CENTRAL BANK OF NIGERIA

# ECONOMIC REPORT
# AUGUST 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.

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

The Economic Reports can also be freely downloaded from the CBN website: [www.cbn.gov.ng](http://www.cbn.gov.ng)

## Contents

## *Text Tables*



## *Appendix Tables*

## Figures

# 1.0 Summary

*Growth in the key monetary aggregate was moderate in the month of August 2011. On month-on-month basis, broad money (M2) grew by 1.0 per cent, due largely to the 22.7 per cent increase in domestic credit (net) of the banking system. Narrow money (M1) rose by 0.1 per cent over the level at the end of the preceding month. Relative to the level at end-December 2010, M2 grew by 8.5 per cent, owing largely, to the rise in domestic credit (net) of the banking system. Reserve money, however, declined by 15.1 per cent below its level in the preceding month.*

*Available data indicated mixed developments in banks' deposit and lending rates. The spread between the weighted average term deposit and maximum lending rates widened to 17.99 per cent in August 2011. However, the margin between the average savings deposit and maximum lending rates narrowed to 20.81 per cent. The weighted average interbank call rate fell from 8.85 per cent recorded in the preceding month to 8.18 per cent, reflecting the improved liquidity condition in the interbank funds market during the month.*

*The value of money market assets outstanding at end–August 2011 was N5,135.8 billion, showing an increase of 0.9 per cent, over the level at end-July 2011. The development was attributed to the increase in the value of FGN Bonds and Bankers Acceptances. Activities on the Nigerian Stock Exchange (NSE) in July 2011 were mixed.*

*Gross federally-collected revenue in August 2011 was estimated at N1,109.51 billion, showing an increase of 44.4 and 5.8 per cent over the monthly budget estimate and the level in the preceding month, respectively. At N865.59 billion, gross oil receipts, which constituted 78.0 per cent of the total revenue, exceeded the monthly budget revenue estimate and the level in the preceding month. This was attributed largely, to the increase in the crude oil prices in the international market*

*Non-oil receipts, at N243.92 billion or 22.0 per cent of the total gross receipts was higher than the monthly budget estimate for 2011 and the level in the preceding month. The increase relative to the preceding month was largely due to the rise in collection of company income and education taxes. Federal Government estimated retained revenue in*

*August 2011 was N280.85 billion, while total estimated expenditure was N405.32 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of N124.4 billion, compared with the estimated monthly budget deficit of N77.88 billion for the review month.*

*The dominant agricultural activities in August 2011 were; cultivation of rice and harvesting of maize yam and vegetables. Crude oil production, including condensates and natural gas liquids in August was estimated at 2.30 million barrels per day (mbd) or 71.30 million barrels for the month. Crude oil export was estimated at 1.85 mbd or 64.75 million barrels, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels. The average price of Nigeria's reference crude, the Bonny Light (370 API), was estimated at US$112.84 per barrel, down by 4.5 per cent from the level in the preceding month.*

*The end-period headline inflation rate (year-on-year), in August 2011, was 9.3 per cent, compared with 9.4 per cent at the end of the preceding month. Inflation rate on a twelve-month moving average basis, declined by 0.4 percentage points to 11.6 per cent from the level in the preceding month.*

*Foreign exchange inflow and outflow through the CBN in August, 2011 were US$4.32 billion and US$4.23 billion, respectively, and resulted in a net inflow of US$0.09 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US$3.68 billion, showing an increase of 11.6 and 53.2 per cent over the level 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 depreciated at both the WDAS and interbank segments from the preceding month's levels. However, it appreciated at the bureaux-de-change segment of the market.*

*Non-oil export earnings declined by 0.5 per cent from the level in the preceding month, attributed largely, to the decline in export proceeds from the manufactured and agricultural sub-sectors.*

*World crude oil output in August 2011 was estimated at 88.25 million barrels per day (mbd), while demand was estimated at 88.00 million barrels per day (mbd), representing an excess* *supply of 0.25 mbd, compared with 88.20 and 89.15 mbd supplied and demanded, respectively, in the preceding month.*

*Other major international economic developments and meetings of relevance to the domestic economy during the review month included: the 35th Ordinary meeting of the Assembly of Governors of the Association of African Central Banks (AACB) held in Lilongwe, Malawi on August 12, 2011. The meeting was preceded by meetings of the AACB Technical Committee on August 8 - 9, 2011; and the AACB symposium on August 11, 2011.*

*Following the drought and famine being experienced in the Horn of Africa, the African Union (AU) convened a Pledging Conference in Addis Ababa, Ethiopia, on August 25, 2011 to raise financing for drought relief in East Africa. Overall, African Leaders pledged nearly $380 million at the Conference. The African Development Bank also announced a donation of $300 million for long-term development in the Horn of Africa, to be spent by 2013.*

*The African caucus of the International Monetary Fund (IMF) and World Bank held a meeting in Kinshasa, Democratic Republic of Congo (DRC) from August 3 - 4, 2011. The meeting focused on issues related to increasing energy deficit in Africa; rising food and fuel prices as well as the need for a strategy for a 3rd Chair for Africa at the IMF.*

*In a related development, the G-24 Technical Group (TGM) met at the International Monetary Fund Headquarters in Washington DC on August 24 – 25, 2011. The objective of the meeting was to enable member countries discuss topical issues within the global context of growth and development agenda and map out adaptation strategies to individual countries.*

*In another development, there was concern among oil producing countries that global economic slowdown may dampen demand for oil. Indeed, following the downgrade of the US economy and the continuous debt crisis in Europe, the Brent crude oil price fell from its peak USS 127.02 to USS 106 per barrel on August 12, 2011. Nevertheless, the chairman of the OPEC, the Iranian Minister of petroleum Mohammed Ali Khatibi, indicated that despite the falling oil prices and weak demand, there was currently no cause for intervention by the OPEC members since the price was still over a US$*

*100. He added that the group would continue to monitor developments in the market and intervene whenever necessary or if the price goes lower than US90 per barrel.*

*Furthermore, the USAID West Africa Trade Hub launched two pilot Border Information Centers on August 4, 2011. The initiative, which was expected to facilitate trade between Ghana and Togo, would enhance the implementation of the ECOWAS Trade Liberalization Scheme. The rationale behind the project was to reduce delays in process, eliminate corruption at the boarder posts, coordinate enforcement agencies and ease transport cost in West Africa which is believed to be amongst the highest in the world. A similar Trade Hub is Kodzoviakope Center which is funded by the World Bank and hosted by Abidjan-Lagos Corridor.*

*Finally, the Africa Energy Commission (AFREC) report showed that only 27.0 per cent of the population in Sub-Sahara Africa has access to electricity. The report further showed that the supplies were most often unstable, due to recurrent load shedding and transmission and distribution problems.*

# 2.0 Financial Sector Developments

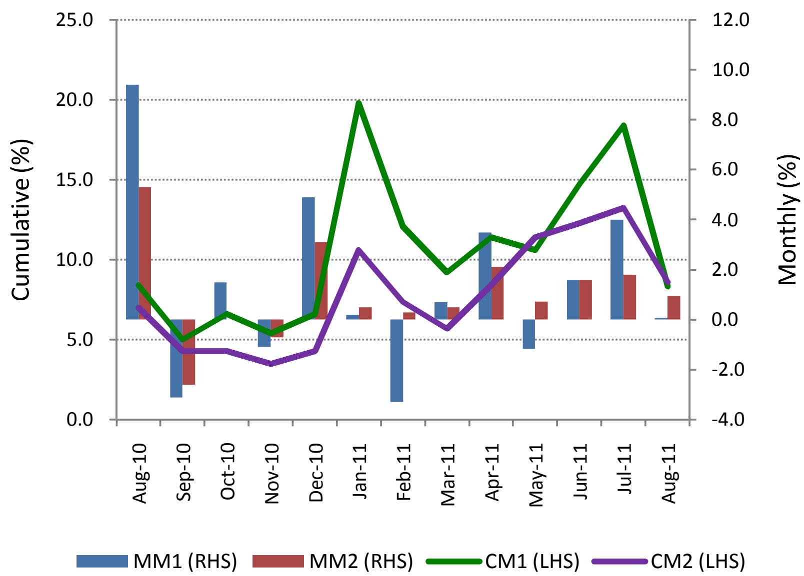
## 2.1 Monetary and Credit Developments

*Growth in the major monetary aggregate remained moderate at the end of the review month. Money market rates indicated mixed developments in all segments of the market. The value of money market assets outstanding increased, owing, largely, to the rise in the value of FGN Bonds and Bankers Acceptances. Transactions on the Nigerian Stock Exchange (NSE) were mixed during the review month.*

*Growth in the key monetary aggregate was moderate in August 2011.*

Provisional data indicated that growth in the major monetary aggregate was moderate at end-August 2011, relative to the level at the end of preceding month. Broad money supply ($M_2$), at ₦12,510.8 billion, rose by 1.0 per cent, compared with the increase of 1.8 per cent at the end of the preceding month. The development was accounted for, largely, by the 22.7 per cent increase in domestic credit (net) of the banking system. Similarly, narrow money supply ($M_1$), at ₦5,874.0 billion, rose marginally by 0.1 per cent, compared with the increase of 4.0 per cent at the end of the preceding month. The development reflected, wholly, the 2.0 per cent increase in the currency component. Similarly, quasi-money, at N6,636.8 billion, rose by 1.8 per cent, in contrast with the decline of 0.2 per cent in the preceding month. Relative to the level at end- December 2010, $M_2$ grew by 8.5 per cent, owing, largely, to the increase of 14.7 per cent increase in domestic credit of the banking system. Also, $M_1$ grew by 5.4 per cent over the level at end-December 2010, owing wholly to the 7.2 per cent increase in its demand deposit component (Fig. 1, Table 1).

**Figure 1: Growth Rate of Narrow Money ($M_1$) and Broad Money, ($M_2$)[1]**




At ₦9990.75 billion, aggregate banking system credit (net) to the domestic economy rose by 22.7 per cent, on month-on-month basis, in contrast to the decline of 8.6 per cent at the end of the preceding month. The development reflected, largely, the 50.2 and 9.4 per cent increase in net claims on the Federal Government and claims on the private sector, respectively. Over the level at end-December 2010, aggregate banking system credit (net) to the domestic economy, rose by 14.7 per cent, due largely to the 19.0 and 10.9 per cent increase in claims on Federal Government (net) and claims on the private sector, respectively.

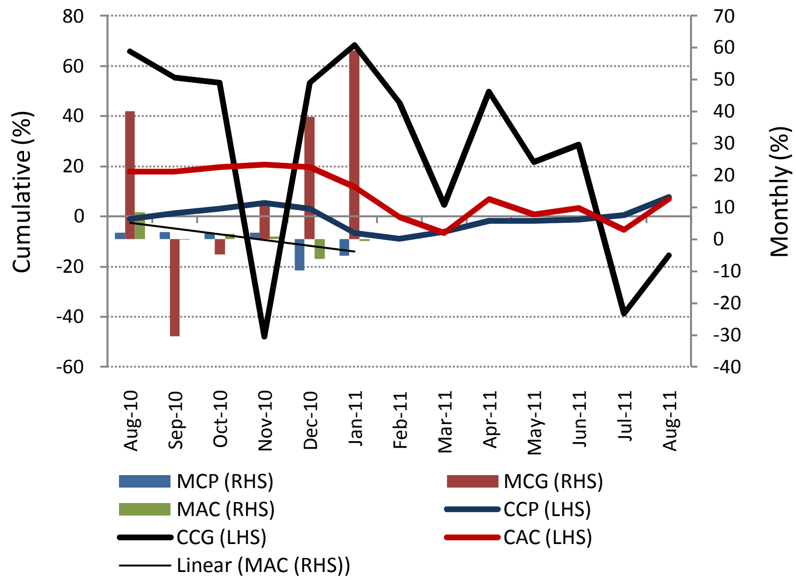
Banking system's credit (net) to the Federal Government, on month-on-month basis, rose by 50.2 per cent to negative ₦908.75 billion, in contrast to the decline of 71.4 per cent at the end of the preceding month. The development was attributed to the increase in banking system's holding of Federal

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

Government securities, reinforced by the fall in Federal Government deposit with the Central Bank. Over the level at end-December 2010, aggregate banking system's claims (net) on the Federal Government also rose by 19.0 per cent, reflecting, largely, the increase in the banking system's holding of treasury securities, particularly FGN Bonds. The Federal Government, however, remained a net lender to the banking system at the end of the review month.

