CENTRAL BANK OF NIGERIA

ECONOMIC REPORT FOR THE FIRST HALF OF 2010

Central Bank of Nigeria
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Vision

To be one of the most efficient and effective world's central banks in promoting and sustaining economic development.

Mission

To be proactive in providing a stable framework for the economic development of Nigeria through the effective, efficient and transparent implementation of monetary and exchange rate policy and management of the financial sector.

The Central Bank of Nigeria

Established by the Central Bank of Nigeria (CBN) Act of 1958, the Principal objects of the Bank as contained in the new CBN Act, 2007 are to

- *ensure monetary and price stability*
- *issue legal tender currency in Nigeria*
- *maintain external reserves to safeguard the international value of the legal tender currency*
- *promote a sound financial system in Nigeria*
- *act as banker and provide economic and financial advice to the Federal Government of Nigeria*

MEMBERS OF THE BOARD OF DIRECTORS OF THE BANK AS AT JUNE 30, 2010

1.	**Sanusi Lamido Sanusi**	-	*Governor (Chairman)*
2.	**Suleiman A. Barau**	-	*Deputy Governor (Corporate Services)*
3.	**Sarah O. Alade (Mrs)**	-	*Deputy Governor (Economic Policy)*
4.	**Kingsley C. Moghalu**	-	*Deputy Governor (Financial Sector Surveillance)*
5.	**Tunde Lemo**	-	*Deputy Governor (Operations)*
6.	**Ochi C. Achinivu**	-	*Director (Permanent Secretary, Federal Ministry of Finance)*
7.	**Ibrahim H. Dankwambo**	-	*Director (Accountant General of the Federation)*
8.	**Dahiru Muhammad**	-	*Director*
9.	**Samuel O. Olofin**	-	*Director*
10.	**Joshua O. Omuya**	-	*Director*
11.	**Stephen O. Oronsaye, OON, CON**	-	*Director*
	Yinusa M. Sanusi	-	*Ag. Secretary to the Board*

MEMBERS OF THE COMMITTEE OF GOVERNORS OF THE BANK AS AT JUNE 30, 2010

1.	**Sanusi Lamido Sanusi**	-	*Governor (Chairman)*
2.	**Suleiman A. Barau**	-	*Deputy Governor (Corporate Services)*
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5.	**Tunde Lemo**	-	*Deputy Governor (Operations)*
	Yinusa M. Sanusi	-	*Ag. Secretary*

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POLICY FRAMEWORK

Monetary targeting remained the main framework for monetary management by the Bank for achieving its primary objective of monetary and price stability. The Bank sustained the use of the Open Market Operations (OMO), adjustments of the Monetary Policy Rate (MPR) and Cash Reserve Requirements as the major instruments of its monetary policy operations. These were complemented with the discount window operations (including standing lending and deposit facilities, repos and reverse repos), interventions in the foreign exchange market as well as auctioning of treasury securities in the primary market. The Bank continued the implementation of the four pillars of the banking sector reforms, promoted the establishment of the Asset Management Corporation of Nigeria (AMCON) and carried out internal corporate restructuring with the establishment of new departments to ensure better supervision and regulation of the financial services industry. It also intensified its surveillance activities to promote soundness and instil public confidence in the banking sector. In continuation of its developmental activities, the Bank in collaboration with the UNDP and Rural Finance Institutions Building (RUFIN) (an IFAD-assisted programme) undertook a baseline survey of the microfinance subsector. As part of the efforts toward jump starting the real sector by unlocking credit to critical areas, the CBN established the ₦200 Billion Small and Medium Enterprises Credit Guarantee Scheme Fund and the ₦500 Billion Intervention Fund (Restructuring and Refinancing Loan to SME/Manufacturing Sector, ₦150 Billion; Aviation, ₦50 Billion; and Power, ₦300 Billion) under the management of the Bank of Industry (BOI). It also continued the implementation of the Agricultural Credit Guarantee Scheme (ACGS) and the Commercial Agricultural Credit Scheme.

CBN OPERATIONS

Liquidity Management

The Bank's liquidity management operations were anchored on the use of OMO instruments including the two-way quote platform, repo and reverse repos, standing facility operations, monetary policy rate (MPR) and cash

Liquidity Management

reserve ratio. Other complementary instruments employed included the liquidity ratio (LR) and regular intervention at the WDAS. The Bank also provided guarantee for interbank transactions to restore confidence in the market and boosts interbank trading.

Payments & Clearing System

The Nigerian payments system improved in the first half of 2010 with the operationalization of the Nigeria Automated Clearing System (NACS) in the Ilorin clearing zone. In addition, the CBN set a deadline of September 30, 2010 for full migration of all payment cards to Chip+PIN to combat card fraud. Furthermore, the implementation of the Payments System Vision 2020 was intensified with the implementation of mobile payments initiative and the release of additional guidelines on Nigeria Uniform Bank Account Number (NUBAN).

Financial Sector Surveillance

The Bank established a Financial Stability Committee (FSC) to strengthen stability in the financial system through the formulation of macro-prudential rules. The Bank commenced the review of the universal banking model, following its abuse in order to promote stability and public confidence in the banking system. The Resident Examiners' Programme was discontinued in February 2010 due to the moral hazard problems posed by keeping CBN staff in the banks. No bank was resolved under the Purchase and Assumption (P&A) model of the NDIC during the review period. Furthermore, the CBN conducted target examination of the existing 24 banks to determine the state of their health and completed the pilot run of the risk- based/consolidated supervision on two DMBs which commenced in December 2009. The assessment of the health of the banking sector through the CAMEL parameters indicated that the banks were rated C to E. The banks' industry-wide average liquidity ratio (LR) exceeded 25.0 per cent minimum requirement, while the ratio of non-performing credit to total loans at 36.6 per cent also exceeded the contingency threshold of 20.0 per cent for the industry. The code of corporate governance in banks was strengthened as the tenure of managing directors was limited to a maximum of ten years. To further ensure the stability of the financial sector, the anti-money laundering/crime and financing of terrorism (AML/CFT) unit was established in the CBN to articulate appropriate policies on money laundering and other related crimes in the financial system.

Foreign Exchange Management

The foreign exchange market experienced relative stability in the first half of 2010, owing to the reduced speculative activities in the market. Foreign exchange demand by authorised dealers at the WDAS and BDC segments of the market declined relative to the level in the corresponding period of 2009. The average exchange rate of the naira vis-à-vis the US dollar depreciated by 1.8 per cent at the WDAS but appreciated by 10.0 per cent at the BDC segment of the market, relative to the levels in the first half of 2009. The premium between the WDAS and BDC rates narrowed to 1.8 per cent at end-June 2010, from 14.1 per cent at end-June 2009. Furthermore, foreign exchange inflows into the economy grew substantially during the first half of the year, reflecting the growth in earnings from crude oil sales and autonomous inflows which comprised non-oil export, capital inflow and invisible. Foreign exchange outflow, however, fell by 7.0 per cent from the level in the corresponding period of 2009. Consequently, a net inflow of US$19.95 million was recorded at the end of the first half of 2010, compared with a net inflow of US$10.01 million in the corresponding period of 2009.

THE FINANCIAL SECTOR

Growth in monetary aggregates was modest relative to the benchmark for the first half of 2010. Available data indicated that relative to the level at end-December 2009, broad money supply (M_2) grew slightly by 0.7 per cent. Narrow money supply (M_1) fell by 1.7 per cent from the level at end-December 2009, compared with a decline of 7.7 per cent in the corresponding period of 2009. The low growth in money supply reflected the lingering effects of the global credit squeeze as the modest rise in both net domestic credit and other assets (net) offset the decline in the foreign assets (net) of the banking system. Also, reserve money was 14.6 per cent lower than the indicative benchmark for the first half of 2010. The Federal Government remained a net creditor to the banking system despite the 35.3 per cent rise in credit to government (net). Credit to the domestic economy rose by 9.0 per cent at the end of the first half

THE FINANCIAL SECTOR

of 2010 driven largely by the expansion in net claims on the Federal Government. Instruments of short-term maturity remained a dominant feature of the credit and deposit portfolios of banks. Banks average prime and maximum lending rates rose significantly owing to the continued credit squeeze in the money market. Consequently, the spread between banks' average term deposit and maximum lending rates widened to 15.77 percentage points from 10.49 percentage points in the first half of 2009. With the year-on-year inflation rate at 14.1 per cent at end-June 2010, all the term deposit rates were negative in real terms. At ₦5,965.0 billion, aggregate institutional savings at end-June 2010 increased by 3.9 per cent over the level in the corresponding half year of 2009. The DMBs remained the dominant savings institution, accounting for 98.0 per cent of the total. Activities on the floor of the Nigerian Stock Exchange improved as market capitalization (MC) and All-share Index (ASI) grew by 17.1 and 21.9 per cent, to close at ₦8.2 trillion and 25,384.14 (1984=100), respectively, up from their levels at end-December 2009.

THE GOVERNMENT SECTOR

Provisional data indicated that total federally-collected revenue, at ₦3,255.68 billion, was 19.1 per cent lower than the proportionate budget estimate, but 46.2 per cent above the actual revenue in the corresponding period of 2009. Oil-revenue accounted for 75.1 per cent and non-oil revenue accounted for the balance. At ₦1,415.60 billion, Federal Government retained revenue was 14.4 per cent lower than the proportionate budget estimate, but was higher than the level in the first half of 2009 by 11.8 per cent. Aggregate expenditure of the Federal Government, at ₦1,940.76 billion was below the proportionate budget estimate by 20.1 per cent, but exceeded the outlay in the first half of 2009 by 22.0 per cent. The expenditure shortfall relative to the proportionate budget estimate reflected the under-disbursement of capital and transfers votes. Notwithstanding, the fiscal operations of the Federal Government resulted in an overall notional deficit of ₦525.16 billion or 4.0 per cent of GDP, compared with the proportionate budget deficit of ₦775.40 billion and a notional deficit of ₦342.75 billion in the corresponding period of 2009. The stock of Federal Government consolidated debt, at ₦4,405.18 billion, comprising - domestic ₦3,764.76 billion and external US$4.27 billion or (₦640.41billion), rose by 15.4 per cent over the level at end-December 2009.

THE REAL SECTOR

Available data from the National Bureau of Statistics (NBS) showed that the gross domestic product (GDP) at 1990 constant basic prices grew by 7.5 per cent in the first half of 2010, compared with 6.3 per cent in the first half of 2009. The growth was driven by the non-oil sector which expanded by 8.3 per cent and accounted for 83.0 per cent of the GDP. Provisional aggregate index of agricultural production, at 228.0 (1990=100), rose by 5.9 per cent, compared with 5.1 per cent in the corresponding half of 2009. Moderate progress was achieved in the industrial sector as the index of production rose by 3.0 per cent over the level at end-December 2009 to 120.97 (1990=100). The development reflected the improved performance in manufacturing and mining production as well as electricity supply. Crude oil production, including condensates increased marginally, as the average daily production grew by 0.18 million barrels per day (mbd) over the level in the first half of 2009 to 2.07 mbd in the first half of 2010. The average spot price of Nigeria's reference crude, the Bonny Light (37^0 API), rose by 48.1 per cent to US$79.09 per barrel. Inflationary pressure was evident, as the year-on-year headline inflation trended downwards to 14.1 per cent in June 2010. Similarly, the 12-month moving average remained high at 13.1 per cent at end-June 2010 compared with 13.7 per cent at end-June 2009.

EXTERNAL SECTOR

The pressure on Nigeria's external sector subsided in the first half of 2010 following the rebound in crude oil prices at the international oil market and the relative calm in the Niger Delta region that bolstered oil production and exports. Consequently, the overall deficit in the balance of payments narrowed by 46.9 per cent to ₦737.7 billion reflecting the significant rise in the value of crude oil exports. Thus, the current and capital/financial accounts swung into a surplus of ₦2,782 billion and ₦680.3 billion, respectively. Provisional data indicated that Nigeria's external assets at end-June 2010 stood at ₦6,489.57 billion (US$43.25 billion), representing a

EXTERNAL SECTOR

decline of 15.9 per cent from the level at end-June 2009. At US$37.4 billion, Nigeria's external reserves dropped by 11.7 per cent below the level at end-December 2009, and could finance 16.2 months of current imports commitments. The recovery of World output took-off with a stronger start than previously anticipated. The output rebound reflected the extraordinary quantum of fiscal policy stimuli and the overwhelming supports to the financial sector initiated in most of the advanced and emerging economies. Although below historical standards, as output growth edged-up in the advanced economies of the US and Western Europe, unemployment remained high, while unsustainably high public debt presented further challenges to accelerated recovery. Output in the developing and emerging markets grew modestly as stronger economic frameworks and swift policy responses mitigated the adverse impact of shocks and capital inflow reversals. The rebound of commodity prices facilitated the growth of commodity producers in all regions, particularly African producers, as economies that were mildly affected by the meltdown, were placed on the threshold of recovery in the first half of 2010. Global commodity prices fell, and inflationary pressures continued to ease. Thus, world inflation (year-on-year) moderated in May 2009, to 1.7 per cent.

OUTLOOK FOR THE REST OF 2010

The sustained high level of inflation in the first half of the year is expected to pose serious challenges for macroeconomic stability in the second half. Real GDP growth rate is projected to further improve buoyed by expected improvement in credit to the real sector on account of the ₦200 billion SME credit guarantee scheme and continued stability in the supplies of petroleum products nationwide. The utilization of the CBN ₦500 Billion Intervention Fund (Power, SME/Manufacturing and Aviation) is expected to bolster capacity utilization and enhance industrial production. As peace persists in the Niger Delta, increased gas production and supplies to the power stations is expected to greatly improve electricity supplies throughout the country. The gradual recovery in the United States and other industrial economies is expected

OUTLOOK FOR THE REST OF 2010

to sustain high demand for crude-oil, and with the continuing cut-throat contest for crude oil and gas by China and India, the high international price of oil may endure in the second half of 2010 and engender more revenue for the three tiers of government. Inflationary pressure may persist on account of the expansionary fiscal operations of the three tiers of government following the wave of electioneering spending that is expected to commence in the second half of the year. The high prospect of enhanced crude oil production/exports is expected to increase foreign exchange inflows and sustain the stability in the foreign exchange market as well as improve the balance of payments position. Expectedly, the monetary policy stance should remain proactive in anticipation of the huge spending that would accompany the electioneering process in order to maintain internal and external stability.

Selected Macroeconomic and Social Indicators

Indicator	Jun-06	Jun-07	Jun-08	Jun-09 1/	Jun-10 2/
Domestic Output and Prices					
GDP at Current Mkt Prices (N' billion) 3/	8,412.36	9,594.65	11,820.52	11,719.83	13,536.45
GDP at Current Mkt Prices (US$' billion) 3/	65.50	75.36	100.22	79.55	90.22
GDP per Capita (N) 3/	60,088.29	66,398.96	79,279.16	76,102.77	85,173.48
GDP per Capita (US$) 3/	467.83	521.55	672.20	516.58	567.67
Real GDP Growth (Growth Rate %) 3/	5.30	5.51	6.11	5.90	7.46
Oil Sector	-3.70	-4.34	-3.30	-3.47	3.16
Non-oil Sector	9.48	8.51	8.65	8.10	8.36
Sectoral Classification of GDP (Growth Rate %)					
Agriculture	7.32	6.21	6.30	5.82	5.84
Industry 4/	7.12	-2.98	-1.93	-1.94	3.88
Services 5/	15.05	9.58	10.28	10.38	11.40
Oil Production (mbd)	2.34	2.14	1.94	1.76	2.07
Manufacturing Capacity Utilisation (%) 1/	45.10	43.90	52.60	53.81	54.90
Inflation Rate (%) (Year-over-Year)	8.50	6.40	12.00	11.20	14.10
Inflation Rate (%) (12-month moving average)	13.60	5.90	7.00	13.70	13.10
Core Inflation Rate (%) (Year-over-Year) 7/	13.60	9.60	3.60	8.50	12.70
Core Inflation Rate (%) (12-month moving average) 7/	11.00	11.10	5.80	8.30	10.90
Federal Government Finance (% of GDP)					
Retained Revenue	9.24	11.26	11.35	11.22	10.71
Total Expenditure	8.93	11.58	11.42	14.10	14.68
Recurrent Expenditure	7.06	6.24	7.81	9.01	10.89
Of which: Interest Payments					
Foreign	1.15	0.54	0.31	0.17	0.15
Domestic	0.25	0.46	0.94	0.89	1.14
Capital Expenditure and Net Lending	1.37	4.80	3.03	4.21	3.37
Transfers	0.50	0.53	0.58	0.88	0.43
Current Balance (Deficit(-)/Surplus(+))	2.18	5.02	3.54	2.21	-0.18
Primary Balance (Deficit(-)/Surplus(+))	3.58	0.68	1.17	-1.81	-2.68
Overall Fiscal Balance (Deficit(-)/Surplus(+))	0.31	-0.32	-0.07	-2.87	-3.97
Financing					
Foreign	0.00	0.00	0.00	0.00	0.57
Domestic	0.00	0.00	0.00	0.00	3.41
Banking System	0.00	0.00	0.00	0.00	0.00
Non-bank Public	0.00	0.00	0.00	0.00	2.78
Others	0.00	0.32	0.07	2.87	-0.11
Consolidated Government Debt Stock					
External	7.36	4.44	1.50	2.23	2.23

Selected Macroeconomic and Social Indicators (Cont...)

Indicator	Jun-06	Jun-07	Jun-08	Jun-09 1/	Jun-10 /2
Money and Credit (Growth Rate %)					
Reserve Money	4.57	-11.96	26.98	-16.63	-7.18
Narrow Money (M1)	28.49	15.72	38.90	-7.67	-1.72
Broad Money (M2)	38.97	27.02	36.81	-0.98	0.73
Net Foreign Assets	35.88	21.01	14.45	-10.61	-14.60
Net Domestic Assets	-29.09	-10.40	74.75	132.55	37.39
Net Domestic Credit	15.18	24.43	50.22	14.65	8.97
Net Credit to Government	17.89	-35.03	-14.69	7.33	35.29
Credit to Private Sector	14.76	32.17	33.58	6.17	-1.01
Money Multiplier for M2	4.90	5.96	5.24	7.03	7.06
Income Velocity of M2					
Interest Rates (% per annum)					
Minimum Rediscount Rate (MRR) 9/	14.00	...	...	...	...
Monetary Policy Rate (MPR) 9/	...	8.00	10.25	8.00	6.00
Repurchase Rate					
Reverse Repurchase Rate					
Treasury Bill Rate					
91-day	8.41	6.59	8.64	3.32	2.29
Inter-bank Call Rate	8.16	8.46	11.23	18.60	2.73
Deposit Rates					
Savings Rate	2.96	3.78	3.15	2.93	1.95
3-months Fixed	9.95	10.24	11.77	13.12	4.98
6-months Fixed	9.43	10.00	11.63	13.34	4.85
12-months Fixed	8.19	8.02	11.68	13.06	4.90
Prime Lending Rate	17.08	16.92	16.04	18.16	17.65
Maximum Lending Rate	18.61	18.74	17.08	22.64	22.03
External Sector					
Current Account Balance (% of GDP)	24.7	12.2	17.3	9.84	20.47
Goods Account	21	13.7	11.4	13.05	25.49
Services and Income Account	-4.2	-10.6	-5.8	-14.33	-14.61
Current Transfers	7.9	9.1	11.7	11.12	9.60
Capital and Financial Account Balance (% of GDP)	11.9	2.4	1.1	16.35	5.01
Overall Balance (% of GDP)	12.7	0.4	7.4	-12.23	-5.43
External Reserves (US $ million)	36,479.00	46,626.20	59,812.90	43,462.74	37,424.38
Number of Months of Import Equivalent	23	15.3	16.6	19.07	16.16
Debt Service Due (% of Exports of Goods and Servi	1.6	-	-	0.00	0.00
Average Crude Oil Price (US$/barrel)	61.44	65.66	113.03	53.65	79.47
Average AFEM/DAS Rate (N/$1.00)	128.4543	127.94	117.94	147.32	150.04
End of Period AFEM/DAS Rate (N/$1.00)	128.44	127.31	117.80	148.22	149.99
Average Bureau de Change Exchange Rate (N/$)	136.8182	129.31	119.21	168.03	152.77
End of Period Bureau de Change Exchange Rate (N/	132.50	128.00	119.00	158.00	153.50
Capital Market					
All Share Value Index (1984=100)	26,161.2	51,330.5	55,949.0	26,249.28	25,384.14
Value of Stocks Traded (Billion Naira)	167.60	666.20	106.30	301.50	437.00

Selected Macroeconomic and Social Indicators (Cont...)

Indicator	Jun-06	Jun-07	Jun-08	Jun-09 1/	Jun-10 2/
Social Indicators					
Population (million)	140.0	144.5	149.2	154.0	158.9
Population Growth Rate (%)	2.8	3.2	3.2	3.2	3.2
Life Expectancy at Birth (Years)	54	54	54	54	***
Adult Literacy Rate (%)	64.2	66.9	66.9	66.9	***
Incidence of Poverty 11/	54.4	54.4	54.4	54.4	***

1/ Revised
2/ Provisional
3/ Revised based on National accounts of Nigeria 1981-2005 Harmonised series
4/ Includes Building and Construction.
5/ Includes Wholesale and Retail Services
6/ Based on GDP at purchasers' value (i.e. GDP at market prices)
7/ Core Inflation is measured as the rate of change of all-item Consumer Price Index (CPI) less farm produce.
8/ Based on GDP at Current Purchasers' Value (Current Market Price).
9/ MPR replaced MRR with effect from December 11, 2006
10/ The 182-day and the 364-day bills were introduced with effect from _____
11/ The incidence of poverty in Nigeria was projected to increase from 65.6 per cent in 1996 to 70.0 per cent in 2000.
However, the result of a Nigeria Living Standard Survey of 2003/2004 from NBS (former FOS), showed that the incidence of poverty declined to 54.4 per cent in 2003/2004.
**** indicates not available.*

CENTRAL BANK OF NIGERIA
REPORT FOR THE FIRST HALF OF 2010

1.0 Introduction

The focus of monetary policy during the first half of 2010 was on ensuring adequate banking system liquidity and access to bank credit by the private sector against the backdrop of the lingering effects of the global financial and economic crises. The major instrument of monetary policy was Open Market Operations (OMO), complemented with discount window operations (including standing lending and deposit facilities, repo and reverse repo operations) and cash reserve ratio (CRR). Primary market transactions in government securities, and foreign exchange operations were also used in monetary management. The Monetary Policy Rate (MPR) remained the anchor for short-term money market and other interest rates.

Monetary targeting remained the main framework for monetary policy management during the first half of 2010, while inter-bank money market transactions continued to be guaranteed by the CBN to sustain confidence in the market. With the primary monetary policy objective of ensuring low and stable inflation rate, consistent with the real Gross Domestic Product (GDP) growth rate target of 7.53 per cent for 2010, the Bank adopted various accommodating monetary policy measures aimed at lubricating the system with sufficient liquidity.

Table 1: Monetary Policy Targets (Growth in % except otherwise stated)

Key Policy Variables	2006	2007	2008	2009	Outcome Half Year 2010
Broad Money Growth (M2)	15-17	19.00	56.83	20.80	**29.25**
Narrow Money Growth (M1)	13.30		56.00	32.23	**22.38**
Base Money (Reserve) Naira Billion	₦800	₦860	₦1,124.8	₦ 1,346.3	**₦1,872.8**
Aggregate credit to the domestic economy(Net)	22.5	-29.96	72.84	86.97	**51.45**
Credit to Government (Net)	-57.2	-54.94	-5.31	21.90	**25.70**
Credit to the private sector	30.00	30.00	33.95	44.99	**38.24**
Inflation rate	9.00	9.00	10.2	10.00	**11.2**
Real GDP Growth	**7-10**	**10.00**	**6.55**	**5.00**	**6.10**

2.0 Operations of the Central Bank of Nigeria

2.1 Liquidity Management

The banking system witnessed liquidity surfeit during the first half of 2010, except in May when the withdrawal of the Nigerian National Petroleum Corporation (NNPC) funds from the DMBs and the delayed sharing of statutory revenue to the three tiers of government led to liquidity tightness in the money market. Overall, liquidity conditions continued to mirror liquidity flows from the fiscal operations of government underlined by the flow of foreign exchange resources to government through crude oil export earnings and budget augmentation through drawdown of the excess crude account. Although, crude oil export earnings declined relative to the levels in the corresponding and preceding periods of 2009 with the resultant decrease in government revenue relative to the budget benchmark, the shortfall was made up through drawdown of the excess crude account. Federal Government borrowing from the domestic financial market through the issuance of Federal Government of Nigeria (FGN) Bonds and Nigerian treasury bills (NTBs) averaged about ₦60.0 billion monthly, compared with the average of ₦50.0 billion in 2009.

The illiquidity in the system that manifested during the second half of 2009 prompted the adoption of far-reaching liquidity enhancing measures by the monetary authorities. As liquidity unease persisted, short-term interest rates in the money market rose, but banks refrained from interbank lending because of counterparty risk perception, prompting the monetary authorities to guarantee placements in the interbank market to avert the collapse of the money market. The conduct of OMO was geared towards increasing the liquidity of the banking system. The combined effects of low policy rates and other quantitative easing measures, substantially improved the liquidity of the banking system during the review period. The problem of credit crunch, however, persisted in the economy as DMBs exercised a cautious approach to lending.

The liquidity management tools deployed in the second half of 2009 were retained. These included retention of the MPR at 6.0 per cent, liquidity ratio (LR) at 25.0 per cent and the CRR at 1.0 per cent. However, the subsisting asymmetric interest rate corridor for the standing facility window operations was restructured to an asymmetric one of +200 basis points above the MPR and -500 basis points below the MPR for deposit facility during the review period. Other policy instruments employed included the OMO, the 2-way quote platform, repo and reverse repos. The domestic money market instruments were supplemented by foreign exchange market intervention at the WDAS. As a consequence of the favourable liquidity conditions and the guarantee provided by the CBN for all interbank market transactions, short-term money market interest rates such as the interbank call rates, which had risen astronomically in the first half of 2009, dropped in the first half of 2010.

The interbank guarantee, which was extended to end-2010 and, subsequently to July 2011, coupled with the banking reforms undertaken since the second half of 2009, boosted confidence in the interbank money market. Thus, money market interest rates fell continuously and by end-June 2010, open buy back (OBB) and interbank call rates were 3.2 and 2.8 per cent, compared with 7.6 and 15.0 per cent, respectively, in June 2009. However, the development did not translate to increased credit to the private sector as banks continued to be cautious in lending, particularly to the real sector. Provisional data indicated that the reserve money (RM) at ₦1,467.00 billion, at end-June 2010, was below the indicative benchmark of ₦1,872.80 billion for end-June, 2010 by ₦405.80 billion or 14.6 per cent.

Monetary Policy Committee (MPC) Decisions During the First Half of 2010

Date of Meeting	Type of Meeting	Decisions
January 4 -5,2010	Regular	1. The Monetary Policy Rate (MPR) remained unchanged at 6 per cent with the asymmetric corridor of interest rates remaining at 200 basis points above the MPR and 400 basis points below the MPR. 2. The CBN extended the guarantee on all interbank transactions up till December 31, 2010. However, the CBN could terminate the guarantee on a case-by-case basis as part of the ongoing reform process. 3. The MPC approved the Monetary Programme for 2010/2011 and the Monetary, Credit, Foreign Trade and Exchange Guidelines for Fiscal years 2010/2011.
March 1-2, 2010	Regular	1. MPR remained unchanged at 6.0 per cent; 2. Standing Lending Facility interest rate remained unchanged at 8.00 per cent, while the Standing Deposit Facility rate was lowered from 2.0 per cent to 1.0 per cent; 3. Liquidity status was granted to bonds issued by state governments, subject to their meeting the specified eligibility criteria. Detailed guidelines would be issued in due course, principally related to meeting strict standards of fiscal responsibility; and 4. To continue with the quantitative easing policy by providing

		N500 billion facility for investment in debentures issued by the Bank of Industry (BOI) in accordance with Section 31 of the CBN Act 2007, for investment in emergency power projects dedicated to industrial clusters. The funds would be channelled through the Bank of Industry for on-lending to the DMBs at a maximum interest rate of 1.0 per cent for disbursement of loans with a tenor of 10-15 years at concessionary interest rate of not more than 7.0 per cent. The Committee also approved in principle the extension of this facility to DMBs for the purpose of refinancing/restructuring existing portfolios to manufacturers/SMEs. Membership of the committee comprises the CBN, the Bankers' Committee Sub-committee on Economic Development, Bank of Industry, Manufacturers Association of Nigerian (MAN), and National Association of Small and Medium Enterprises (NASME). The African Finance Corporation (AFC) will serve as technical adviser on the power project. In the case of the power projects, the following projects of the Federal Government will be covered under this facility subject to their being restructured into commercially viable projects on which banks are willing to take credit risks: Lagos (500 MW); Kano (250 MW); Onitsha/Nnewi (200 MW); Port Harcourt/Aba (200MW); Kaduna (225 MW); Funtua/Gusau/Malum Fashi/Zaria (200 MW); Lokoja (200MW); and Maiduguri/Gombe/Bauchi (200 MW). Other power projects currently being financed by banks may also be refinanced from the fund. However, banks will be required to secure the funds drawn with eligible securities. In addition, real sector projects certified bankable that emanate from the State Governors' engagement with the Bankers' Committee in line with the outcome of the Enugu Retreat will be accommodated under the facility.
April 15, 2010	Special	1. Approved the technical committee's recommendations with respect to modalities for the Refinancing/Restructuring of DMBs facilities to manufacturers with ₦1.0 billion as the maximum loan size a bank may refinance for a single borrower. The guidelines will be released shortly. 2. Directed that banks be required to submit their Risk-based Interest Rate Pricing Model to the Central Bank of Nigeria on a monthly basis which will be published. Loan pricing, henceforth to be stated as fixed spread above MPR, and shall be adjusted along with MPR movements. 3. Retained the MPR at 6 per cent and existing asymmetric corridor around the MPR at +2.0 per cent and -5.0 per cent.

		4. Endorsed complementary policies being put in place by the Board of the CBN, especially the revised guidelines for loan loss provisioning for preferred sectors, the ₦200.0 billion guarantee for real sector credit and regulations governing margin lending. 5. Noted with satisfaction the progress of the AMCON Bill through the National legislature and urged the CBN to continue in its effort towards expected passage of the Bill and speedy implementation.
May 10 - 11, 2010	Regular	1. Left the MPR unchanged at 6.0 per cent 2. Retained the asymmetric corridor of interest rates at 200 basis points above the MPR and 500 basis points below the MPR for the Standing Lending and Standing Deposit Facilities, respectively. 3. Extended the CBN guarantee for all interbank transactions and foreign credit lines as well as pension funds' placements with banks from December 31, 2010 to June 30, 2011, when all creditors and investors will have sufficient information to take an independent view of the risk of individual counterparties. This would accommodate the conclusion of the banking sector resolution and the publication of audited accounts for the period up to December 2010.

2.2 Payments and Clearing System

In furtherance of its activities towards improving Nigeria's payments landscape, the CBN introduced a number of initiatives during the review period. In particular, the Bank issued a circular prescribing a maximum cap of N10.0 billion for cheque payment. Furthermore, the payments infrastructure received a boost with the deployment of the Nigeria Automated Clearing System (NACS) equipment in the Ilorin clearing zone. This brought to eight (8) the number of clearing zones with NACS infrastructure. The efficiency of the payments system was also enhanced with the setting up of an Automated Teller Machine (ATM) help desk by banks and the CBN for better resolution of ATM card complaints. In addition, the Bank set a deadline of September 30, 2010 for full migration of all payment cards from magnetic stripe to Chip+PIN as part of the security measures to combat card fraud. The implementation of the circulation restricting banks to deploy ATMs only in their premises and leave offsite ATMs to ATM consortia for better service delivery was in full swing during the review period with three approved independent ATM operators gradually talking over the offsite ATMs from banks. Similarly, the Bank approved and released the Standards and Guidelines on ATM Operations in Nigeria. Finally, the implementation of the Payments System Vision 2020 – a subset of the Financial System Strategy 2020 (FSS2020) was intensified in the first half of 2010 with the implementation of mobile payments initiative and the release of additional guidelines on Nigeria Uniform Bank Account Number (NUBAN).

2.2.1 Retail Payments System

2.2.1.1 Cheque

Cheque transactions were influenced by the recent developments in the electronic payments segment as evidenced by the trends in the volume and value of financial instruments cleared through the system during the review period. At 15,558,104 and ₦9,683.3 billion, the volume of financial instruments cleared through the system increased by 22.2 per cent, while the value at ₦9, 683.3 billion, declined by 53.4 per cent relative to the levels in the corresponding half year. The development reflected largely, the impact of the Federal Government directive on e-payment of suppliers/contractors and salaries of staff of Ministries, Departments and Agencies (MDAs) as well as the increased usage of automated teller machines (ATMs) and other e-payment instruments.

Figure 1
Volume of Cheques Cleared, Half year 2009/2010

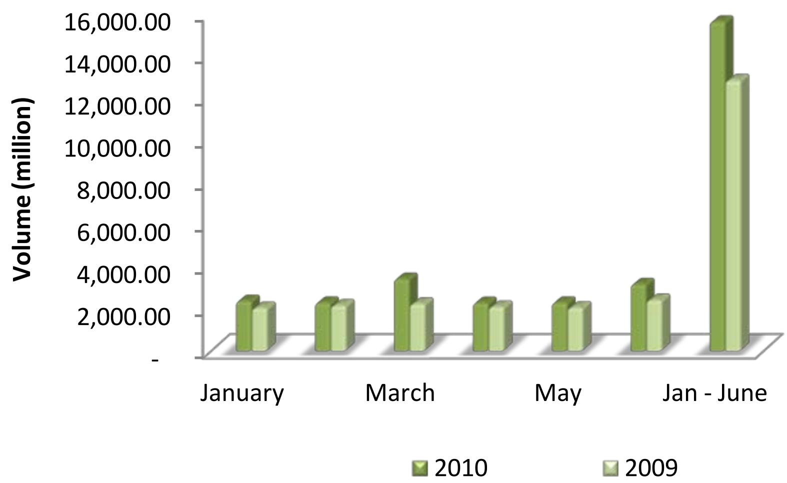
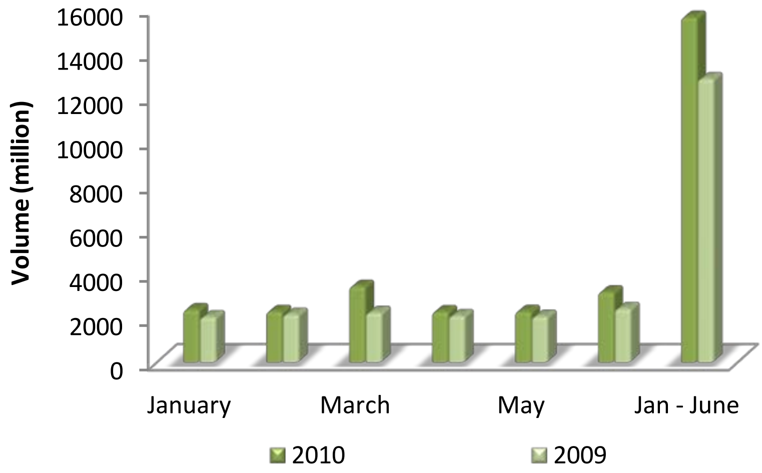


Figure 2
Value of Cheques Cleared, Half year 2009/2010



As in the past, in volume terms, Lagos (71.2 per cent) led the other clearing zones, followed by Abuja (7.4 per cent), Port Harcourt (2.8 per cent) and Ibadan (2.3 per cent). In value terms, Lagos also led with 64.4 per cent, followed by Abuja (8.6 per cent), Kano (7.7 per cent) and Port Harcourt (3.2 per cent).

2.2.1.2 Electronic Payments

Electronic payments continued to enjoy wide acceptability, as evidenced by the data on various e-payment channels. Automated Teller Machine (ATM) remained the most patronized channels accounting for over 80.0 - 90.0 per cent of the total e-payment transactions both in value and volume terms. Mobile payments was the least in both value and volume terms.

Table 2: Percentage Value and Volume of Electronic Payments Channels

	Transaction Channel	Per cent Share
Volume Terms	ATM	96.95
	Web (Internet)	2.50
	POS	0.31
	Mobile	0.24
Value Terms	ATM	87.49
	Web (Internet)	10.25
	POS	1.77
	Mobile	0.49

2.2.1.2.1 ATM Transactions

The use of ATM transactions increased in the review period with the volume and value standing at 168,171,231 and ₦405.87 billion, respectively, at end-June 2010. This represented an increase of 200.0 and 43.3 per cent, respectively, above the levels in the corresponding period of 2009. The increase in the use of ATMs was attributed to the increased number of the facility in the country and the ease as well as convenience of the system.

Figure 3
Volume of ATM Transactions (First Half 2006 – 2010)

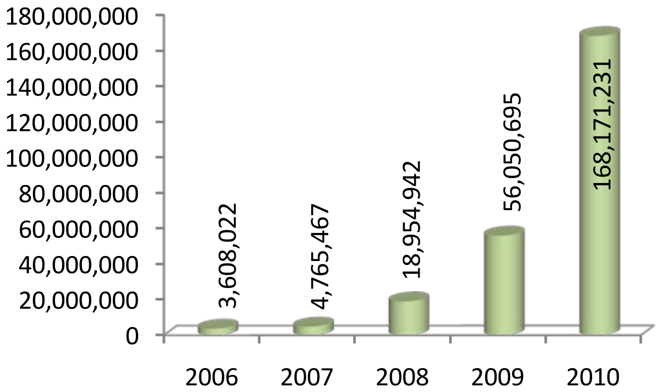
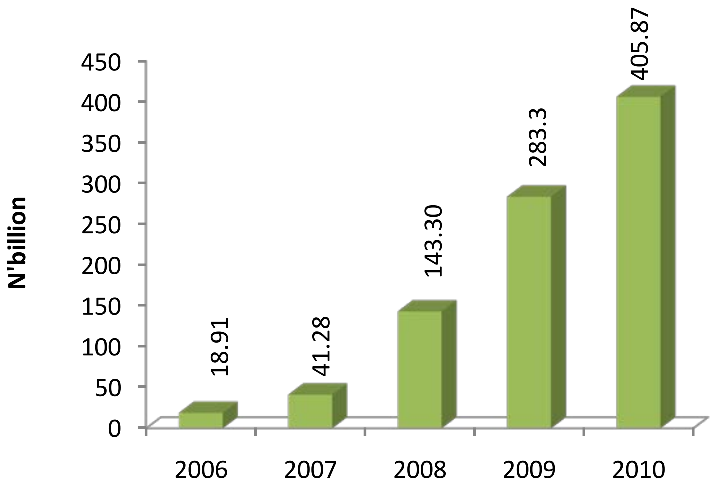


Figure 4
Value of ATM Transactions (First Half 2006 – 2010)



2.2.1.2.2 Web Transactions

Internet payments increased by 576.8 and 396.4 per cent to 4,339,535 and ₦47.6 billion in volume and value, respectively, in the review period. The increase was due to the growing number of airlines and merchants that accept payments online through their websites.

2.2.1.2.3 Point of Sale (POS) Transactions

The first half of 2010 witnessed an increase in the volume of on-line POS transactions, while the value decreased. At 535,767, POS transactions rose by 0.2 per cent from 490,172, while the value of transactions fell by 13.2 per cent to ₦5.4 billion from ₦6.2 billion in the corresponding half of 2009. The growth in the POS transactions was due to the increase in the number of people and merchants using debit cards.

