CENTRAL BANK OF NIGERIA

ECONOMIC REPORT FOR THE MONTH OF NOVEMBER 2009

RESEARCH DEPARTMENT

CENTRAL BANK OF NIGERIA

MONTHLY REPORT

The Central Bank of Nigeria Monthly 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, 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.

Subscription to the Monthly Report is available without charge to institutions, corporations, embassies and development agencies. Individuals, on written request, can obtain any particular issue without a charge. Please direct all inquiries on the publication to the Director of Research, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.

TABLE OF CONTENTS

F I G U R E S

1.0 Summary

Provisional data indicated that the growth in monetary aggregates moderated in November 2009. Broad money (M_2) and narrow money (M_1) rose by 3.3 and 7.4 per cent over their levels in October 2009, respectively. The increase in M_2 was attributed to the respective increase in banking system's credit (net) to the domestic economy and foreign assets (net).

Available data indicated a general increase in banks' deposit and lending rates. The margin between the average savings deposit and maximum lending rates widened from 19.37 percentage points in October to 19.75. The spread between the weighted average term deposit and maximum lending rates, however, narrowed from 11.19 percentage points in the preceding month to 10.97. Similarly, the weighted average inter-bank call rate, contracted from 7.05 per cent in the preceding month, to 5.62 per cent, reflecting the liquidity condition in the banking system in the review month.

The value of money market assets outstanding declined by 2.8 per cent to =N=3,087.0 billion from the level in the preceding month. The development was attributed largely to the 35.2 per cent fall in Bankers Acceptances. Activities on the Nigerian Stock Exchange were bearish as all the major market indicators trended downward in the review month.

The major agricultural activities in November 2009, included the harvesting of tubers, fruits, vegetables, late maturing grains as well as pre-planting operations for dry season farming. In the livestock sub-sector, farmers were engaged in fattening and other husbandry activities in anticipation of the end of year sales. Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 1.96 million barrels per day (mbd) or 58.80 million barrels for the month, compared with 1.94 million barrels per day or 60.14 million barrels for October. Crude oil export was estimated at 1.51 mbd or 45.30 million barrels for the month, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.50 million barrels. The average price of Nigeria's reference crude, the Bonny Light (37^0 API), estimated at US$78.46 per barrel, increased by 0.3 per cent over the level in the preceding month.

The inflation rate for November 2009, on a year-on-year basis, was 12.4 per cent, compared with 11.6 per cent in the preceding month. The inflation rate on a twelve-month moving average basis was, however, 12.6 per cent, compared with 12.8 per cent in the preceding month.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US$2.08 billion and US$2.14 billion, respectively, resulting in a net outflow of US$0.06 billion in November 2009. Relative to the respective levels in the preceding month, inflow rose by 20.9 per cent, while outflow fell by 9.2 per cent. The rise in inflow was attributed largely to increased oil receipts and autonomous sources, while the fall in outflow was due largely to the respective decline in autonomous sources and other official payments.

Foreign exchange sales by the Central Bank of Nigeria (CBN) to end-users through the authorized dealers stood at US$1.79 billion, indicating an increase of 2.9 per cent over the level in the preceding month, while demand fell by 5.2 per cent to US$2.19 billion. The weighted average exchange rate of the Naira vis-à-vis the US dollar, depreciated by 1.0 per cent to =N=150.85 per dollar at the WDAS. In the Bureau-de-change segment of the market, however, the rate appreciated by 0.1 per cent to =N=152.95 per dollar.

Other major international economic developments of relevance to the domestic economy during the review month included: the meeting of the 26 current Participants in the International Monetary Fund's New Arrangements to Borrow (NAB) with representatives of 13 potential new participants held in Washington D.C. on November 24, 2009. At the meeting, participants agreed to expand the NAB and increase credit arrangements to US$600 billion.

In another development, the International Monetary Fund's African Department selected Ghana as the site of its second Regional Technical Assistance Centre in West Africa (AFRITAC West 2). The site selection was officially announced by the African Department Director, Antoinette Sayeh, in November 2009.

Also, the Board of Directors of the African Development Bank (AfDB) approved an equity investment of USD 30 million to the African Infrastructure Investment Fund 2 on November 25, 2009. This is a successor Fund of the African Infrastructure Investment Fund 1 and would be a closed-end fund with a term of 13 years. The Fund would be used to invest in infrastructure projects such as airport, road, power, telecommunications, rail, port, water and social infrastructure, primarily in Sub-Saharan Africa.

In addition, the Board of Directors of the AfDB approved a Line of Credit of USD 30.0 million to the African Banking Corporation Holdings Ltd (ABCH) under AfDB's Liquidity Facility window. The proposed Line of Credit would feature a 5 year tenor and a 2-year grace period and would benefit ABCH's banking subsidiaries in Botswana, Mozambique, Tanzania and Zimbabwe and contribute towards financing the ABCH's pipeline projects totaling USD 96 million.

2.0 FINANCIAL SECTOR DEVELOPMENTS

Monetary aggregates increased in November 2009, while banks' deposit and lending rates indicated mixed developments. The value of money market assets increased, largely on account of the rise in Commercial Papers (CPs) and Bankers Acceptances (BAs). Transactions on the Nigerian Stock Exchange (NSE) were bearish as all the major market indicators trended downward during the review month.

