2011

CENTRAL BANK OF NIGERIA

ECONOMIC REPORT FOR THE FIRST HALF OF 2011

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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, 2011

1.	Sanusi Lamido Sanusi, CON	-	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 System Stability)
5.	Tunde Lemo	-	Deputy Governor (Operations)
6.	Danladi I. Kifasi	-	Director (Permanent Secretary, Federal Ministry of Finance)
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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, 2011

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4.	Kingsley C. Moghalu	-	Deputy Governor (Financial System stability)
5.	Tunde Lemo	-	Deputy Governor (Operations)
	Yinusa M. Sanusi	-	Ag. Secretary

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SUMMARY

POLICY FRAMEWORK

The monetary targeting framework for monetary management was sustained to achieve the primary objective of monetary and price stability. In this regard, open market operations (OMO) continued to be the major tool, complemented with cash reserve requirement (CRR), liquidity ratio (LR), discount window operations, primary market transactions in government securities and foreign exchange market interventions, including forward transactions. The monetary policy rate (MPR) remained the anchor for money market and other rates. The Bank also intensified its surveillance activities through sustained efforts at resolving the banking crisis and the implementation of the revised prudential guidelines to promote stability and soundness of the financial system. In addition, it released the guidelines on non-interest banking and granted an approval-in-principle in respect of a full-fledged non-interest bank and a window for non-interest banking products. In continuation of its developmental activities, the Bank sustained its various schemes including; the ₦200 billion intervention fund for the refinancing and restructuring of loans to the manufacturing and SME sector, the ₦200 billion SME Credit Guarantee Scheme Fund and the ₦300 billion Power and Airline Intervention Fund initiatives. The Bank continued the implementation of the Agricultural Credit Guarantee Scheme (ACGS), the Commercial Agricultural Credit Scheme (CACS) and, in addition, established the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) to address the weaknesses in the existing agricultural financing schemes, aimed at unlocking the agricultural value-chain.

CBN OPERATIONS

Liquidity Management

The OMO continued to serve as the main tool for liquidity management. This was supported by the discount window operations (including standing facilities), the CRR, foreign exchange market interventions and the issuance of treasury securities in the primary market to achieve optimum banking system liquidity. The Bank also continued to guarantee inter-bank transactions and foreign credit lines to sustain confidence in the financial system. The MPR was raised three times during the period to address the monetary policy challenges.

Payments & Clearing System

The Nigeria Payments System witnessed increased usage of other modes of payment such as the Real Time Gross Settlement (RTGS) System, Nigeria Inter-Bank Settlement System (NIBSS), Inter-Bank Funds Transfer (IFT), Automated Teller Machines (ATMs), mobile banking and internet payments, etc. as the volume and value of cheques cleared declined during the first half of 2011. In order to reduce cash dependency and further promote e-payments within the economy, the Bank initiated other policy measures which, among others, included the fixing of daily cumulative limit for individual and corporate customers on cash withdrawals and lodgements effective from June 1, 2012. The pilot run would commence on January 2, 2012 in some selected areas. Furthermore, the Bank directed the cessation of the cash-in-transit lodgement services to merchant customers and prohibited exclusive acquirers' contracts for card scheme with effect from June 1, 2011.

Financial Sector Surveillance

As part of the implementation of the new banking model, the CBN issued new regulations on the scope of banking activities and ancillary matters to effectively curtail excessive intra-group transactions and refocus banks to core banking business. The Bank also intensified efforts at recapitalising the eight intervened banks through industry-induced mergers and acquisitions or outright sales to new investors. In addition, it issued a reporting template for capturing standardized sectoral and other information and directed banks to adopt the Nigeria Generally Accepted Accounting Principles plus (NGAAP+) to facilitate the adoption of the International Financial Reporting Standards (IFRS). Furthermore, the CBN in conjunction with the NDIC conducted target examinations of the 24 banks to evaluate the adequacy of the provisions made for bad and doubtful credits. It also carried out spot checks on various aspects of the DMBs operations including liquidity, foreign exchange utilisation and public sector deposits in line with the risk-based supervision methodology. The assessment of the health of the banking sector indicated that the average capital adequacy ratio (CAR) of the sixteen (16) non-intervened banks was 21.5 per cent at end-June 2011, while that of the eight (8) intervened banks was negative. The banks' industry-wide average liquidity ratio (LR) exceeded the 30.0 per cent minimum requirement, while the ratio of non-performing credits to total loans at 10.4 per cent was below the acceptable contingency threshold of 20.0 per cent for the industry. As part of the efforts to strengthen corporate governance, the Bank issued a circular on "Approved Persons Regime" for banks and discount houses to regulate appointments into management positions in these institutions. To further combat money laundering and financial terrorism, the Money Laundering Prohibition Act (as amended) was enacted during the period.

Foreign Exchange Management

The market experienced significant pressure as demand by authorised dealers at the Wholesale Dutch Auction System (WDAS) and Bureau-de-Change (BDC) segments of the market rose substantially relative to the level in the corresponding period of 2010. The Bank introduced the forward transactions to reduce the pressure on the foreign exchange market during the first half of 2011. The WDAS Forward (WDAS-FWD) rate for the 1-, 2- and 3-month tenors averaged N151.48/US$ while the WDAS spot rate averaged N152.55/US$ in the first half of 2011. Furthermore, foreign exchange inflows into the economy increased substantially during the first half of the year, reflecting the rise in crude oil receipts and autonomous inflows. Similarly, foreign exchange outflow rose significantly over its level in the corresponding period of 2010. Notwithstanding, a net inflow of US$29.71 million into the economy was achieved at the end of the first half of 2011, compared with US$21.72 million in the corresponding period of 2010.

THE FINANCIAL SECTOR

Growth in monetary aggregates was modest relative to the benchmark for the first half of 2011. Available data indicated that relative to the level at end-December 2010, broad money supply (M_2) rose by 5.7 per cent. Similarly, narrow money supply (M_1) grew by 1.3 per cent at end-June 2011, compared with a decline of 2.0 per cent in the corresponding period of 2010. The moderate growth in money supply reflected the efforts to contain inflationary pressures. However, reserve money exceeded the indicative benchmark for the first half of 2011 by 16.6 per cent. The Federal Government remained a net creditor to the banking system despite the 5.1 per cent rise in credit to government (net). Credit to the domestic economy grew by 2.3 per cent at end-June 2011, 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 fell significantly and the spread between banks' average term deposit and maximum lending rates widened to 17.60 percentage points from 15.50 percentage points in the first half of 2010. With the year-on-year inflation rate at 10.2 per cent at end-June 2011, all the deposit rates were negative in real terms. At ₦8,521.4 billion, aggregate institutional savings at end-June 2011 increased by 42.9 per cent over the level in the corresponding half year of 2010. The DMBs remained the dominant savings institution, accounting for 99.0 per cent of the total. Activities on the floor of the Nigerian Stock Exchange were mixed, as the market capitalization (MC) grew by 36.6 per cent, to close at ₦11.2 trillion, while the All-share Index (ASI) declined by 1.6 per cent to 24,980.20 at end-June 2011.

THE GOVERNMENT SECTOR

Provisional data indicated that total federally-collected revenue (gross), at ₦4,762.20 billion, exceeded both the proportionate budget estimate and the actual revenue in the corresponding period of 2010, by 3.3 and 45.4 per cent, respectively. Oil-revenue accounted for 80.4 per cent and non-oil revenue accounted for the balance. At ₦1,307.33 billion, Federal Government retained revenue was lower than both the proportionate budget estimate and the level in the first half of 2010, by 27.4 and 6.0 per cent, respectively. At ₦1,997.85 billion, aggregate expenditure of the Federal Government was below the proportionate budget estimate by 15.7 per cent, but exceeded the outlay in the first half of 2010 by 9.9 per cent. The reduced outlay relative to the proportionate budget estimate reflected the delayed disbursements of capital expenditure and transfers. Notwithstanding, the fiscal operations of the Federal Government resulted in a provisional overall deficit of ₦690.52 billion or 4.3 per cent of GDP, as against the proportionate budget deficit of ₦568.31billion and the actual deficit of ₦427.93 billion in the corresponding period of 2010. At ₦6,038.00 billion, the stock of Federal Government consolidated debt rose by 37.1 per cent over the level at end-December 2010 and comprised - domestic ₦5,210.44 billion and external US$5.40 billion (₦827.56 billion).

THE REAL SECTOR

Provisional data from the National Bureau of Statistics (NBS) revealed that the gross domestic product (GDP) at 1990 constant basic prices, grew by 7.3 per cent in the first half of 2011, relative to the 7.5 per cent achieved in the first half of 2010. The development largely reflected the growth in the output of the non-oil sector, which rose by 8.7 per cent and accounted for 84.1 per cent of the total. At 240.8 (1990=100), provisional aggregate index of agricultural production grew by 5.6 per cent, compared with 5.9 per cent in the first half of 2010. The industrial sector witnessed improved performance as the index of production rose by 3.0 per cent over the level in the corresponding period of 2010 to 128.8 (1990=100). This reflected improved activities in manufacturing and mining production as well as electricity supply. Crude oil production, including condensates improved as the average daily production grew to 2.14 million barrels per day (mbd) in the first half of 2011, compared with 2.06 mbd in the corresponding period of 2010. The average spot price of Nigeria's reference crude, the Bonny Light (37^0 API), rose by 43.3 per cent to US$113.86 per barrel. The inflationary pressures which persisted in 2010 lingered into the first half of 2011 as the inflation rate remained in the double digit. The year-on-year headline inflation fluctuated downwards to 10.2 per cent at end-June 2011. Similarly, the 12-month moving average dropped to 12.3 per cent at end-June 2011, compared with 13.1 per cent at end-June 2010. Both components of inflation (food and non-food) exhibited the same trend.

EXTERNAL SECTOR

The external sector remained strong in the first half of 2011, following the sustained high price of crude oil at the international market and increased domestic oil production. Consequently, the current account recorded in an estimated surplus of ₦1,960.7 billion or 12.8 per cent of GDP. Provisional data indicated that external assets at end-June 2011 dropped by 4.6 per cent to ₦6,535.45 billion (US$42,629.56 billion), from its level at end-June 2010. Similarly, at US$31.89 billion, the external reserves could finance 7.2 months of current imports. The projected 4.3 per cent growth rate of world output was not realised in the first half of 2011. Preliminary figures indicated that the real GDP in the United States grew by an annualised rate of 1.9 per cent in the first quarter of 2011, while that for the UK rose by 0.5 per cent over the same period.

However, the real GDP in Japan contracted by 0.9 per cent owing to the devastating effects of the earthquake and tsunami which disrupted industrial production and consumer spending. Output in China and India grew by 9.6 and 7.8 per cent, respectively, in the first half of 2011. Similarly, activities in sub-Sahara Africa continued to rebound, driven by the sustained demand and favourable prices for commodity exports. Global commodity prices remained high and inflationary pressures persisted, particularly, in the developing/emerging economies as a result of the continued demand pressure as well as higher share of food and fuel in the consumption basket.

OUTLOOK FOR THE REST OF 2011

The favourable weather conditions occasioned by early on-set and fairly distributed rainfall are expected to bolster agricultural output in the second half of the year. The continuing efforts of the government to fix infrastructure, particularly, power supply is expected to improve productivity in the economy and have salutary effects on the real GDP growth rate. In addition, the high international price of crude oil and the sustained peace in the Niger Delta region which has enhanced domestic oil production/exports will continue to boost fiscal revenue, increase foreign exchange inflows and ensure the stability in the foreign exchange market as well as improve the balance of payments position. However, the liquidity injections from both the efforts at resolving the banking crisis and the fiscal arm in addressing the developmental challenges facing the country in the second half of 2011, may engender liquidity surfeit and drive-up prices generally, including the exchange rate. It is expected that the monetary authority will engage in proactive monetary management to reduce the risks and threats of any imminent inflationary pressure.

Notwithstanding the favourable near-term growth outlook for the domestic economy, recent developments in the global economy that have seen a sharp slowdown in economic activities in major advanced economies that prompted a downward review of global economic growth forecast for 2011, pose a major risk to the domestic economy in the near-to-medium term. These have raised concerns about the prolongation of the current recession in the industrialized economies with potential spill-over to the emerging and developing economies.

Selected Macroeconomic and Social Indicators

Indicator	Jun-07	Jun-08	Jun-09	Jun-10 1/	Jun-11 2/
Domestic Output and Prices					
GDP at Current Mkt Prices (N' billion) 3/	9,594.65	11,820.52	11,719.83	13,536.45	15,955.63
GDP at Current Mkt Prices (US$' billion) 3/	75.36	100.22	79.55	90.22	104.14
GDP per Capita (N) 3/	66,398.96	79,279.16	76,102.77	85,173.48	97,282.28
GDP per Capita (US$) 3/	521.55	672.20	516.58	567.67	634.92
Real GDP Growth (Growth Rate %) 3/	5.51	6.11	5.90	7.46	7.31
Oil Sector	-4.34	-3.30	-3.47	3.16	0.45
Non-oil Sector	8.51	8.65	8.10	8.36	8.71
Sectoral Classification of GDP (Growth Rate %)					
Agriculture	6.21	6.30	5.82	5.84	5.64
Industry 4/	-2.98	-1.93	-1.94	3.88	1.50
Services 5/	9.58	10.28	10.38	11.40	12.56
Oil Production (mbd)	2.14	1.94	1.76	2.07	2.14
Manufacturing Capacity Utilisation (%) 1/	43.90	52.60	53.81	54.90	56.98
Inflation Rate (%) (Year-over-Year)	6.40	12.00	11.20	14.10	10.20
Inflation Rate (%) (12-month moving average)	5.90	7.00	13.70	13.10	12.30
Core Inflation Rate (%) (Year-over-Year) 7/	9.60	3.60	8.50	12.70	11.50
Core Inflation Rate (%) (12-month moving average) 7/	11.10	5.80	8.30	10.90	12.10
Federal Government Finance (% of GDP)					
Retained Revenue	11.26	11.35	11.22	10.71	8.19
Total Expenditure	11.58	11.42	14.10	14.68	12.52
Recurrent Expenditure	6.24	7.81	9.01	10.89	9.69
Of which: Interest Payments					
Foreign	0.54	0.31	0.17	0.15	0.09
Domestic	0.46	0.94	0.89	1.14	1.28
Capital Expenditure and Net Lending	4.80	3.03	4.21	3.37	1.90
Transfers	0.53	0.58	0.88	0.43	0.58
Current Balance (Deficit(-)/Surplus(+))	5.02	3.54	2.21	-0.18	-1.50
Primary Balance (Deficit(-)/Surplus(+))	0.68	1.17	-1.81	-2.68	-3.00
Overall Fiscal Balance (Deficit(-)/Surplus(+))	-0.32	-0.07	-2.87	-3.97	-4.33
Financing					
Foreign	0.00	0.00	0.00	0.57	0.46
Domestic	0.00	0.00	0.00	3.41	3.87
Banking System	0.00	0.00	0.00	0.00	0.00
Non-bank Public	0.00	0.00	0.00	2.78	2.98
Others	0.32	0.07	2.87	-0.11	0.88
Consolidated Government Debt Stock					
External	4.44	1.50	2.23	2.23	2.35
Domestic	21.44	7.80	11.38	13.11	14.78
Money and Credit (Growth Rate %)					
Reserve Money	-11.96	26.98	-16.63	-7.18	11.90
Narrow Money (M1)	15.72	38.90	-7.67	-1.72	1.30
Broad Money (M2)	27.02	36.81	-0.98	0.73	5.70
Net Foreign Assets	21.01	14.45	-10.61	-14.60	-0.80
Net Domestic Assets	-10.40	74.75	132.55	37.39	14.00
Net Domestic Credit	24.43	50.22	14.65	8.97	2.30
Net Credit to Government	-35.03	-14.69	7.33	35.29	4.50
Credit to Private Sector	32.17	33.58	6.17	-1.01	1.50
Money Multiplier for M2	5.96	5.24	7.03	7.06	5.90

Selected Macroeconomic and Social Indicators (Cont...)

Indicator	Jun-07	Jun-08	Jun-09	Jun-10 /1	Jun-11 /2
Interest Rates (% per annum)					
Monetary Policy Rate (MPR) 9/	8.00	10.25	8.00	6.00	8.00
Treasury Bill Rate					
91-day	6.59	8.64	3.32	2.29	***
Inter-bank Call Rate	8.46	11.23	18.60	2.73	11.66
Deposit Rates					
Savings Rate	3.78	3.15	2.93	1.95	1.40
3-months Fixed	10.24	11.77	13.12	4.98	5.14
6-months Fixed	10.00	11.63	13.34	4.85	5.26
12-months Fixed	8.02	11.68	13.06	4.90	4.68
Prime Lending Rate	16.92	16.04	18.16	17.65	15.76
Maximum Lending Rate	18.74	17.08	22.64	22.03	22.02
External Sector					
Current Account Balance (% of GDP)	12.2	17.3	9.84	2.40	12.78
Goods Account	13.7	11.4	13.05	11.39	21.26
Services and Income Account	-10.6	-5.8	-14.33	-18.03	-19.26
Current Transfers	9.1	11.7	11.12	8.77	10.88
Capital and Financial Account Balance (% of GDP)	2.4	1.1	16.35	-22.97	-7.89
Overall Balance (% of GDP)	0.4	7.4	-12.23	5.60	-0.55
External Reserves (US $ million)	46,626.20	59,812.90	43,462.74	37,424.38	31,890.91
Number of Months of Import Equivalent	15.3	16.6	19.07	9.14	7.22
Average Crude Oil Price (US$/barrel)	65.66	113.03	53.65	79.47	113.86
Average AFEM/DAS Rate (N/$1.00)	127.94	117.94	147.32	150.04	153.22
End of Period AFEM/DAS Rate (N/$1.00)	127.31	117.80	148.22	150.19	153.31
Average Bureau de Change Exchange Rate (N/$)	129.31	119.21	168.03	152.77	156.93
End of Period Bureau de Change Exchange Rate (N/$)	128.00	119.00	158.00	153.87	159.00
Capital Market					
All Share Value Index (1984=100)	51,330.5	55,949.0	26,249.28	25,384.14	24,980.20
Value of Stocks Traded (Billion Naira)	666.20	106.30	301.50	437.00	373.50
Market Capitalization (Trillion Naira)	8.90	12.10	8.81	8.22	11.20

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
**** indicates not available.*

CENTRAL BANK OF NIGERIA
ECONOMIC REPORT FOR THE FIRST HALF OF 2011

1.0 Introduction

The focus of monetary policy during the first half of 2011 was on maintaining price stability, consistent with the projected real gross domestic product (GDP) growth rate target of 7.40 per cent for 2011. In this regard, the Bank adopted various restrictive monetary policy measures aimed at containing the threat of inflationary pressure, achieving positive real interest rates and facilitating access to bank credit by the private sector. Monetary targeting remained the main framework for monetary policy management. The Central Bank of Nigeria (CBN), however, continued to guarantee inter-bank transactions to sustain confidence in the money market. The major approach to monetary management was the sales and purchases of treasury bills through the open market operations (OMO), complemented with discount window operations (including standing facilities and repo transactions), cash reserve requirement (CRR) and liquidity ratio (LR). Primary market transactions in government securities and foreign exchange market interventions were also used in monetary management. The monetary policy rate (MPR) remained the anchor for short-term money market and other rates.

Table 1

Monetary Policy Targets (Growth in % except otherwise stated)

Key Policy Variables	2007	2008	2009	2010	2011 Target	Outcome Half Year 2011 1/
Broad Money Growth (M2)	19.00	56.83	20.80	29.30	13.75	11.32
Narrow Money Growth (M1)		56.00	32.23	22.40	15.75	2.56
Base Money (Reserve) Naira Billion	₦860	₦1,124.8	₦1,346.3	₦1,872.80	₦1,771.40	₦2,065.06
Aggregate credit to the domestic economy(Net)	-29.96	72.84	86.97	51.40	27.69	2.30
Credit to Government (Net)	-54.94	-5.31	21.90	25.70	29.29	5.09
Credit to the private sector	30.00	33.95	44.99	31.50	23.34	1.45
Inflation rate	9.00	10.2	10.00	11.20	10.00	10.20
Real GDP Growth	**6.55**	**5.00**	**5.00**	**6.10**	**7.40**	**7.30**

1/ Provisional

2.0 Operations of the Central Bank of Nigeria

2.1 Liquidity Management

The economy witnessed high banking system liquidity, driven largely by the fiscal injections in the first half of 2011. Against the backdrop of the expected increase in government spending in the run up to the April/May 2011 elections and the rising global energy and food prices, and their potential threat to the general price level and, hence, inflation, the Bank deployed various liquidity management tools to contain the inflationary impact of these factors. These included the upward review of the MPR from 6.5 per cent in 2010 by 25, 100 and 50 basis points to 6.50, 7.50 and 8.00 per cent in January, March and June 2011, respectively. The symmetric corridor of +/-200 basis points around the MPR was retained during the review period. Similarly, CRR was increased by 100 basis points from 1.00 per cent in 2010 to 2.00 and 4.00 per cent with effect from February 1 and June 8, 2011 respectively. The LR was also raised, by 500 basis points to 30.00 per cent, with effect from March 1, 2011.

OMO continued to serve as the main instrument for liquidity management during the review period. This was complemented by the CRR and foreign exchange market interventions. Other tools included the discount window operations through tenored repurchase transactions and issuance of treasury securities in the primary market to achieve optimum banking system liquidity.

The Bank's guarantee of the inter-bank transactions and foreign credit lines, introduced in 2009 in the wake of the banking crisis, was extended from June 30, 2011 to September 30, 2011, to continue to enhance trading among operators. The domestic money market instruments were supported by foreign exchange market interventions at the Wholesale Dutch Auction System (WDAS). There were foreign exchange auctions at the Wholesale Dutch Auction Forward (WDAS-FWD) which was introduced on March 23, 2011 to complement the WDAS-Spot market transactions, following the high demand for foreign exchange at the spot market.

Despite the efforts made by the Bank to contain the liquidity surge observed during the period, the liquidity level of ₦2,065.08 billion at end-June 2011 exceeded the reserve money (RM) indicative benchmark of ₦1,771.40 billion by ₦293.66 billion or 16.58 per cent.

2.2 Monetary Policy Committee (MPC) Decisions

The Monetary Policy Committee met three times during the review period, in January, March and May 2011. A summary of the key decisions of the MPC during the period are presented below:

Date of Meeting	Type of Meeting	Decisions
Jan 24 - 25, 2011	Regular	• Raised the Monetary Policy Rate (MPR) by 25 basis points from 6.25 to 6.50 per cent • Maintained the symmetric corridor of +/- 200 basis points around the MPR • Raised the Cash Reserve Requirement (CRR) by 100 basis points from 1.00 to 2.00 per cent with effect from February 1, 2011 • Raised the Liquidity Ratio (LR) by 500 basis points from 25.00 to 30.00 per cent.
Mar 21 - 22, 2011	Regular	• Raised the MPR by 100 basis points from 6.50 to 7.50 per cent • Retained the symmetric corridor of +/- 200 basis points around the MPR • Retained the CRR and LR at 2.00 and 30.00 per cent, respectively • Extended the CBN guarantee on inter-bank transactions and foreign credit lines by three months from June 30 to September 30, 2011. • New reserve averaging, and operational framework for the computation of CRR was introduced in March 2011 to moderate volatility in the money market rates and boost liquidity condition of the DMBs.
May 23 - 24, 2011	Regular	• Raised the MPR by 50 basis points from 7.50 to 8.00 per cent • Raised the CRR by 200 basis points from 2.00 to 4.00 per cent with effect from June 8, 2011 • Retained the symmetric corridor of +/- 200 basis points around the MPR.

2.3 Payments and Clearing System

Consistent with the objectives of the Payments System Vision 2020, the Bank initiated a number of payments policy measures that focused on migration from cash-based to e-payment-driven economy. These included:

- Fixed a daily cumulative limit of ₦150,000 for individual customers and ₦1,000,000 for corporate customers on cash withdrawals and lodgements with effective implementation date fixed for June 1, 2012. A Pilot run would commence in Lagos State, the Federal Capital Territory (FCT), Kano, Port-Harcourt, and Aba from January 2, 2012;
- Disallowed encashment of third party cheques above ₦150,000 over the counter, as value for such cheques shall only be received through clearing;
- Directed that Cash-in-transit (CIT) lodgement services rendered to merchant customers by banks shall cease from June 1, 2011. However, customers could engage the services of the CBN-licensed CIT companies to facilitate cash movement to and from their banks at mutually-agreed terms and conditions;
- Prohibited exclusive acquirer contracts for card schemes to enhance inter-operability with effect from June 1, 2011;
- Facilitated massive deployment of Point-of-Sale (POS) terminals under the shared services project with a view to reducing the cost of operations; and
- These initiatives were expected to increase public awareness and confidence, improve customer convenience, reduce the time spent on banking transactions and enhance financial inclusion.

2.3.1 Retail Payments System

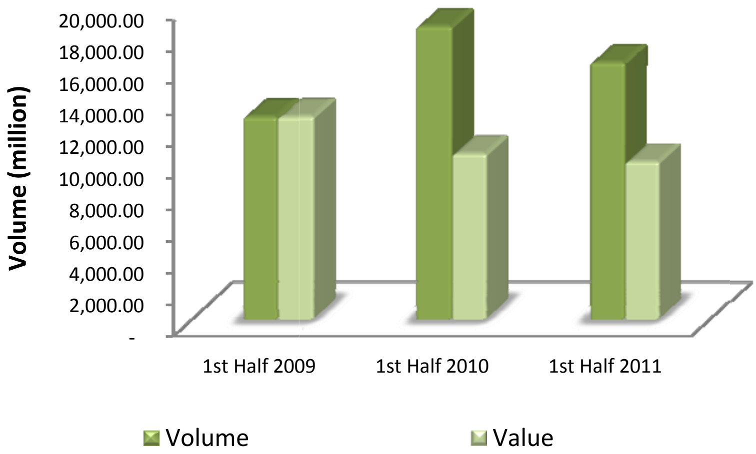
2.3.1.1 Cheque

In the first half of 2011, the volume and value of cheques cleared stood at 16,188,775 and ₦9,919.05 billion, respectively, compared with 18,458,480 and ₦10,412.12 billion in the second half of 2010. The decline was attributed to the increased usage of other modes of payment such as the Real Time Gross

Settlement (RTGS) system, Nigeria Inter-Bank Settlement System (NIBSS), Inter-bank Funds Transfer (IFT), Automated Teller Machines (ATMs), mobile banking, and internet payments, among others.

Figure 1

Volume and Value of Cheques Cleared, Half Year



In terms of volume, the Lagos clearing zone led others with 82.1 per cent, followed by Abuja (8.4%) and Benin (1.3%). In value terms, Lagos also led with 75.0 per cent, followed by Abuja (8.9%) and Kano (3.1%).

2.3.1.2 Electronic Payments

Available data on various e-payment channels for the period under review indicated that the ATM remained the most patronised, accounting for 98.09 per cent, followed by the web (Internet) 0.72 per cent, and mobile payment 0.71 per cent. The POS terminal was the least patronised, accounting for 0.48 per cent of the total e-payment transactions. Similarly, in value terms, the ATM accounted for 91.37 per cent, the web (Internet) 6.04 per cent, the POS 1.67 per cent, while mobile payments accounted for 0.92 per cent.

The volume and value of electronic card (e-card) transactions were 167,962,665 and ₦764.14 billion in the first half of 2011, compared with 106,739,822 and ₦610.22 billion in the second half of 2010. The increase was attributed to the enhanced public confidence in card payments, following the adoption of stringent measures to combat fraud and promote electronic payments.

Table 2

Percentage Value and Volume of Electronic Payments Channels, Half Year 2011

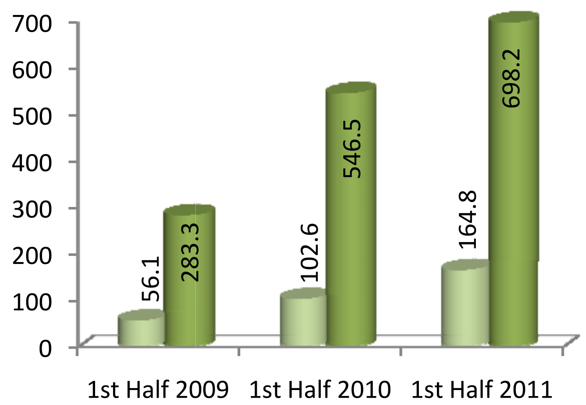
	Transaction Channel	Per cent Share
Volume Terms	ATM	98.09
	Web (Internet)	0.72
	POS	0.48
	Mobile	0.71
Value Terms	ATM	91.37
	Web (Internet)	6.04
	POS	1.67
	Mobile	0.92

2.3.1.2.1 ATM Transactions

The number of ATMs deployed in the system stood at 9,443 at end-June 2011 with the volume and value of transactions amounting to 164,755,055 and ₦698.19 billion, compared with 102,608,918 and ₦546.55 billion, respectively, in the second half of 2010.

Figure 2

Volume and Value of ATM Transactions, Half Year



2.3.1.2.2 Web Transactions

Internet payments increased by 57.5 and 11.2 per cent to 1,203.0 and ₦46.1 billion in volume and value, respectively, in the review period. The increase was due to the rise in the number of airlines and merchants that accept payments online through their websites.

2.3.1.2.3 Point-of-Sale (POS) Transactions

The first half of 2011 witnessed a substantial increase in the volume and value terms of on-line POS transactions. At 809,115 and ₦12,737.8 billion, POS transactions rose by 39.1 and 74.7 per cent over the levels in the second half of 2010. The growth in the POS transactions was due to the increase in the number of people and merchants using debit cards.

Figure 3

Volume of POS Transactions, Half Year

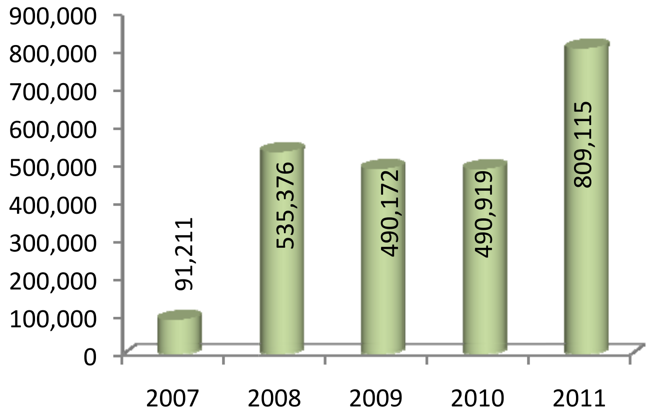
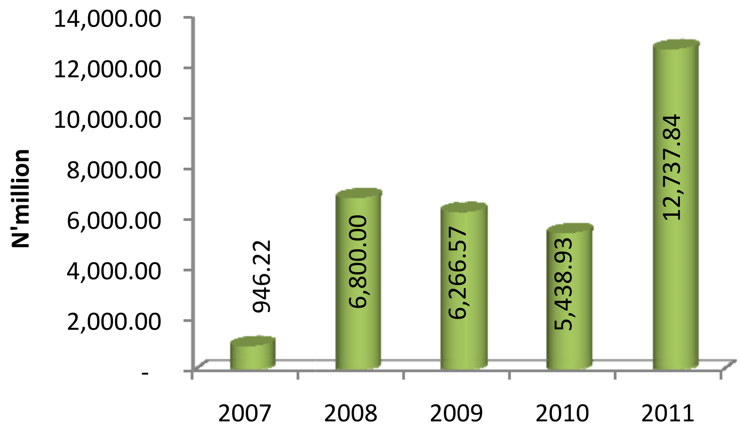


Figure 4

Value of POS Transactions Half Year



2.3.1.2.4 Mobile Payments

The volume and value of payments through the mobile banking channel increased by 61.0 and 60.0 per cent to 1,195,459 and ₦7.06 billion, respectively, in the period under review, compared with 742,694 and ₦4.41 billion in the second half of 2010.

Figure 5

Volume of Mobile Transaction, Half Year

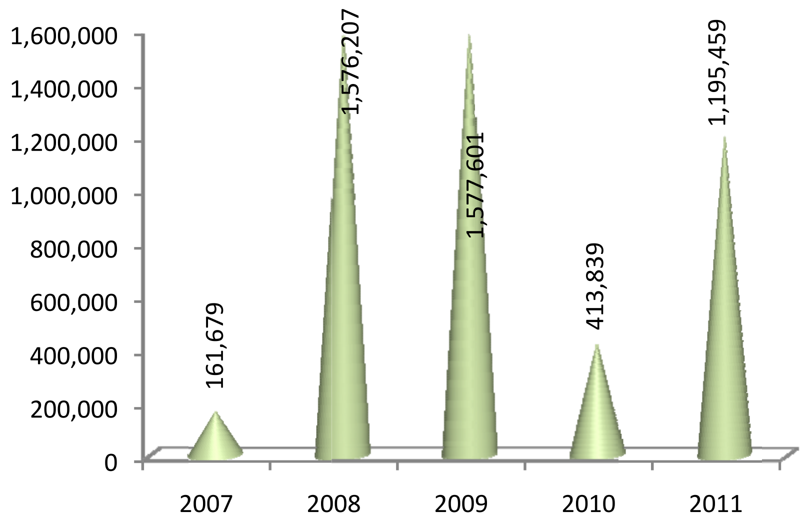
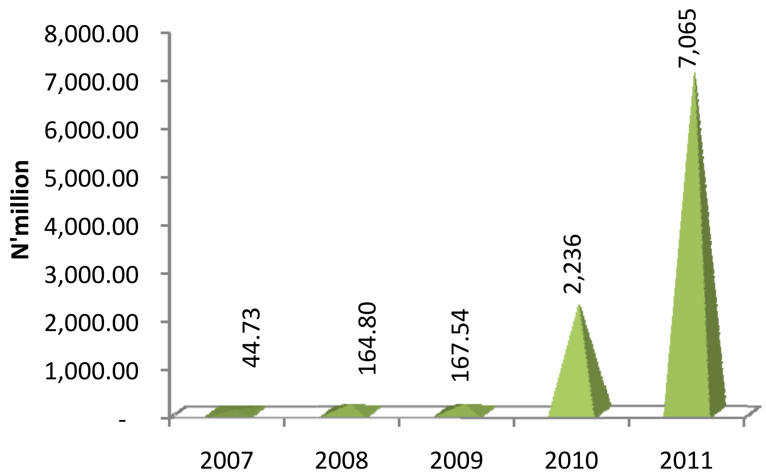


Figure 6

Value of Mobile Transactions, Half Year



2.3.2 Wholesale Payments System

The volume and value of inter-bank transactions through the CBN RTGS system (CBN Inter-bank Funds Transfer System (CIFTS)) increased by 17.8 and 7.1 per cent, to 223,959 and ₦53,146.82 billion, respectively, in the first half of

2011, compared with 190,138 and ₦49,640.0 billion in the second half of 2010.

2.4 Financial Sector Surveillance

2.4.1 Banking Supervision

The CBN continued its drive to promote the stability and soundness of the financial system in the first half of the year. The Bank's surveillance activities were focused on the implementation of the revised prudential guidelines, the revised banking model as well as the resolution of the banking crisis through the Asset Management Corporation of Nigeria (AMCON). The legal framework for financial safety and stability was further enhanced with the passage of the following bills by the National Assembly: the Nigeria International Financial Centre Bill; the Electronic Transactions Bill; the Alternative Dispute Resolution Commission Bill; and the Financial Ombudsman Bill.

In addition, in order to effectively ring-fence banks from excessive intra-group transactions and refocus them to core banking functions, the CBN in line with the new banking model, issued a new regulation on the scope of banking activities and ancillary matters. Under the new banking regulation policy, banks would no longer invest their capital or depositors' funds in non-bank subsidiaries and were expected to divest or spin-off to a holding company (HoldCo), all non-bank-related businesses. At end-June 2011, seventeen (17) out of the twenty-four (24) deposit money banks (DMBs) had been granted Approvals-In-Principle (AIPs) to operate as Commercial Banking entities. Of this number, nine (9) were granted International Banking status, six (6) National Banking status and two (2) Regional Banking status. In addition, of the 17 banks, 13 had chosen to divest from their non-banking subsidiaries, while four (4) adopted the HoldCo structure.

In order to enhance the supervision of the foreign exchange operations of the DMBs, a new unit was created by the Bank. Prior to the creation of the

Unit, the review of foreign exchange operations of banks was integrated into the routine risk-based examination.

Furthermore, the Bank released the Framework and Guidelines for the Regulation and Supervision of Non-Interest Banking in Nigeria. In this regard, the Bank granted AIPs to Jaiz International as a full-fledged non-interest bank and a window to Stanbic-IBTC to offer non-interest (Islamic) banking products. The AIPs require the institutions to meet the conditions for the granting of licence within six (6) months.

The CBN intensified efforts at re-capitalizing the eight banks in which it intervened to prevent a systemic distress. In this regard, the Bank adopted an industry-induced mergers and acquisitions or outright sale to new investors, as part of the resolution options for the affected banks. Although appreciable level of progress had been made in this direction, the re-capitalisation process was, however, slowed down by litigations instituted by shareholders of some of the banks.

As part of efforts to facilitate the adoption of the International Financial Reporting Standards (IFRS) by banks, the CBN issued reporting templates for capturing standardized sectoral and/or other information, and directed banks to adopt the Nigerian Generally-Accepted Accounting Principles plus (NGAAP+).

The Bank also strengthened its collaborative efforts with other stakeholders under the aegis of the Roadmap Committee on the Adoption of IFRS in Nigeria. In this regard, it collaborated with the Nigerian Accounting Standards Board (NASB), Federal Ministry of Finance (FMF), Nigeria Deposit Insurance Corporation (NDIC), Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM), Federal Inland Revenue Service (FIRS), among others, to ensure a phased transition to IFRS over a three-year period beginning from the 2012 reporting date for listed and significant public entities.

The CBN Credit Risk Management System (CRMS) recorded increased basic credit information on customers in the first half of the year. The number of borrowers registered in the CRMS database rose by 2.2 per cent to 74,786. The development was attributed largely to the increased awareness among the banks and customers on the critical role of CRMS database. Similarly, at end-June, 2011, the value of credit outstanding reported on the CRMS rose, by 29.4 per cent to ₦5,227 billion from ₦4,037.66 billion at end-December 2010. The number of borrowers with outstanding credit facilities equal to or above ₦1.0 million declined by 4.4 per cent to 26,854 from 28,093 at end-December 2010. Similarly, the aggregate borrowers' base of the two private credit bureaus (PCBs) stood at 2,639,460, compared with 228,808 recorded at end-June 2010. Of this total, 2,262,079 were individuals, while the remaining 377,381 were corporate borrowers.

The CBN signed a number of Memoranda of Understanding (MoUs) for cooperation and information sharing on cross-border supervision with regulators in other jurisdictions. In that regard, the Bank signed MoUs with the National Bank of Rwanda, Central Bank of Kenya, Bank of Zambia and the Banking Commission of the West African Monetary Union (BCEAO). Also, in compliance with the new banking model, three (3) banks were granted approval to either divest or close their foreign subsidiaries, while another was granted approval to discontinue the process of establishing a subsidiary in The Gambia. In furtherance of its efforts to harmonise supervisory process in the region, the College of Supervisors of the West African Monetary Zone reached a decision to adopt the electronic Financial Analysis and Surveillance System (e-FASS) as a supervisory tool in the Zone. The BCEAO and Cape Verde were admitted as observers into the College in the review period.

At end-June 2011, a total of 2,652 out of 2,742 petitions received from the public were processed. Of the processed complaints, refunds, involving ₦3.96 billion, €10,000 and US$198,111.75, were made by banks to their customers on various issues, including excess charges.

