CENTRAL BANK OF NIGERIA

ECONOMIC REPORT
FIRST 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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The Quarterly Reports can also be freely downloaded from the CBN website: www.cenbank.org.

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1.0 Summary

Provisional data from the National Bureau of Statistics (NBS) estimated GDP growth in the first quarter of 2010 at 6.7 per cent, compared with 8.2 per cent in the preceding quarter. The projected growth was driven mainly by the non-oil sector which contributed 6.64 percentage points to the growth rate.

Broad money (M_2) grew by 2.3 per cent, relative to the preceding quarter. The increase in M_2 was due largely to the rise in net domestic credit and other assets (net) of the banking system. Narrow money (M_1), however, declined, by 1.0 per cent, from the level in the preceding quarter. Reserve money (RM) expanded by 9.5 per cent over the level at the end of the preceding quarter, but fell short of the indicative benchmark for Q1 2010 by 0.7 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, however, widened from 11.40 percentage points in the preceding quarter to 13.69 percentage points. The margin between the average savings deposit and maximum lending rates also widened from 19.74 percentage points in the preceding quarter to 19.83 percentage points during the review period. The weighted average inter-bank call rate fell to 2.05 per cent from 5.80 per cent in the preceding quarter, reflecting the liquidity condition in the interbank funds market.

The value of money market assets outstanding fell by 0.2 per cent from the level in the preceding quarter to ₦3,314.6 billion. The development was attributed to the decline in Bankers' Acceptances (BAs) and Commercial Papers (CPs). Activities on the Nigerian Stock Exchange (NSE) were mixed during the review quarter.

Total federally-collected revenue in the first quarter of 2010 stood at ₦1,561.59 billion, representing a shortfall of 22.4 per cent from the proportionate budget estimate, but an increase of 13.9 per cent over the receipts in the preceding quarter. At ₦1,156.73 billion, oil receipts, which constituted 74.1 per cent of the total, fell short of the proportionate budget estimate by 20.9 per cent, but rose by 23.6 per cent over the receipts in the preceding quarter. The underperformance in oil receipts relative to the proportionate budget estimate was largely attributed to the fall in 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 and the receipts in the preceding quarter by 26.4

and 7.0 per cent, respectively. The shortfall relative to the proportionate budget estimate reflected largely the fall in customs and excise duties and company income tax and other taxes.

Federal Government retained revenue for the first quarter of 2010 was ₦599.82 billion, while total expenditure was ₦877.35 billion. Thus, the fiscal operations of the Federal Government resulted in a deficit of ₦277.54 billion or 4.3 per cent of estimated nominal GDP for Q1 2010, compared with the budgeted deficit of ₦380.48 billion for the review quarter and a surplus of ₦32.56 billion in the corresponding quarter of 2009.

Agricultural activities during the review quarter centered largely on harvesting of tree crops, clearing of land for the 2010 cropping season as well as preparation of land for irrigated farming.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 1.99 million barrels per day (mbd) or 179.1 million barrels for the quarter. Crude oil export was estimated at 1.54 mbd or 138.6 million barrels for the quarter, while deliveries to the refineries for domestic consumption remained at 0.445 mbd or 40.5 million barrels. The average price of Nigeria's reference crude, the Bonny Light (37^0 API), estimated at US$79.10 per barrel, rose by 1.1 per cent over the level in the preceding quarter.

The end-period headline inflation rate (year-on-year), for the first quarter of 2010, was 11.8 per cent, compared with 12.0 and 14.4 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 first quarter, was 11.9 per cent, compared with 12.4 and 13.1 per cent recorded in the preceding quarter and the corresponding quarter, 2009, respectively.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US$6.52 billion and US$8.07 billion, respectively, resulting in a net outflow of US$1.55 billion during the quarter. Foreign exchange sales by the CBN to the authorized dealers amounted to US$6.07 billion in Q1 2010.

The average Naira exchange rate vis-à-vis the US dollar, appreciated by 0.1 per cent to ₦149.94 per dollar at the WDAS. In the bureaux-de-change segment of the market, the naira also appreciated from ₦153.16 per dollar to ₦152.49 per dollar while it depreciated marginally at the interbank segment from ₦150.35 per US dollar in Q4 2009 to ₦150.46 per dollar.

Non-oil export earnings by Nigerian exporters declined by 35.1 per *cent from the level in the preceding quarter to US$630.5 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.*

Global output was projected to have risen by 3.9 per cent, largely from emerging and developing economies, reflecting largely buoyant internal demand. The global economic rebound was attributed to the extraordinary policy stimulus, especially the highly expansionary monetary policies adopted by governments in the last quarter of 2009, accompanied with cuts in interest rates in most advanced and many emerging economies. This was complemented with various fiscal policy stimulus packages, all in a bid to douse the economic downturn.

World crude oil output Q1 2010 was estimated at 85.09 million barrels per day (mbd), while demand was estimated at 86.30 mbd, compared with the respective 85.19 and 85.51 mbd supplied and demanded in the preceding quarter. The increase in demand was due to the strong economic growth in China, India, the Middle East region and Latin America.

Other major international economic developments of relevance to the domestic economy during the quarter included: an update of the World Economic Outlook released by the *International Monetary Fund on January 26, 2010 which showed that in 2010, world output is expected to rise by 4.0 per cent. This represented an upward revision of 0.75 percentage points from the October 2009 World Economic Outlook projections.*

Also, the 2010 Annual meeting of the World Economic Forum was held in Davos-Klosters, Switzerland from January 27–31, 2010. The theme of the meeting was "Improve the State of the World: Rethink, Redesign, Rebuild". The meeting was attended by many business, government and civil society leaders.

In another development, the African Development Bank (AfDB) signed a Memorandum of Understanding (MOU) for African Financing Partnership (AFP) on January 26, 2010. The AFP, which is a major pillar in the partnership strategy of AfDB, was a collaborative and co-financing platform comprising eight (8) major Development Finance Institutions (DFIs) and focuses on private sector financing in Africa. The collaborating institutions included the AfDB, Development Bank of Southern Africa (DBSA), European Investment Bank (EIB), Development Bank of the Netherlands, Industrial Development Corporation of Southern Africa Ltd and International Finance Corporation (IFC).

Furthermore, the 4th meeting of the Committee of Ten (C-10) held in Cape Town, South Africa on February 10, 2010. The meeting was held under the auspices of the African Development Bank (AfDB), the Economic Commission for Africa (ECA), and the African Union Commission (AUC). The meeting discussed, among others, the impact of the global financial crisis, measures for recovery and the restoration of growth; reviewed matters arising from the G-20 work plan; and assessed financial issues arising from the Copenhagen Climate Change Summit, and agreed on the way forward.

In a related development, the Ordinary Meeting of the Bureau of the Association of African Central Banks (AACB) was held at the Headquarters of the Banque Centrale des Etats l'Afrique de l'Ouest in Dakar, Senegal, during February 22-24, 2010. The meeting was convened to assess the status of implementation of the decisions taken by the Assembly of Governors at its 33rd Ordinary Session held on August 21, 2009 in Kinshasa, Democratic Republic of Congo. It also reviewed the progress made on the African Monetary Cooperation Programme (AMCP).

In addition, the 2010 Joint Annual Meetings of the African Union (AU) Conference of Ministers of Economy and Finance and the Economic Commission for Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development was held in Lilongwe, Malawi, during March 25-30, 2010. The Conference was preceded by the meeting of Experts held during March 25–28, 2010 at the same venue.

In a related development, the meeting of the Technical Sub-Committee on the Economic Community of West African States (ECOWAS) Single Currency Programme was held in Dakar, Senegal, from March 1-2, 2010. The meeting was convened to review the status of the implementation of the Abuja 2020 Roadmap for the ECOWAS Single Currency Programme and to plan for its implementation.

Finally, the Central Bank of Nigeria signed a Strategic Partnership Memorandum of Understanding with the Malaysian Central Bank (Bank Negara) to share expertise and exchange relevant information in the following areas: banking supervision, small and medium enterprises (SMEs), microfinance, Islamic finance, monetary policy, development finance institutions, external reserve management, institutional arrangement for financial crisis management and resolution, foreign exchange administration, performance management and corporate strategy, leadership development and talent management. The MOU was signed at the headquarters of the Bank Negara in Kuala Lumpur during a *one-week study tour of the Malaysian financial institutions by the Board of Directors of the Central Bank of Nigeria from March 22–26, 2010.*

2.0 Financial Sector Developments

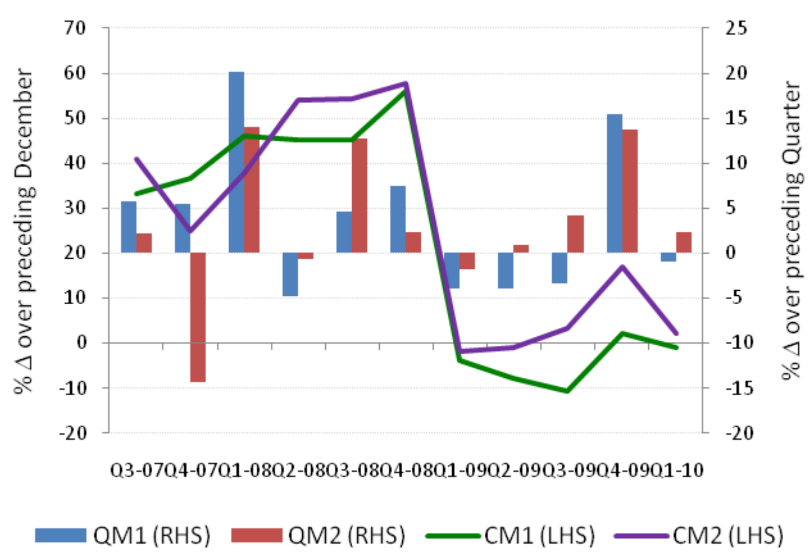
2.1 Monetary and Credit Developments

The major monetary aggregate grew modestly, while banks' deposit and lending rates declined in the first quarter of 2010. The value of money market assets declined, following largely the fall in Bankers' Acceptances (BAs) and Commercial Papers (CPs). Transactions on the Nigerian Stock Exchange (NSE) recorded mixed developments during the review quarter

Growth in key monetary aggregates was modest during Q1 2010.

Provisional data indicated that the growth of the major monetary aggregate was moderate at the end of the first quarter of 2010. Broad money supply, (M_2), grew by 2.3 per cent over end-December 2009 to ₦11,010.1 billion, compared with the growth of 13.8 and 1.8 per cent growth in the preceding quarter and corresponding quarter of 2009, respectively. The development was accounted for, largely, by the increase in net domestic credit and other assets (net) of the banking system, as het foreign assets declined by 4.5 per cent. Narrow money supply (M_1), at ₦4,953 billion, however, declined by 1.0 per cent below the level at the end of the preceding quarter, while quasi money increased by 5.1 per cent (Fig. 1, Table 1).

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



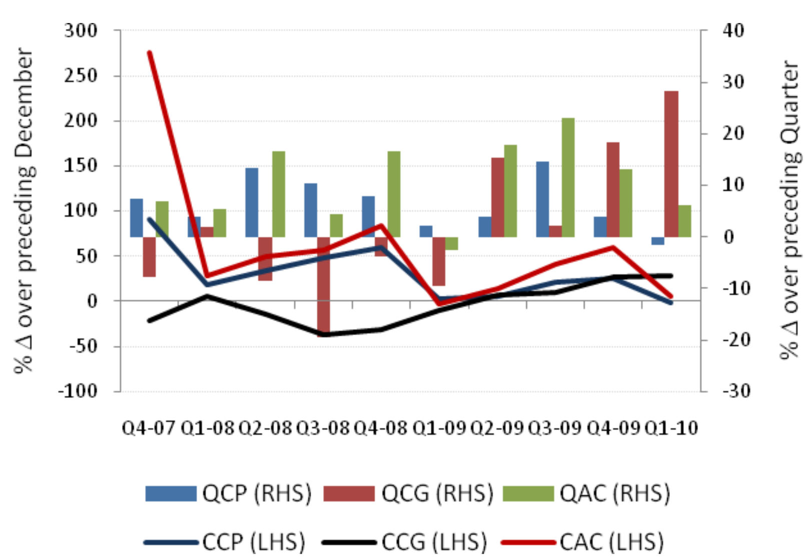
At ₦8,388.0 billion, aggregate banking system credit (net) to the domestic economy rose by 6.1 per cent at the end of the quarter under review, compared with the increase of 13.1 per cent in the preceding quarter. The development reflected largely the rise in claims on the Federal Government, as claims on private sector declined during the period.