Figure 5
Volume of POS Transactions (First Half 2006 – 2010)

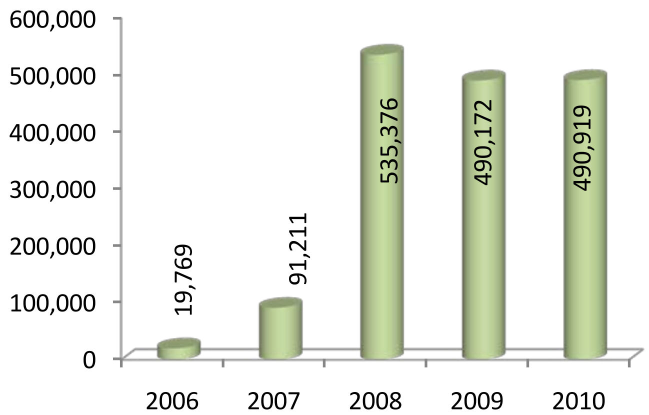
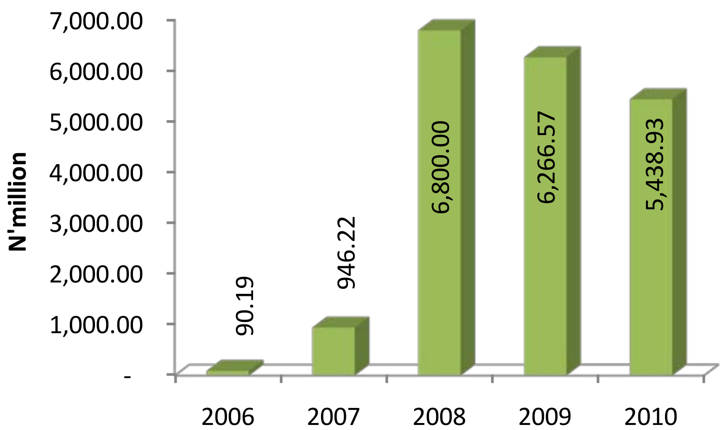


Figure 6
Value of POS Transactions (First Half 2006 – 2010)



2.2.1.2.4 Mobile Payments

During the review period, the use of mobile telephones for payments increased in both volume and value by 374.01 per cent and 6149.22 percent to close at 7,471,388 and ₦10.30 billion, respectively.

Figure 7
Volume of Mobile Transaction (First Half 2007 – 2010)

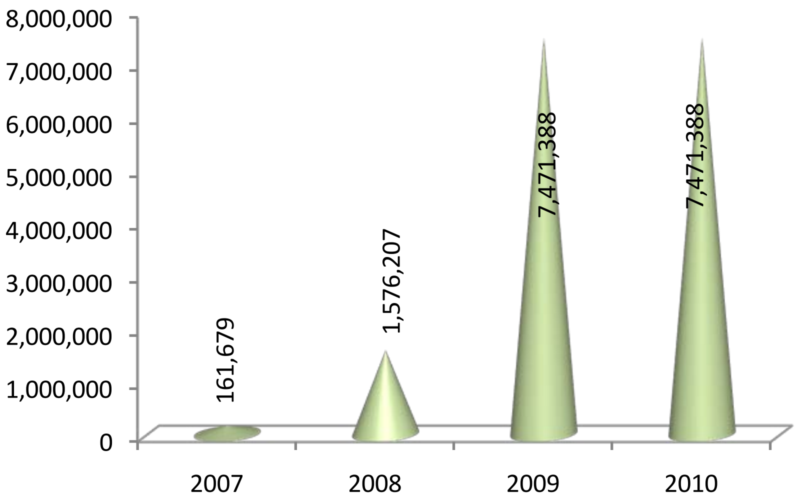
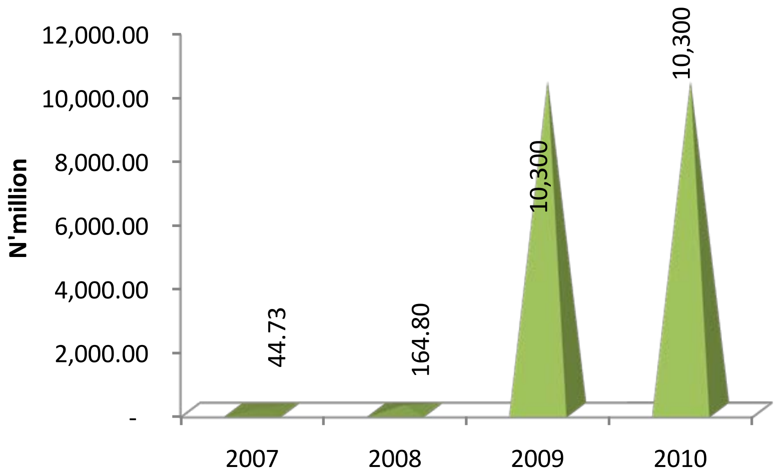


Figure 8
Value of Mobile Transactions, Half Year



2.2.2 Wholesale Payments System

The volume of interbank transfers increased by 34.3 and 56.6 cent to 183,110 and ₦43,313.8 billion, respectively, relative to the levels in the corresponding period of 2009. The development reflected the movement of large value funds from cheque to RTGS due to the ₦10.0 million cheque cap policy.

2.3 Financial Sector Surveillance

2.3.1 Banking Supervision

The CBN intensified its supervisory and surveillance activities in the first half of 2010 to promote safety, soundness, stability and public confidence in the banking sector. It adopted various approaches, including regular appraisal and review of banks' periodic returns, spot checks, special investigations, and risk-based supervision/compliance (hybrid) examination, among others.

In order to strengthen its regulatory procedures, methodologies and enforcement, and in furtherance of the implementation of the four pillars of the banking sector reforms, the CBN carried out a restructuring/review of its corporate structure. In that regard, the Financial Sector Surveillance Directorate of the CBN was renamed Financial System Stability Directorate and streamlined to ensure better supervision and regulation of the industry. Also, the Financial Policy and Regulation Department was created, to among other things, formulate policies and ensure consumer protection. In addition, a Macro-Prudential Division was established in the newly created Financial Policy and Regulation Department with a mandate to carry out the evaluation of the health, soundness and vulnerability of the financial system by employing various analytical tools such as stress-testing and scenario analysis. Furthermore, the Bank established the Financial Stability Committee (FSC) to strengthen stability in the financial system through the formulation of monetary policy and macro-prudential rules. The FSC and MPC would be at the core of the new macro-prudential framework to ensure that monetary policy is shaped by systemic risk trends and consistent with the expanded hybrid goals for asset price stability.

The restructuring of the CBN also involved the creation of the Financial Markets, and Banking and Payments System Departments, which were established for sustained, efficient and robust development of the financial sector. As part of the initiatives to mitigate risks in the financial system, the Risk Management Department was created to facilitate the institutionalization of a comprehensive risk management framework in the Nigerian financial system. Other initiatives were:

- Establishment of the Asset Management Corporation of Nigeria (AMCON). The AMCON was designed as a multipurpose resolution vehicle empowered to purchase "toxic assets" from banks as well as inject needed capital through the issuance of appropriate securities. For the ten troubled banks in which the CBN had intervened, AMCON is expected to facilitate mergers, acquisitions or capital injections by new investors;

- Strengthening of the corporate governance practices in the industry by the issuance of a circular that limits the tenure for chief executive officers (CEOs) of banks to ten years. Consequently, any CEO of a bank that had served for at least ten years by July 31, 2010 shall cease to function in that capacity;
- Adoption of Basel II in Nigeria by 2011;

- Issuance of new prudential guidelines and guidelines on margin lending; and

- Continued advocacy for the establishment of special courts for speedy resolution of commercial cases.

Following the abuse of the universal banking model, the CBN commenced the process of reviewing the model as part of its role of promoting stability and public confidence in the banking system. The objective of the review is to redefine banking business to streamline the activities of the banks and refocus them to their traditional functions. This is expected to ring-fence the banks and by extension, depositors' funds from risks associated with banks' engagement in other operations. In that regard, the existing Universal Banking (UB) licences would be withdrawn and replaced with new licences which terms would be restricted to the nature of the bank's specific activities. Similarly, the capital requirement would be informed by the nature of the operations of the institutions.

In pursuit of enhanced disclosure, transparency, market discipline and reporting practices amongst banks, as well as facilitating the management of banks 'systemic risks, DMBs were directed to adopt global best practices in financial reporting and disclosure. To this end, a common accounting year-end for banks in Nigeria with effect from December 31, 2009 was adopted, while a roadmap to migrate to the International Financial Reporting Standards (IFRS) by December 2012 was issued.

To further enhance public confidence in the banking system, the CBN established a Consumer and Financial Protection Division in the first half of the year. The Division, in collaboration with the Consumer Protection Council of Nigeria, would ensure that consumers of financial services are enlightened of their rights with a view to ensuring speedy resolution of disputes between consumers and financial service providers.

The Resident Examiners' Programme which commenced early in 2009 with the deployment of Resident Examiners (REs) to the 24 deposit money banks, to monitor, supervise and report to the Bank, the activities of the banks on a daily basis, was discontinued in February 2010. The termination of the programme was due to the potential moral hazard problems posed by keeping the REs in the banks.

As at end-June 2010, the Nigeria Deposit Insurance Corporation (NDIC) had not obtained final court order for the liquidation of the defunct Fortune International Bank Plc and Triumph Bank Plc. Consequently, the banks could not be offered for sale under the Purchase and Assumption (P&A) resolution option adopted by the NDIC. Under the P & A arrangement, the CBN, as at end-June 2010 had issued promissory notes amounting to ₦47.54 billion to cover the shortfall between the assumed deposit liabilities and the cherry-picked assets of the eleven (11) failed banks being liquidated under this model. Moreover, the total amount of liquidation dividend declared by the NDIC in respect of the eleven (11) banks stood at ₦4.6 billion at end-June 2010.

The CBN issued a number of circulars to banks bordering on, their operations, review of the universal banking model, review of the resident examiners programme and appointment of executive and non-executive directors, others were ₦200.0 billion intervention fund for re-financing and restructuring of banks' loans/exposures to manufacturing sector, exposures to public and private sectors, and extension of the Bank's guarantee of placements by pension fund administrators with deposit money banks (DMBs), among others.

2.3.2 Target Examination

The implementation of the risk-based/consolidated supervision which commenced in December 2009 with a pilot run on two DMBs was completed in the first half of 2010. The exercise which involved a more effective assessment of the banks' risk profiles would be extended to all banks in the later part of the year. The CBN in conjunction with the NDIC also carried out a target examination of the 24 DMBs to determine the state of health of the banks during the review period. The exercise focused on identifying losses and making appropriate provisions, in line with the prudential guidelines, and in compliance with the recommended provisions for the approval of the annual accounts of banks based on the common accounting year-end.

2.3.3 Banking Sector Soundness

During the review period, the CBN conducted a post-crisis assessment of the health of the banking sector using CAMEL ratings with a view to determining the impact of the various regulatory interventions. The result of the assessment indicated that as at end-June 2010, twelve (12) banks were rated C, four (4) D, and eight (8) were rated E. No bank was rated either A or B, reflecting the lingering impact of the global financial crisis on the sector. The average Capital Adequacy Ratio (CAR) of the banks was below the stipulated minimum of 10.0 per cent. The development was attributed to the recognition of audited losses for the accounting year ended December 2009 and the requirement for full provisioning for all non-performing credit by the banks during the review period. The banks industry-wide average liquidity ratio was above the 25.0 per cent minimum requirement. Three (3) banks, however, failed to meet the stipulated ratio, same as the number at end-December 2009.

The non-performing credits of the banks, in absolute terms, stood at ₦3,268.0 billion in the first half of 2010, compared with ₦2,922.8 billion and ₦641.0 billion at end-December 2009 and the corresponding period of 2009, respectively. Similarly, the industry ratio of non-performing credit to total loans rose to 36.6 per cent from 33.6 and 8.4 per cent at end-December 2009 and the corresponding period of 2009, respectively. The ratio was well above the acceptable contingency threshold of 20.0 per cent for the industry. The development reflected the deterioration in the quality of credit facilities, coupled with the on-going reclassification of bank assets. The ratio is, however, expected to drop significantly with the take-off of AMCON, which would soak-up the non-performing credits of the banks and inject the needed liquidity.

2.3.4 Compliance with Code of Corporate Governance for Banks in Nigeria

The CBN has strengthened corporate governance in banks by limiting the tenure of managing directors to a maximum of ten years. In compliance with the directive, UBA Plc, Zenith Bank Plc and Skye Bank Plc announced succession plans to be effected on July 31, 2010. Also, the Governor and Deputy Governors of the CBN; and the Managing Director and Executive Directors of the NDIC shall not be eligible for appointment in any bank until after the expiration of 5 years from the date of their exit. In addition, Departmental Directors of the two institutions shall not be eligible for appointment in any bank until after 3 years from the date of their exit.

2.3.5 Fraud and Forgeries

There were 3,119 cases of attempted or successful fraud/forgeries involving the sum of ₦8.1 billion and US$2.0 million in the banking industry during the first half of the year. This compared with 1,777 reported cases of fraud and forgeries involving ₦15.3 billion and US$62.646.0 in the corresponding period of 2009. Actual losses for the period were ₦3.4 billion and US$671.773.16 relative to ₦1.5 billion and US$18,346.0 in the corresponding period of 2009.

2.3.6 Financial Crimes Surveillance

As part of the on-going efforts to ensure stability in the financial sector, the anti-money laundering/crime and financing of terrorism (AML/CFT) office was established in the Financial Policy and Regulation Department of the CBN to articulate appropriate policies to address the issues of money laundering and the financing of terrorism in the financial system. The AML/CFT Office is also to interface with the Nigerian Financial Intelligence Unit (NFIU), Financial Action Task Force/Inter-Governmental Group Against Money-Laundry and Terrorism Financing in West Africa (FATF/GIABA) and other stakeholders at both the domestic and international levels on AML/CFT matters. The office is also expected to coordinate the AML/CFT enforcement efforts of other related supervisory departments in the Bank. In addition, the Anti-Terrorism Bill had been forwarded to the National Assembly and has reached advanced stage of passage as public hearing had been held on it by the two arms of the legislature. Furthermore, the CBN and NFIU carried out joint AML/CFT examinations/inspections of the twenty-four (24) DMBs in 2009/2010.

2.3.7 Examination of Other Financial Institutions

Target examination was conducted on 515 microfinance banks (MFBs) during the review period. The exercise concluded the comprehensive target examination of MFBs as part of the on-going clean-up and sanitization of the sub-sector, which began in the last quarter of 2009. A number of issues of regulatory concern emerged from the exercise. These included excessive investments in non-earning fixed assets, inadequacies in lending methodologies/credit administration, insider abuse, weak corporate governance and erosion of paid-up capital due to huge loan loss provisions as well as skill gaps at both management and board levels. Consequently, a number of supervisory sanctions were imposed, including fees sanctions and holding action restrictions on 517 MFBs, some of which were examined in the last quarter of 2009. Various capacity building initiatives, including mentoring visits and the microfinance certification programme, were also undertaken to address the issues.

Furthermore, a routine review of the finance company (FC) sub-sector revealed that fifty-three (53) were active, while thirty-nine (39) were inactive. In the area of off-site supervisory approvals, sixty-two (62) OFIs had their audited accounts approved. These included ten (10) PMIs, fifty (50) MFBs and two (2) FCs. Four (4) OFIs secured approvals for the change of name, five (5) for relocation/change of addresses and six (6) for the opening of new branches, while one (1) OFI was granted approval for the change of its organogram.

A total of ₦4.7 million was collected from eighty-five (85) operators for various breaches and violations of the approved guidelines. The amount collected represented 264.4 per cent increase over that collected during the first half of 2009, reflecting the Bank's renewed resolve to enforce zero-tolerance on prudential violations.

Box Information: The Assets Management Corporation of Nigeria (AMCON)

The incidence of high non-performing loans in the industry and the erosion of capital in some banks informed the need to set up an asset management company, to relieve banks of the burden of "toxic assets". In this regard, a significant step was taken in the final resolution of the banking distress and cleaning up of banks' balance sheets with the passage of the Asset Management Corporation of Nigeria (AMCON) Bill by the National Assembly. The AMCON was designed as a multipurpose resolution/recapitalisation vehicle that is empowered to purchase "toxic assets" from banks and inject needed capital through the issuance of appropriate securities. For the troubled banks in which the CBN had intervened, AMCON is expected to facilitate mergers, acquisitions or capital injections by new investors.

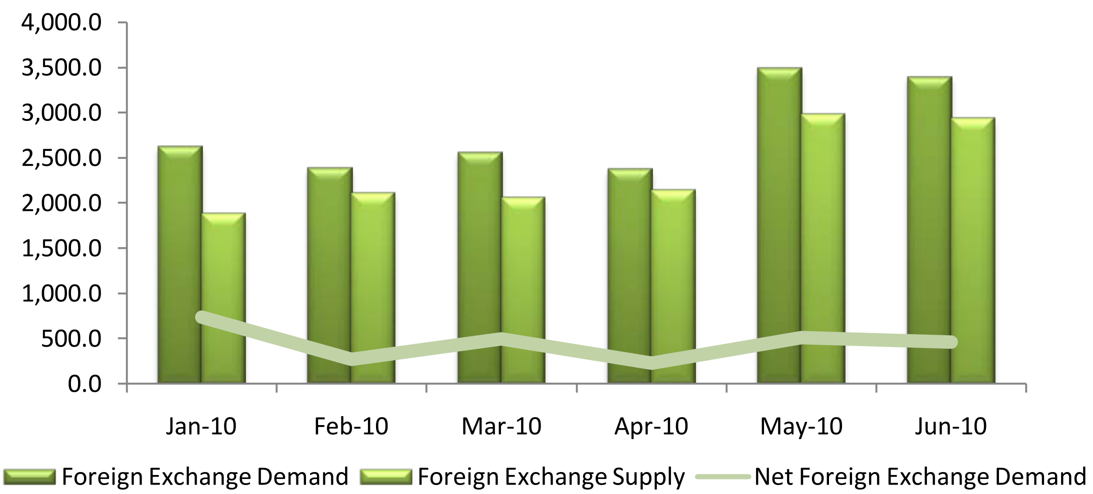
Specifically, AMCON is expected to benefit the financial institutions: efficiently manage and dispose of the eligible assets acquired; obtain the best achievable financial returns on eligible assets; clean up the balance sheets of the banking system to the tune of ₦3.2 trillion and improve their ability to raise capital from external sources; improve the ratings of Nigerian banks after their books are ridden of "toxic assets"; and further enhance the banking system's contribution to economic development through improved lending capacity.

2.4 Foreign Exchange Management

Forty seven (47) sessions were held under the WDAS in the first half of 2010 compared with seventy four (74) in the corresponding period of 2009. Aggregate demand for foreign exchange by authorized dealers at the WDAS and bureau-de-change (BDC) segments amounted to US$16.85 billion. It declined by 36.3 per cent when compared with the level in the corresponding period of 2009, owing to the reduced speculative activities in the foreign exchange market. A breakdown showed that the demand at the WDAS and the BDC segments amounted to US$14.4 billion or 85.6 per cent and US$2.43 billion or 14.4 per cent, respectively.

The amount of foreign exchange sold by the CBN fell by 8.4 per cent to US$14.15 billion compared with the level recorded in the corresponding period of 2009. Of this amount, the sum of US$11.72 billion and US$2.43 billion went to the WDAS and BDC segments of the foreign exchange market, respectively.

Figure 9
Demand, Supply and Net Demand of Foreign Exchange (US$ Million)



The relative stability in the exchange rate of the naira since the last quarter of 2009, continued into the first half of 2010. The exchange rate at the official and interbank segments of the foreign exchange market closed at average rates of ₦150.04 and ₦150.75 per US dollar, respectively. The rates depreciated in both segments of the market by 1.8 per cent each from their levels in the first-half of 2009. The premium between the two rates remained unchanged at 0.5 per cent in the period under review when compared with the corresponding period of 2009. Conversely, at the BDC segment, the naira appreciated by 10.0 per cent when compared with the level in 2009 to ₦152.77 per US dollar. The appreciation of the exchange rate at the BDC segment narrowed the premium between the WDAS and BDC rates to 1.8 per cent from 14.1 per cent in the corresponding period of 2009.

The end-period exchange rates in the first half of 2010 at the WDAS and interbank segments of the market were ₦149.99 and ₦150.00 per US dollar, respectively, a depreciation of 1.2 and 1.1 per cent, respectively, relative to the levels in the corresponding period of 2009. The end-period exchange rate at the BDC segment, stood at ₦153.50 per US dollar, indicating an appreciation of 2.9 per cent when compared with the level in the corresponding period of 2009.

Figure 10
Exchange Rates Movements (Naira per US$)

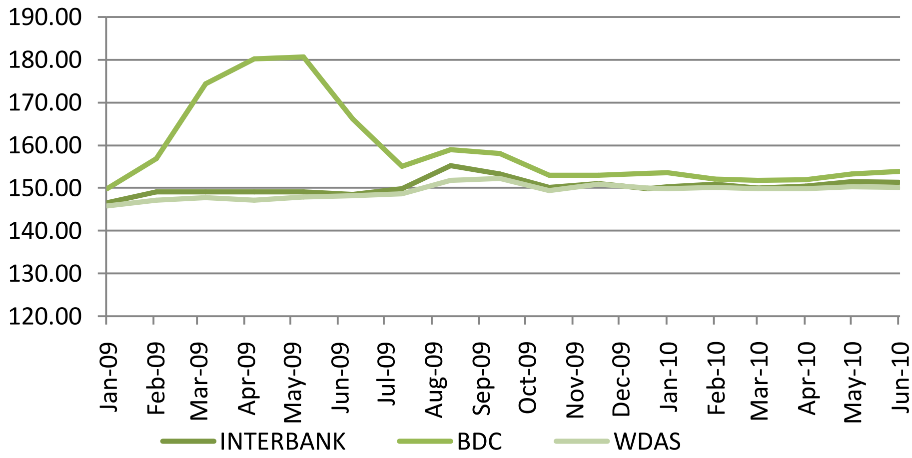
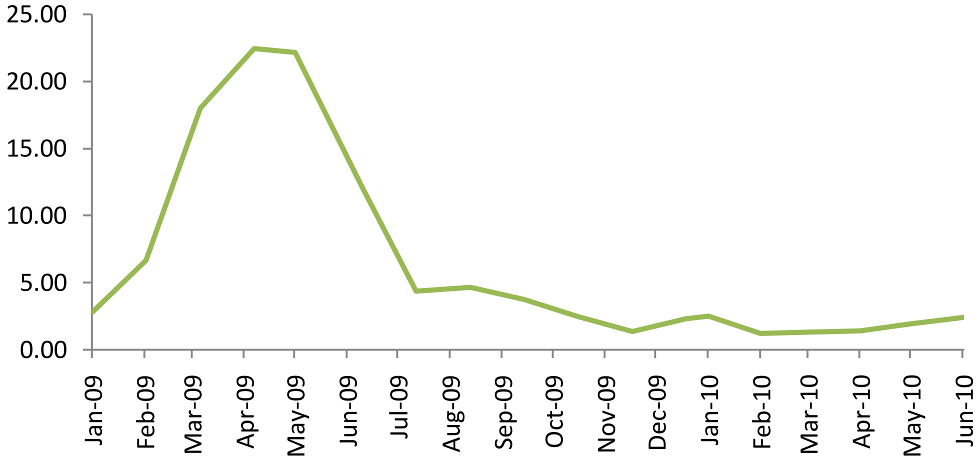


Figure 11
Bureaux de Change Premium



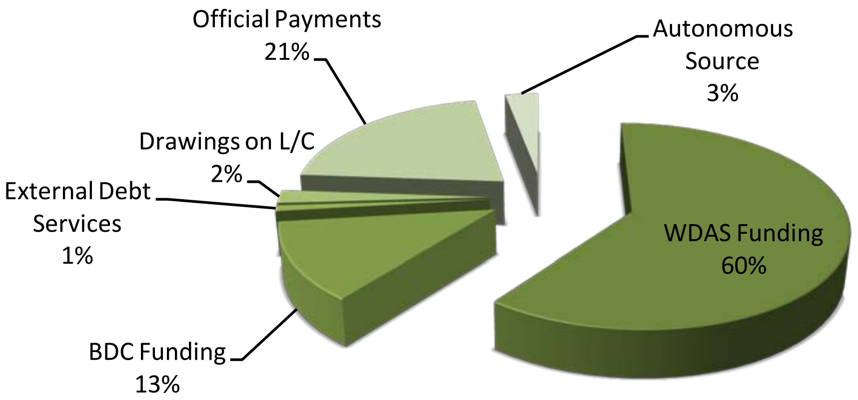
With respect to the pound sterling, euro and CFA, the naira depreciated by 3.7, 1.8 and 1.7 per cent, respectively, when compared with their levels in the first half of 2009.

2.4.1 Foreign Exchange Flows

The total foreign exchange inflow through the economy during the first half of 2010, at US$39.30 billion, was 27.5 per cent above the level in the corresponding period of 2009. The development was attributed to the increased earnings from crude oil sales and autonomous inflows that comprised non-oil exports, capital inflow and invisibles. Of the total, inflow through the CBN stood at US$12.98 billion or 33.0 per cent, while that from autonomous sources amounted to US$26.32 billion or 67.0 per cent. Foreign exchange outflow in the first half of 2010 fell by 7.0 per cent below the level in the corresponding period of 2009 to US$19.34 billion. Consequently, there was a net inflow of US$19.95 billion compared with US$10.01 billion in the corresponding period of 2009.

Transactions through the CBN in the first half of 2010 showed that inflow rose by 17.1 per cent above the level in the corresponding period of 2009 to US$12.98 billion. This development was attributed to the rise in the price of crude oil at the international market. Of the total inflow through the CBN, receipts from the oil sector accounted for 93.7 per cent, while non-oil inflow accounted for the balance of 6.3 per cent. Foreign exchange outflow through the CBN was US$18.78 billion, indicating a fall of 7.9 per cent below the level in the corresponding period of 2009. The drop in outflow resulted from the continued suspension of foreign exchange sales since February 2009 to the interbank segment of the foreign exchange market by the CBN. Hence, a net outflow of US$5.80 billion was recorded compared with US$9.31 billion in the corresponding period of 2009.

Figure 12
Foreign Exchange Disbursements through the Economy (First Half 2010)



2.4.2 Sectoral Utilization of Foreign Exchange

Sectoral utilization of foreign exchange in the first half of 2010 amounted to US$15.60 billion, indicating a decline of 18.6 per cent from the level recorded in the corresponding period of 2009. Of the total, visible trade accounted for US$11.34 billion and invisible trade, US$4.26 billion. When compared with the corresponding period of 2009, foreign exchange utilization for visible and invisible trade fell by US$2.68 billion and US$0.9 billion, respectively. Further analysis of visible trade showed that oil, manufactures, industrial and the food sectors accounted for US$3.00 billion, US$2.82 billion, US$2.75 billion and US$1.96 billion or 26.5, 24.8, 24.2 and 17.3 per cent, respectively. Others were the transport and agricultural sub-sectors with US$0.72 billion and US$0.09 billion or 6.4 and 0.8 per cent, respectively.

An analysis of the invisible trade transactions showed that the amount utilized for financial, communications and education services declined by 24.6, 52.5 and 21.5 per cent from the levels in the corresponding period of 2009 to US$2.83 billion, US$ 0.12 billion and US$0.06 billion, respectively. However, transport and business services increased by 42.7 and 2.3 per cent relative to the levels in the corresponding period of 2009 to US$0.36 billion and US$0.75 billion, respectively.

Figure 13
Foreign Exchange Flows Through the CBN, First Half 2010

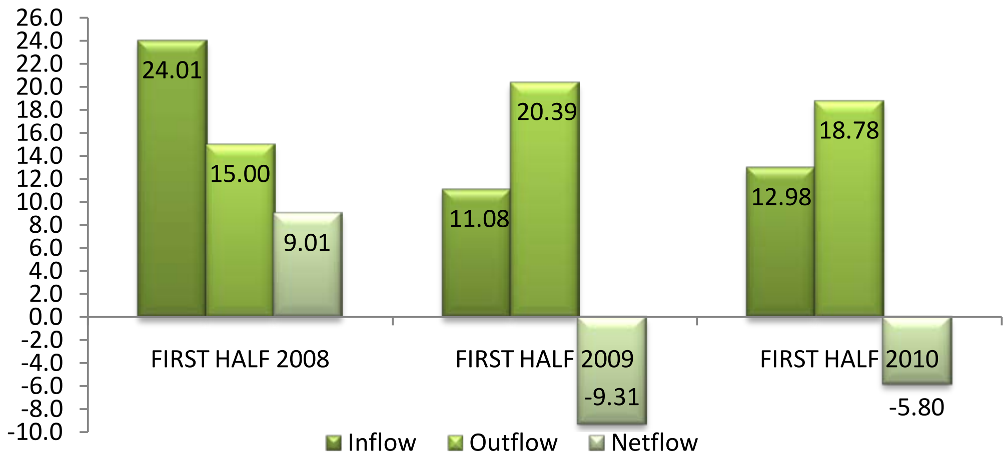


Figure 14
Sectoral Utilization of Foreign Exchange (Visible) 2010

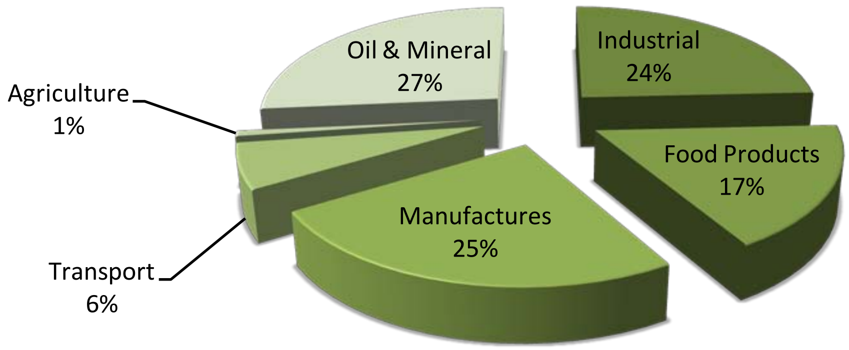
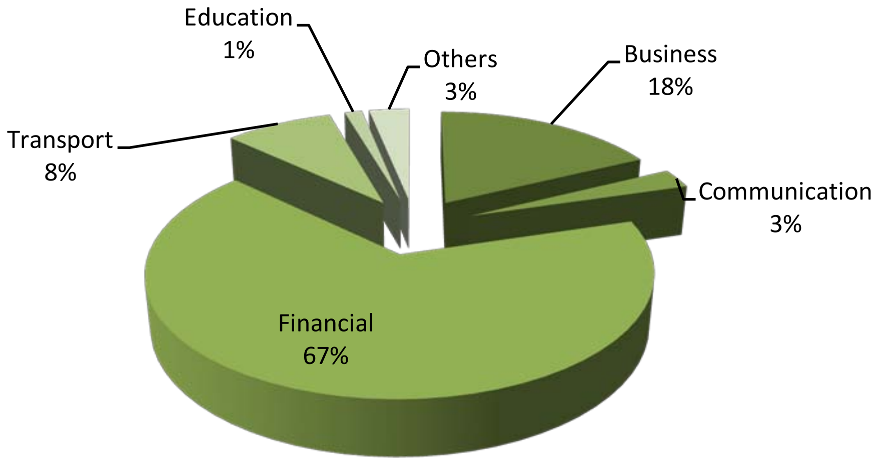


Figure 15
Sectoral Utilization of Foreign Exchange (Invisible) 2010

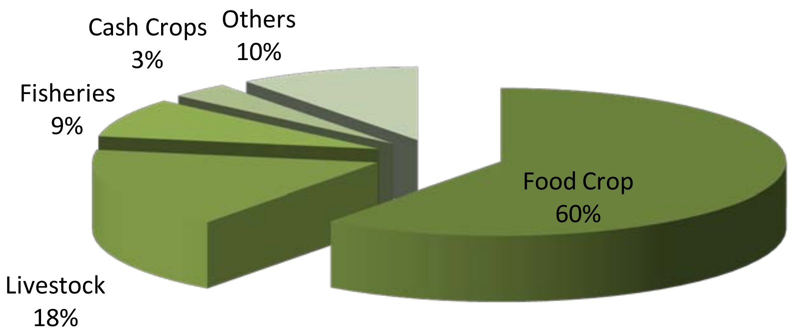


2.5 Development Finance Operations

2.5.1 Agricultural Credit Guarantee Scheme Fund (ACGSF)

Total resources of the ACGSF as at end-June 2010 was ₦5.6 billion compared with ₦5.8 billion as at June 2009. The decline was attributed to the low returns on the NTBs which was the only investment option for the ACGS funds and the increasing operating expenses. A total of 8,292 loans valued at ₦1.4 billion were guaranteed under the Scheme in the first half of 2010, indicating a decline of 12.9 and 12.5 per cent, respectively, in the number and value of loans guaranteed from the levels in the corresponding period of 2009. The total number of loans repaid was 16, 639 valued at ₦2.4 billion. The cumulative volume and value of loans under the scheme since inception in 1978 were 655,643 and ₦35.8 billion, respectively. A total of 32 claims valued at ₦14.2 billion were settled in the period under review, compared with the corresponding period of 2009 when no claim was settled.

Figure 16
Sectoral Distribution of ACGSF Loans (by purpose) First Half 2010



2.5.2 Interest Drawback Programme (IDP)

The total resources of the IDP stood at ₦2.3 billion as at end-June 2010, compared with ₦2.5 billion as at end-June 2009.The decline reflected the low returns on NTBs in the period under review relative to the corresponding period of 2009. The number and value of settled IDP claims rose by 56.8 and 69.4 per cent to 15,885 and ₦116.6 million, respectively, over the levels in the first half of 2009. The development was attributed to the increase in the value of loans fully repaid in the review period.

2.5.3 The Trust Fund Model (TFM)

One (1) Memorandum of Understanding (MoU) was signed under the TFM in the review period, compared with three (3) in the corresponding period of 2009. The MoU was signed between the Lagos State Government and First Bank of Nigeria (FBN), with the sum of ₦9.0 million placed with the latter, to be assessed by small holder farmers in the State. On a cumulative basis, 56 stakeholders made up of 18 state governments, 3 government ministries, 17 local governments, 4 multinational oil companies, 13 individuals and organizations and 1 Federal Government agency have placed ₦5.5 billion under the TFM.

2.5.4 Microfinance Related Activities

2.5.4.1 International Microfinance Conference

The Bank organized the 4th Annual Microfinance Conference and Entrepreneurship Awards in Abuja from January 21-22, 2010. The conference with the theme, 'Sustainable Microfinance Delivery in Nigeria' attracted 1,003 participants drawn from across the broad spectrum of the economy.

2.5.4.2 National Microfinance Policy Consultative Committee (NMFPCC)

The Bank hosted the 11th meeting of NMFPCC on January 8, 2010. The key decisions reached at the meeting were: the deferment of sensitization exercise and the stoppage of licensing of new microfinance banks, training of operators in the first and third quarters of 2010 and commencement of operations in the fourth quarter of 2010.

2.5.4.3 Rural Finance Institutions Building (RUFIN) Programme

RUFIN, an IFAD-assisted programme, was formally launched with a start-up/sensitization workshop in Abuja from February 1-5, 2010. The primary objective of the workshop was to sensitize the key officers and major stakeholders on their roles and responsibilities in the course of programme implementation. The participating agencies were the CBN, Nigerian Agricultural, Co-operative & Rural Development Bank (NACRDB), National Poverty Alleviation Agency (NAPEP) and the Federal Department of Co-operatives. In a related development, the CBN in collaboration with RUFIN and the United Nations Development Programme (UNDP) undertook a baseline survey of the microfinance subsector. The questionnaire used for the exercise covering 20 states of the Federation, were being processed by the NBS.

2.5.4.4 Entrepreneurship Development Centres (EDCs)

The Bank embarked on the evaluation of the pilot phase of the EDCs. In this regard, three consultants were shortlisted and their terms of reference were discussed, among other issues. Meanwhile, the centres have thus far, trained and counselled 49,697 graduates, created 1,825 jobs, while 595 trainees accessed loans for their businesses. Lack of access to microcredit remained a major challenge to the activities of the centres.

2.5.5 The Commercial Agricultural Credit Scheme (CACS)

Six state governments (Adamawa, Bauchi, Kogi, Nasarawa, Ondo and Zamfara) accessed ₦1.0 billion each for on-lending to co-operative farmers and unions in their various states. Meanwhile, three additional banks; Fidelity Bank Plc, Union Bank of Nigeria Plc and Zenith Bank Plc were admitted into the scheme bringing the number of participating banks to seven (7) as at end-June, 2010.

2.5.6 The Agricultural Credit Support Scheme (ACSS)

Since inception in 2006, a total of 101 projects valued ₦18.9 billion have been verified. Payment of the 6.0 per cent interest rebate has, however, been made for 29 projects, valued ₦323.2 million. Cumulatively, the CBN has released ₦60.0 billion for 59 projects/promoters inclusive of the six state governments.

2.5.7 ₦200 Billion Intervention Fund for Refinancing and Restructuring of Banks' Loans to the Manufacturing/SME Sector

As part of efforts toward unlocking the credit market and to ensure that credit flows to the real sector of the economy, the CBN established the ₦200 Billion Manufacturing/SME Refinancing/Restructuring Facility in the first half of 2010. It was funded from the investment of ₦500 billion debenture stock to be issued by the Bank of Industry (BOI) which also doubled as the managing agent with all the DMBs and DFIs being eligible to participate. As a managing agent, the BOI is responsible for the day-to-day administration of the scheme. The types of facilities covered under the scheme include long-term loan for acquisition of plant and machinery, refinancing of existing loans, resuscitation of ailing industries, refinancing of existing loans and working capital.

The primary objectives of the funds included: to fast-track the development of the manufacturing sector by improving access to credit; improve the financial position of banks and increase output. The attainment of these objectives would impact on the economy through employment generation, wealth creation and ultimately, alleviate poverty. The terms and conditions were designed to address major challenges with regards to access to credit in the economy. To this end, the scheme allows for a maximum tenor of 15 years for loans or one year for working capital with provision for roll over. In terms of pricing, credit under the scheme would attract an all-inclusive interest/charge of 7.0 per cent per annum payable on quarterly basis. The BOI as managing agent would be entitled to 1.0 per cent management fee and the DMBs, a 6.0 per cent spread. The maximum loan allowable to a single obligor in respect of refinancing/restructuring is ₦1.0 billion.

To be eligible under the scheme, a beneficiary shall be any entity falling within the definition of an SME [an entity with an asset base (excluding land) of between ₦5.0 million and ₦500.0 million and with labour force of between 11 and 300] and/or manufacturer (an entity that is involved in the production and processing of tangible goods, fabrication, deployment of plants, machinery or equipment to deliver goods or provision of infrastructure to facilitate economic activity in the real sector, excluding financial services), wholly-owned and managed Nigerian private limited company registered under the Companies and Allied Matters Act (CAMA) of 1990. Also, eligible is a legal business operated as a sole proprietorship, but should be a member of the relevant organized private sector association.

As at end-June 2010, a total of 377 applications valued ₦150.7 million had been received out of which 317 eligible projects valued ₦130.2 billion were undergoing processing.

2.5.8 ₦200 Billion SME Credit Guarantee Scheme (SMECGS)

The SMECGS was established by the CBN in order to provide further incentive for the DMBs to extend credit to SMEs. The scheme is aimed at fast-tracking the development of the manufacturing SME sector, increasing output, generate employment, diversify the revenue base, increase foreign exchange earnings and provide inputs for the industrial sector on a sustainable basis. The activities that are covered under the scheme are manufacturing, agricultural value chain, educational institutions and any other activity as may be specified by the managing agent from time to time. The maximum loan amount is ₦100.0 million, which can be in the form of working capital, term loans for refurbishment/equipment upgrade/expansion, and overdrafts. The guarantee cover shall be 80 per cent of principal and interest and shall be valid up to the maturity date of the loan with a maximum tenure of 7 years inclusive of a 2-year moratorium.

2.6 CBN Assets and Liabilities

Provisional data showed that the total assets of CBN at end-June 2010 declined by 12.0 and 15.9 per cent relative to end-December and end-June 2009, respectively. The development relative to the preceding half year was largely attributed to the respective decline of 17.4 and 56.2 per cent in total external reserve and Federal Government securities. However, over the corresponding period of 2009, the decline in CBN assets was mainly due to the decrease of 17.7 and 25.5 per cent in total external reserve and other assets, respectively. The decline in total liabilities relative to end-December 2009 was wholly ascribed to the 45.0 per cent drop in other deposits, while the development relative to the corresponding period of 2009 was largely attributed to the 24.7 per cent and 20.0 per cent decline in other deposits and government deposits, respectively.

