



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
FEBRUARY 2011***

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

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1.0 Summary

Growth in the key monetary aggregate was modest at the end of February 2011. On month-on-month basis, broad money (M_2) grew marginally by 0.3 per cent, compared with the increase of 0.31 per cent, at the end of the preceding month, due largely to the 7.4 per cent increase in other assets (net) of the banking system. Narrow money (M_1), declined by 3.2 per cent, from the level at the end of the preceding month. Relative to the level at end-December 2010, M_2 rose by 0.6 per cent. Reserve money rose by 7.6 per cent over its level in the preceding month.

Available data indicated that developments in banks' deposit and lending rates were mixed in the review month. The spread between the weighted average term deposit and maximum lending rates widened marginally from 17.58 percentage points in the preceding month to 18.04 percentage points in February 2011. The margin between the average savings deposit and maximum lending rates also increased slightly from 20.24 percentage points in the preceding month to 20.40 percentage points. The weighted average interbank call rate increased to 8.39 per cent from 5.85 per cent in the preceding month, reflecting the liquidity condition in the interbank funds market during the month.

The value of money market assets outstanding at end-February 2011 was ~~₦~~4,592.55 billion, representing an increase of 2.3 per cent, compared with an increase of 1.0 per cent at end-January 2011. The development was attributed to the 12.6 and 2.3 per cent rise in the value of Commercial Paper (CP) and FGN Bonds, respectively.

Total federally-collected revenue in February 2011 was estimated at ~~₦~~766.98 billion, representing an increase of 16.3 and 35.0 per cent over the proportionate monthly budget estimate for 2011 and the receipts in the corresponding period of 2010, respectively. At ~~₦~~617.04 billion, gross oil receipts, which constituted 80.5 per cent of total revenue, exceeded the proportionate monthly budget revenue estimate for 2011 and the receipts in the corresponding period of 2010 by 28.5 and 41.9 per cent, respectively. The increase in oil receipts relative to the proportionate monthly budget estimate was attributed largely to the rise in domestic crude oil and gas sales during the review month. Non-oil receipts, at ~~₦~~149.94 billion or 19.5 per cent of the total, was

lower than the proportionate monthly budget estimate for 2011 and receipts in the preceding month by 16.5 and 1.2 per cent, respectively, but exceeded the level in the corresponding month of 2010 by 12.7 per cent. The shortfall relative to the proportionate monthly budget estimate, reflected largely the significant decline in corporate tax and Value-Added Tax (VAT). Federal Government estimated retained revenue in February 2011 was ₦193.40 billion, while total estimated expenditure was ₦286.46 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦93.05 billion, compared with the monthly budgeted deficit of ₦112.73 billion.

The dominant agricultural activities in February 2011 were; harvesting of tree crops; cultivation of fruits, vegetables and wheat; and the clearing of land for 2011 cropping season. In the livestock sub-sector, farmers intensified re-stocking preparatory for Easter sales. In February, crude oil production, including condensates and natural gas liquids was estimated at 2.04 million barrels per day (mbd) or 57.12 million barrels for the month. Crude oil export was estimated at 1.59 mbd or 44.52 million barrels for the month, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 12.60 million barrels. The average price of Nigeria's reference crude, the Bonny Light (37° API), estimated at US\$103.23 per barrel, increased by 4.8 per cent over the level in the preceding month.

The end-period headline inflation rate (year-on-year), in February 2011, was 11.1 per cent, compared with 12.1 per cent at the end of the preceding month. Inflation rate on a twelve-month moving average basis declined by 0.3 percentage point to 13.2 per cent from the level in the preceding month.

Foreign exchange inflow and outflow through the CBN in February were US\$3.16 billion and US\$2.77 billion, respectively, and resulted in a net inflow of US\$0.39 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$2.09 billion, showing a decline of 2.3 and 1.4 per cent from the levels in the preceding month and the corresponding period of 2010, respectively.

The average Naira exchange rate vis-à-vis the US dollar, at the WDAS and interbank segments, depreciated by 0.2 per cent apiece relative to the preceding month's levels. It,

however, appreciated at the bureau-de-change segment by 0.7 per cent over the level in the preceding month.

Non-oil export earnings by Nigerian exporters increased by 62.2 per cent over the level in the preceding month to US\$385.50 million. The development was attributed largely to the increase in exports of industrial and manufactured products at the international market during the period.

World crude oil output in February 2011 was estimated at 88.00 million barrels per day (mbd), while demand was estimated at 87.01 mbd, representing an excess supply of 0.99 mbd, compared with 87.66 and 86.89 mbd supplied and demanded, respectively, in the preceding month. The OECD countries remained the key contributors to the increase in world crude oil demand led by Europe and parts of North America as well as China and other emerging economies.

Other major international economic developments and meetings of relevance to the domestic economy during the review month included: the end-of-year 2010 statutory meetings of the West African Monetary Zone (WAMZ) and West African Institute for Financial and Economic Management (WAIFEM), organised by the Central Bank of Nigeria in collaboration with the Federal Ministry of Finance held in Abuja from February 6 - 11, 2011. The meetings deliberated on the technical and administrative reports, including the budgets and the work programmes of the Institutes for 2011.

In a related development, the Meeting of the 35th Bureau of the Association of African Central Banks (AACB) organized by the AACB General Secretariat was held on February 23, 2010 at the Headquarters of the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) Dakar, Senegal. The meeting considered the implementation of the decisions at the 34th meeting of the Association, including the reports of the African Monetary Cooperation Programme (AMCP) for the first half of 2010 and the rest of the year.

2.0 *Financial Sector Developments*

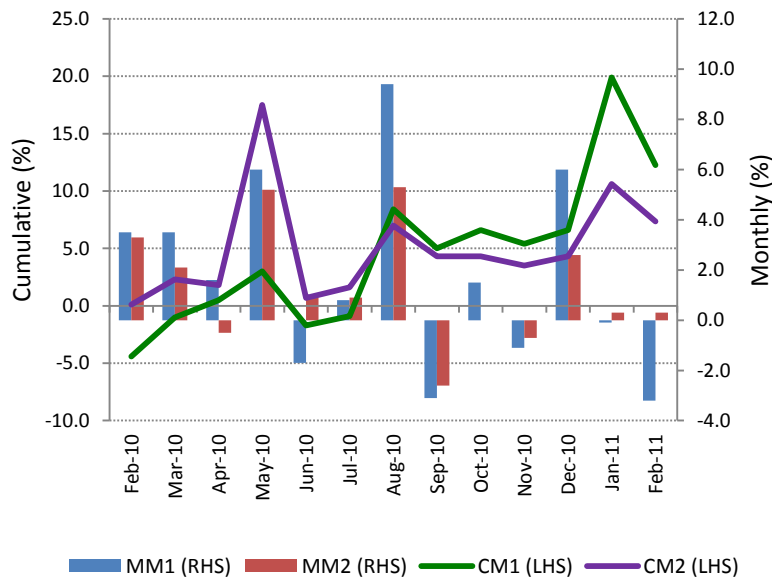
2.1 Monetary and Credit Developments

Growth in the major monetary aggregate was modest at end-February 2011, while developments in banks' deposit and lending rates were mixed. The value of money market assets outstanding increased, owing largely to the rise in the value of commercial paper (CP) and FGN Bonds. Developments on the Nigerian Stock Exchange (NSE) were bearish during the review month.

Growth in the key monetary aggregate was modest at end-February 2011.

Provisional data indicated that growth in the major monetary aggregate was modest at end-February 2011. On month-on-month basis, broad money supply (M_2), at ₦11,595.7 billion, rose marginally by 0.3 per cent, compared with the increase of 0.31 per cent, at the end of the preceding month. The development was accounted for, largely, by the 7.4 per cent increase in other assets (net) of the banking system. Narrow money supply (M_1), at ₦5,389.1 billion, however, fell by 3.2 per cent, compared with the decline of 0.1 per cent at the end of the preceding month, while quasi-money rose by 3.5 per cent, compared with the increase of 0.7 per cent at the end of the preceding month.

Relative to the level at end-December 2010, M_2 grew by 0.6 per cent, owing largely to the increase of 11.5 per cent in other assets (net) of the banking system. The expansion in M_2 translates to annualized growth rate of 4.5 per cent. On year-on-year basis, M_2 growth was 7.6 per cent.

Figure 1: Growth Rate of Narrow Money (M₁) and Broad Money (M₂)¹

At ₦8,136.0 billion, aggregate banking system credit (net) to the domestic economy fell by 6.3 per cent on month-on-month basis, compared with a decline of 0.3 per cent at the end of the preceding month. The development reflected largely, the decline of 42.6 and 2.5 per cent in claims on both the Federal Government and the private sector, respectively.

Relative to end-December 2010, domestic credit (net), declined by 6.6 per cent, in contrast to the growth of 0.30 per cent in the corresponding period of 2010. The development reflected wholly the decline of 6.6 per cent in claims on the private sector, which more than offset the 7.1 per cent increase in the net claims on the Federal Government.

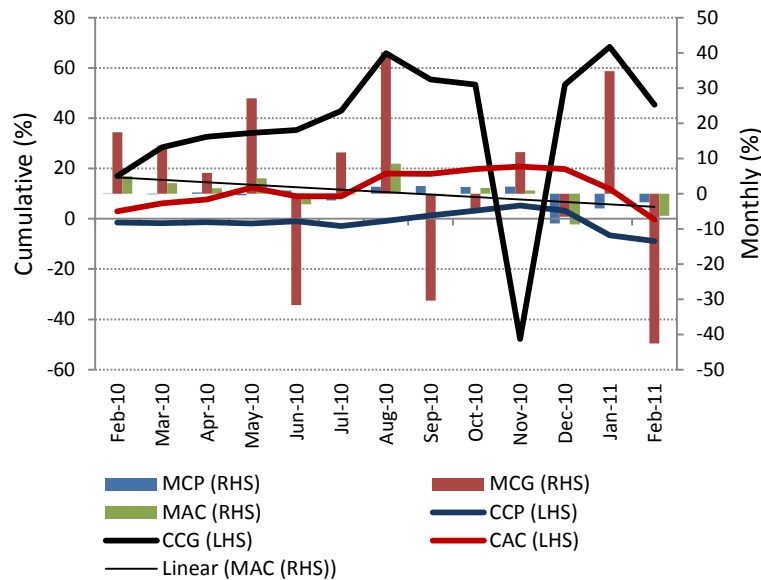
Banking system's credit (net) to the Federal Government, on month-on-month basis, declined by 42.6 per cent to negative ₦1,042.3 billion, in contrast to

¹ MM1 and MM2 represent month-on-month changes, while CM1 and CM2 represent cumulative changes (year-to-date).

the increase of 34.8 per cent at the end of the preceding month. The development reflected largely, the decline in the DMBs' holdings of Federal Government securities. Over the level at end-December 2010, credit to the Federal Government rose by 7.1 per cent. The Federal Government, however, remained a net lender to the banking system at the end of the review month.