Banking system's credit (net) to the Federal Government at the end of the review quarter increased by 28.4 per cent to negative ₦1649.6 billion, compared with 18.4 per cent in the preceding quarter. The rise was accounted for, largely, by the increase in deposit money banks' (DMBs) holding of Federal Government securities, reinforced by the decline in Federal Government deposits with the CBN.

Banking system credit to the private sector remained subdued during the first quarter of 2010.

Banking system's credit to the private sector declined by 1.7 per cent to ₦10,037.4 billion, in contrast to the increase of 4.0 per cent in the preceding quarter. The fall reflected largely the decline in CBN's claims on the sector (Fig. 2, Table 1).

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



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

At ₦7,249.6 billion, foreign assets (net) of the banking system also declined, by 4.5 per cent, as against the increase of 10.3 per cent in the preceding quarter. The development was attributed largely to the decline in the CBN's holdings.

Quasi-money increased by 5.1 per cent to ₦6,056.9 billion, compared with the increase of 12.5 per cent at the end of Q4 2009. The development was attributed to the rise in all the components namely, time, savings and foreign currency deposits of the DMBs.

Similarly, other assets (net) of the banking system increased, by 2.2 per cent, to ₦4,627.5 billion, as against the decline of 7.0 per cent in the preceding quarter. The rise reflected largely the increase in unclassified assets of the CBN during the quarter.

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

	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
	Percentage Change Over Preceding Quarter					
Domestic Credit (Net)	16.7	-2.6	17.8	23.1	13.1	6.1
Claims on Federal Government (Net)	-3.8	9.6	-15.4	-2.1	-18.4	-28.4
Claims on Private Sector	7.8	2.1	4.0	14.7	4.0	-1.7
Claims on Other Private Sector	7.2	1.3	3.6	14.6	4.0	-1.8
Foreign Assets (Net)	0.3	-5.2	-5.7	-9.9	10.3	-4.5
Other Assets (Net)	13.9	-9.4	8.0	4.1	7.0	-2.2
Broad Money Supply (M2)	2.3	-1.8	0.9	4.2	13.8	2.3
Quasi-Money	-2.9	0.5	6.0	11.6	12.5	5.1
Narrow Money Supply (M1)	7.4	-3.9	-3.9	-3.4	15.5	-1.0
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 ₦1,086.5 billion, currency in circulation declined by 8.0 per cent at end-March 2010 from the level at the end of the preceding quarter. The fall was attributed largely to the 10.1 per cent decline in currency outside the banking system.

Total deposits at the CBN amounted to ₦4,702.9 billion, indicating a decline of 8.7 per cent from the level at the end of the preceding quarter. The development reflected the 40.0 and 10.6 per cent decline in both private sector and Federal Government deposits, respectively. Of this total, the shares of the Federal Government, banks and "others" were ₦3,564.2 billion (75.8%), ₦724.4 billion (15.4%) and ₦414.3 billion (8.8%), respectively.

Reserve money (RM) rose and was above the 2010 first quarter benchmark by 0.7 per cent.

Thus, consistent with the trends in CIC and DMBs' deposits with the CBN, the CBN operating target, the reserve money (RM), increased from ₦1,653.9 billion at the end of the preceding quarter to ₦1,810.9 billion in Q1 2010, and was above the first quarter 2010 benchmark of ₦1,798.8 billion.

2.3 Money Market Developments

The liquidity ease experienced in the money market in Q4 2009, endured through Q1 2010, buoyed by the fiscal injections and the permissive monetary policy stance.

The liquidity ease experienced in the money market during the last quarter of 2009 persisted in the first quarter of 2010, following fiscal injections into the system in 2009 and the lax monetary policy stance in the first quarter of 2010. Other factors that contributed to the development included banks' cautious approach in the credit market and the suspension of major activities at the secondary market. Consequently, the request for standing deposit facility at the CBN increased significantly, while request for standing lending facility was low. Subscription at the primary auctions for NTBs and FGN Bonds surged, as market players preferred risk-free assets to investment in the capital market. There was, however, no request for repurchase transactions. The downward review of the standing deposit rate from 2.0 to 1.0 per cent, led to a decline in rates across all the major segments of the money market. Thus, money market rates remained low and stable throughout the review period.

Provisional data indicated that the value of money market assets outstanding at the end of the first quarter of 2010 was ₦3,314.6 billion, representing a decline of 0.2 per cent when compared with the level in the preceding quarter. The development was attributed to the decline in Bankers' Acceptances (BAs) and Commercial Papers (CPs).

2.3.1 Interest Rate Developments

There was a general decline in deposit and lending rates in Q1 2010.

Available data indicated a general decline in banks' deposit and lending rates in the first quarter of 2010. The average savings deposit rate declined by 0.08 percentage point to 3.30 per cent. All other rates on deposits of various maturities also declined from a range of 6.40 – 13.10 per cent in the preceding quarter to 4.97—10.95. Similarly, at 9.44 per cent, the average term deposit rate declined by 228 basis points from the level in the preceding quarter. The average prime lending rate dropped by 51 basis points to 18.24 per cent, while the maximum lending rate rose marginally by one basis point to 23.13 per cent.

Consequently, the spread between the weighted average term deposit and maximum lending rates widened from 11.40 percentage points in the preceding quarter to 13.69 percentage points. The margin between the average savings deposit and maximum lending rates also widened from 19.74 percentage points in the preceding quarter to 19.83 percentage points. With headline inflation rate at 11.8 per cent at end-March, all deposit rates, were negative in real terms.

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 5.80 per cent in the preceding quarter, fell to 2.05 per cent, reflecting the liquidity condition in the interbank funds market. Similarly, the weighted average rate at the Open Buy Back (OBB) fell from 4.86 per cent in December 2009 to 1.99 per cent at the end of the first quarter of 2010. In tandem with activities at the interbank market, the Nigeria Interbank Offered Rate (NIBOR) for the 7- and 30-day tenors declined to 5.55 and 11.27 per cent at the end of the first quarter from 8.74 and 13.52 per cent, respectively, in the fourth quarter of 2009 (Fig. 3, Table 2).

All interbank money market rates trended downward in Q1 2010.

Figure 3: Selected DMBs Interest Rates (Average)

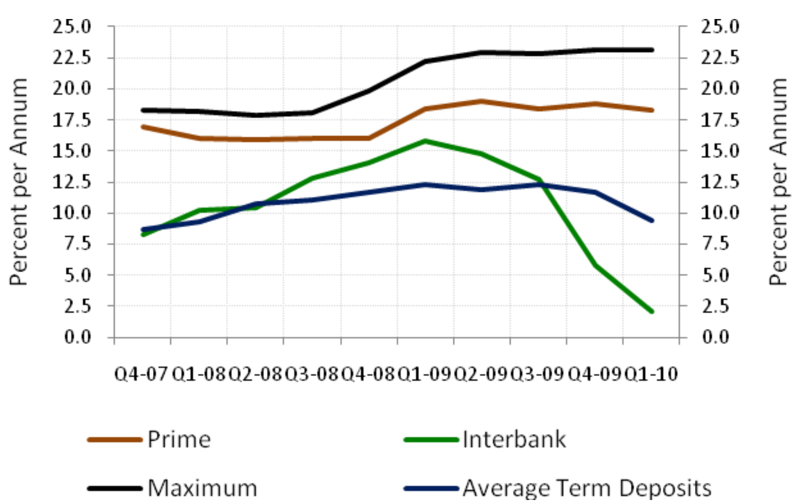


Table 2: Selected Interest Rates (Percent, Averages)

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Average Term Deposits	11.7	12.3	11.9	12.3	11.7	9.4
Prime Lending	16.0	18.3	19.0	18.4	18.8	18.2
Interbank	14.0	15.8	14.8	12.7	5.8	2.1
Maximum Lending	19.8	22.2	22.9	22.8	23.1	23.1

2.3.2 Commercial Papers (CPs)

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

Investment in Commercial Papers (CPs) as a supplement to bank credit to the private sector fell in the review period. The value of CPs held by DMBs fell by ₦143.8 billion to ₦365.3 billion at end-March 2010, compared with the decline of ₦213.4 billion at end-December 2009. Thus, CPs constituted 11.0 per cent of the total value of money market assets outstanding at end-March 2010, compared with 15.3 per cent at the end of the preceding quarter.

2.3.3 Bankers' Acceptances (BAs)

The sharp fall in the DMBs' holdings of BAs continued during Q1 2010.

Holdings of BAs by DMBs fell further by 37.7 per cent to ₦38.8 billion as at end-March 2010, compared with the decline of 43.1 per cent in the preceding quarter. The development reflected the decline in investments by deposit money banks and discount houses. Consequently, BAs accounted for 1.7 per cent of the total value of money market assets outstanding at the end of the first quarter, compared with 1.9 per cent at the end of the preceding quarter.

2.3.4 Open Market Operations

The conduct of open market operations (OMO) remained on hold during the first quarter of 2010.

Aggressive mop–up of excess liquidity remained suspended and there was no direct auction at the open market. In the same vein, there was no purchase or sale of government securities through the two-way quote platform due to the unattractive offer rates quoted at the trading sessions. However, NTBs valued at ₦20.55 billion matured and were paid.

2.3.5 Primary Market

At the primary market, NTBs of 91- and 182-day tenors were offered fortnightly, while the 364-day tenured NTBs was offered monthly in the first quarter of 2010. Total NTBs issued and allotted at all the tenors was ₦315.06 billion, down from the ₦453.05 billion apiece issued and allotted in the preceding quarter. Public subscriptions stood at ₦961.89 billion, compared with ₦873.30 billion in the preceding quarter. The range of issue rates for the 91- and 182- day NTBs was from 0.9500 - 5.2490 per cent, compared with the range of 3.3999-7.3000 per cent for the same tenors in the preceding quarter. At the 364-day tenor segment, the issue rates were from 1.5500-5.3500 per cent, compared with 5.2990-7.1000 per cent in the last quarter of 2009. Analysis of the issue showed investors' preference for the longer-tenored bills due mainly to the higher returns. The issue rates were much lower than in the preceding quarter following the liquidity surfeit occasioned by the various injections which made market players' bids to be competitive to ensure their success at the primary market.

Investors showed their preference for longer-tenored instruments at the primary market for NTBs on account of higher returns given that issue rates were much lower relative to Q4 2009.

2.3.6 Bonds Market

FGN Bonds of 3-, 10- and 20-year tenors were re-opened (in line with the restructuring of the domestic debt profile to longer tenors) and offered to the public in the period under review. Total issue and allotment during Q1 2010 stood at ₦210.0 billion, down from ₦114.44 billion, in the preceding quarter. A breakdown of the total issues and allotments showed that ₦75.00 billion, ₦75.00 billion and ₦60.00 billion, were issued for the 3-, 10- and 20-year tenors, respectively. Total subscriptions stood at ₦487.38 billion. In the preceding quarter, total issue and allotment was ₦114.44 billion apiece, while total subscription was ₦259.16 billion. The FGN Bonds were offered and allotted at marginal rates ranging between 3.4800-6.8299, 6.000–8.1400 and 7.000–8.5000 per cent, respectively, for the 3-, 10– and 20– year tenors, compared with the respective issue rate range of 76.75-8.25, 8.32–12.49 and 8.50–12.00 per cent for the 3-, 5– and 20–year tenors in the preceding quarter. The impressive subscription, especially for the 20-year tenor, reflected market players' confidence in the Nigerian economy and perceived stable and attractive yields on the instruments.

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.

2.3.7 CBN Standing Facilities

The Monetary Policy Committee meeting of March 1-2, 2010, retained the Monetary Policy Rate at 6.0 per cent. Consequently, the CBN Standing Lending Facility (SLF) rate was retained at 9.0 per cent as in the preceding quarter. The Standing Deposit Facility (SDF) rate on overnight deposits by the DMBs was, however, reviewed downward, by a 100 basis point, from 2.0 per cent to 1.0 per cent in a bid to

The MPR and the SLF rate were retained at 6.0 and 8.0 per cent, respectively, in Q1 2010 while the SDF rate was reduced by a 100 basis points to one per cent to boost interbank trading.

further boost activities at the interbank market.

Total deposit accepted by the CBN under the SDF window in the first quarter 2010 stood at ₦20,550.39 billion indicating a significant jump of ₦14,577.4 billion or 244.1 per cent over the level in the preceding quarter. The development was attributable to the huge fiscal injections and the DMBs preference for overnight deposits to lending to the real sector.