Similarly, banking system's credit to the private sector rose by 9.4 per cent above the preceding month's level, to ₦10,899.5, as against the decline of 0.1 per cent recorded at end-July 2011. The development reflected, wholly, the rise in the DMBs' claims on the sector. Banking system's claims on the core private sector rose by 9.3 per cent to ₦10,487.6 billion, compared with the increase of 0.5 per cent in the preceding month. Relative to the level at end-December 2010, banking system's credit to the private sector also rose by 10.9 per cent, owing largely to the increase in credit to the core private sector (Fig. 2, Table 1).

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




Foreign assets (net) of the banking system declined on month-on-month basis at end August 2011.

At ₦6,976.4 billion, foreign assets (net) of the banking system fell by 7.1 per cent below the level at the end of the preceding month, in contrast to the increase of 16.3 per cent at the end of the preceding month. The development was attributed to the decline in the CBN and DMBs' holdings. Relative to the level at end-December 2010, foreign assets (net) of the banking system, however, increased by 7.2 per cent, reflecting, largely, the 9.0 per cent rise in the CBN's holding.

Quasi-money increased by 1.8 per cent to ₦6,636.8 billion, in contrast to the decline of 0.2 per cent at the end of the preceding month. The development reflected 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 11.5 per cent.

Other assets (net) of the banking system, on a month-on-month basis, fell by 36.8 per cent to negative

[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).

₦4,456.4 billion, compared with the decline of 2.3 per cent at the end of the preceding month, reflecting largely, the decline in unclassified liabilities of both the CBN and the DMBs. Relative to the level at end-December 2010, other assets (net) of the banking system, however, increased by 22.0 per cent.

**Table 1: Growth in Monetary and Credit Aggregates (over preceding Month) (Percent)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | ###### | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Domestic Credit (Net) | 8.5 | -0.2 | 1.62 | 0.92 | -8.78 | -0.3 | 11.2 | -1.74 | 11.15 | -1.74 | -0.6 | -8.6 | 22.7 |
| *Claims on Federal Government (Net)* | 40.2 | 30.4 | 4.66 | 11.8 | 6.6 | 34.8 | 37.3 | -13.9 | 37.25 | -13.85 | -20.2 | -71.4 | 50.2 |
| *Claims on Private Sector* | 2 | 2.2 | 1.92 | 2 | 8.54 | -4.2 | 4.8 | -0.51 | 4.8 | -0.51 | 1.3 | -0.1 | 9.35 |
| *Claims on Other Private Sector* | 4.1 | 1.8 | 1.55 | 2.3 | -8.88 | -4.6 | -3.34 | -0.69 | -3.34 | -0.69 | 0.9 | 0.5 | 9.26 |
| Foreign Assets (Net) | -0.9 | -1.12 | -3.2 | 1.3 | 2.84 | -1.6 | -10.2 | 1.32 | -10.2 | 1.32 | 1.5 | 16.3 | -7.06 |
| Other Assets (Net) | -2.355 | -4.67 | 1.2 | -5.4 | 22.02 | 4.5 | 1.24 | 4.67 | 1.24 | 4.67 | 4.5 | -2.3 | -36.8 |
| Broad Money Supply (M2) | -2.57 | -2.57 | 0 | 0.7 | 3.44 | 0.3 | 2.11 | 0.73 | 2.11 | 0.73 | 1.6 | 1.8 | 0.96 |
| Quasi-Money | 1.92 | -2.12 | -1.3 | -0.4 | 1.46 | 0.7 | 0.85 | 2.43 | 0.85 | 2.43 | 1.5 | -0.2 | 1.76 |
| Narrow Money Supply (M1) | 9.4 | -3.07 | 1.5 | 1.1 | 5.63 | -0.32 | 3.54 | -1.17 | 3.54 | -1.17 | 1.6 | 4 | 0.06 |
| Reserve Money (RM) | 5.7 | -23.3 | 7 | 0.9 | 27.22 | -3.9 | -0.57 | 3.22 | -0.57 | 3.22 | 17.9 | 5.1 | 2 |

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

At ₦1,379.72 billion, currency in circulation at end-August 2011 rose by 2.7 per cent over the level at end-July 2011. The development reflected wholly the increase in currency outside banks by 2.0 per cent. Similarly, it rose by 0.1 per cent over the level at end-December 2010.

Total deposits at the CBN amounted to ₦4,726.96 billion, indicating a decline of 13.2 per cent from the level at the end of the preceding month. The development reflected, largely, the 44.0 and 9.3 per cent decline in DMBs and Federal Government deposits, respectively. Of the total deposits, the percentage shares of the Federal Government, banks and "others" were 79.5, 9.8 and 10.7 per cent, respectively.

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

Reserve money (RM) fell by 15.1 per cent to ₦1, 841.96 billion below the ₦2,169.14 billion recorded at the end of the preceding month, reflecting the trends in DMBs' deposits with the CBN.

## 2.3 Money Market Developments

Money market indicators in the month under review moved in tandem with the level of liquidity in the system. The month opened with ample liquidity, due largely, to the lingering effects of the huge fiscal injections of N1.30 trillion towards the end of July. Money market rates, in the first week of the month, fell, despite the increase in the monetary Policy Rate (MPR) from 8.00 per cent to 8.75 per cent. In furtherance of its contractionary monetary policy stance, the Bank made concerted efforts to moderate the level of liquidity in the system to its target level using Open market Operation (OMO) through the sale of Nigerian Treasury Bills (NTBs) of various tenors. The withdrawal of ₦198.00 billion by the Nigerian National Petroleum Company (NNPC) from DMBs, foreign exchange out payments, NTBs and Federal Government Bonds auctions helped in mopping-up considerable liquidity in the system. However, the inflow of Statutory Revenue Allocation (SRA) in the second week of August boosted liquidity in the system and pulled rates downwards, closing the month at 8.26 per cent. Meanwhile, the MPR was retained at 8.75 per cent and the symmetric corridor between lending and deposit retained at +\-200 basis point. The Banks discount window remained opened and request for standing lending Facility (SLF) was received from a few deposit money banks (DMBs) (mainly the intervened banks). Also, request for Repurchase Transactions (Repo) of various tenors was received from few DMBs (majorly the nationalized banks) using their AMCON bond as collateral for the transactions.

At the government securities market, there was increased appetite by investors for these instruments due to its risk-free nature. The primary market sale of NTBs was oversubscribed as demand outstripped supply due to the volume of liquidity in the system. The yield, however, did not increase significantly due to the increased volume of NTBS that was offered at the OMO auctions.

Provisional data indicated that the value of money market outstanding at end-August 2011 was N 5,135.8 billion, representing an increase of 0.9 per cent, compared with the increase of 1.7 per cent at end-July 2011. The development was attributed to the 2.1 and 6.7 per cent rise in FGN Bonds and Bankers Acceptances, respectively.

### *2.3.1 Interest Rate Developments*

Developments in interest rates were mixed in August 2011

Available data indicated mixed developments in banks' interest rates in August 2011. With the exception of the 1-month and over 12 months rates, which declined by 0.13 and 2.98 percentage points to 4.67 and 4.34 per cent, respectively, all other rates on deposits of various maturities, including the average savings rate, rose from a range of 1.42 – 5.21 per cent in July 2011 to 1.46– 5.43 per cent in August. At 4.28 per cent, the average term deposit rate fell by 0.44 percentage point below the rate in the preceding month. The average prime and maximum lending rate declined by 2 and 15 basis points to 15.82 and 22.27 per cent, respectively. Consequently, the spread between the weighted average term deposit rates and average maximum lending rate widened from 17.71 per cent to 17.99 per cent. However, the margin between the average savings deposit and average maximum lending rates narrowed from 21.00 per cent to 20.81per cent.

At the interbank call segment, the weighted average rate, which stood at 8.85 per cent in July 2011, declined to 8.18 per cent, reflecting the Similarly, the weighted average rate, at the open buy back (OBB) segment, declined from 7.60 per cent in July 2011 to 7.50 per cent at end-August 2011. In line with the liquidity condition at the interbank funds market, the Nigerian interbank offered rate (NIBOR) for 7- and 30-day at 8.84 and 10.07 per cent, respectively, declined by 1.88 and 1.39 percentage points below the levels in the preceding month. With headline inflation rate at 9.3 per cent at end-August 2011, most deposit rates, were negative in real terms (Fig. 3, Table 2).

**Figure 3: Selected DMBs Interest Rates (Average)**

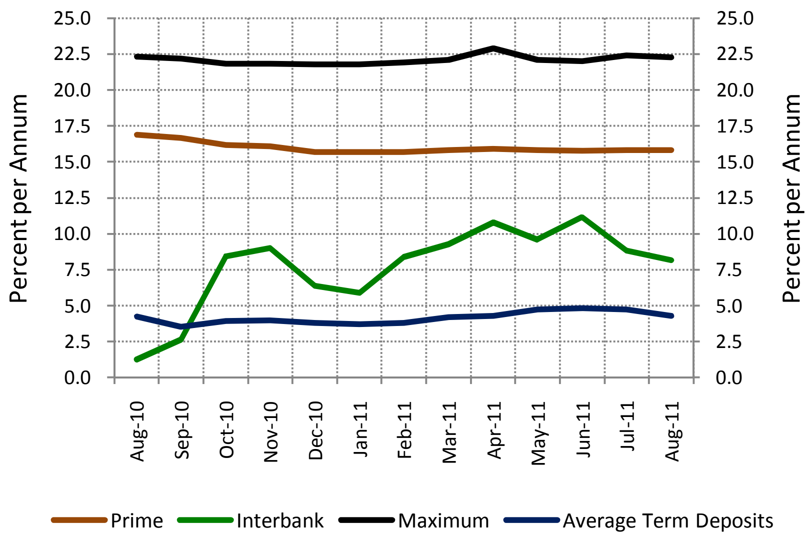



**Table 2: Selected Interest Rates (Percent, Averages)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Average Term Deposits | 4.3 | 3.6 | 3.9 | 4.0 | 3.8 | 3.7 | 3.8 | 4.2 | 4.3 | 4.8 | 4.8 | 4.7 | 4.3 |
| Prime Lending | 16.9 | 16.7 | 16.2 | 16.1 | 15.7 | 15.7 | 15.7 | 15.8 | 15.9 | 15.8 | 15.8 | 15.8 | 15.8 |
| Interbank | 1.3 | 2.7 | 8.5 | 8.9 | 6.4 | 5.8 | 8.3 | 10.2 | 10.8 | 9.6 | 11.2 | 8.9 | 8.2 |
| Maximum Lending | 22.3 | 22.2 | 21.9 | 21.8 | 21.8 | 21.8 | 218.0 | 22.0 | 22.9 | 22.1 | 22.0 | 22.4 | 22.3 |

### *2.3.2 Commercial Paper (CP)*

The value of Commercial Paper (CP) held by the DMBs fell by 13.3 per cent to ₦183.7 billion, as against the increase of 6.2 per cent at end-July 2011. Thus, CP constituted 3.6 per cent of the total value of money market assets outstanding at end-August 2011, compared with 4.2 per cent at the end of the preceding month.

### *2.3.3 Bankers' Acceptances (BAs)*

Bankers' Acceptances (BAs) increased by 6.7 per cent to ₦66.4 billion, as against the decline of 0.1 per cent in the preceding month. The rise in BAs reflected the increase in investments by deposit money banks and discount houses. As a proportion of total value of money market assets outstanding, BAs accounted for

1.3 per cent, compared with 1.2 per cent at the end of the preceding month.