Banking system's credit to the private sector fell by 2.5 per cent to ₦9,178.26 billion from the preceding month's level, compared with a decline of 4.2 per cent at end-January 2011. Similarly, banking system's claims on the core private sector declined by 2.3 per cent to ₦8,822.74 billion, compared with the decline of 4.6 per cent in the preceding month. The development reflected the fall in both the monetary authorities and the DMBs' claims on the sector (Fig. 2, Table 1). Relative to end-December 2010, credit to the private sector fell by 6.6 percent.

Figure 2: Growth Rate of Aggregate Credit (net) to the Domestic Economy²



Foreign assets (net) of the banking system rose, on month-on-month basis at end February 2011.

At ₦6,725.49 billion, foreign assets (net) of the banking system rose above the level in the preceding month by 5.1 per cent, as against the decline of 1.6 per cent at the end of the preceding month. Relative to end-December 2010, foreign assets (net) of the banking system also rose by 3.4 per cent. The development was attributed to the increase in CBN and DMBs' holdings of foreign assets, respectively, following positive developments in the price of crude oil in the international market.

Quasi-money also increased by 3.5 per cent, to ₦6,206.5 billion, compared with the increase of 0.7 per cent at the end of the preceding month. The development was attributed to the rise in all the components namely, time, savings and foreign currency deposits of the DMBs. Over the level at end-December 2010, quasi-money also rose by 4.2 per cent.

² MCP, MCG and MAC represent month-on-month changes in credit to private sector, credit to government (net) and aggregate credit (net) to the domestic economy, respectively, while CCP, CCG and CAC, represent the cumulative changes (year-to-date).

Other assets (net) of the banking system increased by 7.4 per cent to ₦3,265.9 billion, compared with the increase of 4.5 per cent at the end of the preceding month, reflecting largely, the rise in unclassified assets of both the CBN and the DMBs. Relative to the level at end-December 2010, other assets (net) of the banking system increased by 11.5 per cent.

Table 1: Growth in Monetary and Credit Aggregates over preceding month (Per cent)

	Feb-10	May-10	Jun-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Domestic Credit (Net)	5.1	4.3	-3	8.5	-0.2	1.6	0.9	-6.1	-0.3	-6.3
<i>Claims on Federal Government (Net)</i>	-17.5	27.1	31.7	40.2	30.4	4.7	-11.8	38.3	34.8	-42.6
<i>Claims on Private Sector</i>	-0.1	-0.5	0.9	2	2.2	1.9	2	-9.7	-4.2	-2.5
<i>Claims on Other Private Sector</i>	-0.7	-0.4	0.9	4.1	1.8	1.55	2.3	-10.1	-4.6	-2.3
Foreign Assets (Net)	-1.6	-5.8	-1.8	-0.9	-1.12	-3.2	1.3	-0.4	-1.6	5.1
Other Assets (Net)	1.5	-3.8	10.3	-2.355	-4.67	1.2	5.5	20.2	4.5	7.4
Broad Money Supply (M ₂)	3.3	-2	0.9	-2.57	-2.57	0	-0.7	3.1	0.3	0.3
Quasi-Money	3.2	-3.2	3.2	1.92	-2.12	-1.29	-0.4	1.5	0.7	3.5
Narrow Money Supply (M ₁)	3.5	-0.5	-1.7	9.4	-3.07	1.46	-1.1	4.9	0.1	-3.2
Reserve Money (RM)	4.2	19.5	0	5.7	-23.3	6.9	0.9	24.3	-3.9	7.4

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

At ₦1,336.8 billion, currency in circulation fell by 0.3 per cent at end-February 2011 from the level at end-January 2011. Total deposits at the CBN amounted to ₦484.1 billion, indicating an increase of 36.6 per cent over the level at the end of the preceding month. The development reflected largely, the 13.3 and 4.4 per cent increase in banks and Federal Government deposits, respectively. Of the total deposits, the percentage shares of the Federal Government, banks and “others” were 80.9, 10.7 and 8.4 per cent, respectively.

The reserve money (RM), rose by 7.4 per cent to ₦1,820.9 billion over ₦1,694.9 billion at the end of the preceding month, mirroring the trends in DMBs’ deposits with the CBN.

Reserve money (RM) rose during the month under review.

2.3 Money Market Developments

There was tight liquidity in the money market for the major part of February. The development was

attributed to the upward review of the Monetary Policy Rate on January 25, 2011 by 25 basis points to 6.5 per cent, from 6.25 per cent, with the symmetric corridors maintained at +/-200 basis points. However, the increase in the Cash Reserve Ratio (CRR) from 1.00 per cent to 2.00 per cent, resulted in a debit of ₦93.58 billion in Deposit Money Banks' account with the CBN, on February 16, 2011. This action put further pressure on the liquidity in the market, which had been strained by the earlier withdrawal of ₦149.9 billion by the Nigerian National Petroleum Corporation (NNPC). The Deposit Money Banks and Discount Houses continued to access the discount window on a daily basis during the month. Consequently, interbank call rates remained high all through the month with the highest and lowest rates at 10.75 and 5.5 per cent, respectively, and averaging 8.40 per cent. In the fixed income segment, Nigerian Treasury Bills (NTBs) and FGN Bonds were over-subscribed by over 200 and 110 per cent, respectively, in the review month. However, the Bank did not intervene in the market by way of sale and purchase of intervention securities at both the Open Market Operation (OMO) and the two-way quote trading segment, as there was no immediate need to do so. On the aggregate, transactions worth ₦18.12 billion matured during the review period and were repaid.

Provisional data indicated that the value of money market assets outstanding at end-February 2011 was ₦4,592.55 billion, showing an increase of 2.3 per cent, compared with the increase of 1.0 per cent at end-January 2011. The development was attributed to the 12.6 and 2.3 per cent increase in Commercial Paper and FGN Bonds, respectively.

2.3.1 Interest Rate Developments

Available data indicated mixed developments in banks' deposit and lending rates in February 2011. The average savings deposit rate declined by 0.03 percentage point to 1.48 per cent. All other rates on deposits of various maturities also declined from a range of 1.85 – 5.94 per cent in the preceding month to

Developments in interest rates were mixed in February 2011.

1.51 – 5.06. Similarly, at 3.84 per cent, the average term deposit rate declined by 0.33 percentage point from the level in the preceding month. The average maximum lending rate, however, increased by 13 basis points to 21.88 per cent, while the prime lending rate declined by 2 basis points to 15.75 per cent. Consequently, the spread between the weighted average term deposit and maximum lending rates widened from 17.58 percentage points in January 2011 to 18.04 percentage points. Similarly, the margin between the average savings deposit and maximum lending rates widened from 20.24 percentage points to 20.40 percentage points. At the interbank call segment, the weighted average rate, which stood at 5.85 per cent in January 2011 increased to 8.39 per cent, reflecting the liquidity condition in the interbank funds market. Similarly, the weighted average rate for the open buy back (OBB) increased from 5.58 per cent in January 2011 to 7.66 per cent at end-February 2011. The Nigeria interbank offered rate (NIBOR) for 7- and 30-day tenors increased to 9.52 and 11.21 per cent, respectively (Fig. 3, Table 2) in the review month. With the headline inflation rate at 11.1 per cent at end-February 2011, all deposit rates were negative in real terms.

Figure 3: Selected DMBs' Interest Rates (Average)

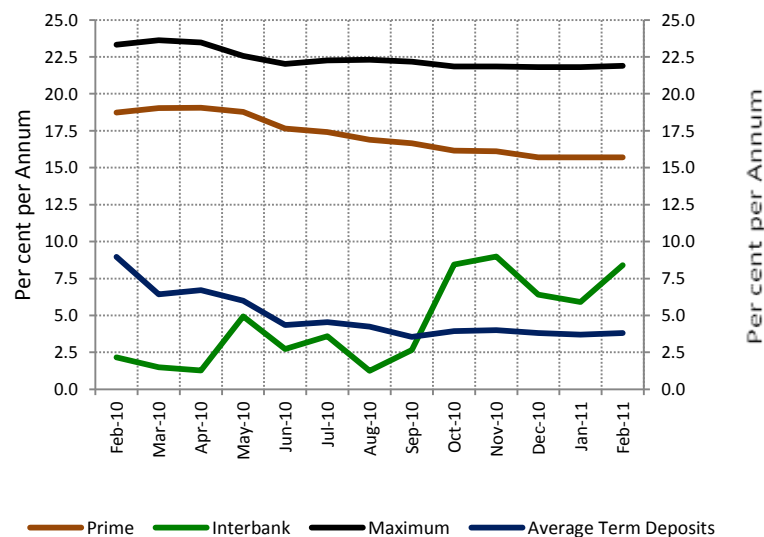


Table 2: Selected Interest Rates (Percent, Averages)

	Feb-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Average Term Deposits	7.8	4.4	4.6	4.3	3.6	3.9	4.0	3.8	3.7	3.8
Prime Lending	18.1	17.7	17.4	16.9	16.7	16.2	16.1	15.7	15.7	15.7
Maximum Lending	22.9	22.0	22.3	22.3	22.2	21.9	21.8	21.8	21.8	21.8
Interbank	6.0	2.7	3.6	1.3	2.7	8.5	9.0	6.4	5.8	8.3

2.3.2 Commercial Paper (CP)

The value of Commercial Paper (CP) held by DMBs rose by 12.6 per cent to ₦219.7 billion at end-February 2011, compared with the increase of 3.1 per cent at the end of the preceding month. Thus, CP constituted 4.8 per cent of the total value of money market assets outstanding at end-February 2011, compared with 4.4 per cent at the end of the preceding month.

2.3.3 Bankers' Acceptances (BAs)

At end-February 2011, Bankers' Acceptances (BAs) increased by 15.3 per cent to ₦67.4 billion, as against the decline of 26.1 per cent at the end of the preceding month. The development reflected the increase in investments by deposit money banks and discount houses. Consequently, BAs accounted for 1.5 per cent of the total value of money market assets outstanding at end-February, 2011, compared with 1.3 per cent at the end of the preceding month.

DMBs' holdings of BAs rose in February 2011.

2.3.4 Open Market Operations

Available data indicated that in the month of February 2011, the Bank refrained from intervening in the market through the sale of intervention securities in the Open Market Operation (OMO) as the liquidity condition remained tight almost all through the review period, in contrast to the liquidity ease experienced in the preceding month. There was no OMO repayment and purchase or sale of NTBs at the two-way quote trading platform in February 2011.