Total lending granted under the SLF window to the DMBs and discount houses during the quarter was review was a mere ₦135.50 billion, as against ₦2,302.47 billion granted in the fourth quarter of 2009.

2.4 Deposit Money Banks' Activities

Available data indicated that at the end of the first quarter of 2010, the total assets/liabilities of the DMBs stood at ₦17,845.1 billion, representing an increase of 0.7 per cent over the level at the end of the preceding quarter. The development was attributed largely to the 5.2 per cent increase in DMBs' claims on the central government, reinforced by the 6.1 and 3.2 per cent rise in foreign assets and reserves, respectively.

The funds which were sourced mainly from increase in their deposit liabilities—demand, time, savings and foreign currency deposits, were used mainly for the purchase of Federal Government securities.

DMBs' credit to the private sector declined in Q1 2010.

At ₦11,071.1 billion, credit to the domestic economy declined marginally by 0.2 per cent from the level in the preceding quarter. The development was attributed wholly to the 0.7 per cent decline in claims on the private sector.

Central Bank's credit to the DMBs fell by 2.7 per cent to ₦408.8 billion at the end of the review quarter, reflecting largely the contraction in CBN's overdrafts to the DMBs.

Total specified liquid assets of the DMBs stood at ₦2,242.1 billion, representing 30.6 per cent of their total current liabilities. At that level, the liquidity ratio rose by 3.6 and 5.6 percentage points over the level at the end of the preceding quarter and the stipulated minimum ratio of 25.0 per cent. The loans-to-deposit ratio fell by 4.2 percentage points from the level at the end of the preceding quarter to 84.3 per cent, and exceeded the prescribed minimum target of 80.0 per cent by 4.3 percentage points.

Total liquid assets of the DMBs to their total current liabilities stood at 30.6 per cent and exceeded the stipulated minimum liquidity ratio by 5.6 percentage points. Loan-to-deposit rate fell but it exceeded the prescribed minimum by 4.3 percentage points.

2.5 Discount Houses' Activities

Total assets/liabilities of the discount houses stood at ₦359.1 billion at the end of the first quarter of 2010, indicating an increase of 16.1 per cent over the level at the end of the preceding quarter but a decline of 4.4 per cent from the level at the end of the corresponding quarter of 2009. The increase in assets was accounted for largely by the 725.7 per cent surge in claims on banks, reinforced by the 46.0 per cent increase in claims on cash and balances with banks. Correspondingly, the rise in total liabilities was attributed largely to the unprecedented expansion in the level of borrowing during the period.

Discount houses' investment in Federal Government securities of less than 91-day maturity fell to ₦28.3 billion and represented 9.8 per cent of their total deposit liabilities. At this level, discount houses' investment contracted by 57.9 per cent from the level at the end of the preceding quarter. It was also 50.2 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2010. Total borrowing by the discount houses was ₦47.4 billion, while their capital and reserves amounted to ₦41.8 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

Available data indicated that activities on the Nigerian Stock Exchange (NSE) in the first quarter of 2010 were mixed. The volume of the traded securities declined by 1.4 per cent

Performance at the NSE during Q1 2010 was mixed with the volume of traded securities declining while value increased. The banking sub-sector continued to dominate market activities.

to 27.2 billion shares, while the value increased by 9.5 per cent to ₦193.8 billion in 621,662 deals, compared with 27.6 billion shares and ₦177.0 billion in 368,980 deals in the preceding quarter (Fig. 4, Table 3). The banking sub-sector remained the most active on the Exchange with a traded volume of 14.4 billion shares valued at ₦124.6 billion in 230,915 deals. This was followed by the insurance sub-sector with a traded volume of 4.4 billion shares valued at ₦4.9 billion in 33,774 deals. The food, beverages and tobacco sub-sector was third with a traded volume of 1.1 billion shares valued at ₦16.6 billion traded in 44,289 deals.

Figure 4: Volume and Value of Traded Securities

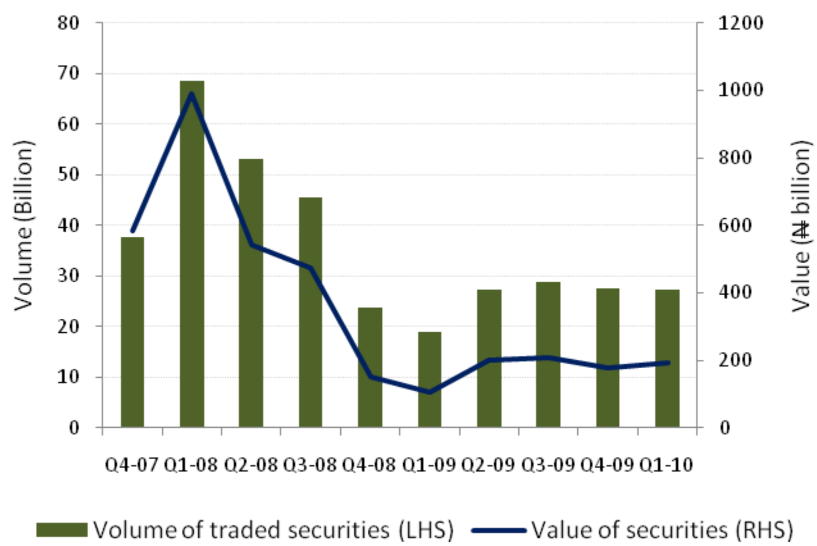


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Volume (Billion)	23.7	19.0	27.2	28.9	27.6	27.2
Value (₦ Billion)	150.8	106.9	199.4	207.1	177.0	193.8

2.6.2 *Over-the-Counter (OTC) Bonds Market*

The most active bond in the market during the period under review was the 6th FGN Bond 2029 Series 3.

Transactions on the Over-the-Counter (OTC) bond market, indicated a turnover of 4.75 billion units worth ₦5.7 trillion in 55,102 deals in the review quarter, compared with 3.75 billion units valued at ₦4.5 trillion in 42,241 deals recorded in the fourth quarter of 2009. The most active bond was the 6th FGN Bond 2029 series 3 with a traded volume of 577.47 million units valued at ₦829.1 billion in 5,161 deals, followed by the 6th FGN Bond 2029 series 5 with a traded volume of

276.3 million units valued at ₦309.9 billion in 2,236 deals. The value of Federal Government Bonds and Preference Shares remained constant at ₦2.0 trillion and ₦4.6 billion, respectively. The value of corporate bonds rose by 145.2 per cent following the listing of one new bond issued by Guaranty Trust Bank Plc. The value of sub-national bonds rose by 7.02 per cent as result of the listing of the Niger State Government Bonds. Overall, sub-national bonds, preference shares and corporate bonds dropped by 0.04 per cent from ₦2.08 trillion to ₦2.07 trillion, while the share of the market capitalization dropped from 27.3 percent to 25.0 per cent.

The value of corporate bonds rose significantly following the listing of one new bond issued by GTB Plc.

2.6.3 New Issues Market

In the new issues market, 471,580,000 units of Unsecured Variable Rate Redeemable Convertible Loan Stock 2009/2014 in favour of C & I Leasing Plc were admitted to the daily official list at a price of ₦4.75 each. Also, 13,165,000 unit Fixed Rate Senior Unsecured Non Convertible Bonds 2014 (series 1) in favour of Guaranty Trust Bank Plc were admitted on the daily official list at a price of ₦1,000.00 each. Besides, 6,000,000 units fixed rate redeemable development bonds in favour of Niger State Government were admitted on the daily official list at a price of ₦1,000.00 each. Supplementary listings of 2.0 billion shares were added to shares outstanding in the name of Cadbury Nigeria Plc, following the conclusion of their rights issue. In addition, 348.0 million shares were added to the shares outstanding in the name of Custodian and Allied Insurance Plc, following the conversion of US$8.0 million out of the US$10.0 million Unsecured Variable Coupon Redeemable Convertible Loan Stock, while the balance of US$2.0 million remained as loan stock. Others added to the shares outstanding include, 130 million shares for African Paints Plc, 1,139,415,820 shares for Equity Assurance, 1,181,055,863 shares for Ecobank Transnational Incorporated, 45,198,850 shares for African Petroleum Plc, 4,585,000,000 shares for African Alliance Insurance and 1,180,000,000 shares for Nigerian Wire and Cable Plc. The ₦15.0 billion Lagos State Floating Rate Bond was delisted on full payment. In addition, Aboseldahyde Laboratories Plc was delisted on the Exchange during the review month. Chevron Oil Nigeria Plc changed its name to

MRS Oil Nigeria Plc, as approved by the shareholders at the company's 40th Annual General Meeting on September 29, 2009.

2.6.4 Market Capitalization

Market capitalization and All-Share Index, all trended upward during Q1 2010.

The market capitalization of the 262 listed securities rose by 20.0 per cent to ₦8.4 trillion over the preceding quarter's level. The development was attributed to the price gains recorded by the highly capitalized stocks (Fig. 5, Table 4).

2.6.5 NSE All-Share Index

The All-Share Index which opened at 20,827.17 at the beginning of the quarter, closed at 25,966.25, representing an increase of 24.7 per cent over the level in the preceding quarter (Fig. 6). The NSE Food, Beverages and Banking indices rose by 18.4 and 14.8 per cent to close at 732.61 and 442.28, respectively. Also the NSE Insurance indices rose by 8.0 per cent to close at 212.96. However, the NSE Oil/Gas indices declined by 1.2 per cent to close at 305.95 in the review quarter (Fig. 5, Table 4).

Figure 5: Market Capitalization and All-Share Index

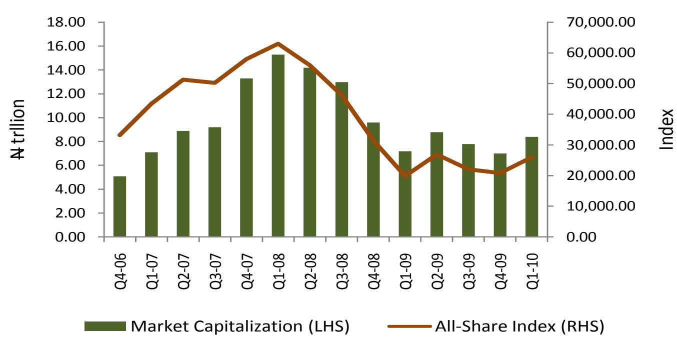


Table 4: Market Capitalization and All Share Index (NSE)

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Market Capitalization (₦ trillion)	7.0	7.2	8.8	7.8	7.0	8.4
All-Share Index	31450.8	19851.9	26861.6	22065.0	20827.2	25966.3

3.0 Fiscal Operations

3.1 Federation Account Operations

Gross federally collected revenue and its two components—gross oil and non-oil receipts fell short of their 2010 proportionate budget estimates for Q1.

Available data showed that total federally-collected revenue during the first quarter of 2010 stood at ₦1,561.59 billion, representing a shortfall of 22.4 per cent relative to the proportionate budget estimate, but an increase of 13.9 per cent over the receipts in the preceding quarter (Fig. 6, Table 5)

Figure 6: Components of Gross Federally-Collected Revenue

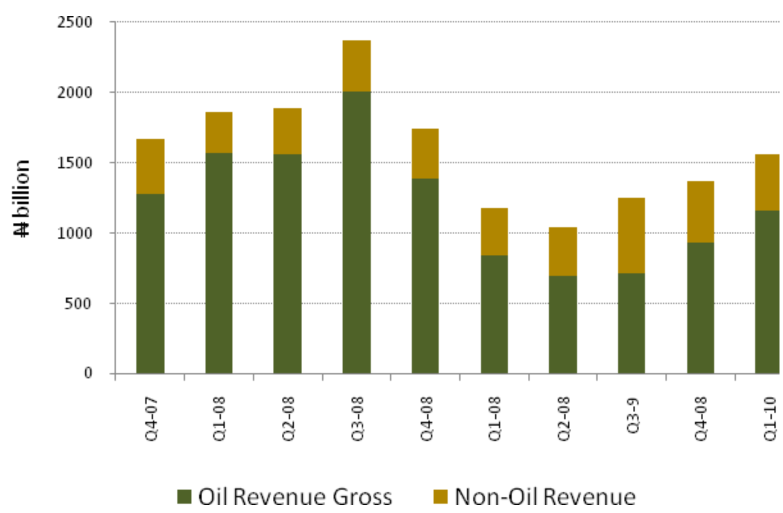


Table 5: Gross Federation Account Revenue (₦ billion)

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Federally-collected revenue (Gross)	1739.2	1181.3	1044.9	1246.9	1371.5	1561.6
Oil Revenue	1392.1	842.3	696.6	716.8	936.3	1156.7
Non-Oil Revenue	347.1	339.1	348.3	530.1	435.2	404.9

At ₦1,156.73 billion, gross oil receipts, which constituted 74.1 per cent of the total, fell short of the proportionate budget estimate by 20.9 per cent, but was 23.6 per cent above the receipts in the preceding quarter. The decline in oil receipts relative to the proportionate budget estimate was largely attributed to the fall in receipts from petroleum profit tax and royalties (Fig. 7, Table 6).