2.1 Monetary and Credit Developments

Provisional data indicated that monetary aggregates increased at end-November 2009. Broad money (M_2) rose by 3.3 per cent to =N=10,239.6 billion, compared with the increase of 4.8 per cent in October 2009. Similarly, narrow money (M_1) increased by 7.4 per cent to =N=4,721.9 billion, compared with the increase of 1.3 per cent in the preceding month. The rise in M_2 reflected the 4.1 and 3.1 per cent increase in banking system credit (net) to the domestic economy and foreign assets (net), respectively, (fig.1 and table 1). Over the level at end-December 2008, M_2 grew by 11.7 per cent.

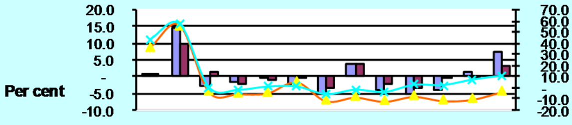
Aggregate banking system's credit (net) to the domestic economy rose by 4.1 per cent to =N=7,496.5 billion in November 2009, compared with the increase of 3.0 per cent in the preceding month. The development was attributed to the 5.9 per cent increase in claims on the Federal Government, reinforced by the 1.4 per cent rise in claims on the private sector.

At =N=2,493.4 billion, banking system's credit (net) to the Federal Government increased by 5.9 per cent, compared with the rise of 6.0 per cent in October 2009. The development was attributed wholly to the increase of 15.3 per cent in deposit money banks' (DMBs) holding of government securities during the month.

Banking system's credit to the private sector rose by 1.4 per cent to =N=9,990.0 billion, compared with the increase of 0.4 per cent in October 2009. This reflected the increase in both the CBN and DMBs' claims on the sector (fig 2).

At =N=7,477.3 billion, foreign assets (net) of the banking system rose by 3.1 per cent, compared with the increase of 5.4 per cent in the preceding month. The development was attributed mainly to the increase of 3.3 per cent in the CBN's holding.

Figure 1: Aggregate Money Supply in Nigeria (Monthly & Cumulative Growth Rates in Per cent)



	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
MM1	0.8	14.4	-2.7	-1.9	0.2	-2.1	-5.4	3.8	-4.0	-5.4	-4.3	1.3	7.5
MM2	0.6	9.6	1.4	-2.5	-1.0	0.04	-3.10	4.10	-2.10	-3.10	-0.20	0.40	3.30
CM1	37.0	56.7	-2.7	-4.6	-3.9	5.9	-11.0	-7.7	-11.4	-7.0	-10.8	-9.6	-2.8
CM2	44.4	58.2	1.4	-1.1	1.8	1.8	-4.9	-1.0	-3.0	3.4	3.2	8.1	11.7

Quasi money declined by 0.1 per cent to =N=5,517.7 billion, in contrast to the increase of 7.7 per cent in October 2009. The development reflected the fall in all the components, namely, time, savings and foreign currency deposits of the DMBs.

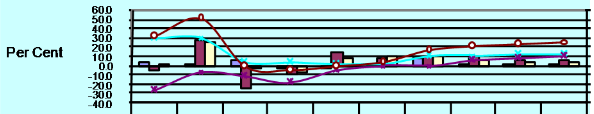
Other assets (net) of the banking system fell by 4.1 per cent to =N=4,734.3 billion, compared with the decline of 2.9 per cent in the preceding month. The fall was attributed largely to the decline in unclassified assets of the CBN.

2.2 Currency-in-circulation and Deposits at the CBN

At =N=1,108.6 billion, currency in circulation increased by 8.7 per cent in November 2009 over the level in the preceding month. The rise was due to the 9.0 per cent increase in currency outside the banking system, reinforced by the 7.8 per cent increase in vault cash.

Total deposits at the CBN amounted to =N=4871.8 billion, indicating a decline of 9.1 per cent from the level in October 2009. The development was attributed largely to the 64.5 per cent increase in DMBs' deposits. The shares of the Federal Government, banks and "others" in total deposits at the CBN were 84.4, 5.6 and 10.0 per cent, respectively, compared with the shares of 78.3, 14.5 and 7.2 per cent, in October 2009.

Figure 2:Aggregate Domestic Credit To The Economy (Monthly &Cumulative Growth Rate)



	Nov. 08	Dec. 08	Jan. 09	Feb. 09	Mar. 09	Apr. 09	Aug.09	Sept.09	Oct.09	Nov.09
MCP	3.6	1.1	5.6	-0.6	0.2	1.9	7.3	1.4	0.4	1.4
MCG	-5.7	26.5	-23.9	-9.8	14.3	8.8	10.0	9.4	6.0	5.9
MAC	1.9	24.2	-3.5	-7.1	7.3	9.4	10.6	6.5	3.0	4.1
CCP	57.7	59.5	5.6	5.0	2.1	4.0	20.0	21.7	22.3	24.0
CCG	-53.5	-12.9	-23.9	-36.0	-9.6	0.04	-0.1	9.3	14.7	19.8
CAC	61.3	100.6	-3.5	-10.4	-2.7	6.5	32.5	41.2	45.5	51.4