2.3.5 Primary Market

At the primary market segment, auctions were conducted fortnightly in all tenors, namely 91-, 182- and 364-day. Amount on offer was ₦56.93 billion,

₦80.00 billion and ₦80.00 billion, respectively, while public subscription was ₦84.30 billion for 91-day, ₦244.51 billion for 182-day and ₦379.11 billion for 364-day, respectively. The bid rates ranged from 6.00 to 7.09 per cent, 7.50 to 9.00 per cent and 8.00 to 9.60 per cent for the 91-, 182-, and 364-day tenors, respectively. Allotment was ₦56.93 billion, ₦80.00 billion and ₦80.00 billion for 91-day, 182-day and 364-day tenors, respectively. Overall, amount offered and subscribed for stood at ₦216.92 billion and ₦707.93 billion respectively, compared with ₦205.59 billion and ₦465.82 billion in January 2011. Allotment was 5.5 per cent above ₦205.59 billion in January 2011, with issue rates ranging from 6.00 to 9.60 per cent.

2.3.6 Bonds Market

Federal Government of Nigeria (FGN) Bonds with tenors of 3- and 5-year tranches, amounting to ₦36.50 billion and ₦30.00 billion, respectively, were re-opened at the primary market in February 2011. Total public subscription was ₦83.11 billion and ₦56.90 billion, while the bids ranged from 5.50 to 12.24 per cent and 8.75 to 12.78 per cent for the 3-year and 5-year FGN Bonds, respectively. Total allotment was ₦66.50 billion at marginal rates of 9.25 per cent for the 3-year and 11.0 per cent for the 5-year tranche. This was, however, 10.8 per cent higher than ₦60.0 billion 3- and 5-year that were issued in January 2011 at the coupon rates of 10.4 -11.1 per cent. Relative to the preceding month's level, the marginal rates, however, fell by 1.2 and 0.1 per cent for 3-year and 5-year, respectively.

2.3.7 CBN Standing Facilities

The Bank continued to provide standing facilities (lending and deposit) to enhance the growth of the interbank market and increase efficiency of the market. The total standing deposit facility (SDF) requested by DMBs and discount houses was ₦543.2 billion, compared with ₦1,826.31 billion in January 2011. This represented a significant decline of 70.3 per cent from the level at end-January 2011. The average daily volume of standing deposit facility granted to deposit

The marginal rates for various tenors of FGN Bonds were lower than in the preceding month.

money banks and discount houses amounted to ₦28.6 billion, compared with the ₦87.0 billion in January 2011 and represented a sharp decline of 67.1 per cent. Consequently, the total volume of standing lending facility (SLF) in February 2011 was ₦1,291.3 billion, compared with ₦563.2 billion in the preceding month, which represented an increase of 129.3 per cent above the level at end-January 2011. The average daily volume of standing lending facility granted to deposit money banks and discount houses amounted to ₦68.0 billion, compared with ₦26.8 billion in the preceding month and represented an increase of 153.4 per cent. The development was attributed to the liquidity unease that pervaded the system, arising mainly from the restrictive policy stance of the Bank which was aimed at curtailing inflation in an election year.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets/liabilities of the deposit money banks (DMBs) amounted to ₦17,514.8 billion, indicating an increase of 1.5 per cent over the level at end-January 2011. Funds sourced, mainly from time, savings and foreign currency deposit mobilization and claims on Central Government, were used largely to increase reserves. At ₦10,677.7 billion, DMBs' credit to the domestic economy fell by 2.7 per cent from the level in the preceding month. The breakdown showed that credit to government declined by 5.1 per cent, while credit to the core private sector fell by 1.5 per cent from the level in January 2011.

Central Bank's credit to the DMBs rose by 1.0 per cent to ₦427.0 billion at end-February 2011, while specified liquid assets of the DMBs stood at ₦2,962.8 billion, representing 26.1 per cent of their total current liabilities. This level of liquid assets was 2.6 percentage points below the preceding month's ratio and 1.1 percentage point above the stipulated minimum ratio of 25.0 per cent for fiscal 2011. The loan-to-deposit ratio was 55.5

per cent and was 24.5 percentage points below the stipulated maximum target of 80.0 per cent.

2.5 Discount Houses' Activities

Total assets/liabilities of the discount houses stood at ₦255.6 billion at end-February 2011, showing a decline of 7.3 per cent from the level at end-January 2011. The decline in assets was accounted for largely, by the 23.8 per cent fall in claims on Federal Government. Correspondingly, the decline in total liabilities was attributed largely, to the 16.8 per cent decline in money-at-call.

Discount houses' investment in Federal Government securities of less than 91-day maturity fell to ₦14.5 billion and accounted for 8.6 per cent of their total deposit liabilities. It was, however, 51.4 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2011. At that level, discount houses' investment declined by 65.7 per cent from the level at the end of the preceding month. Total borrowing by the discount houses was ₦39.9 billion, while their capital and reserves amounted to ₦46.0 billion. This resulted in a gearing ratio of 0.9:1, compared with the stipulated maximum target of 50:1 for fiscal 2011.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data indicated that activities on the floor of the Nigerian Stock Exchange (NSE) in February 2011 were bearish, as all the major indicators trended downward. The volume and value of traded securities declined by 39.8 and 41.8 per cent to 6.5 billion shares and ₦60.6 billion, respectively, in 119,477 deals, compared with 10.84 billion shares, valued at ₦104.1 billion, in 139,950 deals in the preceding month. The Banking sub-sector remained the most active on the Exchange with a traded volume of 4.5 billion shares, valued at ₦37.3 billion, in 70,649 deals. This was followed by the Insurance sub-sector with a traded volume of 450.23 million shares, valued at ₦666.9

million, in 4,801 deals. A total of 171 equities were traded, compared with 174 in the preceding month. Banking stocks accounted for the top five (5) most active in volume terms. Zenith Bank Plc topped the list with a transaction volume of 686.86 million shares, followed by UBA Plc with 497.21 million shares, while First Bank of Nigeria Plc placed third with 426.2 million shares.

Figure 4: Volume and Value of Traded Securities

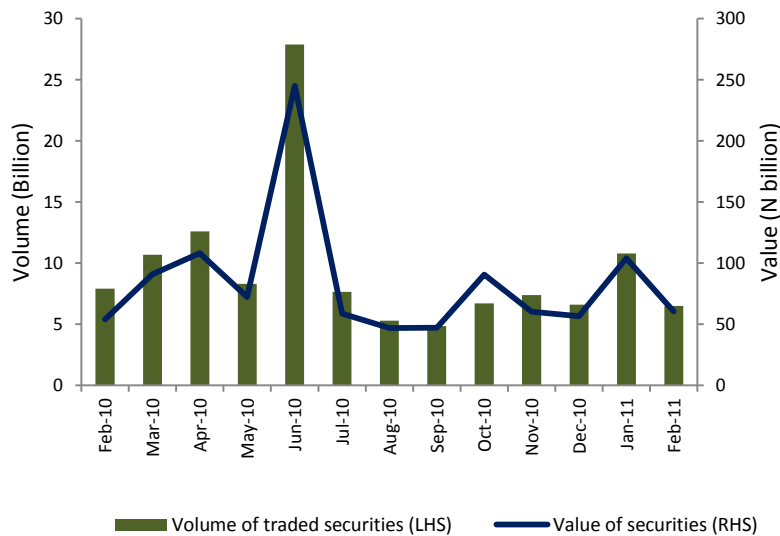


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Feb-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Volume (Billion)	8.3	27.9	7.6	5.3	4.8	6.7	7.4	6.6	10.8	6.5
Value (N Billion)	72.2	245.2	58.8	46.9	47.3	90.6	60.3	56.7	104.1	60.6

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

Transactions on the Over-the-Counter (OTC) Bonds market indicated a turnover of 926.1 million units worth ₦841.05 billion in 6,267 deals, compared with 875.62 million units, valued at ₦801.13 billion, in 5,431 deals in January 2011. The most active bond, by turnover volume, was the 10.0% FGN July 2030 with a traded volume of 269.4 million units, valued at ₦214.54 billion, in 2,234 deals. This was followed by the 5.50% FGN February 2013 with a traded volume of 199.85 million units, valued at ₦191.4 billion, in 1,056 deals. The value

of Federal Government Bonds fell by 1.4 per cent from ₦1.72 trillion to ₦1.7 trillion following the delisting of one matured FGN bond. However, the share of FGN Bond in the aggregate market capitalization increased from 16.2 per cent to 16.4 per cent. The value of sub-national bonds remained constant at ₦224.0 billion, representing 2.2 per cent of the aggregate market capitalization, compared with 2.1 per cent recorded in January 2011. Also, the value of corporate bonds remained unchanged at ₦53.05 billion, accounting for 0.5 per cent of aggregate market capitalization. The combined share of FGN bonds, sub-national bonds, preference shares and corporate bonds fell by 2.3 per cent to ₦1.97 trillion from ₦1.99 trillion and accounted for 19.2 per cent of the aggregate market capitalization, compared with 18.9 per cent in the preceding month.

2.6.3 New Issues Market

There were no supplementary listings in February, compared with two (2) in the preceding month. The price of Fidson Healthcare was adjusted for dividend of ₦0.10, while the 14.5% FGN February 2011 (3rd FGN Bond 2011 Series 3) was delisted in the review month.

2.6.4 Market Capitalization

The market capitalization of the 263 listed securities declined by 2.7 per cent to ₦10.3 trillion from the preceding month's level. The 217 listed equities accounted for 80.8 per cent of the total market capitalization. The development was attributed to the decline in prices of some equities coupled with the delisting of one (1) matured FGN Bond.

2.6.5 NSE All-Share Index

The All-Share Index which opened at 26,830.67 at the beginning of the month, closed at 26,016.84, representing a decline of 3.0 per cent from the level in the preceding month. The NSE Food/Beverage appreciated by 1.5 per cent, while the NSE Banking, NSE Insurance and NSE Oil/Gas Indices fell by 1.3, 1.5

and 1.7 per cent, respectively. The development was attributed to the reasons adduced earlier.