Figure 7: Gross Oil Revenue and Its Components

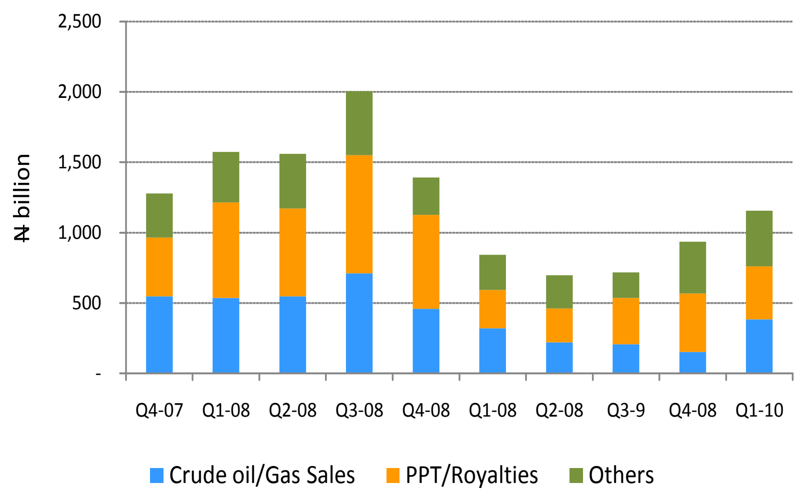


Table 6: Components of Gross Oil Revenue (₦ billion)

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Oil Revenue	**1392.1**	**842.3**	**696.6**	**716.8**	**936.3**	**1156.7**
Crude oil/Gas Sales	*457.7*	*320.3*	*219.7*	*205.9*	*151.9*	*384.8*
PPT/Royalties	*668.8*	*271.4*	*240.8*	*329.4*	*414.9*	*376.5*
Others	*265.6*	*250.5*	*236.2*	*181.4*	*369.4*	*395.4*

Non-oil receipts, at ₦404.86 billion or 25.9 per cent of the total was lower than the proportionate budget estimate and the receipts in the preceding quarter by 26.4 and 7.0 per cent, respectively. The underperformance relative to the proportionate budget estimate reflected largely the fall in customs and excise duties and company income tax and other taxes (Fig. 8, Table 7).

Figure 8: Gross Non-Oil Revenue and Its Components

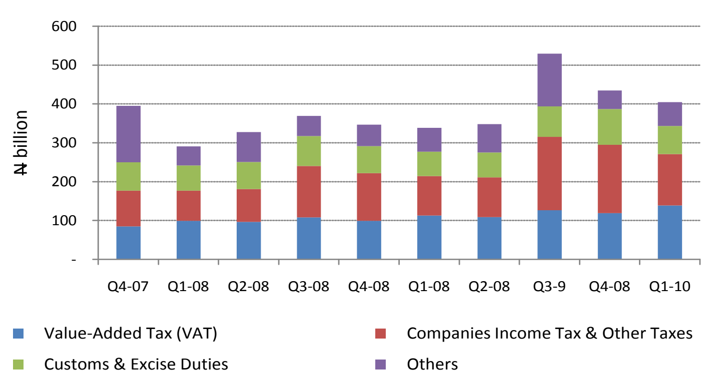


Table 7: Components of Gross Non-Oil Revenue (₦ billion)

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Non-Oil Revenue	**347.1**	**339.1**	**348.3**	**530.1**	**435.2**	**404.9**
Value-Added Tax (VAT)	*99.8*	*113.4*	*108.8*	*127.1*	*119.1*	*139.2*
Companies Income Tax & Other Taxes	*122.2*	*101.3*	*102.3*	*188.6*	*175.8*	*132.2*
Customs & Excise Duties	*69.8*	*62.5*	*64.4*	*78.6*	*92.0*	*72.0*
Others	*55.3*	*61.9*	*72.8*	*135.7*	*48.3*	*61.4*

As a percentage of projected Q1 2010 nominal GDP, oil revenue was 18.0 per cent, while non-oil revenue stood at 6.3 per cent in the first quarter of 2010.

Of the gross federally-collected revenue during the review quarter, the sum of ₦747.86 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 ₦356.03 billion, while the States and Local Governments received ₦180.58 billion and ₦139.22 billion, respectively. The balance of ₦72.03 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 ₦534.53 billion was drawn from the excess crude account and shared as follows: Federal Government (₦244.98 billion), State Governments (₦124.26 billion), Local Governments (₦95.80 billion) and oil-producing states (₦69.49 billion). Also, the Federal Government received ₦20.05 billion, while the State and Local Governments received ₦66.84 and ₦46.79 billion, respectively, from the VAT Pool Account.

The sum of ₦747.86 billion out of the federally collected revenue was set for distribution to the three tiers of government and the 13 per cent derivation fund for oil producing states; while ₦534.53 billion was drawn from the excess crude account to bridge revenue shortfall during the quarter.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦599.82 billion, the Federal Government retained revenue for the first quarter of 2010, was lower than the proportionate budget estimate and the receipts in the preceding quarter by 22.4 and 9.6 per cent, respectively. Of this amount, the shares from the Federation Account and the Excess Crude Account were N356.03 and N176.16 billion, respectively, while the balance came from the VAT Pool account, FGN independent Revenue and "Others" (Fig. 9, Table 8).

Federal government estimated retained revenue and total expenditure were lower than both the proportionate 2010 budget provision and the revenue for the preceding quarter.

Figure 9: Federal Government Retained Revenue in Q1 2010

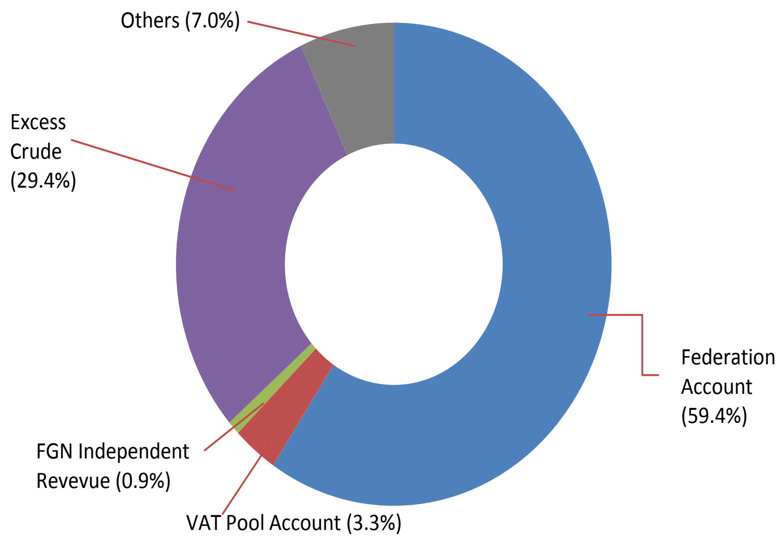
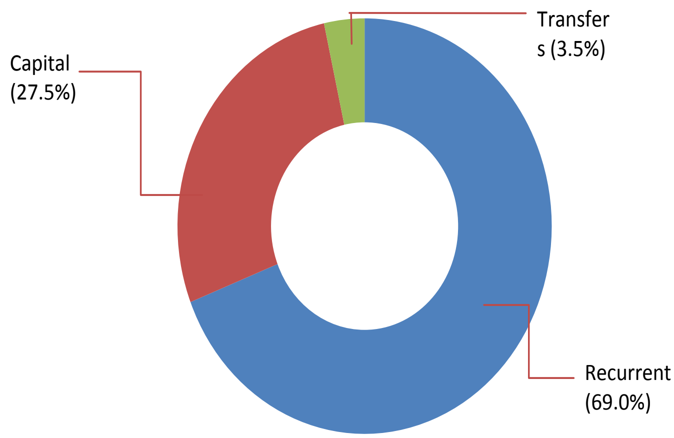


Table 8: Federal Government Fiscal Operations (₦ billion)

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Retained Revenue	915.1	701.7	519.4	758.8	663.2	599.8
Expenditure	972.8	669.1	894.7	950.2	939.0	877.4
Overall Balance: Surplus(+)/Deficit(-)	-57.7	32.6	-375.3	-191.4	-275.8	-277.5

At ₦877.35 billion, total expenditure for Q1 2010 fell short of the proportionate budget estimate by 23.9 per cent and was 6.6 per cent lower than the level in the preceding quarter. The lower total expenditure relative to the budget estimate and the preceding quarter was attributed largely to the decline in capital and transfers components, which may not be unconnected with the delayed passage of the 2010 Appropriation Bill by the National Assembly. A breakdown of total expenditure showed that the recurrent component accounted for 69.0 per cent, capital component 27.5 per cent, while statutory transfers accounted for the balance of 3.5 per cent (Fig. 10). As a percentage of projected Q1 2010 nominal GDP, recurrent expenditure was 9.4 per cent, while capital expenditure and transfers stood at 3.8 and 0.5 per cent, respectively.

Figure 10: Federal Government Expenditure in Q1 2010



The fiscal operations of the FG resulted in an estimated deficit of 4.3 per cent of GDP in Q1 2010, financed through issuance of bonds and NTBs and World Bank loan.

The fiscal operations of the Federal Government in the first quarter of 2010, resulted in a deficit of ₦277.54 billion, compared with the budgeted deficit of ₦380.48 billion and a surplus of ₦32.56 billion in the corresponding quarter of 2009.

The fiscal deficit was 4.3 per cent of the estimated nominal GDP, in the review quarter, compared with 4.1 per cent in the preceding quarter. The fiscal deficit was largely financed from both domestic sources (through the issuance of FGN Bonds and Treasury bills) and World Bank loan.

3.2.2 Statutory Allocations to State Governments

During the review quarter, total receipts, including the 13.0 per cent Derivation Fund and share of VAT by the state governments from the Federation Account stood at ₦513.20 billion. This represented a decline of 34.7 and 9.3 per cent from the levels in the preceding quarter and the corresponding quarter of 2009, respectively.

Further breakdown showed that at ₦66.84 billion, receipts from the VAT Pool Account increases by 16.9 per cent from the level in the preceding quarter, while receipts from the Federation Account stood at ₦446.37 billion. On a monthly basis, the sums of ₦133.72 billion, ₦226.40 billion and ₦153.09

billion were allocated to the 36 state governments in January, February and March 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 first quarter of 2010, stood at ₦281.81 billion. This was higher than both the levels in the preceding quarter and the corresponding quarter of 2009 by 3.6 and 19.3 per cent, respectively. Of this amount, allocation from the Federation Account was ₦235.02 billion or 83.4 per cent of the total, while VAT Pool Account accounted for ₦46.79 billion or 16.6 per cent. On a monthly basis, the sums of ₦75.50 billion, ₦121.76 billion and ₦84.55 billion were allocated to the 774 local governments in January, February and March 2010, respectively.

4.0 Domestic Economic Conditions

Aggregate output growth in the economy measured by the gross domestic product (GDP) was estimated at 6.7 per cent in the first quarter of 2010, compared with 8.2 per cent in the preceding quarter. Agricultural activities centered on harvesting of tree crops, clearing of land for the 2010 cropping season as well as preparation of land for irrigated farming. Crude oil production was estimated at 1.99 million barrels per day (mbd) or 179.1 million barrels for the quarter. The end-period inflation rate for the first quarter of 2010, on a year-on-year basis, was 11.8 per cent, compared with 12.0 per cent in the preceding quarter. The inflation rate on a 12-month moving average basis was 11.9 per cent, compared with the preceding quarter's level of 12.4 per cent.

4.1 Aggregate Output

Real output growth in Q1 2010 remain strong, with the sustained robust non-oil GDP growth driving performance.

Aggregate output in the economy, as measured by gross domestic product (GDP) at 1990 basic prices, was estimated to have grown by 6.68 per cent during the first quarter of 2010 compared with 8.2 per cent recorded in Q4 of 2009. The growth was underpinned by the sustained non-oil sector growth, notably agriculture, wholesale and retail trade, and services, supported by the continued modest recovery of crude petroleum and natural gas production.