2.3 *Interest Rate Developments*

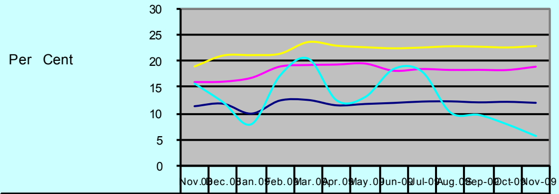
Available data indicated a general increase in banks' deposit and lending rates in November 2009. With the exception of the average savings and 7-days deposit rates, which declined by 9 and 144 basis points to 3.35 and 5.87 per cent, respectively, other rates on deposits of various maturities rose from a range of 11.86 - 12.99 per cent in October 2009 to 12.42–13.87 per cent. Similarly, the average term deposit rate fell by 0.06 basis points to 11.36 per cent. Also, the average prime and maximum lending rates declined by 65 and 28 basis points to 18.38 and 23.18 per cent, respectively. Consequently, the spread between the weighted average term deposit and maximum lending rates, narrowed from 11.19 percentage points in the preceding month to 10.97 percentage points. The margin between the average savings deposit and maximum lending rates, however, widened from 19.37 percentage points in October to 19.75 percentage points. With a headline inflation rate of 12.4 per cent at end-November 2009, most rates, with the exception of savings and 7-day deposit rate, were positive in real terms.

The weighted average inter-bank call rate, which was 7.05 per cent in the preceding month, declined to 5.62 per cent at end-November 2009, reflecting the liquidity condition in the banking system. Similarly, the weighted average rate for the Open Buy Back (OBB) declined by 25 basis points to 4.87 per cent, from 5.12 per cent in the preceding month. In line with activities at the inter-bank market, the Nigeria Inter-bank Offered Rate (NIBOR) 7-day tenored segment fell by 104 basis points to 8.60 per cent, from 9.64 per cent in the preceding month. However, at the 30-day tenored segment, the rate rose slightly by 40 basis points to 13.75 per cent from 13.35 per cent in the preceding month.

2.4 *Money Market Developments*

The measures taken by the CBN in response to the global economic and financial crises and the recent developments in the Nigerian banking industry continued to influence activities at the money market during the review month. Direct auction at the open market remained in abeyance owing to the current Bank's policy stance of improving the liquidity of the banking system. Furthermore, no deal was recorded at the two–way quote trading platform due mainly to the unattractive rates offered by counter parties. At the discount window, deposit money banks and discount houses patronised the standing facilities for their temporary liquidity requirements. The CBN's guarantee of inter-bank transactions continued to keep risks low in the market. Consequently, inter-bank rates were much lower than in the preceding month. At the primary market for NTBs and Federal Government of Nigeria (FGN) Bonds, public participation remained impressive as market players' continued to show preference for the risk-free government securities in view of the dismal performance of equities at the capital market.

Figure 3: Selected Bank Interest Rates (Per Cent, Monthly Average)



	Nov.08	Dec.08	Jan.09	Feb.09	Mar.09	Apr.09	May.09	Jun-09	Jul-09	Aug.09	Sep-09	Oct-09	Nov-09
Average Term Deposit Rates	11.48	11.96	10.06	12.57	12.67	11.65	11.91	12.11	12.37	12.41	12.22	12.32	12.13
Prime	16	16.08	16.81	18.95	19.25	19.34	19.53	18.16	18.49	18.31	18.33	18.3	18.93
Maximum	18.97	21.18	21.27	21.54	23.91	23.17	22.86	22.64	22.8	23.05	22.97	22.81	23.1
Inter-bank	15.77	12.17	7.91	17.3	20.6	12.51	13.17	18.6	18.1	10.17	9.7	7.86	5.62

Provisional data indicated that the value of money market assets outstanding as at end–November 2009 was =N=3,087.0 billion, representing a decrease of 2.8 per cent, above the level at end-October 2009. The decrease during the period was attributed to the 35.2 per cent decline in the bankers acceptances.

At the primary segment of the market, Nigerian Treasury Bills of 91-, 182- and 364-day tenors, totalling =N=120.22 billion were offered, with each issue amounting to =N=30.22 billion, =N=60.00 billion and =N=30.00 billion, respectively. Total public subscription for all the auctions amounted to =N=244.03 billion, while the sum of =N=120.22 billion was allotted. In the preceding month, total public subscription was =N=91.65 billion, while total issue and allotment were =N=170.27 billion apiece. All the auctions were oversubscribed, reflecting market players' strong preference for government securities. The issue rates for the 91- and 182-day NTBs ranged from 4.66 per cent to 5.66 per cent, while that of the 364-day NTBs was 5.7 per cent. In the preceding month, the issue rates ranged from 4.9 to 7.10 per cent for the 91-, 182- and 364-day NTBs.

FGN Bonds of 3-, 10 and 20- year tenors (reopened) were offered to the public in November, 2009. A total of N49.44 billion, made up of N20.00 billion 3-year, N10.00 billion 10-year and N19.44 billion 20-year FGN Bonds were offered and allotted at marginal rates of 8.25, 12.49 and 12.00 per cent, respectively. Total subscription was N121.26 billion. In October, total subscription for the 3-, 5- and 20-year reopened FGN Bonds was N96.78 billion, while N60.00 billion was allotted at coupon rates of 7.87, 8.14 and 10.39 per cent, respectively. The need to hedge against interest rate fluctuation and the preference for longer-tenored government securities sustained patronage at the Bond market. Comparative analysis also showed that the coupon rates for all the tenors were higher than in the preceding month

In line with the Bank's monetary policy stance, 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 as the bid/offer rates quoted at the trading sessions were unattractive.