### 2.3.4 Open Market Operations

Sale of Nigerian Treasury Bills (NTBs) of various maturities was used to mop-up excess liquidity from the banking system. Total amount offered was ₦310.00 billion, while public subscription stood at ₦590.16 billion. Allotment was ₦344.68 billion, while bid and offer rates ranged between 6.7-10.9 per cent and 6.7-9.0 per cent, respectively. When compared with the sales in the preceding month, total amount offered, subscribed and allotted rose significantly by 138.4, 129.9 and 252.4, per cents, respectively.

### 2.3.5 Primary Market

Nigerian Treasury Bills of 91-, 182- and 364-day tenors were auctioned at the primary market. Total amount offered and subscribed to, stood at ₦218.93 billion and ₦425.67 billion, respectively, compared with ₦209.74 billion and ₦489.34 billion in July 2011. Allotment was ₦218.93 billion, indicating an increase of 4.3 per cent over the preceding month's level. Similarly, ₦62.21 billion worth of Nigerian Treasury Bills were sold to non-competitive bidders, while matured bills worth ₦188.93 billion was repaid.

### 2.3.6 Bonds Market

Federal Government of Nigeria (FGN) Bonds with tenors of 3-, 5- and 10-year tranches, amounting to ₦70.00 billion apiece, were re-opened at the primary market in August 2011. Total public subscription was ₦130.43 billion, while the bid rates ranged from 9.2 to 20.00 per cent, 10.00 to 12.07 per cent and 9.5 to 13.0 per cent, respectively, for the tenors. Total allotment was also ₦70.00 billion, at marginal rates of 10.7 per cent for the 3- year, 11.19 per cent for the 5-year and 11.4 per cent for the 10-year tranche.

The marginal rates for 3- and 5-year tenors of FGN Bonds were lower than in the preceding month.

*2.3.7 CBN Standing Facilities*

Aggregate Standing Lending Facility (SLF) granted during the period under review was ₦2,713.50 billion, compared with ₦3,056.90 billion at end-July 2011. The decline in SLF demanded and granted by the DMBs was due, mainly, to the ample liquidity in the banking system during the review period. Standing deposit facility (SDF) remained suspended and in its place, the surplus in excess of the Cash Reserve Requirement (CRR) was remunerated. The sum of ₦768.89 million was paid as interest to the DMBs and discount houses as remuneration for the fifth maintenance period ended August 9, 2011.

## 2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the deposit money banks (DMBs) amounted to ₦19,482,.99 billion, showing an increase of 4.3 per cent above the level at end-July 2011. Funds sourced mainly from increased capitalisation, draw-down on reserves and increased in unclassified liabilities were used, largely, to extend credit to private sector and purchase of Federal Government securities. At N12,140.4 billion, DMBs' credit to the domestic economy rose by 12.5 per cent above the level in the preceding month. The breakdown, on a month-on-month basis, showed that credit to states and local governments and credits to the core private sector rose by 11.5 and 9.8 per cents, respectively, above their levels in July 2011.

DMBs' Credit to state and local government and credit to the core private sector fell by 11.97 and 0.2 per cent below the level in June 2011.

Central Bank's credit to the DMBs, largely, loans and advances, fell marginally by 0.04 per cent to ₦384.61 billion at end-August 2011, while specified liquid assets of the DMBs stood at ₦3116.62 billion, representing 21.5 per cent of their total current liabilities. This level of liquid assets was 12.9 percentage points above the preceding month's ratio, but 8.5 percentage points below the stipulated minimum ratio of 30.0 per cent for fiscal 2011. The loan-to-deposit ratio was 43.6 per cent and was 36.4 percentage points below the stipulated maximum target of 80.0 per cent.

## 2.5 Discount Houses' Activities

Total assets and liabilities of the discount houses stood at N317.1 billion at end-August 2011, showing an increase of 21.5 per cent over the level at end-July 2011. The development was accounted for, largely, by the rise in claims on Federal Government, claims on state government, claims on banks, and fixed assets. Correspondingly, the increase in total liabilities was attributed, largely, to the increase in money at call, borrowings and other liabilities.

Discount houses' investment in Federal Government securities of less than 91-day maturity rose to N34.1 billion and accounted for 18.7 per cent of their total deposit liabilities. There was no investment by discount houses in treasury bonds during the month. Thus, investment in Federal Government Securities was 41.3 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2011. At that level, discount houses' investment on NTBs rose by 26.3 per cent above the level at the end of the preceding month. Total borrowing by the discount houses was N40.8 billion, while their capital and reserves amounted to N49.9 billion. This resulted in a gearing ratio of 0.8:1, 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 developments on the Nigerian Stock Exchange (NSE) in August 2011 were mixed. The volume and value of traded securities rose by 21.8 and 19.0 per cent to 6.7 billion shares and ₦47.8 billion, respectively, in 96,664 deals, compared with 5.5 billion shares, valued at ₦40.2 billion, in 106,993 deals in the preceding month. The banking sub-sector was the most active on the Exchange with a traded volume of 4.1 billion shares, valued at ₦26.4 billion, in 56,460 deals. This was followed by the Insurance sub-sector with a traded volume of 967.6 million shares, valued at ₦715.2

million, in 3,389 deals. Equities sub-sector dominated transactions with a traded volume of 6.6 billion shares valued at ₦47.8 billion, in 96,644 deals.

**Figure 4: Volume and Value of Traded Securities**

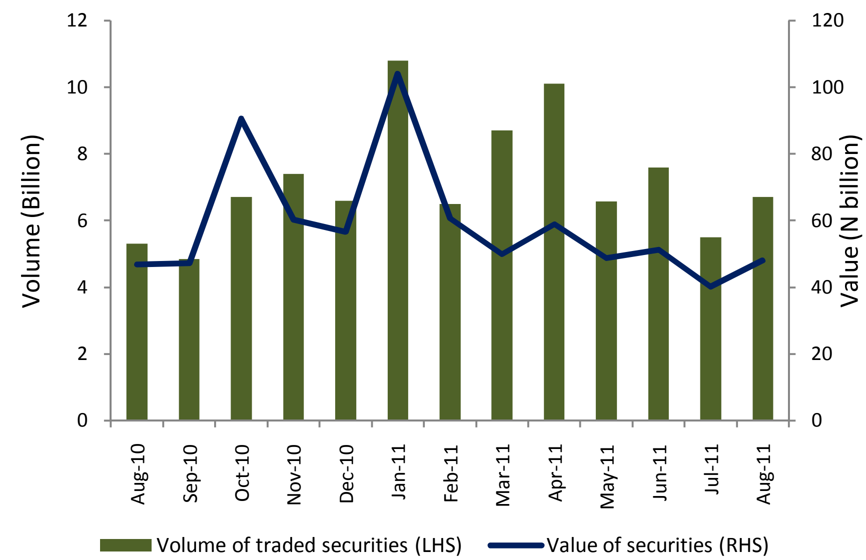



**Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Volume (Billion) | 5.3 | 4.8 | 6.7 | 7.4 | 6.6 | 10.8 | 6.5 | 6.6 | 10.1 | 6.6 | 7.6 | 5.5 | 6.7 |
| Value (₦ Billion) | 46.9 | 47.3 | 90.6 | 60.3 | 56.7 | 104.1 | 60.6 | 48.8 | 59.0 | 48.8 | 51.3 | 40.2 | 47.9 |

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

Transactions on the Over-the-Counter (OTC) bonds market indicated a turnover of 769.51 million units worth ₦665.6 billion in 5,112 deals. The most active bond was the 4.00% FGN April 2015 Bond with a traded volume of 136.59 million units valued at N109.6 billion in 918 deals, followed by the 10% FGN July 2030 Bond with a traded volume of 67.5 million units, valued at N58.1 billion in 606 deals.

### 2.6.3 New Issues Market

There were two supplementary listings in August, as shown in table 4 below.

**Table 4: Supplementary Listings on the Nigerian Stock Exchange**

| S/N | Company | Additional Shares (billion) | Reasons |
|---|---|---|---|
| 1 | PZ Cussons Plc | 0.79 | bonus of 1 for 4 |
| 2 | Niger Insurance Plc | 0.5 | bonus of 1 for 10 |

## 2.6.4 Market Capitalization

The aggregate market capitalization of the 195 listed securities stood at ₦10.17 trillion. The equities sub-sector, accounted for 69.6 per cent (N6.9trillion) of the total market capitalization, while the debt component accounted for the balance.

## *2.6.5 NSE All-Share Index*

The All-Share Index, which opened at 23,826.99 in the beginning of the month, closed at 21,497.61, indicating a decline of 9.8 per cent from the level in the preceding month. Similarly, the NSE Food/Beverage, NSE Banking, NSE Insurance and NSE Oil/Gas fell by 3.8, 12.1, 6.7 and 11 per cent, respectively.

**Figure 5: Market Capitalization and All-Share Index**

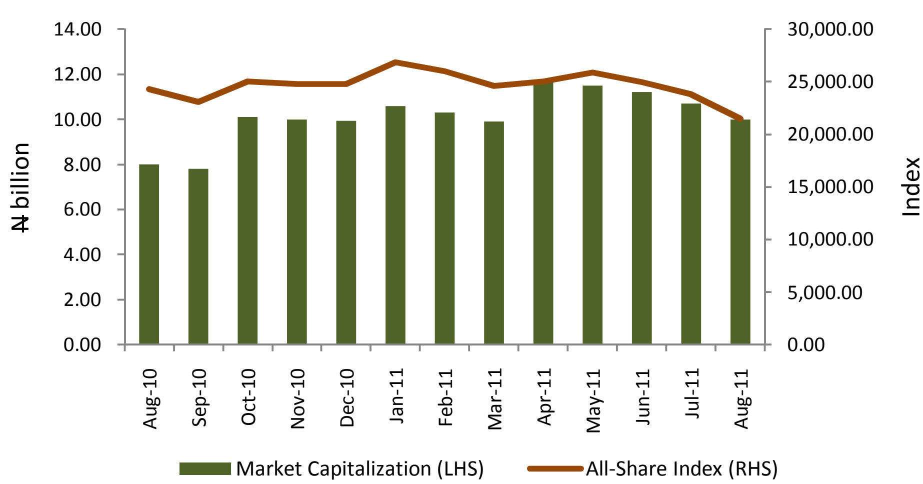



**Table 5: Market Capitalization and All Share Index (NSE)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Market Capitalization (₦ trillion) | 8.0 | 7.8 | 10.1 | 10.0 | 9.9 | 10.5 | 103.0 | 9.9 | 11.7 | 11.5 | 10.7 | 10.0 |
| All-Share Index | 24268.2 | 23050.6 | 25042.2 | 24764.7 | 24770.5 | 26830.7 | 26016.8 | 25020.1 | 25041.7 | 25866.6 | 23827.0 | 21497.6 |

# 3.0 Fiscal Operations

## 3.1 Federation Account Operations

Gross federally-collected revenue was ₦1,109.51 billion, indicating an increase of 44.4 and 5.8 per cent over the monthly budget estimate and receipts in the preceding month, respectively (Fig. 6, Table 6).

Gross federally-collected revenue was above the monthly budget estimate for August 2011.