Non-oil GDP grew by an estimated 8.17 per cent in Q1 2010 relative to 8.68 per cent in Q4 2009 and 7.90 per cent in the corresponding quarter of 2009. Oil GDP, comprising crude petroleum and natural gas, grew by a modest 0.21 per cent compared with 0.85 per cent and a decline of 8.08 per cent in Q4 and Q1 2009, respectively, as the amnesty programme continued to impact positively on oil production.

Of the estimated growth of aggregate real GDP in Q1 2010, non-oil sector with a share of 82.44 per cent of the total, contributed 6.64 percentage points while the oil sector with a share of 17.56 per cent contributed the balance of 0.04 percentage point (Fig. 11, Table 9).

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

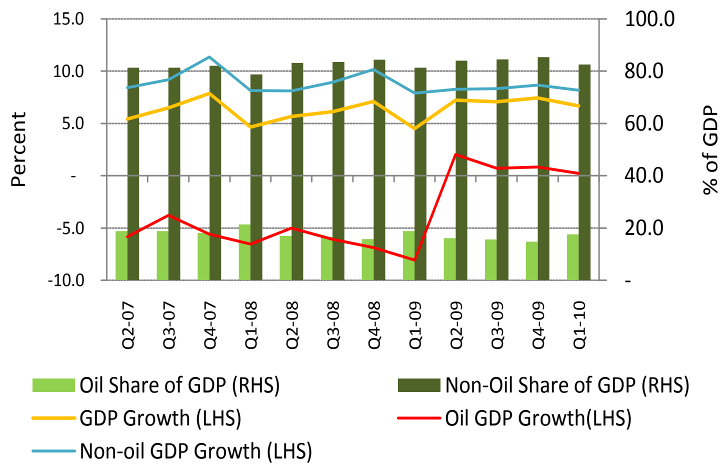


Table 9: Growth Rate of Real GDP and Sectoral Shares (Percent)

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Growth Rate (%)						
Real GDP	**7.1**	**4.5**	**7.2**	**7.1**	**7.4**	**6.7**
Oil (Crude Petroleum/Natural Gas)	*-6.9*	*-8.1*	*2.0*	*0.7*	*0.8*	*0.2*
Non-oil	*10.2*	*7.9*	*8.3*	*8.3*	*8.7*	*8.2*
Share in Real GDP (%)						
Real GDP	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***
Oil (Crude Petroleum/Natural Gas)	*15.7*	*18.7*	*16.0*	*15.5*	*14.7*	*17.6*
Non-Oil	*84.3*	*81.3*	*84.0*	*84.5*	*85.3*	*82.4*

4.2 Agricultural Sector

Agricultural activities during the review quarter centered largely on harvesting of tree crops, clearing of land for the 2010 cropping season as well as preparation of land for irrigated farming.

During the review period, a total of ₦829.6 million was guaranteed to 3,593 farmers under the Agricultural Credit Guarantee Scheme (ACGS). This amount represented a plunge of 75.2 per cent from the level in the preceding quarter but a 12.3 per cent increase over the level in the corresponding quarter of 2009.

A sub-sectoral analysis of the loans guaranteed indicated that the livestock sub-sector had the largest share of ₦313.7 million (37.8 per cent) to 719 beneficiaries, while the food crops sub-sector received ₦308.8 million (37.2 per cent) to 2,403 beneficiaries. Also, 238 beneficiaries in the fisheries sub-sector obtained ₦99.3 million (12.0 per cent), while ₦16.2 million (2.0 per cent) went to 41 beneficiaries in the mixed cropping sub-sector. In the cash crops sub-sector, 20 beneficiaries received ₦8.3 million (1.0 per cent), while 172 beneficiaries in 'others' obtained ₦83.3 million (10.0 per cent). Further analysis showed that 31 states benefited from the scheme during the quarter; the highest and lowest sums of ₦117.7 million (14.2 per cent) and ₦0.1 million (0.01 per cent) went to Akwa Ibom and Kebbi States, respectively.

The retail prices of most staples recorded an increase in the first quarter of 2010. Twelve of the fourteen commodities monitored recorded a price increase over their levels in the preceding quarter. These ranged from 1.5 per cent for guinea corn to 26.4 per cent for yam flour, while local rice and groundnut oil recorded a price decline of 1.7 and 5.7 per cent, respectively. The rise in the price of most commodities was attributed to seasonal factors.

The retail prices of most staples rose during Q1 2010

4.3 Industrial Production

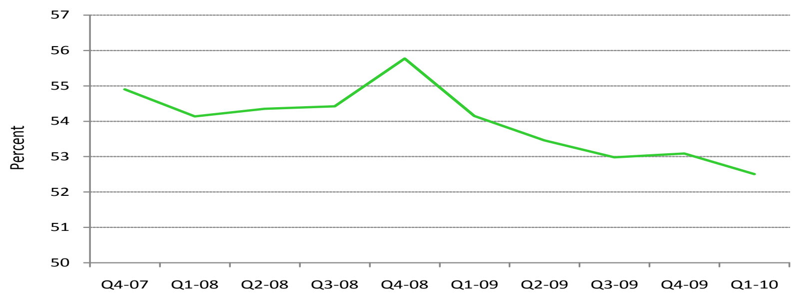
Industrial activities during the first quarter of 2010 indicated a decline relative to the preceding quarter. At 118.6 (1990=100), the estimated index of industrial production fell by 0.4 per cent from the level attained in the preceding quarter, but rose by 1.4 per cent over the level in the corresponding quarter of 2009. The development reflected the decline in activities in electricity and manufacturing sub-sectors.

Industrial activities, as measured by the index of industrial production, witnessed a decline during Q1 2010 on account of slowdown in activity in the electricity and manufacturing sub-sectors.

The estimated index of manufacturing production, at 92.86 (1990=100), declined by 0.2 per cent, from the level in the preceding quarter, but increased by 1.4 per cent, over the level in the corresponding period of 2009. The estimated capacity utilization also declined by 0.5 percentage point to 52.5 per cent during Q1 2010 (Fig. 12, Table 10). The development was attributed to the delay in the passage of the 2010 budget and the lingering structural constraints including inadequate electricity supply.

Industrial capacity utilization was estimated to have declined by 0.5 percentage point relative to Q4 2009.

Figure 12: Capacity Utilization Rate



At 130.87 (1990=100), the index of mining production increased marginally by 0.3 and 2.9 per cent over the levels attained in the preceding quarter and the corresponding quarter of 2009, respectively. The development was attributed to the rise in crude oil and gas production, on account of the relative peace in the Niger Delta region.

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

At 2,034.6 MW/h, estimated average electricity generation contracted, by 21.1 per cent, from the level attained in the preceding quarter. The drop reflected the decline in gas supply to the thermal stations as well as the reduction in the water level at the hydro stations.

At 1,967.9 MW/h, estimated average electricity consumption fell by 15.8 per cent from the level in the preceding quarter. The development was attributed to the supply constraint occasioned by the low generation (Fig. 13, Table 10).

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

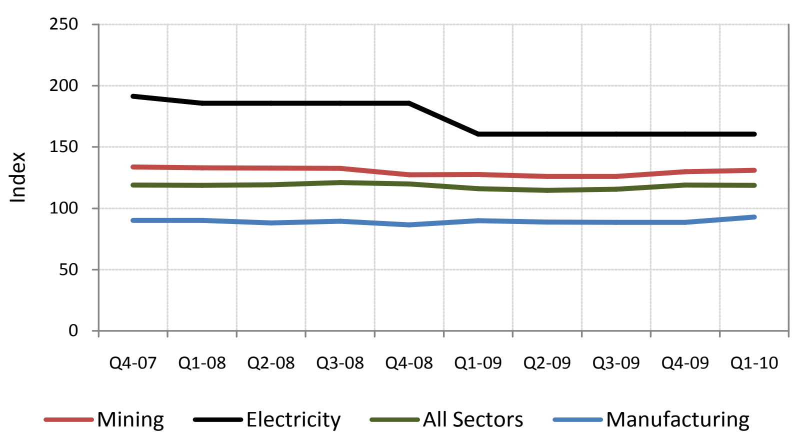


Table 10: Index of Industrial Production and Manufacturing Capacity Utilization Rate

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
All Sectors (1990=100)	**119.8**	**115.9**	**114.6**	**115.6**	**119.0**	**118.6**
Manufacturing	*86.4*	*89.9*	*88.6*	*88.4*	*88.6*	*92.9*
Mining	*127.2*	*127.6*	*125.9*	*125.9*	*129.9*	*130.9*
Electricity	*185.6*	*160.4*	*160.4*	*160.4*	*160.4*	*160.4*
Capacity Utilization (%)	***55.8***	***54.2***	***53.5***	***53.0***	***53.1***	***52.5***

4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 1.99 million barrels per day (mbd) or 179.1 million barrels during the first quarter of 2010, compared with 1.94 mbd or 174.6 million barrels in the preceding quarter. This represented an increase of 2.6 per cent. The increase in production was due to the relative peace experienced in the Niger Delta region resulting from the Federal Government's Amnesty Programme.

Crude oil and natural gas production increased slightly, by 2.6 per cent, to 1.99 mbd during Q1 2010.

Crude oil export was estimated at 1.54 mbd or 138.6 million barrels in the review period, compared with 1.49 mbd or 134.1 million barrels in the preceding quarter. Deliveries to the refineries for domestic consumption remained at 0.445 mbd or 40.5 million barrels in the review quarter.

Crude oil export also recorded marginal increase during the first quarter of 2010.

At an estimated average of US$79.10 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API) rose, by 1.1 per cent, over the level in the preceding quarter. The average prices of other competing crudes namely, the West Texas Intermediate, the U.K Brent and the Forcados also rose by 3.6, 0.8 and 0.8 per cent to US$80.11, US$77.90 and US$78.74 per barrel, respectively. The average price of OPEC's basket of eleven crude streams also rose, by 1.5 per cent, to US$75.45 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 of speculative activity (Fig. 14, Table 11).

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 during Q1 2010.

Figure 14: Trends in Crude Oil Prices

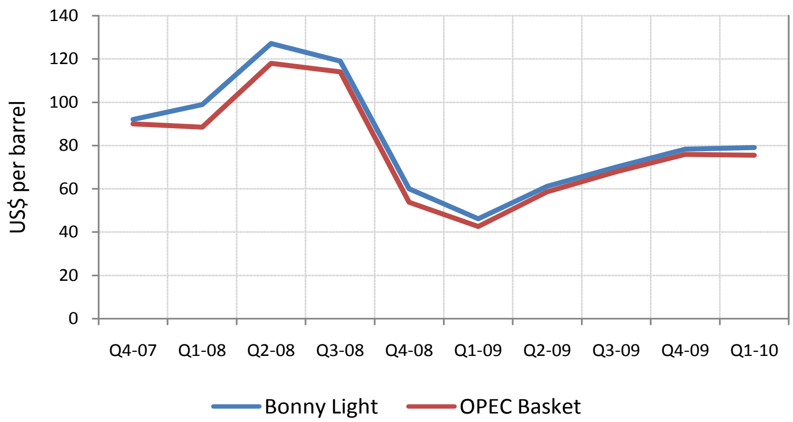


Table 11: Average Crude Oil Prices in the International Oil Market

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Bonny Light	59.98	46.15	61.14	70.05	78.25	79.10
OPEC Basket	53.74	42.50	58.51	67.78	75.89	75.45

4.5 Consumer Prices

The general price level rose marginally in Q1 relative to Q4 2009, on account of price increases in respect of staple food and non-alcoholic beverages.

Available data showed that the all-items composite Consumer Price Index (CPI) at the end of the first quarter of 2010, was 219.4 (May 2003=100), representing an increase of 0.2 and 11.8 per cent over the levels in the preceding quarter and the corresponding quarter of 2009, respectively. The 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 first quarter of 2010, was 232.3 (May 2003=100), indicating an increase of 0.4 and 1.0 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 213.8 (May 2003=100), represented an increase of 0.05 and 2.10 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

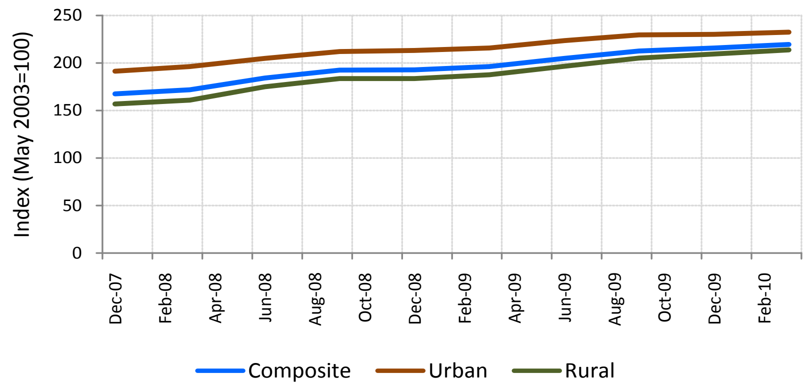


Table 12: Consumer Price Index (May 2003=100)

	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
Composite	192.6	196.2	204.7	212.4	215.6	219.4
Urban	213.1	215.8	223.5	229.3	230.1	232.3
Rural	183.7	187.8	196.6	205.1	209.4	213.8

The end-period inflation rate for the first quarter of 2010, on a year-on-year basis, was 11.8 per cent, compared with 12.0 and 14.4 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 first quarter of 2010, was 11.9 per cent, compared with 12.4 and 5.8 per cent recorded in the preceding quarter and the corresponding quarter of 2009, respectively (Fig. 16, Table 13).

