantee of inter-bank transactions.

Total liquid assets of the DMBs to total current liabilities ratio stood at 30.3 per cent and exceeded the stipulated minimum liquidity ratio by 5.3 percentage points. Loan-to-deposit ratio fell and was below the prescribed minimum by 1.9 percentage

2.5 Discount Houses' Activities

Total assets/liabilities of the discount houses stood at ₦368.6 billion at the end of second quarter of 2010, indicating an increase of 2.7 per cent over the level at the end of the preceding quarter but a decline of 20.9 per cent from the level at the end of the corresponding quarter of 2009. The increase in assets was accounted for largely by the 262.4 per cent surge in cash and balances with banks, reinforced by the 14.3 per cent increase in claims on “others”. Correspondingly, the rise in total liabilities was attributed largely to the increase of 27.0 and 15.0 per cent in the levels of borrowing and “other amount owing to” during the period.

Discount houses’ investment in Federal Government securities of less than 91-day maturity fell to ₦17.7 billion and represented 6.0 per cent of their total deposit liabilities. At this level, discount houses’ investment contracted by 37.0 per cent from the level at the end of the preceding quarter. It was also 54.0 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2010. Total borrowing by the discount houses was ₦37.4 billion, while their capital and reserves stood at ₦43.7 billion. This resulted in a gearing ratio of 1.9:1, compared with the stipulated maximum target of 50:1 for fiscal 2010.

2.6 Capital Market Developments

2.6.1 Secondary Market

Performance at the NSE during Q2 2010 was mixed with the volume and value of traded securities increasing. The banking sub-sector remained the most active.

Available data indicated that activities on the Nigerian Stock Exchange (NSE) in the second quarter of 2010 were mixed. The volume and value of traded securities increased by 4.1 per cent and 27.8 per cent to 27.9 billion shares and ₦245.2 billion, respectively, in 559,532 deals, compared with 26.9 billion shares and ₦191.8 billion in 614,949 deals in the preceding quarter. The banking sub-sector remained the most active on the Exchange with a traded volume of 3.8 billion shares valued at ₦33.4 billion in 71,090 deals. This was followed by the Insurance sub-sector with a traded volume of 898.4 million shares valued at ₦1.1 billion in 9,057 deals.

Figure 4: Volume and Value of Traded Securities

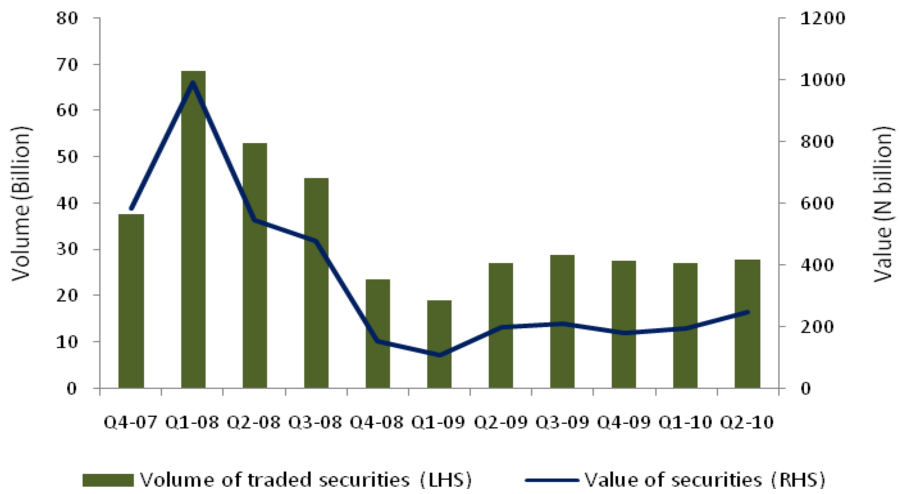


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Volume (Billion)	19.0	27.2	28.9	27.6	27.2	27.9
Value (₦ Billion)	106.9	199.4	207.1	177.0	193.8	245.2

2.6.2 Over-the-Counter (OTC) Bonds Market

Transaction on the Over-the-Counter bond market, indicated a turnover of 1.2 billion units worth ₦1.3 trillion in 12,091 deals in the review quarter, compared with 782.5 million units valued at ₦937.2 billion in 7,039 deals in the first quarter of 2010. The most active bond in terms of turnover volume was the 7th FGN Bond 2013 series 1 with a traded volume of 250.7 units valued at ₦249.00 billion in 2,347 deals, followed by the 6th FGN Bond 2029 series 5 with a traded volume of 163.6 million units valued at ₦165.73 billion in 1,517 deals.

The most active bond in the market during the period under review was the 7th FGN Bond 2013 Series 1.

2.6.3 New Issues Market

In the new issues market, the ₦45.0 billion 7th FGN Bond 2015 series 2 was admitted on the daily official list. Supplementary listings of 280 million shares were added to the shares outstanding in the name of May & Baker Nigeria Plc, following the bonus of 2 for 5. Three FGN Bonds were delisted from the Daily official list following their maturity and subsequent redemptions. These were the 3rd FGN Bond 2011 Series 4, FRN 23rd DS 2010 and the ₦65.0 billion 4th FGN Bond 2010 Series 4.

Market capitalization and All-Share Index, all trended downward during Q2 2010.

2.6.4 Market Capitalization

The market capitalization of the 260 listed securities fell by 2.1 per cent to ₦8.22 trillion from the preceding quarter's level. The development was attributed to the price losses recorded by the highly capitalized stocks.

2.6.5 NSE All-Share Index

The All-Share Index, which opened at 25,966.25 at the beginning of the quarter, closed at 25,384.14, representing a decline of 2.2 per cent from the level in the preceding quarter.

Figure 5: Market Capitalization and All-Share Index

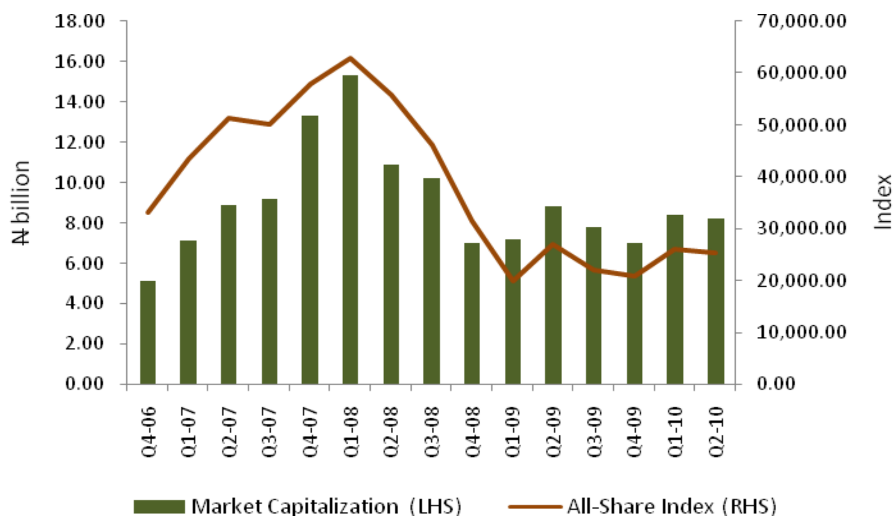


Table 4: Market Capitalization and All Share Index (NSE)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Market Capitalization (₦ trillion)	7.2	8.8	7.8	7.0	8.4	8.2
All-Share Index	19851.9	26861.6	22065.0	20827.2	25966.3	25384.1

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that total federally-collected revenue during the second quarter of 2010 stood at ₦1,712.01 billion, representing a shortfall of 14.9 per cent relative to the proportionate budget provisions, but an increase of 10.9 and 63.8 per cent over the receipts in the preceding quarter and the corresponding quarter of 2009, respectively (Fig. 6, Table 5)

Gross federally collected revenue fell short of their 2010 proportionate budget provisions for Q2.

Figure 6: Components of Gross Federally-Collected Revenue

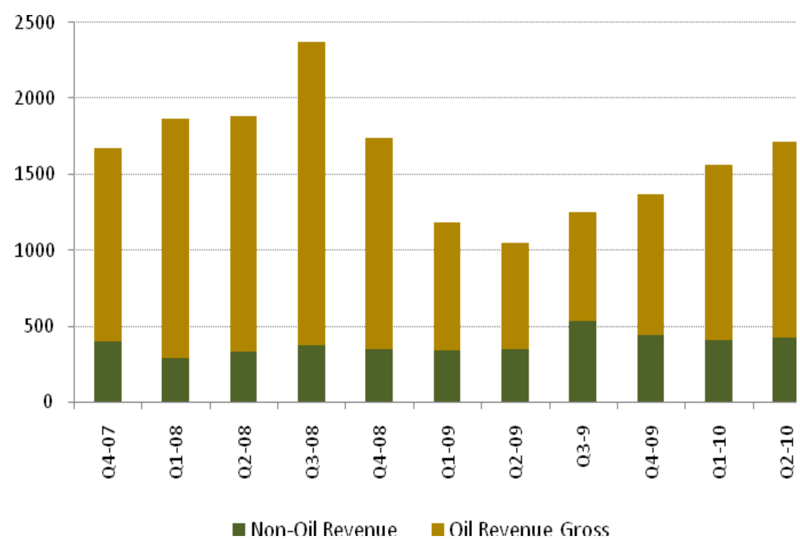


Table 5: Gross Federation Account Revenue (₦ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Federally-collected revenue (Gross)	1181.3	1044.9	1246.9	1371.5	1561.6	1712.0
Oil Revenue	842.3	696.6	716.8	936.3	1156.7	1288.7
Non-Oil Revenue	339.1	348.3	530.1	435.2	404.9	423.3

At ₦1,288.7 billion, gross oil receipts, which constituted 75.3 per cent of the total, fell short of the proportionate budget estimate by 11.9 per cent, but was 11.4 and 85.0 per cent above the receipts in the preceding quarter and the corresponding quarter of 2009, respectively. The decline in oil receipts relative to the proportionate budget estimate was largely attributed to the fall in receipts from crude oil and gas exports as well as petroleum profit tax and royalties. However, oil receipts when compared with the receipts in the preceding quarter rose, reflecting the increase in the international oil price (Fig. 7, Table 6).