2.5 Deposit Money Banks' Activities

Available data indicated that the total assets/liabilities of the DMBs amounted to =N=17,442.6 billion, representing an increase of 1.3 per cent over the level at end-October 2009. The development was accounted for largely by the 5.6 per cent increase in claims on central government, reinforced by the 2.5 per cent rise in unclassified assets during the review month.

Funds, sourced largely from the accumulation of capital accounts and demand deposits, were used mainly in the settlement of unclassified liabilities and the extension of credit to the central government.

At =N=11,041.5 billion, credit to the domestic economy rose by 2.1 per cent over the level in October 2009. The breakdown showed that credit to government increased by 9.8 per cent over the level in the preceding month, while credit to the private sector rose by 1.1 per cent.

Central Bank's credit to the DMBs rose by 26.6 per cent to =N=444.0 billion in November 2009, reflecting largely the 9.7 per cent decline in loans and advances from the CBN.

Total specified liquid assets of the DMBs was =N=2,739.3 billion, representing 27.7 per cent of their total current liabilities. This level of assets was 0.1 percentage point above the preceding month's level, and exceeded the stipulated minimum ratio of 25.0 per cent for fiscal 2009 by 2.7 per cent. The loan-to-deposit ratio declined by 1.0 per cent to 85.0 per cent, which exceeded the stipulated maximum target of 80.0 per cent by 5.0 percentage points.

2.6 Discount Houses' Activities

Total assets/liabilities of the discount houses stood at =N=321.0 billion at end-November 2009, representing an increase of 4.0 per cent over the level in the preceding month. The rise in assets was accounted for largely by the 15.1 per cent increase in claims on the Federal Government, reinforced by the 7.6 per cent rise in cash and balances, while the increase in total liabilities was attributed largely to the 20.9 and 6.5 per cent rise in "money-at-call" and "capital and reserves", respectively.

Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to =N=25.1 billion, representing 10.1 per cent of their total deposit liabilities. At this level, discount houses' investments in Federal Government securities rose by 33.9 per cent over the level in the preceding month, and was below the stipulated minimum of 60.0 per cent for fiscal 2009 by 40.9 percentage points.

Total borrowings by the discount houses was =N=20.9 billion, while their capital and reserves amounted to =N=44.2 billion, resulting in a gearing ratio of 2:1, compared with the stipulated maximum target of 50:1 for fiscal 2009.

2.7 Capital Market Developments

Available data indicated that activities on the Nigerian Stock Exchange (NSE) trended downward in November 2009. The volume and value of traded securities increased by 12.5 and 23.5 per cent to 9.3 billion shares and =N=56.1 billion in 114,607 deals, respectively, compared with 10.7 billion shares valued at =N=73.3 billion in 134,394 deals in October 2009. Total volume of shares traded between January and November 2009 was 95.3 billion valued at =N=638.1 billion, compared with 183.5 billion shares valued at =N=2.33 trillion in the corresponding period of 2008.

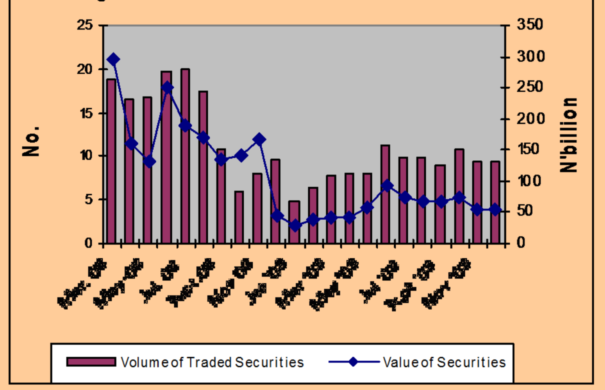
The banking sub-sector was the most active on the Exchange with a traded volume of 5.8 billion shares valued at =N=36.8 billion in 64,961 deals, followed by the insurance sub-sector with a traded volume of 1.7 billion shares valued at =N=1.3 billion in 8,815 deals. There were no transactions through the stock market on Federal Government Stocks, State Government Bonds and industrial loans/preference stocks sectors on the stock market.

Transactions on the over-the-counter (OTC) bond segment of the market indicated that a turnover of 1.4 billion units worth =N= 1.7 trillion in 16,263 deals was recorded in the review month, as against a total of 1.7 billion shares valued at =N=1.9 trillion in 14,863 deals in the preceding month. The most active bond by turnover volume was the 6th FGN Bond 2028 Series 5 with traded volume of 275.4 million units valued at =N=477.7 billion in 4,541 deals. Thirty-two (32) of the available thirty-seven (37) FGN Bonds were traded in the review month, compared with twenty-nine (29) in the preceding month.

Cumulatively, total transactions on FGN Bonds through the OTC between January and November were 16.3 billion valued at =N=17.7 trillion in 109,620 deals, compared with 9.5 billion units worth =N=1.3 trillion in 71,914 deals recorded in the corresponding period of 2008.

In the new issues market, 10.0 billion shares of N0.50 each in favour of Guaranty Trust Assurance Plc were admitted at a price of =N=3.00 per share. The company was listed in the Insurance sub-sector. The =N=17 billion Kwara State Government Fixed Rate Bond was also admitted on the daily official list. Also, the 13.2 billion shares of N0.50 each in favour of Resort Savings and Loans Plc were admitted at a price of =N=1.25 per share. The company was listed in the Mortgage Companies sub-sector. There was one supplementary listing in the review month, compared with none in October.