2.4.2 Target Examination

The CBN in conjunction with the NDIC carried out a target examination on all the 24 DMBs with a cut-off date of December 31, 2010, to evaluate the adequacy of provisions made at year-end for bad and doubtful credits. In pursuit of the objective of continuous monitoring under the Risk-Based Supervision methodology, the Bank carried out several spot checks and reviews of various aspects of the DMBs' operations, such as liquidity, foreign exchange utilization and volume of public sector deposits. The outcomes were used for the continued strengthening of the financial system.

2.4.3 Banking Sector Soundness

The average Capital Adequacy Ratio (CAR) of the sixteen (16) non-intervened banks was 21.5 per cent at end-June 2011, while the CAR of the eight (8) intervened banks was -53.5 per cent. Overall, the average CAR of the industry stood at 5.0 per cent at end-June 2011, representing a decline of 2.0 percentage points from its levels at end-December 2010 and a shortfall of 3.0 percentage points relative to the Basel II minimum requirement of 8.0 per cent. Banks' industry-wide average liquidity ratio, at 50.3 per cent, was above the 30.0 and 47.5 per cent minimum requirement and the level at end-December 2010, respectively. One (1) bank, however, failed to meet the stipulated ratio, compared with the 100.0 per cent compliance achieved at end-December 2010.

The quality of risk assets in the banking sector improved significantly in the first half of 2011. The industry ratio of non-performing loans to total loans declined to 10.4 per cent, from 20.1 and 37.1 per cent at end-December 2010 and the corresponding period of 2010, respectively. The ratio was well below the acceptable contingency threshold of 20.0 per cent for the industry. Also, the ratio of non-performing loans (net of provisions) to capital declined to 34.7 per cent from 64.2 per cent at end-December 2010. The development was attributed to the acquisition of ₦2.73 trillion eligible bank assets (EBAs) by AMCON and the improved risk management practices by banks. The activities of AMCON had significantly improved the quality of DMBs' credit portfolio. The Corporation's acquisition of NPLs significantly improved banks assets quality from the all-time high record of 34.4 per cent at end-November 2010 prior to the commencement of AMCON to 10.4 per cent at end-June 2011, compared with its extant threshold of 25.0 per cent.

2.4.4 Compliance with Code of Corporate Governance for Banks in Nigeria

As part of the efforts towards strengthening corporate governance in the industry, the CBN issued a circular on "Approved Persons' Regime" for banks and discount houses with a view to regulating individuals appointed into management positions. In this regard, standard questionnaire was developed to elicit information from prospective appointees in the institutions on competence, integrity and financial soundness.

2.4.5 Fraud and Forgeries

The number of reported cases of attempted and/or successful fraud/forgery in the banking industry declined in the first half of the year. There were a total of 1,393 cases of attempted or successful fraud and forgery, involving the sum of ₦6.5 billion. Out of this number, 410 cases were successful and resulted in a loss of ₦1.95 billion to the banks, compared with 5,960 reported cases of fraud and forgery, involving ₦11.6 billion with actual loss of ₦8.0 billion in the second half of 2010.

Similarly, 116 ATM-related cases valued at ₦17.2 million were reported in the first half of 2011, compared with 411 cases amounting to ₦82.2 million recorded in the second half of 2010. The development was attributed to the improvements in risk management practices in the banking system.

2.4.6 Financial Crime Surveillance

The on-going efforts of the CBN to combat money laundering and financing of terrorism received a boost with the enactment of the Money Laundering Prohibition Act (MLPA), as amended during the review period. The Act criminalises the financing of terrorism and addresses the issues of freezing, seizure and confiscation of both laundered money and terrorist funds. Furthermore, the Anti-money Laundering/Combating the Financing of Terrorism (AML/CFT) Office established in the CBN undertook some key activities, including the preparation of a draft AML/CFT risk-based examination manual and AML/CFT risk–based regulation for financial institutions; review of the Inter-governmental Action Group Against Money Laundering in West Africa (GIABA) Country Report on Nigeria for year 2010, and establishment of an enforcement unit responsible for monitoring compliance.

2.4.7 Examination of Other Financial Institutions

A special examination was conducted on one hundred and nineteen (119) of the one hundred and twenty-one (121) microfinance banks (MFBs) that were issued new provisional licences in September 2010. The exercise revealed that seventy-four (74), or 62.2 per cent of the total, had injected sufficient capital to bring their shareholders' funds, unimpaired by losses, to the minimum requirement of ₦20.0 million. Furthermore, eleven (11) had injected fresh capital which was, however, insufficient to bring the shareholders' funds, unimpaired by losses, to the regulatory minimum of ₦20.0 million; while thirty-four (34) were "technically insolvent" and "terminally distressed", owing to the failure of the shareholders to inject additional capital necessary for the improvement and sustainability of operations.

Analysis of the report of the examination of 100 primary mortgage institutions (PMIs) in 2010 led to the classification of 29 PMIs as sound, 5 marginal, 18 unsound and 22 as insolvent. Nine (9) others were undergoing restructuring, while 17 had closed shop. Consequently, the following regulatory decisions were taken in the review period:

- PMIs classified as "marginal" were required to inject fresh capital or liquid assets necessary to bring their prudential ratios within the acceptable limits;
- PMIs classified as "unsound" were, in addition to the above, prohibited from paying dividends; restricted from making new investments in fixed assets and subsidiaries without the prior approval of CBN; advised to embark on aggressive loan recovery; and placed on CBN/NDIC watch list; and
- PMIs classified as "technically insolvent" were, in addition to the above, restricted from any new lending – except to the extent of recoveries made; and requested to submit business plans outlining how fresh funds would be injected into the institutions.

The target examination conducted on the five (5) discount houses indicated that, three had a composite risk rating of "above average", while the remaining two (2) were rated "moderate". The risk management function of most of the institutions were, however, rated as "needs improvement" due to weaknesses in risk management, weak board oversight and failure to appoint independent directors. Based on the minimum regulatory capital requirement, four (4) out of the five (5) discount houses had exceeded the regulatory minimum and were rated "acceptable", while one (1) was rated "weak" as it failed to meet the minimum ratio of 10.0 per cent for most of the examination period. Earnings of three (3) of the institutions were rated as "acceptable" and two (2) as "needs improvement".

Follow-up actions were taken to address the issues of supervisory concerns raised in the report of the examination of seventy-three (73) finance companies conducted in the last quarter of 2010. The issues raised included pervasive low capital base, weak corporate governance, large volumes of delinquent facilities and excessive focus of the institutions in capital market activities.

A preparatory work towards the conduct of spot-check examination of BDCs in order to ascertain the level of compliance with the set rules and regulations, was concluded during the review period. Similarly, consultations were made with the umbrella association of the BDCs, Association of Bureaux-de-Change Owners of Nigeria (ABCON) with a view to enhancing the quality of returns by the institutions.

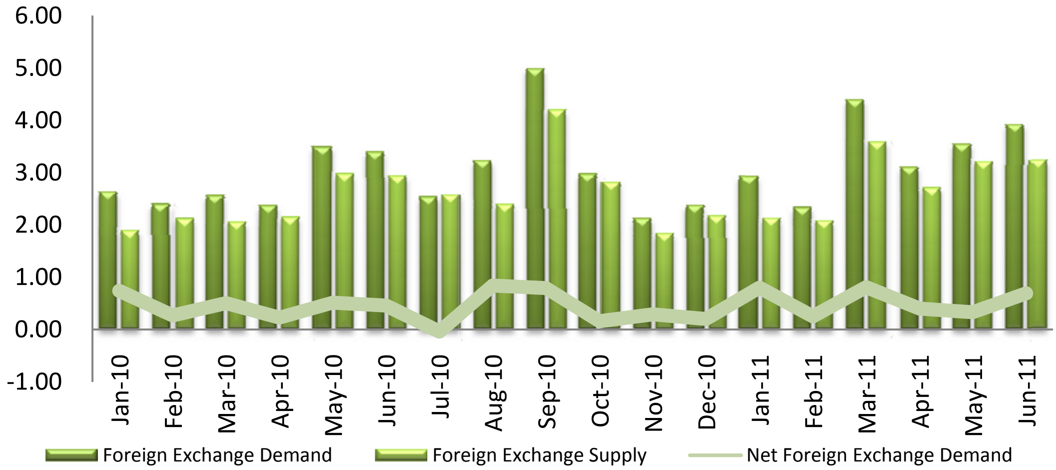
In line with the Bank's renewed resolve to enforce a zero-tolerance for prudential violations, one hundred and thirteen (113) other financial institutions (OFIs) operators were penalised for various breaches and violations of the approved guidelines.

2.5 Foreign Exchange Management

The Wholesale Dutch Auction System (WDAS) continued to be the mechanism for the management of exchange rate in the first half of 2011. The Bank introduced the exchange rate forward market on March 23, 2011, designed to reduce the pressure in the market. In the spot segment of the foreign exchange market, forty-eight (48) sessions were held under the WDAS, compared with forty-seven (47) at end-June 2010. Aggregate demand for foreign exchange by authorized dealers at the WDAS and Bureau-de-Change (BDC) segments amounted to US$20.97 billion, indicating an increase of 24.5 per cent over its level in first half of 2010. Of this, demand under WDAS, including forward market amounted to US$19.14 billion or 91.3 per cent and the balance of US$1.83 billion or 8.7 per cent was recorded at the BDC segment. The increase was attributed to the maturity of letters of credit, dividend payments, oil products importation and lower sales of foreign exchange by oil companies.

Figure 7

Demand, Supply and Net Demand for Foreign Exchange (US$ Million)



In order to stem the pressure occasioned by the high demand for foreign exchange and achieve exchange rate stability, the amount of foreign exchange sold by the CBN rose, by 20.2 per cent to US$17.00 billion from the level at end-June 2010. The sale to the WDAS (including forward trading) and BDC segments amounted to US$15.17 billion and US$1.83 billion, respectively.

2.5.1 Foreign Exchange Forward Market

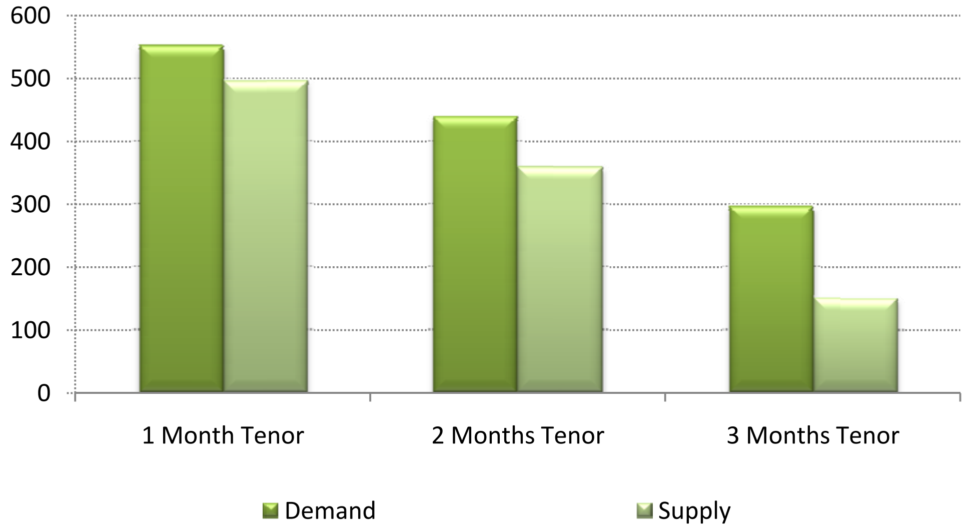
The Bank commenced operation in the foreign exchange forward market on March 23, 2011, as part of its efforts to further deepen the Nigerian financial market. To this end, the Bank approved short-tenored forward transactions to provide hedging opportunities to end-users and smoothen out demand pressure that arises in response to policy change and supply gap.

Trading under the market is conducted in a multiple–price Dutch Action System referred to as Wholesale Dutch Auction System–Forward (WDAS-FWD) in US Dollar/Nigerian Naira (currency pair) with US$500,000.0 as the minimum allowable bid amount per authorized dealer. Authorized dealers can only undertake a bid (volume and forward points) on a single tenor and bidding submitted through the Reuters Dealing 3000 system. Foreign exchange bought through the forward market is not transferable in the inter-bank market as authorized dealers are expected to bid on behalf of their customers. Maturity dates were set at spot date (T+2) plus 1-, 2- and 3-month tenor.

In the first half of 2011, the Bank conducted fifteen (15) WDAS-FWD Auctions held twice a week (Mondays and Wednesdays) for 1-, 2- and 3-month forward. The aggregate demand for WDAS-FWD in the period under review amounted to US$1.3 billion. This comprised 1-, 2-, and 3-month tenors of US$552.9 million, US$439.4 million and US$242.5 million, representing 44.8, 35.6 and 19.6 per cent of the total, respectively. A breakdown of total supply showed that the 1-month tenor received the highest share (US$496.6 million or 49.3%), followed by 2-month tenor (US$359.7 million or 35.7%) and the 3-month tenor (US$151.3 million or 15.0%). Of the total amount demanded, the Bank sold forward US$0.95 billion based on the successful bids using the weighted average rate. A cumulative sum of US$547.4 million was however disbursed at maturity in the first half of 2011.

Figure 8

Demand and Supply at the Foreign Exchange Forward Market for Half Year, 2011 (US$ Million)



In the first half of 2011, the forward price at the 1-, 2- and 3-month tenors WDAS-FWD were ₦152.84/US$, ₦152.91/US$ and ₦152.93/US$, respectively. When compared with the average exchange rate of ₦153.22/US$ at the WDAS spot, the average forward price reflected discounts of 0.03, 0.01 and

0.01 annualized percentages for the 1-, 2-, and 3-month WDAS-FWD tenors, respectively. The naira exchange rate *vis-á-vis* the US dollar depreciated in all segments of the foreign exchange market in the first half of 2011, compared with the corresponding period of 2010. The exchange rate of the naira at the WDAS, BDC and inter-bank segments of the market closed at average exchange rates of ₦153.22, ₦156.95 and ₦154.49 per US dollar, respectively. These represented depreciations of 2.1, 2.7 and 2.4 per cent from their levels in the first-half of 2010, and reflected the demand pressure in the foreign exchange market. Thus, the premium between the WDAS and the BDC and inter-bank rates widened from 1.8 and 0.5 per cent to 2.4 and 0.8 per cent, respectively. The relative stability of the naira against the US dollar was due to the frequent intervention at the official window to stabilize the naira/dollar within the exchange rate management band of ±3 per cent of N150.00/US$.

Figure 9

Exchange Rates Movements (Naira per US$)

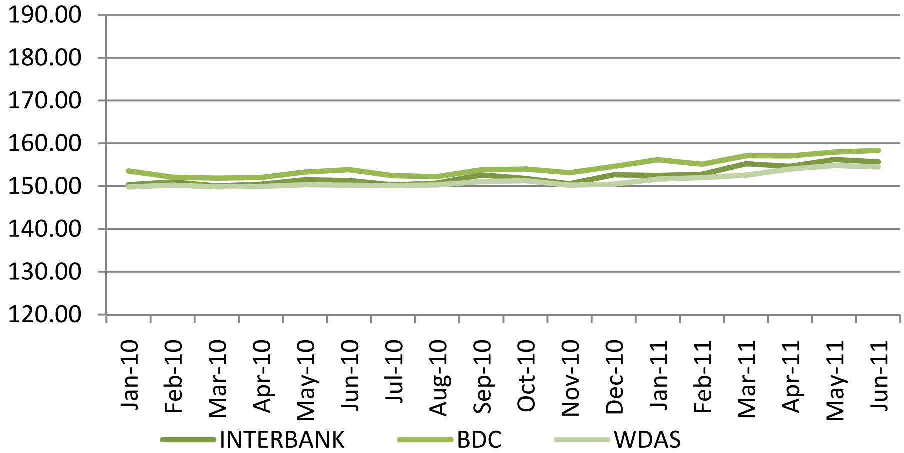
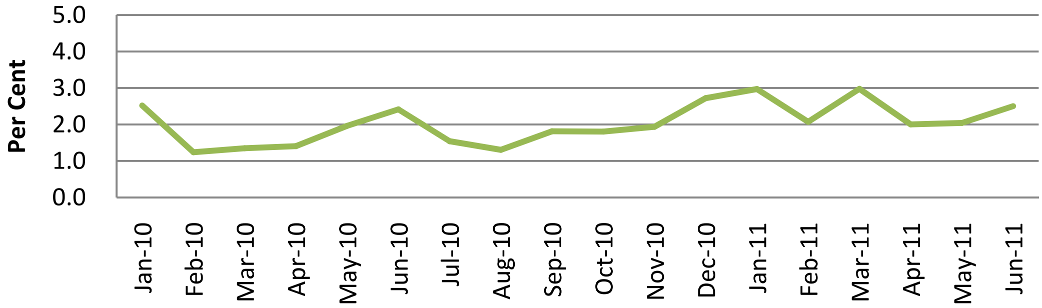


Figure 10

Bureaux-de-Change Premium

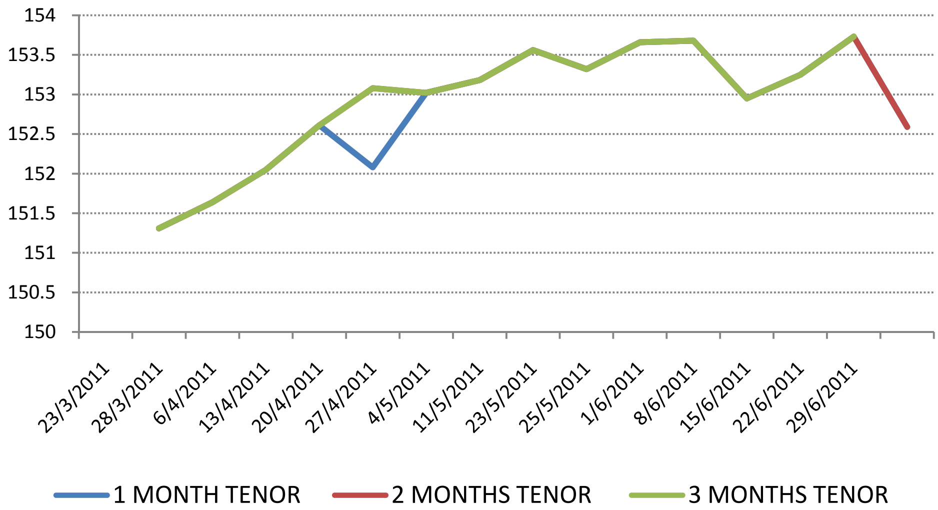


At the WDAS, BDC and inter-bank segments of the market, the end-period exchange rates closed at ₦153.31, ₦159.00 and ₦153.70 per US dollar, and represented depreciations of 2.2, 3.5 and 2.4 per cent relative to their levels in the corresponding period of 2010, respectively.

The WDAS-FWD rate for the 1-, 2- and 3-month tenors averaged ₦151.48/US$ compared with the WDAS spot rate of ₦152.55/US$ in the first half of 2011.

Figure 11

Forward Exchange Rate Movements, First Half 2011



Analysis of nominal exchange rate of the domestic currency relative to the other major international currencies showed that it depreciated against the pound sterling, euro and Japanese yen by 8.0, 8.5 and 12.7 per cent, respectively. At the regional level, the naira also depreciated against the CFA Francs and WAUA, by 9.5 and 6.0 per cent, respectively.

Figure 12

Performance of the Naira against Major Currencies

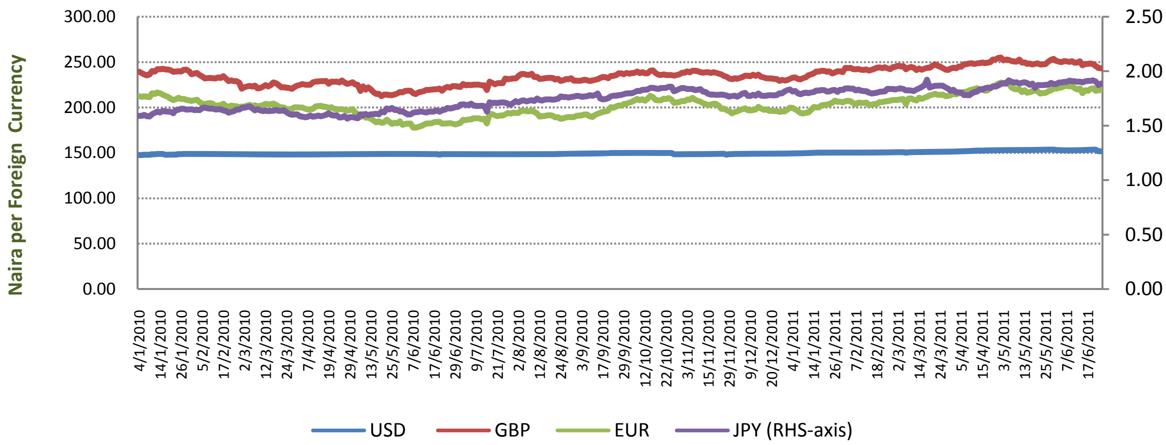
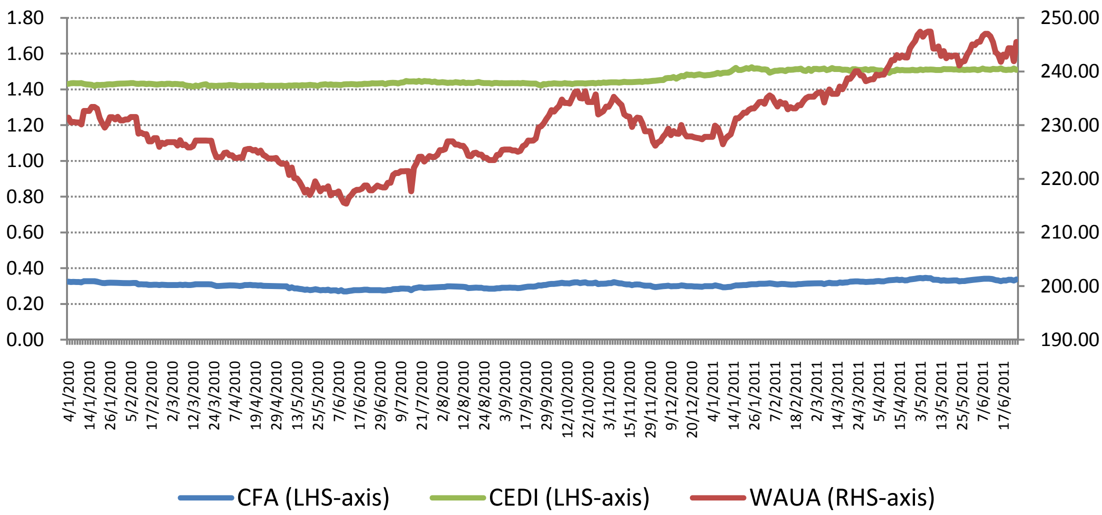


Figure 13

Performance of the Naira against Regional Currencies

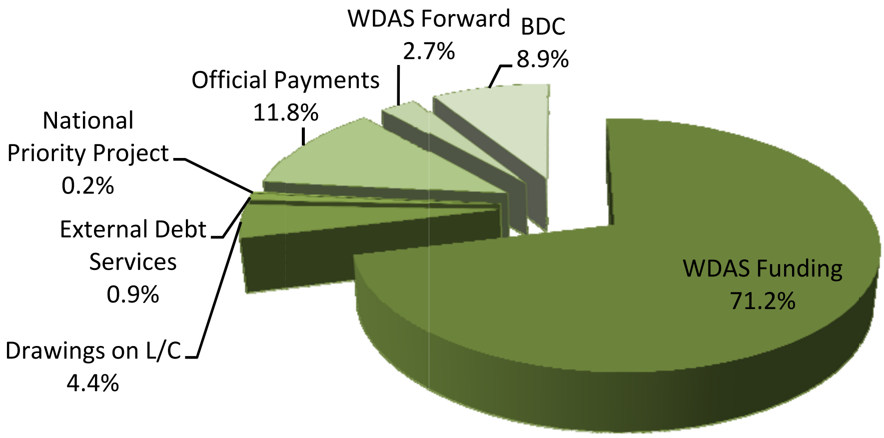


2.5.2 Foreign Exchange Flows

Total foreign exchange inflow through the economy rose by 29.8 per cent to US$51.02 billion from the level in first half of 2010. The increase reflected the rise in oil receipts and autonomous sources. Of the total, inflow through the CBN stood at US$19.6 billion or 38.4 per cent, while the autonomous sources amounted to US$31.4 billion or 61.6 per cent. The total outflow of foreign exchange through the economy in the first half of 2011 also rose, by 21.2 per cent to US$21.32 billion from its level in the corresponding period of 2010. The development was due to the increased WDAS utilization. Overall, foreign exchange flow through the economy showed a net inflow of US$29.71 billion, compared with US$21.72 billion in the corresponding period of 2010.

Figure 14

Foreign Exchange Disbursements through the CBN (First Half 2011)



Foreign exchange inflow through the CBN in the first half of 2011 stood at US$19.57 billion, showing an increase of 50.8 per cent over its level in the corresponding period of 2010. A breakdown of the inflow, indicated that, receipts from crude oil sales rose by 49.2 per cent to US$18.1 billion above the level in the first half of 2010, reflecting the increase in both crude oil production/exports and price at the international oil market. Similarly, non-oil receipts through the CBN rose by 74.3 per cent to US$1.4 billion from the level in the corresponding period of 2010. The development was attributed to the capital inflow of US$1.3 billion and invisibles of US$0.1 billion.

Foreign exchange outflow through the Bank was US$20.53 billion, an increase of 20.6 per cent from the level in the corresponding period of 2010. The growth was as a result of the 20.2 per cent increase in WDAS utilization, which accounted for 79.8 per cent of the total outflow. A disaggregation of the outflow showed that WDAS sales amounted to US$14.63 billion (71.3%), cash sales to BDC operators US$1.83 billion (8.9%) and WDAS-FWD US$0.55 billion (2.7%).

Other sources of outflow through the Bank comprised drawings on letters of credits (L/Cs) US$0.90 billion (4.4%), other official payments US$2.41 billion (11.8%), external debt service US$0.18 billion (0.9%) and national priority projects US$0.04 billion (0.2%). Overall, foreign exchange transactions through the Bank resulted in a net outflow position of US$0.96 billion in the period under review, compared with US$4.05 billion in the first half of 2010.

2.5.3 Sectoral Utilization of Foreign Exchange

Aggregate sectoral utilization of foreign exchange rose by 3.6 per cent to US$18.90 billion in the first half of 2011 from the level in the corresponding period of 2010. Of the total, the sum of US$14.54 billion (76.9 %) was utilized on visible imports, while invisibles stood at US$4.36 billion (23.1%). Further analysis of the visible imports showed that, oil and minerals imports stood at US$4.95 billion (34.0%), an increase of 64.9 per cent over the level at end-June 2010. Industrial, food products, transport and agricultural products utilised US$3.59, US$2.58, US$0.84 billion and US$0.24 billion and grew by 30.2, 30.9, 15.9 and 181.3 per cent, respectively, over their levels in the corresponding period of 2010. However, the amount utilized for manufactured products declined by 17.3 per cent to US$2.34 billion from the level in the corresponding period of 2010. In the invisible category, financial sector services transactions constituted the bulk, with total foreign exchange utilized amounting to US$3.12 billion, an increase of 9.4 per cent over the level in the corresponding period of 2010. In the same vein, utilisation by transport services grew by 2.1 per cent, while business, communication, education and other services fell by 21.6, 19.3, 0.1 and 5.2 per cent, respectively, relative to their levels in the corresponding period of 2010.

Figure 15

Foreign Exchange Flows Through the CBN, First Half 2011

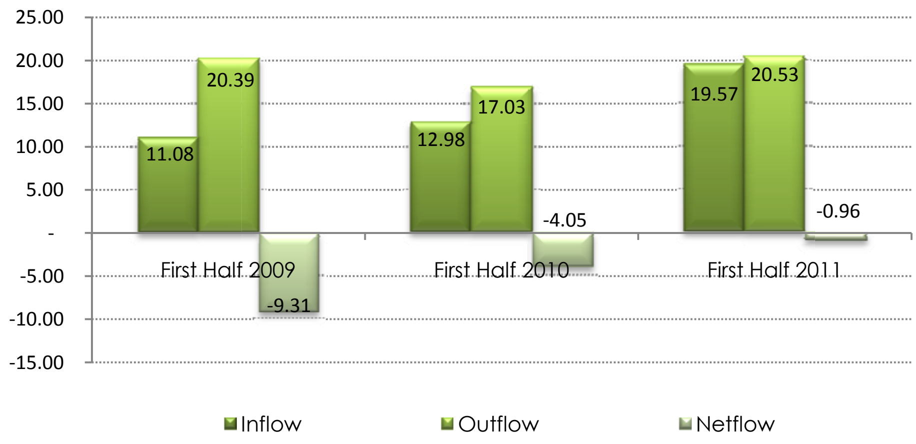


Figure 16

Sectoral Utilization of Foreign Exchange (Visible) First Half 2011

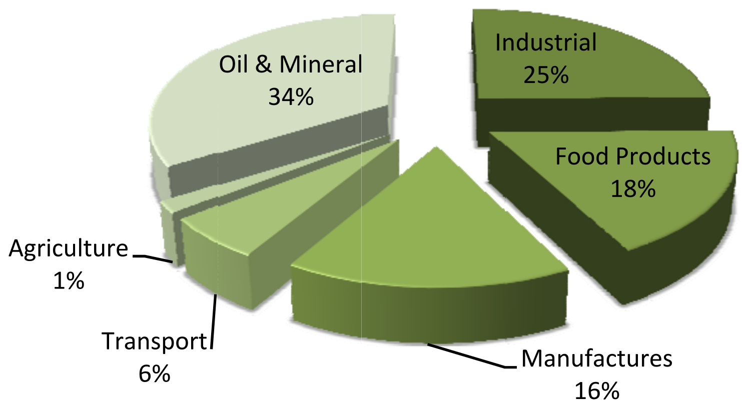
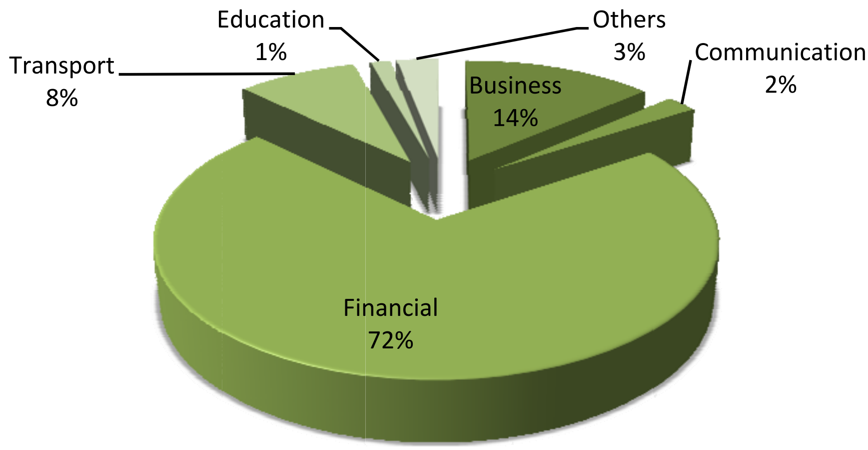


Figure 17

Sectoral Utilization of Foreign Exchange (Invisible) First Half 2011



2.5.4 Foreign Exchange Receipts by Top Hundred (100) Exporters

Export receipts by the top 100 exporters in the country during the first half of 2011 showed that, Olam Nigeria Limited topped the list with US$288.04 million from the export of cotton lint. Babawole Enterprises Nigeria Limited ranked second with US$81.00 million receipt from cocoa beans exports to Netherland. The third largest exporter was Unique Leather Finishing Company which realized US$65.32 million through the export of leather to Italy. Continuing in this order of ranking, Saro Agro Allied (dried cocoa) and Fata Tanning Limited (crust leather) were fourth and fifth, with exports of finished leather to India and crumbed rubber to Italy valued at US$58.11 million and US$57.38 million, respectively.

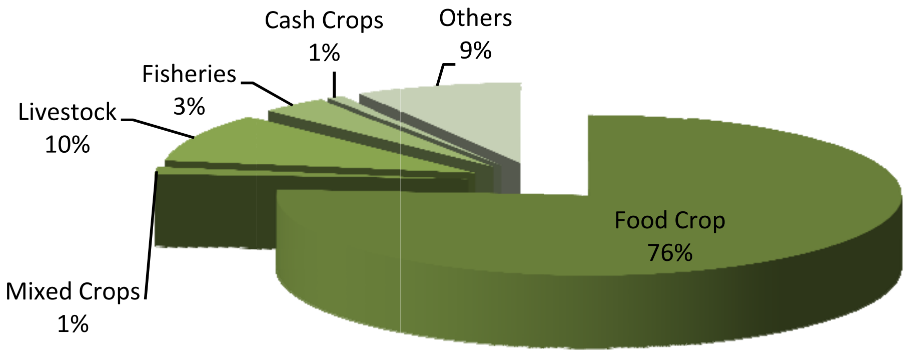
2.6 Development Finance Operations

2.6.1 Agricultural Credit Guarantee Scheme Fund (ACGSF)

Aggregate resources of the ACGSF at end-June 2011 was ₦5.7 billion, representing an increase of 2.0 per cent compared with the level at end-June 2010. The number of loans guaranteed under the Scheme in the period stood at 11,410 valued at ₦2.2 billion, compared with 8,292 loans valued at ₦1.4 billion in the first half of 2010, indicating an increase of 37.6 and 57.1 per cent, respectively, from the levels in the corresponding period of 2010. The total number of loans repaid was 20,859 valued at ₦2.9 billion. The cumulative volume and value of loans under the scheme since inception in 1978 were 709,610 and ₦44.34 billion, respectively. A total of 25 claims valued at ₦10.7 million were settled in the period under review, compared with the 38 claims valued at ₦14.2 million in corresponding period of 2010.

Figure 18

Sectoral Distribution of ACGSF Loans (By Purpose) First Half 2011



2.6.2 Interest Drawback Programme (IDP)

The total resources of the IDP was ₦2.2 billion at end-June 2011, compared with ₦2.3 billion at end-June 2010. The number and value of settled IDP claims fell significantly by 53.2 and 40.9 per cent to 7,430 and ₦68.9 million, respectively, from the levels in the first half of 2010. The development was a direct consequence of the sharp decline in the value of loans fully repaid in the review period. The cumulative number and value of claims settled between inception and June 2011 stood at 127,902 and ₦720.6 million.

2.6.3 The Trust Fund Model (TFM)

No new Memorandum of Understanding (MoU) was signed under the TFM during the review period, compared with one (1) in the first half of 2010. Consequently, the cumulative value of funds placed under the TFM by 56 stakeholders, comprising 18 state governments, 3 government ministries, 17 local governments, 4 multinational oil companies, 13 individuals and organizations and 1 Federal Government agency remained unchanged at ₦5.5 billion.

2.6.4 Microfinance-Related Activities

2.6.4.1 International Microfinance Conference

The 5th Annual Microfinance Conference and Entrepreneurship Awards was organised by the Bank in Abuja from January 17-18, 2011 with the theme 'Financial Inclusion for Accelerated Micro, Small and Medium Entreprises

Development: The Nigerian Perspective'. The conference attracted 1,198 participants from both the public and private sectors of the economy, as well as major stakeholders. The following resolutions were passed during the conference: the huge benefits of micro-leasing and micro-insurance should be explored by MFBs/MFIs to deepen financial inclusion; MFBs should inculcate sound risk management practices and good corporate governance, design innovative products and financial literacy/education for their clients; the CBN should endeavour to enhance the financial literacy of MSMEs; and the CBN should align regulatory actions with other policies of government, for harmony, economic and financial stability.

2.6.4.2 National Microfinance Policy Consultative Committee (NMFPCC)

The Bank hosted the 11th meeting of the NMFPCC on January 8, 2011. The key decisions reached at the meeting were: the deferment of the sensitization exercise and the stoppage of licensing of new microfinance banks, training of operators in the first and third quarters of 2011 and commencement of operations of the micro finance rating agencies in the fourth quarter of 2011.

2.6.4.3 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, 2011. The primary objectives of the workshop were to commence the take-off of the RUFIN programme and train the key officers and major stakeholders on their roles and responsibilities in the course of implementation. The participating agencies were the CBN, Bank of Agriculture (formerly the Nigerian Agricultural, Co-operative & Rural Development Bank (NACRDB)), National Poverty Alleviation Agency (NAPEP) and the Federal Department of Co-operatives. Furthermore, the CBN, RUFIN, the United Nations Development Programme (UNDP) and NBS met to harmonise the baseline surveys on the National Microfinance Development Strategy (NMDS) and RUFIN. The baseline survey would provide reliable and up-to-date database on the activities of the microfinance and rural finance sub-sector.

2.6.4.4 Entrepreneurship Development Centres (EDCs)

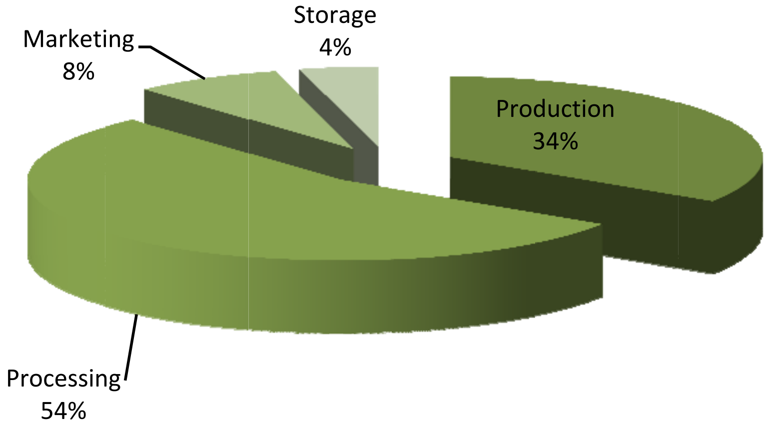
The evaluation of the pilot phase of the EDCs was completed by the consultants and the final report was submitted to the Management of the CBN. In addition, as a result of the expansion programme undertaken by the three implementing agencies, State Entrepreneurship Development Satellite Centres were established in nine states and Abuja. Since their establishment, EDCs have trained 84,758 entrepreneurs, comprising 42,615 graduate trainees and other 42,143 trainees who were offered business advisory services.

2.6.5 Commercial Agricultural Credit Scheme (CACS)

Additional eight (8) state governments (Plateau, Edo, Benue, Kano, Bayelsa, Ogun, Osun and Cross River) and the FCT accessed ₦1.0 billion each under the scheme for on-lending to co-operative farmers and unions in their respective states. This brought the number of state government beneficiaries to twenty six (26) since inception. Furthermore, the number of participating banks rose to 14 (fourteen) compared with seven (7) a year earlier. Cumulative disbursement at end-June 2011 was ₦131.5 billion to 148 beneficiaries comprising 122 individuals/private promoters, 26 state governments and the FCT. The balance of the CACS fund at end-June 2011 was ₦68.5 billion. Analysis of the value of private projects financed by value-chain, indicated that processing, production, marketing and storage accounted for 54.0, 34.0, 8.0 and 4.0 per cent, respectively.