Figure 7: Gross Oil Revenue and Its Components

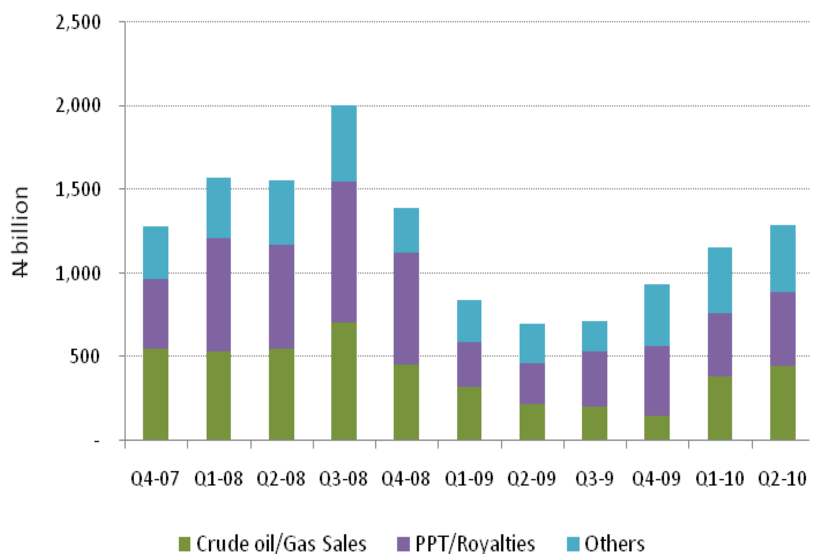


Table 6: Components of Gross Oil Revenue (₦ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Oil Revenue	842.3	696.6	716.8	936.3	1156.7	1288.7
Crude oil/Gas Sales	*320.3*	*219.7*	*205.9*	*151.9*	384.8	449.5
PPT/Royalties	*271.4*	*240.8*	*329.4*	*414.9*	376.5	436.7
Others	*250.5*	*236.2*	*181.4*	*369.4*	395.4	402.4

Non-oil receipts, at ₦423.3 billion or 24.7 per cent of the total was lower than the proportionate budget estimate by 23.1 per cent, but was above the levels in the preceding quarter and corresponding quarter of 2009 by 9.4 and 21.5 per cent, respectively. The fall relative to the proportionate budget estimate reflected largely the decline in company income tax, customs and excise duties, customs special levies and independent revenue of the Federal Government (Fig. 8, Table 7).

Figure 8: Gross Non-Oil Revenue and Its Components

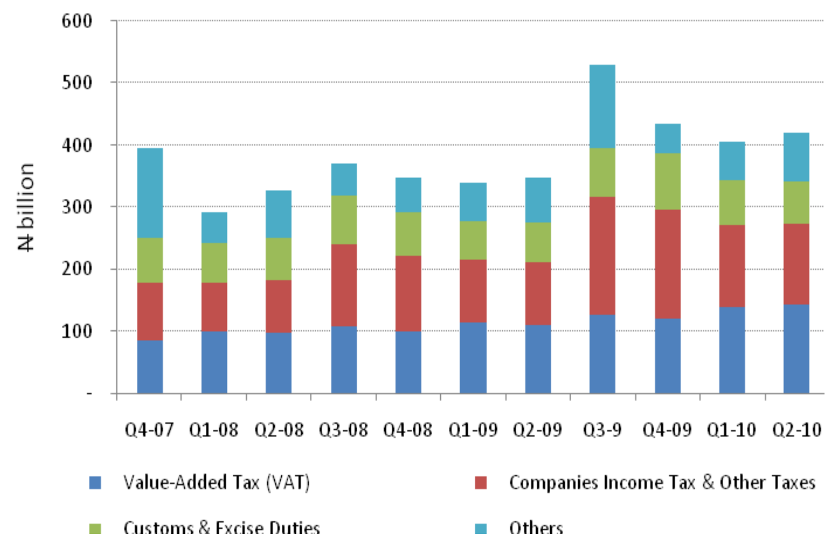


Table 7: Components of Gross Non-Oil Revenue (₦ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Non-Oil Revenue	**339.1**	**348.3**	**530.1**	**435.2**	**404.9**	*423.3*
Value-Added Tax (VAT)	*113.4*	*108.8*	*127.1*	*119.1*	*139.2*	*143.1*
Companies Income Tax & Other Taxes	*101.3*	*102.3*	*188.6*	*175.8*	*132.2*	*129.3*
Customs & Excise Duties	*62.5*	*64.4*	*78.6*	*92.0*	*72.0*	*68.7*
Others	*61.9*	*72.8*	*135.7*	*48.3*	*61.4*	*82.2*

As a percentage of projected Q2 2010 nominal GDP, oil revenue was 18.9 per cent, while non-oil revenue stood at 6.2 per cent in the second quarter of 2010.

Of the gross federally-collected revenue during the review quarter, the sum of ₦938.12 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 ₦439.96 billion, while the States and Local Governments received ₦223.15 billion and ₦172.04 billion, respectively. The balance of ₦102.95 billion went to the 13.0 per cent derivation fund for distribution by the oil-producing states. To bridge the shortfall in revenue for the period, the sum of ₦362.37 billion was drawn from the excess crude account as budget augmentation and shared as follows: Federal Government (₦166.08 billion), State Governments (₦84.24 billion), Local Governments (₦64.94

The sum of ₦938.12 billion out of the federally collected revenue was set aside for distribution to the three tiers of government and the 13 per cent derivation fund for oil producing states; while ₦362.37 billion was drawn from the excess crude account to bridge revenue shortfall during the quarter.

billion) and oil-producing states (₦47.11 billion). Also, the Federal Government received ₦20.61 billion, while the State and Local Governments received ₦68.70 billion and ₦48.09 billion, respectively, from the VAT Pool Account.

3.2 The Fiscal Operations of the Three Tiers of Government

Federal government provisional retained revenue was higher than the proportionate budget estimate, while total expenditure was lower than the proportionate 2010 budget provision for the quarter.

3.2.1 The Federal Government

At ₦827.74 billion, the Federal Government retained revenue for the second quarter of 2010, was higher than the proportionate budget estimate, and the receipts in the preceding quarter and the corresponding quarter of 2009 by 0.1, 76.6 and 59.4 per cent, respectively. Of this amount, the shares from the Federation Account and the Excess Crude Account were ₦439.96 and ₦152.90 billion, respectively, while the VAT Pool account and FGN independent Revenue accounted for ₦20.61 and ₦36.89 billion, respectively. "Others" accounted for the balance (Fig. 9, Table 8).

Figure 9: Federal Government Retained Revenue

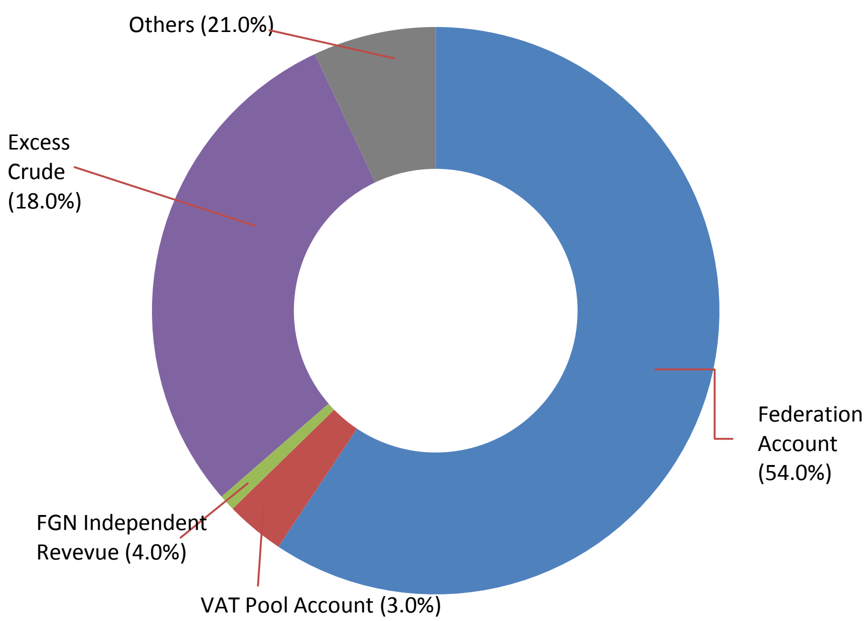
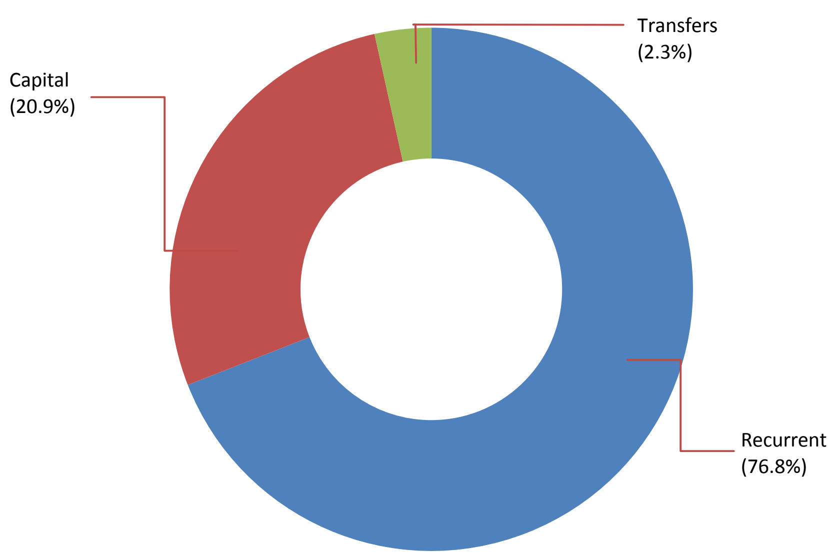


Table 8: Federal Government Fiscal Operations (₦ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Retained Revenue	701.7	519.4	758.8	663.2	599.8	827.7
Expenditure	669.1	894.7	950.2	939.0	877.4	977.7
Overall Balance: Surplus(+)/Deficit(-)	32.6	-375.3	-191.4	-275.8	-277.5	-150.0

At ₦977.70 billion, total expenditure for Q2 2010 fell short of the proportionate budget estimate by 19.5 per cent, but was 15.9 and 28.1 per cent higher than the levels in the preceding quarter and the corresponding quarter of 2009, respectively. The lower total expenditure relative to the proportionate budget estimate was attributed largely to the decline in capital releases and statutory transfers. A breakdown of total expenditure showed that the recurrent component accounted for 76.8 per cent, capital component 20.9 per cent, while statutory transfers accounted for the balance of 2.3 per cent (Fig. 10). As a percentage of projected Q2 2010 nominal GDP, recurrent expenditure was 11.0 per cent, while capital expenditure and transfers stood at 3.0 and 0.3 per cent, respectively.