ECONOMIC REPORT

3.0 GLOBAL ECONOMIC DEVELOPMENTS

The World Economic Outlook (WEO) update released by the International Monetary Fund (IMF) in April 2010 revealed that global recovery took-off with a stronger momentum than previously anticipated. In most advanced economies, the recovery is expected to remain sluggish by past standards, whereas many emerging and developing economies have resumed strong economic growth reflecting largely buoyant internal demand.

The global economic rebound was attributable to the extraordinary amount of policy stimuli. Monetary policy has been highly expansionary, with interest rates down to record lows in most advanced and emerging economies. Fiscal policy also provided major stimulus in response to the deep downturn, as government support of the financial sector has been crucial in breaking the negative feedback between the financial and real sectors.

Output in the advanced economies is now expected to expand by 2.3 per cent in 2010, following a contraction of output in 2009. In 2011, growth is projected to edge up further to 2.4 per cent. In spite of the revision, the recovery in advanced economies is still expected to be weak by historical standards, with real output remaining below its pre-crisis level until late 2011. Moreover, high unemployment rates and public debt, as well as slowly recovering financial systems, and in some countries weak household balance sheets are presenting further challenges to the recovery in these economies.

Growth in emerging and developing economies is expected to rise to about 6.3 per cent in 2010, following a modest 2.4 per cent growth recorded in 2009. Most of these economies are moderating their macroeconomic policies in the face of high capital inflows. The new projection reflects an upward revision of almost 1.0 percentage point. In 2011, output is projected to accelerate further to 6.5 per cent.

Within both groups, growth performance is 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) are 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.

3.1 Global Commodity Prices

The rebound in commodity prices that started in 2009 continued into the first half of 2010 as the global economy recovered. Increased demand from China, significant production cuts (metals and oil) and some weather-related factors (agriculture) contributed to the higher prices. As a result, energy prices increased by 60.0 per cent in the first quarter of the year while the prices of metals and agricultural commodities increased by 62.0 and 19.0 per cent, respectively, when compared with their levels a year earlier.

Following the outbreak of the Euro zone debt crisis, industrial output fell sharply in May 2010 due to concerns about economic growth and weakening commodity demand particularly in Europe. Crude oil price dropped from a high of $87.0 to $68.0 per barrel in May, while the prices of some metal products fell more than 20.0 per cent between April and May.

Energy prices are projected to increase by 25.1 per cent in 2010, while non-energy commodity prices are expected to rise by 16.8 per cent in 2010- with the bulk of the gains in non-food sectors. However, as the recovery in global output peters out and stabilizes at levels closer to potential growth rates, energy and non-energy prices are projected to decline by 4.0 per cent each in 2011 and remain well below their 2008 highs over the forecast period.

3.2 Global Inflation

Inflationary pressures subdued overall in advanced economies, but picked up in emerging market regions. In June 2010, inflation for the Euro area was 1.4 per cent, up from 0.9 per cent in December 2009, while it went down in the US to 1.1 per cent from 2.7 per cent in December 2009. In the United Kingdom, inflation was at 3.2 per cent, well above the target of 2.0 per cent and the December 2009 level of 2.9 per cent. This was attributed to the impact of past increases in oil prices, high import costs and the reversal of VAT to 17.5 per cent from 15.0 per cent. In Japan, deflation continued as the rate of inflation was negative 0.7 per cent in June 2010 from negative 1.7 per cent in December 2009, while in China 2.9 per cent was recorded, just below the government's target of 3.0 per cent but higher than the December 2009 level of 1.9 per cent.

In Sub-Saharan Africa, inflationary pressures were on the decline in most economies, as food price inflation was retreating, and as currencies have appreciated (limiting the increase in prices of imported goods). As of April 2010, the median monthly inflation rate in the region declined to 4.7 per cent, down from 8.0 per cent in April 2009.

3.3 The International Financial Markets

The very high government deficits and debt levels in several high-income countries (notably Greece, Ireland, Italy, Portugal and Spain) provoked a great deal of volatility in the international financial markets. So far, the main impacts on developing countries and emerging markets were limited to a generalized decline in stock-market valuations. There was a significant fall in bond issuance in May due partly to seasonality, and more importantly to an increase in volatility and a realignment of global currencies as the euro depreciated against the dollar. In the circumstances, exporters in countries tied to the euro benefited while, those tied to the dollar were negatively affected.

So far, the crisis did not impact sovereign risk premia of developing countries that did not have fiscal sustainability issues of their own. Most developing countries recorded lower deficits and debt-to-GDP ratios than high-income countries. As a result, the price of insurance against sovereign credit default (Credit Default Swaps, or CDS) for most developing countries remained relatively stable. The sovereign CDS spreads for Venezuela and Argentina, although high in May, declined slightly compared to the levels in the corresponding period.

The evolving financial markets in Europe had limited effects on financial conditions in developing countries. Although global equity markets dropped between 8.0 and 17.0 per cent, there has been little fallout on most developing-country risk premia. Despite a sharp deceleration in bond flows in May, year-to-date capital flows to developing countries during the first 5 months of 2010 were up by 90.0 per cent from the same period in 2009.

3.4 World Economic Outlook for the Rest of 2010

Global GDP was projected by the IMF to expand by 4.2 and 4.3 per cent in 2010 and 2011, respectively, reflecting much higher productivity and population growth. Growth in developing countries would be a major source of global growth as close to half of the increase in global demand from 2010 to 2012 would come from developing countries and would account for more than 40 per cent of the increase in total global exports.

Growth in the United States would remain strong in the second and third quarters of 2010, resulting in a growth rate of 3.1 per cent for the year. GDP gains are projected to ease in 2011 to 2.6 per cent, reflecting a gradual tightening of fiscal policy. The Japanese economy would rebound to 1.9 per cent in 2010 and gain a 0.1 per cent thereafter to 2.0 per cent. Un-balance growth in the Euro area persisted with a weak GDP at 1.0 per cent in 2010, would strengthen to 1.5 per cent in 2011. However, over the medium to long-term, output growth in high-income Europe would trail that of the United States, principally because of slower working-age population growth. Other factors include the large fiscal adjustment that countries in the region would have to make and the region's heavier reliance on banking (as opposed to capital market) to finance private-sector investment.

Developing countries' growth was projected to pick up from an estimated 1.7 per cent in 2009 to around 6 per cent each in 2010, 2011 and 2012. The apparent steadiness of growth in each of these years belies an anticipated slowing of growth in China, the largest developing economy (from 9.5 in 2010 to 8.5 per cent in 2011), as the fiscal stimulus put in place in 2009 become relaxed. Excluding China and India, developing countries' GDP is projected to increase by 4.5, 4.4, and 4.6 per cent in 2010, 2011, and 2012, respectively. High external financing needs in a time of sharp retrenchment in capital flows led to significant current account adjustments and slower growth in several developing countries during 2009; as a consequence, financing needs are forecast to decline from $1.2 trillion to $1.1 trillion in 2010. Most of the decline in 2010 was attributable to reductions in current account deficits forced on developing countries by a 40.0 per cent decline in international capital flows during 2009. Current account deficit in some countries improved from negative $283 to negative $128 billion in 2009. In several developing countries in Europe and central Asia, deficits narrowed by more than 50.0 per cent. Medium and long term debt falling due declined, thereby reducing financing requirements, but short-term debt has increased-leading to an overall rise in scheduled debt repayments. Private capital flows to developing countries would recover modestly from $454 billion (2.7 per cent of GDP) in 2009 to $771 billion (3.2 per cent of GDP) by 2012.

4.0 DEVELOPMENTS IN THE DOMESTIC ECONOMY

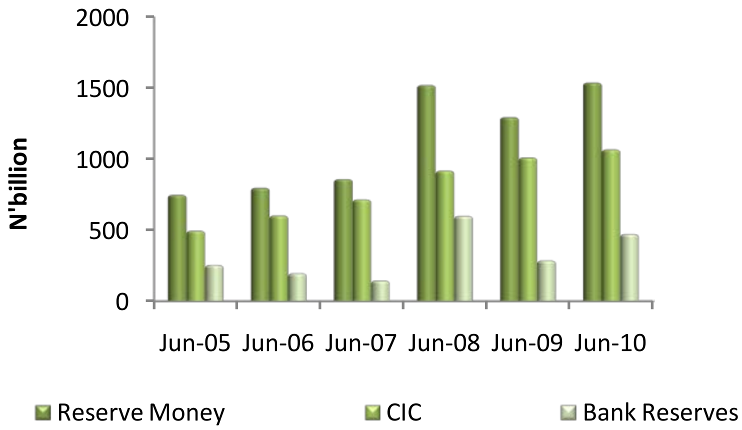
4.1 MONETARY AND CREDIT DEVELOPMENTS

Recent developments in Nigeria's financial sector, as in other countries, were influenced by the global financial crisis which started in 2007. The crisis negatively impacted the financial systems of various countries in different ways, which ultimately resulted in global credit squeeze. Since then, financial institutions have been cautious and more professional in their credit operations in order to improve their asset quality. Against that backdrop, money supply growth was very low relative to the expected level in the first half of 2010.

4.1.1 Reserve Money

The reserve money (RM) at ₦1,535.1 billion, was 7.2 and 14.6 per cent lower than the levels at end-December 2009 and the indicative benchmark for end-June 2010, respectively. Analysis of the changes in the sources of reserve money showed that the decline in reserve money relative to the level at end-December 2009 was wholly accounted for by the fall in net domestic assets of the CBN. The corresponding decline in the uses of reserve money was due largely to the fall in DMBs' reserves with the CBN.

Figure 17
Reserve Money and its Components



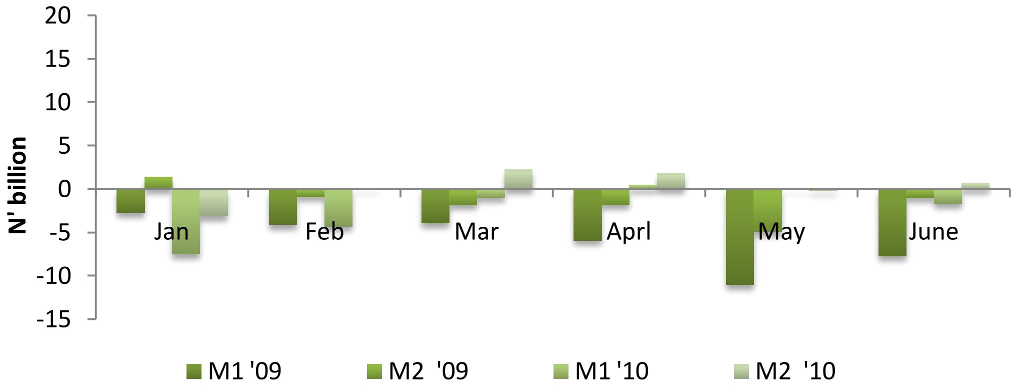
4.1.2 Broad Money (M_2)

Provisional data indicated that the growth of broad money (M_2) was very modest at the end of the first half of 2010, compared with the benchmark. Relative to the level at end-December 2009, M2 grew by 0.7 per cent, as against a decline of 1.0 per cent in the corresponding half of 2009. The development reflected the 9.0 and 10.1 per cent rise in net domestic credit and other assets (net), respectively, which more than offset the 14.6 per cent decline in foreign asset (net) of the banking system. The low growth in broad money supply at the end of the first half reflected the lingering effects of the global credit squeeze and the crises in some banks in 2009.

4.1.3 Narrow Money (M_1)

Narrow money (M_1) declined by 1.7 per cent, compared with 7.7 per cent at the end of the corresponding period of 2009. The development was attributed to the 1.1 per cent rise in demand deposits as currency outside banks declined by 14.2 per cent. Quasi-money rose by 2.8 and 6.6 per cent at end-June 2010 relative to the levels at end-December 2009 and end of the corresponding period of 2009.

Figure 18
Growth in Money Supply (Per cent), First Half 2010



4.1.4 Currency-in-Circulation and Deposits at the CBN

Relative to end-December 2009, currency in circulation (CIC) fell by 22.8 per cent to ₦1,063.6 billion at the end of the first half of 2010 and by 31.2 per cent when compared with the level at the end of the corresponding period of 2009. Similarly, currency outside banks (COB) fell by 14.2 per cent compared with the decline of 16.4 per cent at the end of the corresponding period of 2009. As a ratio of M2, COB stood at 7.3 per cent, compared with 8.2 per cent at the end of the corresponding period of 2009. The decline in the ratio at the end of the first half of 2010 reflected the growing importance of alternative non-cash payment instruments of transactions in the economy. At ₦629.4 billion, DMBs' reserves fell by 4.1 per cent compared with 21.3 per cent at the end of the corresponding period of 2009. The development was attributed wholly to the decline in DMBs' demand deposit with CBN, which fell by 10.0 per cent, even though the currency component increased by 5.5 per cent.

4.1.5 Drivers of the Major Monetary Aggregate

4.1.5.1 Net Foreign Assets (NFA)

Net foreign assets of the banking system, at ₦6,484.8 billion, declined by 14.6 per cent relative to the level at end-December 2009, compared with a decline of 10.6

per cent at the end of the corresponding period of 2009. The development was due mainly to the decline in CBN's holding of foreign assets (net) during the period under review. Net foreign assets remained an important driver of the changes in M_2 as its negative contribution overwhelmed the positive contribution of net domestic assets and other assets (net) (4.4 percentage points). As a percentage of M_2, NFA was 59.8 per cent at the end of the first half of 2010, compared with 84.2 per cent at the end of the corresponding half of 2009.

4.1.5.2 Net Domestic Assets (NDA)

Net domestic assets increased at the end of the first half of 2010 relative to end-December 2009. At ₦4,360.7 billion, NDA increased by 37.4 per cent, compared with 132.5 per cent at the end of the corresponding period of 2009. The development was largely attributed to the 9.0 and 10.1 per cent increase in net domestic credit (NDC) and other assets net (OAN) of the banking system, respectively.

4.1.5.3 Net Domestic Credit (NDC)

Net domestic credit grew by 9.0 per cent to ₦8,612.9 billion at the end of the first half of 2010, compared with the growth of 14.7 per cent at the end of the corresponding period of 2009. The expansion in net domestic credit was driven largely by the increase in net claims on the Federal Government, which rose by 35.3 per cent. The development was attributed to the increase in the banking systems' holdings of treasury securities, especially the FGN Bonds as well as the decline in Federal Government deposits with the CBN. Credit to the private sector, however, declined by 1.0 per cent, as against an increase of 6.2 per cent at the end of the corresponding period of 2009.

4.1.5.4 Credit to the Government (Cg)

Net credit to the Federal Government increased by 35.3 per cent in the first half of 2010, compared with the 7.3 per cent recorded at the end of the corresponding period of 2009. The development reflected increase in the holding of treasury bills and treasury certificates by the banking system, especially FGN Bonds as well as the decline in deposits with the CBN. The Federal Government, however, remained a net lender to the system during the period under review.

4.1.5.5 Credit to the Private Sector (Cp)

The impact of the global financial crisis lingered in the credit market as credit to the private sector continued to contract since the beginning of the year. Relative to end-December 2009, credit to the private sector declined by 1.0 per cent at the end of first half of 2010, in contrast to an increase of 6.2 per cent recorded at the end of the corresponding period of 2009. The development reflected the 1.3 per cent decline in credit to the core private sector. The contribution of credit to the private sector to the change in total monetary assets was negative 1.2 per cent at end-June 2010. The ratio of DMBs' credit to the Federal Government relative to DMBs credit to the core private sector increased to 19.0 per cent at end–June 2010, compared with 18.4 per cent at the end of the corresponding half of 2009.

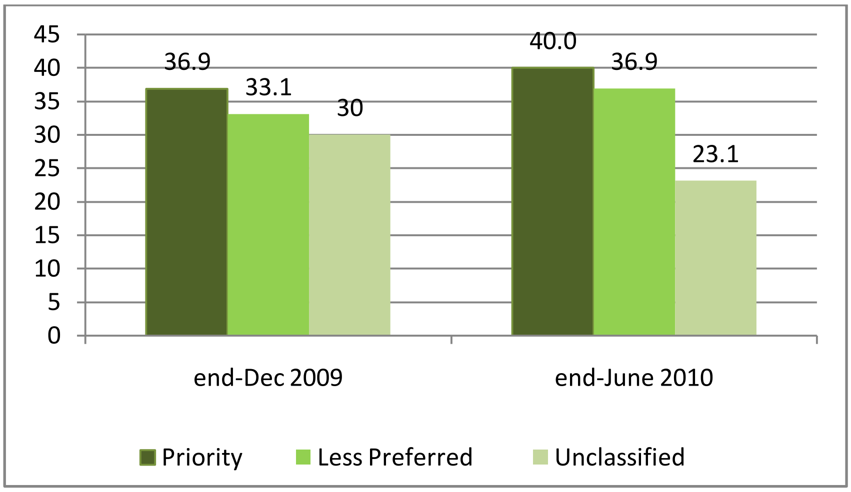
4.1.5.6 Sectoral Distribution of Credit

At end-June 2010, credit to the core private sector by the DMBs grew by 20.0 per cent. Of the amount outstanding, credit to the priority sectors constituted 40.0 per cent, of which 1.5, 13.3, 13.9, 11.1 and 0.2 per cent, respectively, went to agriculture, solid minerals, exports, manufacturing and small scale enterprises. The less priority sectors accounted for 36.9 per cent of the outstanding credit, while the unclassified sectors accounted for the balance of 23.1 per cent.

Table 3: Credit to the Core Private Sector (2009 – June 2010)

	Share in Outstanding (per cent)	
	End-December 2009	**End-June 2010**
1. Priority Sectors	**36.9**	**40**
Agriculture	1.4	1.5
Solid Minerals	12.3	13.3
Exports	12.9	13.9
Manufacturing	10.3	11.1
Small Scale Enterprises	--	0.2
2. Less Preferred Sectors	**33.1**	**36.7**
Real Estate	8	8.7
Public Utilities	0.8	0.9
Transport and Communications	8	9.7
Finance & Insurance	12.7	13.7
Government	3.6	3.9
3. Unclassified	**30**	**23.1**
Total (1+2+3)	**100**	**100**

Figure 19
Share in Outstanding Credit to the Core Private Sector (Dec. 09 and Jun. 10)



4.1.5.7 Maturity Structure of DMBs' Outstanding Loans and Advances, and Deposit Liabilities

Analysis of the structure of DMBs' outstanding credit as at end-June 2010 indicated that short-term maturity remained dominant in the credit market. Outstanding loans and advances maturing one year and below accounted for 73.3 per cent of the total, compared with 77.2 per cent at the end of the corresponding period of 2009. However, the medium-term (≥1yr and ≤ 3yrs) and long-term (3yrs and above) edged up by 1.7 and 2.2 percentage points to 12.6 and 14.1 per cent, respectively. Similarly, analysis of DMBs' deposit liabilities showed a similar trend with short-term deposits of below one year constituting 98.6 per cent of the total. Indeed, 77.9 per cent of the deposits had a maturity of less than 30 days, while long-term deposits of more than three (3) years declined to 0.005 per cent from 0.4 per cent at the end of the first half of 2009.

Figure 20

Share (%) of Government and Private Sector in Banking System's Credit to the Economy

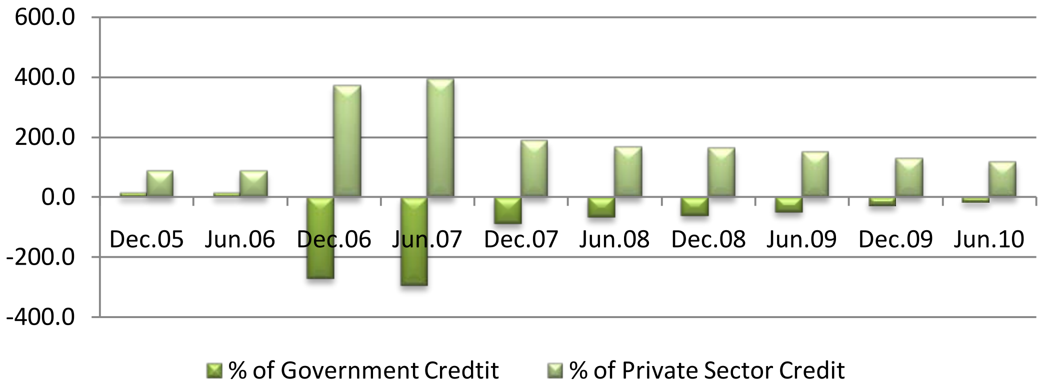
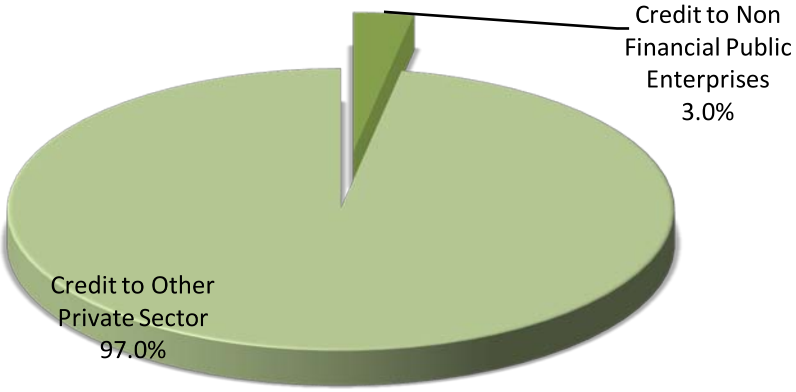


Table 4: Maturity structure of DMBs Assets and Liabilities

Assets (Loans and Advances)	Dec 08	June 09	Dec 09	Jun10
Tenor				
0-30 days	46.6	52.8	50.1	55.4
31-90 days	13.4	10.9	6.4	5.4
91-181 days	7.8	4.9	7.3	5.3
181-365 days	7.5	8.7	6.5	7.3
Short term	75.4	77.2	70.3	73.3
Medium Term (Above 1yr and below 3yrs	14.5	10.9	14.4	12.6
Long-Term (3 Years and Above)	10.1	11.9	15.3	14.1
Liabilities				
0-30 days	72.7	72.5	73.3	77.9
31-90 days	13.1	14.4	15.0	13.39
91-181 days	6.2	4.8	4.7	4.37
181-365 days	2.7	4.0	2.7	2.94
Short term	94.8	95.6	95.7	98.6
Medium Term (Above 1yr and below 3yrs)	5.2	3.9	4.1	1.4
Long-Term (3 Years and Above)	0.0	0.4	0.1	0.005

Figure 21
Share in Private Sector, End-June 2010



4.1.6 Money Market Developments

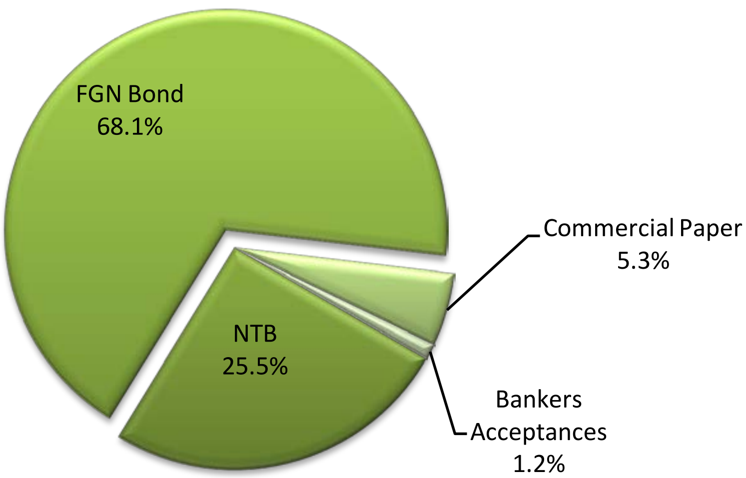
Activities at the money market during the first half of 2010 were influenced by the recovery in the price of crude oil at the international market through enhanced Federation Account allocation to the three tiers of Government. The liquidity surfeit in the money market during the last half of 2009 continued for the better part of the first half of 2010, following the huge fiscal injections into the system and the suspension of activities at the open market operations. The credit contraction in the banking system coupled with the suspension of major activities at the secondary market segment, sustained the liquidity surfeit and resulted in a considerable increase in the request for standing deposit facility (SDF) in the first three months of 2010. Request for standing lending facility (SLF) was, however, very minimal. In April and May 2010, major activities at the secondary market resumed, as four (4) auctions were held at the Open market segment for liquidity management. Patronage at the auctions was impressive as Money Market Dealers (MMD) participated actively. Similarly, patronage was high at the primary auction of NTBs and FGN Bonds. Public subscription consistently exceeded the amount on offer, pushing the issue rates higher.

The impact of the decision at the 213th Monetary Policy Committee (MPC) meeting to review the standing deposit rate from 2.0 to 1.0 per cent was very significant in the first few months of 2010, as it 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 period. However, in May, the tight liquidity condition which resulted from the inconclusive Federation Accounts Allocation Committee meeting, after the withdrawal of NNPC funds coupled with the issuance of ₦80.00 billion FGN Bonds pushed the rates above both the MPR and SLF rate. MPR remained at 6.0 per cent, while other rates were relatively lower in the review period than in the corresponding half of 2009.

4.1.6.1 Money Market Assets Outstanding

Available data indicated that money market assets outstanding at end-June 2010 stood at ₦3,539.2 billion, indicating an increase of 14.3 per cent over the level at the end of the preceding half year. Relative to the level at end-December 2009, it indicated an increase of 5.8 per cent. The development during the review period was attributed mainly to, the increase of 68.1 and 12.98 per cent in FGN Bonds and NTBs, respectively. The increase in treasury bills was attributed to the floatation of new issues to finance the Federal Government budget deficit.

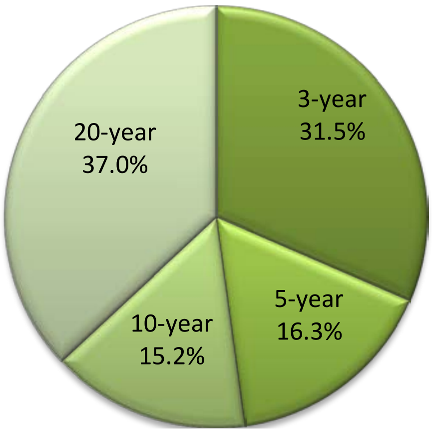
Figure 22
Money Market Assets Outstanding (End-June 2010)



4.1.6.2 Primary Market

In collaboration with the Debt Management Office (DMO), the CBN continued to act as the registrar and issuing house for Federal Government securities in the first half of 2010. Consequently, ₦460.00 billion FGN Bonds with tenors of 3-, 5-, 10- and 20-year were floated, compared with ₦405.56 billion in the corresponding period of 2009. Total subscription was ₦487.38 billion. The re-opened auctions comprised ₦145.00 billion 3-year Bonds, ₦75.00 billion 5-year Bonds, ₦70.00 billion 10-year Bonds, and ₦170.00 billion 20-year Bonds. Total subscription was ₦1,050.63 billion. The coupon rates ranged from 3.4800 to 8.2500 per cent for the 3-year, 4.0000 to 9.0000 per cent for the 5-year, 6.0000 to 8.1400 per cent for the 10-year and 7.0000 to 10.0000 per cent for the 20-year Bonds.

Figure 23
Distribution of Federal Government of Nigeria Bonds (End-June 2010)



The impressive patronage, especially for the 20-year tenor, reflected market players' confidence in the Nigerian economy. Furthermore, the preference for longer-tenored securities was due to the stable and more attractive yield. Trading at the over-the-counter (OTC) secondary market for FGN Bonds was also very active in the review period. As at end-June 2010, the total FGN Bonds outstanding stood at ₦2,408.4 billion, compared with ₦1,778.3 billion at the end of the corresponding half of 2009.

Total NTBs outstanding at end-June 2010 stood at ₦901.02 billion, an increase of 40.36 per cent over the ₦641.93 billion as at end-June 2009. The increase was attributed to the floatation of new issues to finance the Federal Government budget deficit. Auctions were conducted in the three tenors of 91-, 182- and 364-day, which constituted the dominant short-dated and frequently-issued government securities.

In the first half of 2010, 91- and 182-day tenored NTBs were offered fortnightly, while that of 364-day tenor was offered monthly. The total amount offered and allotted for all the tenors was ₦834.47 billion, while total subscription was ₦1,819.10 billion. In the corresponding period of 2009, total subscription and allotment were ₦1,227.30 billion and ₦617.16 billion, respectively. The surge in subscription at the primary market auctions for NTBs in the reviewed half year reflected the caution on the part of investors and market preference for gilt-edged securities.

4.1.6.3 Open Market Operations (OMO)

In line with the Bank's core mandate of maintaining monetary and price stability, the CBN effectively managed banking system liquidity in the review period. NTBs with tenors ranging from 57 to 352 days were auctioned at the direct OMO sales. Total amount offered and subscribed to stood at ₦190.00 billion and ₦392.44 billion, respectively, while the sum of ₦160.00 billion was allotted. The bid rates ranged from 1.2040 to 6.4110 per cent, while the issue rates ranged from 1.7990 to 3.0420 per cent. In addition, the two-way quote trading was conducted with maturity dates of July 29 and September 9, 2010 and the bid and offer rates ranged from 0.80 to 2.80 per cent and 0.50 to 2.20 per cent, respectively. Furthermore, NTBs worth ₦6.00 billion were bought at rates ranging from 1.10 to 2.20 per cent, while bills valued at ₦2.00 billion were sold at a range of 1.10 to 1.20 per cent, resulting in a net purchase of ₦4.00 billion. There was no request for repurchase transaction. However, NTBs amounting to ₦180.55 billion matured and were repaid.

4.1.6.4 Interest Rates Developments

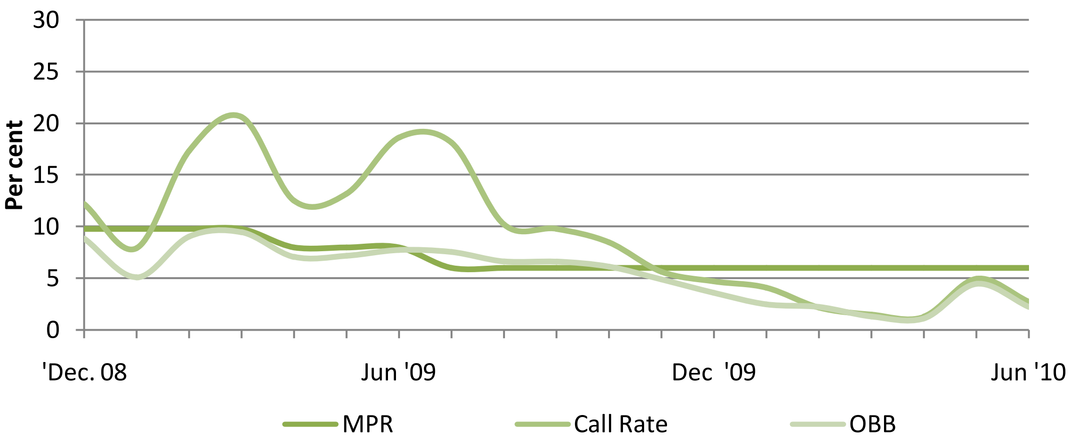
The profile of rates in the money market reflected the liquidity conditions in the banking system. In the first half of 2010, interest rates in all the segments of the money market were much lower than their levels in the corresponding period of 2009. The development was attributed to the improved liquidity, arising from quantitative easing, CBN guarantee of all interbank transactions, and granting of liquidity status to state government bonds, coupled with the asymmetric nature of the interest rate corridor whereby the upper band remained at MPR plus 200 basis points, while the lower band was reviewed downward to MPR minus 400 basis points in January and further to MPR minus 500 basis points in March 2010. In the first four (4) months of the year, rates were generally low and stable in all segments of the money market owing to the surplus funds in the banking system injected through fiscal operations.

Table 5: Money Market Rates (Per cent)

WEIGHTED AVERAGE					
Month	MPR	Interbank Call Rate	OBB	NIBOR 7-days	NIBOR 30-days
Jan-10	6.0	4.10	2.46	6.93	12.84
Feb-10	6.0	2.17	2.20	7.70	11.27
Mar-10	6.0	1.50	1.31	5.55	7.85
Apr-10	6.0	1.27	1.11	2.46	5.13
May-10	6.0	4.94	4.45	6.16	8.03
Jun-10	6.0	2.73	2.19	3.63	5.95
Average 2010	6.0	2.79	2.29	5.41	8.51
Average 2009	9.85	15.02	7.59	15.97	17.15

The average interbank call rate in the review period was 2.79 per cent, compared with 15.02 per cent in the corresponding period of 2009. The weighted average of the Nigeria Interbank Offered Rate (NIBOR) for the 7- and 30-day tenors were 5.41 and 8.51 per cent, respectively, compared with 15.97 and 17.15 per cent in the corresponding half of 2009. Similarly, the average Open Buy Back (OBB) rates stood at 2.29 per cent, compared with 7.59 per cent in the first half of 2009. The low rates were in tandem with the lower band of the MPR corridor.

Figure 24
Money Market Rates



4.1.7 Money Market Rates

4.1.7.1 Deposit Rates

The average savings deposit rate fell by 0.01 percentage point to 2.92 per cent at the end of the first half of 2010. Average term deposit rate also fell, by 4.89 percentage points, to 7.19 per cent from the rate at the corresponding half year of 2009. Rates on other deposits of various maturities fell from a range of 6.85 – 13.36 per cent in the first half of 2009 to a range of 3.29 – 8.41 per cent at the end of the first half of 2010. With year-on-year inflation rate at 14.1 per cent in June 2010, all deposit rates were negative in real terms.

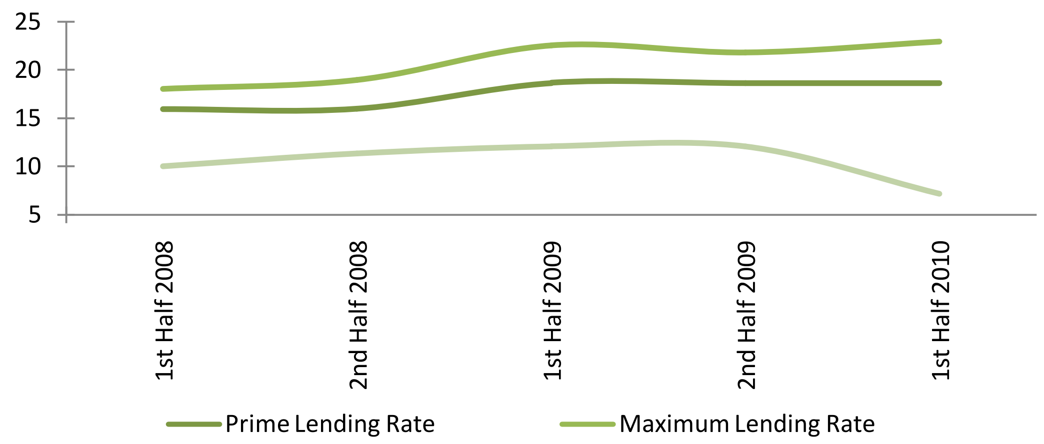
4.1.7.2 Lending Rates

In the first half of 2010, prime and maximum lending rates marginally rose to 18.68 and 22.96 per cent from 18.67 and 22.57 per cent, respectively, in the corresponding half of 2009. The spread between banks' average term deposit and maximum lending rates widened to 15.77 percentage points in the first half of 2010 from 10.49 per cent in the corresponding period of 2009.

Table 6: Selected Interest Rates (Per cent)

Month	Savings	Average Term Deposit	Prime Lending	Maximum Lending
Jan-10	3.34	10.71	18.82	22.76
Feb-10	3.31	8.97	18.74	23.33
Mar-10	3.03	6.43	19.03	23.62
Apr-10	2.94	6.70	19.05	23.47
May-10	2.92	5.99	18.77	22.56
Jun-10	1.95	4.35	17.65	22.03
Average 2010	2.92	7.19	18.68	22.96
Average 2009	2.92	12.08	18.67	22.57

Figure 25
Nominal Interest Rates Movement per cent per annum



4.1.8 Institutional Savings

Aggregate institutional savings as at end-June 2010 stood at ₦5,965.0 billion, indicating an increase of 3.5 and 3.9 per cent over the levels at end-December and end-June 2009, respectively. The DMBs remained the dominant savings institution, accounting for 98.0 per cent of the total at end-June 2010, compared with 96.6 and 94.4 per cent at end-December and end-June 2009, respectively. Other institutions, including primary mortgage institutions, life insurance funds, the Nigerian Social Insurance Trust Fund, and microfinance banks held the balance of 2.0 per cent. The ratio of institutional savings to 2010 GDP (at current basic prices) was 20.7 per cent, compared with 31.3 per cent in the corresponding period of 2009.

4.1.9 Other Financial Institutions

4.1.9.1 Repositioning/Restructuring of the Development Finance Institutions (DFIs)

During the review period, efforts were intensified at repositioning and restructuring the existing DFIs for greater effectiveness in the discharge of their mandates. In particular, wide ranging consultations were made with various stakeholders on the optimal business model for the Nigerian Agricultural Credit and Rural Development Bank (NACRDB), following the submission of the World Bank report on the way forward for the institution. In addition, the adoption of the new prudential requirements/standards drawn-up under the auspices of the Association of African Development Finance Institutions (AADFI) for the operational sustainability of the institutions was intensified during the review period.

4.1.9.2 Microfinance Banks

The total assets/liabilities of Microfinance Banks (MFBs) declined by 3.5 per cent to ₦160.8 billion from the level at end-December 2009. Similarly, loans and advances granted by the MFBs declined by 6.4 per cent to ₦60.8 billion, while the paid-up share capital and shareholders' fund increased by 2.6 and 0.2 per cent over the levels in December 2009 to ₦39.4 billion and ₦45.7.billion, respectively. When compared with the levels in the corresponding period of 2009, total assets, paid-up share capital and shareholders' fund recorded increases of 13.2, 12.3 and 1.8 per cent, respectively. Investible funds available to the sub-sector amounted to ₦8.8 billion, compared with ₦19.4 billion in the corresponding period of 2009.

4.1.9.3 Discount Houses

Total assets/liabilities of the five (5) discount houses as at end-June 2010 increased by 19.1 per cent to ₦368.6 billion, compared with ₦309.4 billion recorded at end-December 2009, but declined by 20.9 per cent from the level in the corresponding period of 2009. The total funds sourced amounted to ₦37.0 billion, compared with ₦143.3 billion at end-June 2009. The funds were sourced mainly from claims on Federal Government (₦19.1 billion). The funds were utilized mainly in the settlements of claims on "other amount owed to customers" (₦21.7 billion). Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to ₦17.7 billion at end-June 2010, representing 6.1 per cent of their total deposit liabilities. This was 53.9 percentage points below the prescribed minimum of 60.0 per cent for fiscal 2010.

4.1.9.4 Finance Companies (FCs)

The total assets/liabilities of the finance companies (FC) rose by 1.7 per cent to ₦122.9 billion at end-June 2010, compared with ₦120.9 billion at end-December 2009. The paid-up capital of the sub-sector also increased, by 6.2 per cent, to ₦18.0 billion in the review period. The loans and advances and shareholders' fund, however, declined by 24.2 and 3.8 per cent to ₦31.2 billion and ₦13.7 billion, respectively. Total borrowings rose by 12.6 per cent to ₦91.4 billion, while other liabilities declined by 45.1 per cent to ₦9.5 billion in June 2010, compared with ₦17.3 billion at end-December 2009. When compared with the levels in the corresponding period of 2009, total assets, loans and advances, shareholders' fund and other liabilities declined by 5.1, 36.7, 47.3, and 45.4 per cent, respectively, while paid-up capital and total borrowings increased by 3.4 and 17.0 per cent, respectively. Investible funds accruing to the sub-sector amounted to ₦25.7 billion. The funds were sourced mainly from increased borrowings (₦10.2 billion) and loans/advances recoveries (₦9.9 billion) and were used mainly to increase placements with banks (₦13.5 billion) and reduction in other liabilities (₦7.8 billion).

4.1.9.5 Primary Mortgage Institutions (PMIs)

The total assets of the PMIs increased by 1.6 per cent to ₦339.0 billion at end-June 2010, compared with ₦333.5 billion and ₦355.2 billion at end-December 2009 and the corresponding period of 2009, respectively. The paid-up capital, deposit liabilities and loans/advances of the sub-sector also increased by 3.8, 7.9, and 1.5 per cent over the levels at end-December 2009 to ₦60.4 billion, ₦163.0 billion and ₦123.1 billion, respectively. The development reflected the growth in the balance sheet of the PMIs, following the continued incursion of existing financial institutions into the sub-sector. Investible funds available to the PMIs in the period under review totalled ₦24.1 billion, compared with ₦25.4 billion in the corresponding period of 2009.