**Figure 6: Components of Gross Federally-Collected Revenue**

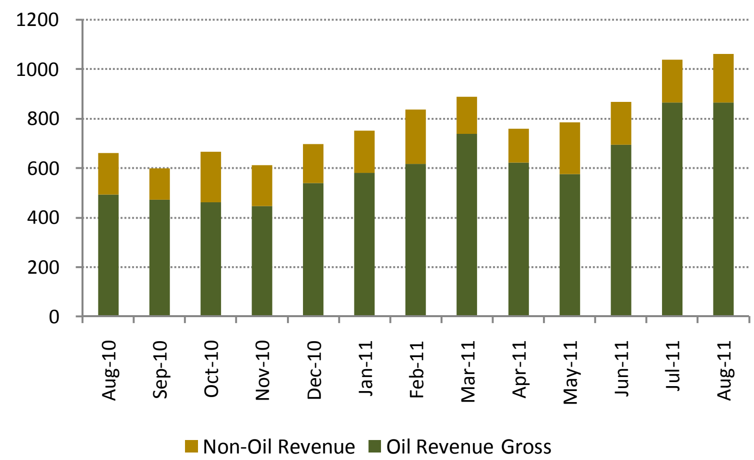



**Table 6: Gross Federation Account Revenue (₦ billion)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Federally-collected revenue (Gross) | 650.6 | 644.7 | 623.3 | 644.7 | 757.7 | 731.8 | 766.9 | 876.9 | 781.8 | 748.8 | 848.3 | 1048.7 | 1109.5 |
| Oil Revenue | 492.5 | 473.3 | 462.4 | 447.6 | 538.7 | 580.1 | 617.0 | 738.5 | 621.5 | 576.5 | 694.4 | 865.3 | 865.6 |
| Non-Oil Revenue | 158.1 | 171.4 | 161.0 | 151.3 | 149.5 | 136.8 | 180.0 | 164.0 | 173.1 | 196.8 | 153.9 | 183.3 | 243.9 |

At ₦865.59 billion, gross oil receipts, which constituted 78.0 per cent of the total revenue, exceeded the monthly budget estimate and receipts in the preceding month by 52.4 and 0.03 per cent, respectively. The rise in oil receipts relative to the level in the preceding period was attributed, largely, to the increase in the volume of crude oil production and prices in the international market (Fig. 7, Table 7).

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

**Figure 7: Gross Oil Revenue and Its Components**

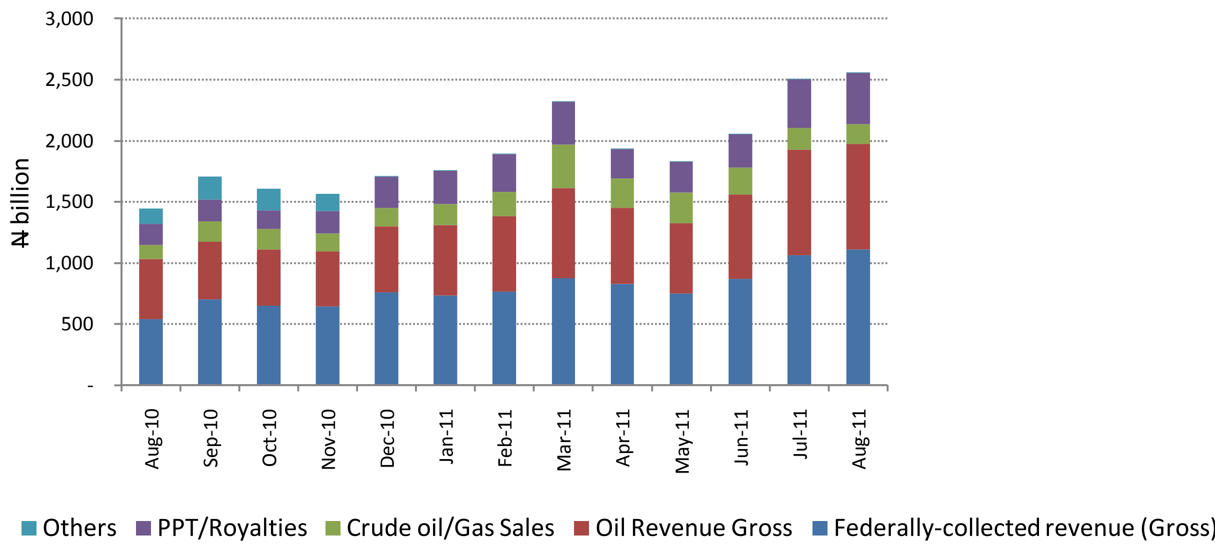



**Table 7: Components of Gross Oil Revenue (₦ billion)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Oil Revenue | **492.5** | **473.3** | **462.4** | **447.6** | **538.7** | **580.1** | **617.0** | **738.5** | **621.5** | **576.5** | **694.5** | **865.3** | **865.6** |
| *Crude oil/Gas Sales* | *163.1* | *147.7* | *142.1* | *147.7* | *155.3* | *136.8* | *112.7* | *231.6* | *153.5* | *155.8* | *217.4* | *176.0* | *163.5* |
| *Domstic crude oil/G* | *172.4* | *140.1* | *140.0* | *155.2* | *126.6* | *168.1* | *195.6* | *154.0* | *227.9* | *170.5* | *203.4* | *287.4* | *285.3* |
| *PPT/Royalties* | *154.8* | *184.9* | *180.0* | *184.9* | *256.4* | *274.9* | *308.5* | *352.4* | *239.9* | *249.9* | *273.3* | *401.7* | *415.0* |
| *Others* | *174.5* | *140.7* | *140.3* | *140.7* | *0.4* | *0.3* | *0.2* | *0.5* | *0.3* | *0.3* | *0.3* | *0.3* | *1.8* |

The performance of non-oil receiptsimproved relative to the monthly budget estimate.

Non-oil receipts, at ₦243.92 billion (22.0 per cent of the gross federally collected revenue), was higher than both the monthly budget estimate and the level in the preceding month by 21.8 and 33.0 per cent, respectively. The increase relative to the monthly budget estimate reflected, largely, the rise in the collection of company income and education taxes.

**Figure 8: Gross Non-Oil Revenue and its Components**

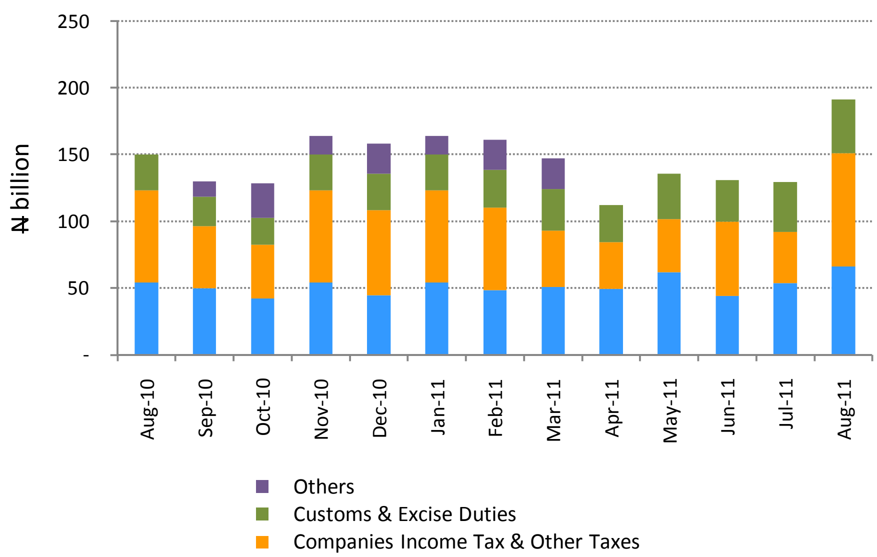



**Table 8: Components of Gross Non-Oil Revenue (₦ billion)**

| | Jul-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Non-Oil Revenue | **163.7** | **171.4** | **161.0** | **158.4** | **171.4** | **151.4** | **149.3** | **138.2** | **208.7** | **173.1** | **196.7** | **243.9** |
| *Value-Added Tax (VAT)* | *54.2* | *48.5* | *48.5* | *63.9* | *68.8* | *47.5* | *50.8* | *49.2* | *61.6* | *53.8* | *54.7* | *66.0* |
| *Companies Income Tax & Other Taxes* | *68.8* | *80.5* | *61.7* | *27.1* | *27.0* | *32.3* | *42.1* | *35.3* | *39.8* | *38.2* | *65.2* | *84.7* |
| *Customs & Excise Duties* | *30.0* | *26.9* | *28.0* | *44.6* | *54.2* | *48.6* | *31.4* | *27.7* | *34.2* | *37.6* | *36.5* | *40.3* |
| *Others* | *13.8* | *13.8* | *22.5* | *22.8* | *21.5* | *23.0* | *25.0* | *26.0* | *73.1* | *43.6* | *40.4* | *52.9* |

Of the gross federally-collected revenue (after accounting for all deductions and transfers), the sum of ₦536.44 billion was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. The Federal Government received ₦254.00 billion, while the states and local governments received ₦128.83 billion and ₦99.32 billion, respectively. The balance of ₦54.29 billion was credited to the 13.0% Derivation Fund for sharing by the oil-producing states. From the VAT Pool Account, the Federal Government received ₦9.50 billion, while the state and local governments received ₦31.68 billion and ₦22.17 billion, respectively. Furthermore, in order to bridge the gap between the budgeted and actual revenue for the month, the sum of ₦16.45 billion was drawn-down on the excess crude account as revenue augmentation and distributed as follows: Federal Government ₦7.54 billion, state and local governments ₦3.82 billion and ₦2.95 billion, respectively. The balance of ₦2.14 billion was transferred to the 13.0% Derivation Fund. Overall, the total allocation to the three tiers of government from the Federation and VAT Pool Accounts in August 2011 amounted to ₦616.24 billion.

## 3.2 The Fiscal Operations of the Three Tiers of Government

### *3.2.1 The Federal Government*

Federal government estimated retained revenue was lower than the proportionate budget estimate and the level in the preceding month by 6.5 and 44.4 per cent, respectively.

At ₦280.85 billion, the estimated Federal Government retained revenue for August 2011, was lower than the monthly budget estimate and the level in the preceding month by 6.5 and 44.4 per cent, respectively. Of this amount, the shares from the Federation Account and Excess Crude Account were 90.4 and 2.7 per cent, respectively, while FGN Independent Revenue, VAT Pool Accounts and "Others" were 3.1, 3.4 and 0.4 per cent, respectively. (Fig. 9).

**Figure 9: Federal Government Retained Revenue**

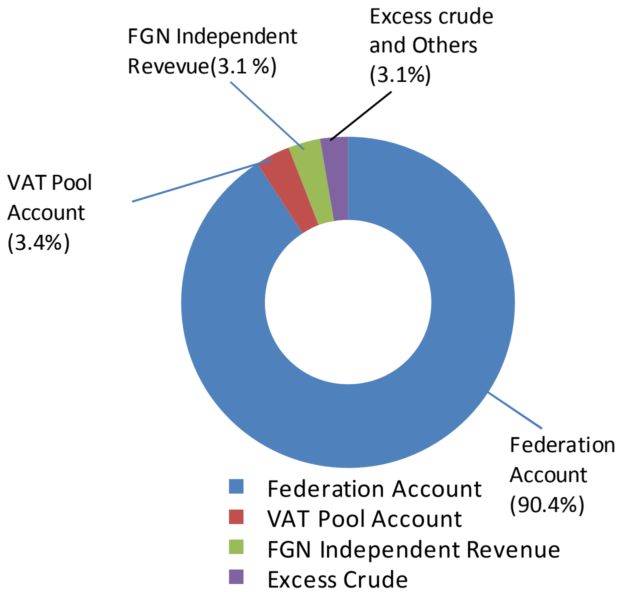


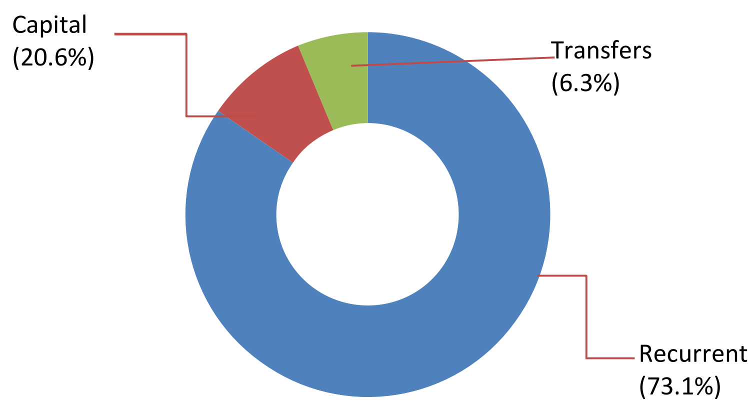

**Table 9: Federal Government Fiscal Operations (₦ billion)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Retained Revenue | 214.5 | 176.4 | 190.4 | 198.0 | 185.1 | 190.4 | 193.4 | 190.6 | 250.4 | 229.9 | 275.5 | 613.9 | 280.9 |
| Expenditure | 321.1 | 328.6 | 292.1 | 318.0 | 319.6 | 224.4 | 286.5 | 327.5 | 298.4 | 304.1 | 330.8 | 354.9 | 405.3 |
| Overall Balance: (+)/(-) | -106.6 | 14.9 | -101.7 | -119.9 | -134.6 | -101.7 | -93.1 | -136.9 | -117.6 | -74.2 | -117.6 | 313.6 | 313.6 |

At ₦405.32 billion, total estimated expenditure for August 2011 rose above the monthly budget estimate and the level in the preceding month by 7.2 and 38.7 per cent, respectively. A breakdown of total expenditure showed that the recurrent accounted for 73.1 per cent, while the capital and transfer components accounted for the balance of 20.6 and 6.3 per cent, respectively. Non-debt-obligations accounted for 88.6 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 11.4 per cent (Fig. 10).