Figure 10: Federal Government Expenditure



The fiscal operations of the FG resulted in an estimated deficit of 2.3 per cent of GDP in Q2 2010, financed through other funds.

The fiscal operations of the Federal Government in the second quarter of 2010, resulted in a total notional deficit of ₦149.96 billion, compared with the budgeted deficit of ₦387.70 billion and a deficit of ₦243.76 billion in the corresponding quarter of 2009.

The fiscal deficit was 2.2 per cent of the estimated nominal GDP in the review quarter, compared with 4.3 per cent in the preceding quarter. The fiscal deficit was largely financed from domestic sources (through the issuance of FGN Bonds and Treasury bills).

3.2.2 Statutory Allocations to State Governments

Total receipts, including the 13.0 per cent Derivation Fund and share of VAT by the state governments from the Federation Account stood at ₦526.15 billion during the review quarter. This represented an increase of 2.5 and 33.6 per cent over the levels in the preceding quarter and the corresponding quarter of 2009, respectively.

Further breakdown showed that, at ₦68.70 billion, receipts from the VAT Pool Account increased by 2.8 per cent from the level in the preceding quarter, while receipts from the Federation Account stood at ₦457.45 billion. On a monthly basis, the sum of ₦103.65 billion, ₦276.15 billion and ₦146.35 billion was allocated to the 36 state governments in April, May and June 2010, respectively.

3.2.3 Statutory Allocations to Local Government Councils

Total receipts by the Local Governments from the Federation and VAT Pool Accounts during the second quarter of 2010, stood at ₦285.07 billion. This exceeded the levels in the preceding quarter and the corresponding quarter of 2009 by 1.2 and 31.3 per cent, respectively. Of this amount, allocation from the Federation Account was ₦236.98 billion (83.1 per cent) of the total, while VAT Pool Account accounted for ₦48.09 billion (16.9 per cent). On a monthly basis, the sum of ₦61.14 billion, ₦143.18 billion and ₦80.75 billion was allocated to the 774 local governments in April, May and June 2010, respectively.

4.0 Domestic Economic Conditions

Aggregate output measured by the gross domestic product (GDP) grew at an estimated 7.7 per cent in the second quarter of 2010, compared with 7.4 per cent in the preceding quarter. The growth was driven mainly by the non-oil sector, notably agriculture, wholesale and retail trade, and services. Crude oil production was estimated at 2.13 million barrels per day (mbd) or 193.83 million barrels for the quarter. The end-period inflation rate for the second quarter of 2010, on a year-on-year basis, was 14.1 per cent, compared with 14.8 and 11.2 per cent in the preceding quarter and the corresponding quarter of 2009, respectively. The inflation rate on a 12-month moving average basis was 13.1 per cent, compared with the preceding quarter and corresponding quarter's rates of 12.8 and 13.7 per cent, respectively.

4.1 Aggregate Output

Real output growth in Q2 2010 remained strong, driven by the non-oil sector.

Aggregate output measured by gross domestic product (GDP) at 1990 basic prices, grew by an estimated 7.7 per cent in the second quarter of 2010, compared with 7.4 per cent recorded in the first quarter. The growth was driven mainly by the non-oil sector, notably agriculture, wholesale and retail trade, and services, reinforced by the modest improvement in crude petroleum and natural gas production.

Non-oil GDP grew by an estimated 8.4 per cent in the second quarter 2010 and accounted for 84.3 per cent of total GDP, compared with 8.1 per cent in the first quarter of 2010. Oil GDP, comprising crude petroleum and natural gas, grew by 4.0 per cent and accounted for 15.7 per cent of the total GDP, representing 1.4 percentage point increase over the preceding quarter (Fig. 11, Table 9).

Figure 11: Real GDP Growth Rate and Share of Oil and Non-oil in GDP

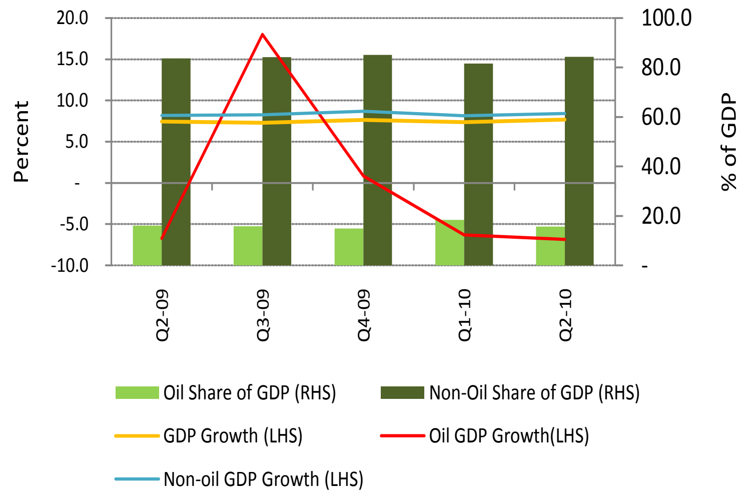


Table 9: Growth Rate of Real GDP and Sectoral Shares (Percent)

	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Growth Rate (%)					
Real GDP	7.5	7.3	7.7	7.4	7.7
Oil (Crude Petroleum/Natural Gas)	*-6.7*	*18.0*	*0.9*	*-6.3*	*-6.8*
Non-oil	*8.2*	*8.2*	*8.7*	*8.1*	*8.4*
Share in Real GDP (%)					
Real GDP	*99.7*	*100.0*	*100.0*	*100.0*	100.0
Oil (Crude Petroleum/Natural Gas)	*16.0*	*15.8*	*14.9*	*18.4*	*15.7*
Non-Oil	*83.7*	*84.2*	*85.1*	*81.6*	*84.3*

4.2 Agricultural Sector

Agricultural activities during the review quarter centered largely on intense cultivation of rice and harvesting of crops such as maize and vegetables. In the livestock sub-sector, farmers restocked broilers and layers to replenish sales of the Easter festival. A total of ₦585.4 million was guaranteed to 4,699 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the second quarter of 2010. This represented a decline of 29.4 and 34.3 per cent from the levels in the preceding quarter and corresponding quarter of 2009, respectively.

A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector received the largest share of ₦254.5 million (43.5 per cent) to 2,585 beneficiaries; the livestock sub-sector got ₦208.6 million (35.6 per cent) to 742 beneficiaries.

Also, 474 beneficiaries in the fisheries sub-sector obtained ₦61.0 million (10.4 per cent), while ₦17.7 million (3.0 per cent) went to 259 beneficiaries in the cash crop sub-sector. 'Others' sub-sector obtained ₦42.5 million (7.3 per cent) guaranteed to 635 beneficiaries. Further analysis showed that 27 states benefited from the scheme during the quarter. The highest and lowest sums of ₦85.4 million (14.6 per cent) and ₦1.0 million (0.2 per cent) went to Nassarawa and Kano States, respectively.

At end-June 2010, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at ₦59.98 billion (for fifty-nine projects). The beneficiaries included six state governments. A breakdown of the amount showed that United Bank for Africa (UBA) Plc got ₦38.41 billion (for thirty-four projects), Zenith Bank Plc ₦6.34 billion (for four projects), Skye Bank Plc ₦5.6 billion (for three projects), First Bank of Nigeria Plc ₦4.71 billion (for eleven projects), GT Bank Plc ₦3.53 billion (for five projects) and Fidelity Bank Plc got ₦0.5 billion (for one project).

The retail prices of most staples recorded decline in the second quarter of 2010. Ten of the fourteen commodities monitored recorded price decline from their levels in the preceding quarter. These ranged from 0.4 per cent for garri (white) to 11.0 per cent for guinea corn. Local rice, garri (yellow), eggs (medium) and groundnut oil, however, recorded price increase of 8.4, 0.5, 0.1 and 25.2 per cent, respectively. The fall in the price of most commodities was attributed to seasonal factors.

The retail prices of most staples fell during Q2 2010

4.3 Industrial Production

Industrial activities during the second quarter of 2010 indicated a slight improvement relative to the preceding quarter. At 118.10 (1990=100), the estimated index of industrial production rose by 0.4 per cent over the levels attained in the preceding quarter and the corresponding quarter of 2009. The development reflected the increase in activities in the manufacturing and mining sub-sectors.