The headline inflation (y-o-y and 12-month average basis) declined by 0.2 and 0.5 percentage point, respectively, in Q1 2010.

Figure 16: Inflation Rate

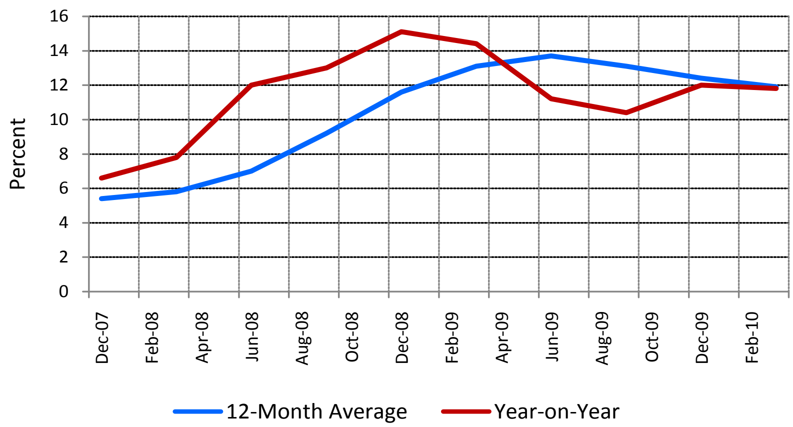


Table 13: Headline Inflation Rate (%)

	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
12-Month Average	11.6	13.1	13.7	13.1	12.4	11.9
Year-on-Year	15.1	14.4	11.2	10.4	12.0	11.8

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow and outflow through the CBN in the first quarter of 2010 rose by 11.6 and 26.1 per cent, respectively. Total non-oil export earnings receipts by banks declined, by 35.1 per cent, from the level in the preceding quarter. The average Naira exchange rate vis-à-vis the US dollar, appreciated by 0.1 per cent to ₦149.94 per dollar at the Wholesale Dutch Auction System (WDAS) while convergence in rates across all market segments was sustained.

5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in the first quarter of 2010 amounted to US$6.52 billion and US$8.07 billion, respectively, representing a net outflow of US$1.55 billion. Relative to the respective levels of US$5.84 billion and US$6.40 billion in the preceding quarter, inflow and outflow increased by 11.6 and 26.1 per cent, respectively. The rise in inflow was attributed to the 12.6 and 2.0 per cent increase in both oil and non-oil receipts, while the rise in outflow was due largely to the 28.1, 13.3 and 54.5 per cent increase in Wholesale Dutch Auction System (WDAS) utilization, other official payments and drawing on Letter of Credits, respectively, during the review quarter (Fig. 17, Table 14).

Foreign exchange inflow and outflow through the CBN rose significantly in Q1 2010, but outflow increased more rapidly to post a net outflow of US$1.55 billion.

Figure 17: Foreign Exchange Flows Through the CBN

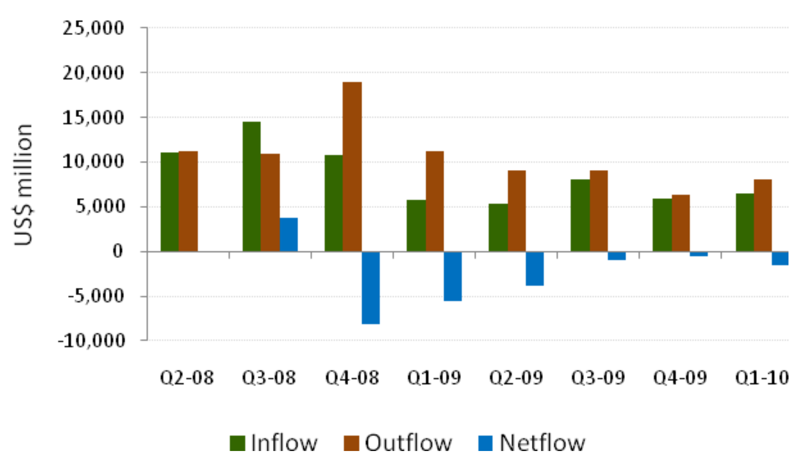


Table 14: Foreign Exchange Flows Through the CBN (US$ million)

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Inflow	10782.3	5724.6	5359.6	8083.0	5840.7	6521.1
Outflow	18934.4	11255.7	9135.1	9014.9	6396.3	8070.2
Netflow	**-8152.1**	**-5531.1**	**-3775.5**	**-931.9**	**-555.6**	**-1549.1**

Available data on aggregate foreign exchange flows through the economy indicated that total inflow amounted to US$21.84 billion, representing an increase of 11.7 and 21.9 per cent over the levels in the preceding quarter and the corresponding quarter of 2009, respectively. Oil sector receipts, which accounted for 27.5 per cent of the total, stood at US$6.00 billion, compared with the respective levels of US$5.33 billion and US$4.25 billion in the preceding quarter and corresponding quarter of 2009.

Autonomous inflows into the economy increased, by 10.2 per cent, in Q1 2010.

Non-oil public sector inflows, which accounted for 2.4 per cent of the total, increased by 2.0 per cent over the preceding quarter, while autonomous inflow, which accounted for 70.1 per cent, increased by 10.2 per cent.

At US$8.23 billion, aggregate foreign exchange outflow from the economy increased by 27.0 per cent over the level in the preceding quarter, but declined by 28.2 per cent from the level in Q1 2009. The rise in outflow relative to the preceding quarter was accounted for, largely, by the increase in the funding of the WDAS segment of the foreign exchange market, other official payments and drawings on Letter of Credits.

5.2 Non-Oil Export Earnings by Exporters

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

Total non-oil export earnings by Nigerian exporters fell by 35.1 per cent to US$630.5 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, food products, manufactured products, transport, agricultural, and minerals stood at US$336.2 million, US$8.5 million, US$184.2 million, US$0.3 million, US$67.3 million and US$34.0 million, respectively.

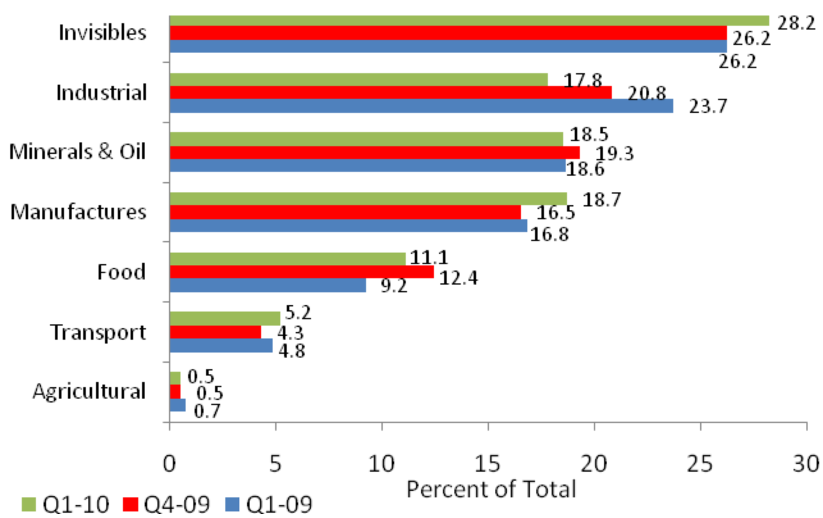
The shares of industrial, food products, manufactured products, transport, agricultural, and minerals sub-sectors in non-oil export proceeds were 53.3, 1.3, 29.2, 0.1, 10.7 and 5.4 per cent, respectively, in the review quarter.

5.3 Sectoral Utilisation of Foreign Exchange

The invisibles sector accounted for the bulk (28.2 per cent) of total foreign exchange disbursed in the first quarter of 2010, followed by the manufactured products (18.7 per cent). Other beneficiary sectors, in a descending order included: the minerals & oil (18.5 per cent), industrial sector (17.8 per cent), food (11.1 per cent), transport (5.2 per cent) and agricultural products (0.5 per cent) (Fig.18).

As in the preceding quarter, the invisibles sector accounted for the bulk of the total foreign exchange disbursed during Q1 2010.

Figure 18: Sectoral Utilisation of Foreign Exchange



5.4 Foreign Exchange Market Developments

Foreign exchange demand by the authorized dealers stood at US$7.58 billion, indicating an increase of 27.0 per cent over the level in the preceding quarter. Relative to the level in the corresponding period of 2009, demand fell by 54.8 per cent. A total amount of US$6.07 billion was sold by the CBN during the period, indicating an increase of 28.2 per cent over the level in the preceding quarter (Fig. 19, Table 15).

Demand for foreign exchange by authorized dealers mounted during Q1 2010 relative to Q4 2009, but shrunk sharply when compared with Q1 2009.

Figure 19: Demand for and Supply of Foreign Exchange

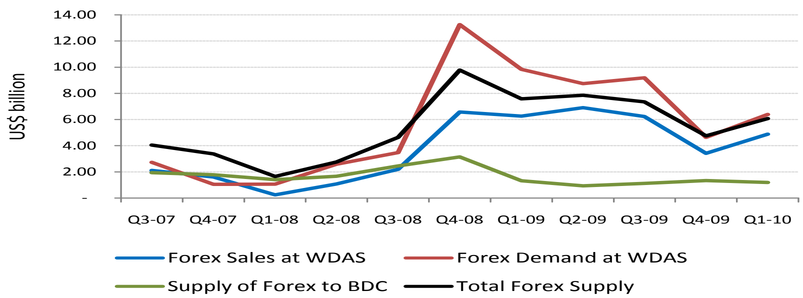


Table 15: Demand for and Supply of Foreign Exchange (US$ billion)

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Forex Sales at WDAS	*6.6*	*6.3*	*6.9*	*6.2*	*3.4*	*4.9*
Forex Demand at WDAS	*13.2*	*9.8*	*8.7*	*9.2*	*4.6*	*6.4*
Supply of Forex to BDC	*3.1*	*1.3*	*0.9*	*1.1*	*1.3*	*1.2*
Total Forex Supply	*9.8*	*7.6*	*7.8*	*7.3*	*4.7*	*6.1*

The Naira exchange rate vis-à-vis the US dollar appreciated mildly at the WDAS and BDC segments of the foreign exchange market over Q4 2009, but 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 appreciated by 0.1 per cent to ₦149.94 per dollar from ₦150.05 in the preceding quarter. It, however, depreciated by 2.1 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 ₦152.49 per dollar, compared with ₦153.16 and ₦160.37 per dollar in the preceding quarter and the corresponding quarter of 2009, respectively. In the interbank segment, the Naira exchanged for an average of ₦150.46 to the US dollar in Q1 2010 compared with ₦150.35 and ₦147.85 per dollar in Q4 and Q1 2-009, respectively (Fig. 20, Table 16).

The premium between the WDAS rate and the rates in the other two segments remained low at 0.35 per cent for the interbank and 1.7 per cent for the BDC segment.

Consequently, the premium between the WDAS and the bureaux-de-change rates narrowed from 2.1 per cent in the preceding quarter to 1.7 per cent while that between the WDAS and interbank widened insignificantly by approximately 0.15 percentage point to 0.35 per cent (Fig. 21, Table 16).