Figure 19

Analysis of CACS-Financed Projects by Value-Chain, First Half 2011



2.6.6 The Agricultural Credit Support Scheme (ACSS)

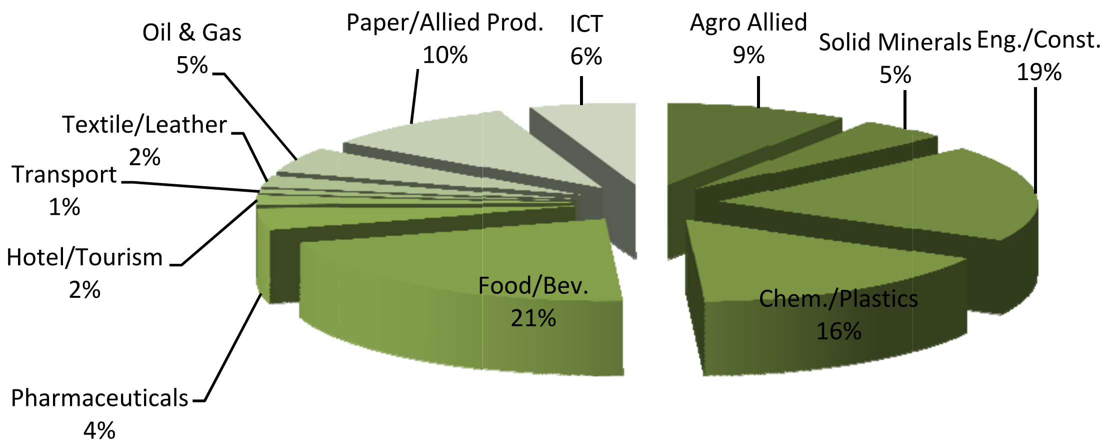
Since inception in 2006, a total of 101 projects valued ₦18.9 billion have been verified. Payment of the 6.0 per cent interest rebate has, however, been made for 41 projects, valued ₦844.3 million.

2.6.7 ₦200 Billion Intervention Fund for Refinancing and Restructuring of Banks' Loans to the Manufacturing/SME Sector

At end-June 2011, ₦199.7 billion or 92.0 per cent of the ₦200 Billion Refinancing and Restructuring Facility (RRF) had been released for disbursement in two tranches. Of this, the BOI disbursed ₦190.7 billion to 539 eligible obligors with ₦5.8 billion repaid in the first half of 2011. A sectoral breakdown of the disbursement showed that food and beverages led with 21.3 per cent, followed by engineering/construction and chemical/plastics with 19.1 and 16.2 per cent, respectively. Paper/allied products got 9.9 per cent, while agro-allied accounted for 9.3 per cent. The other sectors accounted for the balance.

Figure 20

Sectoral Distribution of Facilities through Participating Banks, First Half 2011



Preliminary assessment of the scheme indicated some quick-wins which included: resuscitation of firms which were hitherto closed down, improvement in average capacity utilization from 25.0 to 28.0 per cent, and improvement in DMBs' liquidity position.

2.6.8 ₦200 Billion SME Credit Guarantee Scheme (SMECGS)

There was an upswing of activities under the Scheme in the first half of 2011. Consequently, five projects worth ₦247.5 million were guaranteed. The repayment period ranged from one to five years. The projects included: establishment of printing press; procurement of equipment/raw material; and equipping of hotel and eatery.

2.6.9 ₦300 Billion Power and Airline Intervention Fund (PAIF) Initiative

In the first half of 2011, ₦82.4 billion out of the approved ₦185.2 billion was released by the BOI to 7 DMBs under the PAIF. A total of eight (8) airline projects benefitted from the Fund.

2.6.10 Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL)

The CBN established NIRSAL following an agreement with the Alliance for a Green Revolution in Africa (AGRA) to address the weaknesses of existing agricultural financing schemes. It is an innovative mechanism for unlocking finance to serve particularly smallholder farmers, agro-processors, agribusiness and input suppliers in the agricultural value-chain. The aim is to provide farmers with affordable financial products, while reducing the risk of loans offered by the financial institutions. The new scheme would also build capacities of banks to lend to agriculture, deploy risk sharing instruments to lower risks of lending and develop a bank rating scheme that would rate Nigerian banks based on their commitment to lending to the agricultural sector.

Work was in the final stage to design solution for NIRSAL's five pillars of risk sharing facility, insurance facility, technical assistance, holistic bank rating, and bank incentive mechanism. A number of activities such as engagements with both local and international stakeholders to solicit their buy-in has been embarked upon. An interim NIRSAL Project Implementation Team has been constituted to manage all processes and recommend an implementation road-map.

2.7 CBN Assets and Liabilities

Provisional data indicated that total assets of the CBN fell by 4.6 per cent relative to the immediate preceding half year, but rose by 1.4 per cent compared to end-June 2010. The increase relative to the corresponding half of 2010 was occasioned by the substantial growth in other assets (107.0%), other securities (59.9%), Federal Government securities (47.1%), fixed assets (30.3%) and special drawing rights (21.7%). The drop in assets relative to end-December 2010 was mainly driven by the decline of 39.1, 18.2, 9.4 and 8.4 per cent in Federal Government securities, rediscount and advances, convertible securities and external reserve assets, respectively. The decline in total liabilities relative to end-December 2010 was attributed to the 52.8, 28.4, 7.1 and 3.1 per cent decline in other reserves, total capitalization, other liabilities and total deposits, respectively. Total liabilities, however, edged-up relative to the corresponding period of 2010 and were largely due to the 27.3

and 16.2 per cent growth in currency in circulation and general reserves, respectively.

ECONOMIC REPORT

3.0 GLOBAL ECONOMIC DEVELOPMENTS

The global economy was estimated to grow by 4.3 per cent in 2011. Global activity was projected to slow in the second quarter of 2011 and then accelerate in the second half of the year according to the forecast by the International Monetary Fund (IMF). This was attributed to the devastating effects of the earthquake and tsunami on the Japanese economy, with supply disruptions weighing heavily on industrial production, consumer sentiment and spending.

Growth in the advanced economies was projected to average about 2.5 per cent during 2011–12. This would represent a modest deceleration from an average of 3.0 per cent in 2010. For 2011, growth was expected to be weaker than previously projected in the United States and Japan, partly offset by stronger activity in core euro area economies. Preliminary figures released by the Bureau of Economic Analysis indicated that real GDP in the United States increased by an annualized rate of 1.9 per cent in the first quarter of 2011, while the real GDP growth for the UK in the same period was 0.5 per cent. The GDP in Japan contracted by 0.9 per cent in the first quarter of 2011 over the previous quarter

The economy of the countries of the euro area and the European Union (EU) grew by 0.8 per cent in the first quarter of 2011 compared with the previous quarter, according to the preliminary GDP data released by the Eurostat. On annualized basis, GDP growth was 2.5 per cent in the euro area and the entire European Union. Germany recorded an annualized GDP growth of 5.2 per cent in the first quarter of 2011, thus surpassing the pre-crisis growth rate in 2008.

In emerging market economies, China posted a second quarter GDP growth of 9.5 per cent, compared with 9.7 per cent growth in the first quarter, according to reports released by the China National Bureau of Statistics. The GDP in India expanded by 7.8 per cent in the first quarter of 2011 over the same quarter of 2010.

Growth in emerging Europe was projected to be higher than previously expected in 2011, followed by a softening in 2012, driven in part by a sharp domestic demand cycle in Turkey. Economic activity was projected to continue strengthening in sub-Saharan Africa, with domestic demand remaining robust and commodity exporters benefiting from favorable prices. Economic prospects in the Middle East and North Africa (MENA) region remained clouded by the political and social unrest, though the outlook has improved for some oil and mineral exporters.

3.1 Global Commodity Prices

Commodity markets have experienced volatility since late April 2011. After surging through April, commodity prices fell in May. The market corrections partly reflected the unwinding of an earlier build-up of non-commercial derivative position and less than expected global economic recovery. The price of crude oil came close to US$120.00 a barrel in April, fell sharply in May, but stabilized at US$116.66 in June 2011. Although, food prices have stabilized beginning in early 2011, social unrest in the MENA region could place further upward pressure on food prices.

3.2 Global Inflation

Global inflation edged-up from 3.5 per cent in the last quarter of 2010 to 4.0 per cent in the first quarter of 2011, more than 0.25 percentage point higher than projected in April 2011. Inflation accelerated mainly because of larger than expected increases in commodity prices. Core inflation also crept up across a number of economies. Among advanced economies, core inflation remained subdued in the United States and Japan, but rose moderately in the euro area. In the emerging and developing economies, inflationary pressures have become increasingly broad-based, reflecting a higher share of food and fuel in consumption as well as accelerated demand pressure.

3.3 International Financial Markets

In the first half of 2011, stock market indices declined across the global financial market. These were largely attributed to the debt crisis in some countries in the euro zone and the socio-political uprisings in the countries of the MENA region. In addition, the cut of U.S. growth forecasts by the IMF, coupled with the ongoing concerns about the stand-off in resolving the U.S. public debt ceiling, may have dampened investors' enthusiasm for further investment in equities.

Rising inflation necessitated some countries in emerging and developing economies to tighten monetary policy by raising policy rates and reserve requirements. In contrast, many developed nations kept policy interest rates low to boost economic growth.

On a year-to-date and year-on-year basis, the currencies of selected emerging markets and euro area appreciated against the U.S. Dollar. For example, the Mexican and Colombian Peso as well as the Russian Ruble appreciated by 1.51, 6.22 and 2.01 per cent, respectively.

In Greece and other vulnerable euro zone countries the year-to-date 10-year benchmark yield spread which are higher than the U.S. sovereign bond, were considered relatively high credit risks. To this end, though, lower risk appetite may initially reduce capital flows to emerging and developing economies, but relatively, it may eventually result in higher capital flows, as some emerging market economies become more competitive than some advanced economies.

3.4 World Economic Outlook for the Rest of 2011

In the second half of 2011, it was expected that both the domestic and global economies would gradually be pulling out of the financial and economic crises, though the recovery would be uneven. The pace of recovery and its composition would remain different across regions with the smaller export-dependent economies generally experiencing more pronounced challenges than larger economies with sizable domestic demand. In America, the overriding concern is how to grow output and reduce unemployment. The major threat to recovery in Europe is rising prices, particularly, food and oil prices, occasioned by natural disasters in some parts of the region and the political instability in the MENA region. On the domestic scene, inflation would remain a major macroeconomic problem for Nigeria. Monetary aggregates might continue to lag behind their indicative benchmark, while money market rates could remain high. Furthermore, the continuous pressure on the foreign exchange market would pose major policy challenges for the CBN.

4.0 DEVELOPMENTS IN THE DOMESTIC ECONOMY

4.1 Monetary and Credit Developments

Developments in Nigeria's financial system were influenced by the monetary policy stance of the CBN, which aimed at containing inflationary pressure arising from huge the fiscal expansion and anticipated rise in global energy and food prices. Accordingly, monetary policy was restrictive and led to a modest growth in money supply, particularly credit to the economy. However, credit to government increased during the review period and would remain a threat to price stability if the trend persists in the second half of the year.

4.1.1 Reserve Money

At ₦2,065.1 billion, reserve money (RM) at end-June 2011 grew by 11.9 per cent, relative to the level at end-December 2010, and exceeded the indicative benchmark for fiscal 2011 by 16.6 per cent. The growth in reserve money relative to the level at end-December 2010, was due to the significant increase (50.5 per cent) in other items (net) of the CBN, as foreign assets (net) and net domestic credit both fell, by 11.1 and 22.8 per cent, respectively. The corresponding increase in the uses of base money was attributed, wholly, to the 52.1 per cent growth in DMBs' reserves with the CBN, as currency in circulation declined by 1.8 per cent during the first half of 2011.

Figure 21a

Reserve Money and its Components (Uses)

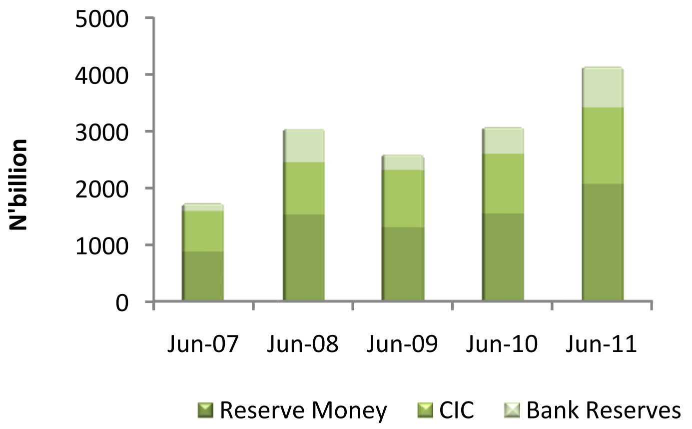
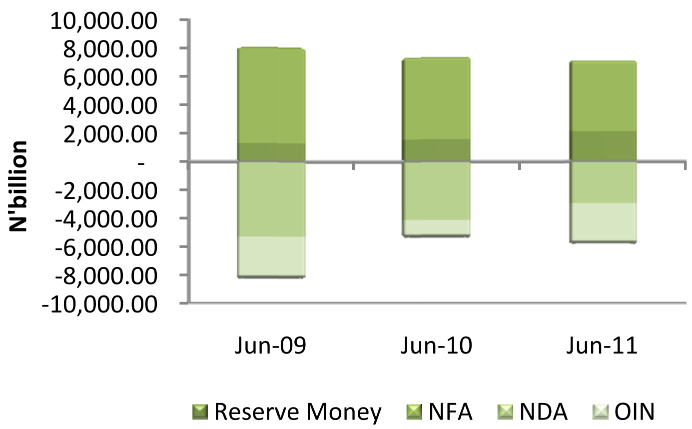


Figure 21b

Reserve Money and its Components (Sources)



4.1.2 Broad Money (M_2)

Provisional data indicated that growth of broad money supply (M_2) was modest in the first half of 2011. Relative to the level at end-December 2010, M_2 rose by 5.7 per cent to ₦12,177.4 billion at end-June 2011. This translated to an annualized growth rate of 11.3 per cent, compared with the indicative benchmark of 13.8 per cent for fiscal 2011. The development was attributed to the respective growth of 13.7 and 2.3 per cent in other assets (net) and domestic credit (net) of the banking system. Foreign assets (net) of the banking system, on the other hand, declined marginally by 0.8 per cent. From the liability side both components of broad money (M_2), namely, narrow money (M_1) and quasi-money contributed to the growth in M_2, although quasi-money contributed more with a growth rate of 9.8 per cent at end-June 2011.

4.1.3 Narrow Money (M_1)

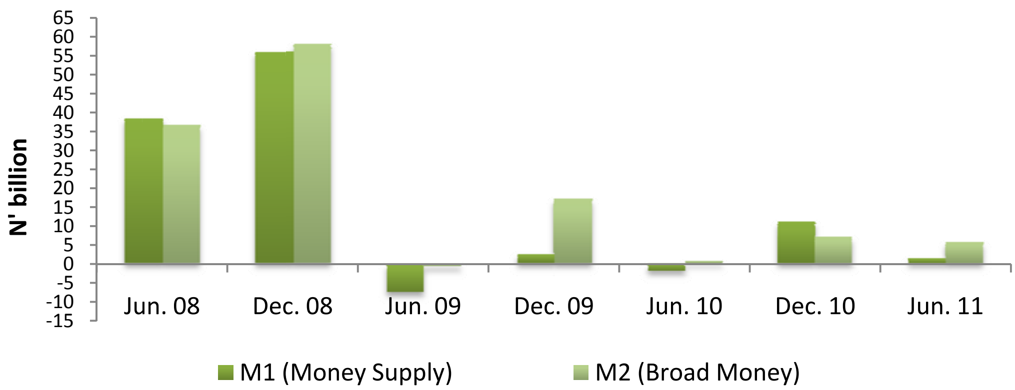
Narrow money (M_1), grew by 1.3 per cent over the level at end-December 2010. This translated to an annualized growth rate of 2.6 per cent, in contrast to the decline of 2 0 per cent at end-June 2010. The development was attributed to the 3.1 per cent increase in demand deposits as currency outside banks declined by 6.1 per cent.

4.1.4 Quasi Money

Quasi-money grew by 9.8 per cent at the end of the review period, compared with 2.9 per cent growth at the end of the corresponding period of 2010.

Figure 22

Growth in Money Supply (Per cent), First Half 2011



4.1.5 Currency-in-Circulation and Deposits at the CBN

Currency in circulation fell by 1.8 per cent to ₦1,353.98 billion at the end of the first half of 2011, relative to its level at end-December 2010, compared with the decline of 10.0 per cent at the end of the corresponding period of 2010. Similarly, currency outside banks (COB) fell by 6.1 per cent, compared with the decline of 14.2 per cent at the end of the corresponding period of 2010. The ratio of COB to M2 rose by 1. 0 percentage point to 8.3 per cent at the end of the review period. The slight increase in COB/M2 ratio reflected temporary apathy in the use of alternative, non- cash, means of transactions in the economy.

4.1.6 Drivers of the Major Monetary Aggregate

4.1.6.1 Net Foreign Assets (NFA)

Foreign assets (net) of the banking system declined by 0.8 per cent to ₦6, 453.7 billion at end-June 2011, relative to the level at end-December 2010. Compared with the level at the end of the corresponding half of 2010, this represented a decline of 14.6 per cent. As a percentage of M_2, NFA was 53.0 per cent at the end of the first half of 2011, compared with 59.8 per cent a year earlier.

4.1.6.2 Net Domestic Assets (NDA)

Net domestic assets increased by 14.0 per cent to ₦5, 723.7 billion at end-June 2011, compared with the growth of 36.8 per cent recorded at the end of the corresponding period of 2010. The development was attributable to the 2.3 per cent increase in domestic credit (net) of the banking system and the 13.7 per cent increase in other assets (net) of the banking system.

4.1.6.3 Net Domestic Credit (NDC)

Net domestic credit (NDC), grew by 2.3 per cent to ₦8,908.5 billion at the end of the first half of 2011, compared with the growth of 8.8 per cent at the end of the corresponding period of 2010. The development was due to the 5.1 per cent increase in net claims on Federal Government and the 1.5 per cent growth in credit to private sector.

4.1.6.4 Credit to the Government (Cg)

Net claims of the banking system on government rose by 5.1 per cent to negative ₦1064.74 billion at end-June 2011, compared with the 35.3 per cent growth at end-June 2010. The development reflected the increased investment in treasury securities, especially in FGN bonds, by the banking system, which rose by 6.9 per cent at end-June 2011, compared with 26.8 per cent at the end of the corresponding period of 2010. The Federal Government as in the preceding half year, however, remained a net lender to the system.

4.1.6.5 Credit to the Private Sector (Cp)

Banking system's credit the private sector increased by 1.5 per cent at the end of the first half of 2011, in contrast to a decline of 1.1 per cent recorded at the end of the corresponding period of 2010. The development reflected the 1.0 per cent rise in claims on the core private sector, which contrasted with the 1.2 per cent fall a year earlier. Credit to the private sector contributed 1.3 percentage points to the growth in M_2 at end –June 2011, in contrast to the negative contribution (-1.07 percentage points) at the end of the corresponding period of 2010.

4.1.6.6 Other Assets (Net)

Other assets (net) of the banking system grew by 13.7 per cent at end-June 2011, compared with the growth of 10.1 per cent a year earlier, and contributed 4.4 percentage points to the growth in broad money at the end of the review period.

4.1.7 Sectoral Distribution of Credit

Credit to the core private sector by DMBs grew by 1.0 per cent at end-June 2011, relative to end-December 2010. Of the amount outstanding, credit to the priority sectors accounted for 34.3 per cent, of which Agriculture, solid minerals, Export and manufacture got 2.1, 18.1, 1.5 and 12.6 per cent, respectively. The less priority sectors accounted for 47.8 per cent, while the unclassified category accounted for the balance of 17.3 per cent. At these levels, credit to the preferred sector was 6.4 per cent higher than its level at the end of the first half of 2010, while credit to the less preferred and unclassified fell, respectively, by 2.0 and 4.2 per cent from their levels at the end of the corresponding period of 2010.

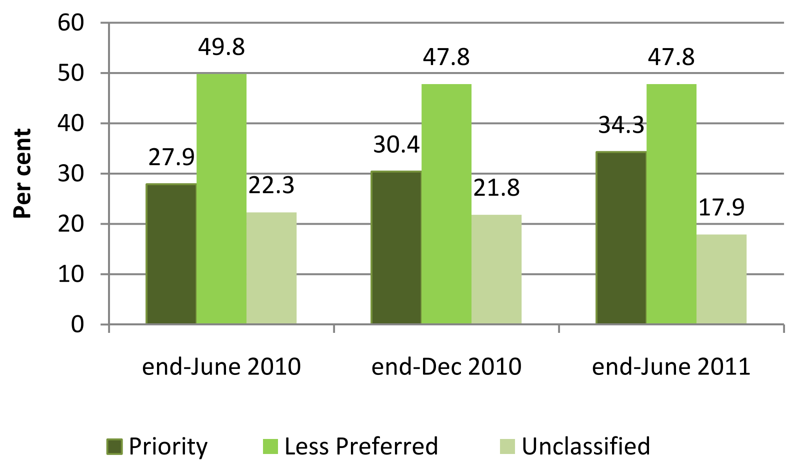
Table 3

Sectoral Distribution of DMBs Credit (June 2010 – June 2011)

	Share in Outstanding (per cent)		
	Jun 10	**Dec 10**	**Jun 11**
1. Priority Sectors	**27.9**	**30.4**	**34.3**
Agriculture	1.7	1.7	2.1
Solid Minerals	15.7	15.3	18.1
Exports	0.4	0.6	1.5
Manufacturing	10.1	12.8	12.6
Small Scale Enterprises	--	--	--
2. Less Preferred Sectors	**49.8**	**47.8**	**47.8**
Real Estate	9.2	8.7	7.9
Public Utilities	0.8	0.7	0.8
Transport and Communications	10.9	10.7	12.5
Finance & Insurance	15.2	11.1	7.4
Government	3.8	4.9	5.9
Import & Dom. Trade (General Comm.)	10.0	11.7	13.3
3. Unclassified	**22.3**	**21.8**	**17.9**
Total (1+2+3)	**100**	**100**	**100**

Figure 23

Share in Outstanding Credit to the Core Private Sector



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

The structure of DMBs outstanding credit as at the end of the first half of 2011 indicated the continued dominance of short term assets in their portfolio. Outstanding loans and advances maturing one year and below accounted for 62.2 per cent of the total, compared with 73.3 per cent at the end of the corresponding period of 2010. The development reflected a slight shift in tenor in favour of medium-(≥1yr and ≤ 3yrs) to long-term (3yrs and above). The medium and long-term stood at 14.6 per cent and 23.2 per cent, compared with 12.6 per cent and 14.1 per cent, respectively at end-June 2010. In the same vein, the dominance of the short-term deposit in the deposits structure of the DMBs continued as in the corresponding period of 2010, with deposits of below one year, constituting 96.59 per cent of the total. Indeed, 73.3 per cent of deposits had a maturity of less than 30 days, compared with 77.9 per cent at end-June 2010, while the share of long-term deposits stood at 1.02 per cent, compared with 0.005 per cent at end-June 2010.

Figure 24

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

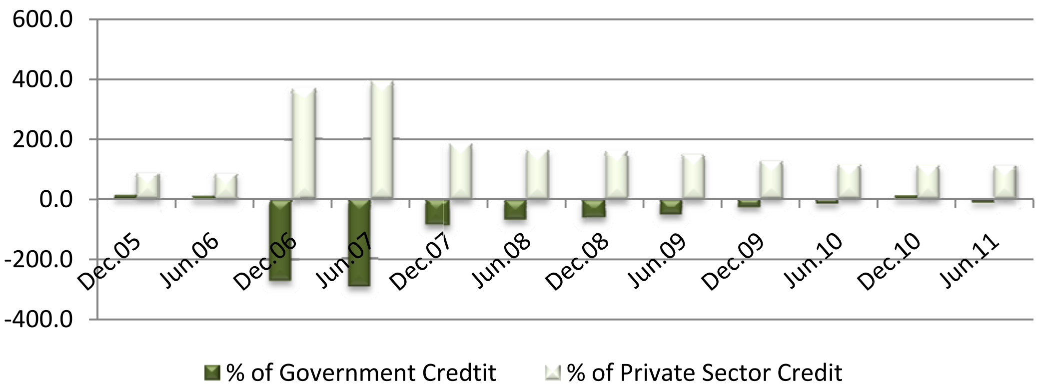
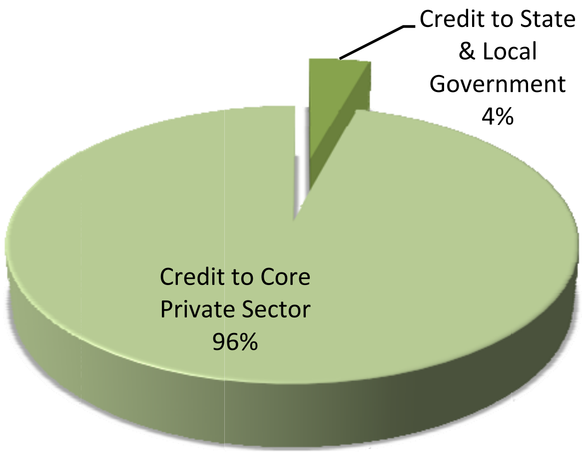


Table 4
Maturity structure of DMBs Assets and Liabilities

Assets (Loans and Advances)	Jun 09	Dec 09	Jun 10	Dec10	Jun 11
Tenor					
0-30 days	52.8	50.1	55.4	46.1	40.5
31-90 days	10.9	6.4	5.4	10.0	8.2
91-181 days	4.9	7.3	5.3	3.9	8.0
181-365 days	8.7	6.5	7.3	5.3	5.5
Short term	77.2	70.3	73.3	65.3	62.2
Medium Term (Above 1yr and below 3yrs)	10.9	14.4	12.6	14.6	14.6
Long-Term (3 Years and Above)	11.9	15.3	14.1	20.1	23.2
Liabilities					
0-30 days	72.5	73.3	77.9	76.3	73.3
31-90 days	14.4	15.0	13.4	14.4	14.5
91-181 days	4.8	4.7	4.4	3.4	5.2
181-365 days	4.0	2.7	2.9	2.8	3.6
Short term	95.6	95.7	98.6	96.9	96.6
Medium Term (Above 1yr and below 3yrs)	4.0	4.2	1.4	2.03	2.4
Long-Term (3 Years and Above)	0.4	0.1	0.005	1.07	1.02

Figure 25
Share of State & Local Government and Core Private Sector in Private Sector Credit



4.1.9 Money Market Developments

Activities in the money market during the first half of 2011 were influenced, largely by the policy stance of the Bank. The bank's policy stance shifted from quantitative easing in the last months of the preceding year to monetary tightening, against the backdrop of the apparent threats of inflationary build-up. The policy stance was aimed at moderating the anticipated inflationary pressures, which was expected to be triggered by the pre-election spending and the liquidity injections into the banks through the purchase of non-performing loans (NPLs) by the Asset Management Corporation of Nigeria (AMCON).

The Monetary Policy Committee reviewed the MPR upward from 6.25 per cent in 2010 by 25, 100 and 50 basis points to 6.5, 7.5 and 8.0 per cent at the January, March and June 2011 meetings, respectively, with the systematic corridor retained at +/- 200 basis points. The CRR was also raised to 2.00 per cent in March from 1.00 per cent and further to 4.00 per cent in May 2011. These actions, reinforced by the cautious stance of the DMBs in interbank trading activities led to an increase in interbank rates. As a direct impact, market players' continued patronage on the Bank's Standing Facilities was sustained. The Standing Deposit Facility (SDF) was however, suspended on March 9, 2011, following the introduction of Reserve Averaging, which allowed for the remuneration of the banks' reserves in excess of the CRR.

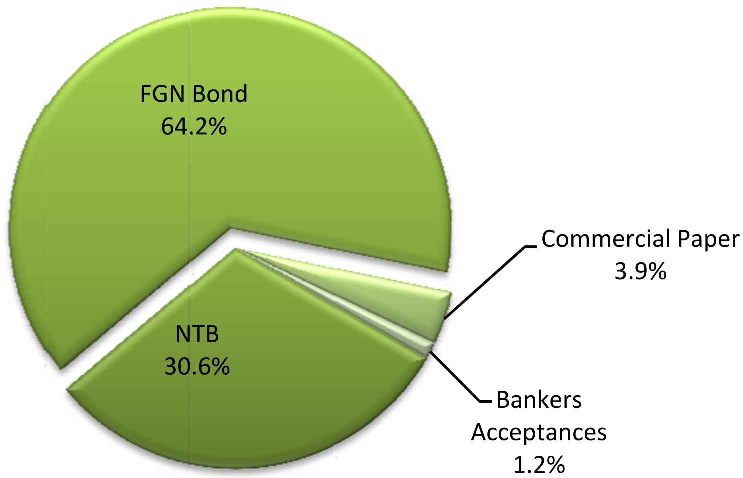
The use of AMCON bonds as collateral at the Repo and Standing Lending Facility window, helped to moderate interest rates. At the open market operations (OMO) window, Nigerian Treasury Bills (NTBs) were sold at the direct OMO auction in order to mop-up excess liquidity in the banking system. Moreover, the applicable rates for repurchase transactions were reviewed to reflect the prevailing market conditions. DMBs and discount Houses (DHs) participated at all the primary auctions of NTBs and the Federal Government of Nigeria (FGN) Bonds as subscription and yields on the securities remained relatively high.

4.1.9.1 Money Market Assets Outstanding

Provisional data indicated that money market assets outstanding at the end of the first half of 2011 stood at ₦5,099.26 billion, showing an increase of 14.7 per cent over the level at end-December 2010. Relative to the level at end-June 2010, it recorded an increase of 44.1 per cent. The development during the review period reflected, mainly, the increase of ₦374.5 billion (12.9%), ₦284.3 billion (22.3%) and ₦10.3 billion (5.4%) in FGN Bonds, treasury bills and commercial papers, respectively. The significant increase in treasury bills was attributed to the floatation of new issues to finance the Federal Government budget deficit.

Figure 26

Money Market Assets Outstanding (End-June 2011)



4.1.9.2 Primary Market

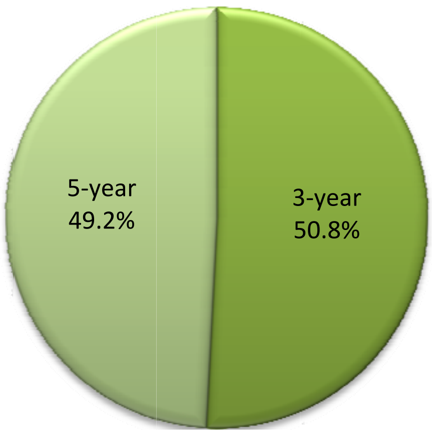
In the first half of 2011, 91- and 182-day tenored Nigerian Treasury Bills were offered fortnightly while the 364-day tenor was offered monthly. The total amount offered and allotted for all the tenors was ₦1,489.55 billion while total subscription was ₦3, 823.32 billion. In the corresponding period of 2010, total subscription and allotment were ₦1,819.10 billion and ₦734.48 billion, respectively. The surge in subscription at the primary market auctions for NTBs during the half year was attributable to the liquidity surfeit in the system, and market players' preference for tradable government securities, as the major investment outlet.

Total NTB outstanding as at end-June 2011 stood at ₦1,561.42 billion, an increase of 73.3 per cent over the ₦901.02 billion at the end of the first half of 2010. The increase was attributable to the floatation of new issues to finance Federal Government budget deficit.

In collaboration with the Debt Management Office (DMO), the CBN continued to act as the registrar and issuing house for the Federal Government securities in the first half of 2011. A number of new issues and re-openings of 3- and 5-, year FGN Bonds were auctioned. As a result, total FGN Bonds offered was ₦396.50 billion while public subscription and sale stood at ₦861.11 billion and ₦396.50 billion, respectively. The huge subscriptions were attributed to the high level of liquidity in the banking system, the preference of investors for long-term risk free instruments, and the attractive coupon yield on the bonds.

Figure 27

Distribution of Federal Government of Nigeria Bonds (End-June 2011)



Thus, the total value of bonds outstanding as at end-June 2011 stood at ₦3, 276.11 billion, compared with ₦2,408.42 billion as at end-June 2010, representing an increase of ₦867.69 billion or 36.03 per cent. The structure of the holdings of the bonds showed that ₦2, 062.06 billion was held by DMBs and DHs, while the brokers and the non-bank public held the balance of ₦1, 214.05 billion. The re-opened auctions comprised ₦201.50 billion for 3-year

Bonds, and ₦95.00 billion for 5-year Bonds, which were floated and allotted. Total subscription was ₦861.11 billion.

Trading at the OTC secondary market for FGN Bonds was also active during the review period. FGN Bonds worth ₦4,716.59 billion were transacted in 35,374 deals at the secondary market, compared with ₦7,964.06 billion in 87,188 deals in the first half of 2010.

4.1.9.3 Open Market Operations (OMO)

In line with the Bank's monetary policy stance, OMO auctions were conducted in the period under review to manage liquidity and contain inflationary pressures as well as deepen the secondary market. To this end, intervention securities of tenors ranging from 21 to 202 days, amounting to ₦332.84 billion, were sold during the period under review, compared with ₦162.00 billion in the corresponding period of 2010. Total CBN securities offered was ₦480.00 billion, while total public subscription amounted to ₦768.74 billion. The bid rates ranged from 6.00 to 15.49 per cent, while the stop rates ranged from 6.75 to 9.29 per cent. CBN securities valued at ₦218.01 billion matured during the half year and were repaid, leaving the outstanding bills at end-June 2011 at ₦114.83 billion.

4.1.9.4 The Two-Way Quote Trading in NTBs

NTBs of 15-day maturities were traded on the two-way quote trading platform in April 2011. The bid rates ranged from 7.25 to 9.50 per cent and the offer rates ranged from 6.60 to 9.00 per cent. Bills worth ₦1.0 billion were bought at 7.25 per cent and total sales stood at ₦0.25 billion at a deal rate of 9.00 per cent.

4.1.9.5 Interbank Funds Market

The volume of interbank transactions rose to ₦8.63 trillion in the first half of 2011 from ₦4.54 trillion in the first half of 2010. The total Standing Lending Facility (SLF) amounted to ₦162.47 billion in the first half of 2011, compared with ₦17.47 trillion at end-June 2010. At the Open-Buy-Back (OBB) segment, the trend was reversed as OBB transactions declined to ₦3.42 trillion in the first half of 2011 from ₦5.56 trillion at end-June 2010.

Total interbank placements and securities traded at end-June 2011 stood at ₦12,050.82 billion, representing an increase of 19.3 per cent over the ₦10,098.13 billion at end-June 2010.

4.1.9.6 Reserve Averaging Framework

The new reserve averaging framework commenced on March 9, 2011. It was conceived to smoothen the volatility in interbank rates. Under the framework, the CRR of DMBs, which was hitherto sterilized by the CBN, is left at the banks' disposal over a specified and pre-notified maintenance period. At the end of a maintenance term, DMBs with reserves in excess of the required reserve level are remunerated at MPR plus 200 basis points, while those with a shortfall are penalised at MPR times 2.5. During the review period, industry compliance was 148.0, 128.0, 126.0 and 234.0 per cent over the 1st, 2nd, 3rd and 4th maintenance periods, respectively.

The base of the reserve requirement was 2.0 per cent for the initial three maintenance periods, while 4.0 per cent was applied from the fourth maintenance period in line with the upward review of the CRR at the May 2011 MPC meeting.

4.1.10 Interest Rates Developments

In the first half of 2011, interest rates in all the segments of the money market exceeded their levels in the corresponding period of 2010. The development was attributed to steady upward review of MPR from 6.25 to 8.0 per cent and the increase in CRR to 4.00 per cent from 2.00 per cent.

4.1.10.1 Interbank Rates Movement

Interbank call and OBB rates trended upwards following the increase in MPR from 6.00 per cent in 2010 to 8.00 per cent by end-June, 2011. The average inter-bank call rate in the review period was 9.21 per cent, compared with 2.52 per cent in the corresponding period of 2010. The weighted average of the Nigeria Inter-bank Offered Rates (NIBOR) for the 7- and 30-day tenors were 10.32 and 11.69 per cent, respectively, compared with the 5.41 and 8.51 per cent at end-June 2010. Similarly, the average OBB rates stood at 8.24 per cent, compared with 2.29 per cent at end-June 2010. The sharp rise in market rates was as a result of a number of monetary policy measures taken by the Bank during the first half of 2011, including the upward review of MPR from 6.00 per cent to 8.00 per cent, increase in CRR to 4.00 per cent from 2.00 per cent and the introduction of the reserve averaging framework scheme in March 2011.

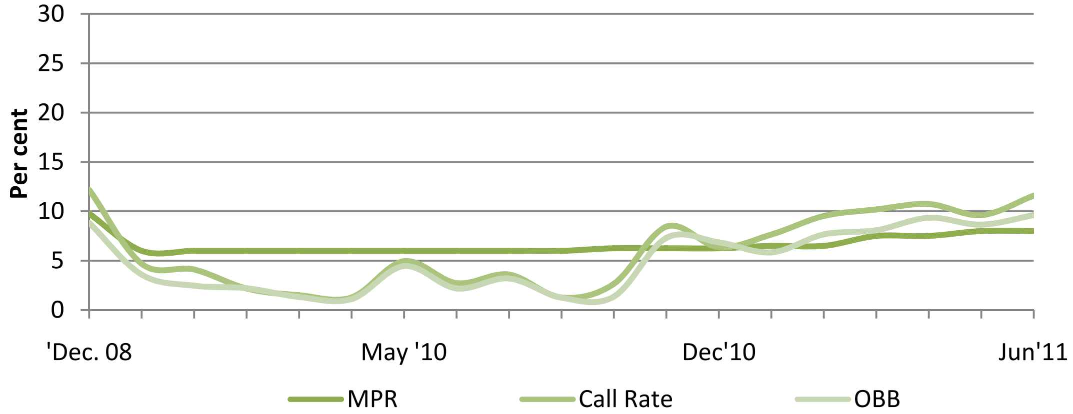
Table 5

Money Market Rates (Per cent)

WEIGHTED AVERAGE					
Month	MPR	Interbank Call Rate	OBB	NIBOR 7-days	NIBOR 30-days
Jan-11	6.25	6.13	5.84	7.83	10.15
Feb-11	6.50	8.31	7.66	9.5	11.19
Mar-11	7.50	8.78	8.22	10.26	11.47
Apr-11	7.50	10.74	9.35	11.54	12.51
May-11	8.00	9.61	8.8	10.41	11.67
Jun-11	8.00	11.66	9.59	12.39	13.15
Average 2011	7.29	9.21	8.24	10.32	11.69
Average 2010	6.0	*2.52*	*2.29*	*5.41*	*8.51*

Figure 28

Money Market Rates



4.1.10.2 Money Market Rates

4.1.10.2.1 Deposit Rates

The average deposit rate fell at the end of the first half of 2011. Average term deposit rate fell by 2.79 percentage points to 4.4 per cent from the average rate at end-June 2010. Rates on deposits of various maturities fell to a range of 2.00 to 6.28 per cent at the end of the first half of 2011from a range of 3.29 to 8.41 per cent in the first half of 2010. With year-on-year inflation rate at 10.2 per cent in June 2011, all deposit rates were negative in real terms.

4.1.10.2.2 Lending Rates

In the first half of 2011, the prime and maximum lending rates fell to 15.76 and 22.02 per cent from 18.5 and 22.7 per cent, respectively, at end-June 2010. The spread between banks' average term deposit and maximum lending rates, however, widened to 17.60 percentage points in the first half of 2011 from 15.50 per cent at end-June 2010.