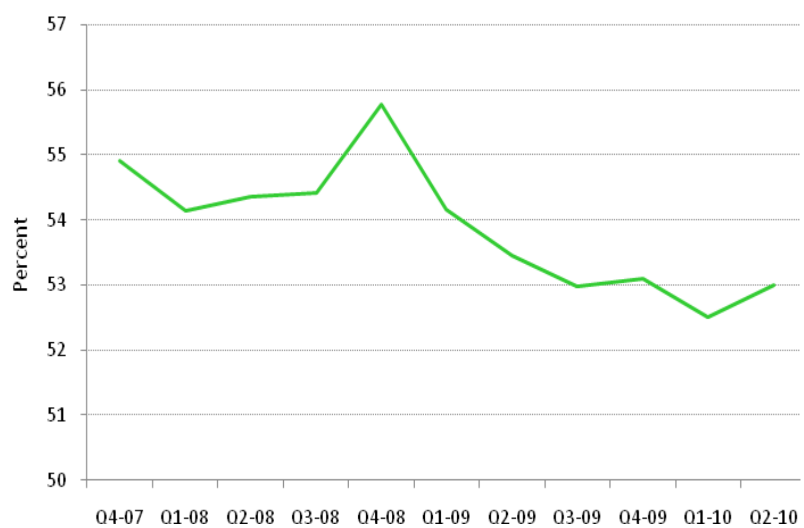
There was a slight improvement in industrial activities during Q2 2010 on account of increase in activities in the manufacturing and mining sub-sectors.

The estimated index of manufacturing production, at 92.90

Industrial capacity utilization was estimated to have increased by 0.5 percentage point relative to Q1 2010.

(1990=100), increased by 0.04 and 0.7 per cent, over the levels in the preceding quarter and the corresponding period of 2009, respectively. The estimated capacity utilization also increased by 0.5 percentage point to 53.0 per cent during the review quarter (Fig. 12, Table 10). The development was attributed to the increase in business confidence as a result of the passage of the 2010 budget.

Figure 12: Capacity Utilization Rate



At 130.89 (1990=100), the index of mining production increased marginally by 0.02 and 1.07 per cent over the levels attained in the preceding quarter and the corresponding quarter of 2009, respectively. The development was attributed to the sustained peace in the Niger Delta region.

Average electricity generation and consumption declined during the quarter under review.

At 1856.8 MW/h, estimated average electricity generation declined by 8.7 per cent, from the level attained in the preceding quarter. The development resulted from the decline in gas supply to the thermal stations.

At 1,743.9 MW/h, estimated average electricity consumption fell by 11.3 per cent from the level in the preceding quarter. The development was attributed to the fall in power supply occasioned by the low electricity generation and poor maintenance of its distribution infrastructure (Fig. 13, Table 10).

Figure 13: Index of Industrial Production (1990=100)

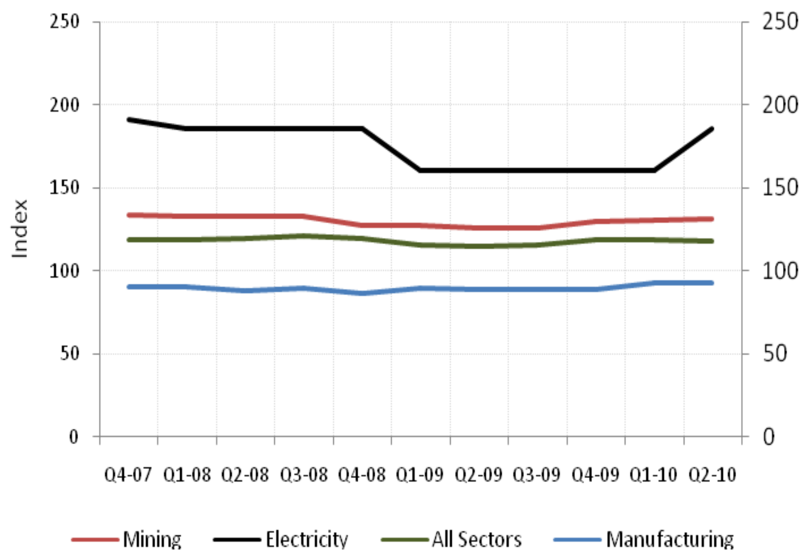


Table 10: Index of Industrial Production and Manufacturing Capacity Utilization Rate

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
All Sectors (1990=100)	**115.9**	**114.6**	**115.6**	**119.0**	*117.5*	*118.1*
Manufacturing	*89.9*	*88.6*	*88.4*	*88.6*	*92.9*	*92.9*
Mining	*127.6*	*125.9*	*125.9*	*129.9*	*130.9*	*130.9*
Electricity	*160.4*	*160.4*	*160.4*	*160.4*	*160.4*	*185.6*
Capacity Utilization (%)	***54.2***	***53.5***	***53.0***	***53.1***	*52.5*	*53.0*

4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.13 million barrels per day (mbd) or 193.83 million barrels during the second quarter of 2010, compared with 2.01 mbd or 180.9 million barrels in the preceding quarter. This represented an increase of 6.0 per cent. The increase in production was due to the relative peace experienced in the Niger Delta region.

Crude oil and natural gas production increased, by 6.0 per cent, to 2.13 mbd during Q2 2010.

Crude oil export was estimated at 1.68 mbd or 152.88 million barrels in the review period, compared with 1.56 mbd or 140.4 million barrels in the preceding quarter. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 40.95 million barrels.

Crude oil export also recorded a marginal increase.

At an estimated average of US$79.70 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API) rose, by 0.8 per cent, over the level in the preceding quarter. The average

Average crude oil prices including that of Nigeria's reference crude, Bonny Light (37° API) maintained their upward trend in the international crude oil market.

prices of other competing crudes namely; the West Texas Intermediate, the U.K Brent and the Forcados also rose, by 0.7, 0.8 and 1.2 per cent to US$79.63, US$78.54 and US$78.70 per barrel, respectively. The average price of OPEC's basket of eleven crude streams also rose, by 1.4 per cent, to US$76.53 over the level in the preceding quarter. The increase in price was attributed to the positive economic sentiments and colder weather in the Northern Hemisphere which triggered a surge in speculative activity (Fig. 14, Table 11).

Figure 14: Trends in Crude Oil Prices

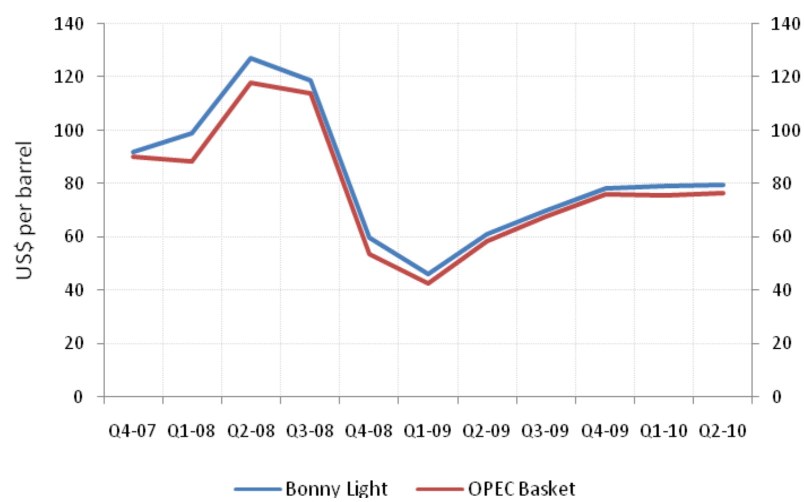


Table 11: Average Crude Oil Prices in the International Oil Market

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Bonny Light	46.15	61.14	70.05	78.25	78.74	79.70
OPEC Basket	42.50	58.51	67.78	75.89	75.45	76.53

4.5 Consumer Prices[3]

The general price level rose in Q2 relative to Q1 2010, on account of the increase in the price of staple food.

Available data showed that the all-items composite Consumer Price Index (CPI) at the end of the second quarter of 2010, was 108.8 (November 2009=100), representing an increase of 3.7 and 14.1 per cent over the levels in the preceding quarter and the corresponding quarter of 2009, respectively. The

New CPI with November 2009 = 100 as base and new weight based on the 2003/2004 Nigeria Living Standard Survey (NLSS) was released by the National Bureau of Statistics (NBS) on 17th August 2010.

development was attributed largely to the increase in the prices of staple food and non-alcoholic beverages.

The urban all-items CPI at the end of the second quarter of 2010, was 107.7 (November 2009=100), indicating an increase of 1.6 and 10.8 per cent over the levels in the preceding quarter and the corresponding quarter of 2009, respectively. Similarly, the rural all-items CPI at the end of the quarter, at 109.6 (November 2009=100), represented an increase of 5.4 and 16.1 per cent over the levels in the preceding quarter and the corresponding quarter of 2009, respectively (Fig. 15, Table 12).

Figure 15: Consumer Price Index

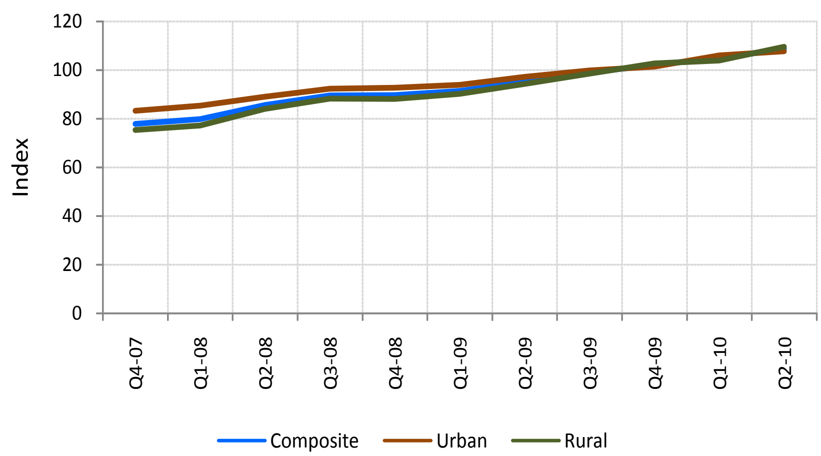


Table 12: Consumer Price Index (November 2009=100)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Composite	91.4	95.3	98.9	102.2	104.9	108.8
Urban	93.9	97.2	99.8	101.4	106.0	107.7
Rural	90.2	94.4	98.5	102.8	104.0	109.6

The end-period inflation rate for the second quarter of 2010, on a year-on-year basis, was 14.1 per cent, compared with 14.8 and 11.2 per cent in the preceding quarter and the corresponding quarter of 2009, respectively. The inflation rate on a twelve-month moving average basis for the second quarter, was 13.1 per cent, compared with 12.8 and 13.7 per cent recorded in the preceding quarter and the corresponding quarter of 2009, respectively (Fig. 16, Table 13).