4.1.10 Capital Market Developments

4.1.10.1 Institutional Developments

In the first quarter of 2010, a review of the capital market rules was undertaken. The key provisions in the reviewed rules included:

- Prior approval of the Securities and Exchange Commission (SEC) required for appointment into top management of market operators.
- Listed companies required to submit their year-end accounts to SEC not later than 9 months after the reporting financial year, while government and supranational bodies should submit not later than 12 months.
- Underwriting of issues no longer mandatory, but where an issue is underwritten, the underwriting commitment by a single underwriter shall not be more than 3 times its shareholders fund for equity offering and 4 times, for fixed income securities.
- Issuers are now required to list their securities not more than 30 days after allotment clearance (where the issuer had stated in its prospectus that the securities would be listed).
- Public companies required to make additional financial reporting such as quarterly and half yearly reports, and to file annual reports with the Commission in accordance with the requirements of sections 60 – 65 of the Investment and Securities Act (ISA), 2007.

A list of practices considered by SEC as substantially preventing or reducing competition in a company's line of business was also provided to guide the market. In addition, Chevron Oil 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.

4.1.10.2 The Nigerian Stock Exchange (NSE)

The performance of the Nigerian Stock Exchange indicated mixed developments in the first half of the year. In the primary market segment, total issues declined by 80.1 per cent to 25.1 billion shares compared with 45.2 billion shares in the corresponding period of 2009. The volume and value of traded securities in the secondary market segment rose by 18.2 and 44.9 per cent to 54.8 billion shares and ₦437.0 billion, respectively, compared with 46.4 billion shares and ₦301.5 billion in the corresponding period of 2009. Market capitalization of listed securities declined by 7.1 per cent to close at ₦8.2 trillion, compared with ₦8.8 trillion recorded at end-June 2009. When compared with end-December 2009 level of ₦7.0 trillion, this represented an increase of 17.1 per cent.

4.1.10.3 New Issues Market

Total issues amounted to 11.2 billion shares, made up of 490.7 million fresh issues and 10.7 billion supplementary listings, compared with 45.2 billion shares (25.2 billion fresh issues and 20.0 billion supplementary listings) at end-June 2009. Furthermore, the ₦45.0 billion 7th FGN Bond 2015 series 2 was admitted on the Daily Official List and 471,580,000 units of Unsecured Variable Rate Redeemable Convertible Loan Stock 2009/2014 in favour of C & I Leasing Plc were also admitted on the daily official list at a price of ₦4.75 each. Others included, 13,165,000 units of Fixed Rate Senior Unsecured Non-Convertible Bonds 2014 (Series 1) in favour of Guarantee Trust Bank Plc at a price of ₦1,000.00 each and 6,000,000 units Fixed Rate Redeemable Development bonds in favour of Niger State Government at a price of ₦1,000.00 each.

Supplementary listings of 280 million shares were added to the shares outstanding in the name of May & Baker Nigeria Plc, following the bonus of 2 for 5. Also, 2.0 billion shares were added to the shares outstanding in the name of Cadbury Nigeria Plc, following the conclusion of its right issue. In addition, 348.0 million shares outstanding in the name of Custodian and Allied Insurance Plc were added, 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 included 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.

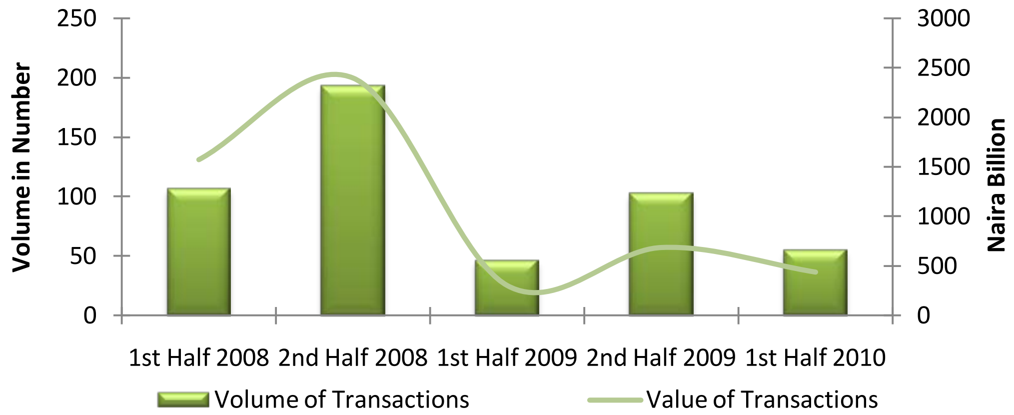
Three FGN Bonds namely, the 3rd FGN Bond 2011 Series 4, FRN 23rd DS 2010 and 4th FGN Bond 2010 Series 4 were delisted from the Daily Official List on maturity. Aboseldehyde Laboratories Plc and Afriprint Nigeria Plc were delisted from the Daily Official List. Also, the ₦15.0 billion Lagos State Floating Rate Bond was delisted on full payment.

4.1.10.4 The Secondary Market

The volume and value of traded securities in the secondary segment of the market rose by 18.2 and 44.9 per cent to 54.8 billion shares and ₦437.0 billion, respectively, compared with 46.4 billion shares and ₦301.5 billion in the corresponding period of 2009. A sectoral analysis of the developments in the market showed that the banking sub-sector remained the most active on the Exchange, with a traded volume of 27.4 billion shares valued at ₦254.0 billion in 456,482 deals. This was followed by the Insurance sub-sector with a traded volume of 10.1 billion shares valued at ₦11.1 billion in 72,604 deals.

Transactions on the FGN Bonds through the OTC segment of the market indicated a turnover of 5.95 billion units valued at ₦7.0 trillion in 67,193 deals, compared with 8.6 billion units worth ₦8.8 trillion in 53,466 deals in the corresponding period of 2009.

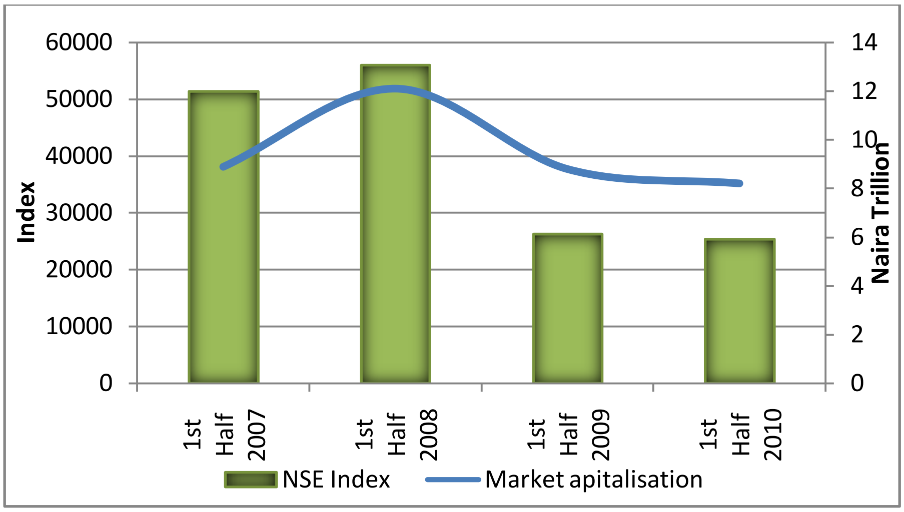
Figure 26
Volume and Value of Transactions at the NSE



4.1.10.5 Value Index of Equities

The All-Share Index of the Nigerian Stock Exchange declined by 5.8 per cent to 25,384.14 (1984=100) at end-June 2010, compared with 26,861.55 (1984=100) at end-June 2009. However, the Index increased by 21.9 per cent when compared with the level at end-December 2009.

Figure 27
Market Capitalisation and NSE Value Index

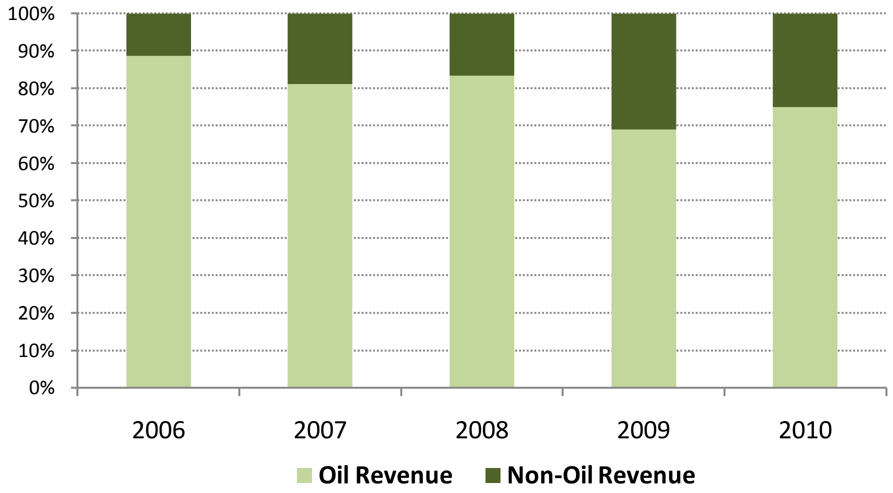


4.2 FISCAL OPERATIONS

4.2.1 FEDERATION ACCOUNT OPERATIONS

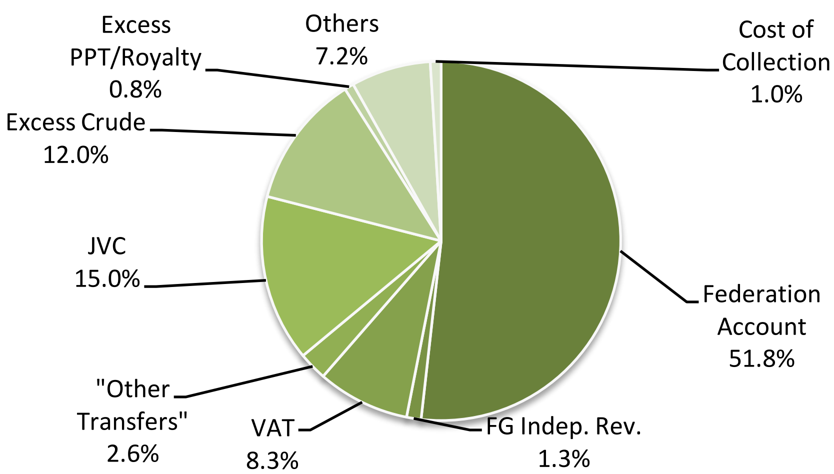
Provisional data indicated that total federally-collected revenue stood at ₦3,255.68 billion in the first half of 2010. This fell below the proportionate budget estimate by 19.1 per cent, but rose above the actual revenue in the corresponding period of 2009 by 46.2 per cent. The shortfall all in federally-collected revenue relative to budget estimate was largely due to the sharp decline in crude oil/gas export receipts and customs/excise duties. Further analysis indicated that oil-revenue accounted for 75.1 per cent, while non-oil revenue accounted for the balance. At ₦2,445.42 billion, the gross oil-revenue was short of the proportionate budget estimate by 16.4 per cent, but was higher than the level in the corresponding period of 2009 by 58.9 per cent. Similarly, non-oil revenue was lower than the proportionate budget estimate by 26.4 per c ent, but exceeded the actual revenue in the corresponding period of 2009 by 17.9 per cent.

Figure 28
Composition of Federation Revenue, First Half 2006 - 2010 (per cent)



Of the total federally-collected revenue (gross), the sum of ₦1,685.98 billion or 51.8 per cent was transferred to the Federation Account, ₦42.44 billion or 1.3 per cent to the FG independent revenue, ₦271.08 billion or 8.3 per cent to the VAT Pool Account and ₦83.23 billion or 2.6 per cent to "other transfers" (including Education Tax Fund, Customs Special Levies and National Information Technology Development Fund). The Joint Venture Cash Call, Excess Crude Oil, Excess PPT/Royalty Account and 'Others' also received 15.0, 12.0, 0.8 and 7.2 per cent, respectively, while the balance of 1.0 per cent was transferred as cost of collection to the Federal Inland Revenue Service (FIRS) and the Nigeria Customs Service (NCS).

Figure 29
Breakdown of Federally-Collected Revenue, First Half 2010 (per cent)



4.2.1.1 Federation Account Distribution

The sum of ₦1,685. 98 billion was distributed to the three tiers of government from the Federation Account in the first half of 2010, indicating a shortfall of 40.9 per cent from the proportionate budget estimate, but 18.2 per cent above the amount distributed in the corresponding period of 2009. The Federal Government's share was ₦795.99 billion while states and local governments received ₦403.74 billion and ₦311.26 billion, respectively. The balance of ₦174.99 billion accrued to the 13% Derivation Fund.

Furthermore, the sums of ₦442.82 billion, ₦39.87 billion and ₦414.22 billion were distributed as excess crude, exchange rate gain and revenue augmentation, respectively, bringing the total revenue distributed among the three tiers of government, including the 13% Derivation Fund to ₦2,582.88 billion. A breakdown of the total distributed revenue showed that the Federal Government received ₦1,207.06 billion (including Special Funds); state governments, ₦612.23 billion; Local Governments, ₦472.01 billion; while the sum of ₦291.59 billion was allocated to the 13% Derivation Fund for the Oil-Producing States. Adjustments were, however, made in respect of the excess crude shared by the federal and state governments as the sums of ₦96.87 billion and ₦4.28 billion respectively, were refunded to the local governments. These resulted in a net distribution of ₦1,110.19 billion, ₦607.95 billion, and ₦573.16 billion to the federal, states and local governments, respectively.

4.2.1.2 VAT Pool Account

The sum of ₦271.08 billion accrued to the VAT Pool Account in the first half of 2010, representing a shortfall of 2.6 per cent when compared with the proportionate budget estimate. An analysis of the distribution among the three tiers of government revealed that the Federal Government received ₦40.66 billion, state governments, ₦135.54 billion, and the local governments, ₦94.88 billion.

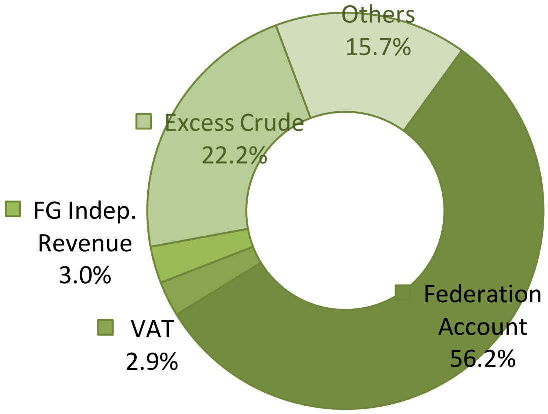
4.2.2 Federal Government Finances

4.2.2.1 Federal Government Retained Revenue

At ₦1,415.60 billion, the Federal Government retained revenue was lower than the proportionate budget estimate by 14.4 per cent, but higher than the level in the corresponding period of 2009 by 11.8 per cent. The lower retained revenue relative to the proportionate budget estimate was largely attributed to the drop in FGN Independent Revenue and the share from the Federation Account. Analysis of the retained revenue revealed that the share from the Federation Account was ₦795.99 billion, VAT Pool Account ₦40.66 billion, Federal Government independent revenue

₦42.44 billion, the Excess Crude Account (including budget augmentation, and the difference between provisional distribution and actual budget benchmarks) ₦411.07 billion, while "others" accounted for ₦222.31 billion.

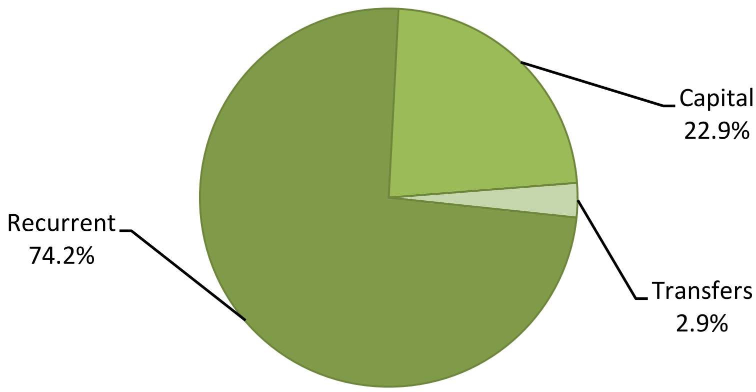
Figure 30
Composition of Federal Government Retained Revenue, First Half 2010 (per cent)



4.2.2.2 Total Expenditure of the Federal Government

Aggregate expenditure of the Federal Government stood at ₦1,940.76 billion or 14.7 per cent of GDP in the first half of 2010. This was 20.1 per cent lower than the proportionate budget estimate, but higher than the total expenditure in the corresponding period of 2009 by 22.0 per cent. The lower total expenditure relative to the proportionate budget estimate largely reflected the under-disbursement for capital expenditure and transfers. Of the total amount disbursed, recurrent and capital outlays accounted for 74.2 and 22.9 per cent, respectively, and transfers accounted for the balance of 2.9 per cent.

Figure 31
Composition of Federal Government Expenditure, First Half 2010 (per cent)

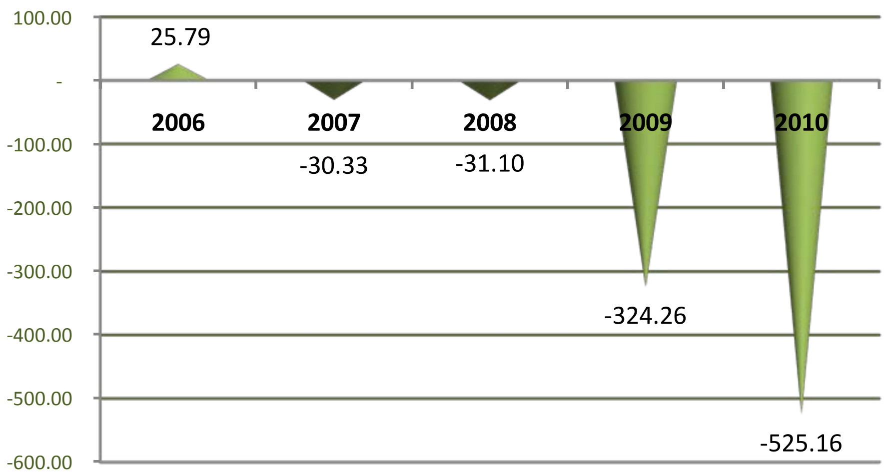


The economic classification of recurrent expenditure showed that ₦1,081.85 billion or 8.2 per cent of GDP was disbursed for goods and services, ₦170.56 billion or 1.3 per cent of GDP for interest payments while transfers appropriated ₦186.90 billion or 1.4 per cent of GDP. Analysis of the functional classification of expenditure showed that social and community services rose by 27.2 per cent to ₦240.99 billion or 1.8 per cent of GDP as against ₦189.43 billion or 1.7 per cent of GDP in the corresponding period of 2009. Similarly, the expenditure on economic services increased by 75.7 per cent to ₦155.62 billion or 1.2 per cent of GDP in the first half of 2010, from ₦88.58 billion or 0.8 per cent of GDP achieved in the corresponding period of 2009.

The functional classification of Federal Government capital expenditure in the first half of 2010 revealed that aggregate capital releases for economic services declined by 12.9 per cent from its level in the first half of 2009 to ₦249.50 billion or 1.9 per cent of GDP and accounted for 56.1 per cent of the total capital releases. The social and community services accounted for 14.1 per cent of the total, but declined by 12.7 per cent from its level in the corresponding period of 2009 to ₦62.98 billion or 0.5 per cent of GDP. The expenditure on administration, which accounted for 25.6 per cent of the total, declined by 1.7 per cent to ₦114.16 billion or 0.9 per cent of GDP. Overall, provisional data indicated that the total capital releases, at ₦445.11 billion, represented 48.0 per cent of the proportionate budget estimate of ₦926.52 billion in the first half of 2010.

Consequently, the fiscal operations of the Federal Government in the first half of 2010 resulted in an overall notional deficit of ₦525.16 billion or 4.0 per cent of GDP, as against the proportionate budget deficit of ₦775.40 billion and the notional deficit of ₦342.75 billion or 3.0 per cent of GDP achieved in the corresponding period of 2009. The deficit was financed largely with FGN Bonds (₦366.87 billion), excess crude (₦97.66 billion) and a World Bank loan (₦75.03 billion or US$500.00 million).

Figure 32
Federal Government Fiscal Balance, First Half 2010 (Naira Billion)



4.2.3 STATE GOVERNMENT FINANCES

Gross statutory allocation to state governments from the Federation Account in the first half of 2010 amounted to ₦403.74 billion which represented an increase of 17.9 per cent above the level in the corresponding period of 2009. The sum of ₦37.29 billion was, however, deducted as commitments in respect of various contractual obligations, including fertilizer procurement, external debt service, National Water Rehabilitation Projects, Agricultural Development Project, National Fadama Project and National Agricultural Technology Support Programme. This resulted in a statutory allocation of ₦366.45 billion or 2.8 per cent of GDP. In addition, the sum of ₦174.99 billion was allocated to the oil-producing states as 13% Derivation Fund, representing an increase of 20.9 per cent relative to the level in 2009. Thus, the net statutory allocation to states amounted to ₦541.44 billion, representing an increase of 21.5 per cent when compared with the level in the corresponding period of 2009.

The share of state governments from the VAT Pool Account, budget augmentation, exchange rate gain and the Excess Crude Account amounted to ₦134.54 billion, ₦150.14 billion, ₦14.45 billion and ₦156.22 billion[1], respectively, in the first half of 2010.

[1]The gross share of state governments from the excess crude account was ₦160.51 billion. However, ₦4.28 billion was paid to local governments by Abia, Enugu and Osun states.

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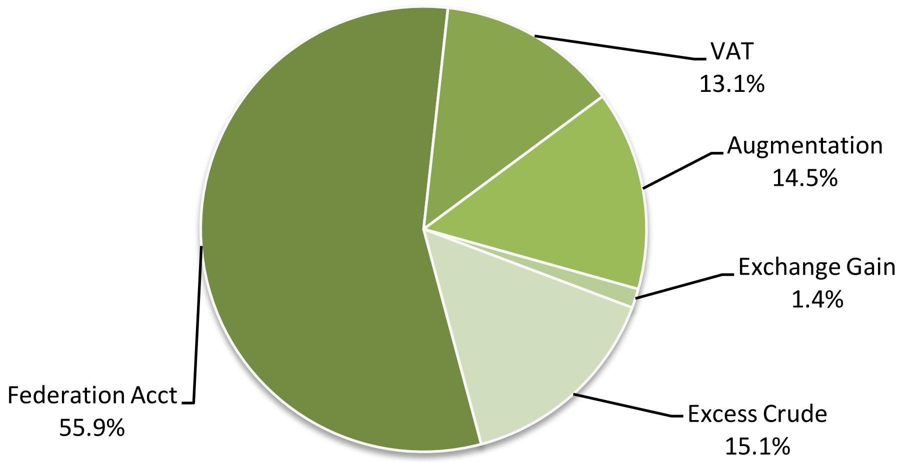
Further analysis showed that the share from the Federation Account was highest at 55.9 per cent while VAT, budget augmentation, exchange rate gain and excess crude contributed 13.1, 14.5, 1.4 and 15.1 per cent, respectively.

Figure 33
Composition of Total Allocations to State Governments, First Half 2010 (per cent)

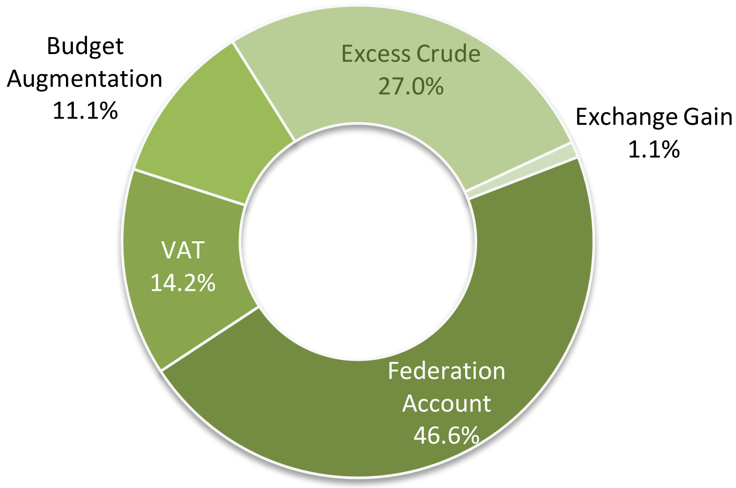


Consequently, total net allocations to the state governments amounted to ₦997.79 billion or 7.6 per cent of GDP which represented an increase of 22.7 per cent over the ₦813.04 billion received in the first half of 2009.

4.2.4 LOCAL GOVERNMENT FINANCES

Aggregate statutory allocation to the 774 local governments from the Federation Account (including budget augmentation, excess crude and exchange rate gain) and VAT Pool Account was ₦668.04 billion in the first half of 2010. This exceeded the total receipts in the corresponding period of 2009 by 47.4 per cent. The increase in revenue was attributed to the increase in statutory shares from the Federation Account during the period under review. The breakdown showed that the Federation Account, excess crude sharing, budget augmentation, exchange rate gain, and VAT Pool Account, accounted for ₦311.26 billion (46.6%), ₦180.52 billion (27.0%), ₦74.24 billion (11.1%), ₦7.15 billion (1.1%) and ₦94.88 billion (14.2%), respectively. Of the ₦180.52 billion shared from the excess crude account, the sums of ₦96.87 billion and ₦4.28 billion constituted refund of excess appropriation by the federal and state governments, respectively.

Figure 34
Composition of Total Allocations to Local Governments, First Half 2010 (per cent)

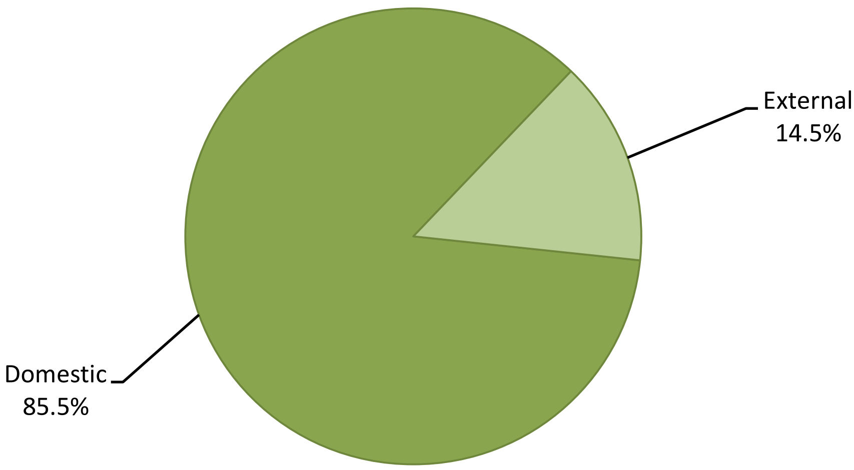


4.2.5 PUBLIC DEBT

4.2.5.1 Consolidated Government Debt

Provisional data indicated that the stock of Federal Government consolidated debt at the end of the first half of 2010 was ₦4,405.18 billion or 15.3 per cent of GDP. This represented an increase of 15.4 per cent over the level at end-December 2009. The breakdown showed that the domestic debt was ₦3,764.76 billion or 85.5 per cent, while the external debt amounted to US$4.27 billion (₦640.41 billion) or 14.5 per cent of total.

Figure 35
Composition of Federal Government Consolidated Debt, First Half 2010 (per cent)



4.2.5.2 Domestic Debt

The Federal Government's outstanding securitized domestic debt stood at ₦3,764.76 billion or 13.1 per cent of GDP at end-June 2010, representing an increase of 16.6 per cent over the level at end-December 2009. The rise was due to the issuance of additional FGN Bonds, promissory notes, and treasury bills. The banking system remained the dominant holder of the total outstanding debt with 70.7 per cent, the non-bank public accounted for 24.8 per cent and the balance of 4.5 per cent was held in a sinking fund.

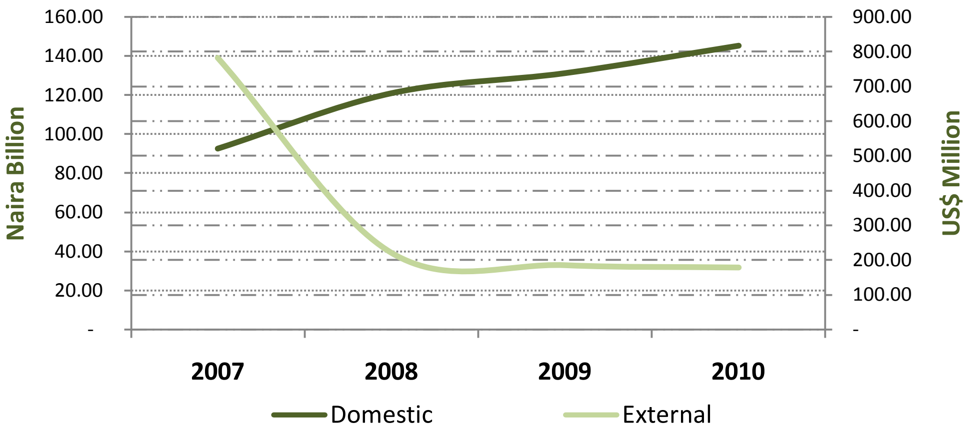
4.2.5.3 External Debt

Provisional data revealed that the Federal Government's stock of external debt at end-June 2010 was US$4.27 billion or 2.2 per cent of GDP. This represented an increase of 14.8 per cent over the level at end-December 2009. Further analysis indicated that 90.4 per cent was owed to multilateral creditors, while the balance of 9.6 per cent was accounted for by non-Paris Club bilateral and commercial debts. The low external debt stock ratio indicated a sustainable external debt position for the country at end-June 2010.

4.2.5.4 Debt Service Payments

Provisional data indicated that the total debt service payment of the Federal Government in the first half of 2010 was ₦171.83 billion or 1.3 per cent of GDP. This represented an increase of 8.6 per cent over the level at the corresponding period of 2009. The breakdown showed that the domestic debt service amounted to ₦145.18 billion or 84.5 per cent, while the external debt service was ₦26.65 billion (US$0.18 billion) or 15.5 per cent of total.

Figure 36
Trend in Federal Government Debt Service, First Half 2007 - 2010



At ₦145.18 billion, domestic debt service payment was 10.7 per cent higher than the level in the corresponding period of 2009. The growth was as a result of the significant increase in interest payments on FGN Bonds and other principal repayments of maturing development stocks. External debt service payments amounted to US$0.18 billion indicating a decline of 3.6 per cent from the level at end-June 2009. A breakdown of the external debt service payments showed that 75.4 per cent was paid to multilateral institutions, while ‘other creditors’ received the balance of 24.6 per cent.

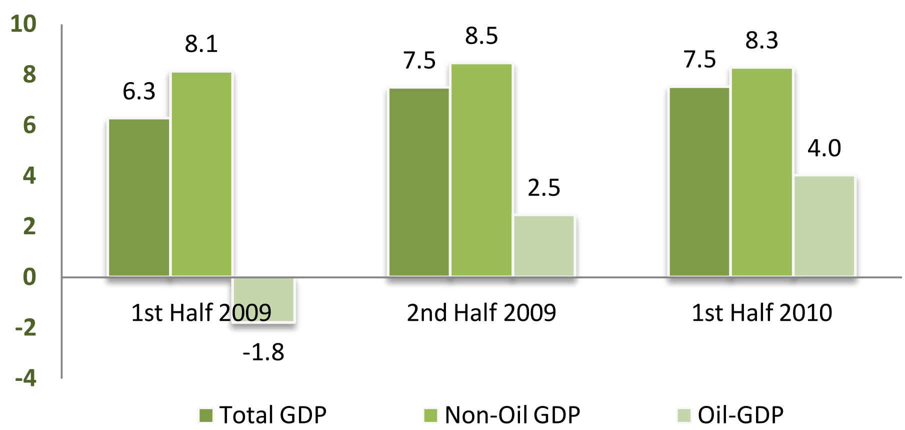
Table 7: Selected Debt Indicators (Per cent)

	End-Jun 2007	End-Jun 2008	End-Jun 2009	End-Dec 2009	End-Jun 2010
External Debt/GDP	4.4	1.5	2.4	2.4	2.2
Domestic Debt/GDP	21.4	7.8	12.4	13.1	13.1
Total Debt/GDP	25.9	9.3	14.8	15.5	15.3
External Debt/Export	12.0	10.8	10.7	8.5	11.9
Domestic Debt Service/Revenue	7.6	8.5	16.1	20.5	11.1
Total Debt Service/GDP	1.9	0.5	1.0	2.5	0.6
Total Debt Service/FG-Retained Rev.	16.8	10.4	18.2	22.9	13.1

4.3 REAL SECTOR DEVELOPMENTS

Moderate growth was achieved in the first half of 2010 with the implementation of various reform programmes in the economy. Provisional data from the National Bureau of Statistics (NBS) indicated that the gross domestic product (GDP) at 1990 constant basic prices grew by 7.5 per cent in the first half of 2010, compared with the 6.3 per cent recorded in the corresponding period of 2009. The growth was driven by the non-oil sector, which grew by 8.3 per cent and accounted for 83.0 per cent of total GDP. Similarly, the oil sector grew by 4.0 per cent and accounted for the remaining 17.0 per cent. The improved performance of the oil sector was largely due to the significant increase in crude oil production as a result of the sustain peace in the Niger Delta region of the country. The growth in non-oil GDP was driven by: agriculture with a relative contribution to total GDP growth of 2.3 per cent and share in total GDP of 39.1 per cent; services followed with a relative contribution of 2.1 per cent and share in total GDP of 19.5 per cent; while wholesale and retail trade with a relative contribution of 1.9 per cent and share in total GDP of 19.1 per cent. Industry as a whole and building and construction had relative contributions of 0.9 and 0.3 per cent, respectively, with shares in total GDP of 19.9 and 2.3 per cent, respectively. The positive growth in industrial output in the first half of 2009 was sustained, as industrial output (including crude oil and natural gas) grew by 4.5 per cent. Agriculture remained dominant in terms of sectoral contribution, with a relative contribution of 2.3 per cent to total GDP growth. It was followed by services, wholesale and retail trade, industry, and building and construction, with relative contributions of 2.1, 1.9, 0.9 and 0.3 per cent, respectively, to growth.

Figure 37
GDP Growth Rate, First Half 2010 (per cent)



4.3.1 Agriculture

4.3.1.1 Agricultural Policies and Institutional Support

The policy thrust of agriculture in Nigeria is to promote sustainable environment, food security and reduction of hunger, among others, as contained in the 7-point Agenda and Vision 20:2020 of the Federal Government and the Millennium Development Goals (MDGs). Thus, institutional support measures implemented in 2009 were retained in 2010 to address the challenges of rising cost of food, provide access to credit by farmers, promote commercial agriculture, encourage bio-fuel production as well as achieve the minimum sectoral growth target of 10.0 per cent.

In order to reduce the financing challenges facing the sector, the disbursement under the Commercial Agricultural Credit Scheme (CACS) was scaled up, in addition to other subsisting financing initiatives. Loans under the scheme were provided at a single-digit interest rate to improve agricultural production, diversify the revenue base of the economy and provide inputs for the industrial sector on a sustainable basis. Thus far, the sum of ₦59.98 billion had been released for disbursement to 59 projects (including state governments) as at end-June 2010. In addition, the agricultural sector was expected to benefit from other programmes designed to unlock credit to the real sector such as the ₦200 billion intervention funds to refinance and re-structure existing loans of the manufacturing/small and medium enterprises sector, and the ₦200 billion Small and Medium Enterprises Credit Guarantee Scheme (SMECGS).

Furthermore, the Rural Finance Institution Building Programme (RUFIN) commenced operations with the mandate to develop and strengthen rural micro-finance institutions (RMFIs) and MFBs, establish linkages between RMFIs and formal finance institutions. RUFIN is expected to create a viable and sustainable rural financial system, guarantee credit facility to RMFIs by MFBs and deposit money banks as well as refinance RMFIs through MFBs. The programme was being implemented in 12 selected states through a loan of US$27.2 million from international fund for agricultural development (IFAD), a grant of US$0.5 million from the Ford Foundation and counterpart funding from the Federal Government and participating states. The Programme is expected to impact positively on the capacity of rural financial institutions to provide resources to meet the credit requirements of the rural farm communities.

The policy of Guaranteed Minimum Price (GMP) was retained during the period under review to protect farmers from the effects of price volatility. Under the policy, buying agents were selected and registered to purchase food items at GMP for storage in the Strategic Food Reserves. As part of national food security measures, some of the grains from the Strategic Food Reserve were released and distributed to cushion the effects of rising prices of some staples.

The deregulation of fertilizer supply and expansion of irrigation infrastructure continued to be accorded priority. The Federal Government, however, continued its involvement in fertilizer supply to ensure that farmers nationwide had access to the product during the 2010 farming season. Pursuant to this objective, 900,000 tonnes of the commodity was procured for distribution at 25 per cent subsidy. To ensure that fertilizers got to the targeted recipients, an effective monitoring and quality assurance framework was put in place. The delivery of extension services was also boosted with the training of additional 10,000 extension workers to extend technology on various aspects of crop production to farmers.

An Inter-Ministerial Committee was established to create awareness on the potentials of cocoa production, processing, warehousing and export as part of efforts to ensure that the country regained her lost share of the global commodity trade. In a related development, the National Agricultural Seeds Council was mandated to provide guidelines for certified seed production.

4.3.1.2 Agricultural Production and Prices

Agricultural output recorded modest growth in the first half of 2010. At 228.0 (1990=100), the estimated index of agricultural production increased by 5.9 per cent, compared with 5.1 per cent in the first half of 2009. The growth in agricultural output was attributed to the various government intervention measures initiated in the review period or rolled over from 2009. These included a refocused and re-engineered tractor provision programme, subsidy on fertilizers, the CACS, zero tariffs on imported agro-chemicals, and tightening of controls on smuggling of agricultural products into the country. All the sub-sectors of agriculture contributed to the growth witnessed during the period under review. The output of staples and "other" crops rose by 5.9 and 5.7 per cent, respectively, compared with 5.2 and 5.6 per cent in the first half of the preceding year. Similarly, the output of fisheries, livestock and forestry rose by 8.5, 6.4, and 4.2 per cent, respectively, compared with 4.3, 6.1 and 1.3 per cent achieved in the first half of 2009.

A survey on domestic retail prices of selected food items conducted by the CBN showed that prices trended upward when compared with the levels in the corresponding period of 2009. The increases in the prices of ten out of the fourteen commodities monitored ranged from 1.4 per cent for brown beans to 29.1 per cent for vegetable oil. The price increases reflected the effects of distribution constraints and increasing demand for non-food uses. The remaining four commodities recorded price declines ranging from 4.8 per cent for local rice to 13.0 per cent for guinea corn.

The prices of most Nigeria's major agricultural export commodities at the London Commodities Market increased in the first half of 2010. At 435.9 (1990=100), the dollar-based all-commodities price index rose by 25.7 per cent over the level in the first half of 2009. Five of the six commodities monitored recorded price increase of 23.0, 23.5, 24.1, 26.0 and 49.3 per cent for palm oil, coffee, copra, cocoa and cotton, respectively while soya beans recorded a price decline of 7.5 per cent. The price increase reflected the gradual resurgence of demand in the aftermath of the global financial and economic crises.