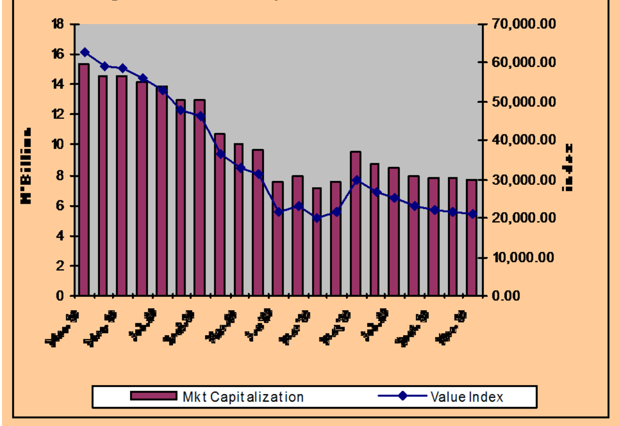
Figure 5: Volume and Value of Traded Securities



The Nigerian Stock Exchange All-Share Index (ASI), declined by 3.6 per cent to 21,010.29 (1984 = 100), compared with the fall of 2.1 per cent in October 2009. Relative to a closing value of 31,450.78 at end-December 2008, the year-to-date decline in the NSE ASI stood at 33.2 per cent. Also, the NSE-30 Index declined by 1.9 per cent to 822.64. Similarly, the NSE Banking Index declined by 5.4 per cent to close at 337.02, while the NSE Oil/Gas Index dipped by 3.4 per cent to 292.12. The NSE Insurance Index fell by 13.4 per cent to close at 257.41. However, the NSE Food/ Beverage Index rose by 3.1 per cent to close at 500.07

The market capitalization of the 300 listed securities closed at N7.7 trillion, indicating a decline of 1.6 per cent from the level in October 2009. The fall in market capitalization was attributed to the decline in the prices of equities. The 215 listed equities accounted for =N=5.0 trillion or 65.0 per cent of total market capitalization, a fall of 2.9 per cent from the =N=5.15 trillion recorded in the preceding month.

Figure 6: Market Capitalization and Value Index



3.0 DOMESTIC ECONOMIC CONDITIONS

The major agricultural activities in most parts of the country centred on harvesting of tubers, fruits, vegetables, late maturing grains as well as pre-planting operations for dry season farming. In the livestock sub-sector, farmers were engaged in fattening and other husbandry activities in anticipation of the end of year sales. Crude oil production was estimated at 1.96 million barrels per day (mbd) or 58.80 million barrels during the month. The end-period inflation rate for November 2009, on a year-on-year basis was 12.4 per cent, compared with 11.6 per cent recorded in the preceding month. The inflation rate on a 12-month moving average basis was 12.6 per cent, compared with 12.8 per cent in October 2009.

3.1 Agricultural Sector

Agricultural activities during the month of November centred on harvesting of tubers, fruits, vegetables, late maturing grains as well as pre-planting operations for dry season farming. In the livestock sub-sector, farmers were engaged in fattening and other husbandry activities in anticipation of the end of year sales.

A total of =N=1.25 billion was guaranteed to 9,167 farmers under the Agricultural Credit Guarantee Scheme (ACGS) during the month. The amount guaranteed represented an increase of 17.5 and 72.5 per cent over the levels in the preceding month and the corresponding month of 2008, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector had the largest share of =N=814.34 million or 65.2 per cent to 7,368 beneficiaries, while the livestock sub-sector received =N=234.76 million or 18.8 per cent to 644 beneficiaries.

Also, Seven hundred and thirty eight (738) beneficiaries in the fisheries sub-sector received =N=141.69 million or 11.4 per cent and two hundred and fifty–seven (257) beneficiaries in the cash crops sub-sector received =N=44.28 million or 3.6 per cent. The sum of =N=13.13 million or 1.0 per cent was guaranteed to one hundred and sixty (160) beneficiaries in the "others" sub-sector. Analysis by state showed that 30 states benefited from the scheme, with the highest and lowest loans of =N=249.35 million (20.0 per cent) and =N=1.00 million (0.1 per cent) guaranteed to Delta and Bayelsa states, respectively.

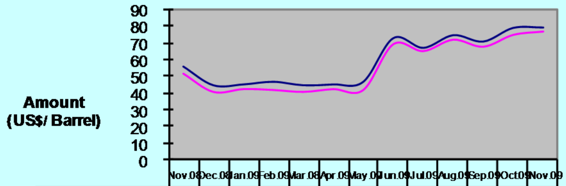
Retail price survey of most staples by the CBN showed mixed developments in November 2009. Ten of the fourteen commodities monitored recorded price decline, ranging from 1.8 per cent for brown beans to 22.0 per cent for guinea corn, from their levels in the preceding month. Four of the commodities, however, recorded price increase ranging from 0.5 per cent for vegetable oil to 27.1 per cent for yam flour. Relative to their levels in the corresponding month of 2008, five of the commodities recorded price decline ranging from 1.2 per cent for groundnut to 10.2 per cent for yam flour, while nine commodities recorded price increase ranging from 0.3 per cent for vegetable oil to 27.5 per cent for white garri.