The headline inflation (y-o-y) declined by 0.7 percentage point, in Q2 2010.

Figure 16: Inflation Rate

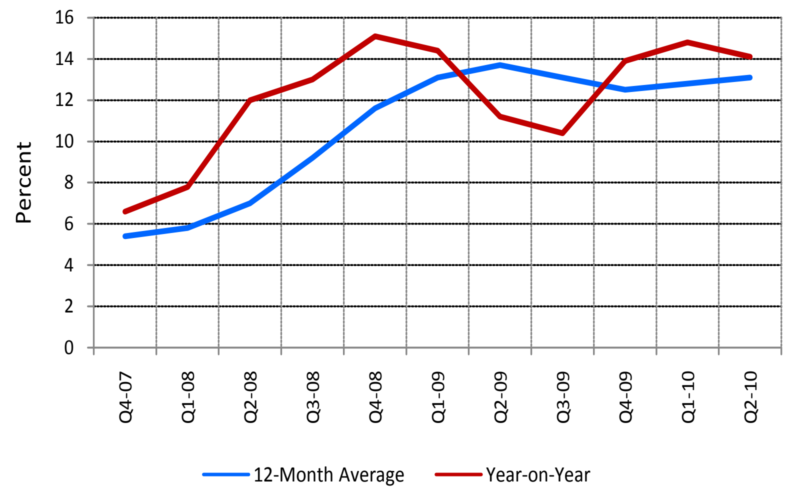


Table 13: Headline Inflation Rate (%)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
12-Month Moving Average	13.1	13.7	13.1	12.5	12.8	13.1
Year-on-Year	14.4	11.2	10.4	13.9	14.8	14.4

,

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow through the CBN in the second quarter of 2010 remained at the preceding quarter's level, but increased by 20.4 per cent when compared with the level in the corresponding quarter of 2009. Outflow rose by 32.1 and 17.6 per cent over the levels in the preceding quarter and corresponding quarter of 2009, respectively. Total non-oil export receipts by banks declined, by 56.4 per cent, from the level in the preceding quarter. The average Naira exchange rate vis-à-vis the US dollar, depreciated by 0.1, 0.4 and 0.4 per cent to ₦150.13, N153.04 and N151.05 per dollar at the Wholesale Dutch Auction System (WDAS), Bureau De Change (BDC) and Interbank segments of the market, respectively.

5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in the second quarter of 2010 amounted to US$6.5 billion and US$10.7 billion, respectively, resulting in a net outflow of US$4.2 billion. Relative to the respective levels of US$6.5 billion and US$8.1 billion in the preceding quarter, inflow remained at the preceding quarter's level, while outflow increased by 32.1 per cent. The rise in outflow by 32.1 per cent was due largely to the 34.1 per cent increase in other official payments during the review quarter (Fig. 17, Table 14).

Foreign exchange inflow through the CBN remained at the preceding quarter's level, while outflow rose significantly by 32.1 per cent to post a net outflow of US$4.2 billion

Figure17: Foreign Exchange Flows Through the CBN

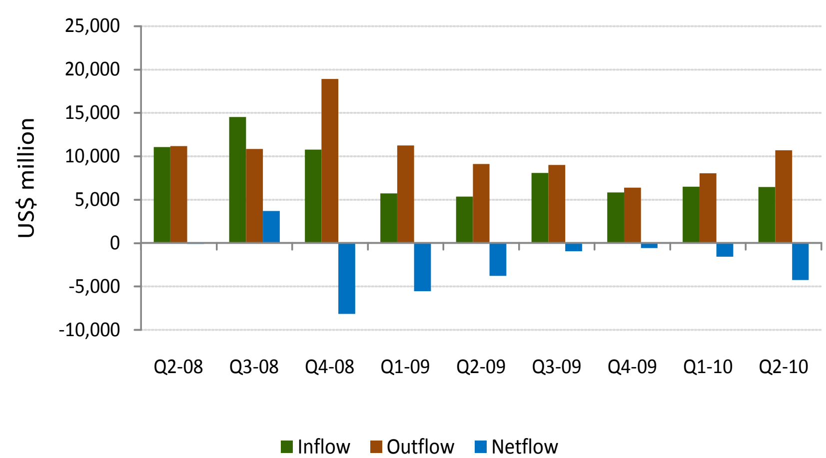


Table 14: Foreign Exchange Flows Through the CBN (US$ million)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Inflow	5724.6	5359.6	8083.0	5840.7	6521.1	6461.0
Outflow	11255.7	9135.1	9014.9	6396.3	8070.2	10707.7
Netflow	**-5531.1**	**-3775.5**	**-931.9**	**-555.6**	-1549.1	-4246.8

Available data on aggregate foreign exchange flows through the economy indicated that total inflow amounted to US$17.4 billion, representing a decline of 20.5 per cent from the level in the preceding quarter, but an increase of 35.1 per cent over the level in the corresponding quarter of 2009. Oil sector receipts, which accounted for 35.6 per cent of the total, stood at US$6.2 billion, compared with the respective levels of US$6.0 billion and US$3.2 billion in the preceding quarter and corresponding quarter of 2009.

Autonomous inflows into the economy declined significantly, by 29.2 per cent, in Q2 2010 relative to the preceding quarter.

Non-oil public sector inflows, which accounted for 1.8 per cent of the total, declined by 40.9 per cent from the preceding quarter's level, while autonomous inflow, which accounted for 62.6 per cent, declined by 29.2 per cent.

At US$10.8 billion, aggregate foreign exchange outflow from the economy increased by 31.7 and 16.1 per cent over the levels in the preceding quarter and the level in Q2 2009, respectively. The rise in outflow relative to the preceding quarter was accounted for, largely, by the increase in other official payments.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings by exporters fell sharply during the second quarter of 2010 on account of decline in the prices of most traded commodities.

Total non-oil export earnings by Nigerian exporters fell by 56.4 per cent to US$297.2 million from the level in the preceding quarter. 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 the review quarter showed that the proceeds of industrial, agricultural, manufactured products, minerals, food products and transport stood at US$149.1 million, US$59.1 million, US$56.5 million, US$20.1 million, US$12.1 million and US$0.3 million, respectively.

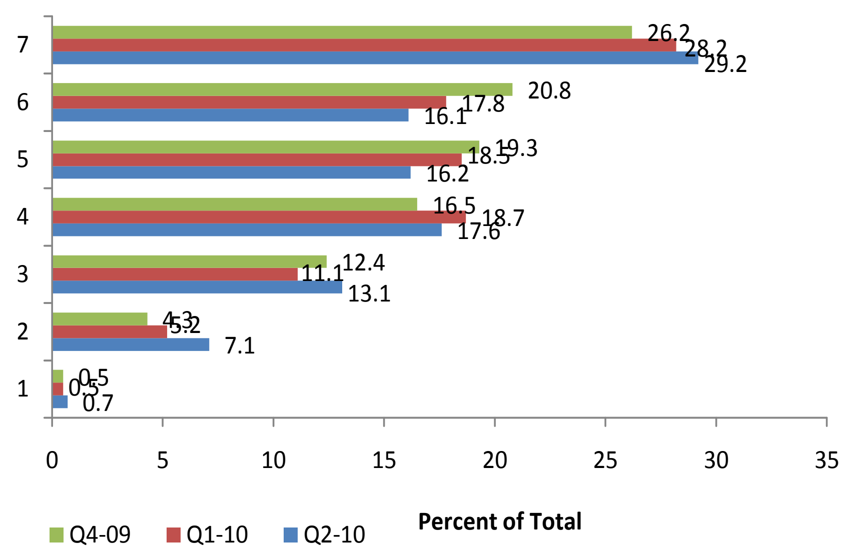
The shares of industrial, agricultural, manufactured products, minerals, food products and transport in non-oil export proceeds were 50.2, 19.9, 19.0, 6.7, 4.1 and 0.1 per cent, respectively, in the review quarter.

5.3 Sectoral Utilisation of Foreign Exchange

The invisibles sector accounted for the bulk (29.2 per cent) of total foreign exchange disbursed in the second quarter of 2010, followed by manufactured products (17.6 per cent). Other beneficiary sectors, in a descending order included: minerals & oil (16.2 per cent), industrial sector (16.1 per cent), food (13.1 per cent), transport (7.1 per cent) and agricultural products (0.7 per cent) (Fig.18).

As in the preceding quarter, the invisibles sector accounted for the bulk of the total foreign exchange disbursed during Q2 2010.

Figure18: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

Foreign exchange demand by the authorized dealers stood at US$9.3 billion, indicating an increase of 22.4 per cent over the level in the preceding quarter. Relative to the level in the corresponding period of 2009, demand also rose, by 55.0 per cent. A total amount of US$8.1 billion was sold by the CBN during the review period, indicating an increase of 32.8 per cent over the level in the preceding quarter (Fig. 19, Table 15).

Demand for foreign exchange by authorized dealers increased significantly during Q2 2010 relative to the levels in Q1 2010 and Q4 2009.