4.3.2 Industry

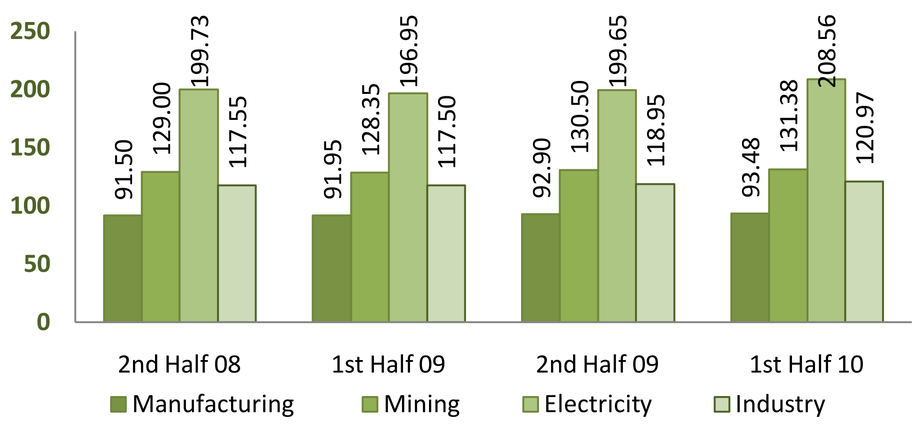
4.3.2.1 Industrial Policy and Institutional Support

During the period under period, government intensified efforts toward improving infrastructural facilities across the country in order to improve industrial and other economic activities. This led to electricity projects being undertaken to improve power generation, transmission and distribution across the country. Also, existing roads were being rehabilitated to enhance movement of goods and people. In fulfilling its developmental role and ensuring that the financial sector contributes to the real sector of the economy, the CBN initiated measures to unlock credit to the real sector of the economy through quantitative easing. The sum of ₦500.0 billion was provided as intervention fund for lending to some priority sectors. Of this amount, ₦300.0 billion was for investment in emergency power projects dedicated to industrial clusters, while the balance of ₦200.0 billion was for refinancing and restructuring of existing banks' loans to the manufacturing and aviation sub-sectors. To complement the intervention fund, the CBN also approved the establishment of the ₦200.0 billion SMECGS to promote access to credit by manufacturers and the SMEs.

4.3.2.2 Industrial Production

Provisional data indicated improved performance in aggregate industrial output in the first half of 2010. The index of industrial production at 120.97 (1990=100), rose by 3.0 per cent when compared with the level in the corresponding period of 2009. The increase was attributed to improved performance in manufacturing, mining and electricity consumption by 1.7, 2.4, and 5.9 per cent, respectively.

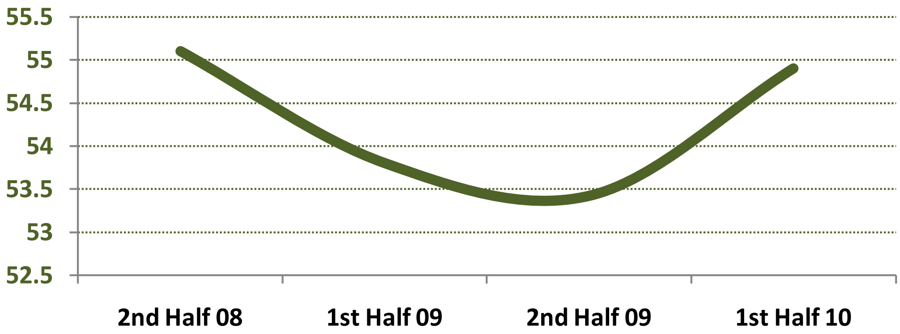
Figure 38
Industrial Production Index, Half Year 2008 – 2010



4.3.2.3 Manufacturing

At 93.48 (1990=100), the estimated index of manufacturing production rose marginally by 1.7 per cent relative to the level in the corresponding period of 2009. The performance of the manufacturing sub-sector during the period under review was attributed largely to the slight increase in credit delivery by the DMBs to the sub-sector and the marginal improvement in the supply of electricity. Consequently, the average manufacturing capacity utilisation estimated at 54.9 per cent rose by 1.1 percentage points from the level in the corresponding period of 2009.

Figure 39
Average Manufacturing Capacity Utilisation, Half Year 2008 – 2010



4.3.3 Crude Oil

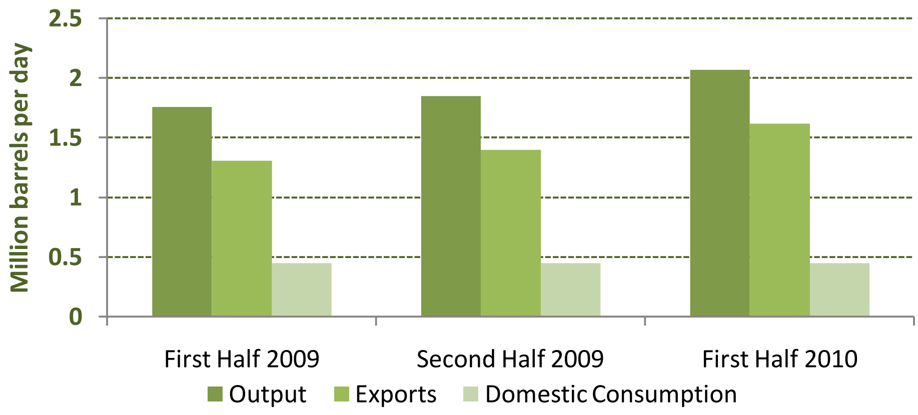
4.3.3.1 Crude Oil Production and Demand

The aggregate production of crude oil, including natural gas liquids (NGLs) and condensates by the Organization of Petroleum Exporting Countries (OPEC) was estimated at 33.89 million barrels per day (mbd) during the first half of 2010. This translated to an increase of 1.2 and 1.6 per cent over the levels in the preceding and corresponding halves of 2009, respectively. Non-OPEC supply was estimated at 52.10 mbd, a 1.8 per cent increase over the second half of 2009. Total world supply was, therefore, estimated at 85.99 mbd for the period under review, showing an increase of 1.5 and 2.7 per cent over the levels in the preceding and the corresponding half of 2009, respectively.

World crude oil demand was estimated at 84.59 mbpd in the first half of 2010, compared with 82.86 mbd in the first half of 2009. Of this amount, demand from the Organization for Economic Co-operation and Development (OECD) countries was estimated at 45.14 mbd, while that of non-OECD was 39.45 mbd. Strong economic growth in China, India, the Middle East region and Latin America continued to drive the increase in global oil demand.

Nigeria's crude oil production increased in the first half of 2010, with a total estimated daily production of 2.07 mbd. Total crude oil production for the period under review, including condensates, was estimated at 374.67 million barrels, an increase of 0.12 and 0.18 mbd over the preceding and the corresponding halves in 2009. The sustained output level was attributed to the relative peace in the Niger Delta region. The aggregate export of crude oil for the period under review was estimated at 293.22 million barrels or 1.62 mbd compared with 1.31 mbd in the corresponding half of the previous year.

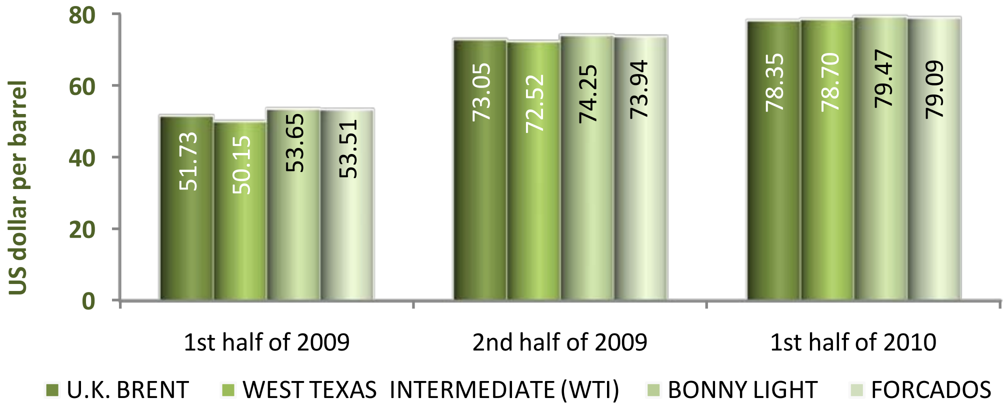
Figure 40
Crude Oil Production and Exports, First Half 2010



4.3.3.2 Crude Oil Prices

At the International oil market, the average spot price of Nigeria's reference crude, the Bonny Light (37^{o} API) increased by 48.1 per cent from its level in the first half of 2009, to US$79.47 per barrel. The average prices of the UK Brent, West Texas Intermediate and the Forcados also increased by 51.5, 56.9 and 47.8 per cent to US$78.35, US$78.70 and US$79.09 per barrel, respectively, compared with the corresponding half of 2009. The average price of the OPEC basket of twelve crude streams was US$75.99 per barrel. The development was due to the increase in the global demand for crude oil arising from the gradual recovery of the global economy and the potential disruption to production activities during the hurricane season.

Figure 41
Average Spot Prices of Selected Crudes Traded in the Intern. Oil Market, First Half 2010

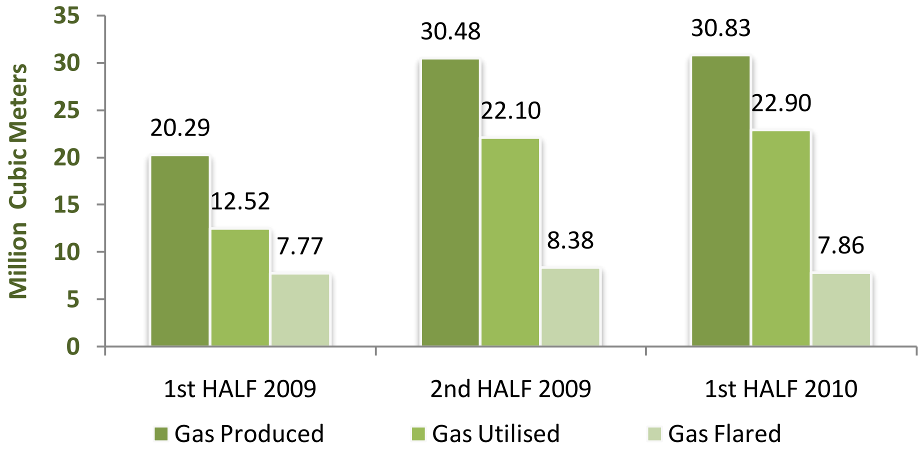


Source: Reuters

4.3.4 Gas

Total associated gas produced in Nigeria during the review period was estimated at 30.83 million cubic metres (MMm³), indicating an increase of 10.50 MMm³ over the level in the corresponding period of 2009. The total amount of gas utilized during the period was 22.90 MMm³, while total gas flared was estimated at 7.86 MMm³ a marginal increase of 1.1 per cent over the level in the second half of 2009.

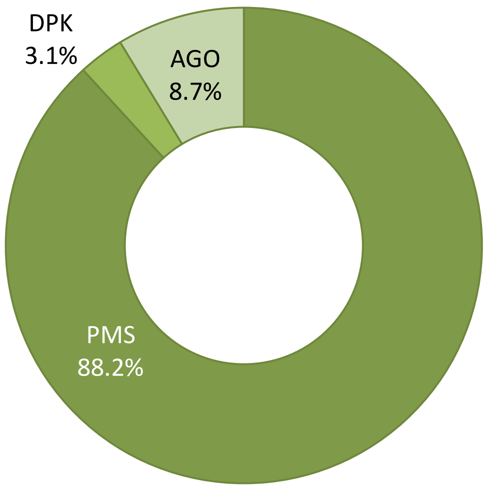
Figure 42
Gas Production and Utilisation, First Half 2010



4.3.5 Petroleum Products

In the downstream petroleum sector, a total of 4,031,960.76 litres of various white products were processed by the local refineries in the first half of 2010, compared with 5,877,890.0 litres in the first half of 2009. This represented a decrease of 31.40 per cent from the level in the corresponding period of 2009. The estimated quantity of petroleum products distributed by the major and independent marketing companies during the review period were: premium motor spirit (PMS), 3,556,592.00 million litres; household kerosene (HHK) or dual purpose kerosene (DPK), 124,503.96 million litres and automotive gas oil (AGO), 350,864.80 million litres.

Figure 43
Consumption of Petroleum Products in the First Half of 2010



4.3.6 Solid Minerals

Provisional data from the Federal Ministry of Mines and Steel Development showed that the total solid minerals production in the first half of 2010 increased by 0.37 million tonnes over the level in the corresponding period of 2009 to 45.3 million tonnes. The development was accounted for by the increase in the production of all the principal solid minerals such as marble aggregates, sand, stone aggregates, limestone, gypsum, laterite and cassiterite. The increase in production reflected the increased participation of the private sector and increased construction activities.

4.3.7 Electricity Generation

At 2,749.9 mega-watts per hour (Mw/h), average total electricity generation in the country rose by 22.2 per cent above the 2,250.5 Mw/h attained during the same period of 2009. The improvement in power generation during the first half of 2010 was attributed to increased gas supplies to all the thermal stations, including Sapele, Geregu, Olorunsogo and a rise in water level at the hydro power stations.

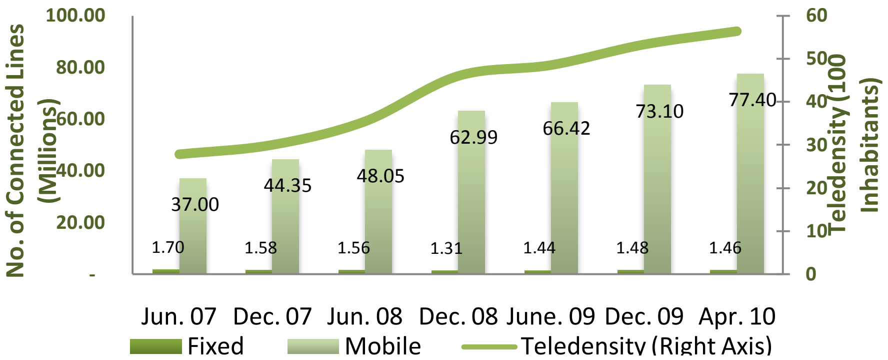
4.3.8 Electricity Consumption

Provisional data showed that at 2,498.2 Mw/h, average total electricity consumption in the country increased by 21.4 per cent above the level in the corresponding period of 2009. Residential consumption accounted for 55.2 per cent of the total, commercial consumers, 33.2 per cent, industrial, 10.7 per cent and street lighting consumption, 0.9 per cent. The rise in electricity consumption relative to the first half of 2009 was attributed to increased power supply from the power generating stations.

4.3.9 Telecommunications

The telecommunications sub-sector remained vibrant during the first half of 2010. Available data from the Nigerian Communications Commission (NCC) indicated that the total number of active telephone lines grew by 16.2 per cent from 67.9 million lines in June 2009 to 78.9 million lines as at end-April 2010. The teledensity consequently rose from 48.5 per 100 inhabitants in June 2009 to 56.3 per 100 inhabitants at end-April 2010. As in the past, growth in the sector was ascribed to the developments in the mobile telephony sub-sector where the number of lines increased by 16.5 per cent to 77.4 million active lines as at end-April 2010, from 66.4 million active lines in June 2009. Overall, new entrants, aggressive competition, increased consumer sophistication, product/service innovation and an assertive regulatory body have characterized the Nigerian telecommunications environment. Another major development in the sub-sector was the commencement of the implementation of the regulatory requirement by the NCC that all network operators should register new and existing SIM cards.

Figure 44
Total Connected Lines and Teledensity



4.3.10 Consumer Prices

The increase in the general price level which started towards the end of the second half of 2009, continued into the first half of 2010. The all-items composite consumer price index (CPI) stood at 108.8 (November 2009 = 100) at end-June 2010, compared with 95.3 and 102.2 at end-June and end-December, 2009, respectively. The year-on-year headline inflation fluctuated during the first half of 2010 and stood at 14.1 per cent in June 2010, compared with 11.2 and 13.9 per cent in June and December 2009, respectively. Similarly, the 12-month moving average inflation rate exhibited the same trend as the year-on-year, but declined marginally from 13.7 per cent at end-June 2009 to 13.1 per cent at end-June 2010.

Figure 45
Consumer Price Indices and Inflation Rate, Half year 2010 (November 2009 = 100)

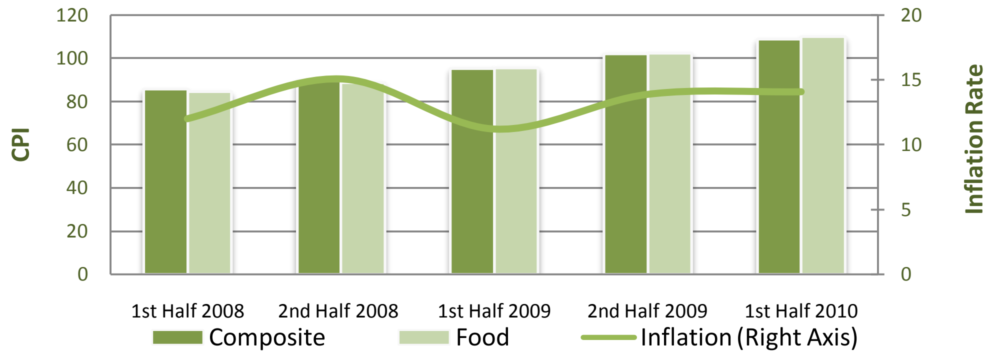
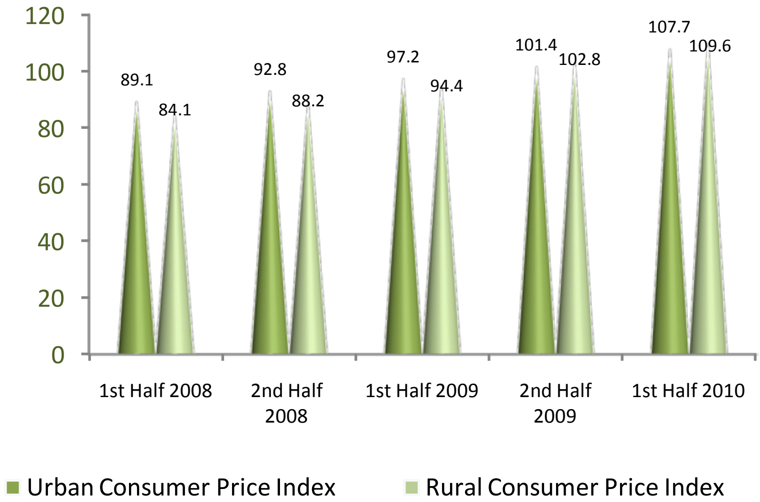


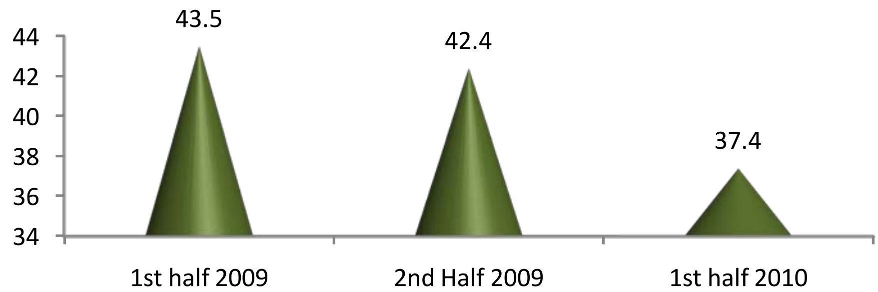
Figure 46
Urban and Rural Consumer Price Indices, Half year 2010 (November 2009 = 100)



4.4. EXTERNAL SECTOR DEVELOPMENTS

The pressure on the external sector moderated as the deficit in the overall balance in the first half of 2010 amounted to ₦737.7 billion, compared with ₦1,390.5 billion in the first half of 2009. It was, however, higher than the ₦160.7 billion recorded at end-December 2009. The external sector remained viable, owing largely to the increased earnings from crude oil exports occasioned by the recovery in crude oil prices in the global market and the relative calm in the Niger Delta region. The average price of Nigeria's reference crude, the Bonny Light (37^0 API) increased by 48.1 per cent to US$79.5 in the first half of 2010. Crude oil continued to dominate export receipts, accounting for 96.3 per cent of total exports. The flow of capital to the economy remained low due to the slow recovery of the global economy. External debt at end-June 2010 stood at US$4.27 billion or 2.2 per cent of GDP, remaining within sustainable level; however, it increased by 8.2 and 14.8 per cent over the levels at end-December 2009 and the corresponding period of 2009. External reserves stood at US$37.4 billion and declined by 13.9 and 11.7 per cent from the levels at end-June and end-December 2009, respectively. The major challenge for the external sector remained its vulnerability to oil price shocks.

Figure 47
External Reserves Stock (US$ billion)



4.4.1 Balance of Payments

4.4.1.1 Trade

The goods account (fob) adjusted for balance of payments, at ₦2,782.2 billion in the first half of 2010, grew by 20.9 and 148.7 per cent when compared with the ₦2,301.1 billion and ₦1,185.6 billion recorded in second half of 2009 and the corresponding period of 2009, respectively. Thus, total trade (exports and imports) amounted to 55.9 per cent of GDP, a reflection of Nigeria's growing trade openness to the global economy. Aggregate exports (fob) in the review period amounted to ₦3,463.4

billion, representing 40.7 per cent of GDP. It improved by 13.9 and 128.7 per cent over the levels in the second and first halves of 2009, respectively. The growth in the value of exports was attributed to the increase in price of crude oil, rebound in aggregate demand following the gradual recovery in the global economy and improved domestic oil production. Oil sector exports accounted for 96.3 per cent of the total exports, retaining its dominance over non-oil exports which stood at 3.7 per cent of the total. Gas exports accounted for 11.8 per cent of the total oil exports and 4.8 per cent of GDP.

Figure 48
Exports, Imports and Trade Balance (Naira Billion)

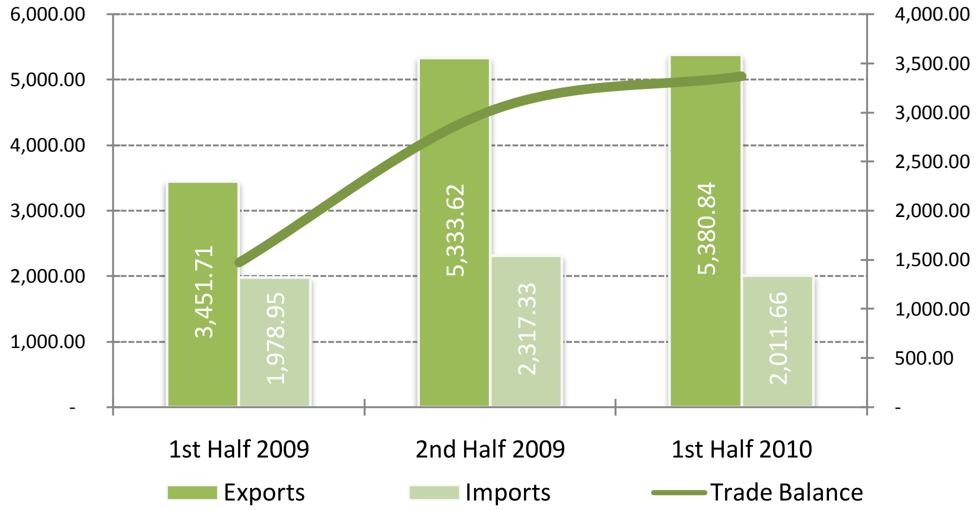
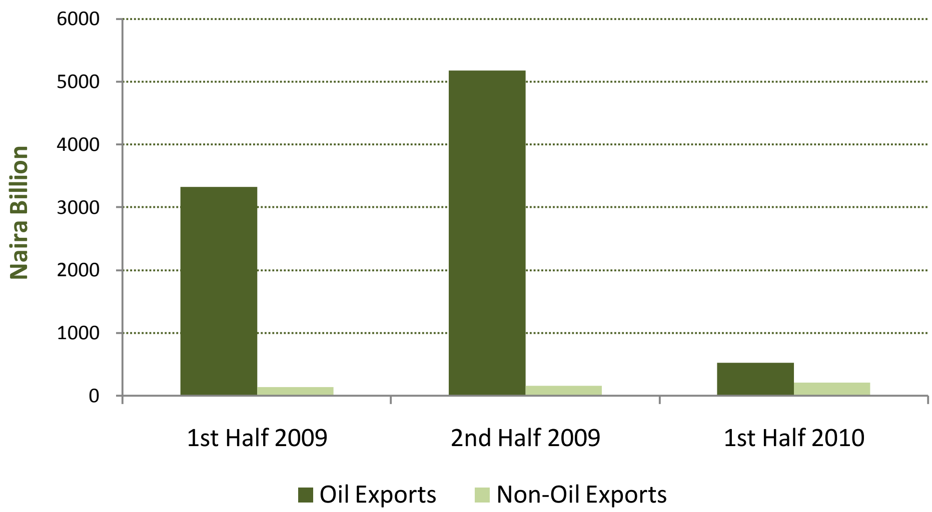
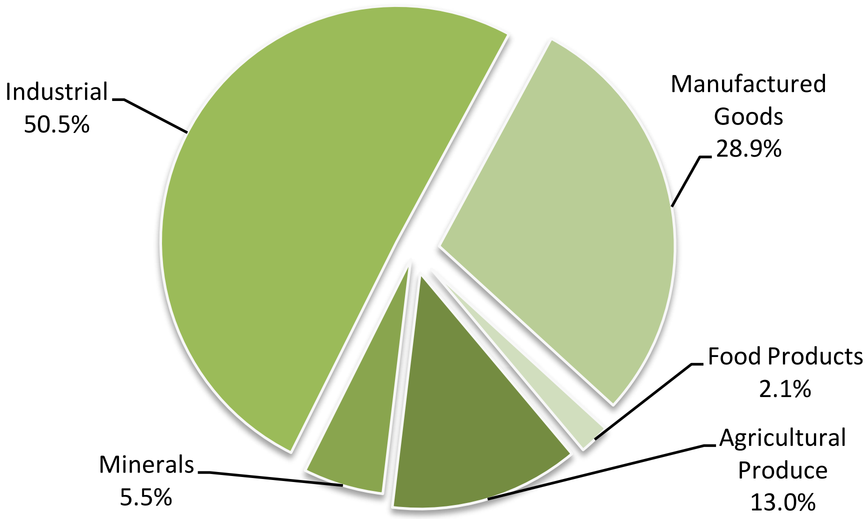


Figure 49
Value of Oil and Non-Oil Exports (Naira Bill



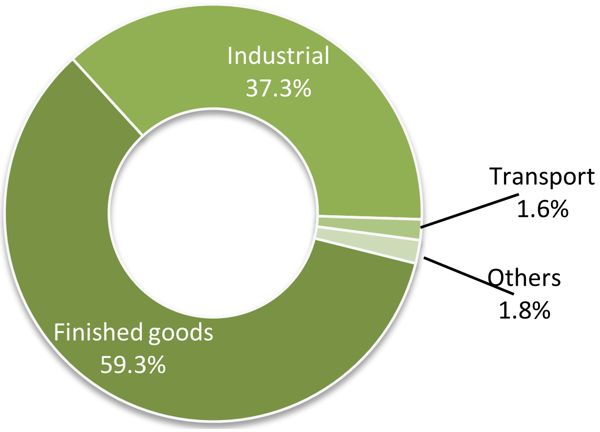
The performance of the non-oil exports remained low at ₦205.5 billion or 1.5 per cent of GDP in the period under review. When compared with the first and second halves of 2009, it increased by 53.8 and 31.9 per cent, respectively. A further breakdown of non-oil exports showed that industrial, agricultural produce, food products, manufactured goods, and minerals accounted for 50.5, 13.0, 2.1, 28.9 and 5.5 per cent of the total, respectively.

Figure 50
Non-Oil Exports by Products, First Half 2010 (per cent)



Aggregate imports (fob) amounted to ₦2,067.9 billion and constituted 15.2 per cent of GDP at end-June 2010. The imports declined by 11.4 per cent when compared with ₦2,334.9 billion in the second half of 2009, while it increased by 3.8 per cent over the level in the corresponding period of 2009. A disaggregation showed that non-oil imports constituted 64.6 per cent of the total and oil sector imports accounted for 35.4 per cent. The sectoral breakdown of non-oil imports revealed that, industrial sector accounted for 37.3 per cent of the total, finished goods (food and manufactured products) 59.3 per cent, transport sector 1.6 per cent, while “others” accounted for 1.8 per cent.

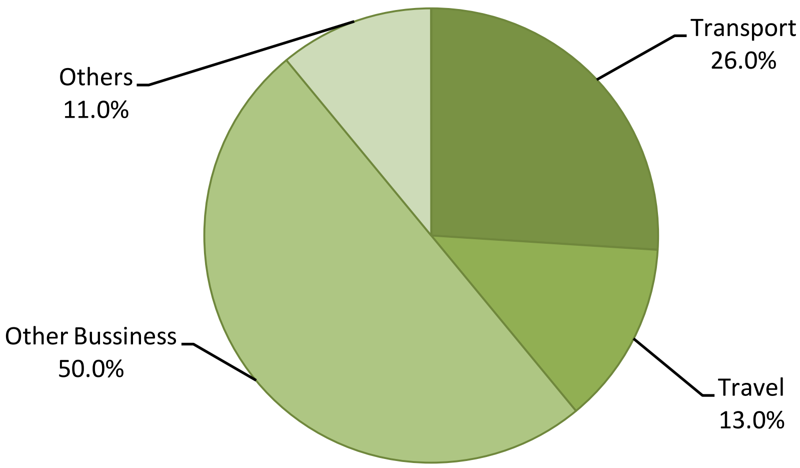
Figure 51
Non-Oil Imports by Sectors, First Half 2010 (per cent)



4.4.1.2 Services

At ₦809.1 billion or 6.0 per cent of GDP, the deficit in the services account (net) narrowed by 23.3 and 34.4 per cent in the first half of 2010 when compared with the levels in the first and second halves of 2009, respectively. The development reflected the contraction in out-payments on transportation; travel; insurance; communications; construction; royalties; and personal, cultural and recreational services by 45.0, 59.8, 35.3, 46.3, 47.2, 56.4 and 57.3 per cent, respectively. Further analysis of the transportation sub-category showed that out-payment on passenger and freight declined by 41.8 and 66.7 per cent compared with the level in the first half of 2009 and by 40.7 and 71.9 per cent in the second half of 2009, respectively.

Figure 52
Share of Services Out-Payments, First Half 2010 (per cent)



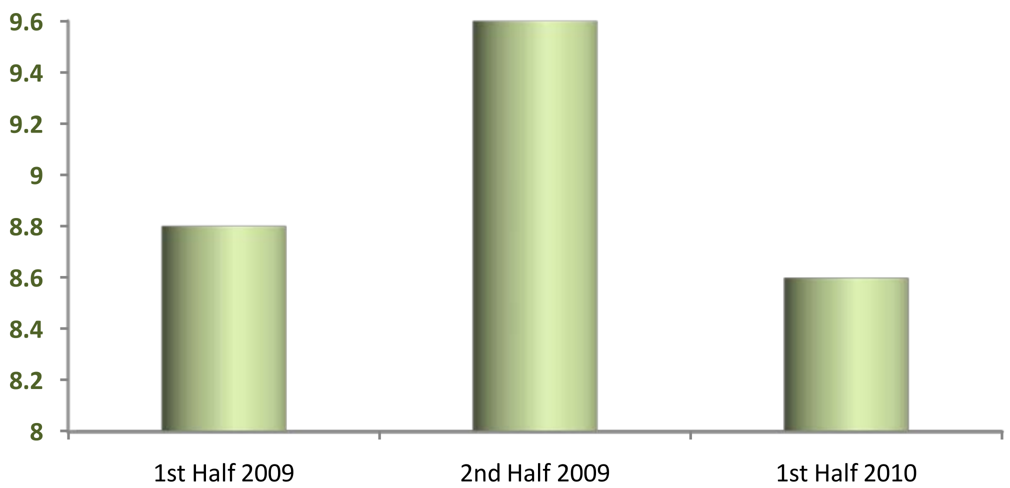
4.4.1.3 Primary Income (Factor Services)

The pressure on the income account (net) heightened in the first half of 2010 as evidenced by the deficit of ₦1,176.4 billion. This represented decreases of 28.0 and 104.2 per cent when compared with the levels at end-December 2009 and the corresponding period in 2009. The development was attributed to higher out-payments on dividends and profit repatriation by non-resident investors in the first half of the year, when most corporate organizations declared their end of year financial statements.

4.4.1.4 Secondary Income (Invisibles)

Current transfers (net) declined to ₦1,304.4 billion in the period under review, from ₦1,413.9 billion in the second half of 2009, but rose by 3.2 per cent over the level in the corresponding period of 2009. A disaggregation showed that personal home remittances by the diaspora declined by 10.0 per cent to US$8.6 billion from US$9.6 billion in the second half of 2009. This reflected the slow pace of recovery of employment in host countries of the diaspora following from the effects of the global financial crisis. Furthermore, general government transfers at ₦10.1 billion, comprising expenses on foreign embassies and payments to international organizations rose by 49.3 per cent when compared with the second half of 2009, although, it declined by 7.7 per cent relative to the level in the first half of 2009.

Figure 53
Private Home Remittances (US$ Billion)



4.4.2 Financial Account

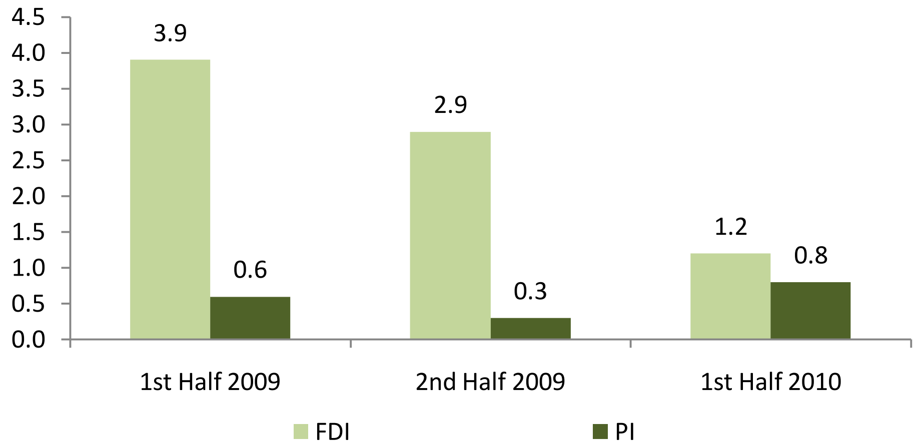
4.4.2.1 Foreign Direct Investment

Gross inflow of foreign direct investment (FDI), which comprised principally of equity capital, amounted to ₦172.3 billion in the review period. This represented decreases of 57.9 and 61.9 per cent in relation to the corresponding and preceding half of 2009, respectively. The decline resulted from the lingering effects of the global financial crisis. After adjusting for gross outflows due mainly to the repayments of loans, net FDI constituted 1.2 per cent of GDP.

4.4.2.2 Portfolio Investment

The inflow of portfolio investments surged to ₦231.3 billion as at end-June 2010, an increase of 120.9 per cent over the level at end-December 2009. When compared with the corresponding half of 2009, it increased by ₦227.7 billion in absolute terms. A breakdown of the net inflow indicated that equity securities and short-term debt instruments accounted for 74.9 and 25.1 per cent of total, respectively. The development reflected renewed foreign participation in the domestic capital and debt markets.

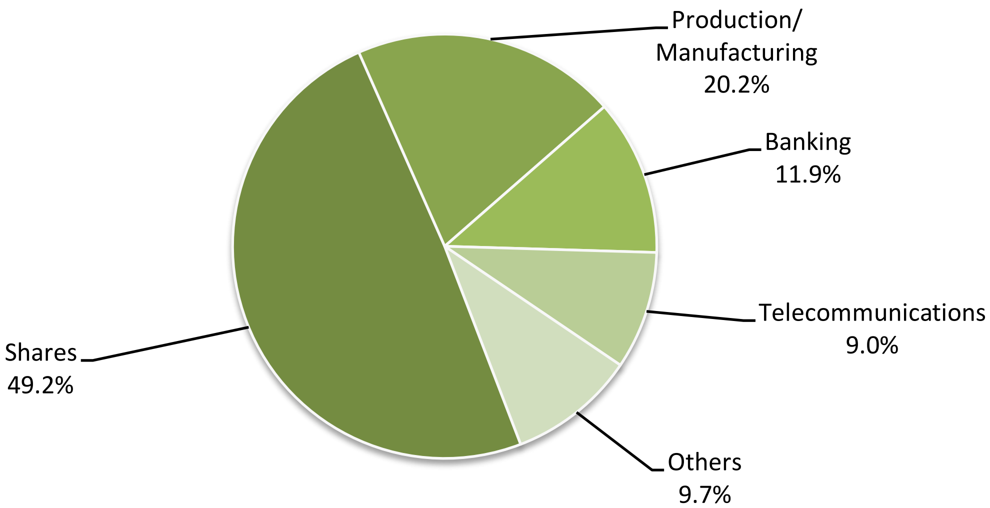
Figure 54
Net FDI and Portfolio Investment Flows (% of GDP)



4.4.2.3 Capital Importation by Sectors

New capital imported into the economy amounted to US$3.1 billion in the first half of 2010. The inflows were mainly into the capital market (shares) with a share of 49.2, while production/manufacturing, banking and telecommunications accounted for 20.2, 11.9 and 9.0 percent, respectively, while others accounted for 9.7 per cent.

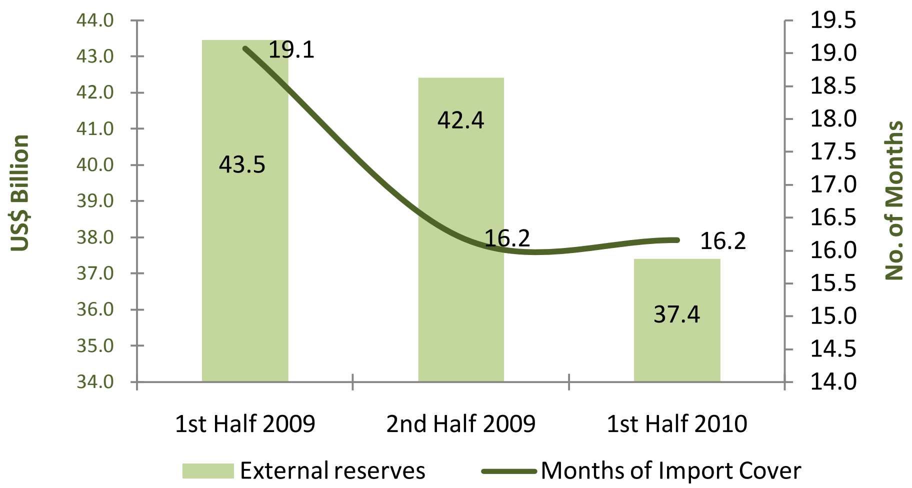
Figure 55
Capital Importation by Sector, First Half 2010 (% of GDP)



4.4.3 Reserve Assets

The level of external reserves fell by 11.7 per cent to US$37.4 billion from the level at end-December 2009 and by 13.9 per cent from the level in the corresponding half of 2009. This could finance 16.16 months of current import commitments compared to 16.2 months in the previous half year and 19.07 months in the corresponding half of 2009.

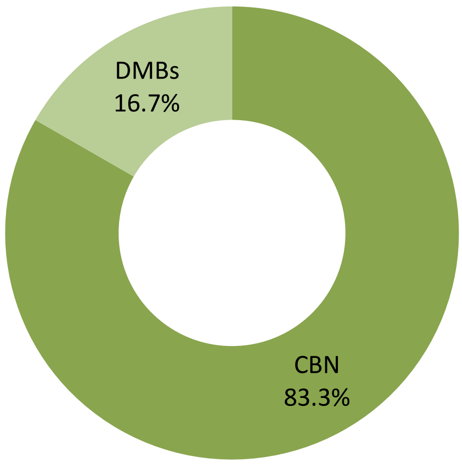
Figure 56
External Reserves and Months of Import Commitments, First Half 2010



4.4.4 External Assets

At ₦6,489.57 billion, total external assets fell by 15.9 per cent below the ₦7,713,23 billion recorded in the first half of 2009. The CBN's share fell by 19.5 per cent to ₦5,405.83 billion from the level in the corresponding period of 2009, and accounted for 83.3 per cent of the total. The decline resulted from the 22.1 and 5.7 per cent fall in the CBN's foreign exchange and SDR holdings, respectively. Conversely, the share of DMBs which amounted to 17.7 per cent, rose by 8.3 per cent over the level in the corresponding period of 2009 to ₦1,083.74 billion compared with ₦1,000.97 billion at the end of the first of 2009.