Figure 5: Market Capitalization and All-Share Index

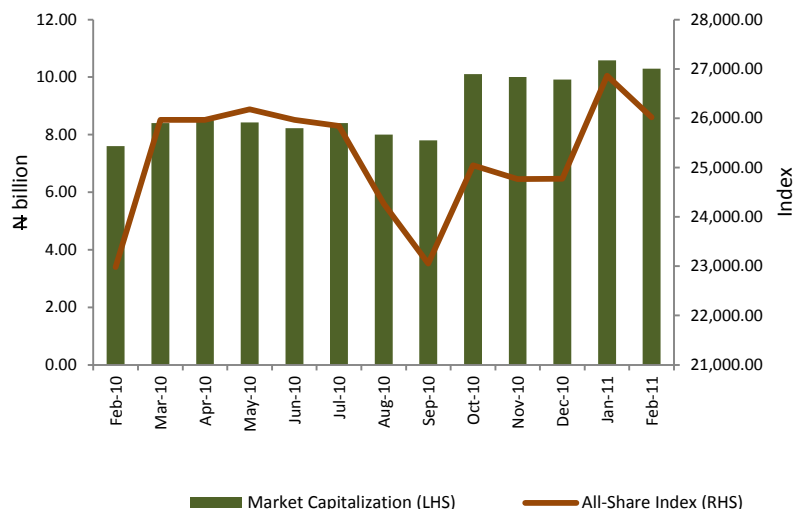


Table 4: Market Capitalization and All- Share Index (NSE)

	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Market Capitalization (₦ trillion)	8.4	8.2	8.4	8.0	7.8	10.1	10.0	9.9	10.5	10.3
All-Share Index	26183.2	25966.3	25844.2	24268.2	23050.6	25042.2	24764.7	24770.5	26830.7	26016.8

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that gross federally-collected revenue in February 2011 was ₦766.98 billion, indicating an increase of 16.3, 4.8 and 35.0 per cent over the proportionate monthly budget estimate and receipts in both the preceding and corresponding period of 2010, respectively (Fig. 6, Table 5).

In February 2011, gross federally-collected revenue was above the proportionate monthly budget estimate.

Figure 6: Components of Gross Federally-Collected Revenue

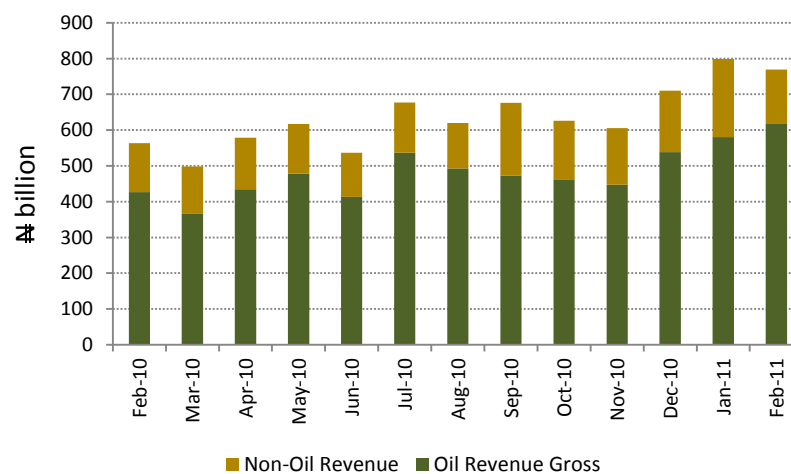


Table 5: Gross Federation Account Revenue (₦ billion)

	Feb-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Federally-collected revenue (Gross)	568.0	641.8	699.9	650.6	644.7	623.3	599.0	757.7	731.8	766.9
Oil Revenue	434.9	413.4	536.2	492.5	473.3	462.4	447.6	538.7	580.1	617.0
Non-Oil Revenue	133.0	202.9	163.7	158.1	171.4	161.0	151.4	219.0	151.7	149.9

At ₦617.04 billion, gross oil receipts, which constituted 80.5 per cent of total revenue, exceeded the proportionate monthly budgeted revenue and receipts in the preceding and corresponding month of 2010 by 28.5, 6.4 and 41.9 per cent, respectively. The increase in oil receipts relative to the proportionate monthly budget estimate was attributed, largely to the rise in domestic crude oil and gas sales, petroleum profit tax (PPT) and royalties during the month under review (Fig. 7, Table 7).

Relative to the preceding month's level, oil receipts increased.

Figure 7: Gross Oil Revenue and Its Components

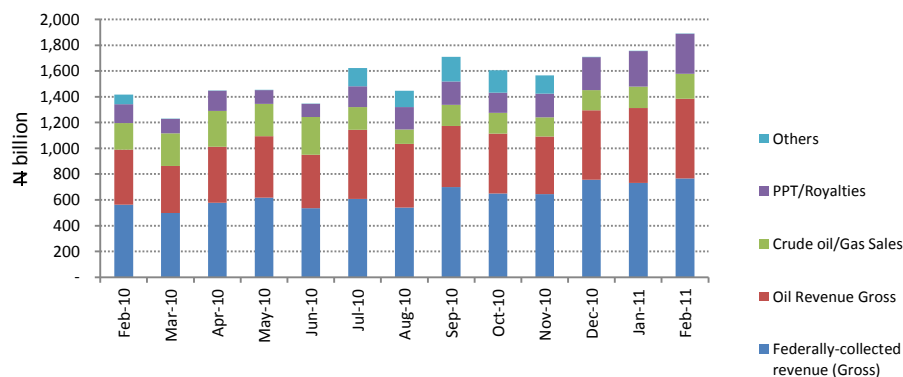


Table 6: Components of Gross Oil Revenue (₦ billion)

	Feb-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Oil Revenue	434.9	413.4	536.2	492.5	473.3	462.4	447.6	538.7	580.1	617.0
Crude oil/Gas Sales	123.6	111.7	165.3	163.1	147.7	142.1	117.2	155.3	168.1	195.6
PPT/Royalties	158.2	174.0	180.4	154.8	184.9	180.0	175.0	256.4	274.9	308.5
Others	0.8	127.8	190.6	174.5	140.7	140.3	155.4	0.4	0.3	0.2

The performance of non-oil receipts was unimpressive relative to the preceding month.

Non-oil receipts, at ₦149.94 billion or 19.5 per cent of total revenue, was 16.5 and 1.2 per cent lower than the proportionate monthly budget estimate and receipts in the preceding month, respectively. It was, however, higher than the level in the corresponding month of 2010 by 12.7 per cent. The shortfall relative to the proportionate monthly budget estimate reflected, largely the significant decline in corporate tax and Value-Added Tax (VAT) (Fig. 8, Table 7).

Figure 8: Gross Non-Oil Revenue and Its Components

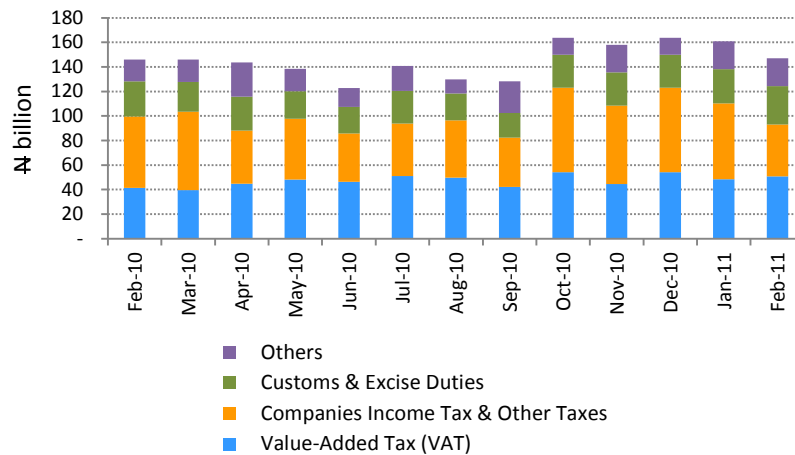


Table 7: Components of Gross Non-Oil Revenue (₦ billion)

	Feb-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Non-Oil Revenue	133.0	128.2	163.7	158.1	171.4	161.0	151.4	219.0	151.7	149.9
Value-Added Tax (VAT)	48.1	42.2	54.2	44.6	48.5	48.5	39.9	44.7	47.5	50.7
Companies Income Tax & Other Taxes	49.7	40.1	68.8	63.9	80.5	61.7	51.4	69.5	32.3	42.1
Customs & Excise Duties	22.4	20.2	30.0	27.1	26.9	28.0	30.9	28.6	48.6	31.3
Others	12.8	25.7	13.8	22.5	13.8	22.5	29.2	22.5	29.2	25.8

Of the gross federally-collected revenue during the month, the sum of ₦354.24 billion (after accounting for all deductions and transfers) was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. The Federal Government received ₦167.12 billion, while the States and Local Governments received ₦84.77 billion and ₦65.35 billion, respectively. The balance of ₦37.0 billion was credited to the 13.0% Derivation Fund for distribution by the oil-producing states. Also, the Federal Government received ₦7.31 billion, while the State and Local Governments received ₦24.38 billion and ₦17.07 billion, respectively, from the VAT Pool Account. Furthermore, in order to bridge the gap between the budgeted revenue and the actual for the month, the sum of ₦11.31 billion was drawn-down from the excess crude account as revenue augmentation and distributed as follows: Federal Government ₦5.18 billion, State and Local Governments, ₦2.63 billion and ₦2.03 billion, respectively. The balance of ₦1.47 billion went to the 13.0% Derivation Fund. Overall, the total allocation

to the three tiers of government from the Federation and VAT Pool Accounts in February 2011 amounted to ₦414.31 billion.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦193.40 billion, the estimated Federal Government retained revenue for February 2011, was lower than the proportionate monthly budget estimate, the level in the preceding month and corresponding period of 2010 by 23.9, 2.3 and 7.7 per cent, respectively. Of this amount, the shares from the Federation Account and the VAT Pool account were ₦167.12 billion (86.4 per cent) and ₦7.50 billion (3.9 per cent), respectively, while the balance (₦18.78 billion) came from FGN independent revenue (7.0 per cent), Excess crude account (2.4 per cent) and "others" (Fig. 9, Table 8).

Federal government estimated retained revenue was lower than the proportionate monthly budget, the level in the preceding month and receipts in the corresponding month of 2010 by 23.9, 2.3 and 7.7 per cent, respectively.