Total estimated expenditure for August 2011 rose above the proportionate budget estimate by 7.2 per cent, but exceeded the level in the preceding month by 38.7 per cent.

Figure 10: Federal Government Expenditure in August 2011




Thus, the fiscal operations of the Federal Government in August 2011, resulted in an estimated deficit of ₦124.48 billion, compared with the estimated monthly budget deficit of ₦77.88 billion.

The fiscal operations of the FG resulted in an estimated deficit of ₦124.48 billion in August 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 ₦220.76 billion. This was lower than the level in the preceding month by 53.6 per cent, but exceeded the level in the corresponding period of 2010 by 53.1 per cent.

The breakdown showed that, at ₦31.68 billion, receipts from the VAT Pool Account were higher than the levels in the preceding month and corresponding period of 2010 by 20.7 and 47.9 per cent, respectively. At ₦189.08 billion, State Government receipt from the Federation Account exceeded the level in the corresponding month of 2010 by 54.0 per cent.

### 3.2.3 Statutory Allocations to Local Government Councils

Total receipts by the Local Governments from the Federation and VAT Pool Accounts, stood at ₦124.45 billion. This was lower than the level in the preceding month by 49.7 per cent, but exceeded the level in the corresponding period of 2010 by 51.6 per cent. Of this amount, receipts from the Federation Account was ₦102.27 billion (82.2 per cent of the total), while the VAT Pool Account accounted for ₦22.17 billion (20.6 per cent of the total).

# 4.0 Domestic Economic Conditions

*The dominant agricultural activities in August 2011 included cultivation of rice and harvesting of maize, yam and vegetables. In the livestock sub-sector, farmers intensified the re-stocking of broilers in anticipation of sales of the matured broilers ahead of the seasonal demand. Crude oil production was estimated at 2.30 million barrels per day (mbd) or 71.3 million barrels during the month. The end-period inflation rate for August 2011, on a year-on-year basis, was 9.3 per cent, compared with the preceding month's level of 9.4 per cent. The inflation rate on a 12-month moving average basis was 11.6 per cent, compared with the preceding month's level of 12.0 per cent.*

## 4.1 Agricultural Sector

Available data indicated that the predominant agricultural activities in most parts of the country were cultivation of rice and harvesting of maize, yam and vegetables. In the livestock sub-sector, farmers continued the re-stocking of broilers in anticipation of high volume sales of the matured broilers ahead of the seasonal demand.

A total of ₦953.7 million was guaranteed to 6,534 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in August 2011. This represented a decline of 30.8 and 35.4 per cent below the levels in the preceding month and the corresponding month of 2010, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the food crop sub-sector had the largest share of ₦739.6 million (77.6 per cent) to 5,877 beneficiaries, while the livestock sub-sector received ₦123.6 million (12.9 per cent) for 322 beneficiaries. The fisheries sub-sector received ₦23.5 million (2.5 per cent) guaranteed to 41 beneficiaries, the cash crops sub-sector had ₦5.3 million (0.6 per cent) for 35 beneficiaries, mixed crops received ₦26.8 million (2.8 per cent), while "Others" received ₦34.9 million (3.6 per cent) for 48 beneficiaries. Analysis by state showed that 27 states benefited from the Scheme during the month under review, with the highest and lowest sums of ₦174.3 million (18.3 per cent) and ₦1.3 million (0.14 per cent) guaranteed to Kano and Ebonyi States, respectively.

At end-August 2011, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement remained at the preceding month's level of ₦133.65 billion (for159 projects).

At end-August 2011, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement remained at the end-July 2011 level of N133.65 billion (for one hundred and fifty nine projects). Twenty four state governments have so far benefited from the programme (Table 10).

**Table 10: Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACS) August 2011.**

| S/N | Participating Banks | Amount Disbursed (₦ billion) | Number of Projects |
|---|---|---|---|
| 1 | United Bank for Africa (UBA) Plc | 37.91 | 35 |
| 2 | Union Bank of Nigeria Plc | 17.25 | 18 |
| 3 | FBN Plc | 14.15 | 38 |
| 4 | Zenith Bank Plc | 13.38 | 10 |
| 5 | Skye Bank Plc | 10.67 | 7 |
| 6 | Stanbic IBTC Bank | 8.41 | 18 |
| 7 | Access Bank Plc | 7.78 | 8 |
| 8 | Fidelty Bank Plc | 6.23 | 7 |
| 9 | Unity Bank Plc | 6 | 4 |
| 10 | GTB Plc | 5.55 | 8 |
| 11 | Oceanic Bank Plc | 2 | 1 |
| 12 | Sterling Bank Plc | 1.72 | 1 |
| 13 | Citi Bank Plc | 1.5 | 1 |
| 14 | Diamond Bank Plc | 0.65 | 3 |
| | **TOTAL** | **133.65** | **159** |

## 4.2 Petroleum Sector

Crude oil and natural gas production was estimated to increase by 5.2 per cent to71.30 million barrels for the month.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 2.30 million barrels per day (mbd) or 71.30 million barrels for the month, compared with 2.13 mbd or 66.03 million barrels in the preceding month.

Crude oil export was estimated at 1.85 mbd or 57.35 million barrels, compared with 1.68 mbd or 52.08 million barrels recorded in the preceding month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels.

At an estimated average of US$112.84 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), fell by 4.5 per cent below the level in July 2011. The average prices of other competing crudes namely: the West Texas Intermediate, U.K Brent and Forcados, also showed similar trend, declining to US$84.06, US$110.69 and US$113.51 per barrel, respectively, in the review month.

The average price of Nigeria's reference crude, the Bonny Light declined by 4.5 per cent from the level in the preceding month. Similarly, the prices of U.K Brent, Forcados and West Texas Intermediate fell in August 2011.

The average price of OPEC's basket of eleven crude streams fell by 4.8 per cent to US$106.32, compared with the level in July 2011 (Fig. 11, Table 11).

**Figure11: Trends in Crude Oil Prices**

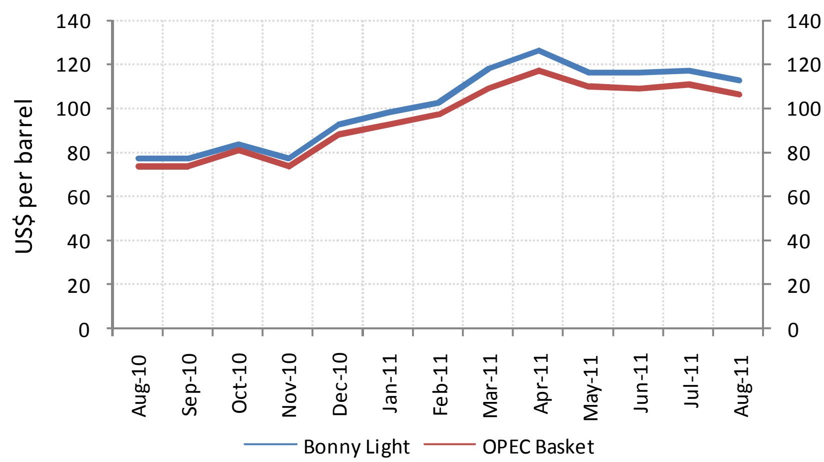



**Table 11: Average Crude Oil Prices in the International Oil Market**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bonny Light | 77.90 | 79.10 | 84.26 | 77.90 | 93.40 | 98.50 | 103.23 | 118.99 | 126.91 | 116.99 | 116.66 | 118.21 | 112.84 |
| OPEC Basket | 74.15 | 74.65 | 81.00 | 74.20 | 88.60 | 93.30 | 97.69 | 109.84 | 117.70 | 110.39 | 109.04 | 111.62 | 106.32 |

## 4.3 Consumer Prices

The general price level rose in August relative to July 2011, owing to the increase in the index of staple food non-alcoholic beverages, housing, water, electricity, gas and other fuel etc.

Available data showed that the all-items composite Consumer Price Index (CPI) in August 2011 was 122.3 (November 2009=100), representing an increase of 1.7 per cent over the level in the preceding month. The development was attributed to the rise in the price indices of food and non-alcoholic beverages, housing water, electricity, gas, other fuels, furnishing, house hold equipment, maintenance, transport, communication, recreation, culture, restaurant, hotels, miscellaneous, goods and services.

The urban all-items CPI at end-August 2011 was 118.3 (November 2009=100), indicating an increase of 1.72 per cent above the level in the preceding month. The rural all-items CPI for the month was 125.6 (November 2009=100), representing an increase of 1.62 per cent over the level in the preceding month (Fig. 12, Table 11).

The headline inflation rate on a year-on-year basis fell by 0.1 percentage point to 9.3 per cent, while the 12-month moving average rate fell by 0.4 percentage points to 12.0 per cent.

The end-period inflation rate for August 2011, on a year-on-year basis, was 9.3 per cent, compared with 9.4 per cent in the preceding month. The inflation rate on a twelve-month moving average basis for August 2011 was 11.6 per cent, compared with 12.0 per cent in the preceding month. (Fig. 13, Table 12).