Figure 57
Nigeria's Total External Assets during the First Half of 2010 (Share of Total)



ECONOMIC OUTLOOK FOR SECOND HALF OF 2010

With the expected growth of 4.5 per cent in World output in 2010, based on the implementation of policies that would restore confidence and stability, particularly in the Euro area, credit and liquidity squeeze may slowly ease, although there are concerns over the recent sovereign debt crisis in some European economies.

Crude oil prices are likely to remain above US$70 on average, while recovery in global economic growth may lead to higher crude oil demand. Countries outside the OECD, led by China and India, are expected to drive the growth in global oil consumption. Consequently, OPEC crude oil production is expected to rise slightly in the second half of 2010 to accommodate the increasing oil demand. The relative calm in the Niger Delta is expected to be sustained throughout the remaining half of the year with positive impact on export earnings and, consequently, enhanced revenue for the three tiers of government.

The 2011 general is expected to unleash huge government spending nationwide which may necessitate considerable drawdown from the excess crude revenue savings to shore up statutory revenue. Money supply growth is likely to resume under the circumstance. As a result of these developments, the general price level may come under intense pressure, particularly in the last quarter of the year. However, the likely sale of grains by the Federal Government may moderate food inflation and a proactive monetary policy stance by the CBN over the next six months is expected to douse the deluge of inflationary pressure. Thus, inflation is projected to decelerate from 14.1 per cent in June 2010 to 14.0 per cent by the end of the year.

The GDP growth rate is projected to rise further in the second half of 2010 relative to the first half. The projection is premised on the continued stability in the supply of petroleum products across the country, favourable outlook for rainfall and sustained peace in the Niger Delta. The increase in gas production and the setting up of an appropriate gas pricing policy is expected to improve power generation and boost capacity utilization in industry. Furthermore, the anticipated increase in government expenditure on infrastructure projects would boost economic activities by buoying aggregate demand.

5.0 INTERNATIONAL ECONOMIC RELATIONS

5.1 Regional Institutions

5.1.1 African Development Bank (AfDB) Annual Meetings

The African Development Bank (AfDB) Group, through its private sector window, approved US$50.0 million equity investment in the Africa Capitalization Fund (ACF) in April 2010. The ACF is an 8-year, pan-African investment fund, with a targeted investment level of US$200.0 million. ACF is focused on investing capital and subordinated debt in commercially viable and systematically important banks to strengthen their lending ability.

The Fund is expected to:

- Stabilize portfolio banks, maintaining and/or creating jobs in their respective countries;
- Strengthen private sector development through the provision of advisory services to portfolio banks aimed at improving their economic and financial performance;
- Catalyze private sector investments into emerging financial markets; and
- Focus on smaller countries due to diversification requirements and the relative sizes of banking systems in emerging markets.

Also, at a meeting in Washington D.C., in April 2010 during the World Bank Group and IMF Spring Meetings, a committee of Governors representing the AfDB's shareholders endorsed a tripling of the Bank's capital resources to US$100.0 billion and recommended acceptance of the full membership. This substantial increase will allow the AfDB to sustain a higher level of lending, in response to overwhelming demand in all countries.

The 2010 Annual Meeting of the AfDB Group took place in Abidjan, Cote d'Ivoire in May 2010. Reviewing the institution's activities in 2009, the AfDB President, Donald Kaberuka emphasized the Bank's role in helping member countries overcome the negative impact of the global financial crisis, providing necessary support to enable African countries to sustainably grow their economies, to fill the gap left by donors involved in key infrastructure projects.

Top on the agenda of the meeting was the 12th replenishment of the African Development Fund (ADF) and the creation of two new constituencies, raising the number of board chairs from 18 to 20.

5.1.2 African Union (AU) Meetings

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 Malawi, in March 2010.

The highlights of the meeting are as follows, Ministers:

- Noted the ECA recent assessment of economic and social developments in Africa which indicated that the global economic crisis took a heavy toll on economic and social conditions on the continent with the prospect of growth picking up at a slow pace in 2010.
- Noted that the overall objectives of the Millennium Development Goals (MDGs) would be compromised unless bold steps were taken on the part of high sustainable and employment-focused growth.
- Recommended that countries should draw lessons from the experience and adopt policies and strategies that would promote backward and forward linkages dependent on commodities exports.
- Agreed that inadequate infrastructure and access to finance and other supporting services were major constraints to the development of the private sector which could play pivotal role in investments and job creation.
- Agreed that while governments should allocate more resources to sectors that can generate employment and help reduce poverty such as agriculture and rural development, the issue of good political and economic governance was underscored as major prerequisite for growth and job creation.
- Agreed on the need for the promotion of domestic resource mobilization, economic diversification, internal policy harmonization among ministries and agencies to enhance efficiency and effectiveness in mainstreaming employment in development plans and programs.
- Passed 12 resolutions relating to statutory and other issues that were discussed. These covered issues related to 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 secured Africa within five years.

5.1.3 Association of African Central Banks (AACB)

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 (BCEAO) in Dakar, Senegal, February 2010.

The meeting assessed the status of implementation of the decisions taken by the Assembly of Governors at its 33rd Ordinary Session held in August 2009 in Kinshasa, Democratic Republic of Congo and reviewed the progress made on the African Monetary Cooperation Programme (AMCP). The Governors welcomed the continued cooperation with the AU within the framework of the Joint Committee in charge of drafting a strategy for the establishment of the African Central Bank (ACB). The Governors also agreed on measures aimed at greater involvement of central banks in the sub-regions in undertaking the strategic study in close collaboration with the African Union Commission (AUC). They further underscored the need to consolidate cooperation between the AACB and AUC, which was crucial for the take-off of the single African currency programme.

5.1.4 Committee of Ten (C10)

The Committee of Ten (C10) held its fourth meeting in Cape Town, South Africa, in February 2010. The meeting was held under the auspices of the AfDB, the ECA, and the AUC. The meeting took stock of the impact of the global financial crisis; considered 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.

The highlights of the meeting are as follows, Ministers:

- Noted that while much of Africa has avoided the worst effects of the global recession, the continent faces significant risk ahead, and reiterated the determination to take measures which would consolidate the recovery of African economies.

- Welcomed the efforts to establish a framework for an inclusive global growth, develop new transformative partnerships to enhance Africa's growth and agreed to discuss these ideas with South Korea and Canada, as the current Chairs of the G-20 and the G-8, respectively. Ministers, however, expressed concern that Africa was not adequately represented in the G-20 and other international fora, and called for an agenda for reshaping the global economy.

- Commended the AfDB for its timely, effective and efficient response to the global economic crisis and fully supported the replenishment of its resources. They also noted the unanimous support given by African governors at their meeting in Tunis on February 12, 2010 for a 200 per cent general capital increase. The Ministers called on the non-regional members of the Bank to join their regional counterparts in supporting the general capital increase.

- Noted that the revised banking and financial regulatory standards through the additional compliance requirement would have significant consequences for the African banking sector. They asked the AfDB to convene a meeting of African Central Banks and regulators to solicit views on key issues that would serve as inputs into the consultative process, before it closes in April 2010.

- Noted the outcome of the Copenhagen Summit and that the continent has enormous energy deficit which severely limits its growth and private sector development. They also acknowledged the higher costs it entails and felt that external support for this should not be at the expense of existing under-resourced development needs.

- Reaffirmed the crucial importance of C-10's work as mandated by the Ministers of Finance and Central Bank Governors at the meeting in Tunis in November 2008; and

- Agreed to meet formally twice a year, supplemented as required by informal meetings in the emergence of other events, in order to make the Committee's work more effective in helping to shape African perspectives and to develop a collective position.

5.1.5 Islamic Financial Services Board

- The 16th Meeting of the Council of Islamic Financial Services Board (IFSB) was held in Khartoum, Sudan, in April 2010. The IFSB is an international standard-setting organization that promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles. Membership comprises regulatory and supervisory agencies across the world, including the World Bank, IMF, Islamic Development Bank (IDB) and Bank for International Settlement (BIS).

- The council deliberated on several issues including strengthening of Islamic financial systems and approved in principle, to establish an inter-governmental special purpose entity to help in building liquidity management infrastructure at both domestic and international levels. This is to be achieved by facilitating cross-border liquidity management among non-interest financial institutions through the acquisition and maintenance of a global pool of sovereign assets.

5.2 Multilateral Economic and Financial Institutions

5.2.1 World Economic Forum Annual Meeting

The 2010 World Economic Forum Annual meeting was held in Switzerland in January with the theme – "Improve the State of the World: Rethink, Redesign, Rebuild".

The following were the highlights of the meeting:

- Focus on the failings of the financial system and its reconstruction, including warning by top financial regulators that they could take drastic action to limit some of the risks in the financial industry;

- Indication by some of the world's top bankers that they might be prepared to pay a global financial insurance levy, so that the next bank bail-out would be financed by the industry, and not by taxpayers;

- The biggest worry of most chief executives – from both developed and emerging economies – was that politicians could give in to populism and approve protectionist measures;

- Agreement that job creation and free trade had to be key ingredients of new economic recovery;

- Microsoft co-founder Bill Gates and his wife Melinda pledged US$10.0 billion over the next 10 years to help research, development and deliver vaccines for the world's poorest countries;

5.2.2 The World Bank/IMF 2010 Spring Meetings

The 2010 Spring Meetings of the World Bank Group and the IMF was held in Washington D.C., USA in April. The meetings were preceded by the Intergovernmental Group of Twenty-four (G-24) meeting. Major issues discussed included Global Economic and Financial Developments, Trade Reform of the Bretton Woods Institutions (BWIs) and the IMF's Mandate, amongst others. The G-24 Ministers:

- Urged developed countries to avoid protectionist measures and other restrictions on trade, finance, investment, and labour services, in order not to jeopardize global growth and stability.
- Reiterated their call for a shift of the 7.0 per cent, in quota shares from developed to developing countries.
- Stressed the need for a realignment in quota shares towards emerging markets and developing countries (EMDCs), since the IMF's legitimacy, relevance, and effectiveness depend centrally on redressing the imbalance in voice and representation.

The meeting approved the following reforms:

- An increase of US$86.2 billion in capital for the International Bank for Reconstruction and Development (IBRD);
- A US$200.0 million increase in the capital of the IFC;
- A 3.13 percentage points increase in the voting power of Developing and Transition countries (DTCs) bringing their share to 47.19 per cent;
- An increase in the voting power of Developing and Transition Countries at IFC to 39.48 per cent; and
- An agreement to review IBRD and IFC shareholdings every five years with a commitment to equitable voting power between developed countries and DTCs over time.

5.2.3 Group of 20 (G-20) Meeting

The meeting of the G-20 Finance Ministers and Central Bank Governors was held in Busan, South Korea, in June 2010. The meeting focused on how to firmly secure the global recovery and address its attendant economic challenges and risks. The highlights of the meeting are:

- The resolve to drop proposals for a global banking levy, giving countries leeway to do what they thought best for their domestic circumstances.
- Agreement that countries still wanting to go ahead with unilateral banking levies, such as the US and UK, should set principles to minimize the opportunities for banks to choose between different jurisdictions depending on the levies introduction.
- That members no longer thought expansionary fiscal policies were sustainable because of investors low confidence in some countries' public finances.
- That countries with serious fiscal challenges needed to accelerate the pace of consolidation.
- Supported the recent announcements by some member countries to reduce their deficit in 2010, so as to further strengthen their fiscal frameworks and institutions.
- Affirmed commitment to orderly coordinated economic policies.

5.2.4 The 20th World Economic Forum on Africa 2010

The 20th World Economic Forum on Africa 2010 was held in Dar-es-Salaam, Tanzania in May 2010. Thirteen African heads of state/government participated together with more than 1,000 participants from 85 countries. The theme was, "Rethink Africa's Growth Strategy". The meeting noted that:

- The smallest share of global exports came from Africa – just 3.5 per cent - while a trickle of global FDI went to Africa at 0.96 per cent and the continent's limited integration into the international financial markets.
- Africa remains predominantly a primary producer and importer for industrial use. It was observed that the continent produced what it did not consume and consumed what it did not produce; and called for a re-orientation in taste.

It further identified that the two key things to unlock Africa's potentials were:

- Get the young people who comprised over 60.0 per cent of its population to develop their entrepreneurship skills with a view to accessing the regional and global markets; and

- Develop the agricultural sector.

5.3 Bilateral Relations

CBN Signs Strategic Partnership Memorandum of Understanding with Malaysian Central Bank (Bank Negara, Malaysia)

The Central Bank of Nigeria and Bank Negara Malaysia (Central Bank of Malaysia) signed a memorandum of understanding to share expertise and exchange relevant information in the areas of Banking Supervision, Small and Medium Enterprises (SMEs), Microfinance, Islamic Finance, Monetary Policy, Development Finance Institution and External Reserve Management. Others included: 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, Malaysia in Kuala Lumpur during a one-week study tour of Malaysian financial institutions by the Board of Directors of the CBN in March 2010.

Table 8
Open Market Operations (OMO) Sessions

Period	Total Bids (N' Million)	Amount Sold (N' Million)	Average Tenor (Days)	Average Yield (%)
2006				
January	38,600.0	26,100.0	40	10.90
February	360,100.0	200,000.0	93	11.30
March	182,600.0	149,000.0	115	9.60
April	211,500.0	189,900.0	95	8.20
May	159,500.0	133,400.0	205	7.20
June	254,300.0	197,200.0	309	11.20
Total	**1,206,600.0**	**895,600.0**		
Average	**201,100.0**	**149,266.7**	**143**	**9.73**
July	416,700.0	343,100.0	146	11.10
August	225,370.0	168,690.0	235	8.80
September	56,600.0	56,600.0	146	6.90
October	232,930.0	217,930.0	63	5.70
November	30,500.0	25,000.0	82	5.00
December	101,500.0	101,500.0	91	7.30
Total	**1,063,600.0**	**912,820.0**		
Average	**177,266.7**	**152,136.7**	**127**	**7.47**
2007				
January	0.0	0.0	0	0.00
February	68,200.0	80,100.0	50	7.30
March	216,900.0	227,100.0	71	7.30
April	50,300.0	80,100.0	100	7.30
May	62,400.0	100,100.0	48	7.20
June	14,000.0	563,500.0	74	7.70
Total	**411,800.0**	**1,050,900.0**		
Average	**82,360.0**	**210,180.0**	**69**	**7.36**
July	170.0	82,200.0	57	6.70
August	37,750.0	304,500.0	86	7.10
September	0.0	461,000.0	99	6.70
October	19,500.0	528,700.0	77	6.80
November	24,000.0	570,000.0	106	7.30
December	134,200.0	585,300.0	223	8.10
Total	**215,620.0**	**2,531,700.0**		
Average	**35,936.7**	**421,950.0**	**108**	**7.12**
2008				
January	0.0	148,300.0	229	8.90
February	0.0	174,770.0	265	9.30
March	0.0	210,400.0	206	8.90
April	10,000.0	291,700.0	160	8.70
May	24,000.0	205,000.0	168	8.90
June	0.0	439,200.0	160	9.40
Total	**34,000.0**	**1,469,370.0**		
Average	**5,666.7**	**244,895.0**	**198**	**9.02**
July	0.0	760,080.0	169	9.00
August	0.0	101,460.0	191	9.50
September	0.0	0.0	0	8.60
October	0.0	0.0	0	8.80
November	0.0	0.0	0	0.00
December	0.0	0.0	0	0.00
Total	**0.0**	**861,540.0**		
Average	**0.0**	**430,770.0**	**180**	**8.98**

Table 8 cont'd
Open Market Operations (OMO) Sessions

Period	Total Bids (N' Million)	Amount Sold (N' Million)	Average Tenor (Days)	Average Yield (%)
2009				
January	68,540.0	20,290.0	90	2.00
February	0.0	0.0	0	0.00
March	71,000.0	42,000.0	116	2.60
April	128,150.0	95,150.0	165	4.30
May	77,100.0	39,250.0	305	4.00
June	126,850.0	57,800.0	176	5.10
Total	**471,640.0**	**254,490.0**		
Average	**94,328.0**	**50,898.0**	**170**	**3.60**
July	0.0	0.0	0	0.00
August	0.0	0.0	0	0.00
September	0.0	0.0	0	0.00
October	0.0	0.0	0	0.00
November	0.0	0.0	0	0.00
December	0.0	0.0	0	0.00
Total	**0.0**	**0.0**		
Average	**0.0**	**0.0**	**0**	**0.00**
2010				
January	0.0	0.0	0	0.00
February	0.0	0.0	0	0.00
March	0.0	0.0	0	0.00
April	275,500.0	120,000.0	186	2.41
May	116,942.0	40,000.0	130	2.45
June	0.0	0.0	0	0.00
Total	**392,442.0**	**160,000.0**		
Average	**196,221.0**	**80,000.0**	**158**	**2.43**

Table 9
Treasury Bills: Issues and Subscriptions
(Naira million)

Period	Issues	Central Bank	Subscriber	
			Deposit Money Banks	Non-Bank Public
1999 Monthly Average	108,824.7	59,542.1	27,649.8	21,632.8
2000 Monthly Average	133,026.2	30,391.9	70,195.0	32,439.3
2001				
June	88,640.8	9,735.6	51,580.5	27,324.7
December	207,640.8	136,329.4	41,520.0	29,791.4
Total	1,985,453.2	1,065,709.3	686,183.0	233,560.9
Average	165,454.4	88,809.1	57,181.9	19,463.4
2002				
June	207,643.0	71,346.5	77,728.1	58,568.4
December	290,640.8	67,528.5	159,022.7	64,089.6
Total	2,421,144.5	929,123.2	998,915.2	493,106.1
Average	201,761.9	77,426.9	83,242.9	41,092.2
2003				
June	290,640.8	65,335.0	133,846.8	91,459.0
December	381,932.8	195,266.6	99,820.5	86,845.7
Total	3,026,347.2	789,158.0	1,394,845.2	842,344.0
Average	252,195.6	65,763.2	116,237.1	70,195.3
2004				
June	240,054.5	13,708.2	78,757.9	147,588.4
December	351,577.0	5,171.4	166,783.3	179,622.2
Total	1,761,631.5	280,547.7	755,983.2	725,100.6
Average	293,605.3	46,757.9	125,997.2	120,850.1
2005				
June	246,700.0	16,700.0	111,300.0	118,700.0
December	209,610.0	20,210.0	109,400.0	80,000.0
Total	1,073,530.0	66,610.0	626,260.0	380,660.0
Average	178,921.7	11,101.7	104,376.7	63,443.3
2006				
June	140,000.0	18,860.0	53,870.0	67,270.0
December	105,000.0	780.0	52,340.0	51,880.0
Total	649,865.0	11,485.0	346,500.0	291,880.0
Average	108,310.8	1,914.2	57,750.0	48,646.7
2007				
June	106,356.2	600.0	42,936.9	62,819.3
December	340,000.0	0.0	322,400.0	17,600.0
Total	1,016,800.0	1,900.0	757,400.0	257,500.0
Average	169,466.7	316.7	126,233.3	42,916.7
2008				
June	182,600.0	0.0	126,700.0	55,900.0
December				
Total	973,700.0	123,600.0	552,100.0	298,000.0
Average	162,283.3	20,600.0	92,016.7	49,666.7

Table 9 cont'd
Treasury Bills: Issues and Subscriptions
(Naira million)

Period	Issues	Central Bank	Subscriber	
			Deposit Money Banks	Non-Bank Public
2009				
June	120,000.0	40,930.0	73,320.0	5,750.0
December	162,560.0	27,220.0	122,490.0	12,850.0
Total	**1,392,420.0**	**349,440.0**	**876,380.0**	**166,600.0**
Average	**116,035.0**	**29,120.0**	**73,031.7**	**13,883.3**
2010				
January	149,840.0	9,240.0	126,060.0	14,540.0
February	100,220.0	2,310.0	96,400.0	1,510.0
March	65,000.0	10,040.0	52,910.0	2,050.0
April	160,490.0	33,070.0	117,810.0	9,610.0
May	100,220.0	6,690.0	87,370.0	6,160.0
June	158,710.0	42,550.0	115,310.0	850.0
Total	**734,480.0**	**103,900.0**	**595,860.0**	**34,720.0**
Average	**122,413.3**	**17,316.7**	**99,310.0**	**5,786.7**

Table 10
Monetary and Credit Developments
(N' Million)

Item	Jun 2006	Dec 2006	Jun 2007	Dec 2007	Jun 2008	Dec 2008	Jun 2009	Dec 2009	Jun 2010
(1) Domestic Credit (Net)	2,664,489.89	714,205.72	888,710.95	2,688,236.51	4,038,236.28	4,951,860.33	5,677,163.24	7,903,792.07	8,612,939.99
(a) Claims on Federal Government (Net)	360,789.37	(1,936,615.74)	(2,615,012.02)	(2,368,484.39)	(2,716,445.31)	(3,107,688.59)	(2,879,781.42)	(2,302,294.68)	(1,489,877.51)
By Central Bank	(638,498.20)	(2,796,026.93)	(3,596,910.41)	(4,074,422.85)	(4,413,045.05)	(4,532,113.63)	(4,348,811.29)	(3,731,603.83)	(3,272,806.06)
By Banks	999,287.57	859,411.19	981,898.39	1,705,938.46	1,696,599.74	1,424,425.04	1,469,029.87	1,429,309.15	1,782,928.55
	0.00								
(b) Claims on Private Sector	2,303,700.52	2,650,821.45	3,503,722.97	5,056,720.90	6,754,681.59	8,059,548.92	8,556,944.65	10,206,086.75	10,102,817.50
By Central Bank	69,959.10	41,532.07	58,781.79	236,025.18	114,037.13	260,148.80	336,124.95	538,210.07	396,545.27
By Banks	2,233,741.42	2,609,289.38	3,444,941.17	4,820,695.72	6,640,644.46	7,799,400.11	8,220,819.70	9,667,876.68	9,706,272.23
(i) Claims on State and Local Governments	42,200.93	80,652.37	40,279.23	87,753.60	99,399.91	149,765.14	251,661.16	310,324.27	319,167.11
By Central Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
By Banks	42,200.93	80,652.37	40,279.23	87,753.60	99,399.91	149,765.14	251,661.16	310,324.27	319,167.11
(ii) Claims on Non-Financial Public Enterprises	4,045.80	13,249.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00
By Central Bank	4,045.80	13,249.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00
By Banks									
(iii) Claims on Other Private Sector	2,257,453.79	2,556,919.73	3,463,443.74	4,968,967.30	6,655,281.68	7,909,783.78	8,305,283.49	9,895,762.48	9,783,650.39
By Central Bank	65,913.30	28,282.71	58,781.79	236,025.18	114,037.13	260,148.80	336,124.95	538,210.07	396,545.27
By Banks	2,191,540.49	2,528,637.01	3,404,661.94	4,732,942.12	6,541,244.55	7,649,634.97	7,969,158.53	9,357,552.41	9,387,105.12
(2) Foreign Assets (Net)	5,568,810.00	6,307,859.26	7,633,412.63	7,266,512.09	8,316,237.22	8,550,430.31	7,643,607.13	7,593,321.82	6,484,759.01
By Central Bank	4,925,790.60	5,603,376.85	6,802,621.47	6,570,263.73	7,446,508.90	7,270,807.42	6,642,638.99	6,522,239.52	5,401,021.13
By Banks	643,019.40	704,482.41	830,791.16	696,248.36	869,728.33	1,279,622.89	1,000,968.14	1,071,082.30	1,083,737.87
(3) Other Assets (Net)	(4,321,478.38)	(2,994,163.28)	(3,405,876.83)	(4,144,922.12)	(4,406,104.65)	(4,335,455.34)	(4,243,743.84)	(4,729,736.10)	(4,252,200.90)
Total Monetary Assets	**3,911,821.51**	**4,027,901.70**	**5,116,246.75**	**5,809,826.48**	**7,948,368.85**	**9,166,835.31**	**9,077,026.53**	**10,767,377.78**	**10,845,498.10**
Quasi-Money 1/	1,694,889.99	1,747,252.76	2,477,185.73	2,693,554.34	3,619,857.18	4,309,523.06	4,592,410.80	5,763,511.22	5,927,508.17
Money Supply	2,216,931.52	2,280,648.93	2,639,060.99	3,116,272.14	4,328,511.66	4,857,312.25	4,484,615.73	5,003,866.56	4,917,989.92
Currency Outside Banks	514,609.15	650,943.60	525,742.47	737,867.22	673,055.41	892,675.59	746,463.82	927,236.44	795,412.07
Demand Deposits 2/	1,702,322.37	1,629,705.33	2,113,318.51	2,378,404.92	3,655,456.26	3,964,636.66	3,738,151.91	4,076,630.12	4,122,577.85
Total Monetary Liabilities	**3,911,821.51**	**4,027,901.70**	**5,116,246.72**	**5,809,826.48**	**7,948,368.85**	**9,166,835.31**	**9,077,026.53**	**10,767,377.78**	**10,845,498.10**
GROWTH RATE OVER THE PRECEDING DECEMBER (In Percentages)									
Credit to the Domestic Economy (Net)	15.18	(69.13)	24.43	276.40	50.22	84.20	14.65	59.61	8.97
Credit to the Private Sector	14.76	32.06	32.17	90.76	33.58	59.38	6.17	26.63	(1.01)
Claims on Federal Government (Net)	17.89	(732.81)	(35.03)	(22.30)	(14.69)	(31.21)	7.33	25.92	35.29
By Central Bank	(210.33)	(1,258.97)	(28.64)	(45.72)	(8.31)	(11.23)	4.04	17.66	12.29
Claims on State and Local Governments	(22.60)	47.91	(50.06)	8.80	13.27	70.67	68.04	107.21	2.85
Claims on Non-Financial Public Enterprises	65.18	440.92	(100.00)	(100.00)					
Claims on Other Private Sector	15.74	31.10	35.45	94.33	33.94	59.18	5.00	25.11	(1.13)
Foreign Assets (Net)	35.88	53.91	21.01	15.20	14.45	17.67	(10.61)	(11.19)	(14.60)
Quasi-Money	55.57	60.38	41.78	54.16	34.39	59.99	6.56	33.74	2.85
Money Supply (M1)	28.49	32.18	15.72	36.64	38.90	55.87	(7.67)	3.02	(1.72)
Broad Money (M2)	38.97	43.09	27.02	44.24	36.81	57.78	(0.98)	17.46	0.73
Other Assets (Net)	(20.14)	16.76	(13.75)	(38.43)	(6.30)	(4.60)	2.12	(9.09)	10.10

Source: Central Bank of Nigeria

1/ Quasi-Money consists of Time, Savings and Foreign Currency Deposits of Deposit Money Banks excluding takings from Discount Houses.

2/ Demand Deposits consist of state and local government as well as parastatals deposits at the CBN on the one hand and state and local government and private sector deposits as well as demand deposits of non-financial public enterprises at the Deposit Money Banks.

Table 11
Value of Money Market Assets
(Naira Million)

Instrument	2003		2004		2005		2006		2007		2008		2009		2010 1/
	June	Dec	June	Dec	June	Dec	June	Dec	June	Dec	June	Dec	June	Dec	June
Treasury Bills	733,800.0	825,050.0	825,100.0	871,577.0	871,577.0	854,828.0	785,400.0	701,399.8	716,900.0	574,900.0	574,929.4	471,929.4	641,930.0		
Treasury Certificates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Development Stocks	2,400.0	1,470.0	1,030.0	1,250.0	1,250.0	980.0	720.0	720.0	720.0	620.0	520.0	520.0	520.0		
Certificates of Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Commercial Papers	37,500.0	37,300.0	65,200.0	88,830.0	182,834.0	194,591.0	183,140.4	193,511.6	329,589.7	363,369.5	653,101.0	822,700.9	602,465.9		
Bankers' Acceptances	30,500.0	32,900.0	48,300.0	41,620.0	43,510.0	41,124.0	43,014.0	45,743.5	80,537.1	81,834.0	169,800.1	66,398.7	74,215.7		
FGN Bonds*		725,600.0	725,600.0	725,600.0	725,600.0	250,830.0	426,760.0	643,940.0	925,640.0	1,186,192.8	1,361,254.7	1,445,599.0	1,778,300.0		
Total	**804,200.0**	**1,622,320.0**	**1,665,230.0**	**1,728,877.0**	**1,824,771.0**	**1,342,353.0**	**1,439,034.4**	**1,585,314.9**	**2,053,386.8**	**2,206,916.3**	**2,759,605.2**	**2,807,148.0**	**3,097,431.6**		
Percentage Change Over Preceding December															
Treasury Bills	0.0	12.4	0.0	5.6	0.0	-1.9	-8.1	-17.9	2.2	-18.0	0.0	-17.9	36.0		
Treasury Certificates	0.0	0.0	2.0	0.0	1.0	0.0	1.0	0.0	1.0	0.0	0.0	0.0	0.0		
Eligible Development Stocks	47.2	-9.8	-29.9	-15.0	0.0	-21.6	-26.5	-26.5	0.0	-13.9	-16.1	-16.1	0.0		
Certificates of Deposits	0.0	0.0	2.0	0.0	1.0	0.0	1.0	0.0	1.0	0.0	0.0	0.0	0.0		
Commercial Papers	1.0	0.4	74.8	138.2	105.8	119.1	-5.9	-0.6	70.3	87.8	79.7	126.4	-26.8		
Bankers' Acceptances	-28.4	-22.8	46.8	26.5	4.5	-1.2	4.6	11.2	76.1	78.9	107.5	-18.9	11.8		
FGN Bonds*			0.0	0.0	0.0	-65.4	70.1	156.7	43.7	84.2	14.8	21.9	23.0		
Percentage Change of Total	**-1.3**	**0.0**	**2.6**	**6.6**	**5.5**	**-22.4**	**7.2**	**18.1**	**29.5**	**39.2**	**25.0**	**27.2**	**10.3**		

Source: Central Bank of Nigeria
1/ Provisional
* FGN Bonds of 3 Years tenor

Table 12
Selected Interest Rates
(End-Period Rate)

	2007		2008		2009		2010
	Jun	Dec	Jun	Dec	Jun	Dec	Jun
Monetary Policy Rate	8.00	9.50	10.25	9.75	8.00	6.00	6.00
Treasury Bills Issue Rate							
Deposit Money Banks (DMBs)							
Savings Deposit Rate	3.78	3.19	2.79	2.92	2.81	3.36	1.95
Time Deposit Rate (3 months)	10.24	10.29	11.96	12.26	13.12	12.56	4.98
Prime Lending Rate	16.92	16.46	15.17	15.26	18.16	19.03	17.65
Maximum Lending Rate	18.74	18.21	18.03	21.15	22.64	23.46	22.03
Inter-bank Call Rate	8.46	8.99	10.31	12.17	14.57	2.64	1.18
Open Buy Back (OBB)	8.23	8.09	8.77	8.83	7.59	2.89	1.09
NIBOR 7-days	8.94	8.93	10.79	13.35	15.97	9.50	2.43
NIBOR 30-days	11.61	12.89	12.88	15.85	17.15	15.79	5.17

Table 13
Federation Account Operations
(N' Billion)

	2006 1st Half	2007 1st Half	2008 1st Half	2009 1/ 1st Half	2010 1st Half Budget	2010 2/ 1st Half
Total Revenue (Gross)	**3,038.53**	**2,395.98**	**3,752.73**	**2,226.20**	**4,025.66**	**3,255.68**
Oil Revenue (Gross)	**2,695.22**	**1,945.44**	**3,133.58**	**1,538.86**	**2,925.40**	**2,445.42**
Crude oil / Gas Exports	1,109.26	786.17	1,083.24	539.97	1,637.83	834.31
PPT and Royalties etc.	1,057.99	658.22	1,303.81	512.22	1,105.58	813.25
Domestic Crude Oil / Gas Sales	526.51	499.56	744.30	484.55	176.31	793.74
Other Oil Revenue	1.46	1.48	2.23	2.12	5.68	4.13
Less:						
Deductions	**1,415.84**	**743.93**	**1,545.77**	**425.75**	**590.95**	**1,141.34**
Oil Revenue (Net)	**1,279.37**	**1,201.51**	**1,587.81**	**1,113.11**	**2,334.45**	**1,304.08**
Non-oil Revenue	**343.31**	**450.54**	**619.14**	**687.33**	**1,100.26**	**810.26**
Companies Income Tax & Other Taxes	105.54	132.23	161.85	203.62	293.50	261.50
Customs & Excise Duties	86.45	112.59	134.61	126.81	250.00	140.70
Value-Added Tax (VAT)	90.30	132.48	196.56	222.21	290.00	282.38
Independent Revenue of Fed. Govt.	13.07	22.14	75.53	54.28	150.00	42.44
Education Tax	14.20	21.73	12.64	37.57	37.40	33.46
Customs Levies	33.75	29.37	37.96	38.67	75.00	45.46
National Information Technology Development Fund (NITDF)	0.00	0.00	0.00	4.18	4.36	4.31
Other Non-oil Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Less:						
Cost of Collection	**10.71**	**13.21**	**23.77**	**25.92**	**42.47**	**31.60**
Non-Oil Revenue (Net)	**332.60**	**437.33**	**595.38**	**661.41**	**1,057.79**	**778.65**
Estmiated Balances in Special Accounts for the previous year	**0.00**	**0.00**	**0.00**	**0.00**	**3.32**	**0.00**
Federally-collected revenue (Net)	**1,611.97**	**1,638.84**	**2,183.19**	**1,774.52**	**3,395.56**	**2,082.73**

Table 13 cont'd
Federation Account Operations
(N' Billion)

	2006 1st Half	2007 1st Half	2008 1st Half	2009 1/ 1st Half	2010 1st Half Budget	2010 2/ 1st Half
Federation Account Allocation:	**1,611.97**	**1,638.84**	**2,183.19**	**1,774.53**	**3,395.56**	**2,082.73**
Transfer to Federal Govt. Ind. Revenue	13.07	22.14	75.53	54.28	150.00	42.44
Transfer to VAT Pool Account	90.30	132.48	188.70	213.32	278.40	271.08
Other Tranfers 3/	47.95	51.10	50.60	80.42	116.76	83.23
Amount Distributed	**1,460.66**	**1,433.12**	**1,868.36**	**1,426.51**	**2,850.40**	**1,685.98**
Federal Government	681.86	672.68	875.51	675.26	1,281.87	795.99
State Government	345.85	341.19	444.07	342.50	706.22	403.74
Local Government	266.63	263.05	342.36	264.05	544.47	311.26
13% Derivation	166.32	156.20	206.42	144.70	317.84	174.99
Vat Pool Account	**89.83**	**132.50**	**188.70**	**213.29**	**278.40**	**271.08**
FG	13.47	19.87	28.30	32.00	41.76	40.66
SG	44.91	66.25	94.35	106.66	139.20	135.54
LG	31.44	46.37	66.05	74.63	97.44	94.88
Special Funds (FGN)	**46.42**	**49.28**	**91.98**	**52.01**	**110.48**	**61.60**
Federal Capital Territory	11.10	11.79	22.01	12.44	26.43	14.74
Ecology	11.10	11.79	22.00	12.44	26.43	14.74
Statutory Stabilization	5.55	5.89	11.00	6.22	13.22	7.37
Natural Resources	18.66	19.81	36.97	20.91	44.40	24.76
Overall Balance	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Memorandum Items						
Deductions	**1,415.84**	**743.93**	**1,545.77**	**425.75**	**590.95**	**1,141.34**
JVC Cash calls	262.39	276.65	285.25	363.50	262.88	488.82
Excess Crude Proceeds	691.61	439.86	831.30	49.90	222.60	391.64
Excess PPT & Royalty	461.84	27.41	429.22	12.35	0.00	27.24
Others	0.00	0.00	0.00	0.00	105.48	233.64
Distribution from Excess Crude	**0.00**	**0.00**	**1,106.94**	**219.76**	**0.00**	**442.82**
Federal Government	0.00	0.00	249.27	58.65	0.00	202.95
State Government	0.00	0.00	395.71	93.16	0.00	102.94
Local Government	0.00	0.00	391.25	39.39	0.00	79.36
13% Derivation	0.00	0.00	70.71	28.57	0.00	57.57
Share of Diff.Btw. Provisional Distribution and Actual Budget/ Exchange rate Gain	**0.00**	**0.00**	**67.84**	**119.09**	**0.00**	**39.87**
Federal Government	0.00	0.00	31.09	54.58	0.00	18.27
State Government	0.00	0.00	15.77	27.68	0.00	9.27
Local Government	0.00	0.00	12.16	21.34	0.00	7.15
13% Derivation	0.00	0.00	8.82	15.48	0.00	5.18
Federation Revenue Augmentation	**0.00**	**0.00**	**87.87**	**300.65**	**0.00**	**414.22**
Federal Government	0.00	0.00	40.27	137.79	0.00	189.84
State Government	0.00	0.00	20.43	69.89	0.00	96.29
Local Government	0.00	0.00	15.75	53.88	0.00	74.24
13% Derivation	0.00	0.00	11.42	39.08	0.00	53.85
Total Statutory Revenue and VAT Distribution 3/	**0.00**	**0.00**	**3,319.71**	**2,279.30**	**3,128.80**	**2,853.97**
Federal Government	0.00	0.00	1,224.45	958.28	1,323.63	1,247.72
State Government	0.00	0.00	970.33	639.89	845.42	747.78
Local Government	0.00	0.00	827.57	453.30	641.91	566.89
13% Derivation	0.00	0.00	297.37	227.84	317.84	291.59
Total Excluding VAT	**0.00**	**0.00**	**0.00**	**2,915.57**	**2,850.40**	**2,582.88**
Federal Government	0.00	0.00	0.00	1,247.72	1,281.87	1,207.06
State Government	0.00	0.00	0.00	747.78	706.22	612.23
Local Government	0.00	0.00	0.00	566.89	544.47	472.01
13% Derivation	0.00	0.00	0.00	353.19	317.84	291.59

Source: Office of the Accountant-General of the Federation (OAGF)
1/ Revised
2/ Provisional
3/ Includes Education Tax, Customs Levies and NITDF

Table 14
Summary of Federal Government Finances
(N' Billion)

	2006 1st Half	2007 1st Half	2008 1st Half	2009 1/ 1st Half	2010 1st Half Budget	2010 2/ 1st Half
Total Federal Government Retained Revenue	**777.41**	**1,080.28**	**1,373.10**	**1,266.73**	**1,653.83**	**1,415.60**
Share of Federation Account (Gross)	681.86	672.68	875.51	675.26	1,392.35	795.99
Share of VAT Pool Account	13.47	19.87	28.31	32.00	38.98	40.66
Federal Government Independent Revenue	13.07	22.14	75.53	54.28	150.00	42.44
Privatisation Proceeds	7.85	0.00	0.00	0.00	0.00	0.00
Share of Excess Crude Account 2/	57.16	183.41	320.64	251.03	0.00	411.07
Refund to Local Governments	0.00	0.00	0.00	0.00	0.00	-96.87
Others 4/	4.00	182.18	73.12	254.18	72.51	222.31
Total Expenditure	**751.62**	**1,110.61**	**1,404.20**	**1,590.99**	**2,429.23**	**1,940.76**
Recurrent Expenditure	**594.23**	**598.55**	**948.30**	**1,017.30**	**1,398.12**	**1,439.31**
Goods and Services	**426.44**	**452.13**	**700.19**	**822.92**	**1,039.11**	**1,081.85**
Personnel Cost	267.49	232.89	432.07	452.12	479.75	568.37
Pension	42.73	42.78	65.59	87.16	88.73	69.58
Overhead Cost	116.22	176.47	202.54	283.63	470.62	443.90
Others	0.00	0.00	0.00	0.00	0.00	0.00
Interest Payments	**118.03**	**95.62**	**154.24**	**120.32**	**248.54**	**170.56**
Foreign	96.85	51.61	36.88	19.72	16.96	19.62
Domestic 4/	21.18	44.01	117.36	100.60	231.58	150.95
Transfers	**49.75**	**50.79**	**93.87**	**74.06**	**110.48**	**186.90**
FCT & Others (Special Funds)	49.75	50.79	93.87	74.06	110.48	89.24
Transfer to Financing	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**97.66**
Capital Expenditure & Net Lending 5/	**115.08**	**460.91**	**366.26**	**474.79**	**926.52**	**445.11**
Domestic Financed Budgets	**115.08**	**460.91**	**366.26**	**474.79**	**926.52**	**445.11**
Budgetary	115.08	460.91	366.26	474.79	926.52	445.11
Transfers	**42.31**	**51.15**	**89.64**	**98.90**	**104.59**	**56.34**
NDDC	10.33	12.00	29.64	12.83	29.51	0.00
NJC	17.50	21.50	39.00	58.50	45.50	26.00
UBE	14.48	17.65	21.00	19.65	29.57	22.16
Refund of Signature Bonuses/Others	0.00	0.00	0.00	7.92	0.00	8.18
Balance Of Revenue And Expenditure						
Primary Surplus (+)/Deficit (-)	**143.82**	**65.29**	**123.14**	**-203.94**	**-526.86**	**-354.60**
Current Surplus(+)/Deficit(-)	**183.18**	**481.73**	**424.80**	**249.43**	**255.71**	**-23.71**
Overall Surplus(+)/Deficit(-)	**25.79**	**-30.33**	**-31.10**	**-324.26**	**-775.40**	**-525.16**
Financing:	**-25.79**	**30.33**	**31.10**	**324.26**	**775.40**	**525.16**
Foreign(Net)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**75.03**
Domestic(Net)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**450.13**
Banking System	0.00	0.00	0.00	0.00	0.00	0.00
CBN	0.00	0.00	0.00	0.00	0.00	0.00
DMBs	0.00	0.00	0.00	0.00	0.00	0.00
Non Bank Public	0.00	0.00	0.00	0.00	0.00	366.87
Excess Crude (Net) 6/	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**97.66**
Other Funds	**-25.79**	**30.33**	**31.10**	**324.26**	**775.40**	**-14.40**