Figure 9: Federal Government Retained Revenue

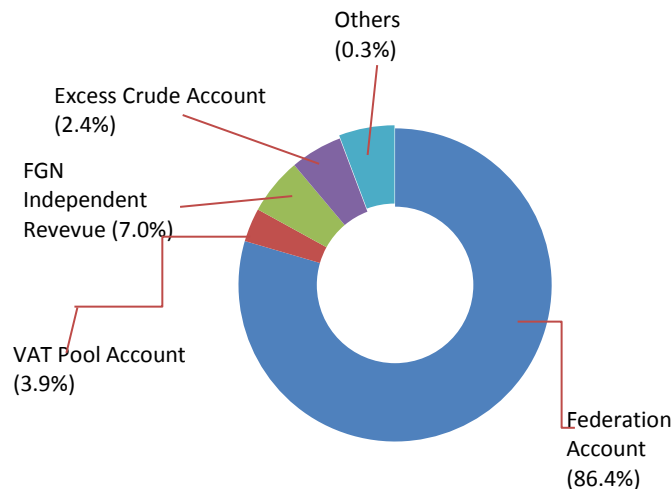


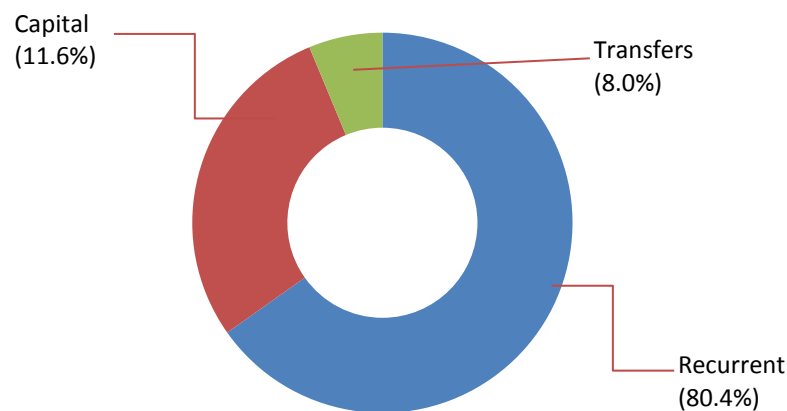
Table 8: Federal Government Fiscal Operations (₦ billion)

	Feb-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Retained Revenue	209.6	207.1	185.1	214.5	176.4	190.4	194.8	294.7	198.0	193.4
Expenditure	388.2	458.5	328.6	321.1	328.6	292.1	256.7	408.9	318.0	286.5
Overall Balance: Surplus(+)/Deficit(-)	-178.6	-251.7	-143.5	-106.6	14.9	-101.7	-61.9	-114.2	-119.9	-93.1

At ₦286.46 billion, total estimated expenditure for February 2011 fell below the proportionate monthly budget estimate, the level in the preceding month and the level in the corresponding period of 2010 by 21.9, 9.9 and 26.2 per cent, respectively. The lower total expenditure relative to the preceding month's level was attributed to the decrease in the personnel cost, domestic interest payments and capital component. A breakdown of total expenditure showed that the recurrent component accounted for 80.4 per cent, while the capital and transfer components accounted for the balance of 19.6 per cent (Fig. 10).

Total estimated expenditure for February 2011 fell below the proportionate monthly budget estimate and the level in the preceding month by 21.9 per cent and 9.9 per cent, respectively.

Figure 10: Federal Government Expenditure in February 2011



Thus, the fiscal operations of the Federal Government in February 2011, resulted in an estimated deficit of ₦93.05 billion, compared with the monthly budgeted deficit of ₦112.73 billion.

The fiscal operations of the Federal Government resulted in an estimated deficit of ₦93.05 billion in February 2011.

3.2.2 Statutory Allocations to State Governments

During the review month, total receipts by state governments, including the share of VAT and the Federation Account, stood at ₦150.25 billion. This represented an increase of 1.6 per cent over the level in the preceding month. At that level, it was also, 33.6 per cent higher than the level in the corresponding month of 2010.

The breakdown showed that, at ₦24.38 billion, receipts from the VAT Pool Account was higher than the levels in the preceding month and corresponding period of 2010 by 7.0 and 5.6 per cent, respectively. Receipts from the Federation Account, at ₦125.87 billion, remained unchanged at the level in the preceding month, but was lower than the level in the corresponding month of 2010 by 38.1 per cent.

3.2.3 Statutory Allocations to Local Government Councils

Total receipts by the Local Governments from the Federation and VAT Pool Accounts in February 2011, stood at ₦84.45 billion. This was higher than the level in the preceding month by 1.2 per cent, but lower than the level in the corresponding period of 2010 by 30.6 per cent. Of this amount, receipts from the Federation Account was ₦67.38 billion (79.8 per cent of the total), while the VAT Pool Account accounted for ₦17.07 billion (20.2 per cent of the total).

4.0 Domestic Economic Conditions

The dominant agricultural activities in February 2011 were; harvesting of tree crops and fruit; cultivation of irrigated land with vegetables and wheat; and the clearing of land for the 2011 cropping season. In the livestock sub-sector, farmers intensified the re-stocking of broilers and layers to replenish those sold during the yuletide season. Crude oil production was estimated at 2.04 million barrels per day (mbd) or 57.12 million barrels during the month. The end-period inflation rate for February 2011, on a year-on-year basis, was 11.1 per cent, compared with the preceding month's level of 12.1 per cent. The inflation rate on a 12-month moving average basis was 13.2 per cent, compared with the preceding month's level of 13.5 per cent.

4.1 Agricultural Sector

Available data indicated that the predominant agricultural activities in the southern states were harvesting of tree crops and fruits, and clearing of land for the 2011 cropping season, while farmers in the northern part of the country were engaged in cultivation of vegetables and wheat. In the livestock sub-sector, farmers were engaged with re-stocking preparatory for Easter sales.

A total of ₦364.7 million was guaranteed to 1,212 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in February 2011. This represented an increase of 36.9 per cent over the level in the preceding month. However, it was, 12.9 per cent below the level in the corresponding month of 2010. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector had the largest share of ₦215.9 million (59.2 per cent) to 760 beneficiaries, while the livestock sub-sector received ₦91.3 million (25.1 per cent) for 327 beneficiaries. The fisheries and mixed crops sub-sector received ₦50.1 million (13.7 per cent) and ₦0.4 million (0.1 per cent) for 115 and 1 beneficiaries, respectively. The cash crops sub-sector had ₦0.4 million (0.1 per cent) for 1 beneficiary, while "Others" received ₦6.6 million (1.8 per cent) for 8

beneficiaries. Analysis by state showed that 21 states benefited from the scheme during the month, with the highest and lowest sums of ₦90.1 million (24.7 per cent) and ₦0.05 million (0.14 per cent) guaranteed to beneficiaries in Kaduna and Osun States, respectively.

At end-February 2011, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACCS) to the participating banks for disbursement stood at ₦101.38 billion (for one hundred and nine projects). Nineteen state governments have so far benefited from the programme (Table 9).

At end-February 2011, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACCS) to the participating banks for disbursement stood at ₦101.38 billion (for one hundred and nine projects).

Table 9: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACCS)

S/N	Participating Bank	Amount Disbursed (₦ billion)	Number of Projects
1	United Bank for Africa (UBA) Plc	34.5	32
2	Zenith Bank Plc	13.8	10
3	Union Bank of Nigeria Plc	12.9	13
4	First Bank of Nigeria Plc	8.7	25
5	Skye Bank Plc	8.7	6
6	Unity Bank Plc	5.5	3
7	Access Bank Plc	5.1	5
8	Fidelity Bank Plc	4.5	5
9	GT Bank Plc	4.3	6
10	Oceanic Bank Plc	2	1
11	Stanbic IBTC Bank	1.4	3
	TOTAL	101.4	109

4.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.04 mbd or 57.12 million barrels for the month, compared with 60.2 million barrels for the preceding month. At that level, it was 5.1 per cent below the level in the preceding month.

Crude oil export was estimated at 1.59 mbd or 44.52 million barrels, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 12.60 million barrels. The decline in the level of production relative to the preceding month's level was attributed to the shut-down of the Shell Bonga oil and gas field,

Crude oil and natural gas production was estimated to decline by 5.1 per cent, to 2.04 mbd in February 2011.

In February 2011, crude oil export was estimated at 1.59 mbd, representing a decline of 6.7 per cent from the level in the preceding month.

which accounts for 10.0 per cent of the country's daily output.

At an estimated average of US\$103.23 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), increased by 4.8 per cent over the level in January 2011. The average prices of other competing crudes namely, U.K Brent and Forcados, also rose by 3.3 and 4.7 per cent, to US\$100.83 and US\$103.82 per barrel, respectively. However, the West Texas intermediate fell by 3.0 per cent to an average of US\$87.20 per barrel in the review month.

The average price of U.K Brent, Forcados and Bonny Light rose over the preceding month's levels. However, the price of West Texas intermediate fell by 3.0 per cent in February 2011.

The average price of OPEC's basket of eleven crude streams, rose by 4.7 per cent to US\$97.69 per barrel, over the level in January 2011. The development was attributed to the speculative activities in the oil market (Fig. 11, Table 10).

Figure 11: Trends in Crude Oil Prices

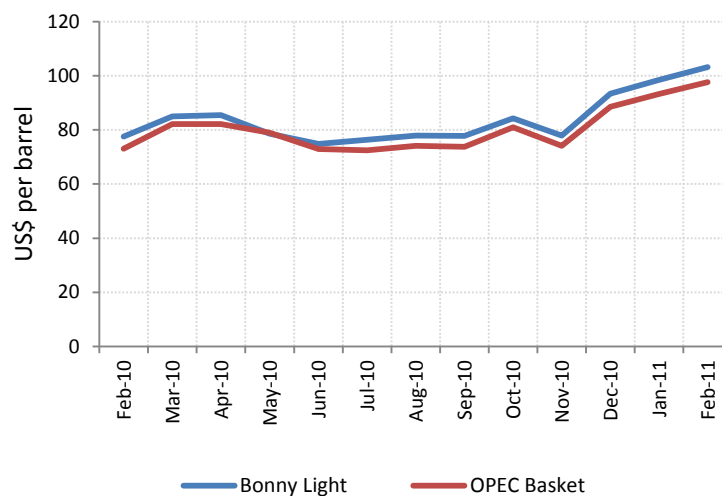


Table 10: Average Crude Oil Prices in the International Oil Market

	Feb-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Bonny Light	75.43	76.23	76.42	77.90	79.10	84.26	87.08	93.37	98.50	103.23
OPEC Basket	72.99	72.95	72.51	74.15	74.63	81.00	82.03	88.56	93.30	97.69

4.3 Consumer Prices

The general price level rose in February relative to January 2011, owing to the increase in the index of staple food and non-alcoholic beverages.

Available data showed that the all-items composite Consumer Price Index (CPI) in February 2011 was 116.7 (November 2009=100), representing an increase of 0.9 per cent over the level in the preceding month. The development was attributed to the increase in the index of food and non-alcoholic beverages.

The urban all-items CPI at end-February 2011 was 114.2 (November 2009=100), indicating an increase of 3.2 per cent over the level in the preceding month. The rural all-items CPI for the month was 118.8 (November 2009=100), representing a decline of 0.8 per cent from the level in the preceding month.

The headline inflation rate on a year-on-year basis fell by 1.0 percentage point to 11.1 per cent, while the 12-month moving average rate fell by 0.3 per cent.

The end-period inflation rate for February 2011, on a year-on-year basis, was 11.1 per cent, compared with 12.1 per cent in the preceding month. The inflation rate on a twelve-month moving average basis for February 2011, was 13.2 per cent, compared with 13.5 per cent in the preceding month (Fig. 12, Table 11).

The development in the retail prices of most staples were mixed in February 2011.