Figure 20: Average Exchange Rate Movements

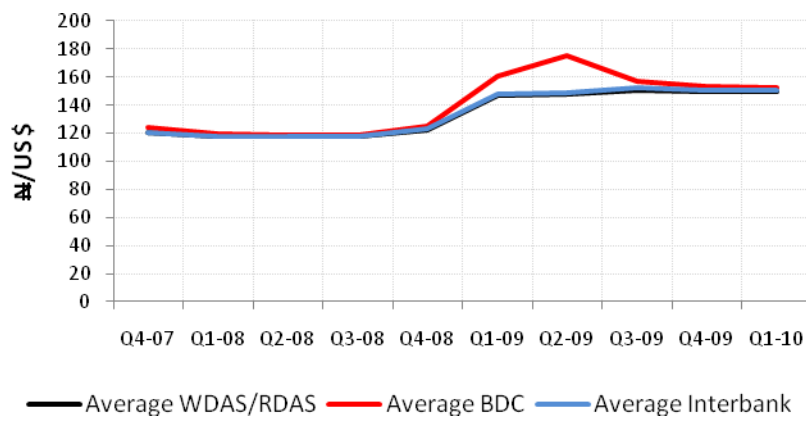
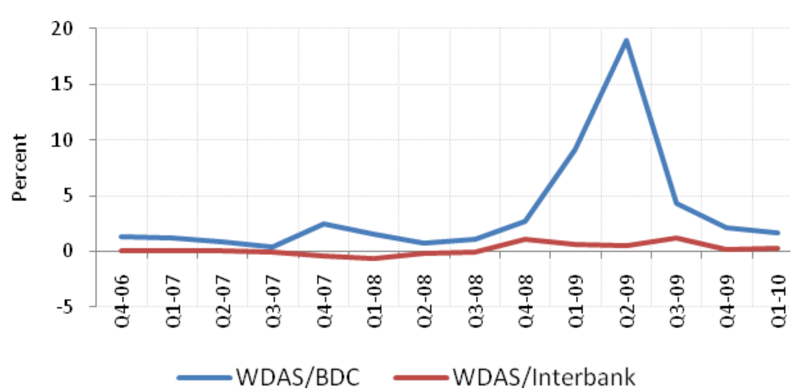


Table 16: Exchange Rate Movements and Exchange Rate Premium

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Average Exchange Rate (₦/$)						
WDAS/RDAS	*121.9*	*146.9*	*147.8*	*150.9*	*150.1*	*149.9*
BDC	*125.3*	*160.4*	*175.7*	*157.4*	*153.2*	*152.5*
Interbank	*123.3*	*147.9*	*148.5*	*152.8*	*150.4*	*150.5*
Premium (%)						
WDAS/BDC	*2.7*	*9.2*	*18.9*	*4.3*	*2.1*	*1.7*
WDAS/Interbank	*1.1*	*0.7*	*0.5*	*1.3*	*0.2*	*0.3*

Figure 21: Exchange Rate Premium



5.5 Gross External Reserves

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

The gross external reserves at the end of the first quarter of 2010 stood at US$40.67 billion, indicating a decline of 4.0 per cent from the level of US$42.38 billion at the end of the preceding quarter. A breakdown of the reserves showed that CBN holding stood at US$32.32 billion or 79.5 per cent, Federal Government holding was US$4.20 billion or 10.3 per cent and the Federation Account portion (Excess Crude) was US$4.14 billion or10.2 per cent (Fig. 22, Table 17)

Figure 22: Gross External Reserves

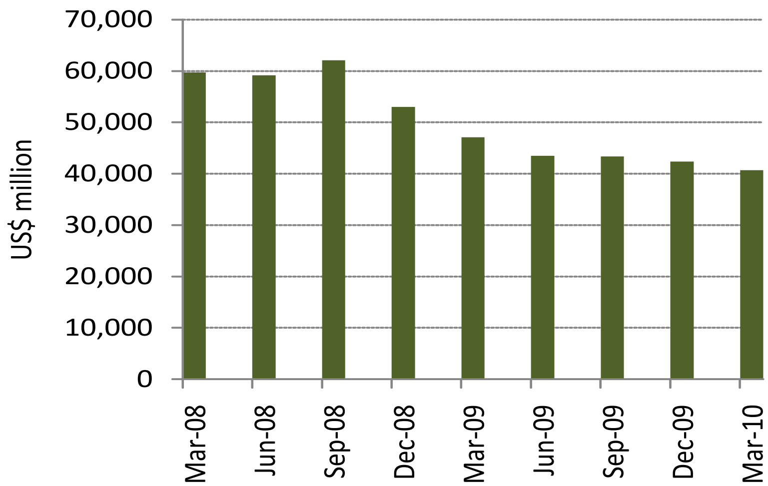


Table 17: Gross External Reserves (US$ million)

	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
External Reserves	53000.36	47081.9	43462.74	43343.33	42382.49	40667.03

6.0 Global Economic Conditions

6.1 Global Output

The world economy was on the path to recovery during Q1 2010 driven largely by the robust performance of emerging and developing economies, as recovery in advanced economies remained sluggish.

Global output was projected to have risen by 3.9 per cent largely from emerging and developing economies, reflecting largely the buoyant internal demand. The global economic rebound was attributed to the extraordinary amount of policy stimulus, especially the highly expansionary monetary policies adopted by governments in the last quarter of 2009, accompanied with cuts in interest rates in most advanced and many emerging economies. This was complemented by various fiscal policy stimulus packages, all in a bid to douse the downturn.

For most of the advanced economies, recovery remained sluggish by past standards. This was particularly so in economies with large external deficits before the crisis, such as the United States, where private demand remained below the pre-crisis trend, as households repair their balance sheets.

Output in the advanced economies was expected to expand by 2.1 per cent in 2010, following the contraction in 2009, while it was projected to edge up further to 2.4 per cent in 2011. Despite these, the recovery in advanced economies was weak by historical standards, with real output expected to remain below its pre-crisis level until late 2011. Moreover, high unemployment rates and public debt, as well as not-fully-healed financial systems, and in some countries, weak household balance sheets presents further challenges to the recovery in these economies.

Growth in emerging and developing economies was expected to rise to about 6.0 per cent in 2010, following a modest 2.1 per cent growth recorded in 2009. The new projection reflected an upward revision of almost 1.0 percentage point. In 2011, output is projected to accelerate further. Strong economic frameworks and swift policy responses have helped many emerging economies to cushion the impact of the unprecedented external shocks and reverse capital outflows.

Within both groups, growth performance was expected to vary considerably across countries and regions, reflecting different initial conditions, external shocks, and policy responses. For instance, key emerging economies in Asia are leading the global recovery. A few advanced European economies and a number of economies in Central and Eastern Europe and the Commonwealth of Independent States (CIS) were lagging behind. The rebound of commodity prices is helping to support growth of commodity producers in all regions. Many developing countries in sub-Saharan Africa that experienced only a mild slowdown in 2009 are well placed to recover in 2010.

Rebound of commodity prices is supporting growth in commodity producing countries in all the regions.

6.2 Global Inflation

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

In the advanced economies, inflationary pressures remained fairly high, as inflation rose from 0.1 per cent in the preceding quarter to 3.0 per cent, while inflation pressures in emerging economies moderated downwards, with most rates remaining within the lower end of the double digit target. Commodity prices, in US dollar terms, moderated downwards.

6.3 Global Commodity Demand and Prices

The upward trend in global commodity prices continued during Q1 2010 on account of increased global demand.

The rise in global demand and price of commodities continued in the first quarter of 2010. Total world crude oil output in the first quarter of 2010, was estimated at 85.09 million barrels per day (mbd), while demand was estimated at 86.30 mbd, compared with 85.19 and 85.51 mbd supplied and demanded in the preceding quarter, respectively. The increase in demand was due to the strong economic growth in China, India, the Middle East region and Latin America. Price developments were expected to partly depend on how strongly supply responded to recovering demand.

6.4 International Financial Markets

Global stock markets recorded improvements during the first quarter of 2010, but recovery remained fragile.

Stock markets around the world were all up except in the Euro area and China in the first quarter of 2010. The United States stock indices were up in the range of 6.7 - 10.4 per cent, compared with the level at end-December 2009. Asia and other emerging market also recorded high performance.

In the light of the general recovery of the global economy, efforts were generally geared towards unwinding the monetary easing measures that were introduced at the height of the global financial crisis. Consequently, major central banks kept their policy rates steady or increased them slightly. No central bank reduced rate.

Policy rates of most central banks around the globe remained steady at the levels set at the height of the global financial and economic crises.

The yen and the dollar continued to strengthen during the quarter on concern that the euro will weaken because of the potential of sovereign default by Greece, Italy, Portugal and Spain.

The US dollar and the Japanese yen strengthened during the first quarter of 2010.

6.5 Other International Economic Developments and Meetings

Other major international economic developments and meetings of relevance to the domestic economy during the review quarter included: an update of the World Economic Outlook released by the International Monetary Fund on January 26, 2010 which showed that in 2010, world output is expected to rise by 4.0 per cent. This represented an upward revision of 0.75 percentage points from the October 2009 World Economic Outlook projection. In most advanced economies, the recovery is expected to remain sluggish, whereas in many emerging and developing economies, economic activity is expected to be strong, reflecting largely the buoyant internal demand. The global economic rebound was attributable to the extraordinary amount of policy stimulus. Monetary policy has been highly expansionary, with interest rates down to record lows in most advanced and many emerging economies (see January 2010 Report).

Furthermore, the 2010 Annual meeting of the World Economic Forum was held in Davos-Klosters, Switzerland from January 27–31, 2010. The theme of the meeting was "Improve the State of the World: Rethink, Redesign, Rebuild". The meeting was attended by many business, government and civil society leaders (see January 2010 Report).

Also, the African Development Bank (AfDB) signed a Memorandum of Understanding (MOU) for African Financing Partnership (AFP) on January 26, 2010. The AFP, which is a major pillar in the partnership strategy of AfDB was a collaborative and co-financing platform comprising eight (8) major Development Finance Institutions (DFIs), and focuses on private sector financing in Africa. It included the AfDB, Development Bank of Southern Africa (DBSA), European Investment Bank (EIB), Development Bank of the Netherlands, Industrial Development Corporation of Southern Africa Ltd and International Finance Corporation (IFC) (see January 2010 Report).

In another development, the 4th meeting of the Committee of Ten (C-10) was held in Cape Town, South Africa on February 10, 2010. The meeting was held under the auspices of the African Development Bank (AfDB), the Economic Commission for Africa (ECA), and the African Union Commission (AUC). The following countries and institutions were present at the meeting: South Africa, Algeria, Botswana, Cameroon, Egypt, Kenya, Nigeria, Tanzania, the Central Bank of West African States (CBWAS), and the Central Bank of Central African States (CBCAS). The meeting discussed, among others, the impact of the global financial crisis, measures for recovery and the restoration of growth; reviewed matters arising from the G-20 work plan; assessed financial issues arising from the Copenhagen Climate Change Summit, and agreed on the way forward (see February 2010 Report).

In a related development, the Ordinary Meeting of the Bureau of the Association of African Central Banks (AACB) was held at the Headquarters of the Banque Centrale des Etats l'Afrique de l'Ouest in Dakar, Senegal, during February 22-24, 2010. Participation at the Bureau meeting was at the level of Governors of the AACB, representing the sub-regional blocs and the Commissioner for Economic Affairs of the African Union Commission. The meeting was convened to assess the status of implementation of the decisions taken by the Assembly of Governors at its 33rd Ordinary Session held on August 21, 2009 in Kinshasa, Democratic Republic of Congo. It also reviewed the progress made on the African

Monetary Cooperation Programme (AMCP) (see February 2010 Report).

Also, the 2010 Joint Annual Meetings of the African Union (AU) Conference of Ministers of Economy and Finance and the Economic Commission for Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development was held in Lilongwe, Malawi, from March 25-30, 2010. The Conference was preceded by the meeting of Experts held during March 25–28, 2010 at the same venue. The major highlights of the decisions taken at the Conference were:

- The Ministers noted that the global economic crisis had taken a heavy toll on economic activity, employment and social conditions in Africa,
- They also noted that growth was gradually picking up in 2010, although at a slow pace.
- That the overall objectives of the Millennium Development Goals (MDGs) would be compromised in Africa, unless bold steps were taken to achieve high growth and employment.
- They urged member countries to adopt policies and strategies that would promote backward and forward linkages between sectors, pursue regional integration and move away from total dependence on commodities exports.
- It was agreed that inadequate infrastructure and access to finance and other supporting services were the major constraints to the development of the private sector which could play pivotal role in investment and job creation.
- They also agreed to promote domestic resource mobilization, economic diversification, and internal policy harmonization among ministries and agencies, so as to enhance efficiency and effectiveness in mainstreaming employment into national development plans and programs.