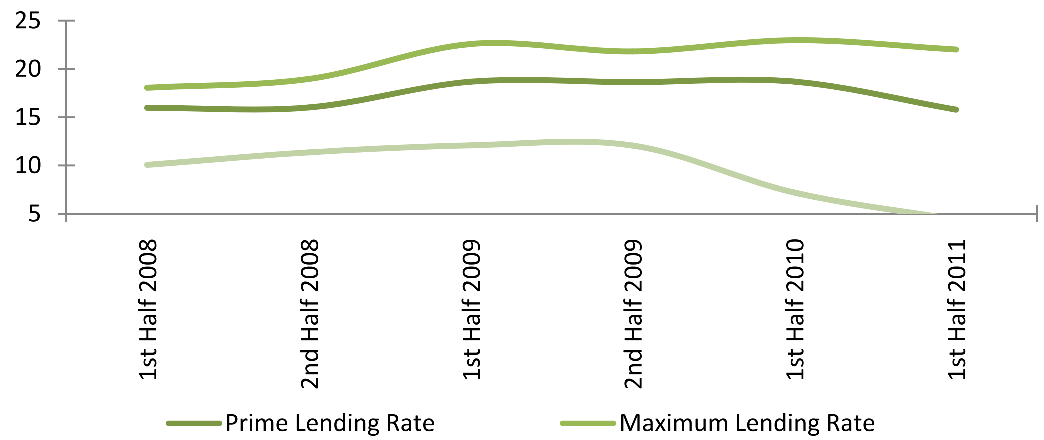
Table 6

Selected Interest Rates (Per cent)

Month	Savings	Average Term Deposit	Prime Lending	Maximum Lending
Jan-11	1.51	4.17	15.73	21.75
Feb-11	1.48	3.84	15.75	21.88
Mar-11	1.41	4.24	15.81	22.02
Apr-11	1.42	4.57	15.75	22.19
May-11	1.41	4.75	15.81	22.11
Jun-11	1.40	4.84	15.76	22.02
Average 2011	1.44	4.40	15.77	22.00
Average 2010	2.92	7.19	18.68	22.96

Figure 29

Nominal Interest Rates Movement per cent per annum



4.1.11 Institutional Savings

Aggregate institutional savings at end-June 2011 stood at ₦8,521.4 billion, indicating an increase of 14.2 and 42.9 per cent over the levels at end-December and end-June 2010, respectively. The DMBs remained the dominant savings institution, accounting for 99.0 per cent of the total at end-June 2011, compared with 97.6 and 98.0 per cent at end-December and end-June 2010, respectively. Other institutions, including primary mortgage institutions (PMIs), life insurance funds, the Nigerian Social Insurance Trust Fund (NSITF), and microfinance banks (MFBs) held the balance of 1.0 per cent. The ratio of institutional savings to first half 2011 GDP (at current basic prices) was

53.4 per cent, compared with 44.1 per cent in the corresponding period of 2010.

4.1.12 Other Financial Institutions

4.1.12.1 Microfinance Banks (MFBs)

The total assets/liabilities of MFBs increased to ₦187.2 billion, representing a 9.9 per cent increase over the level at end-December 2010. Similarly, loans and advances granted by the MFBs increased, by 23.8 per cent to ₦65.5 billion, while the paid-up share capital and shareholders' funds increased by 7.2 and 7.8 per cent over the levels in December 2010 to ₦44.5 billion and ₦47.4 billion, respectively. When compared with the levels in the corresponding period of 2010, total assets, loans and advances, paid-up share capital and shareholders' funds increased by 16.4, 7.7, 12.9 and 3.7 per cent, respectively. Investible funds available to the sub-sector amounted to ₦17.7 billion, compared with ₦8.8 billion at end-June 2010. The funds were sourced mainly from increases in deposit liabilities (₦9.3 billion), paid-up capital (₦3.0 billion) and long-term loans (₦2.8 billion); and were used mainly to increase loans and advances (₦12.6 billion), balances with banks (₦2.8 billion) and short-term investments (₦2.0 billion).

4.1.12.2 Discount Houses

Total assets/liabilities of the five (5) discount houses at end-June 2011 declined by 23.8 and 25.1 per cent to ₦276.2 billion from the levels at end-December and end-June 2010, respectively. The total funds sourced amounted to ₦12.9 billion, compared with ₦37.0 billion at end-June 2010. The funds were sourced mainly from money-at-call (₦11.7 billion), and were used mainly in the settlements of claims on "others" (₦5.6 billion) and purchase of Federal Government securities. Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to ₦12.5 billion at end-June 2011, representing 6.5 per cent of their total deposit liabilities. This was 53.5 percentage points below the prescribed minimum of 60.0 per cent for fiscal 2011.

4.1.12.3 Finance Companies (FCs)

The total assets/liabilities of the FCs increased to ₦116.3 billion at end-June 2011, from ₦113.8 billion at end-December 2010, representing an increase of 2.3 per cent. Cash and short-term funds, fixed assets and investments increased by 1.3, 7.7 and 6.4 per cent to ₦28.2 billion, ₦9.8 billion, ₦28.9 billion, respectively, at end-June 2011. Total paid-up capital and shareholders' funds also increased, by 4.5 and 30.5 per cent to ₦20.4 billion and ₦13.3 billion, respectively, at end-June 2011, from ₦19.5 billion and ₦10.2 billion at end-December 2010. However, the total borrowings declined by 2.2 per cent to ₦79.5 billion at end-June 2011, from ₦81.2 billion at end-December 2010. Investible funds available to the sub-sector during the period totalled ₦5.8 billion. The funds were sourced mainly from increases in paid-up capital, reserves and other liabilities of ₦0.87 billion, ₦2.3 billion and ₦1.3 billion, respectively, and the reduction of net loans and advances by ₦1.3 billion. They were utilized mainly to reduce borrowings by ₦1.8 billion and increase investments and other assets by ₦1.7 billion and ₦1.0 billion, respectively.

4.1.12.4 Primary Mortgage Institutions (PMIs)

The total assets of the PMIs increased marginally by 0.3 per cent to ₦360.0 billion at end-June 2011, compared with ₦358.8 billion and ₦122.9 billion at end-December 2010 and end-June 2010, respectively. The paid-up capital, shareholders' funds and loans/advances of the PMIs also increased, by 2.9, 6.8 and 1.6 per cent to ₦64.2 billion, ₦89.2 billion and ₦135.1 billion, respectively, at end-June 2011. The deposit liabilities, however, declined by 4.9 per cent to ₦177.8 billion at end-June 2011 from the level at end-December 2010. Investible funds available to the PMIs in the period under review totalled ₦23.1 billion, compared with ₦24.1 billion at end-June 2010. The funds were sourced mainly from a reduction of deposits with banks (₦11.5 billion) and an increase in other liabilities (₦4.3 billion), and were used mainly to reduce the deposit liabilities (₦9.2 billion) and acquisition of other assets (₦4.4 billion).

4.1.12.5 Asset Management Corporation of Nigeria (AMCON)

The Asset Management Corporation of Nigeria (AMCON) continued to play a significant role in stabilizing the financial system through the acquisition of eligible bank asset (EBAs). Since inception, three tranches of bonds worth ₦1.811 trillion had been issued by the Corporation in exchange for EBAs valued at ₦2.827 trillion. The Corporation issued two 3-year zero-coupon consideration bonds with a face value of ₦534.48 billion to twenty-two (22) DMBs in the first half of 2011 in exchange for their EBAs at a discounted value of ₦377.76 billion. In line with its objectives, the Corporation has improved confidence in the banking industry, injected liquidity to the financial system, increased lending by banks, enhanced income opportunities to the banks through the bond income, and reduced the NPL ratio.

4.1.13 Capital Market Developments

4.1.13.1 Institutional Developments

The Board of the Securities and Exchange Commission (SEC) approved a new Code of Corporate Governance for public companies regulated by the Commission so as to entrench transparency and accountability. The new Code, which came into effect from April 1, 2011, outlined the responsibilities and duties of the Board, including the mode of appointments, structure, remunerations and board composition of public companies. It further stated the standard requirements on matters relating to reporting formats, protection of shareholders rights, risk management, insider trading, whistle blowing policy, accountability, communication policy, code of ethics and resolutions, among others.

The Council of the Nigerian Stock Exchange (NSE) commenced the restructuring of its operations during the review period. Consequently, the directorate of strategy and business development was divided into two separate units. The business development arm was merged with the Listings department, while the strategy unit formed part of the Office of the Chief Executive of the Exchange. A new Director General, Mr Oscar Onyema, was appointed for the Nigerian Stock Exchange.

As part of measures to improve its interface with the investing public and other stakeholders, the NSE on March 12, 2011 commissioned a Contact Centre where investors and other stakeholders could phone to make enquiries and lay complaints on issues concerning the stock market. The Centre is opened for the investing public for 12 hours, while enquiries and complaints could be made using the country's three major languages and "pidgin" English.

As part of measures to instil discipline in the Exchange, the NSE directed stock broking firms to separate their accounts from clients' accounts. The number of trading hours on the stock exchange was also increased from five (5) to seven (7) daily to accommodate more trading activities.

Furthermore, Nigeria's first Sovereign Eurobond worth US$500 million was admitted for trading on the International capital market on the platform of the London Stock Exchange. On cross-border listing, the SEC commenced collaboration with regulators in the West African sub-region to facilitate the formation of a single stock exchange in order to address the challenges of cross-border listings on exchanges within the region.

4.1.13.2 The Nigerian Stock Exchange (NSE)

The performance of the NSE was mixed in the first half of 2011. In the primary market segment, a total of 5.1 billion supplementary listings were made, compared with 10.7 billion at end-June 2010. In the secondary segment of the market, the cumulative volume and value of securities traded declined by 8.0 and 14.5 per cent to close at 50.4 billion shares and ₦373.5 billion, respectively, in 733,609 deals, compared with 54.8 billion shares and ₦437.0 billion at end-June 2010. Market capitalization of listed securities closed at ₦11.2 trillion, indicating an increase of 36.6 per cent over the level at end-June 2010. As a percentage of estimated nominal GDP, market capitalization stood at 70.0 per cent, compared with 60.7 per cent recorded at end-June 2010.

4.1.13.3 New Issues Market

In the first half of 2011, six (6) companies were granted supplementary listings of 5.1 billion shares on the Exchange. The companies comprised C & I Leasing Plc, Wema Bank Plc, Unity Bank Plc, Smart Products Nigeria Plc, Great Nigeria Insurance Plc, and Oando Plc. Additional shares of 0.3 billion were added to C & I Leasing Plc as part of conversion of loan stock to equity, while 2.2 billion shares were added to Wema Bank Plc following its conclusion of placement. A total of 1.7 billion shares was added to the shares outstanding of Unity Bank Plc following the issuance of bonus of 1 share for every 20 shares held. In addition, 0.9 and 0.5 billion shares were added to the shares outstanding of Smart Products Nigeria Plc and Oando Plc following the bonus of 1 share for every 4 shares held, respectively. Also, an additional 0.5 billion shares were added to the shares outstanding of Great Nigeria Insurance Plc due to the conclusion of its placement.

Thirty-two (32) companies adjusted their share prices due to payment of dividends and bonuses. A new series of 5-year FGN Bond was added to the FGN Bonds portfolio, while the 3- and 5-year tenors were re-opened and auctioned (in line with the debt management programme) in the first half of 2011. The 13.5% FGN April 2011 (3rd FGN Bond 2011 Series 7) and 14.5% FGN February 2011 (3rd FGN Bond 2011 Series 3) were de-listed.

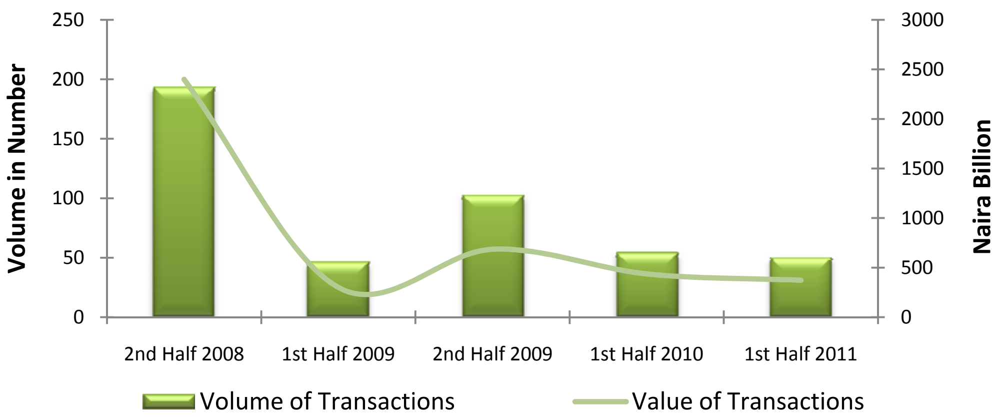
4.1.13.4 The Secondary Market

The cumulative volume and value of securities traded in the secondary segment of the market declined by 8.0 and 14.5 per cent to close at 50.4 billion shares and ₦373.5 billion, respectively, in 733,609 deals, compared with 54.8 billion shares and ₦437.0 billion recorded at end-June 2010. In terms of volume, value and number of deals, the equity sub-sector sustained its dominance of trading activities in the stock market as it accounted for 99.5, 49.9 and 99.9 per cent, respectively, of all trading activities. Sectoral analysis of the developments in the market indicated that the banking sub-sector remained the most active on the Exchange with a traded volume of 26.6 billion shares, valued at ₦228.2 billion in 412,233 deals. The second most active sector was the insurance sub-sector with a traded volume of 4.2 billion shares, valued at ₦3.98 billion in 34,799 deals.

Cumulative transactions on the Over-the-Counter (OTC) bond segment of the market, indicated a turnover of 6.1 billion units worth ₦11.6 trillion in 30,753 deals in the first half of 2011, compared with a turnover of 5.95 billion units valued at ₦ 7.0 trillion in 67,193 deals at end-June 2010.

Figure 30

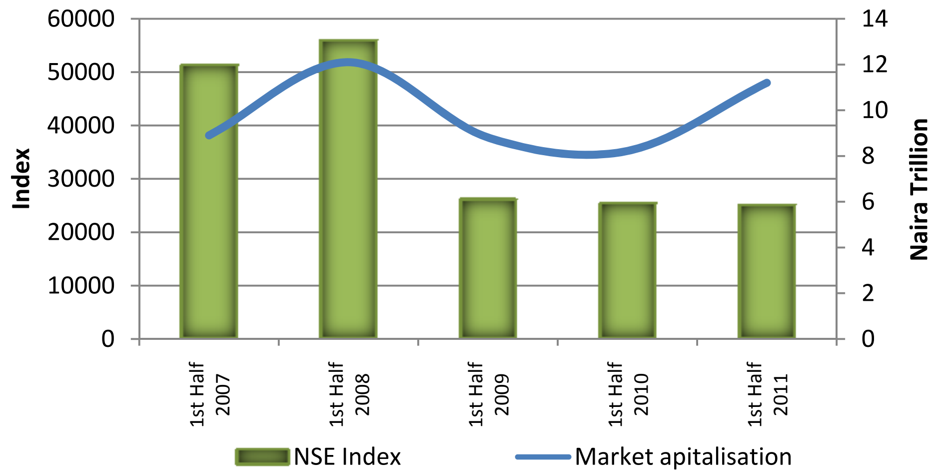
Volume and Value of Transactions at the NSE



4.1.13.5 Value Index of Equities

The All-Share Index (ASI) recorded low performance relative to the level at end-June 2010. The NSE ASI declined by 1.6 per cent to 24,980.20 at end-June 2011, compared with 25,384.14 at end-June 2010. When compared with the level at end-December 2010, the index increased marginally by 0.85 per cent.

Figure 31
Market Capitalisation and NSE Value Index



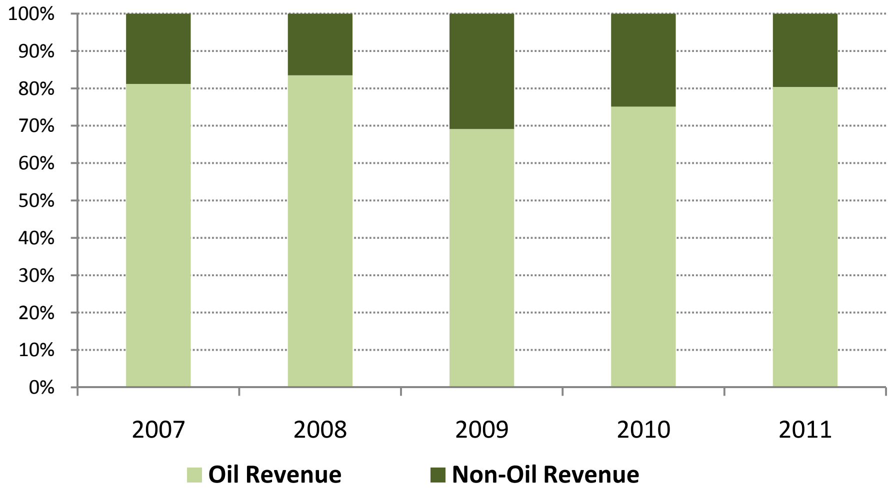
4.2 FISCAL OPERATIONS

4.2.1 Federation Account Operations

Provisional data indicated that total federally-collected revenue (gross) stood at ₦4,762.20 billion in the first half of 2011. This exceeded both the proportionate budget estimate for 2011 and the actual revenue in the corresponding period of 2010 by 3.3 and 46.3 per cent, respectively. The increase in federally-collected revenue relative to the budget estimate was due largely, to the rise in domestic crude oil/gas sales and PPT/royalties. Further analysis indicated that oil-revenue accounted for 80.4 per cent of the total, while non-oil revenue accounted for the balance. At ₦3,828.05 billion, gross oil-revenue exceeded the proportionate budget estimate and the level in the corresponding period of 2010 by 12.3 and 56.5 per cent, respectively. Non-oil revenue fell short of its proportionate budget estimate by 22.3 per cent, though it exceeded its level in the first half of 2010 by 15.3 per cent.

Figure 32

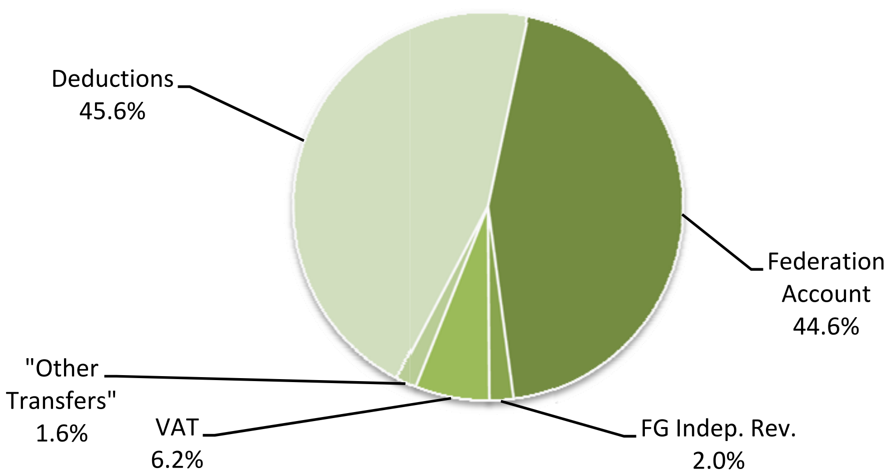
Composition of Federation Revenue, Half Year (per cent)



Of the total federally-collected revenue (gross), the sum of ₦2,121.38 billion or 44.6 per cent was transferred to the Federation Account, ₦95.58 billion or 2.0 per cent to the Federal Government Independent Revenue, ₦294.82 billion or 6.2 per cent to the VAT Pool Account and ₦77.62 billion or 1.6 per cent to other transfers (including Education Tax Fund, Customs Special Levies and National Information Technology Development Fund). Deductions from oil and non-oil revenue, including the Joint Venture Cash Call, Excess Crude, Excess PPT/Royalty, cost of collection to the Federal Inland Revenue Service (FIRS) and the Nigerian Customs Service (NCS) and 'others' accounted for ₦2,172.80 billion or 45.6 per cent.

Figure 33

Breakdown of Federally-Collected Revenue: First Half, 2011 (per cent)



4.2.1.1 Federation Account Distribution

The sum of ₦2,121.38 billion was distributed to the three tiers of governments from the Federation Account in the first half of 2011, indicating a shortfall of 36.3 per cent relative to the proportionate budget estimate, but exceeded the disbursements in the corresponding period of 2010 by 25.8 per cent. The share of Federal Government was ₦1,001.70 billion, while state and local governments received ₦508.08 billion and ₦391.70 billion, respectively. The balance of ₦219.90 billion was transferred to the 13% Derivation Fund. In addition, the sum of ₦308.85 billion was distributed as revenue augmentation, bringing the total amount distributed among the three tiers of government, including the 13% Derivation Fund to ₦2,430.23 billion.

A breakdown of the total distributed revenue showed that the Federal Government received ₦1,143.25 billion (including Special Funds), state governments ₦579.87 billion, local governments ₦447.06 billion, and the sum of ₦260.05 billion was allocated to the 13% Derivation Fund for the oil producing states.

4.2.1.2 VAT Pool Account

The sum of ₦294.82 billion accrued to the VAT Pool Account in the first half of 2011, representing a shortfall of 20.2 per cent relative to the proportionate budget estimate. This was distributed among the three tiers of government as follows: Federal Government, ₦44.22 billion; state governments, ₦147.41 billion while the 774 local governments shared the balance of ₦103.19 billion.

4.2.2 Federal Government Finances

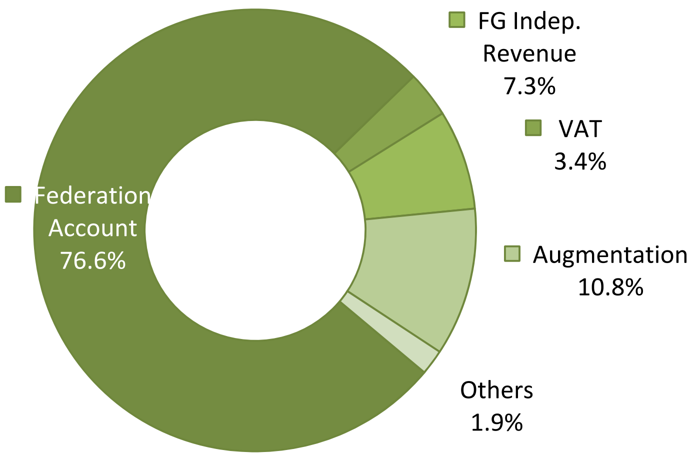
4.2.2.1 Federal Government Retained Revenue

At ₦1,307.33 billion, the Federal Government's retained revenue was lower than both the proportionate budget estimate and the level in the corresponding period of 2010 by 27.4 and 6.0 per cent, respectively. The shortfall in retained revenue relative to the proportionate budget estimate was attributed largely to the drop in the share from the Federation Account.

Analysis of the retained revenue showed that the share from the Federation Account was ₦1,001.70 billion, VAT Pool Account ₦44.22 billion, Federal Government Independent Revenue ₦95.58 billion, share of augmentation ₦141.55 billion and 'others' ₦24.28 billion.

Figure 34

Composition of Federal Government Retained Revenue, First Half 2011 (per cent)

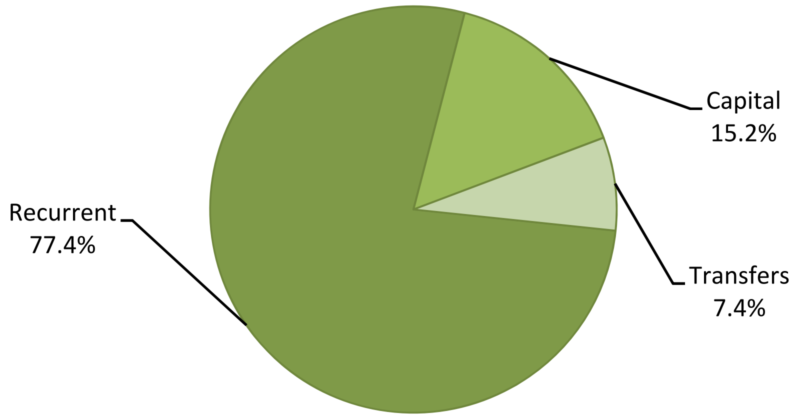


4.2.2.2 Total Expenditure of the Federal Government

Aggregate expenditure of the Federal Government stood at ₦1,997.85 billion or 12.5 per cent of GDP in the first half of 2011. This was 15.7 per cent lower than the proportionate budget estimate, but exceeded the total expenditure in the corresponding period of 2010 by 9.9 per cent. The lower total expenditure relative to the proportionate budget estimate reflected largely, the delayed disbursement of capital expenditure and transfers. Of the total amount expended, recurrent and capital outlays accounted for 77.4 and 15.2 per cent, respectively, while transfers accounted for the balance of 7.4 per cent.

Figure 35

Composition of Federal Government Expenditure, First Half 2011 (per cent)



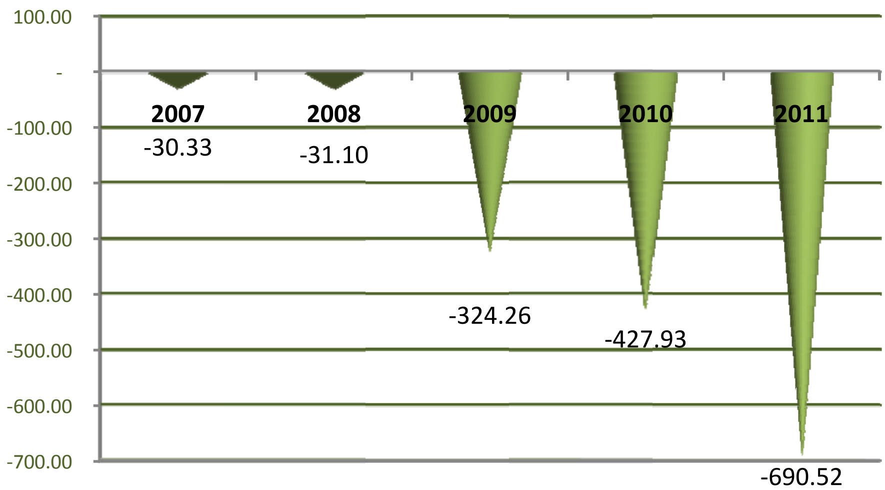
The economic classification of the recurrent expenditure showed that outlay on goods and services was ₦1,235.19 billion or 7.7 per cent of GDP, interest payments ₦218.06 billion (1.4 per cent of GDP) and transfers ₦92.87 billion (0.6 per cent of GDP). Functionally, the recurrent expenditure on social and community services rose in absolute terms by 19.1 per cent to ₦287.08 billion (1.8 per cent of GDP), compared with ₦240.99 billion (1.9 per cent of GDP) in the corresponding period of 2010. Similarly, the outlay on economic services increased, by 25.5 per cent to ₦195.35 billion (1.2 per cent of GDP) in the first half of 2011, compared with ₦155.62 billion (1.2 per cent of GDP) achieved in the corresponding period of 2010.

The functional classification of Federal Government capital expenditure in the first half of 2011 showed that total capital releases for economic services declined by 52.3 per cent to ₦118.89 billion (0.7 per cent of GDP) from its level in the first half of 2010 and accounted for 39.1 per cent of the total. Social and community services also declined, by 12.9 per cent to ₦54.85 billion (0.3 per cent of GDP) and accounted for 18.1 per cent of the total. However, the outlay on administration increased by 4.5 per cent to ₦119.27 billion (0.7 per cent of GDP) and accounted for 39.3 per cent of the total. Overall, provisional data indicated that the total capital releases, at ₦303.62 billion, was 53.0 per cent of the proportionate budget estimate of ₦573.38 billion for the first half of 2011.

On the whole, the fiscal operations of the Federal Government resulted in an overall deficit of ₦690.52 billion (4.3 per cent of GDP) as against the projected proportionate budget deficit of ₦568.31 billion and the actual deficit of ₦427.93 billion (3.3 per cent of GDP) in the corresponding period of 2010. The deficit was financed through borrowing namely, FGN Bonds (₦476.00 billion), international bond (₦73.33 billion or $500.00 million), and 'other funds' ₦141.19 billion.

Figure 36

Federal Government Fiscal Balance, Half Year (Naira Billion)



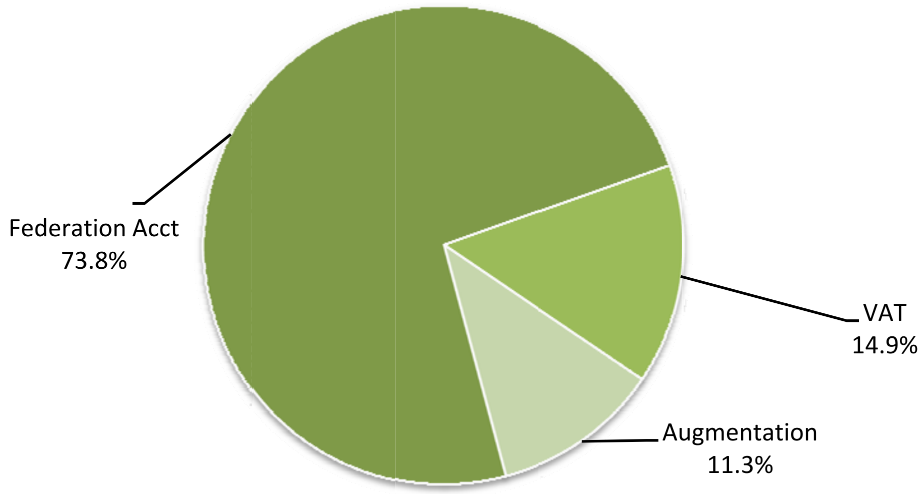
4.2.3 State Government Finances

Gross statutory allocation to state governments in the first half of 2011 amounted to ₦987.33 billion, which represented a decline of 4.6 per cent from the level in the corresponding period of 2010. However, the sum of ₦45.35 billion was deducted from the gross share, as state governments' commitment in respect of various contractual obligations namely: contribution to external debt service fund; payments for fertilizer; National Fadama Projects and the National Agricultural Technology Support Programme. This resulted in a net statutory allocation of ₦941.99 billion, which represented a decrease of 5.6 per cent from the level in the first half of 2010.

The net statutory allocation comprised: Federation Account allocation of ₦462.73 billion; 13% Derivation Fund, ₦219.90 billion; share of VAT, ₦147.41 and share of augmentation, ₦111.95 billion. The share of VAT increased by 8.8 per cent, while augmentation declined by 25.4 per cent. In terms of contribution, the share from the Federation Account (including augmentation) recorded the highest with 85.1 per cent while VAT contributed the balance.

Figure 37

Composition of Total Allocations to State Governments, First Half 2011 (per cent)

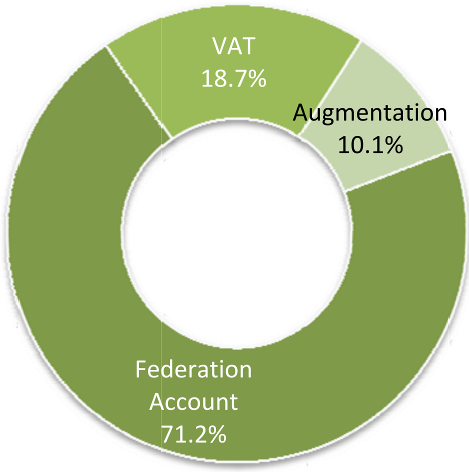


4.2.4 Local Government Finances

Aggregate statutory allocation to the 774 local governments from the Federation Account (including budget augmentation) and VAT Pool Account was ₦550.24 billion in the first half of 2011. This was lower than the total receipts in the corresponding period of 2010 by 17.6 per cent. The breakdown showed that the Federation Account, budget augmentation and VAT Pool Account, accounted for ₦391.70 billion (71.2%), ₦55.35 billion (10.1%) and ₦103.19 billion (18.7%), respectively.

Figure 38

Composition of Total Allocations to Local Governments, First Half 2011 (per cent)



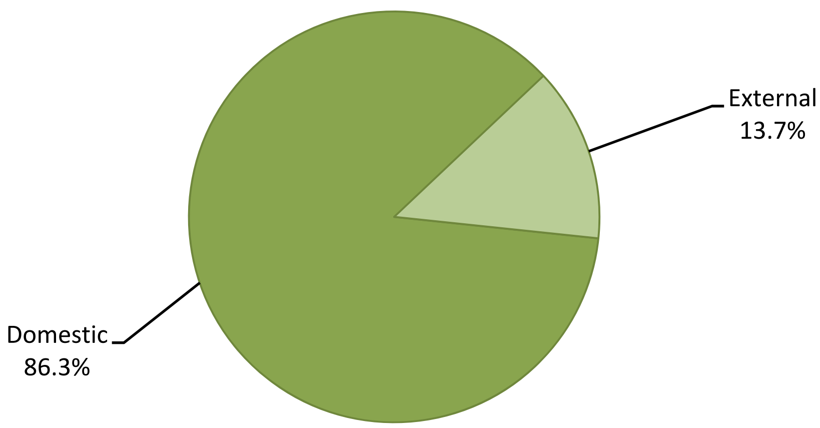
4.2.5 Public Debt

4.2.5.1 Consolidated Government Debt

The stock of Federal Government consolidated debt at the end of the first half of 2011 was estimated at ₦6,038.00 billion or 37.8 per cent of GDP. This represented an increase of 37.1 per cent over the level at end-June 2010. The breakdown showed that domestic debt was ₦5,210.44 billion or 86.3 per cent while external debt was US$5.40 billion (₦827.56 billion) or 13.7 per cent of total.

Figure 39

Composition of Federal Government Consolidated Debt, First Half 2011 (per cent)



4.2.5.1.1 Domestic Debt

The Federal Government's outstanding securitized domestic debt was estimated at ₦5,210.44 billion or 32.7 per cent of GDP at end-June 2011, representing an increase of 38.4 per cent over the level at end-June 2010. The rise was due largely to the issuance of additional FGN Bonds. The banking system remained the dominant holder of the total outstanding domestic debt with 57.3 per cent, while the non-bank public accounted for 38.6 per cent and the balance of 4.1 per cent was held in a Sinking Fund.

4.2.5.1.2 External Debt

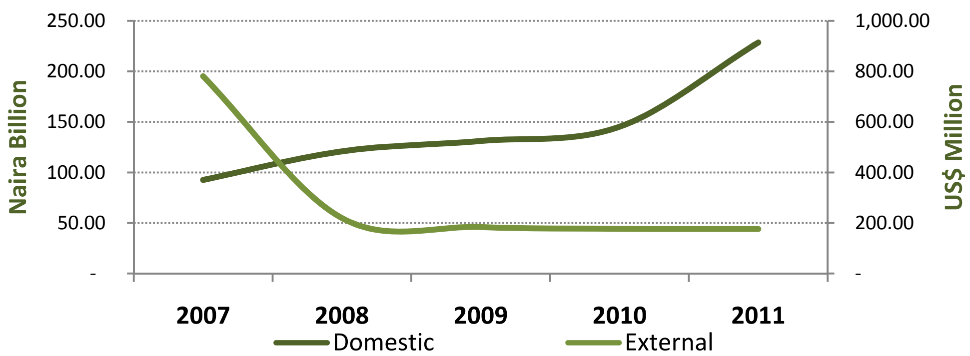
The Federal Government's stock of external debt at end-June 2011 was US$5.40 billion (₦827.56 billion) or 5.2 per cent of GDP. This represented an increase of 26.4 per cent over the level at end-June 2010. Further analysis indicated that 84.5 per cent was owed to multilateral creditors, while non-Paris Club bilateral and commercial debts accounted for the balance of 15.5 per cent.

4.2.5.2 Debt Service Payments

The total debt service payments of the Federal Government at the end-June 2011 was estimated at ₦255.64 billion or 1.6 per cent of GDP. This represented an increase of 48.8 per cent over the level in the corresponding period of 2010. The breakdown showed that domestic debt service was ₦228.60 billion or 89.4 per cent while external debt service payments amounted to US$0.18 billion (₦27.04 billion) or 10.6 per cent of the total.

Figure 40

Trend in Federal Government Debt Service, Half Year



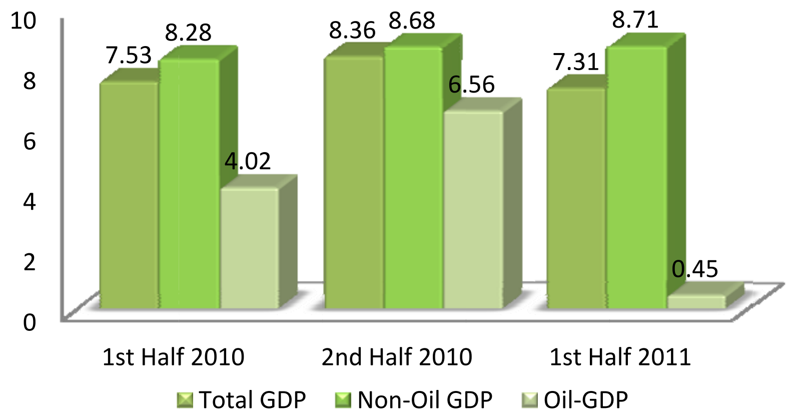
At ₦228.60 billion, domestic debt service payments was 57.5 per cent higher than the level in the corresponding period of 2010. The significant increase was as a result of the appreciable interest payments on FGN Bonds and treasury bills, as well as some principal repayments of maturing development stocks. External debt service payments declined by 0.6 per cent to US$0.18 billion from its level at end-June 2010. A breakdown of the external debt service payments showed that 65.9 per cent was paid to multilateral institutions while the 'other creditors' received the balance.

4.3 REAL SECTOR DEVELOPMENTS

Provisional data from the National Bureau of Statistics (NBS) indicated that the gross domestic product (GDP) at 1990 constant basic prices grew by 7.3 per cent in the first half of 2011, compared with 7.5 per cent in the corresponding period of 2010. The development largely mirrored the growth of output in the non-oil sector, which rose by 8.7 per cent and accounted for 84.1 per cent of the total. The oil sector output grew by 0.5 per cent and accounted for the balance. The improved performance of the oil sector was due largely to the sustained surge in world crude oil demand, which kept prices high and supported increased domestic output. The growth in the non-oil GDP was driven largely by increases of 5.6 and 12.6 per cent in agricultural and services output, respectively. Wholesale and retail trade grew by 10.7 per cent, while industry (including oil) as a whole, and building and construction rose by 1.5 and 12.8 per cent, respectively. Agriculture remained the dominant sector accounting for 38.5 per cent of total GDP and contributed 2.2 percentage points to total GDP growth. It was followed by services, wholesale and retail trade, industry, and building and construction, with shares of 20.5, 19.7, 18.8 and 2.4 per cent and relative contributions of 2.5, 2.1, 0.3 and 0.3 percentage points, respectively.

Figure 41

GDP Growth Rate, First Half 2011 (per cent)



4.3.1 Agriculture

4.3.1.1 Agricultural Policies and Institutional Support

During the period under review, the policy thrust of the agricultural sector was to enable the sector achieve the Millennium Development Goals (MDGs) of ensuring sustainable environment, food security and reduction in hunger, as well as the objectives of Vision 20:2020. Therefore, the institutional support measures implemented in 2010 were retained in the first half of 2011, which were aimed at addressing the challenges of rising cost of food, improving access to credit by farmers, promoting commercial agriculture, encouraging bio-fuel production as well as achieving the minimum sectoral growth target of 10.0 per cent as enunciated in the Vision 20:2020 document.