Retail price survey of staples by the CBN showed that the prices of most of the major staples were mixed in February 2011. Seven (7) of the fourteen (14) commodities monitored, recorded price increase (ranging from 0.1 per cent for eggs to 13.8 per cent for yam flour), over their levels in the preceding month, while the prices of maize (white), vegetable oil, groundnut oil, palm oil, beans (brown), local rice and beans (white) fell by 0.3, 1.1, 1.5, 2.3, 2.9, 3.4, and 4.0 per cent, respectively. Relative to their levels in the corresponding month of 2010, seven (7) of the commodities recorded price decline, ranging from 4.2 per cent for white beans to 8.4 per cent for white maize, while the prices of guinea corn, garri (yellow), eggs (medium), yam flour, groundnut oil, vegetable oil and palm oil, however, rose by 1.5, 2.8, 3.0, 9.2, 11.0, 18.5 and 31.6 per cent, respectively.

Figure 12: Consumer Price Index

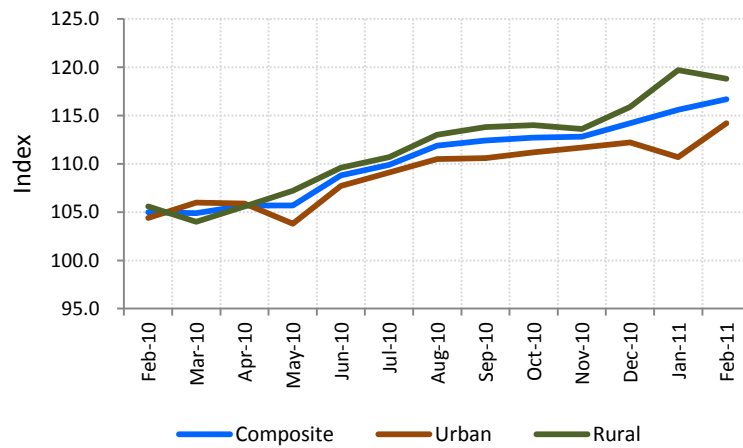


Table 11: Consumer Price Index (November 2009=100)

	Feb-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Composite	105.0	108.8	109.9	111.9	112.4	112.7	112.8	114.2	115.6	116.7
Urban	104.4	107.7	109.1	110.5	110.6	111.2	111.7	112.2	110.7	114.2
Rural	105.6	109.6	110.7	113.0	113.8	114.0	113.6	115.9	119.7	118.8

Figure 13: Inflation Rate

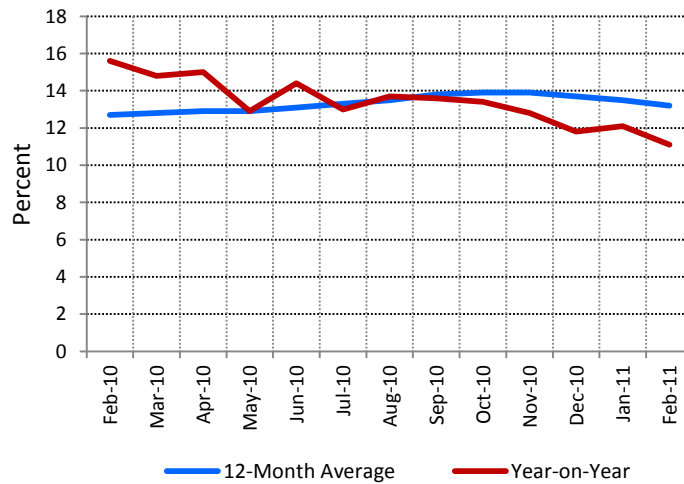


Table 12: Headline Inflation Rate (%)

	Feb-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
12-Month Average	12.7	13.1	13.3	13.5	13.8	13.9	13.9	13.7	13.5	13.2
Year-on-Year	15.6	14.1	13.0	13.7	13.6	13.4	12.8	11.8	12.1	11.1

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow and outflow through the CBN fell by 7.9 and 1.3 per cent from their respective levels in the preceding month. Total non-oil export receipts by banks rose, by 62.2 per cent, above the level in the preceding month. The external reserves rose by 0.4 per cent over the preceding month's level, while the average exchange rate of the Naira vis-à-vis the US dollar, depreciated by 0.2 per cent to ₦151.96 per dollar at the foreign exchange market under the Wholesale Dutch Auction System (WDAS).

5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in February 2011 were US\$3.16 billion and US\$2.77 billion, respectively, resulting in a net inflow of US\$0.39 billion. Inflow and outflow declined by 7.9 and 1.3 per cent, from the levels in the preceding month. The fall in inflow was attributed largely to the 88.0 per cent, decline in non-oil receipts, while the decline in outflow was due, largely, to 15.3 and 2.3 per cent fall in drawings on letters of credit and WDAS funding, respectively (Fig. 14, Table 13).

Foreign exchange inflow and outflow through the CBN fell by 7.9 and 1.3 per cent, respectively, in February 2011. Overall, there was a net inflow of US\$0.39 billion during the period.

Figure 14: Foreign Exchange Flows Through the CBN

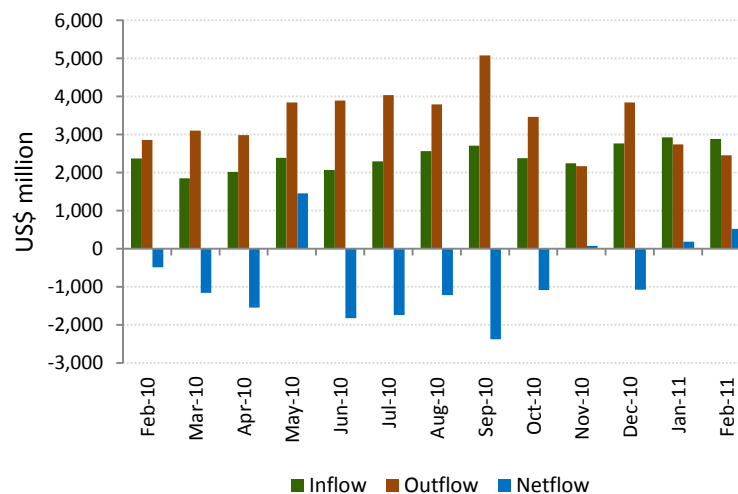


Table 13: Foreign Exchange Flows Through the CBN (US\$ million)

	Feb-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Inflow	2369.2	2062.4	2291.0	2564.5	2701.5	2378.1	2240.7	2761.4	3435.6	3164.7
Outflow	2860.3	3885.8	4032.6	3787.3	5078.7	3463.5	2169.8	3835.6	2805.8	2768.7
Netflow	-491.1	-1673.6	-1743.2	-1222.8	-2377.2	-1085.4	70.8	-1074.2	629.8	396.0

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$8.05 billion, representing a decline of 28.1 per cent from the level in the preceding month, but an increase of 29.5 per cent over the level in the corresponding period of 2010. Oil sector receipts, which rose by 10.4 per cent and accounted for 38.3 per cent of the total, stood at US\$3.08 billion, compared with US\$2.79 billion in the preceding month.

Non-oil public sector inflow fell by 88.0 per cent and accounted for 1.0 per cent of the total, while autonomous inflow which fell by 37.0 per cent, accounted for 60.7 per cent of the total.

At US\$2.91 billion, aggregate foreign exchange outflow through the economy rose by 0.3 per cent over the level in the preceding month. The increase in outflow over the preceding month's level reflected, largely, the 39.1 per cent rise in autonomous sources, particularly the imports.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings received by banks increased by 62.2 per cent to US\$385.5 million over the preceding month's level. The development reflected largely, the increase in export of industrial and manufactured products. A breakdown of the proceeds in February 2011 showed that proceeds from the industrial, manufacturing, minerals, agricultural, food products and transport sub-sectors stood at US\$286.4, US\$54.8, US\$20.0, US\$17.4, US\$6.9 and US\$0.03 million, respectively.

The shares of industrial, manufacturing, minerals,

Non-oil inflows into the economy fell by 88.0 per cent and accounted for 1.0 per cent of the total, in February 2011.

Total non-oil export earnings by exporters rose in February on account of increase in the exports of industrial and manufactured products.

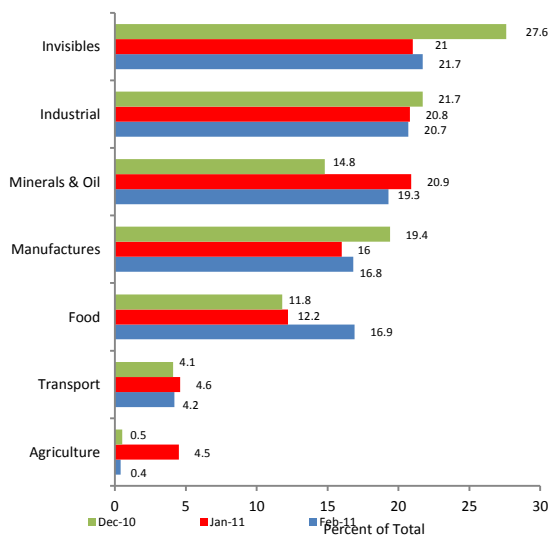
agricultural, food products and transport sub-sectors in non-oil export proceeds were 74.3, 14.2, 5.2, 4.5 1.7 and 0.1 per cent, respectively, in the review month.

5.3 Sectoral Utilisation of Foreign Exchange

The invisibles sector accounted for the bulk (21.7 per cent) of total foreign exchange disbursed in February 2011, followed by disbursements to the industrial sector (20.7 per cent). Other beneficiary sectors, in a descending order included: minerals and oil sector (19.3 per cent), food products (16.9 per cent), manufactured products (16.8 per cent), transport (4.2 per cent) and agricultural products (0.4 per cent) (Fig.15).

The invisibles sector accounted for the bulk of the total foreign exchange disbursed in February 2011.