**figure 12: Consumer Price Index**

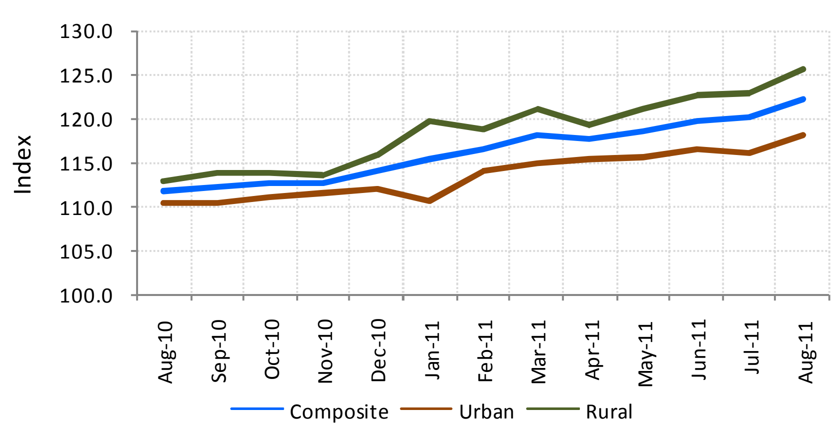


**Table 12: Consumer Price Index (November 2009=100)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite | 111.9 | 112.4 | 112.7 | 112.8 | 114.2 | 112.8 | 114.2 | 118.3 | 117.7 | 118.7 | 119.9 | 120.3 | 122.3 |
| Urban | 110.5 | 110.6 | 111.2 | 111.7 | 112.2 | 111.7 | 112.2 | 115.0 | 115.5 | 115.8 | 116.6 | 116.3 | 118.3 |
| Rural | 113.0 | 113.8 | 114.0 | 113.6 | 115.9 | 113.6 | 115.9 | 121.1 | 119.4 | 121.2 | 122.6 | 123.0 | 125.6 |

**Figure 13: Inflation Rate**

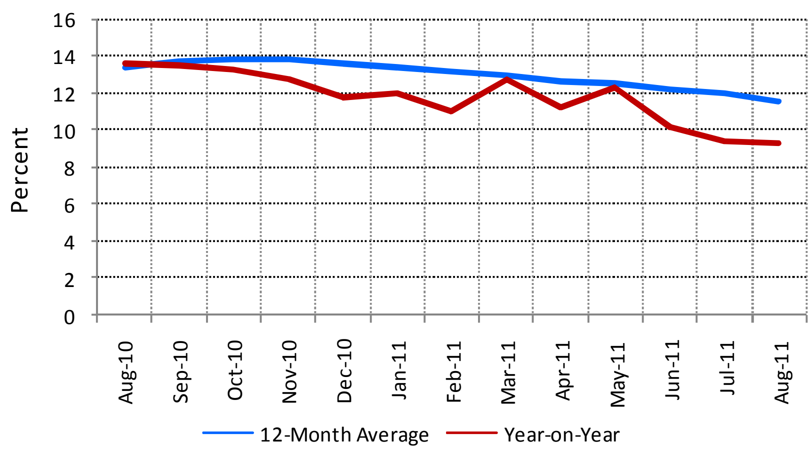



**Table 13: Headline Inflation Rate (%)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12-Month Average | 13.5 | 13.8 | 13.9 | 13.9 | 13.9 | 13.9 | 13.7 | 13.0 | 12.7 | 12.6 | 12.3 | 12.0 | 11.6 |
| Year-on-Year | 13.7 | 13.6 | 13.4 | 13.6 | 12.8 | 12.8 | 11.8 | 12.8 | 11.3 | 12.4 | 10.2 | 9.4 | 9.3 |

Developments in the retail prices of most staples declined in August 2011.

Retail price survey of staples by the CBN showed that price developments for most of the major staples declined in August 2011. Nine (9) of the fourteen (14) commodities monitored, recorded price decline (ranging from 0.3 per cent for white maize and palm oil to 2.8 per cent for ground-nut oil) below their levels in the preceding month. The prices of millet, eggs (medium), yellow garri, white garri and guinea corn rose by 0.1, 0.2, 0.5, 0.6 and 1.7 per cent, respectively. Relative to their levels in the corresponding month of 2010, the price movement showed that most of the commodities recorded price increases, which ranged from 0.6 per cent for groundnut oil to 11.6 per cent for palm oil; while white beans, local rice, yellow garri and white garri recorded price decline of 1.2, 3.3, 8.4 and 10.9 per cent, respectively.

# 5.0 External Sector Developments

*Provisional data indicated that foreign exchange inflow through the CBN declined by 0.3 per cent below the level in the preceding month, while outflow rose by 10.6 per cent over the level in the preceding month. Total non-oil export receipts by banks fell by 0.5 per cent from the level in the preceding month. The gross external reserves rose by 1.2 per cent over the preceding month's level, while the average exchange rate of the Naira vis-à-vis the US dollar, depreciated by 0.6 per cent to ₦152.77 per dollar at the Wholesale Dutch Auction System (WDAS).*

## 5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in the month of August was US$4.32 billion and US$4.23 billion, respectively, resulting in a net inflow of US$0.09 billion, compared with the US$0.50 billion recorded in July 2011. Inflow fell by 0.3 per cent below the level in the preceding month, but showed an increase of 68.3 per cent above the level in the corresponding period of 2010, reflecting the rise in receipts from crude oil sales and invisibles comprising domiciliary accounts and over-the -counter inflows (OTC) from the autonomous sources. Outflow, however, increased by 10.6 per cent over the level in the preceding month. The WDAS utilization accounted for the bulk (87.0 per cent), while official, official payments, drawings on L/Cs, external debt service, and national priority projects accounted for the balance (Fig. 14, Table 14).

Foreign exchange inflow declined by 0.3 per cent, while outflow rose by 110.6 per cent, respectively, through the CBN in August 2011. Overall, there was a net inflow of US$0.09 billion during the period.

**Figure14: Foreign Exchange Flows through the CBN**

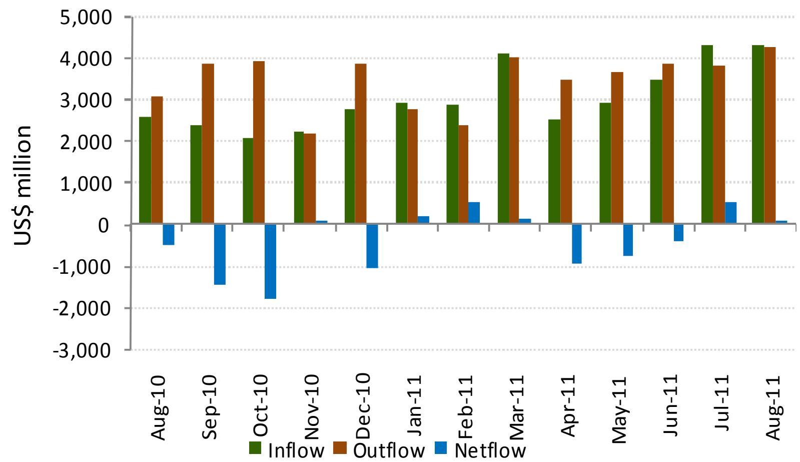



**Table 14: Foreign Exchange Flows through the CBN (US$ million)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Inflow | 2564.5 | 2701.5 | 2378.1 | 22407.0 | 27614.0 | 3435.6 | 3164.7 | 4119.2 | 2495.6 | 2896.1 | 3463.2 | 4327.7 | 4315.0 |
| Outflow | 3787.3 | 5078.7 | 3463.5 | 21698.0 | 38356.0 | 2805.8 | 2768.7 | 3985.9 | 3439.7 | 3657.2 | 3873.7 | 3818.6 | 4234.1 |
| **Netflow** | **-1222.8** | **-2377.2** | **-1085.4** | **708.0** | **-10742.0** | **629.8** | **396.0** | **629.8** | **-944.1** | **-761.1** | **-410.5** | **509.1** | **81.7** |

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US$9.51 billion, representing an increase of 1.4 and 29.0 per cent over the levels in the preceding month and the corresponding period of 2010, respectively. The development was attributed to the increase in crude oil receipts, and invisibles, comprising domiciliary account and over-the-counter inflows (OTC). Inflows through the Central Bank of Nigeria (CBN) accounted for 45.4 per cent, of the total, while inflows from autonomous sources accounted for 54.6 per cent.

Non-oil inflows into the economy rose by 280.5 per cent and accounted for 5.4 per cent of the total inflows in July 2011.

Oil sector receipts, at US$4.11, accounted for 43.2 per cent of the total inflow, and was over the level in the preceding month by 7.6 per cent. Non-oil public sector inflow, however, fell by 59.1 per cent below the level in the preceding month and accounted for 2.6 per cent of the total.

At US$4.35 billion, aggregate foreign exchange outflow from the economy rose by 11.6 per cent above the level in the preceding month. The outcome reflected, largely, the increased funding of the WDAS and BDC segments of the foreign exchange market. during the month

## 5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings received by banks, declined by 0.5 per cent to US$109.66 million, below the preceding month's level. The development was attributed, largely to the decline in export proceeds from the manufactured and food products. A breakdown of the export proceeds in August 2011 showed that, industrial, manufactured products, mineral, agricultural products, food products and transport earned US$54.89 million, US$22.0 million, US$14.03 million, US$16.54 million, US$2.2 million and transport US$0.0 million, respectively. The shares of industrial, manufactured products, mineral, agricultural products, food products and transport in non-oil export proceeds were 50.1, 20.1, 12.8, 15.1, 2.0 and 0 per cent, respectively, in the review month.

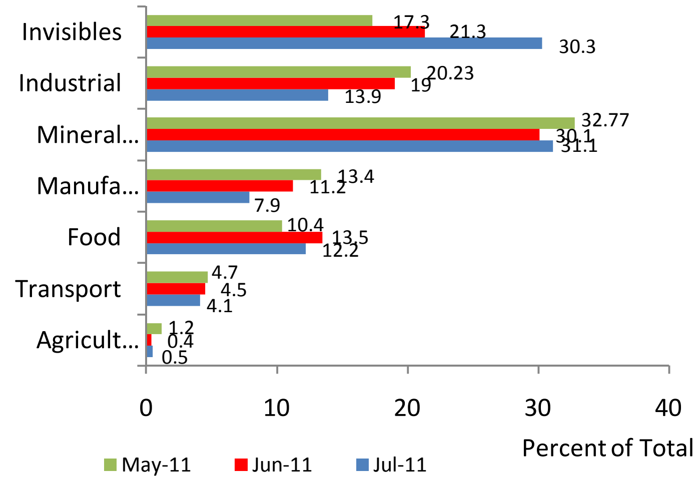
Total non-oil export earnings by exporters fell in August 2011, on account of increase in the exports of industrial and mineral sector

## 5.3 Sectoral Utilisation of Foreign Exchange

The minerals and oil sector accounted for the bulk (32.1 per cent) of total foreign exchange disbursed in July 2011, followed by invisible sector (29.2 per cent). Other beneficiary sectors, in a descending order included: industrial sector (14.7), food products (11.4 per cent), manufactured product (8.4 per cent) transport (3.6 per cent) and agricultural products (0.6 per cent) (Fig.15).

The mineral and oil sector accounted for the bulk of the total foreign exchange disbursed in July 2011.

Figure15: Sectoral Utilisation of Foreign Exchange




## 5.4 Foreign Exchange Market Developments

Aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (WDAS) was US$5.28 billion in August 2011, showing an increase of 59.8 and 63.0 per cent above the levels in the preceding month and the corresponding month of 2010, respectively. A total of US$3.68 billion was sold by the CBN to authorized dealers during the period, reflecting an increase of 11.6 and 53.2 per cent over the levels in the preceding month and corresponding period of 2010, respectively (Fig.16, Table 14).

Demand for foreign exchange by authorized dealers rose by 59.8 and 63.0 per cent above the levels in the preceding month and the corresponding month of 2010, respectively.