3.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 1.96 million barrels per day (mbd) or 58.80 million barrels for the month, compared with 1.94 mbd or 60.14million barrels in the preceding month. Similarly, crude oil export was estimated at 1.51 mbd or 45.30 million barrels in the review month, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.50 million barrels for the month.

At an estimated average of US$78.46 per barrel, the price of Nigeria's reference crude, the Bonny Light (37º API), rose by 0.3 per cent over the level in October 2009. The average prices of other competing crudes namely, the West Texas Intermediate and the U.K Brent, however, declined by 0.1 and 0.2 per cent to US$77.77 and US$77.25, respectively, while the price of the Forcados increased by 0.2 per cent to US$78.27. Over the level in October 2009, the average price of OPEC's basket of eleven crude streams increased by 2.7 per cent to US$76.29 per barrel. The development was attributed to sustained optimism of global economic growth and its positive impact on demand.

Figure 7: Trends in Crude Oil Price



	Nov.08	Dec.08	Jan.09	Feb.09	Mar.08	Apr.09	May.09	Jun.09	Jul.09	Aug.09	Sep.09	Oct.09	Nov.09
Bonny Light	55.5	44.4	44.9	46.5	44.4	44.9	46.5	72.2	66.5	74.0	70.2	78.3	78.5
Opec Basket	51.1	40.1	41.8	41.3	40.1	41.8	41.3	68.7	64.5	71.4	67.2	74.3	76.3

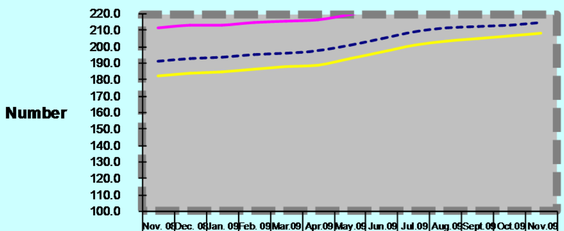
Period

3.3 Consumer Prices

Available data showed that the all-items composite Consumer Price Index (CPI) in November 2009 was 214.8 (May 2003=100), representing an increase of 0.7 per cent over the level in the preceding month.

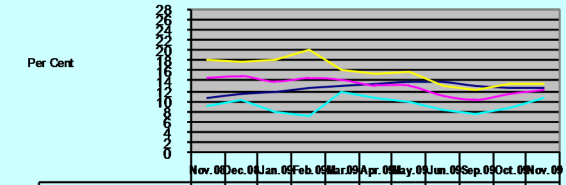
The urban all-items CPI at end-November 2009 was 229.8 (May 2003=100), representing an increase of 0.2 per cent over the level in the preceding month. The rural all-items CPI for the month was 208.3 (May 2003=100), and represented an increase of 0.8 per cent over the level in the preceding month. The end-period inflation rate for November 2009, on a year-on-year basis, was 12.4 per cent, compared with 11.6 per cent in the preceding month. The inflation rate on a twelve-month moving average basis for November 2009, was 12.6 per cent, compared with 12.8 per cent in October 2009.

Figure 8: Monthly Consumer Price Indices in Nigeria (2003=100)



	Nov. 08	Dec. 08	Jan. 09	Feb. 09	Mar.09	Apr.09	May.09	Jun.09	Jul.09	Aug.09	Sept.09	Oct.09	Nov.09
Composite	191.1	192.6	193.6	195.1	196.2	197.4	201.0	204.7	209.0	211.3	212.4	213.4	214.8
Urban	211.3	213.2	213.3	215.0	215.8	216.8	219.9	223.5	227.2	228.9	229.3	229.3	229.8
Rural	182.4	183.7	185.1	186.5	187.8	189.0	192.9	196.6	201.1	203.7	205.1	206.5	208.3

Figure 9: Inlation Rate in Nigeria (Per Cent)



	Nov. 08	Dec. 08	Jan. 09	Feb. 09	Mar.09	Apr. 09	May. 09	Jun. 09	Sep. 09	Oct. 09	Nov. 09
Inlation 12-MMA	10.9	11.6	12.0	12.6	13.1	13.5	13.8	13.7	13.1	12.8	12.6
Inflation Yr-on-Yr	14.8	15.1	14.0	14.6	14.4	13.3	13.2	11.2	10.4	11.6	12.4
Food Inflation	18.1	18.0	18.4	20.0	16.2	15.3	15.7	13.1	12.5	13.5	13.5
Core Inflation	9.3	10.4	8.0	7.2	11.8	10.9	9.9	8.5	7.4	8.9	10.7

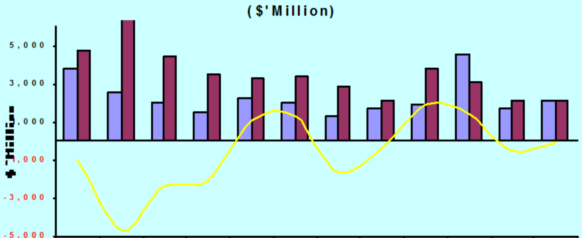
4.0 EXTERNAL SECTOR DEVELOPMENTS

Provisional data indicated that foreign exchange inflow through the CBN in November 2009 increased by 20.9 per cent over the level in the preceding month, while outflow declined by 9.2 per cent. The weighted average exchange rate of the Naira vis-à-vis the US dollar, depreciated by 1.0 per cent to =N=150.85 per dollar at the Wholesale Dutch Auction System (WDAS).