Finance has been identified as a critical constraint inhibiting the development of the agricultural sector. To ameliorate this challenge, the various agricultural financing schemes which were initiated in the last 3 years were sustained including the Commercial Agricultural Credit Scheme (CACS). The CACS is aimed at providing funds through credit schemes to commercial agricultural enterprises at a single digit interest rate to improve agricultural production and to diversify the revenue base of the economy as well as provide inputs for the industrial sector on a sustainable basis. Under the CACS, the sum of ₦133.11 billion had been released for disbursement to

139 projects/promoters (inclusive of 24 states government) as at end June 2011. Notably, the establishment of the state-of-the-art rice processing mill in Kano, Kano State during the period of analysis was financed from the CACS fund. In addition, the agricultural sector is expected to benefit from other programmes designed to unlock credit to the real sector of the economy, which includes the Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) which is another policy initiative towards ensuring lending to the agricultural sector. NIRSAL is an initiative of the CBN in collaboration with various stakeholders to bring together a set of critical factors that are essential for success in expanding agricultural lending in Nigeria in an integrative manner so that the risks and capacity bottlenecks along the agricultural and financial value chains are simultaneously addressed.

Besides, the Rural Finance Institution Building Programme (RUFIN) had impacted positively on the capacity of rural financial institutions in providing resources to meet the credit requirements of the rural farm communities. The programme was being implemented in 12 selected states through a loan of US$27.2 million from IFAD, a grant of US$0.5 million from the Ford foundation and counterpart funding from the Federal Government and the participating states.

The policy of Guaranteed Minimum Price (GMP) was sustained during the period under review so as to protect farmers from the effects of produce price volatility. Under the scheme, buying agents were selected and registered to purchase food items at GMP for storage in the National Food Reserves. The GMP and the use of buying agents are expected to engender profitability for farmers and, consequently, improve their incomes. As part of the national food security measures, grains were purchased under the Buyer-of-Last Resort programme to mop up excess grains from farmers, which would be released during periods of high prices of grains and staples.

The deregulation of fertilizer supply and expansion of irrigation infrastructure continued to be accorded high priority. During the first half of 2011, government continued its involvement in the supply of fertilizers by instituting an effective monitoring and quality assurance framework to ensure that fertilizers get to the targeted recipients.

Efforts made to ensure that the country regains her lost share of the global commodity trade were sustained during the period. To this end, the Inter-Ministerial Committee on Trade that was established since last year continued to create awareness on the potentials of cocoa production, processing, warehousing and export.

4.3.1.2 Agricultural Production and Prices

Agricultural output recorded modest growth in the first half of 2011. At 240.8 (1990=100), the estimated index of agricultural production increased by 5.6 per cent, compared with 5.9 per cent growth in the first half of 2010. The growth in agricultural output was attributed to the early rains and the various government intervention measures rolled over from 2010. The measures included a refocused and re-engineered tractor provision programme, subsidy on fertilizers, the Commercial Agricultural Credit Scheme (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 during the period under review. The output of crops rose by 5.5 per cent compared with 5.8 per cent in the first half of 2010. Staples and 'other' crops rose by 5.6 and 5.5 per cent, compared with 5.9 and 5.7 per cent, respectively, in the first half of the preceding year. The output of livestock, fisheries and forestry rose by 6.4, 6.1, and 5.5 per cent, compared with 6.4, 8.5 and 4.2 per cent, respectively, in the first half of 2010.

A survey conducted by the CBN showed that the domestic retail prices of seven (7) out of the fourteen (14) selected food items trended upward when compared with their levels in the first half of 2010. The increase in seven (7) out of the fourteen (14) commodities monitored ranged from 2.4 per cent each for brown beans and local rice to 38.3 per cent for vegetable oil. The price increase for most of the commodities was attributed largely to seasonal factors, coupled with the distribution constraints and hoarding attitude of middlemen. The remaining seven (7) commodities recorded marginal price decline which ranged from 0.1 per cent for yellow garri to 6.6 per cent for white maize.

The prices of Nigeria's major agricultural export commodities at the London commodities market increased in the first half of 2011. At 448.8 (1990=100), the dollar-based all-commodities price index rose by 3.0 per cent over the level in the first half of 2010. Five of the six commodities monitored: copra, cotton, coffee, palm oil and soya beans recorded price increases of 128.5, 127.6, 68.5, 50.6 and 43.3, respectively. The price of cocoa, however, recorded a decline of 1.4 per cent. The price increases of the commodities were attributed largely to speculation, seasonal factor and weather conditions.

4.3.2 Industry

4.3.2.1 Industrial Policy and Institutional Support

The government intensified efforts to provide the infrastructural backbone across the country in order to improve industrial and economic activities. The reform of the power sector reached an advanced stage while efforts were sustained in the upgrading, expansion and rehabilitation of existing power transmission and distribution infrastructure. The Nigerian Electricity Regulatory Authority (NERC) also commenced the implementation of the Multi-Year Tariff Order (MYTO) as an appropriate tariff model for effective pricing to encourage investment in the sector.

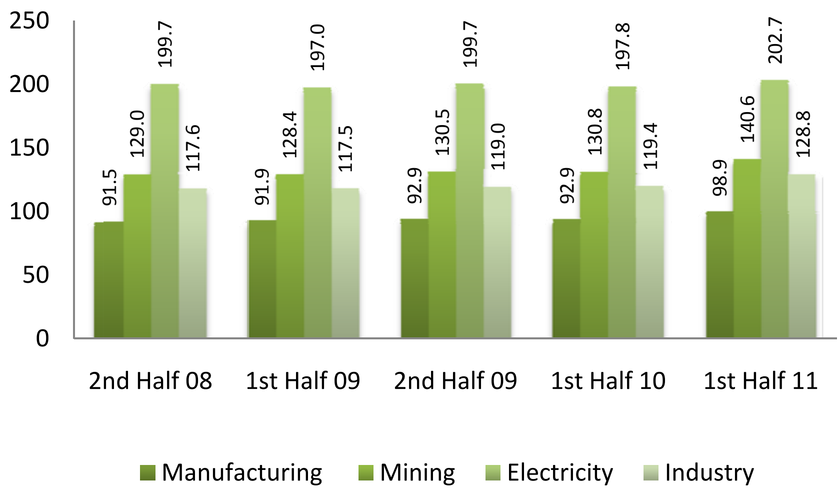
A private sector operator, the Dangote Group, initiated a ₦20.0 billion small and medium-scale enterprises fund aimed at helping with job creation, of which the first tranche of ₦5 billion had been released to the Bank of Industry (BOI). Government also pledged the sum of about ₦118.82 billion over the next three years to revitalise Nigeria's ailing manufacturing sector. It plans to set aside ₦35.27 billion as special fund for the rehabilitation of ailing industries and promotion of core industries between 2011 and 2013. The sum of ₦55.15 billion is earmarked for the recapitalisation of the Bank of Industry and ₦1.89 billion for the establishment of industrial clusters in the states to boost the processing and production of exportable products.

4.3.2.2 Industrial Production

Provisional data indicated an improved performance in the aggregate industrial output in the first half of 2011. The index of industrial production, at 128.8 (1990=100), rose by 7.9 per cent when compared with the level in the corresponding period of 2010. The increase in output relative to the first half of 2010 was attributed to the improved activities in all the sub-sectors with manufacturing, mining and electricity consumption increasing by 6.5, 7.5, and 2.6 per cent, respectively.

Figure 42

Industrial Production Index, Half Year 2009 - 2011

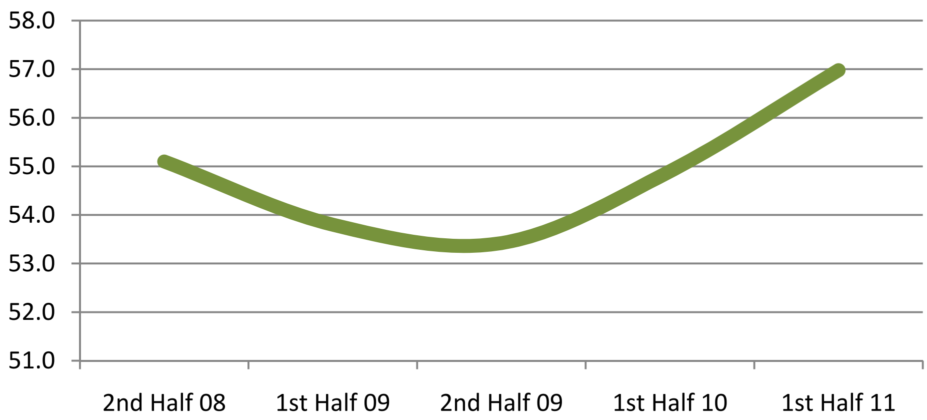


4.3.2.3 Manufacturing

At 98.88 (1990=100), the estimated index of manufacturing production rose by 7.9 per cent relative to the level at end-June 2010. The development was attributed largely to improved business confidence, enhanced credit delivery from the various intervention schemes, particularly by the CBN as well as the improved electricity supply. Consequently, the average manufacturing capacity utilisation estimated at 57.0 per cent rose by 3.8 percentage points when compared with the corresponding period of 2010.

Figure 43

Average Manufacturing Capacity Utilisation, Half Year 2009 - 2011



4.3.3 Crude Oil

In order to strengthen Nigeria's position as a leading oil and gas nation, the Nigerian National Petroleum Corporation (NNPC) on behalf of the Federal Government signed a Memorandum of Understanding (MOU) with a Chinese consortium for the construction of three (3) new refineries and a petrochemical plant in Nigeria at the cost of US$25.0 billion. The refineries, with a combined capacity of 885,000 barrels per day would be located in Lagos, Kogi and Bayelsa states.

4.3.3.1 Crude Oil Production and Demand

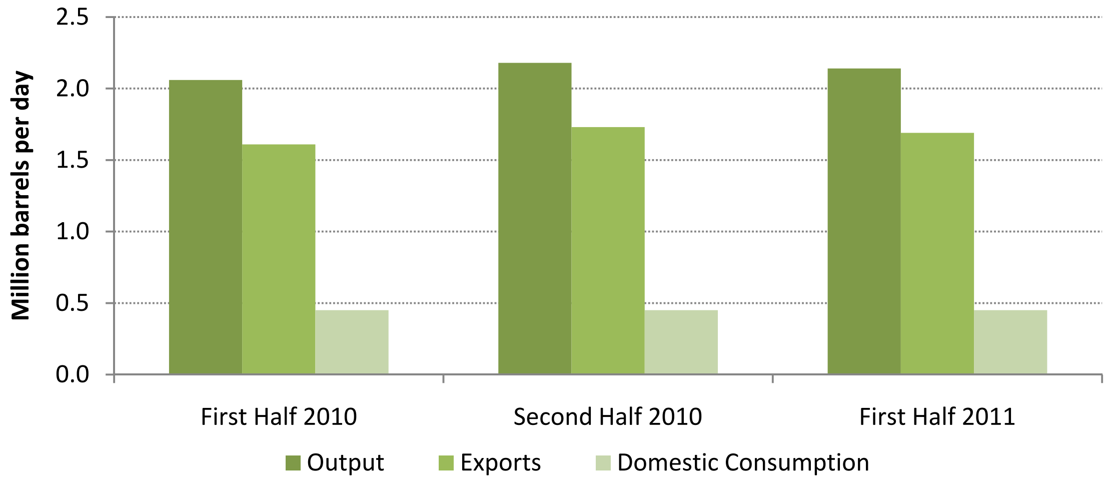
The aggregate production of crude oil, including natural gas liquids (NGLs) and condensates by the Organization of Petroleum Exporting Countries

(OPEC) was estimated at 34.40 million barrels per day (mbd) during the first half of 2011. This represented an increase of 0.9 and 1.6 per cent over the levels in the preceding and corresponding halves of 2010, respectively. Non-OPEC supply was estimated at 52.76 mbd, indicating a 1.7 per cent increase over the level in the corresponding half of 2010. Total world supply was, therefore, estimated at 87.16 mbd for the period under review, indicating an increase of 0.8 and 1.6 per cent above the levels in the preceding and the corresponding halves of 2010, respectively. World crude oil demand was estimated at 87.10 mbd compared with 84.79 mbd in the first half of 2010, representing an increase of 2.7 per cent. Of this, demand from the Organization for Economic Co-operation and Development (OECD) countries was estimated at 45.75 mbd, while that of Non-OECD countries was 41.35 mbd. The high global oil demand was driven by the harsh winter in Europe and some parts of North America in the first quarter of the year, and strong economic growth in emerging economies.

Nigeria's crude oil production increased in the first half of 2011 with a total estimated daily production of 2.14 mbd, compared with 2.06 mbd in the first half of 2010. Total crude oil production for the period under review, including condensates was estimated at 387.34 million barrels, up by 3.9 per cent when compared with the corresponding period in 2010. The increase was attributed to the re-opening of Shell's Bonga Oil and Gas field which accounts for about 10 per cent of the country's daily output and the relative peace in the Niger Delta during the second quarter of the year. The aggregate export of crude oil for the period was estimated at 305.89 million barrels, compared with 291.41 million barrels in the corresponding half of the preceding year.

Figure 44

Crude Oil Production and Exports

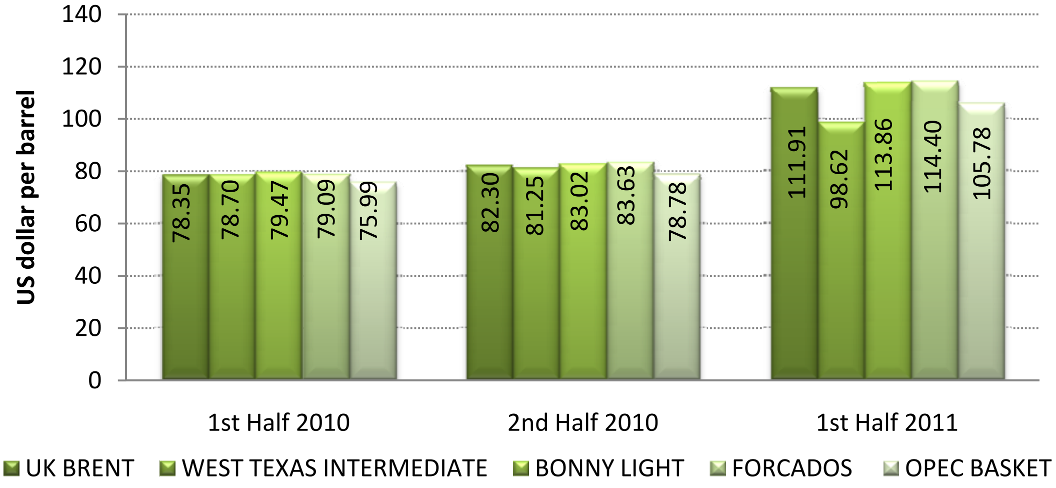


4.3.3.2 Crude Oil Prices

The average spot price of Nigeria's reference crude, the Bonny Light (37° API), increased by 43.3 per cent to US$113.86 per barrel over its level in the first half of 2010. The average prices of the UK Brent, West Texas Intermediate and the Forcados also increased, by 42.8, 25.3 and 44.7 per cent to US$111.91, US$98.62 and US$114.40 per barrel, respectively, compared with the corresponding half of 2010. The average price of the OPEC Basket of twelve crude streams was estimated at US$105.78 per barrel. The development was due to the global increase in the demand for crude oil, arising from fragile improvements in the world economy and the lingering political unrest in some parts of North Africa and the Middle East.

Figure 45

Average Spot Prices of Selected Crudes Traded in the International Oil Market



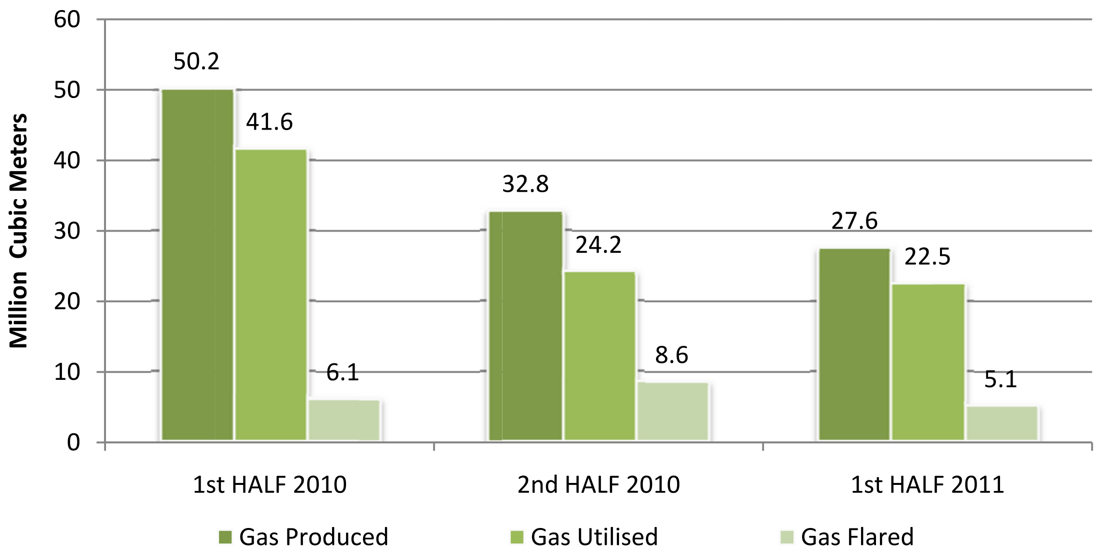
Source: Reuters

4.3.4 Gas

Total associated gas produced during the review period was estimated at 27.61 million cubic metres (MMm³), representing a decline of 22.61 MMm³ when compared with 50.22 MMm³ in the corresponding period of 2010. Of this, 22.51 MMm³ was utilised, while 5.10 MMm³ was flared.

Figure 46

Gas Production and Utilisation

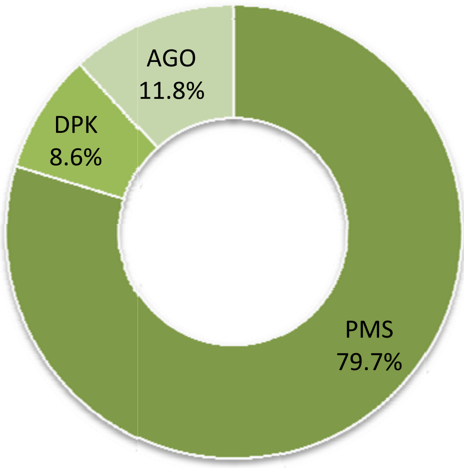


4.3.5 Petroleum Products

The total volume of various white products processed by the local refineries stood at 4,599,743.67 litres in the first half 2011, compared with 4,031,960.76 litres during the same period of 2010. The estimated quantity of petroleum products distributed by the Major and Independent Marketing Companies was 3,978,326.61 litres and comprised 3,169,748.60 litres of petrol (PMS), 340,560.65 litres of household kerosene (HHK) or dual purpose kerosene (DPK) and 468,017.36 litres of automotive gas oil (AGO).

Figure 47

Consumption of Petroleum Products, First Half of 2011



4.3.6 Solid Minerals

Provisional data from the Ministry of Mines and Steel Development showed that the total solid minerals production, which stood at 10.07MT in the first half of 2011, declined by 25.7 per cent when compared with the 12.66MT produced in the corresponding period of 2010. The development was attributed to the strict mining regulations put in place in the aftermath of the poisonous lead exposure incident in some parts of the country that claimed the lives of many miners.

4.3.7 Electricity Generation

At a provisional figure of 2,800 megawatts per hour (Mw/h), average total electricity generation in the country rose by 1.8 per cent from the 2,749.9

Mw/h attained during the corresponding period of 2010. The improvement in electric power generation in the first half of 2011 was attributed mainly to the increased gas supplies to the thermal stations.

4.3.8 Electricity Consumption

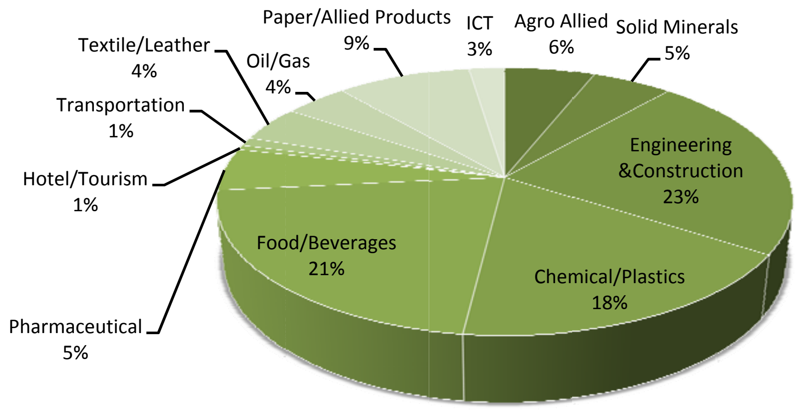
Provisional data showed that at 2,673.6 Mw/h, average total electricity consumption in the country increased by 2.3 per cent above the level in the corresponding period of 2010. The rise in electricity consumption was attributed to the increased supply from the generating stations.

4.3.9 Industrial Financing

The various intervention funds put in place by the CBN to support the real sector continued to be accessed in the first half of 2011. Provisional data showed that as at end-June 2011, ₦199.7 billion had been released to BOI for disbursement to 539 projects under the SME Restructuring and Refinancing Scheme. A sectoral breakdown showed 22.76 per cent of the disbursement went to the engineering and construction sector while 21.39 per cent and 17.80 per cent went to the food/beverages and chemical/plastics sectors, respectively.

Figure 48

Sectoral Analysis of Restructuring and Refinancing Facility (% Distribution)



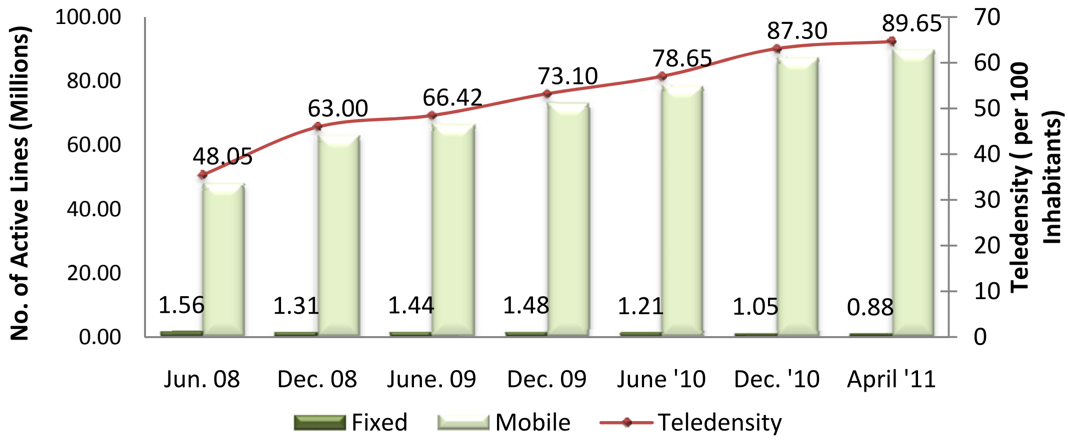
The total disbursement by the Nigeria Export-Import Bank (NEXIM) to various beneficiaries at end-June 2011 grew by 36.2 per cent to ₦3.1 billion from the level at end-June 2010. This amount was disbursed under the various lending facilities, namely, Mid-Term Direct Lending (MTDL), Short-Term Direct Lending Facility (STDLF), Direct Lending (DL), Restructuring and Refinancing Facility, among others. A sectoral breakdown showed that ₦1.6 billion was disbursed to the manufacturing sector, while ₦0.6 billion, ₦0.3 billion and ₦0.2 billion were disbursed to the agricultural, services and solid minerals sectors, respectively.

4.3.10 Telecommunications

Developments in the telecommunications sub-sector remained robust in the first half of 2011. Available data from the Nigerian Communications Commission (NCC) indicated that the total number of active telephone lines grew by 13.3 per cent from 79.9 million lines at end-June 2010 to 90.5 million lines at end-June 2011. Consequently, the teledensity rose from 57.0 per 100 inhabitants at end-June 2010 to 64.7 per 100 inhabitants at end-June 2011. The growth in the sector was driven largely by activities in the mobile telephony sub-sector where the number of active lines increased by 14.0 per cent to 89.7 million at end-June 2011, from 78.7 million at end-June 2010. The development was attributed to the increased competition, product and service innovation as well as relatively cheaper call tariffs.

Figure 49

Total Connected Lines and Teledensity

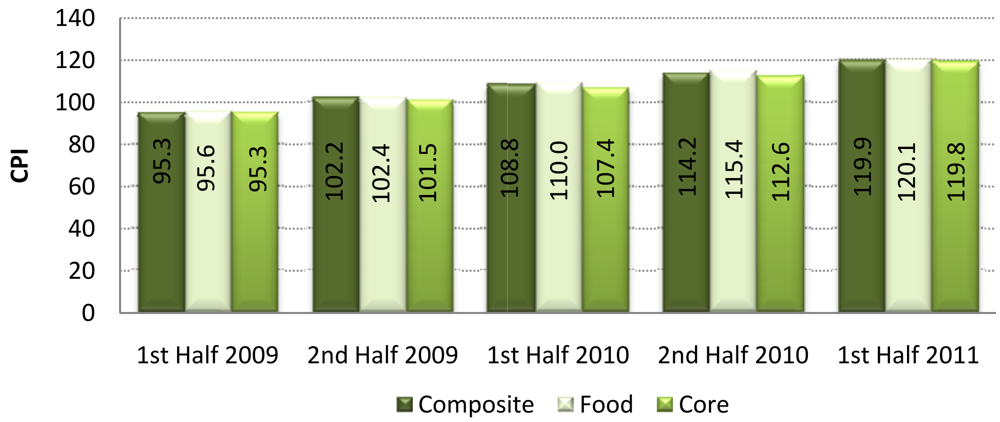


4.3.11 Consumer Prices

The upward trend in the general price level which persisted through out the first and second halves of 2010, lingered into the first half of 2011. The all-items composite Consumer Price Index (CPI) stood at 119.9 (November 2009 = 100) at end-June 2011, compared with 114.2 and 108.8 at end-June and end-December, 2010, respectively.

Figure 50

Consumer Price Indices (November 2009 = 100)



4.3.11.1 Headline Inflation

The year-on-year headline inflation fluctuated in the first half of 2011 and stood at 10.2 per cent by end-June 2011, compared with 14.1 and 11.8 per cent at end-June and end-December 2010, respectively. Similarly, the 12-month moving average inflation rate in the first half of 2011, trended downwards to 12.3 per cent from 13.1 per cent at end-June 2010.

4.3.11.2 Core Inflation

Core inflation, that is, all items less farm produce, on a year-on-year basis also fluctuated in the first half of 2011 and stood at 11.5 per cent by end-June 2011, compared with 12.7 and 10.9 per cent at end-June and end-December 2010, respectively.

4.3.11.3 Food Inflation

Food inflation on a year-on-year basis fluctuated in the first half of 2011, exhibiting the same trend as the headline inflation rate. It stood at 9.2 per cent by end-June 2011, compared with 15.1 and 12.7 per cent at end-June and end-December 2010, respectively.

Figure 51

Inflation Rate (Year-on-Year), November 2009 = 100

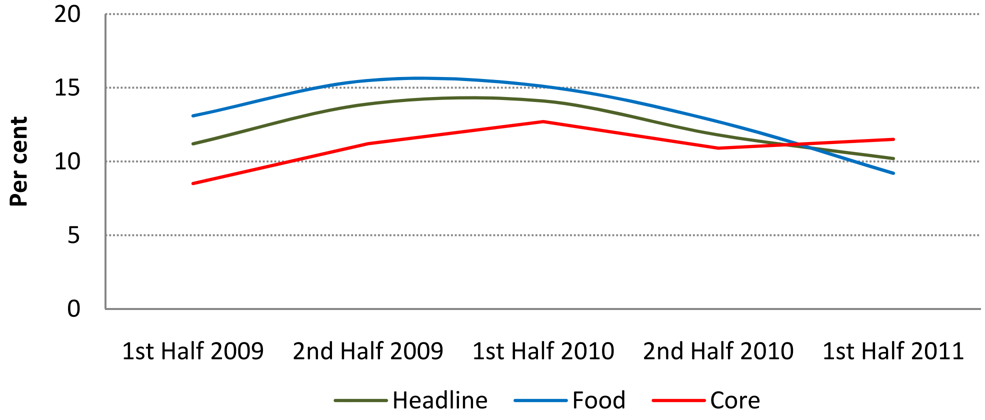
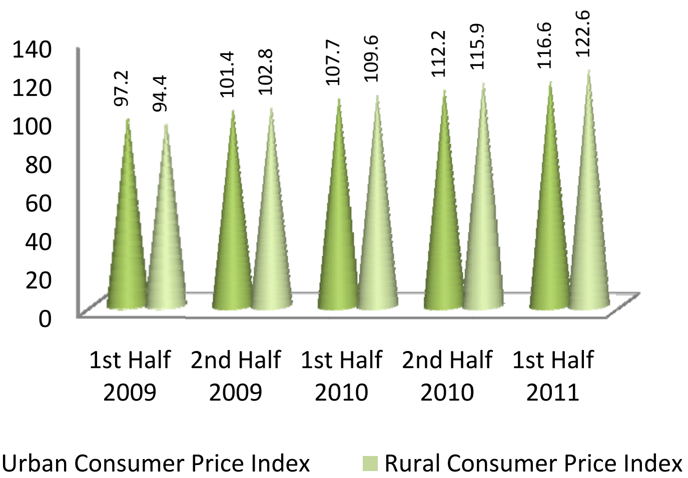


Figure 52

Urban and Rural Consumer Price Indices (November 2009 = 100)



4.4. EXTERNAL SECTOR DEVELOPMENTS

The performance of the external sector remained robust in the first half of 2011 with the current account surplus estimated at ₦1,960.7 billion or 12.8 per cent of gross domestic product (GDP). The development reflected the favourable terms of trade, occasioned by the sustained high oil prices in the global market and increased domestic output and, hence, export. The international price of crude oil, averaged US$113.86 compared with US$79.47 per barrel during the first half of 2010. The estimated deficit in the capital and financial account, as a percentage of GDP, narrowed by 20.0 percentage points to 7.9 per cent, compared with its level at end-June 2010. The level of external debt was within sustainable level, while the external reserves at end-June 2011 stood at US$ 31.89 billion and could finance 7.2 months of current import commitments, exceeding the West African Monetary Zone (WAMZ) requirement of 3.0 months. The foreign exchange market remained stable, despite the demand pressure experienced during the period. The premium between the official and Bureau-de-Change (BDC) rates was 2.4 per cent and remained within acceptable limit.

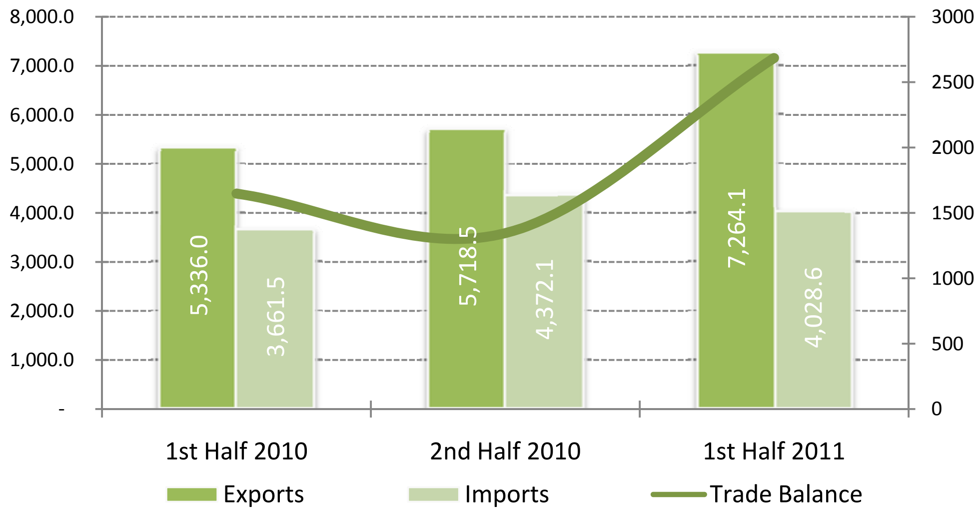
4.4.1 Current Account

4.4.1.1 Trade

Total trade for the first half of 2011 rose by 91.0 per cent over its level at end-June 2010 and represented 21.1 per cent of GDP. Aggregate exports grew by 35.6 per cent and represented 47.3 per cent of GDP. The development was attributed to the significant increase in international price of crude oil and improvement in domestic crude oil production and, hence, oil exports. Oil sector exports continued to dominate and accounted for 96.4 per cent of the total, while non-oil exports accounted for the balance. Of the total oil exports, gas declined and accounted for 7.0 per cent representing 3.3 per cent of GDP, compared with 11.8 per cent and 4.8 per cent, respectively, at end-June 2010.

Figure 53

Exports, Imports and Trade Balance (Naira Billion)



The performance of the non-oil sector continued to be dismal, accounting for 1.3 per cent of GDP. A further breakdown of non-oil exports showed that industrial, agricultural produce, food products, manufactured goods, and minerals accounted for 46.6, 16.4, 3.0, 32.3 and 1.8 per cent of the total, respectively.

Figure 54

Value of Oil and Non-Oil Exports (Naira Billion)

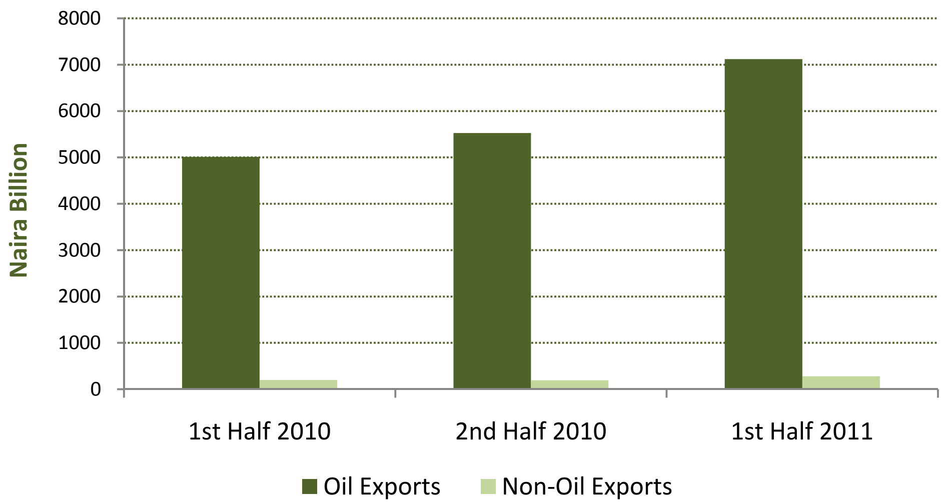
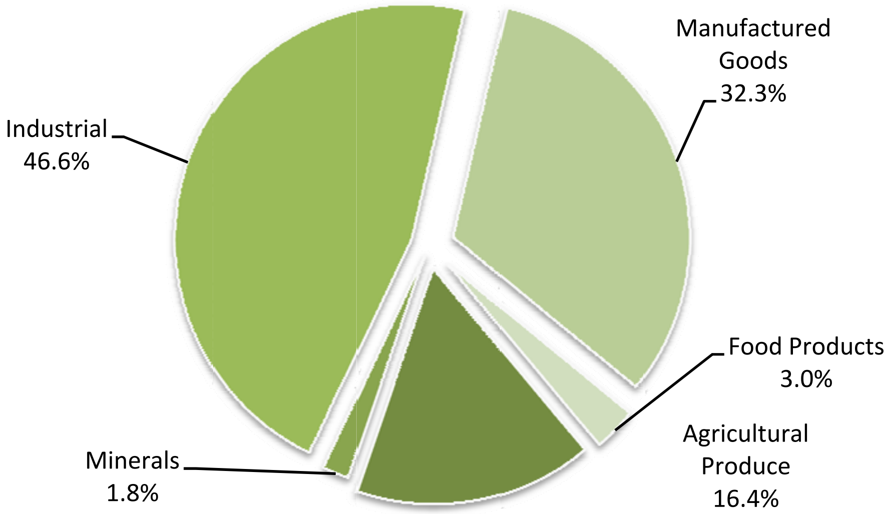


Figure 55

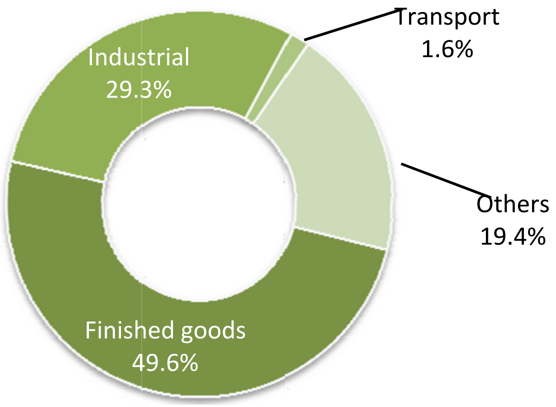
Non-Oil Exports by Products, First Half 2011 (per cent)



Aggregate import bills grew by 10.0 per cent to ₦4,028.5 billion, compared with the level in the corresponding period of 2010 and represented 26.2 per cent of GDP. The upward trend in imports was traced to the strong domestic demand for consumer goods to meet production gaps and the on-going infrastructural development projects. The share of non-oil imports, at ₦3,449.9 billion, constituted 85.6 per cent of total imports while oil sector imports accounted for the balance (14.4%). A sectoral breakdown of non-oil imports during the period showed that industrial sector accounted for 29.3 per cent, finished goods (food and manufactured products) 49.6 per cent, transport sector 1.6 per cent, and other sectors accounted for the balance of 19.4 per cent, of the total.

Figure 56

Non-Oil Imports by Sectors, First Half 2011 (per cent)

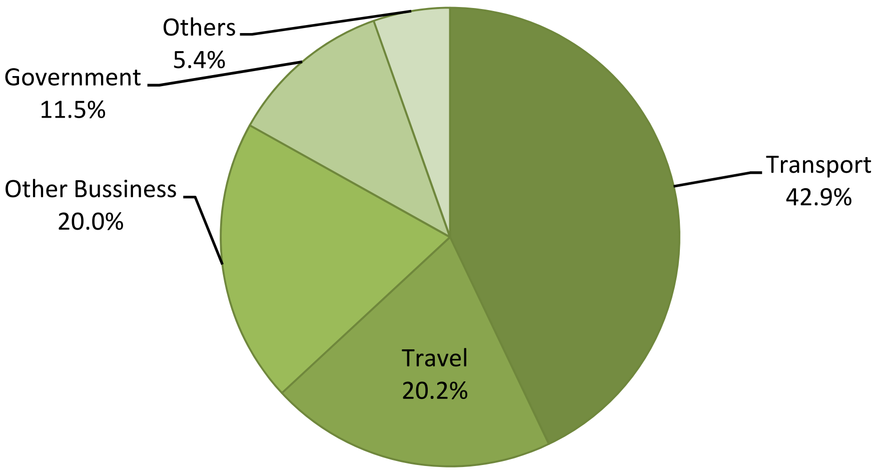


4.4.1.2 Services

The estimated deficit in the services account (net) was 8.3 per cent of GDP, up from 10.5 per cent in the corresponding period of 2010. The deficit was accounted for largely by out-payments in respect of transportation (₦607.2 billion), travels (₦309.7 billion) and other business services (₦279.1 billion).