**Figure16: Demand for and Supply of Foreign Exchange**

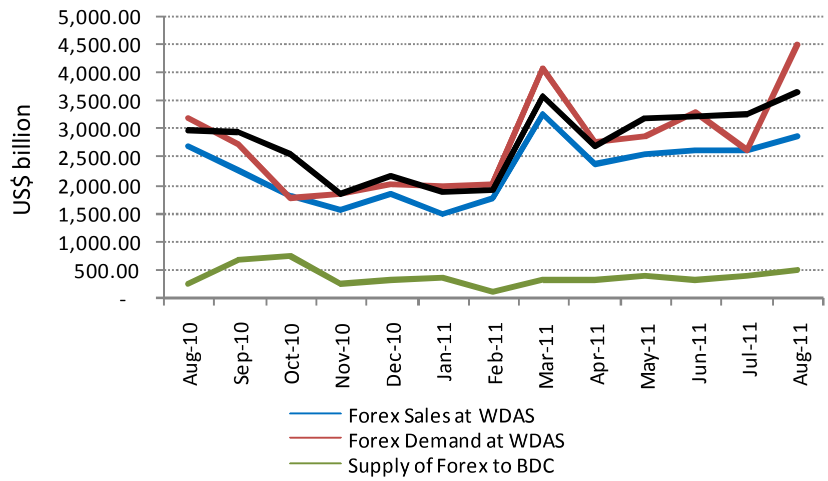



**Table 15: Demand for and Supply of Foreign Exchange (US$ billion)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Forex Sales at WDAS* | 1948.5 | 3593.5 | 2342.1 | 1561.7 | 1839.1 | 2000.0 | 1794.8 | 3274.4 | 2375.6 | 2549.9 | 2632.8 | 2643.3 | 2889.1 |
| *Forex Demand at WDAS* | 2789.1 | 4391.8 | 2503.7 | 1853.4 | 2035.1 | 2800.4 | 2041.0 | 4080.3 | 2780.4 | 2878.4 | 3325.5 | 2655.2 | 4504.5 |
| *Supply of Forex to BDC* | 450.8 | 613.8 | 478.7 | 280.2 | 341.1 | 135.5 | 300.0 | 330.5 | 322.3 | 392.0 | 347.3 | 398.2 | 504.3 |
| **Total Forex Supply** | 2399.4 | 4207.3 | 2820.8 | 1841.9 | 2180.2 | 2135.5 | 2094.8 | 3604.9 | 2707.8 | 3217.2 | 3242.3 | 3293.7 | 3677.0 |

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

Under the WDAS, the average exchange rates of the Naira vis-à-vis the US dollar, depreciated by 0.6 per cent to ₦152.77 per US dollar. It, however, appreciated at the bureau-de-change segment from ₦163.71 to ₦163.14 per US dollar in August 2011, and at the interbank segment of the market, the average exchange rate depreciated by 0.9 per cent to ₦153.84 per US dollar.

The premium between the WDAS and BDC rates narrowed from 7.2 per cent to 6.4 per cent, while the premium widened to 0.7 per cent in the interbank segment.

Following these developments, the premium between the WDAS and the bureaux-de-change rates narrowed from 7.3 per cent in the preceding month to 6.4 per cent. However, the premium between the WDAS/Interbank rates widened from 0.4 per cent in the preceding month to 0.7 per cent during the month under review.

**Figure 17: Average Exchange Rate Movements**

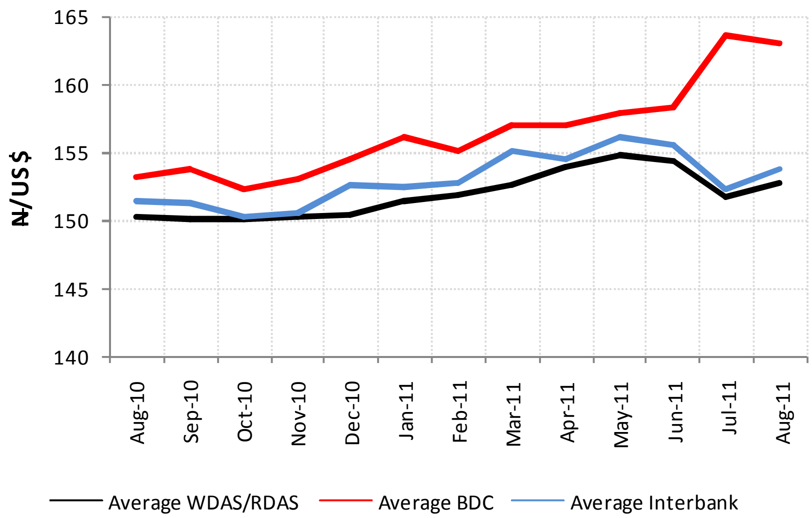
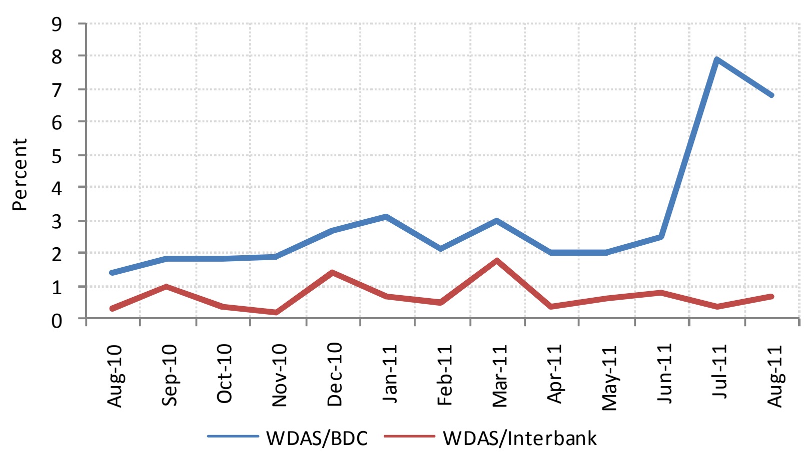



**Table 16: Exchange Rate Movements and Exchange Rate Premium**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Average Exchange Rate (₦/$)** | | | | | | | | | | | | | |
| *WDAS/RDAS* | 150.3 | 151.0 | 151.3 | 150.2 | 150.5 | 151.6 | 151.9 | 152.6 | 154.0 | 154.8 | 154.5 | 151.8 | 152.8 |
| *BDC* | 152.3 | 153.8 | 154.0 | 153.1 | 154.6 | 156.1 | 155.1 | 157.1 | 157.1 | 158.0 | 158.3 | 163.7 | 163.1 |
| *Interbank* | 150.7 | 152.6 | 151.8 | 150.6 | 152.6 | 152.4 | 152.7 | 155.2 | 154.6 | 156.2 | 155.7 | 152.4 | 153.8 |
| **Premium (%)** | | | | | | | | | | | | | |
| *WDAS/BDC* | 1.4 | 1.8 | 1.8 | 1.9 | 2.7 | 3.0 | 2.0 | 3.0 | 2.0 | 2.0 | 2.5 | 7.9 | |
| *WDAS/Interbank* | 0.3 | 1.0 | 0.4 | 0.2 | 1.4 | 0.7 | 0.5 | 1.8 | 0.4 | 0.9 | 0.8 | 0.4 | |

**Figure 18: Exchange Rate Premium**



## 5.5 Gross External Reserves

Gross external reserves rose marginally in August 2011.

The gross external reserves at the end of August 2011 stood at US$32.91 billion, indicating an increase of 1.2 per cent over the level at the end of the preceding month, but a decline 10.5 per cent from the level in the corresponding period of 2010. A breakdown of the reserves showed that CBN holding stood at US$24.50 billion (74.5 per cent), Federal Government holding was US$2.81 billion (8.5 per cent) and the Federation Account portion (Excess Crude) was US$5.60 billion (17.0 per cent) (Fig. 19, Table 16).

**Figure 19: Gross External Reserves**

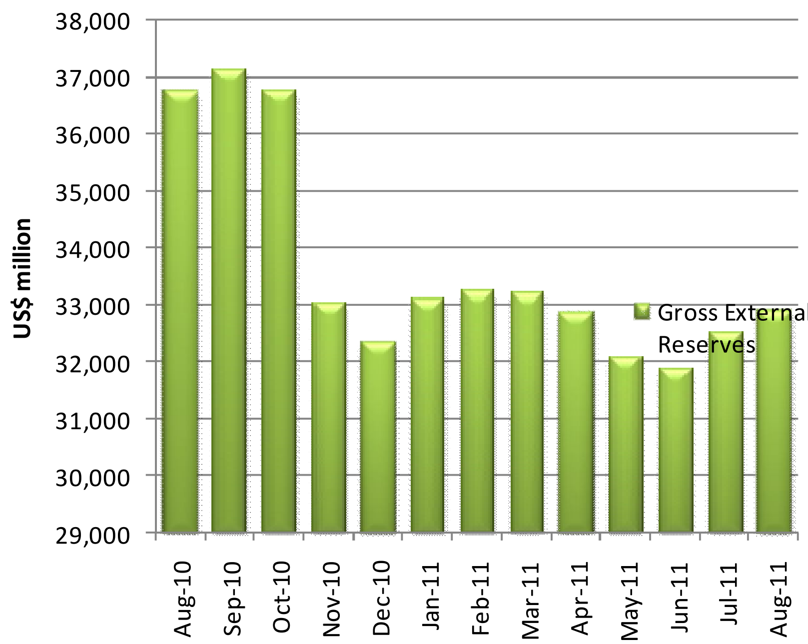



**Table 17: Gross External Reserves (US$ million)**

| | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| External Reserves | 36769.65 | 34589 | 33597 | 33059.3 | 32339.3 | 33131.83 | 33246.1 | 33221.8 | 32866.93 | 32100.8 | 31,890.50 | 32,521.71 | 32,914.00 |

## 6.0 Other International Economic Developments and Meetings

World crude oil output in August 2011 was estimated at 88.25 million barrels per day (mbd), while demand was estimated at 88.00 million barrels per day (mbd), compared with 88.20 and 89.15 mbd supplied and demanded, respectively, in the preceding month.

Other major international economic developments and meetings of relevance to the domestic economy during the review month included: the 35th Ordinary meeting of the Assembly of Governors of the Association of African Central Banks (AACB) held in Lilongwe, Malawi on August 12, 2011. The meeting was preceded by meetings of the AACB Technical Committee on August 8 - 9, 2011; and the AACB symposium on August 11, 2011.

The meeting considered among others:

- The report of the 2011 AACB Bureau, including the report of the AACB symposium held in Dakar, Senegal in 2010; progress of activities of the African Union Commission (AUC) - AACB joint Committee; the 2011 AACB continental seminar held in Kigali, Rwanda May 30 - June, 2011; and the workshop on the African Approach to the implementation of international Standards for banking Supervision and the Basel capital framework;
- The Assembly noted the delays in the take-off of the study by the joint African Union Commission (AUC)-AACB Committee assigned to prepare the strategy for the creation of the African Central Banks (ACB) and urged that the recruitment of experts to carry out the work be expedited; and
- The Assembly approved amendments to the statutes of the AACB to allow for the transfer of membership status from one sub-region to another.

Following the drought and famine being experienced in the Horn of Africa, the African Union (AU) convened a Pledging Conference in Addis Ababa, Ethiopia, on August 25, 2011 to raise finance for drought relief in East Africa. The Conference's objective was to start home-made responses to African problems by mobilizing funds from African governments as well as private and state institutions. Overall, African Leaders pledged nearly $380 million at the Conference. The African Development Bank also announced a donation of $300 million for long-term development in the Horn of Africa, to be spent by 2013.

Also, the African caucus of the International monetary fund (IMF) and World Bank held a meeting in Kinshasa, Democratic Republic of Congo (DRC) from August 3 - 4, 2011. The meeting focused on issues related to increasing energy deficit in Africa; rising food and fuel prices as well as the need for a strategy for a 3rd Chair for Africa at the IMF.

They agreed to:

- Strengthen and stimulate the regional power pools in Central, East, Southern and west Africa;
- Pursue the goal of pooling energy resources to achieve economies of scale in the power sector;
- Fully develop African power export potential and purse power trading;
- Improve agricultural productivity to spur growth and reduce famine and poverty in Africa; and
- Press for increased representation of Africa at all levels in the BWI's and put in place a task force to interact with Bretton Wood Institutions (BWIs) designated technical team on ways to overcome energy deficits and increase the representation of Africa on the Executive Board of the IMF.

In a related development, the G-24 Technical Group (TGM) met at the International Monetary Fund Headquarters in Washington DC on August 24 – 25, 2011. The objective of the meeting was to enable member countries discuss topical issues within the global context of growth and development agenda and map out adaptation strategies to individual countries.

The members agreed that:

- The G-24 should narrow the work program by focusing on issues that are relevant and development oriented;
- The G-24 Minister of Finance and Central Bank Governors should be encouraged to give their input on the work program for ownership and effective participation;
- Time-line should be set for the work-program to monitor progress; and
- The need for regional conferences and study visits; and an appeal to members with outstanding membership dues to pay up.