4.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in November 2009 were US$2.08 billion and US$2.14 billion, respectively, representing a net outflow of US$0.06 billion. Relative to the respective levels of US$1.72 billion and US$2.16 billion in the preceding month, inflow rose by 20.9 per cent, while outflow fell by 9.2 per cent. The increase in inflow was attributed largely to the rise in oil receipts and autonomous sources, while the fall in outflow was due largely to the respective decline in autonomous sources and other official payments.

Figure 10: Foreign Exchange Flows Through the CBN ($'Million)



	Nov. 08	Dec. 08	Jan. 09	Feb. 09	Mar. 09	May. 09	Jun. 09	Jul 09	Aug. 09	Sep. 09	Oct. 09	Nov. 09
Inflow	3,761.34	2,506.3	2,015.49	1,503.19	2240.66	2038.91	1296.27	1690.36	1879.48	4513.12	1701.76	2078.77
Outflow	4,774.6	7,150.20	4,397.6	3,531.09	3308.19	3356.94	2896.97	2111.26	3797.02	3106.61	2161.51	2138.82
Netflow	-1,013.3	-4,643.8	-2,382.2	-2,027.9	1067.53	1318.03	-1600.9	-420.9	1917.54	1406.51	-459.55	-60.05

Months

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US$6.82 billion, representing an increase of 8.9 and 12.7 per cent from the levels in the preceding month and the corresponding period of 2008, respectively. Oil sector receipts accounted for 28.6 per cent of the total and stood at US$1.95 billion, compared with US$1.72 billion in the preceding month. Non-oil public sector inflow rose by 18.9 per cent and accounted for 1.9 per cent of the total. Autonomous inflow, however, fell by 4.2 per cent and accounted for 69.5 per cent of the total. At US$2.14 billion, aggregate foreign exchange outflow from the economy fell by 4.5 per cent from the level in the preceding month.

4.2 Non-Oil Export Earnings by Exporters

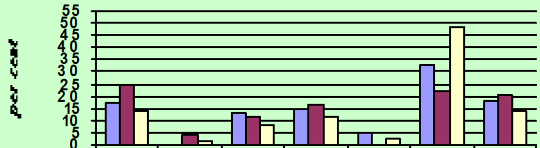
Total non-oil export earnings received by banks declined by 7.1 per cent over the level in the preceding month to US$228.07 million. The development was attributed largely to the decline in the prices of the goods traded at the international market. A breakdown of the proceeds in November 2009 showed that proceeds of industrial, manufactured products, food products, transport, agricultural, and minerals sub-sectors stood at US$79.17 million, US$29.53 million, US$2.66 million, US$0.14 million, US$104.63 million and US$11.94 million, respectively.

The shares of industrial, food products, manufactured products, transport, agricultural, and minerals sub-sectors in non-oil export proceeds were 34.7, 1.2, 12.9, 0.1, 45.9 and 5.2 per cent, respectively, in the review month.

4.3 Sectoral Utilisation of Foreign Exchange

Industrial accounted for (24.7 per cent) of the total foreign exchange disbursed in November 2009, followed by invisibles (22.2 per cent). Other beneficiary sectors, in a descending order of importance included; mineral and oil (20.5 per cent), manufactured products (16.7 per cent), food products (11.8 per cent), agricultural sector (3.8 per cent), and transport sector (0.3 per cent) (Fig.11).

Fig. 11: Sectoral Utilisation of Foreign Exchange (Percentage of Total)

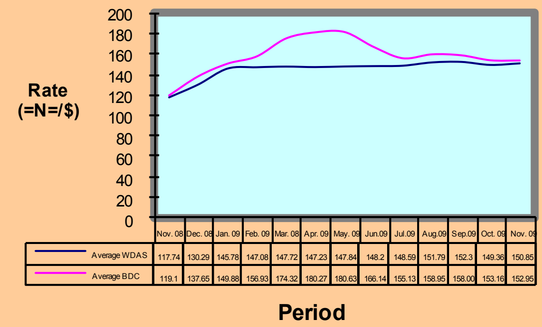


	Industrial	Agricultural	Food	Manufactures	Transport	Invisibles	Min. & Oil
Oct-09	16.9	0.4	13.1	14.4	5.2	32.5	17.7
Nov-09	24.7	3.8	11.8	16.7	0.3	22.2	20.5
Nov-08	14.1	1.3	7.9	11.7	2.7	48.6	13.7

4.4 Foreign Exchange Market Developments

Aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (WDAS) was US$2.19 billion in November 2009, indicating a decline of 5.2 and 64.1 per cent from the levels in the preceding month and the corresponding month of 2008, respectively. At US$1.79 billion, the amount of foreign exchange sold by the CBN to authorized dealers rose by 2.9 per cent over the level in the preceding month. Under the WDAS, the weighted average exchange rate of the Naira vis-à-vis the US dollar depreciated by 1.0 per cent to =N=150.85 per dollar. In the Bureau-de-change segment of the market, the average rate however appreciated by 0.1 per cent to =N=152.95 per dollar. Consequently, the premium between the official and bureau-de-change rates narrowed from 2.5 per cent in the preceding month to 1.4 per cent.