Figure 57

Share of Services Out-Payments, First Half 2011 (per cent)



4.4.1.3 Income

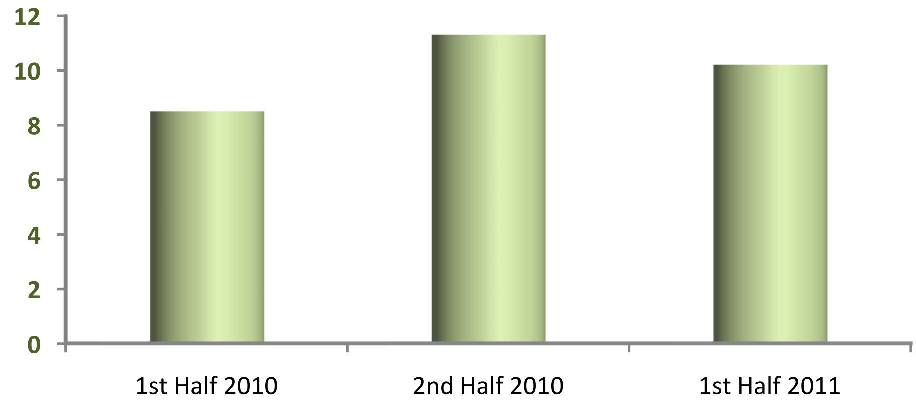
The deficit in the income account (net) widened by 26.6 per cent to ₦1,653.5 billion and, represented 10.8 per cent of GDP, compared with ₦1,306.1billion in the corresponding period of 2010. This was due mainly to the higher payments of dividends and profit repatriation to non-resident investors.

4.4.1.4 Current Transfers

The current transfers (net) declined by 5.3 per cent during the first half of 2011when compared with the second half of 2010 but rose by 24.1 per cent over the level in the corresponding period of 2010. At US$10.9 billion, inward transfers, mainly personal home remittances by Nigerians in dispora, surpassed the outward transfer of US$0.2 billion recorded in the general government accounts for the expenses on foreign embassies, payments to international organizations and remittances of foreigners resident in the country.

Figure 58

Private Home Remittances (US$ Billion)



4.4.2 Financial Account

4.4.2.1 Foreign Direct Investment

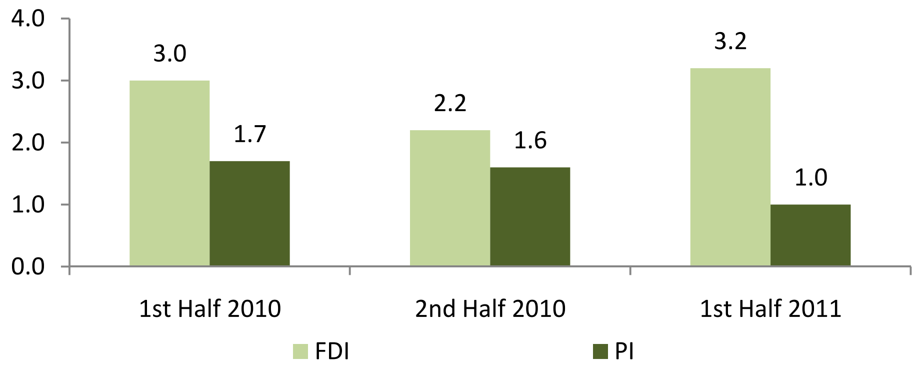
Provisional data indicated that gross inflow of foreign direct investment (FDI), mainly equity capital, increased by 25.3 per cent due to the improved investment climate. Similarly, net FDI, at 3.0 per cent of GDP, increased by 23.5 per cent over its level in the second half of 2010.

4.4.2.2 Portfolio Investment

Portfolio investment recorded an inflow of US$2.2 billion in the first half of 2011, compared with US$2.3 billion in the second half of 2010 and, represented 2.2 per cent of GDP. The net inflow was accounted for by equity securities of US$1.1 billion, followed by short-term debt instruments of US$0.9 billion. This reflected the renewed foreign confidence in the domestic capital and debt markets.

Figure 59

Net FDI and Portfolio Investment Flows (% of GDP)

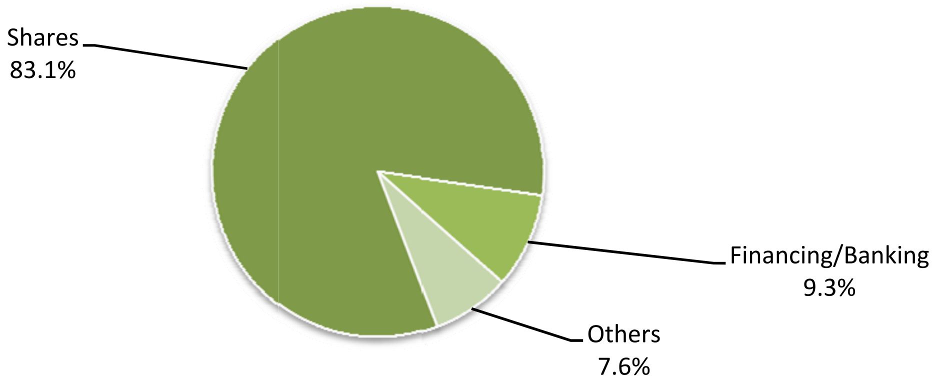


4.4.2.3 Capital Importation by Sector

Capital imported into the economy as captured in the DMBs' database amounted to US$4.3 billion in the first half of 2011 compared with US$3.1 billion in the corresponding period of 2010. The inflow was into the capital market (shares) (83.1%), while financing/banking accounted for (9.3 %) and "Others" sectors accounted for (7.6%).

Figure 60

Capital Importation by Sector, First Half 2011 (% of GDP)

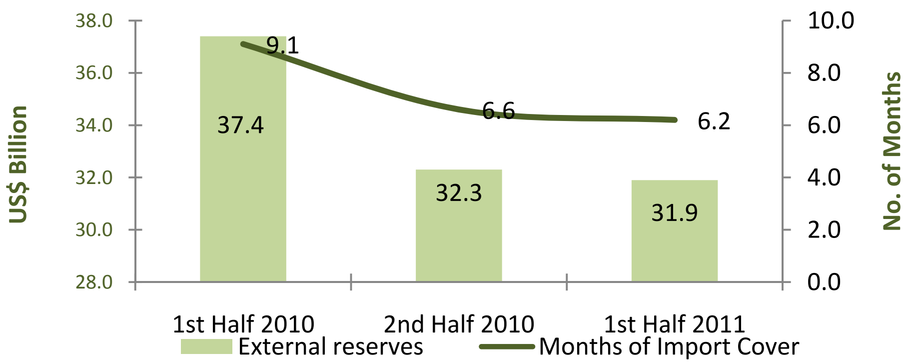


4.4.3 Reserve Assets

The gross external reserves at end-June 2011 stood at US$31.89 billion, compared with US$32.33 at end-December 2010. The development was due largely to the increased funding of the foreign exchange market. The holdings of foreign reserves by the Federation was US$7.43 billion (23.3%), Federal Government US$2.96 billion (9.3%) and the CBN US$21.50 billion (67.4%). The level of external reserves could finance 7.2 months of current import commitments, compared with 6.6 months at end –December 2010.

Figure 61

External Reserves and Months of Imports Commitments

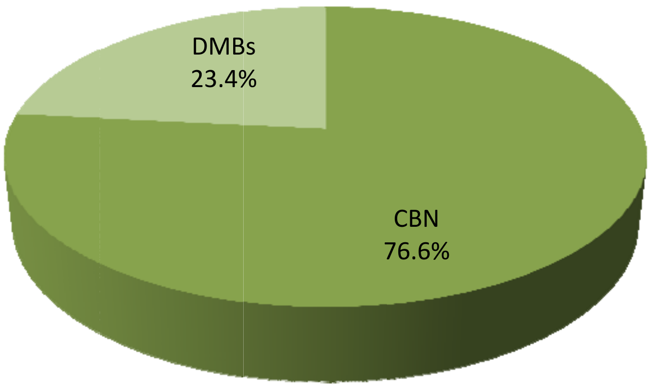


4.4.4 External Assets of Financial Institutions

Provisional data indicated that, total external assets of banking system, that is the CBN and the DMBs, at end–June 2011 stood at ₦6,535.45 billion, compared with ₦6,848.53 billion at end-June 2010. CBN holdings declined by 13.2 per cent to ₦5,004.38 billion and accounted for 76.6 per cent of the total. DMBs' holdings on the other hand assets grew by 41.3 per cent to ₦1,531.06 billion and accounted for 23.4 per cent compared with 15.8 per cent, at end-June 2010.

Figure 62

Total External Assets of Financial Institutions: First Half of 2011 (Share of Total)



5.0 INTERNATIONAL ECONOMIC RELATIONS

5.1 Regional Institutions

5.1.1 African Development Bank (AfDB) Annual Meetings

The Board of Directors of the African Development Bank (AfDB) Group on May 26, 2011 approved two sovereign guaranteed programmes for Nigeria. The first was the US$200 million for financing export-oriented small and medium-sized enterprises (SMEs) to the Nigerian Export-Import Bank (NEXIM) and US$500 million for financing domestic-oriented SMEs to the Bank of Industry (BOI). A portion of the proceeds of the programmes would be used to pay for Technical Assistance for capacity building at NEXIM, BOI and the SMEs.

The NEXIM programme would mobilize significant financial resources for Nigeria's export-oriented SMEs, employment opportunities, foreign exchange and regional trade integration. The funds for the BOI programme would be deployed towards systematic poverty reduction, employment generation and wealth creation. The financing would be extended for loans to SMEs as well as for capital projects in the form of cluster and infrastructure development.

5.1.2 African Union (AU) Meetings

The 16th African Union (AU) Heads of State and Government Summit was held from January 30 – 31, 2011 in Addis Ababa, Ethiopia. The Summit deliberated on the theme "*Towards Greater Unity and Integration through Shared Values*". The AU Heads of State and Government agreed to:

- Implement the previous decisions of the Executive Council and the Assembly;
- Launch the African Women's Decade;
- Implement the decisions on the International Criminal Court (ICC);
- Ensure that the Principle of Universal Jurisdiction is not abused;
- Implement the African Union Solemn Declaration on Gender Equality in Africa; and
- Implement the African Charter on the Values and Principles of Public Service and Administration.

The 4th Joint Annual Meetings of the AU Conference of Ministers of Economy and Finance; and Economic Community of Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development were held in Addis Ababa, Ethiopia from March 24–29, 2011, with the theme *"Governing Development in Africa".*

The conference stressed the need for:

- Significant and meaningful economic diversification and transformation;
- Policies to address the structural constraints of infrastructure deficit, rigid regulatory framework and weak regional integration; and

- Effective policies to promote shared growth and employment creation in order to improve living standards and mainstream gender and youth concerns into development plans and national budget.

The meeting also identified the challenges impeding progress to regional integration in Africa to include:

- Inadequate mainstreaming of regional agreements in national development policies, strategies and budgetary allocations;
- Non-implementation of protocols on free movement of peoples and right of establishment; and
- Inadequate financing of integration programs and projects.

It noted the progress made towards achieving the Millennium Development Goals (MDGs) in the areas of education, women empowerment, debt sustainability and access to treatment of HIV/AIDS. Despite this, it was of the view that, overall, most African countries were not likely to meet the MDGs targets by 2015.

5.1.3 Association of African Central Banks (AACB)

The Meeting of the 35th Bureau of the Association of African Central Banks (AACB) was held on February 23, 2011 at the Headquarters of the ***Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO)***, Dakar, Senegal.

The meeting observed that the African Union Commission (AUC) - AACB Task Force, assigned to design the roadmap for the creation of the African Central Bank (ACB), was yet to commence work and that member states performed better on primary and secondary criteria of the African Monetary Cooperation Programme, compared with the corresponding period of 2009.

The AACB held its year 2011 continental seminar on the theme, "*Financing Development in Africa: What role for Central Banks?" The* seminar was hosted by the National Bank of Rwanda in Kigali, from May 30 to June 1, 2011.

A key recommendation was that AACB member central banks should revisit their laws to include financing development. Members expressed the desire to leverage on the experiences of Nigeria, The Gambia and Egypt, in their efforts to finance development in their respective countries.

5.1.4 West African Monetary Zone (WAMZ)

The end-of-year 2010 statutory meetings of the West African Monetary Zone (WAMZ) were held in Abuja from February 6-11, 2011. The meetings deliberated on the technical and administrative reports of the West African Monetary Institute (WAMI) for 2010.

The Convergence Council of Ministers and Governors of the WAMZ, approved the report of macroeconomic developments in the WAMZ on the status of convergence as at end-June 2010, and noted with concern, the decline in key indicators/macroeconomic performance of the Zone during the first half of 2010. The meeting also observed that the continuation of countercyclical fiscal stimulus packages implemented in many member states since 2009, were no longer tenable, especially on recurrent expenditure. On overall fiscal management, the Council reiterated the need for member states to undertake structural reforms, particularly the widening of the tax base, enhancement of the efficiency of public expenditure, and the creation of an enabling environment for economic growth and development.

Member states were urged to implement all necessary measures relating to the ECOWAS Trade Protocols. The Council noted the impact of political events on economic performance as a result of the on-going political developments in North Africa and the Cote d' Ivoire. The Council adopted the European Central Bank model, with sufficient modifications, for the common central bank of the WAMZ.

The 4th WAMZ Trade Ministers' Forum was held in Freetown, Sierra Leone from May 18–19, 2011. On compliance by member states with the ECOWAS Free Trade Area and the Right of Establishment, it was reported that all member countries, except the Republic of Liberia had adopted and were implementing the ECOWAS Trade Liberalisation Scheme (ETLS) and the Common External Tariff (CET) programme. The meetings noted that there continued to be checkpoints on transit corridors and harassment of Community citizens seeking employment or trying to establish in countries other than their own.

It was agreed that the adoption of a common standard for products and services throughout the ECOWAS would eliminate the need for multiple cross-border certifications. The meetings agreed to consider the adoption of an exchange rate mechanism among member states' currencies to facilitate intra-zone trade without recourse to the US dollar and other convertible currencies.

The Trade Ministers encouraged the domestication of the WAMZ and ECOWAS Trade Rules by incorporating them into national trade policies. They directed WAMI to collaborate with the ECOWAS Commission to do a needs assessment of member countries' capacity to implement ECOWAS trade integration obligations.

5.1.5 West African Institute for Financial and Economic Management (WAIFEM)

The Governing Board of the West African Institute for Financial and Economic Management (WAIFEM), at its meeting in Abuja in February 2011, considered the Institute's report, approved the work programme and budget for 2011 as well as the efforts at securing external resources.

5.1.6 Economic Community of West African States (ECOWAS)

The Economic Community of West African States (ECOWAS) Inter-Institutional Sub-Committee for the Single Currency held a meeting in Dakar during June 27 – 29, 2011. The objective of the meeting was to evaluate the achievements of various regional institutions as well as assess the implementation of the Roadmap of the ECOWAS single currency programme. The meeting also considered the consultant's report on the review of the ECOWAS existing convergence criteria. The following were some of the highlights of the meeting:

- The West African Monetary Agency (WAMA) was urged to collaborate with relevant Regional Economic Institutions (REIs) and member central banks to conduct some studies on the harmonisation of macroeconomic activities in the zone.
- The West African Monetary Institute (WAMI) reported that all member countries had adopted the five bands recommended under the ECOWAS CET. In addition, compliance with the regional trade programmes was being monitored through the WAMI/ECOWAS Joint Task Force.

Members urged the ECOWAS Commission to undertake an appraisal of its institutions to enhance performance.

5.1.7 ECOWAS, WAMI and WAMA Joint Multilateral Surveillance Mission

The ECOWAS, WAMA and WAMI joint multilateral surveillance mission to Nigeria was conducted during April 4 – 8, 2011. The purpose of the mission was to assess the performance in 2010 of the macroeconomic convergence criteria as well as policy harmonization and institutional framework required for the establishment of economic and monetary union in the ECOWAS region.

The joint mission was undertaken in compliance with the decision of the convergence council (made up of ministers and governors of the central banks of the WAMZ at its 26th meeting held in Banjul on July 30, 2010. In doing this, the Mission held technical discussions with the officials of the Ministries, Central Bank of Nigeria, other public officers and the organized private sector.

5.1.8 The 13TH Legal and Institutional Issues Committee (LIIC) Meeting

The 13th Legal and Institutional Issues Committee meeting was convened by the West African Monetary Institute (WAMI) in Accra Ghana, during May 23–25, 2011. The meeting deliberated on the draft Statutes of the proposed West African Central Bank (WACB) and agreed as follows:

Article 4-Membership: Member Central Banks (MCBs) should be the sole members and subscribers to the capital of the WACB as against member states being sole subscribers. This is to enshrine corporate best practice and independence of the MCBs as obtained in the EU monetary zone.

Article 8-Functions of the WACB: On the issue of holding and managing Member States official reserves, the WACB should exercise control only on the pooled reserves.

Article 13-Board of Directors: The membership of the Board of Directors of the WACB be fifteen members, comprising six Executive Board members, the six Heads of the MCBs and three other members.

Other Amendments to the Statute:

- Responsibility of the WACB Board with regards to financial sector policies was replaced with interest rate policies; likewise, issues relating to prudential supervision as a task of the Board was deleted. This is to avoid conflict with the role of West African Financial and Supervisory Authority (WAFSA).
- The meeting agreed that there was no need to set out specific term of office for the Head of the MCBs on the WACB Board since essentially, it is the term of office for the respective MCB that should matter and not the person holding the office.
- The oversight function of promoting safe and sound financial system in the WAMZ was added to the functions of the WACB in view of the global financial crisis.

5.2 Multilateral Economic and Financial Institutions

5.2.1 World Economic Forum Annual Meeting

The World Economic Forum Annual Meeting was held during January 26–30, 2011, in Davos-Klosters, Switzerland. The theme for 2011 was "*Shared Norms for the New Reality*", which underscored that the world was becoming increasingly complex and interconnected, with continued erosion of common values and principles.

The forum emphasized the need to "*move beyond the old paradigm of how these problems are solved*" to actually solving them. The Forum further stressed the need to invest in people; develop frameworks for corporate governance; and build institutions with an inclusive approach to different cultures.

5.2.2 The World Bank/IMF 2011 Spring Meetings

The 2011 Spring Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund (IMF) were held in Washington D.C., USA during April 11–17, 2011. The meetings noted the multi-speed recovery and the reliance by advanced economies on overly expansionary monetary policy as the primary instrument to support recovery. These contributed to a surge in capital flows, increased risks to financial stability, promoted speculative movements in commodity prices, and led to overheating and exchange rate pressures in many emerging markets.

Although risks to recession have abated in advanced economies, unemployment remained high and growth sluggish. In contrast, most developing regions continued to maintain strong growth momentum reflecting robust macroeconomic frameworks. Prospects for a sustained global recovery remained uncertain because of continued fragilities in most advanced economies. Of particular concern were the still weak financial systems and rapid increases in sovereign debt in systemic advanced economies as well as debt sustainability issues in some countries in the euro area.

The meeting called for urgent and concerted actions to deal with the immediate consequences of food and energy price increases and to address the long-standing impediments to food and energy security. The meetings noted that recent events in some countries of the MENA region would have long-lasting social and economic impacts that may have spillover effects on other regions. The meetings further called for a scaling-up of resources essential for addressing the MENA region's immense economic and developmental challenges.

The Development Committee welcomed the sixteenth replenishment of the International Development Association (IDA) and the approval of the capital increase for International Bank for Reconstruction and Development (IBRD) in order to strengthen its capacity to respond rapidly when member countries are hit by economic crises or natural disasters.

5.2.3 The New IMF Managing Director and the Focus of the Fund

During the period under review, Christine Lagarde, a corporate lawyer and France's immediate past Minister of Economy and Finance became the first woman to head the International Monetary Fund (IMF) following the resignation of Mr. Dominique Strauss-Kahn on May 18, 2011. Lagarde promised not only to deepen the reform but to give more weight to emerging countries through the principle of universality in the international monetary management and governance. Furthermore she stated that the Fund's main priority would be to provide monetary coordination to avoid excessive volatility of currencies geared towards strengthening the Fund's surveillance of member countries' economies. It must be remembered that over the years, emerging market countries have called for closer policy scrutiny by the Fund to accommodate their needs in its policies. In addition, the Fund will have to discuss the particular challenges faced by countries in fragile situations, and review the implementation of the Heavily-Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI).

With reference to debtor nations, especially Greece, the Fund would work with the European Union (EU) to ensure that Greece does not default sequel to the bailout loan which was partly provided by the IMF. In retrospect, one issue that Lagarde has to contend with revolve around the lessons from the global financial crisis which many analysts have argued was the Fund's failure to draw attention to reckless bank lending in the US. The Fund will have to access possible causes of the surge in private capital into emerging markets and the implications of near-zero US interest rates which many analysit have adduced to have a fuelling speculative flows and inflation elements.

With respect to strengthening the IMF and the International Monetary System, the Managing Director promised to work towards ensuring:

- Better management of capital flows, with particular attention to the multilateral effects of policies on capital flows both in source and recipient countries;
- An enhanced global safety net, through in-depth analysis of cross-border linkages and experience with systemic crises; and
- A diversified international currency and reserve system, through a possible expansion of the basket of currencies making up the Special Drawing Rights (SDR).

5.2.4 Group of 8 (G-8) Summit

The 2011 G-8 Summit held from May 26 to 27 in Deauville, France, highlighted the downside risks on the global economy and trade to include fiscal sustainability in some European countries, commodity and food price volatility, and the overheating of emerging economies. The G-8 leaders shared concerns over the present situation of the Doha Development Agenda, which has proved difficult to conclude.

On Climate Change, the G-8 leaders shared the view that it was important to operationalize the Cancun Agreements during the Conference of Parties (COP) 17th meeting in South Africa this year. Discussing the internet, the G-8 leaders shared perceptions on the need for further cooperation in protecting intellectual property, personal data and privacy, and in responding to cyber security.

On Dialogue with Africa, the G-8 leaders were convinced that it was important to further strengthen the partnership between the G-8 and Africa and to exchange views on challenges facing the region. They also invited the leaders of Cote d'Ivoire, Guinea and Niger to the meeting as well as welcomed progress towards democratization and political stability in Africa. They stated that it was important to encourage not only aid to Africa, but also private sector investment and trade to achieve self-sustaining growth.

5.2.5 Global Monitoring Report 2011

The 2011 Global Monitoring Report entitled *"Improving the Odds of Achieving the MDGs - Heterogeneity, Gaps and Challenges"*, was released in May 2011. It reviewed the progress of the MDGs towards the 2015 deadline. The Report analyzed the diverse efforts and achievements in improving human development across developing countries, in general, and Africa, in particular.

Highlights of the Report included:

- Global progress towards the various targets continued to be mixed and country performance was predictably diverse;
- For countries that are on track or close to it, solid economic growth and good policies and institutions have been the key factors. Policy responses to the recent global economic downturn have softened the negative impact, particularly for low-income countries (especially in Africa);

- Sustenance of progress required a stable expansion of the global economy, continuing access to advanced and developing country markets, and adequate assistance from donors; and
- The need for the AfDB to step up support for fragile states.

6.0 ECONOMIC OUTLOOK FOR THE SECOND HALF OF 2011

The favourable weather conditions occasioned by the early on-set and fairly distributed rainfall are expected to bolster agricultural output in the second half of the year. The continuing efforts of the government to fix infrastructure, particularly, power supply is expected to improve productivity in the economy and have salutary effects on real GDP growth rate. In addition, the high international price of crude oil and the sustained peace in the Niger Delta region, which has enhanced domestic oil production/exports will continue to boost fiscal revenue, increase foreign exchange inflows and ensure stability in the foreign exchange market as well as improve the balance of payments position. However, the liquidity injection from the efforts at resolving the banking crisis and the fiscal arm in addressing the developmental challenges facing the country in the second half of 2011 may engender liquidity surfeit and drive-up prices generally, including the exchange rate. Monetary aggregates might continue to lag behind their indicative benchmark, while money market rates could remain high. It is expected that the monetary authority will engage in proactive monetary management to reduce the risks and threats of any imminent inflationary pressure. Furthermore, the continuous pressure on the foreign exchange market would pose major policy challenges for the CBN.

Notwithstanding the favourable near-term growth outlook for the domestic economy, recent developments in the global economy that have seen a sharp slowdown in economic activities in major advanced economies that prompted a downward review of global economic growth forecast for 2011, pose a major risk to the domestic economy in the near-to-medium term.

These developments include: the euro zone fiscal/sovereign debt crisis which has seem some key countries within the zone facing the likelihood of sovereign debt repayment default, the problem of severe under-capitalization of some high-profile internationally-active banks in the industrialized economies, and the non-resolution of the US fiscal deficit problem, which prompted the downgrade of the US sovereign rating by Standard and Poor's from AAA to AA+, all of which have raised concerns about the prolongation of the current recession in these economies and their potential spillover to the emerging and developing economies. Added to these are the declining trends in commodity prices, particularly crude oil prices, inflation build-up in some major emerging market economies and the prospects of slowdown in the economies of China, India and Brazil, amongst others.

In addition, most currencies of emerging and developing countries have in recent months weakened relative to the US dollar. With the growth slowdown in trading-partner countries, weak currencies will translate into build-up of inflationary pressures. There are also concerns that the global economic slowdown will lead to a surge in protectionist tendencies, hurting in the process expansion of international trade, in particular for emerging and developing economies like Nigeria.

Table 7
Open Market Operations (OMO) Sessions

Period	Total Bids (N' Million)	Amount Sold (N' Million)	Average Tenor (Days)	Average Yield (%)
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**
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**
July	0.0	0.0	0	0.00
August	0.0	0.0	0	0.00
September	70,250.0	24,000.0	79	5.10
October	2,000.0	2,000.0	181	8.60
November	47,250.0	29,500.0	240	10.00
December	99,181.0	53,250.0	148	7.40
Total	**218,681.0**	**108,750.0**	**648**	**31.10**
Average	**36,446.8**	**18,125.0**	**108**	**5.18**
2011				
January	255,940.0	140,540.0	146	
February	0.0	0.0	0	
March	170,480.0	94,830.0	33	
April	142,520.0	23,390.0	37	
May	119,340.0	48,610.0	150	
June	80,450.0	25,470.0	157	
Total	**768,740.0**	**332,840.0**	**523**	
Average	**128,121.7**	**55,473.3**	**87**	

Table 8
Treasury Bills: Issues and Subscriptions
(Naira million)

Period	Issues	Central Bank	Subscriber	
			Deposit Money Banks	Non-Bank Public
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**
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				
June	158,710.0	42,550.0	115,310.0	850.0
December	1,269,490.0	0.0	1,049,310.0	220,180.0
Total	**1,428,200.0**	**42,550.0**	**1,164,620.0**	**221,030.0**
Average	**714,100.0**	**21,275.0**	**582,310.0**	**110,515.0**
2011				
January	205,590.0	0.0	167,060.0	38,530.0
February	240,000.0	0.0	208,490.0	31,510.0
March	284,060.0	0.0	205,040.0	79,020.0
April	215,070.0	0.0	147,200.0	67,870.0
May	204,610.0	0.0	130,520.0	74,080.0
June	340,230.0	0.0	206,190.0	134,050.0
Total	**1,489,560.0**	**0.0**	**1,064,500.0**	**425,060.0**
Average	**248,260.0**	**0.0**	**177,416.7**	**70,843.3**

Table 9
Monetary and Credit Developments
(N' Million)

Item	Jun 2007	Dec 2007	Jun 2008	Dec 2008	Jun 2009	Dec 2009	Jun 2010	Dec 2010	Jun 2011 /3
(1) Domestic Credit (Net)	**888,710.95**	**2,710,898.56**	**4,057,019.13**	**4,993,487.60**	**5,729,288.44**	**7,917,041.43**	**8,612,939.99**	**8,708,545.45**	**8,908,459.33**
(a) Claims on Federal Government (Net)	**-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**	**-1,121,798.63**	**-1,064,748.69**
By Central Bank	-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	-2,884,013.44	-2,730,017.13
By Banks	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	1,762,214.81	1,665,268.44
(b) Claims on Private Sector	**3,503,722.97**	**5,079,382.95**	**6,773,464.45**	**8,101,176.19**	**8,609,069.86**	**10,219,336.11**	**10,102,817.50**	**9,830,344.08**	**9,973,208.02**
By Central Bank	58,781.79	258,687.23	132,819.99	301,776.07	388,250.16	551,459.43	396,545.27	632,171.02	741,650.64
By Banks	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	9,198,173.06	9,231,557.39
(i) Claims on State and Local Governments	40,279.23	87,753.60	99,399.91	149,765.14	251,661.16	310,324.27	319,167.11	369,809.82	420,237.95
By Central Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
By Banks	40,279.23	87,753.60	99,399.91	149,765.14	251,661.16	310,324.27	319,167.11	369,809.82	420,237.95
(ii) Claims on Non-Financial Public Enterprises	0.00	22,662.06	18,782.86	41,627.27	52,125.20	13,249.36	0.00	0.00	0.00
By Central Bank	0.00	22,662.06	18,782.86	41,627.27	52,125.20	13,249.36	0.00	0.00	0.00
By Banks									
(iii) Claims on Other Private Sector	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	9,460,534.26	9,552,970.07
By Central Bank	58,781.79	236,025.18	114,037.13	260,148.80	336,124.95	538,210.07	396,545.27	632,171.02	741,650.64
By Banks	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	8,828,363.23	8,811,319.44
(2) Foreign Assets (Net)	**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**	**6,506,618.59**	**6,453,690.26**
By Central Bank	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	5,372,285.81	4,922,626.64
By Banks	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	1,134,332.78	1,531,063.63
(3) Other Assets (Net)	**-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**	**-3,689,633.70**	**-3,184,756.10**
Total Monetary Assets	**5,116,246.75**	**5,832,488.54**	**7,967,151.70**	**9,208,462.57**	**9,129,151.73**	**10,780,627.14**	**10,845,498.10**	**11,525,530.34**	**12,177,393.49**
Quasi-Money /1	**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**	**5,954,260.45**	**6,534,832.17**
Money Supply	**2,639,060.99**	**3,138,934.20**	**4,347,294.52**	**4,898,939.52**	**4,536,740.93**	**5,017,115.93**	**4,917,989.92**	**5,571,269.89**	**5,642,561.32**
Currency Outside Banks	525,742.47	737,867.22	673,055.41	892,675.59	746,463.82	927,236.44	795,412.07	1,082,295.07	1,016,449.92
Demand Deposits /2	2,113,318.51	2,401,066.98	3,674,239.11	4,006,263.93	3,790,277.11	4,089,879.48	4,122,577.85	4,488,974.82	4,626,111.40
Total Monetary Liabilities	**5,116,246.72**	**5,832,488.54**	**7,967,151.70**	**9,208,462.57**	**9,129,151.73**	**10,780,627.14**	**10,845,498.10**	**11,525,530.34**	**12,177,393.49**
GROWTH RATE OVER THE PRECEDING DECEMBER (In Percentages)									
Credit to the Domestic Economy (Net)	24.39	279.44	49.66	84.20	14.74	58.55	8.79	10.00	2.30
Credit to the Private Sector	32.17	91.62	33.35	59.49	6.27	26.15	-1.14	-3.81	1.45
Claims on Federal Government (Net)	-35.05	-22.32	-14.69	-31.21	7.33	25.92	35.29	51.27	5.09
By Central Bank	-28.65	-45.73	-8.31	-11.23	4.04	17.66	12.29	22.71	5.34
Claims on State and Local Governments	-50.06	8.80	13.27	70.67	68.04	107.21	2.85	19.17	13.64
Claims on Non-Financial Public Enterprises	-100.00	71.04							
Claims on Other Private Sector	35.45	94.33	33.94	59.18	5.00	25.11	-1.13	-4.40	0.98
Foreign Assets (Net)	21.02	15.21	14.45	17.67	-10.61	-11.19	-14.60	-14.31	-0.81
Other Assets (Net)	-13.75	-38.43	-6.30	-4.60	2.12	-9.09	10.10	21.99	13.68
Quasi-Money	41.78	54.16	34.39	59.99	6.56	33.74	2.85	3.31	9.75
Money Supply (M1)	15.72	37.63	38.50	56.07	-7.39	2.41	-1.98	11.05	1.28
Broad Money (M2)	27.02	44.80	36.60	57.88	-0.86	17.07	0.60	6.91	5.66

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.

/3 Provisional

Table 10

Value of Money Market Assets

(Naira Million)

Instrument	2003		2004		2005		2006		2007		2008		2009		2010		2011 1/
	June	Dec	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	797,482.0	901,016.6	1,277,101.6	1,561,420.0
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	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	520.0	220.0	220.0	0.0
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	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	509,079.1	188,204.3	189,216.4	199,469.2
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	62,243.6	41,312.0	79,172.3	62,258.3
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	1,974,930.0	2,408,426.6	2,901,600.3	3,276,110.0
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**	**3,344,254.7**	**3,539,179.5**	**4,447,310.6**	**5,099,257.5**
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	69.0	13.0	60.1	22.3
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	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	0.0	-57.7	-57.7	-100.0
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	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	-38.1	-63.0	-62.8	5.4
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	-6.3	-33.6	27.2	-21.4
FGN Bonds*			0.0	0.0	0.0	-65.4	70.1	156.7	43.7	84.2	14.8	21.9	23.0	36.6	21.9	46.9	12.9
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**	**19.1**	**5.8**	**33.0**	**14.7**

Source: Central Bank of Nigeria

1/ Provisional

* FGN Bonds of 3 Years tenor

Table 11
Selected Interest Rates
(End-Period Rate)

	2007		2008		2009		2010		2011
	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun
Monetary Policy Rate	8.00	9.50	10.25	9.75	8.00	6.00	6.00	6.25	8.00
Treasury Bills Issue Rate	6.10	8.50	9.25	5.00	3.65	4.55	2.50	7.50	7.79
Deposit Money Banks (DMBs)									
Savings Deposit Rate	3.78	3.19	2.79	2.92	2.81	3.36	1.95	1.51	2.00
Time Deposit Rate (3 months)	10.24	10.29	11.96	12.26	13.12	12.56	4.98	4.63	5.14
Prime Lending Rate	16.92	16.46	15.17	15.26	18.16	19.03	18.50	15.74	15.76
Maximum Lending Rate	18.74	18.21	18.03	21.15	22.64	23.46	22.70	21.86	22.02
Inter-bank Call Rate	8.46	8.99	10.31	12.17	14.57	2.64	1.18	8.83	9.21
Open Buy Back (OBB)	8.23	8.09	8.77	8.83	7.59	2.89	2.29	8.25	9.59
NIBOR 7-days	8.94	8.93	10.79	13.35	15.97	9.50	5.41	9.67	12.39
NIBOR 30-days	11.61	12.89	12.88	15.85	17.15	15.79	8.51	12.17	13.15

Table 12
Federation Account Operations
(N' Billion)

	2007 1st Half	2008 1st Half	2009 1st Half	2010 1/ 1st Half	2011 1st Half Budget	2010 2/ 1st Half
Total Revenue (Gross)	**2,395.98**	**3,752.73**	**2,226.20**	**3,255.68**	**4,609.38**	**4,762.20**
Oil Revenue (Gross)	**1,945.44**	**3,133.58**	**1,538.86**	**2,445.42**	**3,407.72**	**3,828.05**
Crude oil / Gas Exports	786.17	1,083.24	539.97	834.31	1,888.64	1,007.66
PPT and Royalties etc.	658.22	1,303.81	512.22	813.25	1,281.03	1,698.91
Domestic Crude Oil / Gas Sales	499.56	744.30	484.55	793.74	234.73	1,119.63
Other Oil Revenue	1.48	2.23	2.12	4.13	3.32	1.86
Less:						
Deductions	**743.93**	**1,545.77**	**425.75**	**1,141.34**	**626.99**	**2,136.53**
Oil Revenue (Net)	**1,201.51**	**1,587.81**	**1,113.11**	**1,304.08**	**2,780.73**	**1,691.53**
Non-oil Revenue	**450.54**	**619.14**	**687.33**	**810.26**	**1,201.66**	**934.15**
Companies Income Tax & Other Taxes	132.23	161.85	203.62	261.50	351.12	243.26
Customs & Excise Duties	112.59	134.61	126.81	140.70	225.00	210.57
Value-Added Tax (VAT)	132.48	196.56	222.21	282.38	385.04	307.11
Independent Revenue of Fed. Govt.	22.14	75.53	54.28	42.44	114.47	95.58
Education Tax	21.73	12.64	37.57	33.46	48.62	14.57
Customs Levies	29.37	37.96	38.67	45.46	73.05	62.38
National Information Technology Development Fund (NITDF)	0.00	0.00	4.18	4.31	4.36	0.67
Other Non-oil Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Less:						
Cost of Collection	**13.21**	**23.77**	**25.92**	**31.60**	**54.59**	**36.27**
Non-Oil Revenue (Net)	**437.33**	**595.38**	**661.41**	**778.65**	**1,147.07**	**897.88**
Estmiated Balances in Special Accounts for the previous year	**0.00**	**0.00**	**0.00**	**0.00**	**7.81**	**0.00**
Federally-collected revenue (Net)	**1,638.84**	**2,183.19**	**1,774.52**	**2,082.73**	**3,935.61**	**2,589.41**
Federation Account Allocation:	**1,638.84**	**2,183.19**	**1,774.53**	**2,082.73**	**3,935.61**	**2,589.41**
Transfer to Federal Govt. Ind. Revenue	22.14	75.53	54.28	42.44	114.47	95.58
Transfer to VAT Pool Account	132.48	188.70	213.32	271.08	369.64	294.82
Other Tranfers 3/	51.10	50.60	80.42	83.23	118.80	77.62
Distributable Amount						
Amount Distributed	**1,433.12**	**1,868.36**	**1,426.51**	**1,685.98**	**3,332.71**	**2,121.38**
Federal Government	672.68	875.51	675.26	795.99	1,565.23	1,001.70
State Government	341.19	444.07	342.50	403.74	793.91	508.08
Local Government	263.05	342.36	264.05	311.26	612.07	391.70
13% Derivation	156.20	206.42	144.70	174.99	361.50	219.90
Vat Pool Account	**132.50**	**188.70**	**213.29**	**271.08**	**369.64**	**294.82**
FG	19.87	28.30	32.00	40.66	55.45	44.22
SG	66.25	94.35	106.66	135.54	184.82	147.41
LG	46.37	66.05	74.63	94.88	129.38	103.19
Special Funds (FGN)	**49.28**	**91.98**	**52.01**	**61.60**	**127.89**	**80.21**
Federal Capital Territory	11.79	22.01	12.44	14.74	29.71	18.61
Ecology	11.79	22.00	12.44	14.74	29.71	18.61
Statutory Stabilization	5.89	11.00	6.22	7.37	14.86	8.76
Natural Resources	19.81	36.97	20.91	24.76	49.92	31.27
					3.70	**2.95**
Overall Balance	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Memorandum Items						
Deductions	**743.93**	**1,545.77**	**425.75**	**1,141.34**		
JVC Cash calls	276.65	285.25	363.50	488.82		
Excess Crude Proceeds	439.86	831.30	49.90	391.64		
Excess PPT & Royalty	27.41	429.22	12.35	27.24		
Others	0.00	0.00	0.00	233.64		
Distribution from Excess Crude	**0.00**	**1,106.94**	**219.76**	**442.82**		
Federal Government	0.00	249.27	58.65	202.95		
State Government	0.00	395.71	93.16	102.94		
Local Government	0.00	391.25	39.39	79.36		
13% Derivation	0.00	70.71	28.57	57.57		
Share of Diff.Btw. Provisional Distribution and Actual Budget/ Exchange rate Gain	**0.00**	**67.84**	**119.09**	**39.87**		
Federal Government	0.00	31.09	54.58	18.27		
State Government	0.00	15.77	27.68	9.27		
Local Government	0.00	12.16	21.34	7.15		
13% Derivation	0.00	8.82	15.48	5.18		
Federation Revenue Augmentation	**0.00**	**87.87**	**300.65**	**414.22**		**308.85**
Federal Government	0.00	40.27	137.79	189.84		141.55
State Government	0.00	20.43	69.89	96.29		71.80
Local Government	0.00	15.75	53.88	74.24		55.35
13% Derivation	0.00	11.42	39.08	53.85		40.15
Total Statutory Revenue and VAT Distribution 3/	**0.00**	**3,319.71**	**2,279.30**	**2,853.97**		**2,725.06**
Federal Government	0.00	1,224.45	958.28	1,247.72		1,187.48
State Government	0.00	970.33	639.89	747.78		727.29
Local Government	0.00	827.57	453.30	566.89		550.25
13% Derivation	0.00	297.37	227.84	291.59		260.05
Total Excluding VAT	**0.00**	**0.00**	**2,915.57**	**2,582.88**		**2,430.23**
Federal Government	0.00	0.00	1,247.72	1,207.06		1,143.25
State Government	0.00	0.00	747.78	612.23		579.87
Local Government	0.00	0.00	566.89	472.01		447.06
13% Derivation	0.00	0.00	353.19	291.59		260.05