Source: Office of the Accountant-General of the Federation (OAGF)
1/ Provisional
2/ Includes FG's share of Federation Revenue Augmentation and Share of Difference between Provisonal and Approved Budget.
3/ Includes Refund of Loan to C/Rivers, Operating Surplus Redemption, Transfer (from closure) and FGN Bonds Issue (classified as revenue by OAGF)
4/ Include Sinking Fund Charges
5/ Includes net deductions for loans on lent to State,local governments and Federal parastatals/companies.
6/ Net of Special Transfers and Refunds to Local Government

Table 15
Functional Classification of Federal Government Capital Expenditure 1/
(Naira Million)

SOURCES	2006 Half-Year	2007 Half-Year	2008 Half-Year	2009 Half-Year	2010 Half-Year
ADMINISTRATION	**36,644.0**	**119,629.0**	**94,163.1**	**116,155.7**	**114,163.9**
General Administration	25,598.5	94,085.9	64,605.1	70,554.5	69,123.0
National Assembly	924.3	3,289.0	7,828.3	4,150.0	3,101.4
Defence	6,212.7	9,702.4	18,607.0	18,588.8	18,091.6
Internal Security	3,908.5	12,551.7	3,122.7	22,862.4	23,847.9
ECONOMIC SERVICES	**42,829.4**	**231,513.8**	**203,891.8**	**286,318.4**	**249,504.0**
Agriculture & Natural Resources	17,679.6	55,435.9	55,602.4	46,661.3	35,666.4
Manuf., Mining & Quarrying	3,661.8	5,534.5	4,008.0	11,392.5	10,353.7
Transport & Communications	4,259.1	22,932.3	75,906.1	32,050.0	41,985.7
Housing	1,120.5	3,930.0	0.0	0.0	0.0
Roads & Construction	9,807.1	59,878.5	0.0	130,825.1	72,008.5
National Priority Projects	0.0	0.0	0.0	0.0	0.0
JVC Calls/NNPC Priority Projects	0.0	0.0	0.0	0.0	0.0
PTF	0.0	0.0	0.0	0.0	0.0
Counterpart Funding	0.0	0.0	2,000.0	0.0	0.0
NDDC	0.0	0.0	0.0	0.0	22,579.1
Others	6,301.2	83,802.6	66,375.4	65,389.7	66,910.8
SOCIAL & COMMUNITY SERVICES	**35,609.4**	**103,734.9**	**68,128.3**	**72,142.8**	**62,977.0**
Education	14,296.3	19,088.9	26,060.3	29,094.9	20,764.7
Health	16,295.1	61,430.0	27,083.8	18,178.6	17,149.7
Others	5,017.9	23,216.0	14,984.2	24,869.4	25,062.6
	0.0				
TRANSFERS	**0.0**	**6,036.0**	**75.0**	**172.1**	**18,466.9**
Financial Obligations	0.0	0.0	0.0	0.0	0.0
Capital Repayments	0.0	0.0	0.0	0.0	0.0
Domestic	0.0	0.0	0.0	0.0	0.0
Foreign	0.0	0.0	0.0	0.0	0.0
External Obligations	0.0	0.0	0.0	0.0	0.0
Contingencies	0.0	0.0	0.0	0.0	0.0
Capital Supplementation	0.0	6,036.0	0.0	172.1	18,466.9
Net Lending to States/L.G.s/Parast.	0.0	0.0	0.0	0.0	0.0
Grants to States	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	75.0	0.0	0.0
TOTAL	**115,082.8**	**460,913.7**	**366,258.2**	**474,789.1**	**445,111.8**

Sources: Federal Ministry of Finance & Central Bank of Nigeria
1/ Provisional
2/ Excludes statutory transfers to NDDC, NJC and UBE

Table 16
Functional Classification of Federal Government Recurrent Expenditure 1/
(Naira Million)

	2006 Half-Year	2007 Half-Year	2008 Half-Year	2009 Half-Year	2010 Half-Year
ADMINISTRATION	**232,245.9**	**228,050.6**	**360,858.1**	**437,463.2**	**615,651.8**
General Administration	166,910.2	142,999.4	201,853.6	203,357.5	305,447.4
National Assembly	10,763.0	25,781.2	27,321.3	61,400.7	69,545.0
Defence	29,019.9	32,763.7	35,264.8	66,231.3	98,799.0
Internal Security	25,552.9	26,506.3	96,418.5	106,473.6	141,860.5
ECONOMIC SERVICES	**42,491.7**	**41,574.0**	**124,958.7**	**88,576.6**	**155,621.0**
Agriculture	9,088.1	11,019.2	22,365.2	19,158.4	13,366.0
Roads & Construction	12,705.7	12,612.4	39,254.7	10,063.3	17,889.3
Transport & Communications	4,839.4	4,969.1	6,825.6	32,697.6	35,958.5
Others	15,858.6	12,973.4	56,513.2	26,657.3	88,407.2
SOCIAL & COMMUNITY SERVICES	**106,678.7**	**119,730.2**	**155,923.0**	**189,427.5**	**240,994.5**
Education	59,813.5	74,072.4	67,879.8	102,474.2	107,169.2
Health	31,414.2	34,787.2	50,463.1	62,005.9	48,757.3
Others	15,451.0	10,870.6	37,580.1	24,947.5	85,068.0
TRANSFERS	**212,810.0**	**209,193.9**	**306,561.7**	**281,549.9**	**320,967.4**
Public Debt Charges (Int)	118,032.2	115,624.4	150,118.2	120,323.0	170,563.1
Domestic	21,180.8	64,010.0	113,239.8	100,600.3	150,948.1
Foreign	96,851.4	51,614.4	36,878.4	19,722.7	19,615.0
Pensions & Gratuities	42,732.0	42,778.3	62,572.1	87,163.8	69,578.1
FCT & Others	52,045.8	50,791.2	93,871.4	74,063.1	80,826.2
Contingencies (Others)	0.0	0.0	0.0	0.0	0.0
External Obligations	0.0	0.0	0.0	0.0	0.0
Extra-Budgetary Expenditure	0.0	0.0	0.0	0.0	0.0
Deferred Custom Duties	0.0	0.0	0.0	0.0	0.0
Unspecified Expenditure	0.0	0.0	0.0	0.0	0.0
Others 2/	0.0	0.0	0.0	0.0	0.0
TOTAL	**594,226.3**	**598,548.8**	**948,301.6**	**997,017.2**	**1,333,234.7**

Sources: Federal Ministry of Finance, Office of Accountant General of the Federation & Central Bank of Nigeria
1/ Provisional
2/ Excludes statutory transfers to NDDC, NJC and UBE

Table 17
Summary of Statutory & VAT Revenue Allocation to State Governments
(Naira Billion)

S/N	STATES	2006							2007						
		Gross Stat.	Deductions	13%	Net Stat.	Excess	VAT	Total Alloc.	Gross Stat.	Deductions	13%	Total Net Stat.	Excess Crude	VAT	Total Alloc.
1	Abia	8.50	2.32	2.18	8.35	0.96	0.96	**12.60**	8.38	0.27	1.31	9.42	3.02	1.40	**14.11**
2	Adamawa	9.48	1.05	-	8.43	0.83	0.96	**11.27**	9.35	0.30	-	9.05	2.77	1.41	**13.53**
3	Akwa Ibom	9.36	2.44	27.26	34.18	3.68	1.12	**41.41**	9.23	0.76	36.12	44.60	17.18	1.66	**64.19**
4	Anambra	9.49	0.65	-	8.84	0.83	1.11	**11.43**	9.36	0.40	-	8.97	2.56	1.62	**13.54**
5	Bauchi	10.69	0.42	-	10.27	0.93	1.09	**12.72**	10.55	1.37	-	9.18	3.12	1.62	**15.29**
6	Bayelsa	7.36	0.57	38.96	45.75	4.60	1.02	**51.95**	7.26	0.22	22.70	29.74	9.86	1.37	**41.19**
7	Benue	10.23	1.13	-	9.09	0.89	1.09	**12.21**	10.09	0.32	-	9.77	2.99	1.56	**14.63**
8	Borno	10.85	0.79	-	10.07	0.95	1.12	**12.93**	10.71	0.47	-	10.24	3.17	1.59	**15.47**
9	Cross River	8.88	2.11	3.45	10.22	1.04	0.94	**14.30**	8.76	2.92	3.44	9.28	3.83	1.39	**17.42**
10	Delta	9.48	1.05	31.06	39.48	4.23	1.30	**46.07**	9.35	1.01	23.90	32.24	10.52	1.87	**45.65**
11	Ebonyi	8.02	0.72	-	7.30	0.70	0.87	**9.59**	7.91	0.17	-	7.74	2.34	1.30	**11.55**
12	Edo	9.43	1.12	1.56	9.88	0.98	1.06	**13.04**	9.30	0.93	0.83	9.21	2.90	1.62	**14.65**
13	Ekiti	7.97	0.18	-	7.80	0.70	0.94	**9.61**	7.87	0.12	-	7.75	2.33	1.34	**11.53**
14	Enugu	8.82	1.39	-	7.43	0.77	1.12	**10.71**	8.70	0.48	-	8.23	2.58	1.48	**12.76**
15	Gombe	8.12	0.62	-	7.50	0.71	0.90	**9.72**	8.01	0.32	-	7.69	2.37	1.35	**11.73**
16	Imo	9.35	1.38	2.41	10.38	1.06	1.03	**13.86**	9.23	0.46	2.22	10.99	3.59	1.52	**16.57**
17	Jigawa	10.38	0.89	-	9.50	0.91	1.11	**12.40**	10.24	0.65	-	9.60	3.03	1.58	**14.85**
18	Kaduna	11.62	1.71	-	9.90	1.02	1.42	**14.05**	11.46	0.80	-	10.66	3.39	1.95	**16.80**
19	Kano	14.13	0.52	-	13.61	1.24	1.97	**17.34**	13.94	0.59	-	13.35	4.13	2.62	**20.69**
20	Katsina	11.08	0.08	-	11.00	0.97	1.26	**13.31**	10.93	0.11	-	10.82	3.24	1.82	**15.99**
21	Kebbi	9.21	0.79	-	8.42	0.81	0.98	**11.00**	9.09	1.03	-	8.06	2.69	1.57	**13.35**
22	Kogi	9.24	1.08	-	8.16	0.81	1.02	**11.07**	9.12	0.46	-	8.65	2.70	1.69	**13.50**
23	Kwara	8.41	1.07	-	7.34	0.74	0.93	**10.08**	8.30	0.22	-	8.08	2.46	1.31	**12.07**
24	Lagos	13.35	6.85	-	6.50	1.17	6.46	**20.98**	13.17	4.96	-	8.21	3.90	9.94	**27.01**
25	Nasarawa	7.96	0.77	-	7.19	0.70	0.82	**9.48**	7.85	0.71	-	7.14	2.33	1.20	**11.38**
26	Niger	10.71	1.48	-	9.23	0.94	1.03	**12.67**	10.56	0.70	-	9.86	3.13	1.50	**15.19**
27	Ogun	9.02	0.63	-	8.39	0.79	1.08	**10.89**	8.90	0.52	-	8.38	2.63	1.60	**13.13**
28	Ondo	8.86	0.46	9.02	17.43	1.45	1.06	**20.39**	8.74	0.39	9.38	17.74	6.03	1.57	**25.72**
29	Osun	8.67	0.35	-	8.32	0.76	1.03	**10.46**	8.55	0.70	-	7.85	2.53	1.52	**12.60**
30	Oyo	10.82	0.48	-	10.33	0.95	1.25	**13.01**	10.67	1.23	-	9.44	3.16	1.91	**15.74**
31	Plateau	9.22	3.65	-	5.57	0.81	1.07	**11.10**	9.10	0.52	-	8.58	2.69	1.58	**13.38**
32	Rivers	10.20	0.63	48.70	58.28	5.84	2.02	**66.77**	10.07	0.35	56.76	66.47	24.32	3.10	**94.25**
33	Sokoto	9.76	0.44	-	9.32	0.85	1.05	**11.66**	9.63	0.17	-	9.46	2.85	1.73	**14.21**
34	Taraba	9.12	1.16	-	7.96	0.80	0.89	**10.81**	9.00	0.45	-	8.55	2.67	1.27	**12.93**
35	Yobe	8.86	0.54	-	8.32	0.77	0.85	**10.49**	8.75	0.64	-	8.11	2.59	1.25	**12.59**
36	Zamfara	9.19	0.41	-	8.77	0.80	0.97	**10.96**	9.06	0.24	-	8.82	2.68	1.45	**13.20**
37	Disputed Deriv.	-	-	1.53	1.53	0.16	-	**1.68**	-	-	-	-		-	**-**
	FAAC A/C /1	-	-	0.19	0.19	-	-	**0.19**	-	-		-		-	**-**
	TOTAL	**345.85**	**41.95**	**166.32**	**470.21**	**47.11**	**44.91**	**604.19**	**341.19**	**25.95**	**156.67**	**471.91**	**158.29**	**66.25**	**722.39**

Source: Federation Account Allocation, Federal Ministry of Finance
1/ Provisional
2/ Includes the share of Oil-producing states from the excess crude

Table 17 cont'd
Summary of Statutory & VAT Revenue Allocation to State Governments
(Naira Billion)

2008

S/N	STATES	Gross Stat.	Deductions	13%	Total Net Stat.	Augmentation	Excess Crude	VAT	Total Alloc.
1	Abia	10.79	0.25	2.30	12.84	3.29	1.66	2.11	**20.15**
2	Adamawa	12.04	0.47	-	11.58	2.92	1.48	2.00	**18.44**
3	Akwa Ibom	12.06	0.56	47.61	59.11	16.96	8.43	2.35	**87.41**
4	Anambra	12.12	0.37	-	11.75	2.95	1.48	2.27	**18.82**
5	Bauchi	13.88	1.10	-	12.78	3.42	1.67	2.31	**21.28**
6	Bayelsa	9.49	0.08	31.91	41.32	11.73	5.82	1.80	**60.75**
7	Benue	13.00	0.55	-	12.45	3.16	1.60	2.23	**19.98**
8	Borno	14.11	0.42	-	13.68	3.48	1.70	2.18	**21.46**
9	Cross River	11.30	2.55	4.17	12.91	3.97	2.00	1.99	**23.42**
10	Delta	12.12	0.56	28.64	40.21	11.38	5.67	2.62	**60.44**
11	Ebonyi	10.07	0.18	-	9.89	2.42	1.25	1.81	**15.55**
12	Edo	11.64	0.55	0.49	11.57	2.90	1.54	2.05	**18.62**
13	Ekiti	10.10	0.17	-	9.92	2.44	1.25	1.84	**15.63**
14	Enugu	11.30	0.38	-	10.92	2.76	1.38	2.44	**17.87**
15	Gombe	10.52	0.61	-	9.91	2.59	1.27	1.81	**16.19**
16	Imo	12.02	0.30	3.26	14.98	3.90	1.94	2.19	**23.32**
17	Jigawa	13.27	0.37	-	12.90	3.23	1.62	2.27	**20.40**
18	Kaduna	15.00	0.95	-	14.06	3.68	1.82	2.71	**23.21**
19	Kano	18.56	0.73	-	17.83	4.62	2.21	3.76	**29.14**
20	Katsina	14.30	0.18	-	14.13	3.51	1.73	2.54	**22.08**
21	Kebbi	11.93	0.93	-	11.01	2.94	1.44	1.99	**18.31**
22	Kogi	11.95	0.96	-	10.98	2.93	1.44	2.04	**18.36**
23	Kwara	10.87	0.16	-	10.71	2.67	1.31	1.84	**16.70**
24	Lagos	17.10	4.53	-	12.56	4.17	2.09	15.37	**38.73**
25	Nasarawa	10.23	0.70	-	9.53	2.50	1.24	1.99	**15.96**
26	Niger	13.87	1.56	-	12.31	3.42	1.67	2.13	**21.09**
27	Ogun	11.63	0.32	-	11.31	2.86	1.41	2.28	**18.18**
28	Ondo	11.28	0.24	11.96	22.99	6.26	3.14	2.11	**34.73**
29	Osun	11.19	0.56	-	10.63	2.71	1.35	2.05	**17.31**
30	Oyo	13.92	1.25	-	12.67	3.41	1.69	2.67	**21.70**
31	Plateau	11.78	0.85	-	10.93	2.87	1.44	2.01	**18.09**
32	Rivers	13.04	0.40	76.09	88.73	25.59	12.73	4.33	**131.79**
33	Sokoto	12.49	0.45	-	12.04	3.05	1.53	2.11	**19.17**
34	Taraba	11.76	0.59	-	11.17	2.89	1.43	2.06	**18.13**
35	Yobe	11.57	0.72	-	10.85	2.86	1.39	2.08	**17.90**
36	Zamfara	11.77	0.36	-	11.41	2.87	1.44	2.02	**18.10**
37	Disputed Deriv	-	-	-	-		-	-	**-**
	FAAC A/C /1	-	-		-		-	-	**-**
	TOTAL	**444.07**	**25.91**	**206.41**	**624.58**	**169.32**	**84.26**	**94.35**	**998.42**

2009

S/N	STATES	Gross Stat.	Deductions	13%	Total Net Stat.	Augmentation	Excess Crude	VAT	Total Alloc.
1	Abia	8.26	0.09	1.91	10.07	3.21	0.39	2.22	**15.98**
2	Adamawa	9.22	1.69	-	7.53	2.63	1.37	2.27	**15.49**
3	Akwa Ibom	9.32	0.79	36.60	45.13	18.02	18.51	2.45	**84.91**
4	Anambra	9.31	0.34	-	8.96	2.65	1.39	2.59	**15.94**
5	Bauchi	10.80	3.84	-	6.96	3.08	1.61	2.65	**18.13**
6	Bayelsa	7.39	0.93	19.86	26.32	8.38	6.27	1.94	**43.84**
7	Benue	9.95	0.42	-	9.53	2.84	1.48	2.55	**16.82**
8	Borno	10.98	0.71	-	10.27	3.13	1.64	2.49	**18.23**
9	Cross River	8.65	2.56	1.62	7.70	2.44	2.45	2.24	**17.40**
10	Delta	9.32	0.65	26.91	35.57	16.11	5.77	2.66	**60.75**
11	Ebonyi	7.64	0.21	-	7.43	2.18	1.14	2.12	**13.08**
12	Edo	8.70	0.46	1.35	9.60	3.48	0.68	2.36	**16.57**
13	Ekiti	7.71	0.71	-	7.00	2.20	1.15	2.21	**13.26**
14	Enugu	8.70	0.18	-	8.51	2.48	0.65	2.43	**14.25**
15	Gombe	8.17	0.62	-	7.56	2.33	1.22	2.11	**13.83**
16	Imo	9.28	2.31	2.26	9.24	3.48	2.16	2.45	**19.64**
17	Jigawa	10.20	1.56	-	8.64	2.90	1.52	2.60	**17.22**
18	Kaduna	11.62	1.06	-	10.56	3.31	1.73	3.02	**19.68**
19	Kano	14.56	1.31	-	13.25	4.15	2.17	4.25	**25.13**
20	Katsina	11.08	0.34	-	10.74	3.16	1.65	2.97	**18.86**
21	Kebbi	9.26	2.41	-	6.85	2.64	1.38	2.33	**15.62**
22	Kogi	9.24	1.51	-	7.74	2.63	1.38	2.32	**15.57**
23	Kwara	8.42	0.53	-	7.89	2.40	1.26	2.16	**14.24**
24	Lagos	13.16	4.30	-	8.85	3.75	1.96	19.25	**38.12**
25	Nasarawa	7.89	0.55	-	7.34	2.25	1.18	1.99	**13.30**
26	Niger	10.78	1.73	-	9.05	3.07	1.61	2.45	**17.91**
27	Ogun	9.01	0.33	-	8.68	2.57	1.34	2.47	**15.39**
28	Ondo	8.64	0.37	8.27	16.53	5.52	5.31	2.45	**30.19**
29	Osun	8.54	0.41	-	8.13	2.43	0.71	2.36	**14.05**
30	Oyo	10.76	1.05	-	9.72	3.07	1.61	3.14	**18.57**
31	Plateau	9.04	2.52	-	6.52	2.58	1.35	2.29	**15.25**
32	Rivers	10.10	0.16	45.93	55.87	16.61	29.08	3.88	**105.61**
33	Sokoto	9.61	1.37	-	8.24	2.74	1.43	2.61	**16.39**
34	Taraba	9.10	2.15	-	6.96	2.59	1.36	2.07	**15.12**
35	Yobe	9.03	0.51	-	8.52	2.57	1.35	2.05	**15.00**
36	Zamfara	9.06	0.89	-	8.17	2.58	1.35	2.28	**15.27**
37	Disputed Deriv				-				**-**
	FAAC A/C /1				-				**-**
	TOTAL	**342.50**	**41.58**	**144.70**	**445.63**	**152.14**	**108.62**	**106.66**	**854.62**

2010 1/

S/N	STATES	Gross Stat.	Deductions	13%	Total Net Stat.	Augmentation	Exchange	Excess Crude	VAT	Total Alloc.
1	Abia	9.73	0.53	2.75	11.95	3.17	0.30	3.28	2.79	**22.02**
2	Adamawa	10.86	1.01	-	9.86	2.59	0.25	2.65	2.92	**19.28**
3	Akwa Ibom	10.99	1.26	49.09	58.82	17.73	1.71	18.84	3.53	**101.88**
4	Anambra	10.97	0.32	-	10.65	2.62	0.25	2.68	3.24	**19.76**
5	Bauchi	12.73	0.87	-	11.86	3.04	0.29	3.11	3.33	**22.49**
6	Bayelsa	8.72	5.83	20.27	23.15	8.32	0.80	8.80	2.51	**49.41**
7	Benue	11.73	0.77	-	10.96	2.80	0.27	2.87	3.18	**20.84**
8	Borno	12.94	0.11	-	12.83	3.09	0.30	3.16	3.23	**22.72**
9	Cross River	10.20	2.29	-	7.91	2.43	0.23	2.49	2.83	**18.18**
10	Delta	10.98	2.24	42.74	51.49	15.77	1.52	16.74	3.80	**91.56**
11	Ebonyi	9.01	0.22	-	8.78	2.15	0.21	2.20	2.63	**16.20**
12	Edo	10.25	0.96	3.15	12.45	3.42	0.33	3.54	3.22	**23.91**
13	Ekiti	9.08	0.18	-	8.90	2.17	0.21	2.22	2.65	**16.33**
14	Enugu	10.25	0.47	-	9.78	2.44	0.24	2.50	2.95	**18.39**
15	Gombe	9.64	0.66	-	8.97	2.30	0.22	2.35	2.68	**17.18**
16	Imo	10.94	2.76	2.69	10.87	3.44	0.33	3.56	3.11	**24.07**
17	Jigawa	12.02	0.82	-	11.20	2.87	0.28	2.94	3.28	**21.38**
18	Kaduna	13.70	0.87	-	12.83	3.27	0.31	3.35	3.86	**24.49**
19	Kano	17.17	0.52	-	16.65	4.09	0.39	4.20	5.32	**31.18**
20	Katsina	13.06	0.77	-	12.29	3.11	0.30	3.19	3.72	**23.38**
21	Kebbi	10.92	1.58	-	9.34	2.60	0.25	2.67	2.94	**19.39**
22	Kogi	10.89	0.77	-	10.13	2.60	0.25	2.66	3.14	**19.54**
23	Kwara	9.93	0.19	-	9.74	2.37	0.23	2.43	2.71	**17.66**
24	Lagos	15.51	3.75	-	11.76	3.70	0.36	3.79	23.74	**47.09**
25	Nasarawa	9.30	0.63	-	8.67	2.22	0.21	2.27	2.50	**16.50**
26	Niger	12.70	1.57	-	11.14	3.03	0.29	3.10	3.15	**22.28**
27	Ogun	10.62	0.21	-	10.41	2.53	0.24	2.59	3.08	**19.07**
28	Ondo	10.18	0.42	9.83	19.59	5.45	0.52	5.72	3.05	**34.76**
29	Osun	10.07	0.48	-	9.59	2.40	0.23	2.46	3.00	**18.17**
30	Oyo	12.69	1.46	-	11.23	3.03	0.29	3.10	3.84	**22.95**
31	Plateau	10.65	1.00	-	9.65	2.54	0.24	2.60	2.94	**18.99**
32	Rivers	11.91	0.62	44.47	55.76	16.52	1.59	17.54	5.42	**97.45**
33	Sokoto	11.33	0.15	-	11.18	2.70	0.26	2.77	3.05	**20.11**
34	Taraba	10.73	0.07	-	10.66	2.56	0.25	2.62	2.63	**18.78**
35	Yobe	10.65	0.22	-	10.43	2.54	0.24	2.60	2.66	**18.69**
36	Zamfara	10.68	0.72	-	9.96	2.55	0.25	2.61	2.90	**18.98**
37	Disputed Deriv				-					**-**
	FAAC A/C /1				-					**-**
	TOTAL	**403.74**	**37.29**	**174.99**	**541.43**	**150.14**	**14.45**	**156.22**	**135.54**	**1,035.08**

Source: Federation Account Allocation, Federal Ministry of Finance.
1/ Provisional
2/ Includes the share of Oil-producing states from the excess crude

Table 18
Allocation to Local Governments from the Federation and VAT Pools Accounts
(Naira Million)

S/N	State	1st Half 2006						1st Half 2007					
		Fed.	Excess	Budget	Exchange	VAT	Total	Fed.	Excess	Budget	Exchange	VAT	Total
1	Abia	5,753.80	503.39	0.00		574.94	**6,832.13**	5,668.91	1,681.09	0.00		931.91	**8,281.90**
2	Adamawa	7,167.58	626.91	0.00		660.60	**8,455.09**	7,056.64	2,094.15	0.00		1,042.81	**10,193.60**
3	Akwa-Ibom	9,086.86	793.29	0.00		959.97	**10,840.12**	8,955.65	2,654.91	0.00		1,454.60	**13,065.16**
4	Anambra	7,172.42	627.30	0.00		759.85	**8,559.56**	7,069.45	2,095.57	0.00		1,192.79	**10,357.80**
5	Bauchi	8,030.75	702.59	0.00		729.76	**9,463.10**	8,104.96	2,346.35	0.00		1,165.09	**11,616.40**
6	Bayelsa	3,116.50	272.72	0.00		415.95	**3,805.16**	3,068.41	910.55	0.00		627.45	**4,606.41**
7	Benue	8,232.36	720.10	0.00		787.21	**9,739.67**	8,329.87	2,405.25	0.00		1,206.77	**11,941.89**
8	Borno	9,129.83	796.71	0.00		885.81	**10,812.35**	8,986.36	2,667.46	0.00		1,301.76	**12,955.58**
9	Cross-River	6,127.85	536.05	0.00		581.68	**7,245.57**	6,034.90	1,790.37	0.00		949.11	**8,774.39**
10	Delta	7,989.57	698.72	0.00		954.12	**9,642.42**	7,872.44	2,334.31	0.00		1,410.39	**11,617.14**
11	Ebonyi	4,251.36	371.85	0.00		433.61	**5,056.82**	4,189.29	1,242.12	0.00		747.08	**6,178.48**
12	Edo	6,311.21	552.06	0.00		660.25	**7,523.52**	6,216.29	1,843.95	0.00		1,111.39	**9,171.62**
13	Ekiti	5,016.82	438.93	0.00		538.34	**5,994.09**	4,943.50	1,465.76	0.00		857.09	**7,266.35**
14	Enugu	5,770.90	504.68	0.00		672.98	**6,948.55**	5,687.07	1,686.08	0.00		983.41	**8,356.56**
15	Gombe	4,057.57	354.97	0.00		409.56	**4,822.10**	3,996.23	1,185.50	0.00		708.10	**5,889.83**
16	Imo	8,255.18	722.08	0.00		831.00	**9,808.26**	8,135.77	2,411.92	0.00		1,274.74	**11,822.43**
17	Jigawa	8,963.68	784.07	0.00		882.40	**10,630.15**	8,830.14	2,618.92	0.00		1,317.45	**12,766.50**
18	Kaduna	9,402.41	821.19	0.00		1,003.53	**11,227.13**	9,259.19	2,747.10	0.00		1,478.42	**13,484.71**
19	Kano	15,457.56	1,350.22	0.00		1,787.39	**18,595.17**	15,231.20	4,516.24	0.00		2,464.00	**22,211.44**
20	Katsina	11,246.28	981.30	0.00		1,128.12	**13,355.70**	11,080.49	3,285.83	0.00		1,678.55	**16,044.86**
21	Kebbi	7,057.40	613.79	0.00		673.27	**8,344.45**	6,948.72	2,061.96	0.00		1,135.15	**10,145.83**
22	Kogi	7,166.58	626.93	0.00		693.02	**8,486.52**	7,056.99	2,093.86	0.00		1,194.89	**10,345.74**
23	Kwara	5,525.45	482.39	0.00		530.81	**6,538.66**	5,438.77	1,614.37	0.00		838.08	**7,891.22**
24	Lagos	9,430.03	824.57	0.00		3,975.94	**14,230.54**	9,298.31	2,755.17	0.00		6,935.35	**18,988.83**
25	Nassarawa	4,427.74	385.15	0.00		399.59	**5,212.47**	4,358.32	1,293.65	0.00		681.44	**6,333.41**
26	Niger	8,926.42	780.61	0.00		787.99	**10,495.01**	8,782.74	2,608.03	0.00		1,206.52	**12,597.29**
27	Ogun	6,604.12	577.49	0.00		715.66	**7,897.28**	6,507.52	1,929.53	0.00		1,132.15	**9,569.20**
28	Ondo	6,231.86	545.12	0.00		660.74	**7,437.71**	6,139.73	1,820.76	0.00		1,093.79	**9,054.29**
29	Osun	8,519.93	745.12	0.00		887.46	**10,152.50**	8,396.00	2,489.27	0.00		1,333.02	**12,218.28**
30	Oyo	10,692.35	935.11	0.00		1,093.61	**12,721.06**	10,534.46	3,123.98	0.00		1,694.36	**15,352.81**
31	Plateau	6,139.74	537.02	0.00		643.66	**7,320.42**	6,045.92	1,793.85	0.00		1,045.34	**8,885.11**
32	Rivers	8,076.94	706.43	0.00		1,350.33	**10,133.69**	7,959.67	2,359.84	0.00		2,312.12	**12,631.63**
33	Sokoto	7,772.87	679.91	0.00		757.16	**9,209.94**	7,654.53	2,271.00	0.00		1,287.55	**11,213.08**
34	Taraba	6,157.43	370.42	0.00		506.01	**7,033.86**	6,054.62	1,799.02	0.00		810.60	**8,664.24**
35	Yobe	5,872.02	513.63	0.00		500.89	**6,886.54**	5,776.81	1,715.63	0.00		820.10	**8,312.53**
36	Zamfara	5,627.68	492.18	0.00		521.63	**6,641.50**	5,539.28	1,644.24	0.00		893.83	**8,077.35**
37	FCT Abuja	1,865.47	160.22	0.00		1,084.79	**3,110.48**	1,836.63	545.03	0.00		1,370.07	**3,751.73**
	Total	**266,634.48**	**23,135.20**	**0.00**	**0.00**	**31,439.62**	**321,209.30**	**263,045.75**	**77,902.63**	**0.00**	**0.00**	**49,687.27**	**390,635.64**

Source: Federation Account Allocation, Federal Ministry of Finance.
Notes:
VAT: Value Added Tax
LGA: Local Governments Areas

Table 18 cont'd
Allocation to Local Governments from the Federation and Vat Pools Accounts
(Naira Million)

S/N	State	1st Half 2008						1st Half 2009						1st Half 2010					
		Fed.	Excess	Budget	Exchange	VAT	Total	Fed.	Excess	Budget	Exchange	VAT	Total	Fed.	Excess	Budget	Exchange	VAT	Total
1	Abia	7,264.30	899.06	1,745.79		1,255.68	**11,164.83**	5,849.16	821.32	1,568.68		1,323.34	**9,562.49**	6,754.22	3,764.30	1,548.03	149.00	1,664.07	**13,879.63**
2	Adamawa	9,178.15	1,119.97	2,246.66		1,369.53	**13,914.32**	6,743.07	1,056.95	2,018.73		1,555.58	**11,374.33**	8,089.48	4,844.29	1,992.17	191.75	1,995.13	**17,112.81**
3	Akwa-Ibom	11,957.83	1,419.87	2,962.89		2,014.30	**18,354.89**	9,345.00	1,393.91	2,662.30		2,161.08	**15,562.29**	11,015.86	6,388.64	2,627.27	252.89	2,978.06	**23,262.71**
4	Anambra	9,176.09	1,120.73	2,227.12		1,553.48	**14,077.41**	7,024.36	1,047.76	2,001.17		1,767.67	**11,840.96**	8,280.30	4,802.15	1,974.84	190.09	2,211.38	**17,458.75**
5	Bauchi	10,406.29	1,254.85	2,575.81		1,541.11	**15,778.05**	8,124.12	1,211.80	2,314.49		1,767.44	**13,417.85**	9,576.70	5,554.00	2,284.03	219.85	2,217.34	**19,851.90**
6	Bayelsa	3,930.42	486.97	947.68		664.51	**6,029.58**	2,988.99	445.84	851.53		696.55	**4,982.91**	3,523.41	2,043.40	840.33	80.88	913.34	**7,401.36**
7	Benue	10,645.28	1,286.35	2,619.07		1,612.37	**16,163.08**	8,260.58	1,232.16	2,353.36		1,842.16	**13,688.26**	9,737.56	5,647.29	2,322.39	223.54	2,300.57	**20,231.34**
8	Borno	12,005.62	1,426.58	3,010.03		1,749.49	**18,191.72**	9,493.68	1,416.09	2,704.66		1,995.42	**15,609.84**	11,191.12	6,490.28	2,669.07	256.91	2,575.70	**23,183.08**
9	Cross-River	7,744.34	957.51	1,870.53		1,231.94	**11,804.31**	5,899.66	880.00	1,680.76		1,388.97	**9,849.39**	6,954.51	4,033.26	1,658.64	159.65	1,748.15	**14,554.21**
10	Delta	10,190.03	1,248.41	2,472.35		1,921.09	**15,831.88**	7,797.81	1,163.13	2,221.52		2,000.38	**13,182.84**	9,192.04	5,330.92	2,192.29	211.02	2,781.97	**19,708.23**
11	Ebonyi	5,464.53	664.30	1,332.62		895.84	**8,357.29**	4,203.11	626.94	1,197.43		1,060.67	**7,088.15**	4,954.61	2,873.42	1,181.67	113.74	1,304.34	**10,427.79**
12	Edo	7,852.57	986.16	1,872.19		1,273.89	**11,984.81**	5,904.91	880.78	1,682.25		1,463.63	**9,931.58**	6,960.69	4,036.85	1,660.12	159.79	1,982.79	**14,800.24**
13	Ekiti	6,336.56	783.90	1,522.94		1,045.47	**9,688.87**	4,803.36	716.47	1,368.43		1,262.54	**8,150.81**	5,662.19	3,283.78	1,350.42	129.98	1,507.55	**11,933.93**
14	Enugu	7,407.54	901.73	1,804.39		1,457.49	**11,571.15**	5,691.07	848.89	1,621.33		1,463.29	**9,624.57**	6,708.62	3,890.66	1,600.00	154.01	1,770.24	**14,123.52**
15	Gombe	5,302.97	634.01	1,316.66		814.37	**8,068.01**	4,152.77	619.43	1,183.09		961.34	**6,916.62**	4,895.28	2,839.01	1,167.52	112.38	1,211.77	**10,225.95**
16	Imo	10,679.22	1,289.91	2,612.63		1,756.28	**16,338.04**	8,240.25	1,229.12	2,347.57		1,966.94	**13,783.89**	9,713.59	5,633.39	2,316.68	222.99	2,496.13	**20,382.78**
17	Jigawa	11,348.99	1,400.62	2,741.04		1,814.69	**17,305.35**	8,645.29	1,289.54	2,462.96		2,065.25	**14,463.04**	10,191.05	5,910.29	2,430.55	233.95	2,608.58	**21,374.42**
18	Kaduna	12,022.88	1,469.17	2,939.95		1,938.00	**18,370.01**	9,272.64	1,383.12	2,641.69		2,162.61	**15,460.06**	10,930.57	6,339.17	2,606.92	250.93	2,756.39	**22,883.98**
19	Kano	19,819.11	2,415.32	4,824.87		3,514.76	**30,574.06**	15,217.70	2,269.89	4,335.74		3,992.13	**25,815.46**	17,938.59	10,403.47	4,278.33	411.81	5,006.36	**38,038.55**
20	Katsina	14,450.74	1,757.29	3,527.50		2,300.31	**22,035.84**	11,125.77	1,659.53	3,169.63		2,661.33	**18,616.25**	13,115.03	7,606.05	3,127.91	301.07	3,340.23	**27,490.30**
21	Kebbi	8,989.70	1,102.75	2,191.19		1,369.02	**13,652.67**	6,911.04	1,030.86	1,968.89		1,596.87	**11,507.65**	8,146.71	4,724.68	1,942.98	187.02	2,009.00	**17,010.39**
22	Kogi	9,247.31	1,119.81	2,271.10		1,394.73	**14,032.95**	7,163.06	1,068.45	2,040.69		1,585.61	**11,857.81**	8,443.80	4,896.98	2,013.83	193.84	2,125.93	**17,674.38**
23	Kwara	7,097.96	863.38	1,744.14		1,047.75	**10,753.23**	5,501.05	820.54	1,567.20		1,231.54	**9,120.33**	6,484.63	3,760.75	1,546.57	148.86	1,541.07	**13,481.88**
24	Lagos	12,062.98	1,473.49	2,930.77		9,210.01	**25,677.26**	9,243.69	1,378.80	2,633.44		12,031.53	**25,287.45**	10,896.44	6,319.38	2,598.78	250.14	14,224.04	**34,288.79**
25	Nassarawa	5,683.99	691.86	1,395.69		993.09	**8,764.63**	4,402.02	656.61	1,254.09		971.87	**7,284.59**	5,189.09	3,009.41	1,237.59	119.12	1,215.58	**10,770.80**
26	Niger	11,468.30	1,394.80	2,828.31		1,631.78	**17,323.18**	8,920.51	1,330.59	2,541.37		1,875.01	**14,667.48**	10,515.48	6,098.44	2,507.93	241.40	2,398.72	**21,761.97**
27	Ogun	8,532.82	1,031.93	2,092.89		1,502.70	**13,160.33**	6,601.00	984.61	1,880.56		1,639.63	**11,105.81**	7,781.25	4,512.73	1,855.82	178.63	2,045.34	**16,373.76**
28	Ondo	7,954.35	973.76	1,931.85		1,311.68	**12,171.63**	6,093.07	908.85	1,735.86		1,523.75	**10,261.53**	7,182.50	4,165.48	1,713.02	164.88	1,893.77	**15,119.65**
29	Osun	10,875.49	1,331.28	2,632.76		1,790.25	**16,629.78**	8,303.76	1,238.60	2,365.66		2,046.92	**13,954.94**	9,788.45	5,676.81	2,334.53	224.71	2,601.20	**20,625.70**
30	Oyo	13,764.37	1,670.73	3,366.61		2,325.68	**21,127.39**	10,618.32	1,583.84	3,025.06		2,710.00	**17,937.22**	12,516.86	7,259.14	2,985.25	287.34	3,345.21	**26,393.80**
31	Plateau	7,873.78	959.37	1,927.09		1,205.07	**11,965.31**	6,078.07	906.61	1,731.48		1,375.71	**10,091.87**	7,164.81	4,155.23	1,708.80	164.48	1,762.07	**14,955.39**
32	Rivers	10,361.30	1,262.06	2,523.44		2,844.47	**16,991.27**	7,958.94	1,187.16	2,267.43		2,679.20	**14,092.74**	9,381.99	5,441.07	2,237.59	215.38	3,638.32	**20,914.34**
33	Sokoto	9,923.16	1,214.55	2,418.97		1,532.63	**15,089.30**	7,629.45	1,138.02	2,173.56		1,872.47	**12,813.49**	8,993.57	5,215.82	2,144.95	206.46	2,209.72	**18,770.53**
34	Taraba	7,839.27	962.13	1,925.54		1,168.56	**11,895.49**	6,073.18	905.88	1,730.23		1,175.37	**9,884.66**	7,159.05	4,151.88	1,707.42	164.35	1,488.00	**14,670.70**
35	Yobe	7,563.66	917.53	1,867.30		1,222.54	**11,571.04**	5,889.50	878.48	1,677.86		1,212.90	**9,658.75**	6,942.53	4,026.31	1,655.78	159.38	1,567.28	**14,351.28**
36	Zamfara	7,171.90	879.35	1,753.07		1,086.97	**10,891.29**	5,529.19	824.74	1,574.91		1,222.61	**9,151.46**	6,517.80	3,779.99	1,554.49	149.63	1,554.95	**13,556.86**
37	FCT Abuja	2,765.29	291.49	746.03		2,684.03	**6,486.84**	2,353.00	350.98	670.35		2,351.56	**5,725.88**	2,773.71	1,608.61	661.53	63.67	3,888.53	**8,996.05**
	Total	**342,359.11**	**41,662.99**	**83,719.45**	**0.00**	**66,045.52**	**533,787.07**	**264,052.14**	**39,386.28**	**75,225.97**	**0.00**	**74,660.88**	**453,325.27**	**311,264.07**	**180,517.32**	**74,236.02**	**7,145.52**	**94,878.81**	**668,041.74**

Source: Federation Account Allocation, Federal Ministry of Finance.