Figure 19: Demand for and Supply of Foreign Exchange

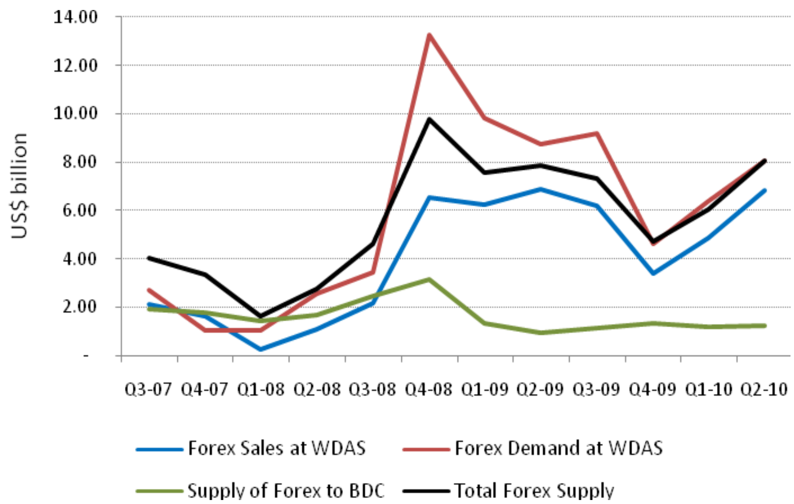


Table 15: Demand for and Supply of Foreign Exchange (US$ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Forex Sales at WDAS	6.3	6.9	6.2	3.4	4.9	6.8
Forex Demand at WDAS	9.8	8.7	9.2	4.6	6.4	8.0
Supply of Forex to BDC	1.3	0.9	1.1	1.3	1.2	1.2
Total Forex Supply	7.6	7.8	7.3	4.7	6.1	8.1

The Naira exchange rate vis-à-vis the US dollar depreciated mildly at the WDAS and BDC segments of the foreign exchange market over Q1 2010. It also depreciated marginally in the interbank segment over the same period.

Under the WDAS, the average exchange rate of the Naira vis-à-vis the US dollar depreciated by 0.1 per cent to ₦150.13 per dollar from ₦149.94 in the preceding quarter. It also depreciated by 0.1 per cent relative to the level in the corresponding quarter of 2009. In the bureaux-de-change segment of the market, the naira traded at an average of ₦153.04 per dollar, compared with ₦152.49 and ₦153.16 per dollar in the preceding quarter and the corresponding quarter of 2009, respectively. In the interbank segment, the Naira exchanged for an average of ₦151.05 to the US dollar in Q2 2010, compared with ₦150.46 and ₦150.35 per dollar in Q1 2010 and Q4 2009, respectively (Fig. 20, Table 16).

The premium between the WDAS rate and the rates in the other two segments were 0.6 per cent for the interbank and 1.9 per cent for the BDC segment.

The premium between the WDAS and the bureaux-de-change rates widened from 1.7 per cent in the preceding quarter to 1.9 per cent, and that between the WDAS and interbank widened insignificantly from 0.4 per cent in the preceding quarter to 0.6 per cent (Fig. 21, Table 16).

Figure20: Average Exchange Rate Movements

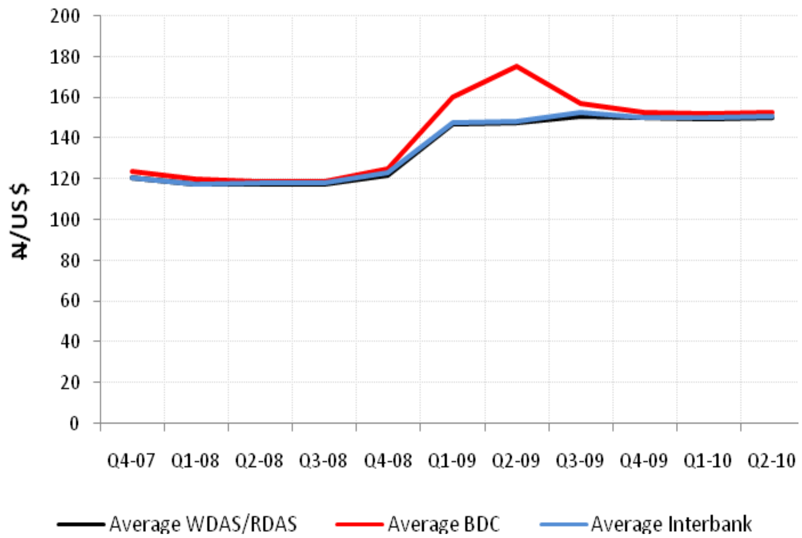
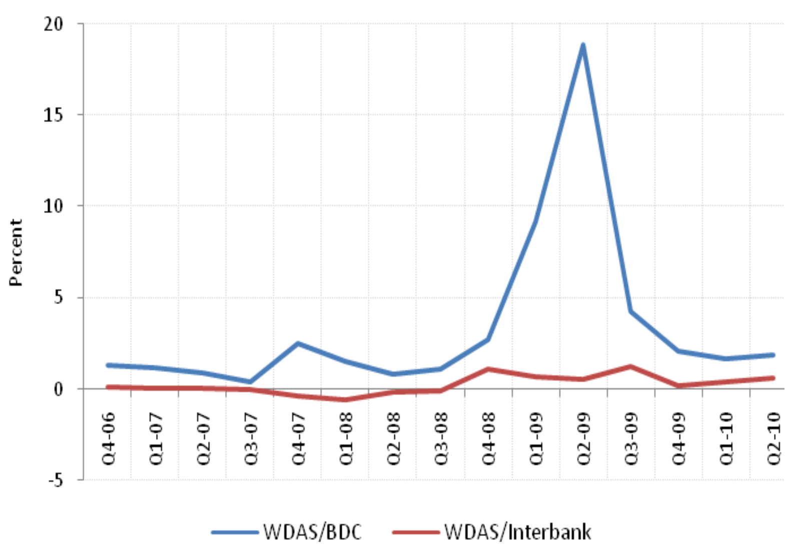


Table 16: Exchange Rate Movements and Exchange Rate Premium

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Average Exchange Rate (₦/$)						
WDAS/RDAS	*146.9*	*147.8*	*150.9*	*150.1*	*149.9*	*150.1*
BDC	*160.4*	*175.7*	*157.4*	*153.2*	*152.5*	*153.0*
Interbank	*147.9*	*148.5*	*152.8*	*150.4*	*150.5*	*151.1*
Premium (%)						
WDAS/BDC	*9.2*	*18.9*	*4.3*	*2.1*	*1.7*	*1.9*
WDAS/Interbank	*0.7*	*0.5*	*1.3*	*0.2*	*0.4*	*0.6*

Figure21: Exchange Rate Premium



5.5 Balance of Payments

The current account position of the balance of payments, at 19.7 per cent of GDP, sustained its robustness in Q2 2010.

Nigeria's external sector remained relatively strong in the second quarter of 2010 due to the gradual recovery in the global economy. This was reflected in the robust current account position which represented 19.7 per cent of Gross Domestic Product (GDP) in the review period. The international price of crude oil, which averaged US$79.10 per barrel during the first quarter of 2010, rose to an average of US$79.70 per dollar in the review period. The export sub-sector was dominated by oil receipts which accounted for 96.5 per cent of total exports. The significantly robust capital inflows witnessed before the global financial crisis had thinned out drastically in 2010, owing to the uncertainty in the investment climate. At US$37.4 billion, the external reserves declined by 7.9 per cent from the level in the preceding quarter and could support 15.9 months of current imports commitments. Exchange rate remained relatively stable and the market premium within tolerable limit.

Total trade (value of exports and imports) for the second quarter, grew slightly by 2.0 per cent over its level in the first quarter of 2010 and constituted 56.9 per cent of GDP. Aggregate exports increased by 1.4 per cent and represented 41.3 per cent of GDP. The development was due to the upward trend in the international price of crude oil, coupled with the gradual recovery of the global markets, re-bound in aggregate demand and the improvement in domestic oil production. Trade openness increased from 50.1 in the first quarter of 2009 to 56.9 in the review period, owing to the increased integration of the external sector to the global economy.

5.6 Gross External Reserves

Gross external reserves continued its decline during the second quarter of 2010, as accretion to reserves remained minimal.

The gross external reserves at the end of the second quarter of 2010 stood at US$37.47 billion, indicating a decline of 7.9 per cent from the level of US$40.67 billion at the end of the preceding quarter. A breakdown of the reserves showed that CBN holding stood at US$30.72 billion (82.1 per cent), Federal Government holding was US$3.41 billion (9.1 per cent) and the

Federation Account portion (Excess Crude) was US$3.30 billion (8.8 per cent) (Fig. 22, Table 17).

Figure 22: Gross External Reserves

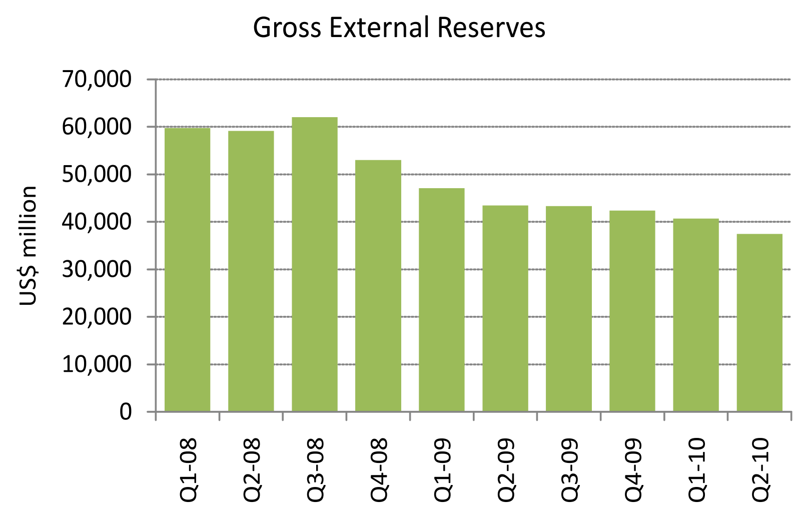


Table 17: Gross External Reserves (US$ million)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
External Reserves	47081.9	43462.74	43343.33	42382.49	40667.03	37468.44

6.0 Global Economic Conditions

6.1 Global Output

The global economy was experiencing steady recovery, though at varying speeds across and within regions.