Figure15: Sectoral Utilisation of Foreign Exchange



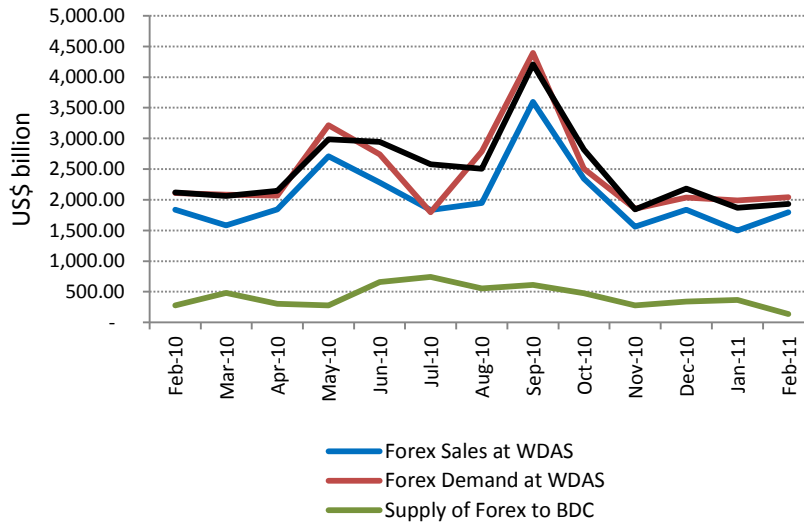
5.4 Foreign Exchange Market Developments

Aggregate demand for foreign exchange by authorized dealers at the foreign exchange market under the Wholesale Dutch Auction System (WDAS) was US\$2.34 billion in February 2011, showing a decline of 20.3 and 2.1 per cent, from the levels in the

Demand for foreign exchange by authorized dealers declined in February 2011 relative to January 2011. It also, declined by 2.1 per cent, when compared with the level in the corresponding month of 2010.

preceding month and the corresponding month of 2010, respectively. A total of US\$2.09 billion was sold by the CBN to authorized dealers during the period, reflecting a decline of 2.3 and 1.4 per cent from the levels in the preceding month and the corresponding period of 2010, respectively (Fig.16, Table 14).

Figure 16: Demand for and Supply of Foreign Exchange



The Naira exchange rate vis-à-vis the US dollar, on average, depreciated at the WDAS and interbank segments. It, however, appreciated at the BDC segment of the foreign exchange market.

The premium between the WDAS rate and the rates in the other two segments were 2.1 per cent for the BDC and 0.5 per cent for the interbank segment.

Table 14: Demand for and Supply of Foreign Exchange (US\$ billion)

	Feb-10	Apr-10	May-10	Jun-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Forex Sales at WDAS	1838.9	1841.1	2707.5	2284.0	3593.5	2342.1	1561.7	1839.1	2000.0	1794.8
Forex Demand at WDAS	2110.8	2068.6	3492.2	2741.9	4391.8	2503.7	1853.4	2035.1	2800.4	2041.0
Supply of Forex to BDC	279.0	306.1	277.3	657.5	613.8	478.7	280.2	341.1	135.5	300.0
Total Forex Supply	2117.9	2147.1	2984.8	2941.4	4207.3	2820.8	1841.9	2180.2	2135.5	2094.8

Under the WDAS, the average exchange rate of the Naira vis-à-vis the US dollar, depreciated by 0.2 per cent, to ₦151.96 per dollar. It however, appreciated at the bureau-de-change segment, from ₦156.13 per US dollar in January 2011 to ₦155.11 per dollar. At the interbank segment of the market, the average exchange rate, depreciated by 0.2 per cent to ₦152.75 per US dollar.

Consequently, the premium between the official and bureau-de-change rates narrowed from 3.0 per cent in the preceding month to 2.0 per cent, while at the interbank market, it narrowed from 0.6 per cent in the preceding month to 0.5 per cent.

Figure 17: Average Exchange Rate Movements

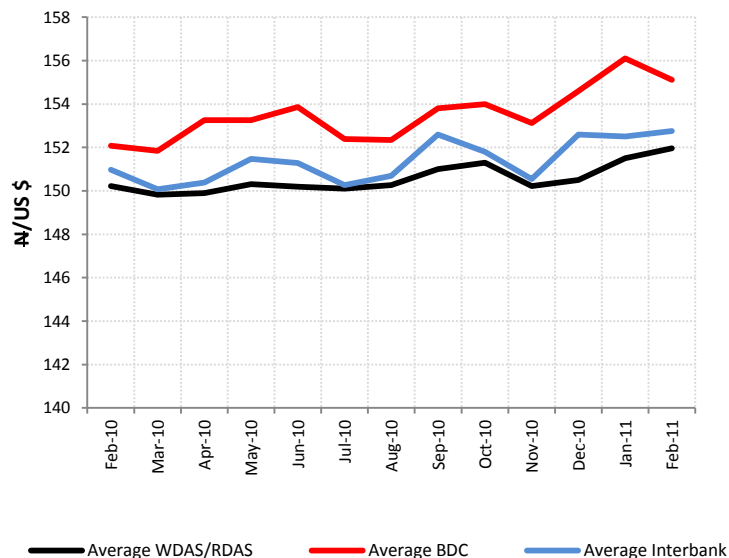
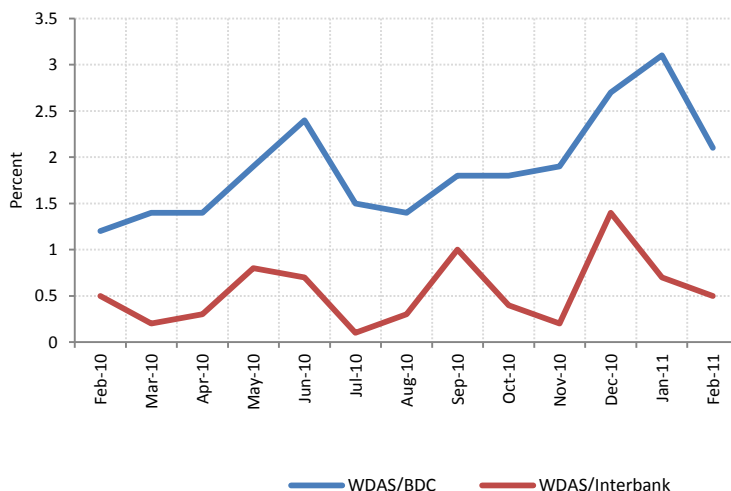


Table 15: Exchange Rate Movements and Exchange Rate Premium

	Feb-10	May-10	Jun-10	Jul-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Average Exchange Rate (N/\$)										
WDAS/RDAS	150.2	150.3	150.2	150.1	151.0	151.3	150.2	150.5	151.6	151.9
BDC	152.1	153.3	153.9	152.4	153.8	154.0	153.1	154.6	156.1	155.1
Interbank	150.9	151.5	151.3	150.3	152.6	151.8	150.6	152.6	152.4	152.7
Premium (%)										
WDAS/BDC	1.2	1.9	2.4	1.5	1.8	1.8	1.9	2.7	3.0	2.0
WDAS/Interbank	1.1	0.8	0.7	0.1	1.0	0.4	0.2	1.4	0.7	0.5

Figure 18: Exchange Rate Premium



5.5 Gross External Reserves

Gross external reserves increased marginally in February 2011.

The gross external reserves at the end of February 2011 stood at US\$33.25 billion, indicating an increase of 0.4 per cent over the level at the end of the preceding month. A breakdown of the reserves showed that CBN's holding stood at US\$25.39 billion (76.4 per cent), Federal Government's holding was US\$2.41 billion (7.2 per cent) and the Federation Account portion (Excess Crude) was US\$5.45 billion (16.4 per cent) (Fig. 19, Table 16).

Figure 19: Gross External Reserves

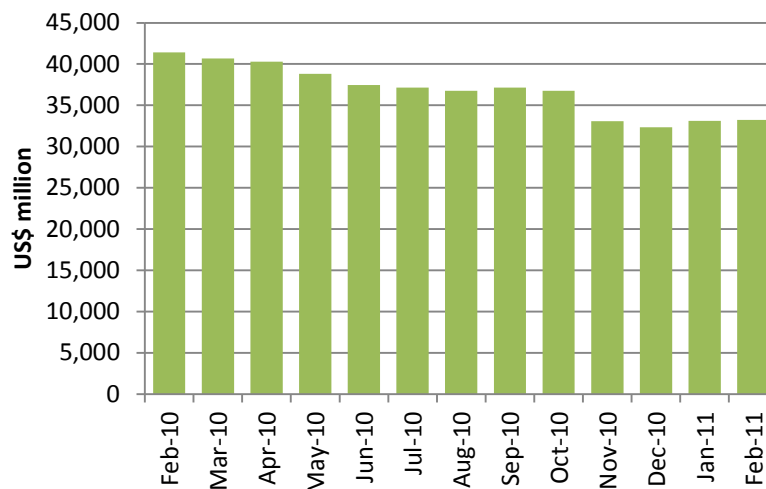


Table 16: Gross External Reserves (US\$ million)

	Feb-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
External Reserves	41410.1	40305.92	38815.79	37468.44	37155.19	36769.65	34589	33597	33059.3	32339.3	33124.8	33246

6.0 Other International Economic Developments and Meetings

World crude oil output in February 2011 was estimated at 88.00 mbd, while demand was estimated at 87.01 mbd, representing an excess supply of 0.99 mbd, compared with 87.66 and 86.89 mbd supplied and demanded, respectively, in the preceding month. The Organisation for Economic Co-operation and Development (OECD) countries remained the key contributors to the increase in world crude oil demand led by Europe and parts of North America as well as China and other emerging economies.

The socio-political crisis in Libya has affected the global oil market as supplies no longer flow as usual to the European customers. Prior to the crisis, Libya was the 13th largest oil producer in the world, accounting for 2.0 per cent of world oil supply. It exported 1.6 mbd, 85.0 per cent of which went to Europe and only 5.0 per cent to the US. The crisis has created a supply bottleneck with crude oil prices rising to a 30-month high of US\$106 a barrel on 7th March 2010, amid renewed fears of further deterioration of the crisis and possible unrest in Saudi Arabia. There was concern that the unrest coupled with high energy costs might stifle global economic recovery.

Other major international economic developments and meetings of relevance to the domestic economy during the review month included: the end-of-year 2010 statutory meetings of the West African Monetary Zone (WAMZ) and West African Institute for Financial and Economic Management (WAIFEM), organised by the Central Bank of Nigeria in collaboration with the Federal Ministry of Finance held in Abuja from February 6 - 11, 2011. The meetings deliberated on the technical and administrative reports, including the budgets and the work programmes of the Institutes for 2011.

In its deliberations, the Convergence Council of Ministers and Governors of the WAMZ observed that

performance in macroeconomic convergence at the zonal level declined during the first half of 2010 and underscored the need for fiscal and other structural reforms, as well as the creation of enabling environment for growth. The Council approved the Report on Macroeconomic Developments in the WAMZ and Status of Convergence at the end of June 2010, but observed that the continuation of countercyclical fiscal stimulus packages implemented in many member states since 2009 were no longer tenable especially on recurrent expenditure.

Some of the key decisions included the recommendations for member states to take all necessary steps to ensure that all ECOWAS Trade Protocols were implemented; and the approval of the European Central Bank model with required modifications considered suitable for the common central bank of the WAMZ. The Council noted the impact of political events on economic performance as a result of the ongoing political developments in North Africa and the Ivory Coast.

In a related development, the Meeting of the 35th Bureau of the Association of African Central Banks (AACB) organized by the AACB General Secretariat was held on February 23, 2010 at the Headquarters of the *Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO)* Dakar, Senegal. The meeting considered the implementation of the decisions at the 34th meeting of the Association, including the reports of the African Monetary Cooperation Programme (AMCP) for the first half of 2010 and the rest of the year.