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

Table 13
Summary of Federal Government Finances
(N' Billion)

	2007 First Half	2008 First Half	2009 First Half	2010 First Half	2011 First Half Budget	2011 First Half 2/
Total Federal Government Retained Revenu	**1,080.28**	**1,373.10**	**1,266.73**	**1,390.24**	**1,801.95**	**1,307.33**
Share of Federation Account (Gross)	672.68	875.51	675.26	795.99	1,565.23	1,001.70
Share of VAT Pool Account	19.87	28.31	32.00	40.66	55.45	44.22
Federal Government Independent Revenue	22.14	75.53	54.28	65.20	114.47	95.58
Share of Excess Crude Account 2/	183.41	320.64	251.03	289.26	-	141.55
Others 3/	182.18	73.12	254.18	199.12	66.81	24.28
Total Expenditure	**1,110.61**	**1,404.20**	**1,590.99**	**1,818.16**	**2,370.26**	**1,997.85**
Recurrent Expenditure	**598.55**	**948.30**	**1,017.30**	**1,297.22**	**1,587.97**	**1,546.12**
Goods and Services	**452.13**	**700.19**	**822.92**	**1,062.35**	**1,212.53**	**1,235.19**
Personnel Cost	232.89	432.07	452.12	540.21	897.08	861.17
Pension	42.78	65.59	87.16	97.73	77.37	26.01
Overhead Cost	176.47	202.54	283.63	424.40	219.58	348.01
Others	-	-	-	-	18.50	-
Interest Payments	**95.62**	**154.24**	**120.32**	170.56	**247.55**	**218.06**
Foreign	51.61	36.88	19.72	19.62	22.54	13.82
Domestic 4/	44.01	117.36	100.60	150.95	225.01	204.25
Transfers	**50.79**	**93.87**	**74.06**	**64.31**	**127.89**	**92.87**
FCT & Others (Special Funds)	50.79	93.87	74.06	64.31	127.89	92.87
Transfer to Financing	-	-	-	-	-	-
Capital Expenditure & Net Lending 5/	**460.91**	**366.26**	**474.79**	**445.11**	**573.38**	**303.62**
Domestic Financed Budgets	**460.91**	**366.26**	**474.79**	445.11	**573.38**	**303.62**
Budgetary	460.91	366.26	474.79	445.11	573.38	303.62
Transfers	**51.15**	**89.64**	**98.90**	**75.83**	**208.92**	**148.10**
NDDC	12.00	29.64	12.83	-	28.12	28.04
NJC	21.50	39.00	58.50	45.50	47.50	47.50
UBE	17.65	21.00	19.65	22.16	32.25	23.04
Refund of Signature Bonuses/Others	-	-	7.92	8.17	101.05	49.52
Balance Of Revenue And Expenditure						
Primary Surplus (+)/Deficit (-)	**65.29**	**123.14**	**(203.94)**	**(257.36)**	**(320.77)**	**(472.45)**
Current Surplus(+)/Deficit(-)	**481.73**	**424.80**	**249.43**	**93.02**	**213.98**	**(238.79)**
Overall Surplus(+)/Deficit(-)	**(30.33)**	**(31.10)**	**(324.26)**	**(427.93)**	**(568.31)**	**(690.52)**
Financing:	**30.33**	**8.95**	**324.26**	**427.93**	**568.31**	**690.52**
Foreign(Net)	**-**	**-**	**-**	**75.03**	**-**	**73.33**
Domestic(Net)	**-**	**-**	**-**	**352.90**	**568.31**	**617.19**
Banking System	-	-	-	-	-	-
CBN	-	-	-	-	-	-
DMBs	-	-	-	-	-	-
Non Bank Public	-	-	-	366.87	426.14	476.00
Privatization Proceeds	-	-	-	-	8.46	-
Excess Crude	-	-	-	-	-	-
Other Funds	30.33	8.95	324.26	(13.97)	133.72	141.19

1/ Provisional
2/ Includes FG's share of Federation Revenue Augmentation and Share of Difference between Provisonal and Approved Budget.
3/ Includes Loan Refunds, Operating Surplus Redemption & Transfer (from closure)
4/ Include Ways and Means Advances
5/ Includes net deductions for loans on lent to State,local governments and Federal parastatals/companies.
Source: Office of the Accountant-General of the Federation (OAGF)

Table 14
Functional Classification of Federal Government Capital Expenditure 1/
(Naira Billion)

	2007 First Half	2008 First Half	2009 First Half	2010 First Half	2011 First Half 1/
ADMINISTRATION	**119.63**	**94.16**	**116.16**	**114.16**	**119.27**
General Administration	94.09	64.61	70.55	69.12	75.05
National Assembly	3.29	7.83	4.15	3.10	3.15
Defence	9.70	18.61	18.59	18.09	15.99
Internal Security	12.55	3.12	22.86	23.85	25.09
ECONOMIC SERVICES	**231.51**	**203.89**	**286.32**	**249.50**	**118.89**
Agriculture & Natural Resources	55.44	55.60	46.66	35.67	19.30
Manuf., Mining & Quarrying	5.53	4.01	11.39	10.35	7.81
Transport & Communications	22.93	75.91	32.05	41.99	28.21
Housing	3.93	-	-	-	-
Roads & Construction	59.88	-	130.83	72.01	36.08
National Priority Projects	-	-	-	-	-
JVC Calls/NNPC Priority Projects	-	-	-	-	-
PTF	-	-	-	-	-
Counterpart Funding	-	2.00	-	-	-
NDDC	-	-	-	22.58	-
Others	83.80	66.38	65.39	66.91	27.50
SOCIAL & COMMUNITY SERVICES	**103.73**	**68.13**	**72.14**	**62.98**	**54.85**
Education	19.09	26.06	29.09	20.76	17.90
Health	61.43	27.08	18.18	17.15	14.97
Others	23.22	14.98	24.87	25.06	21.98
TRANSFERS 2/	**6.04**	**0.08**	**0.17**	**18.47**	**10.60**
Financial Obligations	-	-	-	-	-
Capital Repayments	-	-	-	-	-
Domestic	-	-	-	-	-
Foreign	-	-	-	-	-
External Obligations	-	-	-	-	-
Contingencies	-	-	-	-	-
Capital Supplementation	6.04	-	0.17	18.47	10.60
Net Lending to States/L.G.s/Paras	-	-	-	-	-
Grants to States	-	-	-	-	-
Others	-	0.08	-	-	-
TOTAL	**460.91**	**366.26**	**474.79**	**445.11**	**303.62**

1/ Provisional

2/ Excludes statutory transfers to NDDC, NJC and UBE

Sources: Federal Ministry of Finance
Central Bank of Nigeria

Table 15

Functional Classification of Federal Government Recurrent Expenditure 1/

(Naira Billion)

	2007 First Half	2008 First Half	2009 First Half	2010 First Half	2011 First Half 1/
ADMINISTRATION	**228.05**	**360.86**	**437.46**	**615.65**	**757.74**
General Administration	143.00	201.85	203.36	305.45	340.88
National Assembly	25.78	27.32	61.40	69.54	97.02
Defence	32.76	35.26	66.23	98.80	109.47
Internal Security	26.51	96.42	106.47	141.86	210.38
ECONOMIC SERVICES	**41.57**	**124.96**	**88.58**	**155.62**	**195.35**
Agriculture	11.02	22.37	19.16	13.37	15.99
Roads & Construction	12.61	39.25	10.06	17.89	20.57
Transport & Communications	4.97	6.83	32.70	35.96	43.33
Others	12.97	56.51	26.66	88.41	115.46
SOCIAL & COMMUNITY SERVICES	**119.73**	**155.92**	**189.43**	**240.99**	**287.08**
Education	74.07	67.88	102.47	107.17	130.42
Health	34.79	50.46	62.01	48.76	57.63
Others	10.87	37.58	24.95	85.07	99.02
TRANSFERS	**209.19**	**306.56**	**281.55**	**320.97**	**305.96**
Public Debt Charges (Int)	115.62	150.12	120.32	170.56	187.02
Domestic	64.01	113.24	100.60	150.95	166.19
Foreign	51.61	36.88	19.72	19.62	20.83
Pensions & Gratuities	42.78	62.57	87.16	69.58	36.68
FCT & Others	50.79	93.87	74.06	80.83	82.26
Contingencies (Others)	-	-	-	-	-
External Obligations	-	-	-	-	-
Extra-Budgetary Expenditure	-	-	-	-	-
Deferred Custom Duties	-	-	-	-	-
Unspecified Expenditure	-	-	-	-	-
Others 2/	-	-	-	-	-
TOTAL	**598.55**	**948.30**	**997.02**	**1,333.23**	**1,546.13**

**Staff Estimates

1/ ProvisionaL

2/ Excludes statutory transfers to NDDC, NJC and UBE

Sources: Federal Ministry of Finance; Office of Accountant General of the Federation

Central Bank of Nigeria

Table 16

Summary of Statutory & VAT Revenue Allocation to State Governments

(Naira Billion)

		FIRST HALF 2007					FIRST HALF 2008						FIRST HALF 2009						FIRST HALF 2010										FIRST HALF 2011									
S/N	STATES	Gross Stat. Alloc.	13% Derivation	Excess Crude	VAT	Total Alloc.	Gross Stat. Alloc.	13% Derivation	Augmentation	Excess Crude 2/	VAT	Total Alloc.	Gross Stat. Alloc.	13% Derivation	Augmentation	Excess Crude 2/	VAT	Total Alloc.	Gross Stat. Alloc.	Deductions	13% Derivation	Total Net Stat. Alloc.	Augmentation	Exchange Gain	Excess Crude 2/	VAT	Total Gross Allocation	Total Net Alloc.	Gross Stat. Alloc.	Deductions	13% Derivation	Total Net Stat. Alloc.	Augmentation	Exchange Gain	Excess Crude 2/	VAT	Total Gross Alloc.	Total Net Alloc.
1	ABIA	8.38	1.31	3.02	1.40	**14.11**	10.79	2.30	3.29	1.66	2.11	**20.15**	8.26	1.91	3.21	0.39	2.22	**15.98**	9.73	0.53	2.75	11.95	3.17	0.30	3.28	2.79	22.02	**21.49**	12.25	0.24	2.29	14.29	2.14			3.01	19.67	**19.43**
2	ADAMAWA	9.35	-	2.77	1.41	**13.53**	12.04	-	2.92	1.48	2.00	**18.44**	9.22	-	2.63	1.37	2.27	**15.49**	10.86	1.01	-	9.86	2.59	0.25	2.65	2.92	19.28	**18.27**	13.67	0.72	-	12.96	1.93			3.17	18.77	**18.06**
3	AKWA IBOM	9.23	36.12	17.18	1.66	**64.19**	12.06	47.61	16.96	8.43	2.35	**87.41**	9.32	36.60	18.02	18.51	2.45	**84.91**	10.99	1.26	49.09	58.82	17.73	1.71	18.84	3.53	101.88	**100.62**	13.83	(0.87)	55.39	70.09	11.08			4.08	84.38	**85.25**
4	ANAMBRA	9.36	-	2.56	1.62	**13.54**	12.12	-	2.95	1.48	2.27	**18.82**	9.31	-	2.65	1.39	2.59	**15.94**	10.97	0.32	-	10.65	2.62	0.25	2.68	3.24	19.76	**19.44**	13.81	0.30	-	13.51	1.95			3.53	19.29	**18.99**
5	BAUCHI	10.55	-	3.12	1.62	**15.29**	13.88	-	3.42	1.67	2.31	**21.28**	10.80	-	3.08	1.61	2.65	**18.13**	12.73	0.87	-	11.86	3.04	0.29	3.11	3.33	22.49	**21.62**	16.02	1.39	-	14.63	2.26			3.62	21.90	**20.51**
6	BAYELSA	7.26	22.70	9.86	1.37	**41.19**	9.49	31.91	11.73	5.82	1.80	**60.75**	7.39	19.86	8.38	6.27	1.94	**43.84**	8.72	5.83	20.27	23.15	8.32	0.80	8.80	2.51	49.41	**43.58**	10.97	12.48	42.77	41.26	9.12			2.78	65.64	**53.16**
7	BENUE	10.09	-	2.99	1.56	**14.63**	13.00	-	3.16	1.60	2.23	**19.98**	9.95	-	2.84	1.48	2.55	**16.82**	11.73	0.77	-	10.96	2.80	0.27	2.87	3.18	20.84	**20.07**	14.76	2.18	-	12.58	2.09			3.47	20.32	**18.14**
8	BORNO	10.71	-	3.17	1.59	**15.47**	14.11	-	3.48	1.70	2.18	**21.46**	10.98	-	3.13	1.64	2.49	**18.23**	12.94	0.11	-	12.83	3.09	0.30	3.16	3.23	22.72	**22.61**	16.29	0.07	-	16.21	2.30			3.50	22.09	**22.02**
9	CROSS RIVER	8.76	3.44	3.83	1.39	**17.42**	11.30	4.17	3.97	2.00	1.99	**23.42**	8.65	1.62	2.44	2.45	2.24	**17.40**	10.20	2.29	-	7.91	2.43	0.23	2.49	2.83	18.18	**15.89**	12.83	0.40	2.27	14.71	2.20			3.05	20.35	**19.96**
10	DELTA	9.35	23.90	10.52	1.87	**45.65**	12.12	28.64	11.38	5.67	2.62	**60.44**	9.32	26.91	16.11	5.77	2.66	**60.75**	10.98	2.24	42.74	51.49	15.77	1.52	16.74	3.80	91.56	**89.32**	13.82	2.03	44.56	56.35	10.79			4.09	73.26	**71.23**
11	EBONYI	7.91	-	2.34	1.30	**11.55**	10.07	-	2.42	1.25	1.81	**15.55**	7.64	-	2.18	1.14	2.12	**13.08**	9.01	0.22	-	8.78	2.15	0.21	2.20	2.63	16.20	**15.97**	11.33	3.50	-	7.84	1.60			2.90	15.83	**12.34**
12	EDO	9.30	0.83	2.90	1.62	**14.65**	11.64	0.49	2.90	1.54	2.05	**18.62**	8.70	1.35	3.48	0.68	2.36	**16.57**	10.25	0.96	3.15	12.45	3.42	0.33	3.54	3.22	23.91	**22.96**	12.90	0.96	3.88	15.82	2.65			3.38	22.81	**21.85**
13	EKITI	7.87	-	2.33	1.34	**11.53**	10.10	-	2.44	1.25	1.84	**15.63**	7.71	-	2.20	1.15	2.21	**13.26**	9.08	0.18	-	8.90	2.17	0.21	2.22	2.65	16.33	**16.15**	11.43	0.14	-	11.29	1.62			2.89	15.94	**15.79**
14	ENUGU	8.70	-	2.58	1.48	**12.76**	11.30	-	2.76	1.38	2.44	**17.87**	8.70	-	2.48	0.65	2.43	**14.25**	10.25	0.47	-	9.78	2.44	0.24	2.50	2.95	18.39	**17.91**	12.90	0.17	-	12.73	1.82			3.23	17.95	**17.78**
15	GOMBE	8.01	-	2.37	1.35	**11.73**	10.52	-	2.59	1.27	1.81	**16.19**	8.17	-	2.33	1.22	2.11	**13.83**	9.64	0.66	-	8.97	2.30	0.22	2.35	2.68	17.18	**16.52**	12.13	0.42	-	11.70	1.71			2.90	16.74	**16.31**
16	IMO	9.23	2.22	3.59	1.52	**16.57**	12.02	3.26	3.90	1.94	2.19	**23.32**	9.28	2.26	3.48	2.16	2.45	**19.64**	10.94	2.76	2.69	10.87	3.44	0.33	3.56	3.11	24.07	**21.31**	13.77	3.12	2.51	13.16	2.36			3.42	22.06	**18.95**
17	JIGAWA	10.24	-	3.03	1.58	**14.85**	13.27	-	3.23	1.62	2.27	**20.40**	10.20	-	2.90	1.52	2.60	**17.22**	12.02	0.82	-	11.20	2.87	0.28	2.94	3.28	21.38	**20.56**	15.13	0.15	-	14.98	2.14			3.63	20.90	**20.75**
18	KADUNA	11.46	-	3.39	1.95	**16.80**	15.00	-	3.68	1.82	2.71	**23.21**	11.62	-	3.31	1.73	3.02	**19.68**	13.70	0.87	-	12.83	3.27	0.31	3.35	3.86	24.49	**23.62**	17.24	1.81	-	15.43	2.44			4.20	23.87	**22.07**
19	KANO	13.94	-	4.13	2.62	**20.69**	18.56	-	4.62	2.21	3.76	**29.14**	14.56	-	4.15	2.17	4.25	**25.13**	17.17	0.52	-	16.65	4.09	0.39	4.20	5.32	31.18	**30.66**	21.61	0.44	-	21.17	3.05			5.62	30.28	**29.84**
20	KATSINA	10.93	-	3.24	1.82	**15.99**	14.30	-	3.51	1.73	2.54	**22.08**	11.08	-	3.16	1.65	2.97	**18.86**	13.06	0.77	-	12.29	3.11	0.30	3.19	3.72	23.38	**22.62**	16.43	0.67	-	15.76	2.32			4.03	22.78	**22.11**
21	KEBBI	9.09	-	2.69	1.57	**13.35**	11.93	-	2.94	1.44	1.99	**18.31**	9.26	-	2.64	1.38	2.33	**15.62**	10.92	1.58	-	9.34	2.60	0.25	2.67	2.94	19.39	**17.80**	13.74	0.24	-	13.51	1.94			3.21	18.89	**18.66**
22	KOGI	9.12	-	2.70	1.69	**13.50**	11.95	-	2.93	1.44	2.04	**18.36**	9.24	-	2.63	1.38	2.32	**15.57**	10.89	0.77	-	10.13	2.60	0.25	2.66	3.14	19.54	**18.78**	13.71	0.91	-	12.80	1.94			3.30	18.95	**18.04**
23	KWARA	8.30	-	2.46	1.31	**12.07**	10.87	-	2.67	1.31	1.84	**16.70**	8.42	-	2.40	1.26	2.16	**14.24**	9.93	0.19	-	9.74	2.37	0.23	2.43	2.71	17.66	**17.48**	12.49	0.10	-	12.39	1.77			2.93	17.19	**17.09**
24	LAGOS	13.17	-	3.90	9.94	**27.01**	17.10	-	4.17	2.09	15.37	**38.73**	13.16	-	3.75	1.96	19.25	**38.12**	15.51	3.75	-	11.76	3.70	0.36	3.79	23.74	47.09	**43.34**	19.52	3.63	-	15.89	2.76			26.34	48.62	**44.99**
25	NASARAWA	7.85	-	2.33	1.20	**11.38**	10.23	-	2.50	1.24	1.99	**15.96**	7.89	-	2.25	1.18	1.99	**13.30**	9.30	0.63	-	8.67	2.22	0.21	2.27	2.50	16.50	**15.87**	11.71	1.48	-	10.22	1.65			2.69	16.05	**14.56**
26	NIGER	10.56	-	3.13	1.50	**15.19**	13.87	-	3.42	1.67	2.13	**21.09**	10.78	-	3.07	1.61	2.45	**17.91**	12.70	1.57	-	11.14	3.03	0.29	3.10	3.15	22.28	**20.71**	15.99	2.17	-	13.82	2.26			3.39	21.63	**19.46**
27	OGUN	8.90	-	2.63	1.60	**13.13**	11.63	-	2.86	1.41	2.28	**18.18**	9.01	-	2.57	1.34	2.47	**15.39**	10.62	0.21	-	10.41	2.53	0.24	2.59	3.08	19.07	**18.86**	13.36	0.26	-	13.10	1.89			3.39	18.64	**18.39**
28	ONDO	8.74	9.38	6.03	1.57	**25.72**	11.28	11.96	6.26	3.14	2.11	**34.73**	8.64	8.27	5.52	5.31	2.45	**30.19**	10.18	0.42	9.83	19.59	5.45	0.52	5.72	3.05	34.76	**34.34**	12.81	0.78	7.52	19.55	3.25			3.27	26.85	**26.06**
29	OSUN	8.55	-	2.53	1.52	**12.60**	11.19	-	2.71	1.35	2.05	**17.31**	8.54	-	2.43	0.71	2.36	**14.05**	10.07	0.48	-	9.59	2.40	0.23	2.46	3.00	18.17	**17.69**	12.67	0.26	-	12.41	1.79			3.25	17.71	**17.45**
30	OYO	10.67	-	3.16	1.91	**15.74**	13.92	-	3.41	1.69	2.67	**21.70**	10.76	-	3.07	1.61	3.14	**18.57**	12.69	1.46	-	11.23	3.03	0.29	3.10	3.84	22.95	**21.49**	15.97	1.09	-	14.88	2.26			4.17	22.39	**21.30**
31	PLATEAU	9.10	-	2.69	1.58	**13.38**	11.78	-	2.87	1.44	2.01	**18.09**	9.04	-	2.58	1.35	2.29	**15.25**	10.65	1.00	-	9.65	2.54	0.24	2.60	2.94	18.99	**17.98**	13.41	0.60	-	12.80	1.89			3.18	18.49	**17.88**
32	RIVERS	10.07	56.76	24.32	3.10	**94.25**	13.04	76.09	25.59	####	4.33	**#####**	10.10	45.93	16.61	29.08	3.88	**105.61**	11.91	0.62	44.47	55.76	16.52	1.59	17.54	5.42	97.45	**96.83**	14.99	2.16	55.98	68.81	12.03			5.46	88.47	**86.30**
33	SOKOTO	9.63	-	2.85	1.73	**14.21**	12.49	-	3.05	1.53	2.11	**19.17**	9.61	-	2.74	1.43	2.61	**16.39**	11.33	0.15	-	11.18	2.70	0.26	2.77	3.05	20.11	**19.96**	14.25	0.14	-	14.12	2.01			3.41	19.68	**19.54**
34	TARABA	9.00	-	2.67	1.27	**12.93**	11.76	-	2.89	1.43	2.06	**18.13**	9.10	-	2.59	1.36	2.07	**15.12**	10.73	0.07	-	10.66	2.56	0.25	2.62	2.63	18.78	**18.71**	13.50	0.05	-	13.45	1.91			2.86	18.27	**18.22**
35	YOBE	8.75	-	2.59	1.25	**12.59**	11.57	-	2.86	1.39	2.08	**17.90**	9.03	-	2.57	1.35	2.05	**15.00**	10.65	0.22	-	10.43	2.54	0.24	2.60	2.66	18.69	**18.47**	13.40	0.23	-	13.17	1.89			2.95	18.24	**18.01**
36	ZAMFARA	9.06	-	2.68	1.45	**13.20**	11.77	-	2.87	1.44	2.02	**18.10**	9.06	-	2.58	1.35	2.28	**15.27**	10.68	0.72	-	9.96	2.55	0.25	2.61	2.90	18.98	**18.26**	13.44	0.93	-	12.51	1.90			3.12	18.46	**17.53**
37	Disputed Deriv.	-	-		-	**-**	-	-		-	-	**-**						**-**				-					-	**-**			-	-	-				-	**-**
	Rivers/Akwa Dispute	-			-	**-**	-			-	-	**-**						**-**				-					-	**-**			2.73	2.73	1.24				3.97	**3.97**
	TOTAL	**341.19**	**156.67**	**158.29**	**66.25**	**722.39**	**444.07**	**206.41**	**169.32**	**84.26**	**94.35**	**998.42**	**342.50**	**144.70**	**152.14**	**108.62**	**106.66**	**854.62**	**403.74**	**37.29**	**174.99**	**541.43**	**150.14**	**14.45**	**156.22**	**135.54**	**1,035.08**	**997.79**	**508.08**	**45.35**	**219.90**	**682.63**	**111.95**	**-**	**-**	**147.41**	**987.33**	**941.99**

1/ Provisional

2/ Includes the share of Oil-

Source: Federation Account Allo

Table 17

Allocation to Local Governments from the Federation and VAT Pools Accounts

(Naira Billion)

S/N	State	FIRST HALF 2007						FIRST HALF 2008						FIRST HALF 2009						FIRST HALF 2010						FIRST HALF 2011					
		Fed. Acct	Excess Crude	Budget Augmentation	Exchange Gain	VAT	Total	Fed. Acct	Excess Crude	Budget Augmentation	Exchange Gain	VAT	Total	Fed. Acct	Excess Crude	Budget Augmentation	Exchange Gain	VAT	Total	Fed. Acct	Excess Crude	Budget Augmentation	Exchange Gain	VAT	Total	Fed. Acct	Excess Crude	Budget Augmentation	Exchange Gain	VAT	Total
1	Abia	5.67	1.68	-	-	0.9	**8.3**	7.26	0.90	1.75	-	1.3	**11.2**	5.85	0.82	1.57	-	1.3	**9.6**	6.8	3.8	1.5	0.1	1.7	**13.9**	8.17	-	1.15	-	1.79	**11.11**
2	Adamawa	7.06	2.09	-	-	1.0	**10.2**	9.18	1.12	2.25	-	1.4	**13.9**	6.74	1.06	2.02	-	1.6	**11.4**	8.1	4.8	2.0	0.2	2.0	**17.1**	10.51	-	1.49	-	2.16	**14.16**
3	Akwa-Ibom	8.96	2.65	-	-	1.5	**13.1**	11.96	1.42	2.96	-	2.0	**18.4**	9.34	1.39	2.66	-	2.2	**15.6**	11.0	6.4	2.6	0.3	3.0	**23.3**	13.86	-	1.96	-	3.39	**19.21**
4	Anambra	7.07	2.10	-	-	1.2	**10.4**	9.18	1.12	2.23	-	1.6	**14.1**	7.02	1.05	2.00	-	1.8	**11.8**	8.3	4.8	2.0	0.2	2.2	**17.5**	10.42	-	1.47	-	2.41	**14.30**
5	Bauchi	8.10	2.35	-	-	1.2	**11.6**	10.41	1.25	2.58	-	1.5	**15.8**	8.12	1.21	2.31	-	1.8	**13.4**	9.6	5.6	2.3	0.2	2.2	**19.9**	12.05	-	1.70	-	2.41	**16.17**
6	Bayelsa	3.07	0.91	-	-	0.6	**4.6**	3.93	0.49	0.95	-	0.7	**6.0**	2.99	0.45	0.85	-	0.7	**5.0**	3.5	2.0	0.8	0.1	0.9	**7.4**	4.43	-	0.63	-	1.02	**6.08**
7	Benue	8.33	2.41	-	-	1.2	**11.9**	10.65	1.29	2.62	-	1.6	**16.2**	8.26	1.23	2.35	-	1.8	**13.7**	9.7	5.6	2.3	0.2	2.3	**20.2**	12.25	-	1.73	-	2.51	**16.50**
8	Borno	8.99	2.67	-	-	1.3	**13.0**	12.01	1.43	3.01	-	1.7	**18.2**	9.49	1.42	2.70	-	2.0	**15.6**	11.2	6.5	2.7	0.3	2.6	**23.2**	14.08	-	1.99	-	2.79	**18.86**
9	Cross-River	6.03	1.79	-	-	0.9	**8.8**	7.74	0.96	1.87	-	1.2	**11.8**	5.90	0.88	1.68	-	1.4	**9.8**	7.0	4.0	1.7	0.2	1.7	**14.6**	8.75	-	1.24	-	1.88	**11.87**
10	Delta	7.87	2.33	-	-	1.4	**11.6**	10.19	1.25	2.47	-	1.9	**15.8**	7.80	1.16	2.22	-	2.0	**13.2**	9.2	5.3	2.2	0.2	2.8	**19.7**	11.57	-	1.63	-	2.98	**16.18**
11	Ebonyi	4.19	1.24	-	-	0.7	**6.2**	5.46	0.66	1.33	-	0.9	**8.4**	4.20	0.63	1.20	-	1.1	**7.1**	5.0	2.9	1.2	0.1	1.3	**10.4**	6.24	-	0.88	-	1.44	**8.55**
12	Edo	6.22	1.84	-	-	1.1	**9.2**	7.85	0.99	1.87	-	1.3	**12.0**	5.90	0.88	1.68	-	1.5	**9.9**	7.0	4.0	1.7	0.2	2.0	**14.8**	8.76	-	1.24	-	2.08	**12.08**
13	Ekiti	4.94	1.47	-	-	0.9	**7.3**	6.34	0.78	1.52	-	1.0	**9.7**	4.80	0.72	1.37	-	1.3	**8.2**	5.7	3.3	1.4	0.1	1.5	**11.9**	7.13	-	1.01	-	1.64	**9.77**
14	Enugu	5.69	1.69	-	-	1.0	**8.4**	7.41	0.90	1.80	-	1.5	**11.6**	5.69	0.85	1.62	-	1.5	**9.6**	6.7	3.9	1.6	0.2	1.8	**14.1**	8.44	-	1.19	-	1.93	**11.57**
15	Gombe	4.00	1.19	-	-	0.7	**5.9**	5.30	0.63	1.32	-	0.8	**8.1**	4.15	0.62	1.18	-	1.0	**6.9**	4.9	2.8	1.2	0.1	1.2	**10.2**	6.16	-	0.87	-	1.31	**8.34**
16	Imo	8.14	2.41	-	-	1.3	**11.8**	10.68	1.29	2.61	-	1.8	**16.3**	8.24	1.23	2.35	-	2.0	**13.8**	9.7	5.6	2.3	0.2	2.5	**20.4**	12.22	-	1.73	-	2.74	**16.69**
17	Jigawa	8.83	2.62	-	-	1.3	**12.8**	11.35	1.40	2.74	-	1.8	**17.3**	8.65	1.29	2.46	-	2.1	**14.5**	10.2	5.9	2.4	0.2	2.6	**21.4**	12.82	-	1.81	-	2.87	**17.51**
18	Kaduna	9.26	2.75	-	-	1.5	**13.5**	12.02	1.47	2.94	-	1.9	**18.4**	9.27	1.38	2.64	-	2.2	**15.5**	10.9	6.3	2.6	0.3	2.8	**22.9**	13.76	-	1.94	-	3.00	**18.69**
19	Kano	15.23	4.52	-	-	2.5	**22.2**	19.82	2.42	4.82	-	3.5	**30.6**	15.22	2.27	4.34	-	4.0	**25.8**	17.9	10.4	4.3	0.4	5.0	**38.0**	22.57	-	3.19	-	5.34	**31.10**
20	Katsina	11.08	3.29	-	-	1.7	**16.0**	14.45	1.76	3.53	-	2.3	**22.0**	11.13	1.66	3.17	-	2.7	**18.6**	13.1	7.6	3.1	0.3	3.3	**27.5**	16.50	-	2.33	-	3.62	**22.46**
21	Kebbi	6.95	2.06	-	-	1.1	**10.1**	8.99	1.10	2.19	-	1.4	**13.7**	6.91	1.03	1.97	-	1.6	**11.5**	8.1	4.7	1.9	0.2	2.0	**17.0**	10.25	-	1.45	-	2.19	**13.89**
22	Kogi	7.06	2.09	-	-	1.2	**10.3**	9.25	1.12	2.27	-	1.4	**14.0**	7.16	1.07	2.04	-	1.6	**11.9**	8.4	4.9	2.0	0.2	2.1	**17.7**	10.63	-	1.50	-	2.24	**14.37**
23	Kwara	5.44	1.61	-	-	0.8	**7.9**	7.10	0.86	1.74	-	1.0	**10.8**	5.50	0.82	1.57	-	1.2	**9.1**	6.5	3.8	1.5	0.1	1.5	**13.5**	8.16	-	1.15	-	1.66	**10.98**
24	Lagos	9.30	2.76	-	-	6.9	**19.0**	12.06	1.47	2.93	-	9.2	**25.7**	9.24	1.38	2.63	-	12.0	**25.3**	10.9	6.3	2.6	0.3	14.2	**34.3**	13.71	-	1.94	-	15.40	**31.05**
25	Nassarawa	4.36	1.29	-	-	0.7	**6.3**	5.68	0.69	1.40	-	1.0	**8.8**	4.40	0.66	1.25	-	1.0	**7.3**	5.2	3.0	1.2	0.1	1.2	**10.8**	6.53	-	0.92	-	1.30	**8.76**
26	Niger	8.78	2.61	-	-	1.2	**12.6**	11.47	1.39	2.83	-	1.6	**17.3**	8.92	1.33	2.54	-	1.9	**14.7**	10.5	6.1	2.5	0.2	2.4	**21.8**	13.23	-	1.87	-	2.59	**17.69**
27	Ogun	6.51	1.93	-	-	1.1	**9.6**	8.53	1.03	2.09	-	1.5	**13.2**	6.60	0.98	1.88	-	1.6	**11.1**	7.8	4.5	1.9	0.2	2.0	**16.4**	9.79	-	1.38	-	2.25	**13.42**
28	Ondo	6.14	1.82	-	-	1.1	**9.1**	7.95	0.97	1.93	-	1.3	**12.2**	6.09	0.91	1.74	-	1.5	**10.3**	7.2	4.2	1.7	0.2	1.9	**15.1**	9.04	-	1.28	-	2.03	**12.34**
29	Osun	8.40	2.49	-	-	1.3	**12.2**	10.88	1.33	2.63	-	1.8	**16.6**	8.30	1.24	2.37	-	2.0	**14.0**	9.8	5.7	2.3	0.2	2.6	**20.6**	12.32	-	1.74	-	2.82	**16.88**
30	Oyo	10.53	3.12	-	-	1.7	**15.4**	13.76	1.67	3.37	-	2.3	**21.1**	10.62	1.58	3.03	-	2.7	**17.9**	12.5	7.3	3.0	0.3	3.3	**26.4**	15.75	-	2.23	-	3.63	**21.60**
31	Plateau	6.05	1.79	-	-	1.0	**8.9**	7.87	0.96	1.93	-	1.2	**12.0**	6.08	0.91	1.73	-	1.4	**10.1**	7.2	4.2	1.7	0.2	1.8	**15.0**	9.02	-	1.27	-	1.91	**12.20**
32	Rivers	7.96	2.36	-	-	2.3	**12.6**	10.36	1.26	2.52	-	2.8	**17.0**	7.96	1.19	2.27	-	2.7	**14.1**	9.4	5.4	2.2	0.2	3.6	**20.9**	11.81	-	1.67	-	3.68	**17.15**
33	Sokoto	7.65	2.27	-	-	1.3	**11.2**	9.92	1.21	2.42	-	1.5	**15.1**	7.63	1.14	2.17	-	1.9	**12.8**	9.0	5.2	2.1	0.2	2.2	**18.8**	11.32	-	1.60	-	2.45	**15.37**
34	Taraba	6.05	1.80	-	-	0.8	**8.7**	7.84	0.96	1.93	-	1.2	**11.9**	6.07	0.91	1.73	-	1.2	**9.9**	7.2	4.2	1.7	0.2	1.5	**14.7**	9.01	-	1.27	-	1.62	**11.91**
35	Yobe	5.78	1.72	-	-	0.8	**8.3**	7.56	0.92	1.87	-	1.2	**11.6**	5.89	0.88	1.68	-	1.2	**9.7**	6.9	4.0	1.7	0.2	1.6	**14.4**	8.74	-	1.23	-	1.74	**11.71**
36	Zamfara	5.54	1.64	-	-	0.9	**8.1**	7.17	0.88	1.75	-	1.1	**10.9**	5.53	0.82	1.57	-	1.2	**9.2**	6.5	3.8	1.6	0.1	1.6	**13.6**	8.20	-	1.16	-	1.67	**11.03**
37	FCT Abuja	1.84	0.55	-	-	1.4	**3.8**	2.77	0.29	0.75	-	2.7	**6.5**	2.35	0.35	0.67	-	2.4	**5.7**	2.8	1.6	0.7	0.1	3.9	**9.0**	3.49	-	0.49	-	4.70	**8.68**
	TOTAL	**263.0**	**77.9**	**0.0**	**0.0**	**###**	**390.6**	**342.4**	**41.7**	**83.7**	**-**	**###**	**####**	**264.1**	**39.4**	**75.2**	**-**	**###**	**####**	**311.3**	**180.5**	**74.2**	**7.1**	**###**	**668.0**	**391.70**	**0.00**	**55.35**	**0.00**	**103.19**	**550.25**

1/ Provisional

VAT: Value Added Tax

LGA: Local Governments Areas

Source: Federation Account Allocation, Federal Ministry of Finance.