The WEO update released on July 7, 2010 by the International Monetary Fund (IMF) revealed that the global economy was experiencing steady recovery, though at varying speeds across and within regions. In the first half of 2010, the world economy grew at an annualized rate of 5.0 per cent, and was accounted for mainly by the robust growth in Asia. Many advanced economies were projected to have modest but steady recovery, while most emerging and developing economies were expected to have strong growth during the review quarter. Growth in emerging and developing economies was projected at over 6.4 per cent during 2010–11, following a modest 2.6 per cent growth in 2009. Many emerging economies were again growing rapidly with some moderating their accommodative macroeconomic policies in the face of high capital inflows. Sub-Saharan Africa weathered the global crisis well, and its recovery was expected to be stronger. Generally, economies that were off to a strong start are likely to remain in the lead, as growth in others are held back by lasting damage to their financial sectors and household balance sheets.

The recovery process remained largely dependent on the effective implementation of accommodative macroeconomic policies and improvements in downside risks.

Activities to jump-start the recovery process remained largely dependent on the effective implementation of accommodative macroeconomic policies and improvements in downside risks. The recoveries in real and financial activities were mutually supportive, but access to credit remained difficult for some sectors. Although money markets have stabilized, following rebounds in corporate bonds and equity markets, the outlook remained uncertain, because of risks such as market concerns about sovereign liquidity and solvency in Greece, which if left unchecked, could turn into a contagious sovereign debt crisis.

For sustained growth and employment in most advanced economies, the view was that fiscal and monetary policies must remain supportive of each other for the rest of 2010, although there was need to adopt credible medium-term strategies to contain public debt levels. Given the prospects for relatively weak growth in the advanced economies, the challenge for emerging economies is to absorb rising inflows and nurture domestic demand without triggering a boom-burst cycles. Furthermore, for the world economy to sustain a high-growth trajectory, rebalancing global demand needed to be supported with financial sector reforms and structural policies in both surplus and deficit economies.

6.2 Global Inflation

Inflation remained low in advanced economies posing a threat to their recovery process.

There was limited decline in inflation in many advanced economies, which was puzzling given the exceptionally large falls in output. Core inflation in the euro area fell below 1.0 per cent, down from under 2.0 per cent at its peak in 2008. In the United States, it was running at about 1.5 per cent, down from over 2.0 per cent. In Japan, price dynamics turned appreciably from a very low core inflation to negative inflation, which slightly exceeded 1.0 per cent.

In India, inflation rose strongly, but fell appreciably in Russia and moderately in Brazil. Prices in China declined for a while but rose later. The outlook for most advanced economies is that, headline inflation rates should broadly converge to present levels of core inflation as high unemployment discourages high wage settlements and energy prices remain stable or increase only modestly.

6.3 Global Commodity Demand and Prices

World crude oil output in the second quarter of 2010 was estimated at 85.73 million barrels per day (mbd), while demand was estimated at 84.40 mbd, representing an excess supply of 1.33 mbd, compared with 86.00 and 84.70 mbd supplied and demanded, respectively, in the preceding quarter. The decline in demand was due to the continued slow pace of economic activities in the world economy, triggered by the sovereign debt issues in the Eurozone.
The benchmark price for crude oil was at a range of $71-79/bbl in June, after a volatile price in May, as continued negative sentiments slowed the upward movement in crude oil prices. OECD industrial stocks rose for a second consecutive month in May, across all regions and by a combined 35.0 million barrels (mb), reaching 2.757 mb or 61.0 days of forward

demand cover. Preliminary data pointed to a further 3.5 mb build up in the OECD in June, while crude and products held in floating storages fell, albeit offshore volumes remained high.

Global oil demand for 2011 is expected to rise by 1.6 per cent or 1.3 mbd year-on-year to 87.8 mb/d, assuming consensus trends in the world economy, crude prices and efficiency gains. Growth is expected to be driven entirely by non-OECD countries (+3.8% or +1.6 mbd), while the OECD sees resumed decline (-0.5% or -0.2 mbd). The 2010 outlook remained largely unchanged at 86.5 mbd (+2.1% or +1.8 mbd versus 2009).

There was stability in global crude oil price, while demand is expected to rise, driven mainly by non-OECD

6.4 International Financial Markets

Stock markets around the world were mostly down in the second quarter of 2010, especially in the US, Euro Area and Asia relative to their levels in the preceding quarter. Indices such as the S&P 500, FTSE 100 and Nikkei 225 declined by 7.6, 10.9 and 13.7 per cent, respectively, compared with their levels at end-December 2009. The development was attributed to the slowdown in global economic activities and the renewed call by members of the G-20 countries to increase banking regulations. Also, the proposed budget cut across debt-ridden EU nations impacted negatively on economic activity.

Global stock markets indicators recorded declines during the second quarter of 2010, as the global economic activities remained low.

The US Dollar and Euro both weakened based on concerns about the slowdown in the US economy, following the gradual unwinding of fiscal stimulus and fears about sovereign defaults by some members of the EU. The Yen, on the other hand, strengthened having received a boost in its demand as a refuge currency against the weakened US Dollar and Euro. Its attractiveness was also enhanced by Japan's trade surpluses.

Both the US dollar and Euro weakend during the second quarter of 2010.

6.5 Other International Economic Developments and Meetings

Other major international economic developments of relevance to the domestic economy during the review quarter included: the 2010 Spring Meetings of the World Bank Group and the International Monetary Fund (IMF) held in Washington D.C., USA from April 20 – 25, 2010. Some of the key issues discussed included global economic and financial developments, trade, reform of the Bretton Wood Institutions (BWIs), and the IMF mandate, amongst others (See April 2010

Report).

Furthermore, at the Spring Meetings, a Committee of Governors representing the African Development Bank (AfDB) shareholders, endorsed the tripling of the Bank's capital resources to nearly US$100 billion. The substantial increase in capital is expected to reposition the AfDB in order to sustain a higher level of lending, especially to the private sector, in response to the overwhelming demand from a number of member countries. It is also hoped that the capital increase will enable the institution meet Africa's infrastructural needs (See April 2010 Report).

Furthermore, the African Development Bank (AfDB) Group, through its private sector window, approved an equity investment equivalent to US$50 million in the Africa Capitalization Fund (ACF) in Tunis on April 28, 2010. The ACF which is an 8-year, pan-African investment fund, with a targeted investment level of US$200 million is focused on investing capital and subordinated debt in commercially viable and systemically important banks to strengthen their lending ability (See April 2010 Report).

An updated 2010 World Economic Situation and Prospects was 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 amidst the most severe international recession since World War II (See May 2010 Report).

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 lay a foundation for sustainable high growth, that would generate high-paying employment for Africans as a way of reducing poverty (See May 2010 Report).

Furthermore, 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 (See May 2010 Report).

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 (See May 2010 Report).

A new International Labour Organisation (ILO) report prepared for the June 2010 session of the International Labour Conference indicated that domestic work absorbed significant proportion of the workforce, ranging between 5 and 9 per cent of total employment in developing countries, and 2.5 per cent of total employment in industrialized countries. The composition of the domestic workforce changes by country and over time, but their numbers have been growing everywhere. It has been suggested that the increase of domestic work in industrialized countries was associated with the widening income inequalities, while in low-income agrarian/informal economies, domestic work has acquired further prominence especially in countries ravaged by the HIV/AIDS pandemic.

The report added that, despite its growing social and economic significance, domestic work has traditionally been one of the most precarious, low-paid, insecure and the most unprotected forms of employment. Abuse and exploitation were common, especially when children and migrant workers are involved.

Internationally, existing international labour standards do not offer adequate guidance on how to ensure meaningful protection to domestic workers. This has led the ILO Governing Body to agree to include a standard-setting activity on decent work for domestic workers on the agenda of the 99th Session (2010) of the International Labour Conference (ILC), on which a final decision might be taken in June 2011.

Finally, the meeting of the Group of 20 Finance Ministers and Central Bank Governors was held in Busan, South Korea, during June 4 – 5, 2010. The meeting focused on how to firmly secure the global recovery and address its attendant economic challenges and risks. The meeting resolved to drop proposals for a global banking levy, giving countries leeway to do what they thought best for their domestic circumstances. For countries still wanting to go ahead with unilateral banking levies, such as the US and UK, the G20 agreed that they should be devised within a set of principles to minimize the opportunities for banks to pick and choose between different jurisdictions depending on the levies introduced.