The outcomes of the deliberations are as follows:

- The Bureau noted that the African Union Commission (AUC) - AACB Task Force assigned to prepare the strategy for the creation of the African Central Bank (ACB) did not commence work as envisaged, owing to the inability of the sub-regions to designate the agreed staff complement. Only two experts designated by

the AUC had commenced work in the Secretariat since June 2010, rather than five (5) as agreed.

- Eastern and Western Africa sub-regions presented their provisional African Monetary Cooperation Programme reports for 2010 and prospects for the year. The reports indicated that the respective member states of the sub-regions performed better on primary and secondary criteria, compared with the corresponding period of 2009. Central and Southern Africa had no report, owing to data constraint. The participants shared experiences on the process of monetary integration in their jurisdictions. The Bureau noted that the outcome of the macroeconomic convergence improved over the previous period and directed all sub-regions to send their reports to the AACB Secretariat not later than May 31st of every year for preparation as one single AMCP report.
- The CBN Governor also presented the report of developments on the College of Supervisors of the WAMZ. The presentation noted that since its inauguration during the 26th Convergence Council meeting on July 30, 2010 in Banjul, The Gambia, the College had met twice, in Ghana (2010) and Nigeria (2011). He stated that the supervisors discussed the College structure and made steady progress on the harmonization of supervisory practices of member central banks and training of supervisors as well as the standardization of the core reports through the adoption of a common regulatory reporting platform. In spite of some early challenges, the presentation noted that the harmonization of supervisory practices was crucial for financial stability, particularly on cross border oversight. The report also urged the AACB to adopt the college model.

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Feb 10	Sep 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11
Domestic Credit (Net)	8,147.35	9,309.83	9,460.24	9,547.26	8,708.55	8,685.74	8,136.02
<i>Claims on Federal Government (Net)</i>	(1,908.87)	(1,026.27)	(1,074.12)	(1,201.12)	(1,121.80)	(730.97)	(1,042.27)
Central Bank (Net)	(3,577.47)	(3,037.35)	(2,894.77)	(2,976.07)	(2,884.01)	(2,823.21)	(2,965.98)
Banks	1,668.60	2,011.07	1,820.65	1,774.95	1,762.21	2,092.24	1,923.72
<i>Claims on Private Sector</i>	10,056.21	10,336.11	10,534.36	10,748.38	9,830.34	9,416.71	9,178.29
Central Bank	405.59	564.78	664.06	683.58	632.17	532.56	424.37
Banks	9,650.63	9,771.33	9,870.30	10,064.78	9,198.17	8,884.15	8,753.92
<i>Claims on Other Private Sector</i>	9,751.52	9,994.87	10,149.53	10,382.73	9,460.53	9,025.66	8,822.74
Central Bank	405.59	564.78	664.06	683.58	632.17	532.56	424.37
Banks	9,345.93	9,430.09	9,485.47	9,699.15	8,828.36	8,493.10	8,398.37
<i>Claims on State and Local Government</i>	304.69	341.24	384.83	365.65	369.81	391.04	355.55
Central Bank	-	-	-	-	-	-	-
Banks	304.69	286.70	384.83	365.65	369.81	391.04	355.55
<i>Claims on Non-financial Public Enterprises</i>	-	-	-	-	-	-	-
Central Bank	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-
Foreign Assets (Net)	7,298.14	6,583.04	6,526.92	6,453.96	6,506.62	6,400.55	6,725.50
Central Bank	6,257.43	5,518.26	5,429.52	5,226.46	5,372.29	5,217.35	5,497.68
Banks	1,040.71	1,064.78	1,097.39	1,227.50	1,134.33	1,183.20	1,227.82
Other Assets (Net)	(4,666.09)	(4,236.55)	(4,332.38)	(4,539.01)	(3,689.63)	(3,524.76)	(3,265.85)
Total Monetary Assets (M₂)	10,779.40	10,941.44	11,520.46	11,224.78	11,525.53	11,561.53	11,595.67
Quasi-Money 1/	5,991.93	5,983.09	6,098.14	5,968.89	5,954.26	5,994.45	6,206.54
Money Supply (M₁)	4,787.47	4,958.35	5,422.50	5,255.89	5,571.27	5,567.07	5,389.13
<i>Currency Outside Banks</i>	812.13	805.68	822.23	880.86	1,082.19	1,033.44	1,024.65
<i>Demand Deposits 2/</i>	3,975.33	4,152.67	4,600.27	4,375.02	4,488.97	4,533.63	4,364.48
Total Monetary Liabilities (M₂)	10,779.40	10,941.44	11,520.46	11,224.78	11,525.53	11,561.53	11,595.67
Memorandum Items:	-	-	-	-	-	-	-
Reserve Money (RM)	1,738.74	1,658.88	1,752.95	1,344.32	1,845.71	1,694.89	1,820.89
<i>Currency in Circulation (CIC)</i>	1,049.41	1,076.92	1,094.71	1,125.39	1,378.13	1,340.44	1,336.81
<i>DMBs' Demand Deposit with Central Bank</i>	689.33	581.96	658.24	218.92	467.58	354.46	484.08

1/ Quasi-money consist of Time, Savings and Foreign Currency Deposit at Deposit Money Banks excluding Takings from Discount Houses.

2/ Demand Deposit consist of State, Local and Parastatals' Deposits at CBN, State, Local Government and Private Sector Deposits as well as Demand Deposits of non-financial Public Enterprises at Deposit Money Banks.

Table A2: Money and Credit Aggregates (Growth Rates)

	Feb 10	Jul-10	Jul-10	Oct 10	Nov 10	Jan 11	Feb 11
	Percentage Change Over Preceding December (%)						
Domestic Credit (Net)	3.1	59.6	8.8	19.7	27.4	-0.3	-6.6
<i>Claims on Federal Government (Net)</i>	17.1	25.9	42.9	53.4	51.8	34.8	7.1
<i>Claims on Private Sector</i>	-1.5	26.6	-2.9	3.2	7.6	-4.2	-6.6
<i>Claims on Other Private Sector</i>	-1.5	25.1	-2.7	2.6	7.2	-4.6	-6.7
<i>Claims on State and Local Government</i>	-1.8	107.2	-7.6	24.0	20.8	-	-
<i>Claims on Non-financial Public Enterprises</i>							
Foreign Assets (Net)	-3.9	-11.2	-13.3	-17.7	-15.4	-1.6	3.4
Other Assets (Net)	1.4	9.1	10.4	5.2	-0.1	4.5	11.5
Total Monetary Assets (M2)	0.1	17.5	1.6	4.3	8.8	0.3	0.6
Quasi-Money 1/	4.0	33.7	3.8	2.2	6.4	0.7	4.2
Money Supply (M1)	-4.3	3.0	-0.9	6.6	11.7	-0.1	-3.3
<i>Currency Outside Banks</i>	-12.4	3.9	-13.1	-5.6	4.8	-4.5	-5.3
<i>Demand Deposits 2/</i>	-2.5	2.8	1.9	9.4	13.2	1.0	-2.8
Total Monetary Liabilities (M2)	0.1	17.5	1.6	4.3	8.8	0.3	0.6
Memorandum Items:							
Reserve Money (RM)	5.1	6.8	0.3	-3.5	4.7	-8.1	-1.3
<i>Currency in Circulation (CIC)</i>	-11.2	2.3	-8.9	-2.4	10.7	-2.7	-3
<i>DMBs Demand Deposit with CBN</i>	45.9	20.0	23.2	-39.6	-18.8	-24.2	3.5
	Growth over Preceding Month (%)						
Domestic Credit (Net)	5.1	5.4	-0.2	1.6	0.9	-0.3	-6.3
<i>Claims on Federal Government (Net)</i>	-17.5	7.7	11.7	-4.7	-11.8	34.8	-42.6
<i>Claims on Private Sector</i>	-0.1	2.2	-1.9	1.9	2.0	-4.2	-2.5
<i>Claims on Other Private Sector</i>	-0.1	2.2	-1.6	1.6	2.3	-4.6	-2.3
<i>Claims on State and Local Government</i>	-1.8	2.5	-10.2	12.8	-4.9	5.7	-9.1
<i>Claims on Non-financial Public Enterprises</i>							
Foreign Assets (Net)	-1.6	1.6	1.5	-3.2	1.3	-1.6	5.1
Central Bank	-2.6	0.1	2.2	-4.3	3.6	-2.9	5.4
Banks	4.5	5.2	-1.7	1.7	-8.2	4.3	3.8
Other Assets (Net)	1.5	4.5	0.4	1.2	5.5	4.5	7.4
Total Monetary Assets (M2)	3.3	5.2	0.9	0.0	-0.7	0.3	0.3
Quasi-Money	2.2	8.9	0.9	-1.3	-0.4	0.7	3.5
Money Supply (M1)	3.5	5.3	0.8	1.5	-1.1	-0.1	-3.2
<i>Currency Outside Banks</i>	-1.0	5.2	1.3	-0.7	1.9	-4.5	-0.9
<i>Demand Deposits</i>	4.2	5.3	0.7	1.9	-1.7	1.0	-3.7
Total Monetary Liabilities (M2)	3.3	5.2	0.9	0.0	-0.7	0.3	0.3
Memorandum Items:							
Reserve Money (RM)	5.5	19.5	8.1	7.0	0.9	-8.1	7.4
<i>Currency in Circulation (CIC)</i>	-1.8	6.6	1.2	2.5	6.5	-2.7	-0.3
<i>DMBs' Demand Deposit with CBN</i>	18.9	71.8	23.4	30.3	-21.7	-24.2	36.6

Table A3: Federal Government Fiscal Operations (₦ billion)

	Feb-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
Retained Revenue	209.6	190.4	194.8	294.6	198.0	193.4
<i>Federation Account</i>	134.6	173.1	172.7	172.8	165.2	167.1
<i>VAT Pool Account</i>	6.9	7.0	5.8	6.4	6.8	7.5
<i>FGN Independent Revenue</i>	3.8	5.2	5.9	52.8	10.6	13.5
<i>Excess Crude</i>	61.5	0.0	0.0	62.5	6.8	4.8
<i>Others</i>	2.6	5.1	10.5	0.0	8.5	0.5
Expenditure	388.2	292.1	256.7	408.9	317.9	286.5
<i>Recurrent</i>	167.5	224.4	212.6	327.7	239.2	230.4
<i>Capital</i>	43.3	43.3	44.1	43.3	44.1	44.1
<i>Transfers</i>	33.4	24.5	13.8	13.8	17.6	18.5
Overall Balance: Surplus(+)/Deficit(-)	-178.6	-106.6	-61.9	-114.2	-45.7	93.1