Figure 12: Average Exchange Rate Movements



	Nov. 08	Dec. 08	Jan. 09	Feb. 09	Mar. 08	Apr. 09	May. 09	Jun.09	Jul.09	Aug.09	Sep.09	Oct. 09	Nov. 09
Average WDAS	117.74	130.29	145.78	147.08	147.72	147.23	147.84	148.2	148.59	151.79	152.3	149.36	150.85
Average BDC	119.1	137.65	149.88	156.93	174.32	180.27	180.63	166.14	155.13	158.95	158.00	153.16	152.95

5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

World crude oil output in November 2009 was estimated at 85.50 million barrels per day (mbd), compared with 84.95 mbd recorded in the preceding month, while demand stood at 85.40 mbd, compared with 84.61 mbd in the preceding month.

Other major international economic developments of relevance to the domestic economy during the month included: the meeting of the 26 current participants in the International Monetary Fund's New Arrangements to Borrow (NAB) with representatives of 13 potential new participants held in Washington D.C. on November 24, 2009. At the meeting, participants agreed to expand the NAB and increase credit arrangements to US$600 billion. They also agreed to introduce more flexibility to the NAB.

The NAB is a credit arrangement between the IMF and a group of members and institutions to provide supplementary resources to the IMF when needed, to forestall or cope with an impairment of the international monetary system or to deal with an exceptional situation that poses a threat to the stability of that system.

In another development, the International Monetary Fund's African Department selected Ghana as the site of its second Regional Technical Assistance Centre in West Africa (AFRITAC West 2) in November 2009.

Since inception in 1993, the IMF has established a total of seven regional technical assistance centres that are located in Africa (Tanzania, Mali, and Gabon), the Pacific (Fiji), the Caribbean (Barbados), the Middle East (Lebanon), and Central America (Guatemala). The IMF intends to establish two more centres in Africa before the end of 2010. The centres are part of the IMF's regional approach to capacity building that allows for better tailoring of assistance to the particular needs of a region, closer coordination with other assistance providers and donor partners, and enhances the IMF's ability to respond quickly to emerging needs.

AFRITAC West 2 will serve six countries (Cape Verde, The Gambia, Ghana, Nigeria, Liberia, and Sierra Leone). These countries face broadly similar macroeconomic policy challenges and capacity building needs. Commodities, minerals and agriculture, feature prominently in the aggregate output, exports and fiscal revenues of most of them making sustainable management of resources a key priority.

Technical assistance by AFRITAC West 2 focus on tax and customs policy and administration, public financial management, financial sector regulation and supervision, public debt markets, and macroeconomic statistics. This broad strategy would, however, take into account country-specific needs. While some of the prospective members are frontier low-income countries who, with their basic institutions in place, are looking to enter the emerging market world, the remainder are being constrained by debilitating past conflicts and are experiencing critical needs on a broad front. For the first group, AFRITAC West 2 would serve as a conduit for knowledge of best international practices, and this group, in turn, would serve as a point of reference for the second group.

Also, the Board of Directors of the African Development Bank (AfDB) approved an equity investment of USD 30 million to the African Infrastructure Investment Fund 2 on November 25, 2009. This is a successor Fund of the African Infrastructure Investment Fund 1 and it would be a closed-end fund with a term of 13 years. The Fund would be used to invest in infrastructure projects such as airport, road, power, telecommunications, rail, port, water and social infrastructure, primarily in Sub-Saharan Africa.

The African market is expected to provide high potential over the foreseeable future as there is a pressing need to expand Africa's grossly lacking infrastructure with a view to increasing economic competitiveness. The Infrastructure Consortium for Africa estimates that approximately USD 40 billion per annum would be needed over the next decade in order to address Sub-Saharan Africa's infrastructure gap. The AfDB's participation is expected to attract other investors, strengthen transactions and build relationships between equity and debt investors. In addition, the AfDB's general efforts to improve the enabling environment for infrastructure development and maximize development outcomes will benefit the Fund's Investments.

The Board of Directors of the AfDB also approved a Line of Credit of USD 30 million to the African Banking Corporation Holdings Ltd (ABCH) under AfDB's Liquidity Facility window. The proposed Line of Credit would feature a 5 year tenor and a 2-year grace period and will benefit ABCH's banking subsidiaries in Botswana, Mozambique, Tanzania and Zimbabwe and contribute towards financing the ABCH's pipeline projects totaling USD 96 million.

The Line of Credit to ABCH would help create more than 5,000 jobs and consolidate over 28,000 jobs at ABCH and beneficiary subprojects level. The project would contribute to increased tax and foreign exchange revenue for governments, increased productivity and reduced import dependence in the ABCH countries of operations. It would also contribute to improved services and incomes for local communities and reduced poverty.

The transaction was consistent with the Bank's Liquidity Facility approved in March 2009, which constituted part of the Bank's response to the economic impact of the global financial crisis. It was in line with the Regional Member Countries (RMC) efforts to mitigate the impacts of the financial crisis on their economies. It was also in line with the Private Sector Strategy to support sound and well managed financial institutions.

By facilitating finance to target sub-projects, AfDB would contribute to improved productivity of target enterprises, reduced reliance on imports, and facilitate the development and maintenance of local community infrastructure including roads, schools and health facilities. This transaction would also play a significant signaling role to other potential investors in ABCH and Zimbabwe thus enhancing the ABCH's and other local market players' capacity to attract additional financing from other sources.