The G20 communiqué made it clear that members no longer thought expansionary fiscal policies were sustainable because of investors' low confidence in some countries' public finances. It stated that countries with serious fiscal challenges needed to accelerate the pace of consolidation, and welcomed the recent announcements by some member countries to reduce their deficits in 2010, so as to further strengthen their fiscal frameworks and institutions. Furthermore, the meeting stressed their support for orderly coordinated economic policies. They agreed to meet again during October 22-23, 2010 in Gyeongju, Republic of Korea, in advance of the November 2010 Seoul Summit.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
				₦ billion		
Domestic Credit (Net)	**4820.8**	**5677.2**	**6991.2**	**7903.8**	**8388.0**	**8612.9**
Claims on Federal Government (Net)	*-3405.6*	*-2879.8*	*-2820.2*	*-2302.3*	*-1649.5*	*-1489.9*
Central Bank (Net)	-4658.2	-4348.8	-3970.8	-3731.6	-3434.4	*-3272.8*
Banks	1252.6	1469.0	1150.6	1429.3	1784.9	*1782.9*
Claims on Private Sector	*8226.4*	*8556.9*	*9811.4*	*10206.1*	*10037.4*	*10102.8*
Central Bank	313.6	336.1	445.7	538.2	425.4	*396.5*
Banks	7912.8	8220.8	9365.7	9667.9	9612.0	*9706.3*
Claims on Other Private Sector	*8015.6*	*8305.3*	*9516.4*	*9895.8*	*9715.6*	*9763.7*
Central Bank	313.6	336.1	445.7	538.2	425.4	*396.5*
Banks	7702.0	7969.2	9070.7	9357.6	9290.2	*9367.1*
Claims on State and Local Government	*210.9*	*251.7*	*295.0*	*310.3*	*321.8*	
Central Bank	--	--	--	--	--	
Banks	210.9	251.7	295.0	310.3	321.8	*319.2*
Claims on Non-financial Public Enterprises	--	--	--	--	--	
Central Bank	--	--	--	--	--	
Banks	--	--	--	--	--	
Foreign Assets (Net)	**8105.3**	**7643.6**	**6886.9**	**7593.3**	**7249.6**	**6484.8**
Central Bank	6961.2	6642.6	5858.9	6522.2	6110.2	*5401.0*
Banks	1144.2	1001.0	1027.9	1071.1	1139.4	*1083.7*
Other Assets (Net)	-3928.4	-4243.7	-4419.6	-4729.7	-4627.5	*-4252.2*
Total Monetary Assets (M2)	**8997.8**	**9077.0**	**9458.5**	**10767.4**	**11010.1**	**10845.5**
Quasi-Money 1/	4331.1	4592.4	5125.0	5763.5	6056.9	*5927.5*
Money Supply (M1)	**4666.7**	**4484.6**	**4333.5**	**5003.9**	**4953.2**	**4918.0**
Currency Outside Banks	804.1	746.5	778.7	927.2	833.6	*795.4*
Demand Deposits 2/	3862.6	3738.2	3554.8	4076.6	4119.6	*4122.6*
Total Monetary Liabilities (M2)	**8997.8**	**9077.0**	**9458.5**	**10767.4**	**11010.1**	**10845.5**
Memorandum Items:						
Reserve Money (RM)	1384.0	1291.5	1262.0	1653.9	1810.9	*1535.1*
Currency in Circulation (CIC)	1037.8	1006.6	1031.9	1181.5	1086.5	*1063.6*
DMBs Demand Deposit with CBN	346.2742443	284.8943461	230.1215833	472.318051	724.4325867	471.4793

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 Depo
non-financial Public Enterprises at Deposit Money Banks

Table A2: Money and Credit Aggregates (Growth Rates)

	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
	Percentage Change Over Preceding Quarter					
Domestic Credit (Net)	-2.6	17.8	23.1	13.1	6.1	2.7
Claims on Federal Government (Net)	9.6	-15.4	-2.1	-18.4	-28.4	9.7
Claims on Private Sector	2.1	4.0	14.7	4.0	-1.7	0.7
Claims on Other Private Sector	1.3	3.6	14.6	4.0	-1.8	0.5
Claims on State and Local Government	40.8	19.3	17.2	5.2	3.7	0.8
Claims on Non-financial Public Enterprises	--	--	--	--	--	
Foreign Assets (Net)	-5.2	-5.7	-9.9	10.3	-4.5	-10.6
Other Assets (Net)	-9.4	8.0	4.1	7.0	-2.2	8.1
Total Monetary Assets (M2)	-1.8	0.9	4.2	13.8	2.3	-1.5
Quasi-Money 1/	0.5	6.0	11.6	12.5	5.1	-2.1
Money Supply (M1)	-3.9	-3.9	-3.4	15.5	-1.0	-0.7
Currency Outside Banks	-9.9	-7.2	4.3	19.1	-10.1	-4.6
Demand Deposits 2/	-2.6	-3.2	-4.9	14.7	1.1	0.1
Total Monetary Liabilities (M2)	-1.8	0.9	4.2	13.8	2.3	-1.5
Memorandum Items:						
Reserve Money (RM)	-10.7	-6.7	-2.3	31.1	9.5	-15.2
Currency in Circulation (CIC)	-10.2	-3.0	2.5	14.5	-8.0	-2.1
DMBs Demand Deposit with CBN	-12.1	-17.7	-19.2	105.2	53.4	-34.9
	Percentage Change Over Preceding December					
Domestic Credit (Net)	-2.6	14.6	41.2	59.6	6.1	9
Claims on Federal Government (Net)	9.6	-7.3	-9.3	-25.9	-28.4	35.3
Claims on Private Sector	2.1	6.2	21.7	26.6	-1.7	-1
Claims on Other Private Sector	1.3	5.0	20.3	25.1	-1.8	-1.13
Claims on State and Local Governments	40.8	68.0	96.9	107.2	3.7	2.85
Claims on Non-financial Public Enterpris	--	--	--	--	--	
Foeign Asset (Net)	-5.2	-10.6	-19.5	-11.2	-4.5	-14.6
Other Asset (Net)	-9.4	-2.1	1.9	9.1	-2.2	10.1
Total Monetary Assets (M2)	-1.8	-1.0	3.2	17.5	2.3	0.7
Quasi-Money 1/	0.5	6.6	18.9	33.7	5.1	2.8
Money Supply (M1)	-3.9	-7.7	-10.8	3.0	-1.0	-1.7
Currency Outside Banks	-9.9	-16.4	-12.8	3.9	-10.1	-14.2
Demand Deposits 2/	-2.6	-5.7	-10.3	2.8	1.1	1.1
Total Monetary Liabilities (M2)	-1.8	-1.0	3.2	17.5	2.3	0.73
Memorandum Items:						
Reserve Money (RM)	-10.7	-16.6	-18.5	6.8	9.5	-7.2
Currency in Circulation (CIC)	-10.2	-12.9	-10.7	2.3	-8.0	-10
DMBs Demand Deposit with CBN	-12.1	-27.6	-41.6	20.0	53.4	35

Table A3: Federal Government Fiscal Operations (₦ billion)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10
Retained Revenue	**701.7**	**519.4**	**758.8**	**663.2**	**599.8**	**827.7**
Federation Account	*363.8*	*311.5*	*346.3*	*332.1*	*356.0*	*440.0*
VAT Pool Account	*16.3*	*15.7*	*18.3*	*17.1*	*20.1*	*20.6*
FGN Independent Revenue	*29.2*	*25.1*	*9.8*	*9.0*	*5.6*	*36.9*
Excess Crude	*100.7*	*150.4*	*201.0*	*363.4*	*176.2*	*152.9*
Others	*191.8*	*16.7*	*183.3*	*-58.5*	*42.0*	*177.4*
Expenditure	**669.1**	**894.7**	**950.2**	**939.0**	**877.4**	**977.7**
Recurrent	*428.5*	*568.5*	*559.9*	*571.0*	*605.8*	*750.6*
Capital	*192.7*	*282.0*	*354.3*	*323.7*	*241.0*	*204.1*
Transfers	*47.9*	*44.1*	*36.0*	*44.3*	*30.6*	*23.0*
Overall Balance: Surplus(+)/Deficit(-)	**32.6**	**-375.3**	**-191.4**	**-275.8**	**-277.5**	**150.0**

Table A4: Gross Domestic Product at 1990 Basic Prices

	Q1-2009	Q2-2009	Q3-2009	Q4-2009	Q1-2010	Q2-2010[1]
			₦ billion			
Real GDP	**149.19**	**162.10**	**197.08**	**210.60**	**160.18**	**174.56**
Oil GDP	***28.26***	***26.36***	***31.12***	***31.38***	***29.41***	***27.41***
Crude Petroleum & Natural Gas	28.26	26.36	31.12	31.38	29.41	27.41
Non-oil GDP	***120.93***	***135.74***	***165.97***	***179.22***	***130.60***	***147.52***
Agriculture	54.21	69.80	89.11	86.71	57.16	73.88
Industry (excluding crude petroleum/natural Gas)	2.13	6.93	7.59	15.72	2.29	7.46
Building & Construction	3.78	3.13	3.00	3.90	4.28	3.51
Wholesale & Retail Trade	32.59	25.37	33.38	39.10	35.17	28.26
Services	28.22	30.51	32.88	33.79	31.35	34.05
			Relative Share (%)			
Real GDP	**100**	**100**	**100**	**100**	**100**	**100**
Oil GDP	*18.9*	*16.3*	*15.8*	*14.9*	*18.4*	*15.7*
Crude Petroleum & Natural Gas	18.9	16.3	15.8	14.9	18.4	15.70
Non-oil GDP	*81.1*	*83.7*	*84.2*	*85.1*	*81.6*	*84.3*
Agriculture	36.3	43.1	45.2	41.2	35.9	42.60
Industry (excluding crude petroleum/natural Gas)	1.4	4.3	3.9	7.5	1.4	4.30
Building & Construction	2.5	1.9	1.5	1.9	2.7	2.00
Wholesale & Retail Trade	21.8	15.6	16.9	18.6	222.0	16.20
Services	18.9	18.8	16.7	16.0	19.7	19.60
			Growth Rate (%)			
Real GDP	**5.01**	**7.45**	**7.3**	**7.67**	**7.36**	**7.69**
Oil GDP	***-8.08***	***-6.72***	***18.02***	***0.87***	***-6.28***	***-6.83***
Crude Petroleum & Natural Gas	-8.08	-6.72	18.02	0.87	-6.28	-6.83
Non-oil GDP	***8.10***	***8.18***	***8.24***	***8.67***	***8.13***	***8.41***
Agriculture	5.46	28.76	27.66	-2.69	-34.08	29.25
Industry (excluding crude petroleum/natural Gas)	7.71	225.35	9.52	107.11	-85.43	225.76
Building & Construction	13.12	-17.20	-4.15	30.00	9.74	-17.99
Wholesale & Retail Trade	9.69	-22.15	31.57	17.14	-10.05	-19.65
Services	10.08	8.11	7.77	2.77	-7.22	8.61
Source: National Bureau of Statistics.						