- Twelve (12) resolutions were passed relating to statutory and other issues such as the ECA Annual Report for 2010; Repositioning of African Institute for Economic Development and Planning (IDEP); Review of progress in the implementation of the African–European Union Joint Strategy and First Action Plan; Regional Integration; MDGs: Brussel Plan of Action; Implementation of the African Charter on Statistics; Promoting High–Level Sustainable Growth to Reduce Unemployment in Africa; Strengthening the Sub-Regional Offices and the ECA; Establishment of African Financial Institutions; and Towards Realizing a Food Secure Africa within five years.

In a related development, the meeting of the Technical Sub-Committee on the Economic Community of West African States (ECOWAS) Single Currency Programme was held in Dakar, Senegal, during March 1-2, 2010. The meeting was convened to review the status of the implementation of the Abuja 2020 Roadmap for the ECOWAS Single currency Programme and to plan for its implementation.

The Committee received progress reports from the monitoring institutions including the ECOWAS Commission, WAMA, WAMI and WABA. Each institution reported on the level of progress achieved as well as identified the challenges towards the Single Currency in ECOWAS. After its deliberations on these reports, the Technical Sub-Committee agreed to assign the task of coordinating the implementation of the Roadmap to the ECOWAS Single Currency to a Leading Institution to be supported by a second institution. Each coordinating institution was expected to prepare regular reports for the Technical –Sub Committee, in a defined format. The first of these reports was expected to be submitted at the meeting of the Technical Sub-Committee to be held either at the end of May 2010 or early June 2010.

Finally, the Central Bank of Nigeria signed a Strategic Partnership Memorandum of Understanding with the Malaysian Central Bank (Bank Negara) to share expertise and exchange relevant information in the following areas:

banking supervision, small and medium enterprises (SMEs), microfinance, Islamic finance, monetary policy, development finance institutions, external reserve management, institutional arrangement for financial crisis management and resolution, foreign exchange administration, performance management and corporate strategy, leadership development and talent management. The MOU was signed at the headquarters of the Bank Negara in Kuala Lumpur during a one-week study tour of Malaysian financial institutions by the Board of Directors of the Central Bank of Nigeria from March 22–26, 2010.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
			₦ billion			
Domestic Credit (Net)	**4951.9**	**4820.8**	**5677.2**	**6991.2**	**7903.8**	**8388.0**
Claims on Federal Government (Net)	*-3107.7*	*-3405.6*	*-2879.8*	*-2820.2*	*-2302.3*	*-1649.5*
Central Bank (Net)	-4532.1	-4658.2	-4348.8	-3970.8	-3731.6	-3434.4
Banks	1424.4	1252.6	1469.0	1150.6	1429.3	1784.9
Claims on Private Sector	*8059.5*	*8226.4*	*8556.9*	*9811.4*	*10206.1*	*10037.4*
Central Bank	260.1	313.6	336.1	445.7	538.2	425.4
Banks	7799.4	7912.8	8220.8	9365.7	9667.9	9612.0
Claims on Other Private Sector	*7909.8*	*8015.6*	*8305.3*	*9516.4*	*9895.8*	*9715.6*
Central Bank	260.1	313.6	336.1	445.7	538.2	425.4
Banks	7649.6	7702.0	7969.2	9070.7	9357.6	9290.2
Claims on State and Local Government	*149.8*	*210.9*	*251.7*	*295.0*	*310.3*	*321.8*
Central Bank	--	--	--	--	--	--
Banks	149.8	210.9	251.7	295.0	310.3	321.8
Claims on Non-financial Public Enterprises	--	--	--	--	--	--
Central Bank	--	--	--	--	--	--
Banks	--	--	--	--	--	--
Foreign Assets (Net)	**8550.4**	**8105.3**	**7643.6**	**6886.9**	**7593.3**	**7249.6**
Central Bank	7270.8	6961.2	6642.6	5858.9	6522.2	6110.2
Banks	1279.6	1144.2	1001.0	1027.9	1071.1	1139.4
Other Assets (Net)	-4335.5	-3928.4	-4243.7	-4419.6	-4729.7	-4627.5
Total Monetary Assets (M2)	**9166.8**	**8997.8**	**9077.0**	**9458.5**	**10767.4**	**11010.1**
Quasi-Money 1/	4309.5	4331.1	4592.4	5125.0	5763.5	6056.9
Money Supply (M1)	**4857.3**	**4666.7**	**4484.6**	**4333.5**	**5003.9**	**4953.2**
Currency Outside Banks	892.7	804.1	746.5	778.7	927.2	833.6
Demand Deposits 2/	3964.6	3862.6	3738.2	3554.8	4076.6	4119.6
Total Monetary Liabilities (M2)	**9166.8**	**8997.8**	**9077.0**	**9458.5**	**10767.4**	**11010.1**
Memorandum Items:						
Reserve Money (RM)	1549.1	1384.0	1291.5	1262.0	1653.9	1810.9
Currency in Circulation (CIC)	1155.3	1037.8	1006.6	1031.9	1181.5	1086.5
DMBs Demand Deposit with CBN	393.8	346.3	284.9	230.1	472.3	724.4

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 Deposits of non-financial Public Enterprises at Deposit Money Banks

Table A2: Money and Credit Aggregates (Growth Rates)

	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
	Percentage Change Over Preceding Quarter					
Domestic Credit (Net)	**16.7**	**-2.6**	**17.8**	**23.1**	**13.1**	**6.1**
Claims on Federal Government (Net)	**-3.8**	**9.6**	**-15.4**	**-2.1**	**-18.4**	**-28.4**
Claims on Private Sector	**7.8**	**2.1**	**4.0**	**14.7**	**4.0**	**-1.7**
Claims on Other Private Sector	**7.2**	**1.3**	**3.6**	**14.6**	**4.0**	**-1.8**
Claims on State and Local Government	**55.8**	**40.8**	**19.3**	**17.2**	**5.2**	**3.7**
Claims on Non-financial Public Enterprises	--	--	--	--	--	--
Foreign Assets (Net)	**0.3**	**-5.2**	**-5.7**	**-9.9**	**10.3**	**-4.5**
Other Assets (Net)	**13.9**	**-9.4**	**8.0**	**4.1**	**7.0**	**-2.2**
Total Monetary Assets (M2)	**2.3**	**-1.8**	**0.9**	**4.2**	**13.8**	**2.3**
Quasi-Money 1/	**-2.9**	**0.5**	**6.0**	**11.6**	**12.5**	**5.1**
Money Supply (M1)	**7.4**	**-3.9**	**-3.9**	**-3.4**	**15.5**	**-1.0**
Currency Outside Banks	**18.0**	**-9.9**	**-7.2**	**4.3**	**19.1**	**-10.1**
Demand Deposits 2/	**5.3**	**-2.6**	**-3.2**	**-4.9**	**14.7**	**1.1**
Total Monetary Liabilities (M2)	**2.3**	**-1.8**	**0.9**	**4.2**	**13.8**	**2.3**
Memorandum Items:						
Reserve Money (RM)	**24.2**	**-10.7**	**-6.7**	**-2.3**	**31.1**	**9.5**
Currency in Circulation (CIC)	**18.3**	**-10.2**	**-3.0**	**2.5**	**14.5**	**-8.0**
DMBs Demand Deposit with CBN	**45.4**	**-12.1**	**-17.7**	**-19.2**	**105.2**	**53.4**
	Percentage Change Over Preceding December					
Domestic Credit (Net)	84.2	-2.6	14.6	41.2	59.6	6.1
Claims on Federal Government (Net)	31.2	9.6	-7.3	-9.3	-25.9	-28.4
Claims on Private Sector	59.4	2.1	6.2	21.7	26.6	-1.7
Claims on Other Private Sector	59.2	1.3	5.0	20.3	25.1	-1.8
Claims on State and Local Government	70.7	40.8	68.0	96.9	107.2	3.7
Claims on Non-financial Public Enterprises	--	--	--	--	--	--
Foreign Assets (Net)	17.7	-5.2	-10.6	-19.5	-11.2	-4.5
Other Assets (Net)	4.6	-9.4	-2.1	1.9	9.1	-2.2
Total Monetary Assets (M2)	57.8	-1.8	-1.0	3.2	17.5	2.3
Quasi-Money 1/	60.0	0.5	6.6	18.9	33.7	5.1
Money Supply (M1)	55.9	-3.9	-7.7	-10.8	3.0	-1.0
Currency Outside Banks	21.0	-9.9	-16.4	-12.8	3.9	-10.1
Demand Deposits 2/	66.7	-2.6	-5.7	-10.3	2.8	1.1
Total Monetary Liabilities (M2)	57.8	-1.8	-1.0	3.2	17.5	2.3
Memorandum Items:						
Reserve Money (RM)	29.6	-10.7	-16.6	-18.5	6.8	9.5
Currency in Circulation (CIC)	20.3	-10.2	-12.9	-10.7	2.3	-8.0
DMBs Demand Deposit with CBN	67.9	-12.1	-27.6	-41.6	20.0	53.4

Table A3: Federal Government Fiscal Operations (₦ billion)

	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Retained Revenue	**915.1**	**701.7**	**519.4**	**758.8**	**663.2**	**599.8**
Federation Account	*447.0*	*363.8*	*311.5*	*346.3*	*332.1*	*356.0*
VAT Pool Account	*14.4*	*16.3*	*15.7*	*18.3*	*17.1*	*20.1*
FGN Independent Revenue	*29.8*	*29.2*	*25.1*	*9.8*	*9.0*	*5.6*
Excess Crude	*121.1*	*100.7*	*150.4*	*201.0*	*363.4*	*176.2*
Others	*302.9*	*191.8*	*16.7*	*183.3*	*-58.5*	*42.0*
Expenditure	**972.8**	**669.1**	**894.7**	**950.2**	**939.0**	**877.4**
Recurrent	*619.5*	*428.5*	*568.5*	*559.9*	*571.0*	*605.8*
Capital	*332.2*	*192.7*	*282.0*	*354.3*	*323.7*	*241.0*
Transfers	*21.1*	*47.9*	*44.1*	*36.0*	*44.3*	*30.6*
Overall Balance: Surplus(+)/Deficit(-)	**-57.7**	**32.6**	**-375.3**	**-191.4**	**-275.8**	**-277.5**

Table A4: Gross Domestic Product at 1990 Basic Prices

	Q1-2009	Q2-2009	Q3-2009	Q4-2009[1]	Q1-2010[1]
			₦ billion		
Real GDP	**148.47**	**161.75**	**196.67**	**211.69**	**158.39**
Oil GDP	***27.76***	***25.89***	***30.56***	***30.94***	***27.82***
Crude Petroleum & Natural Gas	27.76	25.89	30.56	30.94	27.82
Non-oil GDP	***120.71***	***135.86***	***166.11***	***180.75***	***130.57***
Agriculture	54.21	69.90	89.18	87.46	57.19
Industry (excluding crude petroleum/natural Gas)	2.13	6.93	7.61	15.90	2.30
Building & Construction	3.78	3.13	3.00	4.01	4.28
Wholesale & Retail Trade	32.34	25.37	33.38	39.41	35.46
Services	28.25	30.53	32.93	33.96	31.35
			Relative Share (%)		
Real GDP	**100**	**100**	**100**	**100**	**100**
Oil GDP	*18.7*	*16.0*	*15.5*	*14.6*	*17.6*
Crude Petroleum & Natural Gas	18.7	16.0	15.5	14.6	17.6
Non-oil GDP	*81.3*	*84.0*	*84.5*	*85.4*	*82.4*
Agriculture	36.5	43.2	45.3	41.3	36.1
Industry (excluding crude petroleum/natural Gas)	1.4	4.3	3.9	7.5	1.5
Building & Construction	2.5	1.9	1.5	1.9	2.7
Wholesale & Retail Trade	21.8	15.7	17.0	18.6	22.4
Services	19.0	18.9	16.7	16.0	19.8
			Growth Rate (%)		
Real GDP	**4.5**	**7.22**	**7.07**	**8.23**	**6.68**
Oil GDP	***-8.08***	***2.01***	***0.71***	***0.81***	***0.21***
Crude Petroleum & Natural Gas	-8.08	2.01	0.71	0.81	0.21
Non-oil GDP	***7.90***	***8.27***	***8.33***	***9.69***	***8.17***
Agriculture	5.46	6.10	5.99	6.06	5.49
Industry (excluding crude petroleum/natural Gas)	7.71	8.45	8.75	7.96	7.77
Building & Construction	13.12	11.82	10.69	13.00	13.14
Wholesale & Retail Trade	9.69	11.18	11.89	12.15	9.63
Services	10.08	10.65	11.08	11.58	10.99

Source: National Bureau of Statistics.

[1] *Provisional.*