Notes:

VAT: Value Added Tax

LGA: Local Governments Areas

Excess Crude for the fist half of 2010 includes the sums of =N=65,951.60 million and =N35,203.52 million as refund to Local Governments from the Federal and State Governments for the months of February and March, respectively.

Table 19
Domestic Debt of the Federal Government
(Naira Billion)

	2007		2008		2009		2010 1/
	1st Half	Year-End	1st Half	Year-End	1st Half	Year-End	1st Half
1. Composition of Debt by Instruments							
(I) Nigerian Treasury Bills	716.93	574.92	574.93	471.93	641.93	797.48	901.02
(II) Treasury Bonds	407.93	407.93	402.26	402.26	392.07	392.07	392.07
(III) Development Stocks	0.72	0.62	0.52	0.52	0.52	0.52	0.22
(IV) Promissory Notes	0.00	0.00	0.00	0.00	0.00	63.03	63.03
(V) FGN Bonds	925.65	1,186.16	1,361.25	1,445.60	1,778.27	1,974.93	2,408.43
Total	**2,051.23**	**2,169.63**	**2,338.96**	**2,320.31**	**2,812.79**	**3,228.03**	**3,764.76**
2. Composition of Debt by Holders							
(I) Banking System		1,685.34	1,785.27	1,771.53	1,984.14	1,597.76	2,690.50
A. Central Bank.		290.59	286.80	289.37	286.95	323.18	311.79
B. Deposit Money Banks /2		1,394.75	1,498.47	1,482.16	1,697.19	1,274.58	2,378.71
(II) Non-Bank Public		484.29	553.69	428.03	699.69	1,345.55	928.13
(III) Sinking Fund		0.00	0.00	120.75	128.96	284.72	146.14
Total Debt Outstanding		**2,169.63**	**2,338.96**	**2,320.31**	**2,812.79**	**3,228.03**	**3,764.76**

Source: Debt Management Office (DMO)
Notes: 1/ Provisional
2/ Includes holdings of Discount Houses

Table 20
Domestic Debt Service Payment of the Federal Government
(Naira Billion)

	2007		2008		2009		2010 1/
	1st Half	Year-End	1st Half	Year-End	1st Half	Year-End	1st Half
(I) Nigerian Treasury Bills	25.22	47.82	23.50	43.56	16.29	38.79	14.23
(II) Treasury Bonds	25.27	45.17	24.99	44.89	29.22	48.90	18.75
(III) Development Stocks	0.04	0.19	0.14	0.17	0.03	0.07	0.33
(IV) Promissory Notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(V) FGN Bonds	42.04	159.45	175.70	382.66	158.48	390.96	216.87
Total	**92.58**	**252.63**	**224.33**	**471.28**	**204.02**	**478.71**	**250.18**

Source: Debt Management Office (DMO)
1/ Provisional

Table 21
External Debt Outstanding
(US$ Million)

Holders	**End-June 2007**	**End-June 2008**	**End-June 2009**	**End-June 2010**
1. Multilateral	2,819.48	3,177.30	3,219.65	3,860.68
2. Paris Club	0.00	0.00	0.00	0.00
3. London club	0.00	0.00	0.00	0.00
4. Promissory Notes	0.00	0.00	0.00	0.00
5. Others 1/	528.74	564.30	499.59	409.03
Total Debt Outstanding	3,348.22	3,741.60	3,719.24	4,269.71

Source: Debt Management Office (DMO)
1/ Includes non-Paris bilateral and commercial debts

Table 22
External Debt Service Payment
(US$' Million)

Holders	2007 1st Half	2008 1st Half	2009 1st Half	2010 1st Half
London Club/Oil Warrant	102.59	20.86	20.86	20.86
Paris Club	0.00	0.00	0.00	0.00
Multilateral	**193.37**	**195.91**	**136.88**	**113.02**
(I) I.B.R.D	156.78	106.45	55.25	46.92
(II) E.I.B.	1.27	0.00		1.59
(III) A.D.B. & Others	35.32	89.46	81.63	64.51
Promissory Notes	476.60	0.00	0.00	0.00
Others 1/	8.56	11.62	26.46	43.71
Total	**781.12**	**228.39**	**184.20**	**177.59**

Source: Debt Management Office
1/ Includes non-Paris bilateral and commercial debts

Table 23
Selected Debt Indicators
(In Percent)

	End-Jun 2007	End-Dec 2007	End-Jun 2008	End-Jun 2009	End-Jun 2010
External Debt /GDP	4.44	3.87	1.48	2.23	2.23
Domestic Debt/GDP	21.44	19.61	7.81	11.38	13.11
Total Debt/GDP	25.88	23.48	9.29	13.61	15.34
External Debt/Export	12.01	9.75	10.80	10.24	11.90
Total Debt/FG Retained Revenue	229.87	207.25	202.56	265.57	311.19
Domestic Debt Service/FG Retained Revenue	7.56	9.03	8.52	10.35	10.26
Total Debt Service/GDP	1.89	1.28	0.48	0.64	0.60
Total Debt Service/FG-Retained Revenue	16.81	11.32	10.41	12.49	12.14

Table 24
Selected Real Sector Indicators
(Per cent, except otherwise indicated)

Item	2005 First Half	2006 First Half	2007 First Half	2008 First Half	2009 1/ First Half	2010 2/ First Half
Agricultural Production Index (1990 = 100)						
Aggregate	170.9	181.5	194.8	204.2	215.3	228.0
Crop	192.7	208.7	228.9	239.7	252.8	267.6
Staples	204.5	224.5	248.4	260.5	274.7	290.9
Other Crops	147.5	159.5	169.4	178.4	188.1	198.8
Livestock	124.9	130.3	135.4	143.3	151.1	160.8
Fishery	76.1	83.9	91.7	95.5	100.7	109.3
Forestry	129.3	152.4	154.2	156.1	164.6	171.5
Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities (1990 = 100) (Dollar Based)						
All Commodities	88.8	190.4	264.5	314.1	331.2	435.9
Cocoa	85.6	200.7	275.8	305.0	321.6	405.2
Coffee	44.0	74.0	102.8	177.5	187.2	231.2
Cotton	115.0	69.5	69.7	85.6	90.3	134.8
Palm Oil	105.5	134.6	209.2	378.3	398.9	490.6
Copra	124.0	138.9	144.0	173.8	183.3	227.5
Soya Bean	171.4	118.5	195.8	1,036.0	275.3	254.7
Growth Rate Over Preceding Period (%)						
Agricultural Production Index (1990 = 100)						
Aggregate	7.3	6.2	7.4	4.8	5.1	5.9
Crop	7.5	6.8	9.7	4.7	5.0	5.9
Staples	7.3	6.7	10.7	4.9	5.2	5.9
Other Crops	8.3	7.8	6.2	5.3	5.6	5.7
Livestock	7.4	5.0	4.0	5.8	6.1	6.4
Fishery	5.3	5.8	9.3	4.1	4.3	8.5
Forestry	5.9	5.5	1.1	1.2	1.3	4.2
Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities (1990 = 100) (Dollar Based)						
All Commodities	-1.2	125.3	36.1	18.8	19.8	25.7
Cocoa	3.7	149.7	34.8	10.6	11.2	26.0
Coffee	33.2	44.7	37.8	72.6	76.6	23.5
Cotton	-22.1	17.0	4.6	22.9	24.1	49.3
Palm Oil	-19.3	-35.5	0.7	80.9	85.3	23.0
Copra	-2.1	37.5	51.2	20.7	21.8	24.1
Soya Bean	-19.7	-28.3	48.6	42.9	48.4	-7.5
Industrial Production Index (1990 = 100)						
Industrial Production Index	155.1	158.9	123.3	118.7	117.4	121.0
Manufacturing Index	92.1	92.3	94.6	90.9	91.9	93.5
Mining Index	141.6	146.3	132.3	130.2	126.8	129.8
Electricity	228.7	200.8	190.6	196.6	194.3	205.8
Capacity Utilization Rate (%)	48.4	45.1	43.9	54.2	53.8	54.9
Inflation Rate (12-Month Moving Average)	16.2	13.6	5.9	7.0	13.7	13.1
Inflation Rate (Year-on-Year)	18.6	8.5	6.4	12.0	11.2	14.1

1/ Provisional

Table 24 cont'd
Selected Real Sector Indicators
(Per cent, except otherwise indicated)

Item	2008		2009		2010	Absolute Change Between		Percentage Change Between	
	First Half	Second Half	First Half (1)	Second Half (2)	First Half (3)	(1) & (3)	(2) & (3)	(1) & (3)	(2) & (3)
World Crude Oil Production									
million barrels per day (mbd)									
OPEC	37.06	35.75	33.36	33.50	33.89	0.53	0.39	1.59	1.16
Crudes	32.13	31.00	28.68	28.95	29.19	0.51	0.24	1.78	0.83
NGLs and condensates	4.93	4.75	4.68	4.55	4.70	0.02	0.15	0.43	3.30
Total non-OPEC	50.00	50.30	50.36	51.20	52.10	1.74	0.90	3.46	1.76
Total World Supply	87.06	86.05	83.72	84.70	85.99	2.27	1.29	2.71	1.52
Demand									
OECD	49.54	46.95	45.23	45.70	45.14	-0.09	-0.56	-0.20	-1.23
Non-OECD	37.94	40.53	37.63	39.40	39.45	1.82	0.05	4.84	0.13
Total World Demand	87.48	87.48	82.86	85.19	84.59	1.73	-0.60	2.09	-0.70
Nigeria									
Output	1.94	1.91	1.76	1.85	2.07	0.31	0.22	17.61	11.89
Exports	1.49	1.46	1.31	1.40	1.62	0.31	0.22	23.66	15.71
Domestic Consumption	0.45	0.45	0.45	0.45	0.45	0.00	0.00	0.00	0.00
Average Price of Selected Crude Oil at the International Oil Market (US$)									
UK Brent	110.18	87.10	51.73	73.05	78.35	26.62	5.30	51.46	7.26
Arab Light	106.21								
West Texas Intermediate (WTI)	111.49	90.05	50.15	72.52	78.70	28.55	6.18	56.93	8.52
Bonny Light	113.03	88.35	53.65	74.25	79.47	25.82	5.22	48.13	7.03
Forcados	113.37	89.85	53.51	73.94	79.09	25.58	5.15	47.80	6.97
OPEC Basket	127.83	83.00	50.36	71.80	75.99	25.63	4.19	50.89	5.84
Gas Activities									
(MMm3)									
Gas Produced	30.09	36.54	20.29	30.48	30.83	10.54	0.35	51.95	1.15
Gas sold to Industries									
Gas sold for LNG									
Gas used as Fuel									
Gas Reinjected									
Gas Lift									
Gas Converted to NGLs									
Total Gas Utilised	21.71	27.09	12.52	22.10	22.90	10.38	0.80	82.91	3.62
Gas Utilised as % of Gas Produced	72.15	74.14	61.71	72.51	74.28	12.57	1.77	20.38	2.44
Gas Flared	8.38	9.45	7.77	8.38	7.86	0.09	-0.52	1.16	-6.21
Gas Flared as % Gas Produced	27.85	25.86	38.29	27.49	25.49	-12.80	-2.00	-33.43	-7.27

Table 25
Balance of Payments Analytic Presentation
(US$' Million)

		1st Half 2009/2	2nd Half 2009 /2	1st Half 2010 1/
CURRENT ACCOUNT		**7,672.49**	**15,469.47**	**18,697.99**
Goods		**10,174.50**	**20,431.41**	**23,275.87**
Exports fob		*23,845.98*	*36,128.31*	*37,173.33*
	oil	22,929.84	35,081.04	35,792.47
	non-oil	916.15	1,047.27	1,380.86
Imports fob		*(13,671.49)*	*(15,696.90)*	*(13,897.46)*
	oil/3	(2,818.52)	(4,092.25)	(4,922.81)
	non-oil/3	(10,852.97)	(11,604.65)	(8,974.66)
	unrecorded(TPAdj)	-	-	-
Services(net)		**(7,220.37)**	**(8,288.72)**	**(5,437.88)**
Credit		1,139.78	1,112.44	1,438.25
	Transportation	513.73	596.69	992.48
	Travel	294.86	313.58	94.25
	Insurance Services	0.46	0.31	67.29
	Communication Services	19.00	18.00	19.80
Construction Services		-	-	-
Financial Services		10.08	10.92	7.85
Computer & information Services		-	-	-
	Royalties and License Fees	-	-	-
	Government Services	296.21	167.04	249.72
Personal, cultural & recreational services		-	-	-
	Other Bussiness Services	5.44	5.90	6.85
Debit		(8,360.16)	(9,401.16)	(6,876.13)
	Transportation	(2,820.25)	(3,305.24)	(1,817.39)
	Travel	(1,972.50)	(2,156.36)	(867.48)
	Insurance Services	(240.80)	(151.47)	(97.95)
	Communication Services	(241.91)	(105.05)	(110.00)
Construction Services		(5.70)	(38.20)	(20.51)
Financial Services		(24.00)	(26.00)	(36.82)
Computer & information Services		(159.62)	(28.58)	(48.41)
	Royalties and License Fees	(115.90)	(94.82)	(50.09)
	Government Services	(616.50)	(839.08)	(363.70)
Personal, cultural & recreational services		(0.25)	(0.12)	(0.05)
	Other Bussiness Services	(2,162.73)	(2,656.24)	(3,463.72)
Income(net)		**(3,952.47)**	**(6,177.93)**	**(7,906.07)**
Credit		*456.95*	*590.14*	669.33
	Investment Income	394.48	512.97	583.44
Compensation of employees		62.46	77.17	85.89
Debit		*(4,409.42)*	*(6,768.07)*	*(8,575.40)*
	Investment Income	(4,385.43)	(6,754.38)	(8,554.13)
Compensation of employees		(23.99)	(13.68)	(21.28)
Current transfers(net)		**8,670.84**	**9,504.71**	**8,766.08**
Credit		*8,949.79*	*9,694.55*	*8,850.53*
	General Government	99.84	108.16	138.85
	Other Sectors	2.59	1.75	83.89
	Workers Remittance	8,847.36	9,584.64	8,627.79
Debit		*(278.95)*	*(189.84)*	*(84.45)*
	General Government	(73.39)	(45.39)	(67.69)
	Other Sectors	(187.41)	(133.89)	(1.06)
	Workers Remittance	(18.15)	(10.56)	(15.70)

Table 25 cont'd
Balance of Payments Analytic Presentation
(US$' Million)

	1st Half 2009/2	2nd Half 2009 /2	1st Half 2010 1/
CAPITAL AND FINANCIAL ACCOUNT	**12,747.25**	**4,524.16**	**4,572.08**
Capital account(net)	**-**	**-**	**-**
Credit	-	-	-
Capital Transfers(Debt Forgiveness)	-	-	-
Debit	-	-	-
Capital Transfers	-	-	-
Financial account(net)	**12,747.25**	**4,524.16**	**4,572.08**
Assets	**10,401.07**	**(2,694.26)**	**2,612.13**
Direct investment (Abroad)	(67.71)	(73.34)	(95.94)
Portfolio investment	(503.10)	(419.00)	(784.89)
Other investment	1,434.26	(3,282.17)	(1,465.15)
Change in Reserve	9,537.62	1,080.25	4,958.11
Liabilities	**2,346.18**	**7,218.43**	**1,959.95**
Direct Invesment in reporting economy	3,100.97	2,749.76	1,158.01
Portfolio Investment	28.49	703.75	1,554.63
Other investment liabilities	(783.28)	3,764.92	(752.69)
NET ERRORS AND OMISSIONS	**(20,419.74)**	**(19,993.63)**	**(23,270.07)**
Memorandum Items:			
Current Account Balance as % of G.D.P	**9.84**	**17.01**	**20.47**
Capital and Financial Account Balance as % of G.D.P	**16.35**	**4.97**	**5.01**
Overall Balance as % of G.D.P	**(12.23)**	**(1.19)**	**(5.43)**
External Reserves - Stock (US $ million)	**43,462.74**	**42,382.49**	**37,424.38**
Number of Months of Imports Equivalent	**19.07**	**16.20**	**16.16**
External Debt Stock (US$ million)	**3,719.24**	**3,947.30**	**4,269.71**
Debt Service Due as % of Exports of Goods			
and Non Factor Services	**-**	**-**	**-**
Effective Central Exchange Rate (N/$)	**145.79**	**148.75**	**148.80**
Average Exchange Rate (N/$)	**147.32**	**150.44**	**150.04**
End-Period Exchange Rate (N/$)	**148.22**	**149.58**	**149.99**

Source: Central Bank of Nigeria
1/ Provisional
2/ Revised
3/ Numbers on imports were revised using more reliable data from the Nigerian Custom Services (NCS) and Petroleum Product Pricing Regulatory Agency (PPPRA).

Table 26
Balance of Payments Analytic Presentation
(N 'Million)

		1st Half 2009/2	2nd Half 2009 /2	1st Half 2010 1/
CURRENT ACCOUNT		**1,118,558.78**	**2,301,086.04**	**2,782,193.51**
Goods		**1,483,322.37**	**3,039,175.84**	**3,463,365.69**
Exports fob		*3,476,465.48*	*5,374,092.80*	5,531,258.01
	oil	3,342,901.89	5,218,311.10	5,325,790.64
	non-oil	133,563.59	155,781.70	205,467.37
Imports fob		*(1,993,143.11)*	*(2,334,916.96)*	(2,067,892.31)
	oil/3	(410,906.75)	(608,723.21)	(732,495.77)
	non-oil/3	(1,582,236.35)	(1,726,193.75)	(1,335,396.55)
	unrecorded(TPAdj)	-	-	-
Services(net)		**(1,052,646.17)**	**(1,232,949.22)**	**(809,137.20)**
Credit		166,166.75	165,475.81	214,005.71
	Transportation	74,895.82	88,757.76	147,678.15
	Travel	42,987.02	46,645.21	14,024.06
	Insurance Services	66.63	46.03	10,012.58
	Communication Services	2,769.98	2,677.50	2,946.17
Construction Services		-	-	-
Financial Services		1,469.55	1,624.35	1,168.05
Computer & information Services		-	-	-
	Royalties and License Fees	-	-	-
	Government Services	43,184.19	24,847.81	37,157.44
Personal, cultural & recreational services		-	-	-
	Other Bussiness Services	793.55	877.15	1,019.26
Debit		(1,218,812.91)	(1,398,425.03)	(1,023,142.91)
	Transportation	(411,158.98)	(491,655.56)	(270,421.38)
	Travel	(287,568.00)	(320,758.54)	(129,078.50)
	Insurance Services	(35,105.35)	(22,531.54)	(14,575.35)
	Communication Services	(35,266.98)	(15,626.21)	(16,367.60)
Construction Services		(831.53)	(5,682.56)	(3,051.81)
Financial Services		(3,498.92)	(3,867.51)	(5,478.68)
Computer & information Services		(23,271.26)	(4,251.28)	(7,203.23)
	Royalties and License Fees	(16,896.86)	(14,104.49)	(7,453.21)
	Government Services	(89,878.05)	(124,813.66)	(54,117.37)
Personal, cultural & recreational services		(36.29)	(17.40)	(7.44)
	Other Bussiness Services	(315,300.68)	(395,116.28)	(515,388.32)
Income(net)		**(576,224.47)**	**(918,968.21)**	**(1,176,395.42)**
Credit		*66,617.41*	*87,782.83*	99,593.89
	Investment Income	57,510.98	76,303.98	86,813.77
Compensation of employees		9,106.43	11,478.85	12,780.12
Debit		*(642,841.88)*	*(1,006,751.04)*	(1,275,989.32)
	Investment Income	(639,344.42)	(1,004,715.98)	(1,272,823.53)
Compensation of employees		(3,497.46)	(2,035.05)	(3,165.79)
Current transfers(net)		**1,264,107.04**	**1,413,827.62**	**1,304,360.44**
Credit		*1,304,774.66*	*1,442,066.78*	1,316,926.30
	General Government	14,555.50	16,088.82	20,660.38
	Other Sectors	377.58	260.84	12,481.82
	Workers Remittance	1,289,841.57	1,425,717.12	1,283,784.09
Debit		*(40,667.62)*	*(28,239.16)*	(12,565.86)
	General Government	(10,699.40)	(6,751.77)	(10,072.03)
	Other Sectors	(27,322.16)	(19,916.58)	(157.72)
	Workers Remittance	(2,646.06)	(1,570.80)	(2,336.10)

Table 26 cont'd
Balance of Payments Analytic Presentation
(N 'Million)

	1st Half 2009/2	2nd Half 2009 /2	1st Half 2010 1/
CAPITAL AND FINANCIAL ACCOUNT	**1,858,400.04**	**672,970.07**	**680,309.28**
Capital account(net)	**-**	**-**	**-**
Credit	-	-	-
Capital Transfers(Debt Forgiveness)	-	-	-
Debit	-	-	-
Capital Transfers	-	-	-
Financial account(net)	**1,858,400.04**	**672,970.07**	**680,309.28**
Assets	**1,516,354.37**	**(400,772.29)**	**388,675.25**
Direct investment (Abroad)	(9,870.98)	(10,909.70)	(14,275.53)
Portfolio investment	(73,346.39)	(62,326.93)	(116,788.81)
Other investment	209,098.33	(488,223.06)	(218,009.34)
Change in Reserve	1,390,473.41	160,687.40	737,748.92
Liabilities	**342,045.67**	**1,073,742.35**	**291,634.03**
Direct Invesment in reporting economy	452,085.14	409,026.85	172,307.72
Portfolio Investment	4,153.80	104,683.55	231,323.94
Other investment liabilities	(114,193.27)	560,031.95	(111,997.63)
NET ERRORS AND OMISSIONS	**(2,976,958.81)**	**(2,974,056.10)**	**(3,462,502.79)**
Memorandum Items:			
Current Account Balance as % of G.D.P	**9.84**	**17.01**	**20.47**
Capital and Financial Account Balance as % of G.D.P	**16.35**	**4.97**	**5.01**
Overall Balance as % of G.D.P	**(12.23)**	**(1.19)**	**(5.43)**
External Reserves - Stock (US $ million)	**43,462.47**	**42,382.49**	**37,424.38**
Number of Months of Imports Equivalent	**19.07**	**16.20**	**16.16 /3**
External Debt Stock (US$ million)	**3,719.24**	**3,947.30**	**4,269.71**
Debt Service Due as % of Exports of Goods	**-**	**-**	**-**
and Non Factor Services	**-**	**-**	**-**
Effective Central Exchange Rate (N/$)	**145.79**	**148.75**	**148.80**
Average Exchange Rate (N/$)	**147.32**	**150.44**	**150.04**
End-Period Exchange Rate (N/$)	**148.22**	**149.58**	**149.99**

Source: Central Bank of Nigeria
1/ Provisional
2/ Revised
3/ Numbers on imports were revised using more reliable data from the Nigerian Custom Services (NCS) and Petroleum Product Pricing Regulatory Agency (PPPRA).

Table 27
Foreign Exchange Flows Through the Economy
(US$ Million)

CATEGORY	1st Half 2008	1st Half 2009 /2	1st Half 2010 /3
INFLOW	**54,503.01**	**30,812.91**	**39,297.43**
A. Through the Central Bank	**23,970.18**	**11,084.16**	**12,982.08**
1. Oil	20,998.24	7,482.62	12,159.31
2.Non-oil	2,971.94	3,601.54	822.77
(i) Drawings on Loans/Grants	0.00	0.00	0.00
(ii) RDAS/WDAS Purchases	750.00	2,381.03	9.30
(iii) Swaps	945.00	0.00	0.00
(iv) Interest on Reserves & Investments	875.99	192.95	375.98
(vi) Other official Receipts	400.95	1,027.56	437.49
B. Through Autonomous Sources	**30,532.83**	**19,728.75**	**26,315.35**
1. Non-oil exports	816.40	652.34	977.56
2. Capital Inflow	98.27	15.31	30.06
3. Invisibles	29,618.16	19,061.10	25,307.73
OUTFLOW	**16,797.19**	**20,809.60**	**19,277.52**
A. Through the Central Bank	**16,214.64**	**20,390.76**	**18,777.91**
1. WDAS/RDAS Utilisation	**14,060.52**	**17,722.01**	**14,146.35**
(i) WDAS/RDAS Sales	1,315.29	12,861.03	11,715.11
(ii) BDC Sales	4,826.46	2,250.34	2,431.24
(iii) Inter-bank Sales	7,918.77	2,610.64	0.00
(iv) Swaps	0.00	0.00	0.00
(iv) Invisibles IFEM	0.00	0.00	0.00
2. Drawings on L/C	**259.14**	**568.96**	**406.83**
3. External Debt Service	**228.84**	**183.29**	**178.71**
(i) Principal	173.13	133.71	137.42
(ii) Interest	22.63	15.58	2.80
(iii) Others 1/	33.03	34.00	38.49
4. National Priority Projects	**0.00**	**0.00**	**0.00**
5. Other Official Payments	**1,666.14**	**1,916.50**	**4,046.02**
(i) Int'l Organisations & Embassies /4	205.82	313.29	280.45
(ii) Parastatals & Estacode	272.07	345.27	195.80
(iii) NNPC/JV Cash Calls	1,165.40	1,233.94	1,789.14
(iv) Miscellaneous(CBN USES)	22.85	24.00	1,780.62
B. Through Autonomous Sources	582.55	**418.84**	**499.61**
1. Imports	576.92	403.35	498.00
2. Invisibles	5.63	15.49	1.61
NETFLOW THROUGH THE CBN	**7,755.54**	**(9,306.60)**	**(5,795.83)**
NETFLOW	**37,705.82**	**10,003.31**	**20,019.91**

Source: Central Bank of Nigeria
1/ Includes penalty and service charges
2/ Revised
3/ Provisional
4/ Includes IMF (SDR charges)

Table 28
Nigeria's Gross External Reserves
(US$ Million)

Month	2008	2009	2010
January	54,215.79	50,108.65	42,075.67
February	56,908.42	48,113.06	41,410.10
March	59,756.51	47,081.96	40,667.03
April	60,815.85	45,914.47	40,322.01
May	59,180.14	44,836.40	38,815.79
June	59,157.15	43,462.74	37,468.44
July	60,342.13	43,351.39	
August	60,201.74	41,754.31	
September	62,081.86	43,343.33	
October	58,534.15	43,054.77	
November	57,480.50	43,024.68	
December	53,000.36	42,382.49	

Source: Central Bank of Nigeria

Table 29
Nigeria Foreign Exchange Cross Rates
Naira per Unit of Foreign Currency (Monthly Average)

2008	Pounds	Euro	CFAFr	US$ (DAS/WDAS)	US$ (BDC)
Jan	230.17	171.85	0.26	117.98	120.80
Feb	229.26	172.30	0.26	118.21	119.57
Mar	240.26	181.11	0.27	117.92	119.00
Apr	231.24	183.74	0.28	117.87	118.93
May	229.20	181.52	0.28	117.83	118.80
Jun	229.18	181.45	0.27	117.81	118.70
1st Half Average	231.55	178.66	0.27	117.94	119.30
Jul	231.94	183.95	0.28	117.77	119.00
Aug	220.26	174.61	0.27	117.74	119.00
Sep	209.47	167.49	0.26	117.73	119.00
Oct	196.90	154.79	0.24	117.72	119.00
Nov	179.05	148.55	0.23	117.74	119.10
Dec	192.03	174.69	0.31	126.48	137.65
2nd Half Average	204.94	167.35	0.26	119.20	122.13
2009	**Pounds**	**Euro**	**CFAFr**	**US$ (DAS/WDAS)**	**US$ (BDC)**
Jan	206.19	189.34	0.29	145.78	149.88
Feb	210.17	186.48	0.28	147.14	156.93
Mar	207.92	191.33	0.29	147.72	174.32
Apr	214.27	192.23	0.29	147.23	180.27
May	225.42	199.60	0.30	147.84	180.63
Jun	239.91	205.65	0.31	148.20	166.14
1st Half Average	217.31	194.10	0.29	147.32	168.03
Jul	239.59	207.14	0.32	148.59	155.13
Aug	248.60	214.48	0.36	151.86	158.95
Sep	247.26	219.71	0.33	152.30	158.00
Oct	239.18	219.18	0.33	149.36	153.05
Nov	248.29	222.99	0.34	150.85	152.95
Dec	240.98	216.82	0.33	149.69	153.48
2nd Half Average	243.98	216.72	0.33	150.44	155.26
2010	**Pounds**	**Euro**	**CFAFr**	**US$ (DAS/WDAS)**	**US$ (BDC)**
Jan	239.96	211.72	0.32	149.78	153.55
Feb	232.66	203.67	0.31	150.22	152.08
Mar	223.26	201.38	0.31	149.83	151.85
Apr	227.55	199.09	0.30	149.89	152.00
May	217.36	186.52	0.28	150.31	153.26
Jun	219.42	181.65	0.28	150.19	153.87
1st Half Average	226.70	197.34	0.30	150.04	152.77

Source: Central Bank of Nigeria

Table 30
Monthly Average Exchange Rate Movements
(N/US$ 1.00)

2009	WDAS	Interbank	BDC
Jan	145.78	146.59	149.88
Feb	147.14	149.12*	156.93
Mar	147.72		174.32
Apr	147.23		180.27
May	147.84		180.63
Jun	148.20	148.54	166.14
1st Half	**147.32**	**147.56**	**168.03**
End-Period	**148.22**	**148.35**	**158.00**
Jul	148.59	149.88	155.13
Aug	151.86	155.23	158.95
Sep	152.30	153.25	158.00
Oct	149.36	150.22	153.05
Nov	150.85	151.03	152.95
Dec	149.69	149.80	153.48
2nd Half	**150.44**	**151.57**	**155.26**
End-Period	**149.58**	**149.67**	**155.00**
2010	**WDAS**	**Interbank**	**BDC**
Jan	149.78	150.33	153.55
Feb	150.22	150.97	152.08
Mar	149.83	150.08	151.85
Apr	149.89	150.38	152.00
May	150.31	151.49	153.26
Jun	150.19	151.28	153.87
1st Half	**150.04**	**150.75**	**152.77**
End-Period	**149.99**	**150.00**	**153.50**

Source: Central Bank of Nigeria
* There was no trading at the Inter-bank Foreign Exchange Market (IFEM) from Mid-February to May, 2009

Table 31
Demand and Supply of Foreign Exchange
(US$' Million)

Year/Month	2009						2010					
	WDAS Demand	BDC Demand	Total Demand	WDAS Sales	BDC Sales	Total Supply	WDAS Demand	BDC Demand	Total Demand	WDAS Sales	BDC Sales	Total Supply
January	6427.09	595.25	7022.34	684.64	595.25	1279.89	2199.15	429.17	2628.32	1461.75	429.17	1890.92
February	4199.19	619.39	4818.58	2572.01	619.39	3191.4	2110.77	279	2389.77	1838.85	279	2117.85
March	4809.96	138	4947.96	3003.31	138	3141.31	2081.23	482.19	2563.42	1582.02	482.19	2064.21
April	3454.05	195	3649.05	2427.52	195	2622.52	2068.61	306.05	2374.66	1841.07	306.05	2147.12
May	3792.53	303.5	4096.03	2808.58	303.5	3112.08	3214.82	277.34	3492.16	2707.47	277.34	2984.81
June	1812.39	435.2	2247.59	1668.47	435.2	2103.67	2741.85	657.49	3399.34	2283.95	657.49	2941.44
First Half	**24,495.21**	**2,286.34**	**26,781.55**	**13,164.53**	**2,286.34**	**15,450.87**	**14,416.43**	**2,431.24**	**16,847.67**	**11,715.11**	**2,431.24**	**14,146.35**
July	3457.47	270.4	3727.87	1545.41	270.4	1815.81						
August	3716.28	371.56	4087.84	2693.97	371.56	3065.53						
September	2014.65	474.32	2488.97	1986.51	474.32	2460.83						
October	1757.58	556.51	2314.09	1186.54	556.51	1743.05						
November	1749.18	441.49	2190.67	1347.47	441.49	1788.96						
December	1128.54	334.26	1462.80	871.95	334.26	1206.21						
Second Half	**13,823.70**	**2,448.54**	**16,272.24**	**9,631.85**	**2,448.54**	**12,080.39**						

Source: Central Bank of Nigeria
1/ Total demand and supply figures include BDC since April 2006
Total supply figures exclude interbank sale and swaps

Table 32
Sectoral Utilization of Foreign Exchange
US Dollar

SECTORS	1st Half 2009	2nd Half 2009	1st Half 2010	Absolute Change		Percentage Change	
	(1)	(2)	(3)	(1) & (3)	(2) & (3)	(1) & (3)	(2) & (3)
A. Imports	**13,923,113,211.81**	**9,837,929,737.78**	**11,341,259,121.87**	**(2,581,854,089.94)**	**1,503,329,384.09**	**(18.54)**	**15.28**
Industrial Sector	4,637,912,424.68	2,740,173,183.34	2,749,763,064.07	(1,888,149,360.61)	9,589,880.73	(40.71)	0.35
Food Products	1,753,357,715.43	1,680,443,238.06	1,964,777,894.40	211,420,178.97	284,334,656.34	12.06	16.92
Manufactured Products	3,532,597,271.82	2,494,911,985.68	2,813,719,762.14	(718,877,509.68)	318,807,776.46	(20.35)	12.78
Transport Sector	918,866,003.77	645,193,472.92	723,275,441.56	(195,590,562.21)	78,081,968.64	(21.29)	12.10
Agricultural Sector	142,663,251.58	129,058,744.41	85,289,675.21	(57,373,576.37)	(43,769,069.20)	(40.22)	(33.91)
Minerals	72,953,471.51	81,788,741.96	102,692,520.70	29,739,049.19	20,903,778.74	40.76	25.56
Oil Sector	2,864,763,073.02	2,066,360,371.41	2,901,740,763.79	36,977,690.77	835,380,392.38	1.29	40.43
B. Invisibles	**5,147,683,350.94**	**3,687,688,748.75**	**4,257,103,620.31**	**(890,579,730.63)**	**569,414,871.56**	**(17.30)**	**15.44**
Business Services	736,595,597.63	750,832,344.18	753,301,237.73	16,705,640.10	2,468,893.55	2.27	0.33
Communication Services	240,438,170.88	105,048,988.31	114,800,443.61	(125,637,727.27)	9,751,455.30	(52.25)	9.28
Construction and Engineering	5,162,506.65	37,222,789.82	39,449,159.39	34,286,652.74	2,226,369.57	664.15	5.98
Distribution Services	24,679,260.19	19,819,287.74	26,041,875.22	1,362,615.03	6,222,587.48	5.52	31.40
Educational Services	73,055,008.63	119,670,635.90	58,132,400.57	(14,922,608.06)	(61,538,235.33)	(20.43)	(51.42)
Environmental Services	0.00	133,245.78	81,409.89	81,409.89	(51,835.89)		(38.90)
Financial Services	3,749,809,595.24	2,133,143,207.04	2,832,841,770.24	(916,967,825.00)	699,698,563.20	(24.45)	32.80
Health Related and Social Services	2,736,892.70	1,590,587.39	7,918,770.46	5,181,877.76	6,328,183.07	189.33	397.85
Tourism and Travel Related Services	6,664,679.23	3,824,395.01	32,623,301.46	25,958,622.23	28,798,906.45	389.50	753.03
Recreational, Cultural and Sporting Services	248,899.83	120,799.06	46,300.00	(202,599.83)	(74,499.06)	(81.40)	(61.67)
Transport Services	253,747,793.51	458,246,873.18	363,113,242.86	109,365,449.35	(95,133,630.32)	43.10	(20.76)
Personal Travel Allowance (PTA)	29,074,127.06	35,716,780.74	16,493,515.66	(12,580,611.40)	(19,223,265.08)	(43.27)	(53.82)
Business Travel Allowance (BTA)	17,649,010.71	12,163,769.51	2,231,954.75	(15,417,055.96)	(9,931,814.76)	(87.35)	(81.65)
Estacodes	7,276,055.99	9,175,260.72	8,909,784.52	1,633,728.53	(265,476.20)	22.45	(2.89)
Others	545,752.69	979,784.37	1,118,453.95	572,701.26	138,669.58	104.94	14.15
TOTAL (A+B)	**19,070,796,562.75**	**13,525,618,486.53**	**15,598,362,742.18**	**(3,472,433,820.57)**	**2,072,744,255.65**	**(18.21)**	**15.32**

Source: Central Bank of Nigeria

Table 33
Total External Assets of Nigeria
(Naira Million)

	2009 First Half	2010 1/ First Half
1. OFFICIAL	**6,645,241.58**	**5,401,021.13**
a. Federal Government	**16.80**	
b. Central Bank (Net)	**6,642,638.98**	**5,401,021.13**
i) Gold	19.01	19.01
ii) Foreign Exchange	6,642,558.38	5,067,606.68
iii) IMF reserve Tranche	22.62	22.62
iv) special Drawing Right (SDR)	38.97	333,372.82
c. State Government	**2.50**	
d. Others	**2,583.30**	
2. SEMI OFFICIAL INSTITUTIONS	**4.10**	
i) NIDB	**0.10**	
ii) Others	**4.00**	
3. BANKS (NET)	**1,000,968.14**	**1,083,737.87**
TOTAL	**7,646,213.82**	**6,484,759.00**
Total in US Dollars ($' Million)	**51,117.55**	**43,236.05**
Exchange Rate (End-Period)	**149.581**	**149.99**

1/ Provisional