Table 18
Domestic Debt of the Federal Government
(Naira Billion)

	FIRST HALF 2007	FIRST HALF 2008	FIRST HALF 2009 2/	FIRST HALF 2010 2/	FIRST HALF 2011 3/
1. COMPOSITION OF DEBT.					
i Treasury Bills	716.93	574.93	641.93	901.02	1,561.42
ii Treasury Bonds	407.93	402.26	392.07	392.07	372.90
iii Development Stocks	0.72	0.52	0.52	0.22	0.00
iv FGN Bonds	925.65	1,361.25	1,778.27	2,408.43	3,276.11
v Promissory Note	-	-	-	63.03	0.00
Total	**2,051.23**	**2,338.96**	**2,812.79**	**3,764.76**	**5,210.44**
2. HOLDERS					
i Banking System	1,505.56	1,922.70	1,984.14	2,662.82	2,987.31
a. Central Bank.	285.27	288.39	286.95	440.37	516.43
b. Deposit Money Banks	1,220.29	1,634.31	1,697.19	2,222.45	2,470.87
ii Non-Bank Public.	545.66	296.03	699.69	931.38	2,011.17
iii Sinking Fund	-	120.23	128.96	170.57	211.96
3.Total Debt Outstanding	**2,051.22**	**2,338.96**	**2,812.79**	**3,764.76**	**5,210.44**

1/ Provisional
2/ Figures for Holders are Staff Estimates
3/ Staff Estimate
Source: Debt Management Office

Table 19
Domestic Debt Service Payment of the Federal Government
By Instruments (=N= Billion)

	1st Half 2007	1st Half 2008	1st Half 2009	1st Half 2010	1st Half 2011 2/
i Treasury Bills	25.22	23.50	16.29	14.23	73.38
ii Treasury Bonds	25.27	24.99	29.22	18.75	18.75
iv Development Stocks	0.04	0.14	0.03	0.33	0.23
v FGN Bonds	42.04	72.25	85.60	111.87	136.24
Total	**92.58**	**120.88**	**131.14**	**145.18**	**228.61**

1/ 2007 to 2009 Figures are Revised
2/ Staff Estimates
NB: Debt Service excludes sinking fund charges
Source: Debt Management Office

Table 20					
External Debt Outstanding					
(US$ Million)					
Holders	FIRST HALF 2007	FIRST HALF 2008	FIRST HALF 2009	FIRST HALF 2010	FIRST HALF 2011 3/
1. Multilateral	2,819.50	3,191.50	3,219.65	3,860.68	4,563.39
2. Paris Club	-	-	-	-	-
3. London Club	-	-	-	-	-
4. Promissory Notes	-	-	-	-	-
5. Others 2/	528.70	563.60	499.59	409.03	834.65
Total Debt Outstanding	**3,348.20**	**3,755.10**	**3,719.24**	**4,269.71**	**5,398.04**

1/ Provional
2/ Includes Non-Paris Bilateral and Commercial debts and euro bond
3/ Debt Position as at End-June, 2011
Source: Debt Management Office (DMO)

Table 21					
External Debt Service Payment					
(US$' Million)					
	FIRST HALF 2007	FIRST HALF 2008	FIRST HALF 2009	FIRST HALF 2010	FIRST HALF 2011
London Club	102.59	-	-	-	-
Paris Club	-	-	-	-	-
Multilateral	**193.37**	**211.26**	**157.73**	**133.88**	**116.37**
(i) I. B. R.D.	156.78	56.64	55.26	46.92	27.82
(ii) E. I. B.	1.27	-	-	1.59	-
(iii) A.D.B. & C	35.32	154.62	102.47	85.37	88.55
Promissory Notes	476.60	-	-	-	-
Others 2/	8.56	8.66	26.47	43.72	60.10
Total	**781.12**	**219.92**	**184.20**	**177.60**	**176.47**

1/ Staff Estimates
2/ Includes Non-Paris Bilateral and Non-Paris Commercial Debts
Source: Debt Management Office

Table 22

Consolidated Debt Outstanding

(=N= Billion)

Holders	FIRST HALF 2007	FIRST HALF 2008	FIRST HALF 2009	FIRST HALF 2010	FIRST HALF 2011 1/
External Debt	426.26	442.34	551.26	640.41	827.56
Domestic Debt	2,051.22	2,338.96	2,812.79	3,764.76	5,210.44
Total Consolidated Debt	**2,477.48**	**2,781.30**	**3,364.05**	**4,405.18**	**6,038.00**

1/ Provisional

Source: Debt Management Office (DMO)

Table 23

Selected Debt Indicators

(In Percent)

	FIRST HALF 2007	FIRST HALF 2008	FIRST HALF 2009	FIRST HALF 2010	FIRST HALF 2011
External Debt/GDP	4.4	1.5	4.4	4.9	5.2
Domestic Debt/GDP	21.4	7.8	22.7	28.8	32.7
Total Debt/GDP	25.9	9.3	27.1	33.7	37.8
External Debt/Export	12.0	10.8	10.2	11.9	11.2
Total Debt/FG. Retained Revenue	229.9	202.6	242.0	337.0	461.9
Domestic Debt Service/Revenue	7.6	8.5	9.4	11.1	17.5
Total Debt Service/GDP	1.9	0.5	1.3	1.3	1.6
Total Debt Service/FG-Retained Rev.	16.8	10.4	11.4	13.1	19.6
Domestic Debt Service/GDP			1.1	1.1	1.4
External Debt Service/GDP			0.2	0.2	0.2
Domestic Debt Stock/FG Retained Rev.			202.3	288.0	398.6
Nominal GDP			**12,397.12**	**13,061.11**	**15,955.63**

1/ Provisional
2/ Staff Estimates

Table 24

Gross Domestic Product at 1990 Constant Basic Prices

(Naira Billion unless otherwise stated)

Activity Sector	Jun-09	Jun-10	Jun-11 1/			
				Jun-09	Jun-10	Jun-11
1. Agriculture	**124.01**	131.03	138.42	**39.84**	39.14	**38.54**
(a) Crop Production	107.95	113.96	120.28	34.68	34.05	33.49
(b) Livestock	9.37	9.99	10.64	3.01	2.98	2.96
(c) Forestry	1.89	2.00	2.12	0.61	0.60	0.59
(d) Fishery	4.80	5.08	5.38	1.54	1.52	1.50
2. Industry	**63.68**	**66.57**	**67.57**	**20.46**	19.89	**18.81**
(a) Crude Petroleum	54.62	56.82	57.08	17.55	16.97	15.89
(b) Solid Minerals	0.96	1.07	1.20	0.31	0.32	0.33
(c) Manufacturing	8.10	8.68	9.29	2.60	2.59	2.59
3. Building & Construction	**6.91**	**7.79**	**8.78**	**2.22**	2.33	**2.44**
4. Wholesale & Retail Trade	**57.95**	**63.95**	**70.82**	**18.62**	19.11	**19.72**
5. Services	**58.74**	**65.40**	**73.62**	**18.87**	19.54	**20.49**
(a) Transport	9.28	9.84	10.44	2.98	2.94	2.91
(b) Communication	11.94	15.90	21.21	3.84	4.75	5.91
(c) Utilities	9.67	9.96	10.25	3.11	2.97	2.85
(d) Hotel & Restaurant	1.69	1.89	2.12	0.54	0.57	0.59
(e) Finance & Insurance	13.58	14.15	14.74	4.36	4.23	4.10
(f) Real Estate & Business Services	6.25	6.85	7.51	2.01	2.05	2.09
(h) Producers of Govt. Services	3.30	3.47	3.67	1.06	1.04	1.02
(I) Comm., Social & Pers. Services	3.03	3.34	3.67	0.97	1.00	1.02
TOTAL (GDP)	**311.29**	**334.74**	**359.21**	**100.00**	100.00	**100.00**
NON-OIL (GDP)	**256.67**	**277.92**	**302.13**	**82.45**	83.03	**84.11**
TOTAL GDP GROWTH RATE (%)	**6.27**	**7.53**	**7.31**			
OIL GDP GROWTH RATE (%)	**-1.73**	**4.02**	**0.45**			
NON-OIL GDP GROWTH RATE (%)	**8.14**	**8.28**	**8.71**			
Of which Agriculture (%)	***5.73***	***5.66***	***5.64***			
Industry (%)	***-0.43***	***7.61***	***1.50***			
Services (%)	***10.31***	***11.35***	***12.56***			
Mining and Quarying (%)	***11.30***	***11.75***	***11.85***			
Manufacturing (%)	***7.86***	***7.12***	***7.05***			
Communication (%)	***32.72***	***33.17***	***33.39***			
Finance & Insurance (%)	***4.31***	***4.20***	***4.20***			

1/ Provisional

2/ Revised

Source: National Bureau of Statistics (NBS)

Table 25

Gross Domestic Product at Current Basic Prices

(Naira Billion unless otherwise stated)

Activity Sector	Jun-09	Jun-10	Jun-11 1/			
				Jun-09	Jun-10	Jun-11
1. Agriculture	**3,847.59**	4,317.73	4,754.17	**33.95**	33.06	**30.99**
(a) Crop Production	3,382.35	3,786.54	4,146.90	29.84	28.99	27.03
(b) Livestock	267.43	306.16	350.77	2.36	2.34	2.29
(c) Forestry	53.82	59.34	65.69	0.47	0.45	0.43
(d) Fishery	143.98	165.69	190.81	1.27	1.27	1.24
2. Industry	**3,811.32**	**4,544.18**	**5,891.85**	**33.63**	34.79	**38.41**
(a) Crude Petroleum	3,622.13	4,343.37	5,678.12	31.96	33.25	37.01
(b) Solid Minerals	18.30	20.60	23.19	0.16	0.16	0.15
(c) Manufacturing	170.89	180.21	190.55	1.51	1.38	1.24
3. Building & Construction	**175.15**	**198.74**	**224.34**	**1.55**	1.52	**1.46**
4. Wholesale & Retail Trade	**2,044.89**	**2,369.34**	**2,665.51**	**18.04**	18.14	**17.37**
5. Services	**1,454.52**	**1,631.11**	**1,805.44**	**12.83**	12.49	**11.77**
(a) Transport	236.04	244.24	252.96	2.08	1.87	1.65
(b) Communication	122.48	126.48	130.68	1.08	0.97	0.85
(c) Utilities	28.67	33.76	37.67	0.25	0.26	0.25
(d) Hotel & Restaurant	46.64	53.64	61.32	0.41	0.41	0.40
(e) Finance & Insurance	222.90	258.65	297.53	1.97	1.98	1.94
(f) Real Estate & Business Services	538.21	610.01	681.73	4.75	4.67	4.44
(h) Producers of Govt. Services	124.91	144.27	165.64	1.10	1.10	1.08
(I) Comm., Social & Pers. Services	134.67	160.07	177.91	1.19	1.23	1.16
TOTAL (GDP)	**11,333.46**	**13,061.11**	**15,341.32**	**100.00**	100.00	**100.00**
NON-OIL (GDP)	**7,711.33**	**8,717.75**	**9,663.20**	**68.04**	66.75	**62.99**
TOTAL GDP GROWTH RATE (%)	**0.69**	**15.24**	**17.46**			
OIL GDP GROWTH RATE (%)	**-20.37**	**19.91**	**30.73**			
NON-OIL GDP GROWTH RATE (%)	**14.97**	**13.05**	**10.85**			
Of which Agriculture (%)	***15.95***	***12.22***	***10.11***			
Industry (%)	***-19.37***	***19.23***	***29.66***			
Services (%)	***12.35***	***12.14***	***10.69***			
Mining and Quarying (%)	***13.15***	***12.59***	***12.55***			
Manufacturing (%)	***5.49***	***5.46***	***5.73***			
Communication (%)	***3.96***	***3.27***	***3.31***			
Finance & Insurance (%)	***14.49***	***16.04***	***15.03***			

1/ Provisional

2/ Revised

Source: National Bureau of Statistics (NBS)

Table 26
Selected Real Sector Indicators
(Per cent, except otherwise indicated)

Item	2007 First Half	2008 First Half	2009 1/ First Half	2010 1/ First Half	2011 2/ First Half
Agricultural Production Index (1990 = 100)					
Aggregate	194.8	204.2	215.3	228.0	240.8
Crop	228.9	239.7	252.8	267.5	282.2
Staples	248.4	260.5	274.7	290.9	307.2
Other Crops	169.4	178.4	188.1	198.9	209.8
Livestock	135.4	143.3	151.1	160.7	171.1
Fishery	91.7	95.5	100.7	109.3	115.9
Forestry	154.2	156.1	164.6	171.6	181.0
Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities (1990 = 100) (Dollar Based)					
All Commodities	264.5	372.0	346.6	435.9	448.8
Cocoa	275.8	379.8	373.8	470.8	464.3
Coffee	102.8	202.3	190.6	235.3	396.6
Cotton	69.7	92.6	69.3	103.5	235.5
Palm Oil	209.2	343.4	195.6	240.6	362.3
Copra	144.0	418.5	208.5	258.7	591.2
Soya Bean	195.8	201.7	153.9	142.3	203.9
Growth Rate Over Preceding Period (%)					
Agricultural Production Index (1990 = 100)					
Aggregate	7.4	4.8	5.4	5.9	5.6
Crop	9.7	4.7	5.5	5.8	5.5
Staples	10.7	4.9	5.5	5.9	5.6
Other Crops	6.2	5.3	5.4	5.7	5.5
Livestock	4.0	5.8	5.5	6.4	6.4
Fishery	9.3	4.1	5.5	8.5	6.1
Forestry	1.1	1.2	5.4	4.2	5.5
Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities (1990 = 100) (Dollar Based)					
All Commodities	36.1	40.7	-6.8	25.7	3.0
Cocoa	34.8	37.7	-1.6	26.0	-1.4
Coffee	37.8	96.7	-5.8	23.5	68.5
Cotton	4.6	32.9	-25.2	49.3	127.6
Palm Oil	0.7	64.2	-43.0	23.0	50.6
Copra	51.2	190.7	-50.2	24.1	128.5
Soya Bean	48.6	3.0	-23.7	-7.5	43.3
Industrial Production Index (1990 = 100)					
Industrial Production Index	123.3	118.7	117.4	121.0	128.8
Manufacturing Production Index	94.6	90.9	91.9	93.5	98.9
Mining Production Index	132.3	130.2	126.8	129.8	140.6
Electricity Consumption Index	190.6	196.6	194.3	205.8	202.7
Capacity Utilization Rate (%)	43.9	54.2	53.8	54.9	57.0
Inflation Rate (12-Month Moving Average)	5.9	7.0	13.7	13.1	12.3
Inflation Rate (Year-on-Year)	6.4	12.0	11.2	14.1	10.2
Food Inflation Rate (Year-on-Year)	3.2	18.1	13.1	15.1	9.2
Non-food Inflation Rate (Year-on-Year)	9.6	3.6	8.5	12.7	11.5

1/ Provisional
2/ Estimates

Table 26 cont'd

Selected Real Sector Indicators

(Per cent, except otherwise indicated)

Item	2009 First Half (1)	2009 Second Half (2)	2010 First Half (1)	2010 Second Half (2)	2011 First Half (3)	Absolute Change Between (1) & (3)	Absolute Change Between (2) & (3)	Percentage Change Between (1) & (3)	Percentage Change Between (2) & (3)
World Crude Oil Production									
million barrels per day (mbd)									
OPEC	33.36	33.50	33.87	34.09	34.40	0.53	0.31	1.56	0.91
Crudes	28.68	28.95	29.18	29.20	29.20	0.02	0.00	0.07	0.00
NGLs and condensates	4.68	4.55	4.69	4.90	5.20	0.51	0.30	10.87	6.12
Total non-OPEC	50.36	51.20	51.88	52.36	52.76	0.88	0.40	1.70	0.76
Total World Supply	83.72	84.70	85.75	86.45	87.16	1.41	0.71	1.64	0.82
Demand									
OECD	45.23	45.70	45.14	45.92	45.75	0.62	-0.17	1.36	-0.37
Non-OECD	37.63	39.40	39.65	40.66	41.35	1.70	0.69	4.29	1.70
Total World Demand	82.86	85.19	84.79	86.58	87.10	2.32	0.52	2.73	0.60
Nigeria									
Output	1.76	1.85	2.06	2.18	2.14	0.08	-0.04	3.88	-1.83
Exports	1.31	1.40	1.61	1.73	1.69	0.08	-0.04	4.97	-2.31
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	51.73	73.05	78.35	82.30	111.91	33.56	29.61	42.83	35.98
Arab Light									
West Texas Intermediate (WTI)	50.15	72.52	78.70	81.25	98.62	19.92	17.37	25.31	21.38
Bonny Light	53.65	74.25	79.47	83.02	113.86	34.39	30.84	43.27	37.15
Forcados	53.51	73.94	79.09	83.63	114.40	35.31	30.77	44.65	36.79
OPEC Basket	50.36	71.80	75.99	78.78	105.78	29.79	27.00	39.20	34.27
Gas Activities									
(MMm3)									
Gas Produced	20.29	30.48	50.22	32.83	27.61	-22.61	-5.22	-45.02	-15.90
Gas sold to Industries									
Gas sold for LNG									
Gas used as Fuel									
Gas Reinjected									
Gas Lift									
Gas Converted to NGLs									
Total Gas Utilised	12.52	22.10	41.64	24.20	22.51	-19.13	-1.69	-45.94	-6.98
Gas Utilised as % of Gas Produced	61.71	72.51	82.92	73.71	81.53	-1.39	7.82	-1.68	10.61
Gas Flared	7.77	8.38	6.12	8.58	5.10	-1.02	-3.48	-16.67	-40.56
Gas Flared as % Gas Produced	38.29	27.49	12.28	26.14	18.47	6.19	-7.67	50.41	-29.34

Table 27
Balance of Payments Analytic Presentation
(US$' Million)

	1st HALF 2010 /2	2nd HALF 2010 /2	1st HALF 2011/1
CURRENT ACCOUNT	**2,110.09**	**386.81**	**12,876.82**
Goods	**11,387.07**	**9,019.02**	**21,264.18**
Exports (fob)	35,996.17	38,316.09	47,782.45
Oil and Gas	34,615.31	37,027.85	46,063.38
Non-oil	1,380.86	1,288.24	1,719.08
Imports (fob)	(24,609.10)	(29,297.07)	(26,518.27)
Oil	(5,654.78)	(8,308.18)	(3,805.42)
Non-oil	(18,954.32)	(20,988.90)	(22,712.85)
Unrecorded(TPAdj)	-	-	-
Services(net)	**(9,265.34)**	**(10,125.62)**	**(8,393.40)**
Credit	1,447.96	1,653.90	1,392.68
Transportation	883.82	1,093.88	739.55
Travel	287.98	287.98	299.87
Insurance Services	0.72	0.30	1.36
Communication Services	24.00	24.00	27.36
Construction Services	-	-	-
Financial Services	9.40	4.60	9.82
Computer & information Services	-	-	-
Royalties and License Fees	-	-	-
Government Services	233.36	233.36	303.06
Personal, cultural & recreational services	-	-	-
Other Bussiness Services	8.67	9.78	11.67
Debit	(10,713.29)	(11,779.52)	(9,786.09)
Transportation	(4,612.15)	(4,177.48)	(3,997.67)
Travel	(2,563.97)	(3,069.57)	(2,035.98)
Insurance Services	(216.85)	(319.55)	(264.53)
Communication Services	(114.79)	(173.16)	(88.47)
Construction Services	(40.58)	(89.93)	(37.06)
Financial Services	(12.59)	(21.54)	(38.46)
Computer & information Services	(51.40)	(73.83)	(57.10)
Royalties and License Fees	(108.31)	(117.78)	(105.09)
Government Services	(858.58)	(1,303.19)	(1,301.12)
Personal, cultural & recreational services	(32.68)	(20.40)	(19.84)
Other Bussiness Services	(2,101.41)	(2,413.07)	(1,840.76)
Income(net)	**(8,778.30)**	**(9,999.90)**	**(10,875.64)**
Credit	604.32	385.83	430.49
Investment Income	521.63	299.93	346.20
Compensation of employees	82.69	85.89	84.29
Debit	(9,382.62)	(10,385.73)	(11,306.14)
Investment Income	(9,371.98)	(10,377.35)	(11,295.78)
Compensation of employees	(10.64)	(8.37)	(10.35)
Current transfers(net)	**8,766.66**	**11,493.31**	**10,881.68**
Credit	8,991.58	11,763.18	11,122.65
General Government	467.30	467.30	549.57
Other Sectors	8,524.29	11,295.88	10,573.08
Workers Remittance	8,520.19	11,294.21	10,565.38
Debit	(224.92)	(269.87)	(240.97)
General Government	(67.69)	(102.48)	(37.27)
Other Sectors	(157.23)	(167.39)	(203.70)
Workers Remittance	(15.70)	(13.34)	(15.70)
CAPITAL AND FINANCIAL ACCOUNT	**(24,439.14)**	**27,342.00**	**(7,950.23)**
Capital account(net)	-	-	-
Credit	-	-	-
Capital Transfers(Debt Forgiveness)	-	-	-
Debit	-	-	-
Capital Transfers	-	-	-
Financial account(net)	**(24,439.14)**	**27,342.00**	**(7,950.23)**
Assets	**(28,669.99)**	**22,250.98**	**(14,645.42)**
Direct investment (Abroad)	(427.29)	(495.60)	(564.72)
Portfolio investment	(561.31)	(568.93)	(729.74)
Other investment	(32,595.43)	18,186.32	(13,900.44)
Change in Reserve	4,914.05	5,129.19	549.48
Liabilities	4,230.85	5,091.02	**6,695.19**
Direct Invesment in reporting economy	2,780.12	3,318.84	3,414.58
Portfolio Investment	1,453.31	2,294.60	2,210.63
Other investment liabilities	(2.58)	(522.41)	1,069.98
NET ERRORS AND OMISSIONS	**22,329.04**	**(27,728.81)**	**(4,926.59)**
Memorandum Items:			
Current Account Balance as % of G.D.P	**2.40**	**0.36**	**12.78**
Capital and Financial Account Balance as % of G.D.P	**(27.84)**	**25.27**	**(7.89)**
Overall Balance as % of G.D.P	**(5.60)**	**(4.74)**	**(0.55)**
External Reserves - Stock (US $ million)	**37,468.44**	**32,339.25**	**31,890.91**
Number of Months of Imports Equivalent	**9.14**	**6.62**	**7.22**
External Debt Stock (US$ million)	**4,269.71**	**4,578.77**	**5,398.04**
Debt Service Due as % of Exports of Goods Non Factor Se	**-**	**-**	**-**
Effective Central Exchange Rate (N/$)	**148.79**	**149.24**	**151.95**
Average Exchange Rate (N/$)	**150.03**	**150.56**	**153.20**
End-Period Exchange Rate (N/$)	**149.99**	**150.66**	**153.31**

1/ Provisional
2/ Revised

Table 28
Balance of Payments Analytic Presentation
(N' Million)

	1st HALF 2010 /2	2nd HALF 2010 /2	1st HALF 2011/1
CURRENT ACCOUNT	**314,179.62**	**58,121.46**	**1,960,714.02**
Goods	**1,694,438.00**	**1,346,377.76**	**3,235,583.94**
Exports (fob)	5,355,957.66	5,718,473.92	7,264,142.80
Oil and Gas	5,150,505.61	5,526,202.05	7,003,130.99
Non-oil	205,452.05	192,271.87	261,011.81
Imports (fob)	(3,661,519.66)	(4,372,096.15)	(4,028,558.86)
Oil	(841,362.27)	(1,239,719.05)	(578,573.18)
Non-oil	(2,820,157.40)	(3,132,377.11)	(3,449,985.68)
Unrecorded(TPAdj)	-	-	-
Services(net)	**(1,378,563.38)**	**(1,511,154.47)**	**(1,274,776.18)**
Credit	215,446.48	246,831.34	211,481.74
Transportation	131,511.88	163,250.48	112,384.84
Travel	42,845.74	42,981.51	45,508.46
Insurance Services	107.63	44.08	206.44
Communication Services	3,570.73	3,582.04	4,149.75
Construction Services	-	-	-
Financial Services	1,398.06	685.94	1,498.90
Computer & information Services	-	-	-
Royalties and License Fees	-	-	-
Government Services	34,722.34	34,827.88	45,964.36
Personal, cultural & recreational services	-	-	-
Other Bussiness Services	1,290.11	1,459.41	1,768.99
Debit	(1,594,009.86)	(1,757,985.81)	(1,486,257.92)
Transportation	(686,218.74)	(623,458.18)	(607,229.57)
Travel	(381,498.32)	(458,083.56)	(309,673.59)
Insurance Services	(32,265.48)	(47,688.26)	(40,215.25)
Communication Services	(17,077.29)	(25,844.21)	(13,457.82)
Construction Services	(6,039.76)	(13,423.31)	(5,618.38)
Financial Services	(1,872.74)	(3,215.55)	(5,836.43)
Computer & information Services	(7,647.02)	(11,017.07)	(8,712.98)
Royalties and License Fees	(16,113.93)	(17,578.10)	(15,950.18)
Government Services	(127,725.77)	(194,502.63)	(197,407.11)
Personal, cultural & recreational services	(4,865.08)	(3,044.10)	(3,012.01)
Other Bussiness Services	(312,685.73)	(360,130.83)	(279,144.61)
Income(net)	**(1,306,141.62)**	**(1,492,412.64)**	**(1,653,517.80)**
Credit	89,905.68	57,578.48	65,588.76
Investment Income	77,600.43	44,759.88	52,765.17
Compensation of employees	12,305.25	12,818.61	12,823.59
Debit	(1,396,047.29)	(1,549,991.12)	(1,719,106.56)
Investment Income	(1,394,464.82)	(1,548,741.38)	(1,717,539.23)
Compensation of employees	(1,582.48)	(1,249.75)	(1,567.33)
Current transfers(net)	**1,304,446.63**	**1,715,310.80**	**1,653,424.06**
Credit	1,337,914.29	1,755,587.62	1,690,060.95
General Government	69,524.30	69,745.33	83,505.96
Other Sectors	1,268,389.99	1,685,842.30	1,606,554.99
Workers Remittance	1,267,780.10	1,685,592.48	1,605,385.19
Debit	(33,467.66)	(40,276.82)	(36,636.89)
General Government	(10,072.48)	(15,295.06)	(5,658.54)
Other Sectors	(23,395.18)	(24,981.76)	(30,978.35)
Workers Remittance	(2,336.56)	(1,990.20)	(2,392.92)
CAPITAL AND FINANCIAL ACCOUNT	**(3,635,493.16)**	**4,079,928.87**	**(1,225,166.66)**
Capital account(net)	-	-	-
Credit	-	-	-
Capital Transfers(Debt Forgiveness)	-	-	-
Debit	-	-	-
Capital Transfers	-	-	-
Financial account(net)	**(3,635,493.16)**	**4,079,928.87**	**(1,225,166.66)**
Assets	**(4,264,968.12)**	**3,320,127.06**	**(2,240,625.36)**
Direct investment (Abroad)	(63,581.76)	(73,963.50)	(85,832.51)
Portfolio investment	(83,515.43)	(84,908.43)	(110,915.85)
Other investment	(4,849,169.18)	2,713,529.08	(2,129,980.45)
Change in Reserve	731,298.24	765,469.91	86,103.44
Liabilities	**629,474.96**	**759,801.81**	**1,015,458.70**
Direct Invesment in reporting economy	413,677.73	495,303.98	518,397.36
Portfolio Investment	216,217.55	342,472.98	335,898.70
Other investment liabilities	(420.32)	(77,975.15)	161,162.65
NET ERRORS AND OMISSIONS	**3,321,313.54**	**(4,138,050.33)**	**(735,547.36)**
Memorandum Items:			
Current Account Balance as % of G.D.P	**2.40**	**0.36**	**12.78**
Capital and Financial Account Balance as % of G	**(27.84)**	**25.27**	**(7.89)**
Overall Balance as % of G.D.P	**(5.60)**	**(4.74)**	**(0.55)**
External Reserves - Stock (US $ million)	**37,468.44**	**32,339.25**	**31,890.91**
Number of Months of Imports Equivalent	**9.14**	**6.62**	**7.22**
External Debt Stock (US$ million)	**4,269.71**	**4,578.77**	**5,398.04**
Debt Service Due as % of Exports of Goods Non Fac	-	-	-
Effective Central Exchange Rate (N/$)	**148.79**	**149.24**	**151.95**
Average Exchange Rate (N/$)	**150.03**	**150.56**	**153.20**
End-Period Exchange Rate (N/$)	**149.99**	**150.66**	**153.31**

1/ Provisional
2/ Revised

Table 29
Foreign Exchange Flows Through the Economy
(US$ Million)

CATEGORY	1st Half 2008	1st Half 2009	1st Half 2010 /2	1st Half 2011 /3
INFLOW	**54,503.01**	**30,812.91**	**39,297.43**	**51,024.29**
A. Through the Central Bank	**23,970.18**	**11,084.16**	**12,982.08**	**19,574.33**
1. Oil	20,998.24	7,482.62	12,159.31	18,140.18
2.Non-oil	2,971.94	3,601.54	822.77	1,434.14
(i) Drawings on Loans/Grants	0.00	0.00	0.00	0.00
(ii) RDAS/WDAS Purchases	750.00	2,381.03	9.30	0.00
(iii) Swaps	945.00	0.00	0.00	0.00
(iv) Interest on Reserves & Investments	875.99	192.95	375.98	112.56
(v) Refund on World Bank/IBRD/IMF Loans/SDR Allocation				0.00
(vi) Other official Receipts	400.95	1,027.56	437.49	1,321.59
B. Through Autonomous Sources	**30,532.83**	**19,728.75**	**26,315.35**	**31,449.96**
1. Non-oil exports	816.40	652.34	977.56	1,304.86
2. Capital Inflow	98.27	15.31	30.06	9.62
3. Invisibles	29,618.16	19,061.10	25,307.73	29,157.69
OUTFLOW	**16,797.19**	**20,809.60**	**17,594.67**	**21,315.29**
A. Through the Central Bank	**16,214.64**	**20,390.76**	**17,027.91**	**20,530.92**
1. WDAS/RDAS Utilisation	**14,060.52**	**17,722.01**	**14,146.35**	**17,002.67**
(i) WDAS/RDAS Sales	1,315.29	12,861.03	11,715.11	14,627.53
(ii) WDAS Forward				547.43
(iii) BDC Sales	4,826.46	2,250.34	2,431.24	1,827.72
(iv) Inter-bank Sales	7,918.77	2,610.64	0.00	0.00
(v) Swaps	0.00	0.00	0.00	0.00
(vi) Invisibles IFEM	0.00	0.00	0.00	0.00
2. Drawings on L/C	**259.14**	**568.96**	**406.83**	**902.43**
3. External Debt Service	**228.84**	**183.29**	**178.71**	**176.46**
(i) Principal	173.13	133.71	137.42	127.63
(ii) Interest	22.63	15.58	2.80	8.49
(iii) Others 1/	33.03	34.00	38.49	40.34
4. Contributions, Grants & Equities Invests. (AFC Equity Participation)				0.00
5. National Priority Projects (Niger-Delta Payments)	**0.00**	**0.00**	**0.00**	**35.85**
6. Other Official Payments	**1,666.14**	**1,916.50**	**2,296.01**	**2,413.51**
(i) Int'l Organisations & Embassies /4	205.82	313.29	280.45	244.32
(ii) Parastatals & Estacode	272.07	345.27	195.80	592.42
(iii) NNPC/JV Cash Calls	1,165.40	1,233.94	1,789.14	1,475.16
(iv) Miscellaneous(CBN Uses)	22.85	24.00	30.62	101.61
B. Through Autonomous Sources	582.55	**418.84**	**566.76**	**784.37**
1. Imports	576.92	403.35	565.15	765.41
2. Invisibles	5.63	15.49	1.61	18.97
NETFLOW THROUGH THE CBN	**7,755.54**	**(9,306.60)**	**(4,045.82)**	**(956.59)**
NETFLOW	**37,705.82**	**10,003.31**	**21,702.77**	**29,709.00**

Source: Central Bank of Nigeria

1/ Includes penalty and service charges

2/ Revised

3/ Provisional

4/ Includes IMF (SDR charges)

Table 30
Nigeria's Gross External Reserves
(US$ Million)

Month	2008	2009	2010	2011
January	54,215.79	50,108.65	42,075.67	33,131.83
February	56,908.42	48,113.06	41,410.10	33,246.07
March	59,756.51	47,081.96	40,667.03	33,221.80
April	60,815.85	45,914.47	40,322.01	32,835.33
May	59,180.14	44,836.40	38,815.79	32,100.81
June	59,157.15	43,462.74	37,468.44	31,890.91
July	60,342.13	43,351.39	37,155.19	
August	60,201.74	41,754.31	36,769.65	
September	62,081.86	43,343.33	34,589.01	
October	58,534.15	43,054.77	33,597.02	
November	57,480.50	43,024.68	33,059.30	
December	53,000.36	42,382.49	32,339.25	

Source: Central Bank of Nigeria

Table 31
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
Jul	227.02	189.83	0.29	150.10	152.41
Aug	233.10	192.01	0.29	150.27	152.23
Sep	232.86	195.91	0.30	151.03	153.85
Oct	237.51	208.34	0.32	151.25	153.98
Nov	237.62	203.64	0.31	150.22	153.13
Dec	232.78	197.27	0.30	150.48	154.57
2nd Half Average	233.48	197.83	0.30	150.56	153.36

2011	Pounds	Euro	CFAFr	US$ (DAS/WDAS)	US$ (BDC)
Jan	236.92	200.57	0.30	151.62	156.08
Feb	242.81	205.58	0.31	151.96	155.11
Mar	243.95	211.17	0.32	152.54	157.09
Apr	249.16	220.08	0.33	153.92	157.05
May	250.11	219.66	0.33	154.79	158.05
Jun	248.13	220.21	0.34	154.45	158.32
1st Half Average	245.18	212.88	0.32	153.22	156.95

Source: Central Bank of Nigeria

Table 32
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**
Jul	150.10	150.27	152.41
Aug	150.27	150.70	152.23
Sep	151.03	152.62	153.85
Oct	151.25	151.78	153.98
Nov	150.22	150.55	153.13
Dec	150.48	152.63	154.57
2nd Half	**150.56**	**151.42**	**153.36**
End-Period	**150.66**	**152.00**	**156.00**
2011	**WDAS**	**Interbank**	**BDC**
Jan	151.62	152.57	156.08
Feb	151.96	152.75	155.11
Mar	152.55	155.21	157.09
Apr	153.97	154.60	157.05
May	154.79	156.17	158.05
Jun	154.45	155.65	158.32
1st Half	**153.23**	**154.49**	**156.95**
End-Period	**153.31**	**153.70**	**159.00**

Source: Central Bank of Nigeria

* There was no trading at the Inter-bank Foreign Exchange Market (IFEM) from Mid-February to May, 2009

Table 33
Demand and Supply of Foreign Exchange
(US$' Million)

Year/Month	2010						2011							
	WDAS Demand	BDC Demand	Total Demand	WDAS Sales	BDC Sales	Total Supply	WDAS Demand	BDC Demand	WDAS - Forward Demand	Total Demand	WDAS Sales	BDC Sales	Forward (Disbursment on Maturity)	Total Supply
January	2,199.15	429.17	2,628.32	1,461.75	429.17	1,890.92	2,800.42	135.54		2,935.96	2,000.00	135.54		2,135.54
February	2,110.77	279.00	2,389.77	1,838.85	279.00	2,117.85	2,041.09	300.04		2,341.13	1,794.85	300.04		2,094.89
March	2,081.23	482.19	2,563.42	1,582.02	482.19	2,064.21	3,612.36	330.53	269.36	4,212.25	3,274.38	330.53		3,604.91
April	2,068.61	306.05	2,374.66	1,841.07	306.05	2,147.12	2,780.41	322.26	264.74	3,367.41	2,375.58	322.26	10.00	2,707.84
May	3,214.82	277.34	3,492.16	2,707.47	277.34	2,984.81	2,845.62	392.03	281.25	3,518.90	2,549.89	392.03	275.30	3,217.22
June	2,741.85	657.49	3,399.34	2,283.95	657.49	2,941.44	3,325.53	347.32	419.18	4,092.03	2,632.83	347.32	262.13	3,242.28
First Half	**14,416.43**	**2,431.24**	**16,847.67**	**11,715.11**	**2,431.24**	**14,146.35**	**17,405.43**	**1,827.72**	**1,234.53**	**20,467.68**	**14,627.53**	**1,827.72**	**547.43**	**17,002.68**
July	1,795.82	741.16	2,536.98	1,835.20	741.16	2,576.36								
August	2,789.10	450.84	3,239.94	1,948.52	450.84	2,399.36								
September	4,391.83	613.77	5,005.60	3,593.54	613.77	4,207.31								
October	2,503.67	478.71	2,982.38	2,342.08	478.71	2,820.79								
November	1,853.37	280.21	2,133.58	1,561.68	280.21	1,841.89								
December	2,035.12	341.11	2,376.23	1,839.13	341.11	2,180.24								
Second Half	**15,368.91**	**2,905.80**	**18,274.71**	**13,120.15**	**2,905.80**	**16,025.95**								

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 34

Sectoral Utilization of Foreign Exchange

US Dollar

SECTORS	1st Half 2010 /1	2nd Half 2010 /1	1st Half 2011 /2	Absolute Change		Percentage Change	
	(1)	(2)	(3)	(1) & (3)	(2) & (3)	(1) & (3)	(2) & (3)
A. Imports	**11,368,596,110.78**	**12,858,173,886.32**	**14,541,816,525.65**	**3,173,220,414.87**	**1,683,642,639.33**	**27.91**	**13.09**
Industrial Sector	2,757,993,568.82	3,531,536,367.75	3,590,903,368.76	832,909,799.94	59,367,001.01	30.20	1.68
Food Products	1,969,111,792.18	2,508,165,857.01	2,577,064,256.76	607,952,464.58	68,898,399.75	30.87	2.75
Manufactured Products	2,828,125,742.16	2,569,845,961.06	2,340,376,386.57	-487,749,355.59	-229,469,574.49	-17.25	-8.93
Transport Sector	723,637,045.86	779,424,206.18	838,819,707.35	115,182,661.49	59,395,501.17	15.92	7.62
Agricultural Sector	85,294,677.27	235,957,189.94	239,902,154.72	154,607,477.45	3,944,964.78	181.26	1.67
Minerals	102,692,520.70	81,055,503.30	227,913,828.24	125,221,307.54	146,858,324.94	121.94	181.18
Oil Sector	2,901,740,763.79	3,152,188,801.08	4,726,836,823.25	1,825,096,059.46	1,574,648,022.17	62.90	49.95
B. Invisibles	**4,272,828,593.85**	**5,378,042,146.30**	**4,356,204,454.78**	**83,375,860.93**	**-1,021,837,691.52**	**1.95**	**-19.00**
Business Services	753,319,043.42	654,839,443.76	590,292,587.41	-163,026,456.01	-64,546,856.35	-21.64	-9.86
Communication Services	114,800,443.61	173,155,220.96	92,616,618.24	-22,183,825.37	-80,538,602.72	-19.32	-46.51
Construction and Engineering	39,449,159.39	89,794,676.19	37,275,484.70	-2,173,674.69	-52,519,191.49	-5.51	-58.49
Distribution Services	26,041,875.22	36,531,404.22	17,171,139.37	-8,870,735.85	-19,360,264.85	-34.06	-53.00
Educational Services	58,228,406.28	104,763,251.89	58,194,597.41	-33,808.87	-46,568,654.48	-0.06	-44.45
Environmental Services	81,409.89	26,267.87	0.00	-81,409.89	-26,267.87	-100.00	-100.00
Financial Services	2,848,452,932.38	3,833,999,139.81	3,116,651,559.36	268,198,626.98	-717,347,580.45	9.42	-18.71
Health Related and Social Services	7,918,770.46	365,734.38	500,066.00	-7,418,704.46	134,331.62	-93.69	36.73
Tourism and Travel Related Services	32,623,301.46	20,269,169.68	19,849,334.39	-12,773,967.07	-419,835.29	-39.16	-2.07
Recreational, Cultural and Sporting	46,300.00	116,839.00	0.00	-46,300.00	-116,839.00	-100.00	-100.00
Transport Services	363,113,242.86	424,039,238.93	370,576,978.80	7,463,735.94	-53,462,260.13	2.06	-12.61
Others Services not Included	28,753,708.88	40,141,759.61	53,076,089.10	24,322,380.22	12,934,329.49	84.59	32.22
Total (A + B)	**15,641,424,704.63**	**18,236,216,032.62**	**18,898,020,980.43**	**3,256,596,275.80**	**661,804,947.81**	**20.82**	**3.63**

Source: Central Bank of Nigeria

/1 Revised

/2 Provisional

Table 35
Total External Assets of Financial Institutions
(Naira Million)

	1ST HALF 2010 1/	1ST HALF 2011 2/
1. Monetary Authorities	**5,764,789.3**	**5,004,384.4**
FOREIGN ASSETS	**5,764,789.3**	**5,004,384.4**
Gold	19.0	19.0
IMF Reserve Tranche	22.6	22.6
Foreign Currencies	108,468.8	37,535.5
Demand Deposits at Foreign Banks	5,262,495.3	4,561,201.4
Of which: Domicillary Accounts	405,568.2	444,396.4
Treasury Bills of Foreign Governments	60,410.8	1.0
SDR Holdings	333,372.8	405,604.8
2. Semi Official Institutions	**-**	**-**
i) BOI	-	-
ii) Others	-	-
3. Deposit Money Banks (NET)	**1,083,737.9**	**1,531,063.6**
TOTAL ASSETS	**6,848,527.2**	**6,535,448.0**
TOTAL ASSETS (US$ Million)	**45,661.41**	**42,629.56**
Exchange Rate (End-period)	**149.9850**	**153.3079**

1/ Revised
2/ Provisional

Source: Statistics Department. Monetary Survey