In another development, there was concern among oil producing countries that global economic slowdown may dampen demand for oil. Indeed, following the downgrade of the US economy and the continuous debt crisis in Europe, the Brent crude oil price fell from its peak US$ 127.02 to US$ 106 per barrel on August 12, 2011. Nevertheless, the chairman of the OPEC, the Iranian Minister of petroleum Mohammed Ali Khatibi, indicated that despite the falling oil prices and weak demand, there was currently no cause for intervention by the OPEC member since the price was still over a US$ 100. He added that the group would continue to monitor developments in the market and intervene whenever necessary or if the price goes lower than US$90 per barrel.

Furthermore, the USAID West Africa Trade Hub Launched two pilot Border Information Centers on August 4, 2011. The initiative, which was expected to facilitate trade between Ghana and Togo, would enhance the implementation of the ECOWAS Trade Liberalization Scheme. The rationale behind the project was to reduce delays in processes, eliminate corruption at the border posts, coordinate enforcement agencies and ease transport cost in West Africa which is believed to be amongst the highest in the world. A similar Trade Hub is Kodzoviakope Center which is funded by the World Bank and hosted by Abidjan-Lagos Corridor.

Finally, the Africa Energy Commission (AFREC) report showed that only 27.0 per cent of the population in Sub-Sahara Africa has access to electricity. The report further stated that the supplies were most often unstable, due to recurrent load shedding, blackouts and transmission and distribution problems. The World Bank estimated that in order to achieve the 21$^{st}$ Century level of global electrification, Africa would require an investment of US$30.0 billion annually to add 7,000 Megawatts for the next 20 years. Presently, the continents total generating capacity is about 117 GW while the actual demand for the over one billion population is 335 GW, and this is expected to reach 984 GW by 2050 going by the annual growth rate of 2.8 per cent for the continent. Hence the Commission is exploring other sources such as solar, wind, geothermal and hydroelectric energy.

# APPENDIX TABLES

# Table A1: Money and Credit Aggregates

| | 10-Aug | Oct 10 | Nov 10 | Dec 10 | Jan 11 | Feb 11 | Mar-11 | July-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|
| **Domestic Credit (Net)** | 9,326.10 | 9,460.25 | 9,547.26 | 8,708.55 | 8,685.74 | 8,136.02 | 7,854.70 | 8,142.20 | 9,990.75 |
| *Claims on Federal Government* | (787.10) | (1,074.12) | (1,201.12) | (1,121.80) | (730.97) | (1,072.27) | (1,571.84) | (1,824.90) | (908.74) |
| Central Bank (Net) | (2,748.07) | (2,894.78) | (2,976.07) | (2,884.03) | (2,823.21) | (2,965.98) | (3,401.44) | (3,460.50) | (2,988.74) |
| Banks | 1,960.97 | 1,820.66 | 1,774.95 | 1,762.21 | 2,092.24 | 1,923.72 | 1,829.61 | 1,635.70 | 2,079.54 |
| *Claims on Private Sector* | 10,113.20 | 10,534.37 | 10,748.38 | 9,830.34 | 9,416.71 | 9,178.29 | 9,426.54 | 9,967.10 | 10,899.50 |
| Central Bank | 493.56 | 664.06 | 683.58 | 632.17 | 532.56 | 424.37 | 437.51 | 807.90 | 838.60 |
| Banks | 9,619.64 | 9,870.30 | 10,064.78 | 9,198.17 | 8,884.15 | 8,753.92 | 8,989.03 | 9,159.20 | 10,060.70 |
| *Claims on Other Private Se* | 9,818.48 | 10,149.53 | 10,382.73 | 9,460.53 | 9,025.66 | 8,822.74 | 9,049.77 | 9,597.20 | 10,487.60 |
| Central Bank | 493.56 | 664.06 | 683.58 | 632.17 | 532.558424. | 424.37 | 437.51 | 807.90 | 838.60 |
| Banks | 9,324.91 | 9,485.47 | 9,699.15 | 8,828.36 | 8,493.10 | 8,398.37 | 8,612.26 | 8,789.30 | 9,648.99 |
| *Claims on State and Local* | 294.72 | 384.83 | 365.65 | 369.81 | 391.04 | 355.55 | 376.77 | 369.90 | 411.90 |
| Central Bank | - | | - | - | - | - | - | | |
| Banks | 294.72 | 384.83 | 365.65 | 369.81 | 391.04 | 355.55 | 376.77 | 369.90 | 411.90 |
| *Claims on Non-financial Pu* | - | | | - | - | - | - | | |
| Central Bank | - | | - | - | - | - | - | | |
| Banks | - | | - | - | - | - | - | | |
| **Foreign Assets (Net)** | 6,526.92 | 6,247.76 | 6,453.96 | 6,506.62 | 6,400.55 | 6,725.50 | 6,988.07 | 7,506.10 | 6,976.40 |
| Central Bank | 5,429.52 | 4,999.98 | 5,226.46 | 5,372.29 | 5,217.35 | 5,497.68 | 5,722.80 | 5,950.20 | 5,413.80 |
| Banks | 1,097.39 | 1,247.78 | 1,227.50 | 1,134.33 | 1,183.20 | 1,227.82 | 1265.28136 | 1,555.90 | 156.60 |
| **Other Assets (Net)** | (4,332.38) | (4,483.39) | (4,539.01) | (3,689.63) | (3,524.76) | (3,265.85) | (3,189.15) | (3,256.80) | (4,456.40) |
| **Total Monetary Assets (M2)** | 11,520.46 | 11,224.61 | 11,224.78 | 11,525.53 | 11,561.52 | 11,595.67 | 11,653.62 | 12,391.45 | 12,510.80 |
| **Quasi-Money 1/** | 6,098.14 | 5,891.86 | 5,968.89 | 5,954.26 | 5,994.45 | 6,206.54 | 6,229.11 | 6,520.96 | 6,636.80 |
| **Money Supply (M1)** | 5,422.50 | 5,332.75 | 5,255.89 | 5,534.45 | 5,545.79 | 5,365.63 | 5,534.45 | 5,870.49 | 5,874.00 |
| *Currency Outside Banks* | 822.23 | 874.89 | 880.86 | 1,082.19 | 1,033.34 | 1,025.02 | 1,082.18 | 1,039.75 | 1,060.50 |
| *Demand Deposits 2/* | 4,600.27 | 4,457.86 | 4,375.02 | 4,452.27 | 4,512.46 | 4,340.61 | 4,452.27 | 4,830.74 | 4,813.50 |
| **Total Monetary Liabilities (M2)** | 11,520.46 | 11,224.61 | 11,224.78 | 11,525.53 | 11,561.52 | 11,595.67 | 11,653.62 | 12,391.45 | 12,510.80 |
| *Memorandum Items:* | | | - | - | - | | | | |
| Reserve Money (RM) | 1,752.95 | 1,438.35 | 1,344.32 | 1,845.71 | 1,694.88 | 1,821.39 | 1,705.92 | 2,169.38 | 1,841.96 |
| *Currency in Circulation (CIC)* | 1,094.71 | 1,153.17 | 1,125.39 | 1,378.13 | 1,340.43 | 1,336.81 | 1,416.38 | 1,343.60 | 1,379.72 |
| *DMBs Demand Deposit with CE* | 658.24 | 285.12 | 218.92 | 467.58 | 354.45 | 484.58 | 289.54 | 825.78 | 462.20 |

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

2/ Demand Deposits consists 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)

| | Aug-10 | Oct-10 | Nov-11 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|
| **Domestic Credit (Net)** | 32.5 | 19.7 | 27.4 | 10.2 | -0.3 | -6.6 | -9.8 | -6.5 | 14.7 |
| *Claims on Federal Government (Net)* | -0.1 | 53.4 | 51.8 | 51.3 | 34.8 | 7.1 | -40.1 | -62.7 | 19.0 |
| *Claims on Private Sector* | 20.0 | 3.2 | 7.6 | -3.8 | -4.2 | -6.6 | -4.1 | 1.4 | 10.9 |
| *Claims on Other Private Sector* | 18.8 | 2.6 | 7.2 | -4.4 | -4.6 | -6.7 | -4.3 | 1.4 | 10.9 |
| *Claims on State and Local Government* | 87.2 | 24.0 | 20.8 | 19.2 | 5.7 | -3.9 | 1.9 | 0.0 | 11.4 |
| *Claims on Non-financial Public Enterprises* | | | | | | | | | |
| **Foreign Assets (Net)** | -12.1 | -17.7 | -15.4 | -14.3 | -1.6 | 3.4 | 7.4 | 15.4 | 7.2 |
| **Other Assets (Net)** | -6.2 | 5.2 | -0.1 | 22.0 | 4.5 | 11.5 | 13.6 | 11.7 | -20.8 |
| **Total Monetary Assets (M2)** | 3..4 | 4.3 | 8.8 | 7.0 | 0.3 | 0.6 | 1.1 | 7.5 | 8.6 |
| **Quasi-Money 1/** | 15.1 | 2.2 | 6.4 | 3.3 | 0.7 | 4.2 | 4.6 | 9.5 | 11.5 |
| **Money Supply (M1)** | -7.0 | 6.6 | 11.7 | 11.1 | -0.1 | -3.3 | -2.6 | 5.4 | 5.4 |
| *Currency Outside Banks* | -14.9 | -5.6 | 4.8 | -13.1 | -4.5 | -5.3 | 2.8 | -3.9 | -2.0 |
| *Demand Deposits 2/* | -5.3 | 9.4 | 13.2 | 1.9 | 1.0 | -2.8 | -4.0 | 7.6 | 7.2 |
| **Total Monetary Liabilities (M2)** | 3.4 | 4.3 | 8.8 | 6.9 | 0.3 | 0.6 | 1.1 | 7.5 | 8.6 |
| *Memorandum Items:* | | | | | | | | | |
| Reserve Money (RM) | -20.0 | -3.5 | 4.7 | 11.6 | -8.1 | -1.34 | -7.6 | 17.5 | -2.0 |
| *Currency in Circulation (CIC)* | -11.8 | -2.4 | 10.7 | 16.6 | -2.7 | -3 | 2.8 | -2.5 | 0.1 |
| *DMBs Demand Deposit with CBN* | -44.1 | -39.6 | -18.8 | -1.0 | -24.19 | 3.53 | -38.1 | 76.6 | -1.1 |
| | ***Growth over Preceding Month (%)*** | | | | | | | | |
| **Domestic Credit (Net)** | 10.5 | 1.6 | 0.9 | -8.8 | -0.3 | -6.3 | -3.5 | -8.6 | 22.7 |
| *Claims on Federal Government (Net)* | -0.8 | -4.7 | -11.8 | 6.6 | 34.8 | -42.6 | -50.8 | -71.4 | 50.2 |
| *Claims on Private Sector* | 7.2 | 1.9 | 2.0 | -8.5 | -4.2 | -2.5 | 2.7 | -0.5 | 9.4 |
| *Claims on Other Private Sector* | 7.3 | 1.6 | 2.3 | -8.9 | -4.6 | -2.3 | 2.6 | 0.5 | 9.3 |
| *Claims on State and Local Government* | 2.2 | 12.8 | -4.9 | 1.1 | 5.7 | -9.1 | 6.0 | -12.0 | 0.0 |
| *Claims on Non-financial Public Enterprises* | | | | | | | | | |
| **Foreign Assets (Net)** | -0.5 | -3.2 | 1.3 | 2.8 | -1.6 | 5.1 | 3.9 | 16.3 | -7.1 |
| Central Bank | -1.2 | -4.3 | 3.6 | 2.2 | -2.9 | 5.4 | 4.1 | 20.9 | -36.8 |
| Banks | 4.4 | 1.7 | -8.2 | -1.7 | 4.3 | 3.8 | 3.1 | 1.6 | 1.0 |
| **Other Assets (Net)** | 0.0 | 1.2 | 5.5 | 22.0 | 4.5 | 7.4 | 2.4 | -2.3 | 1.8 |
| **Total Monetary Assets (M2)** | 6.6 | 0.0 | -0.7 | 0.9 | 0.3 | 0.3 | 0.5 | 1.8 | 0.1 |
| **Quasi-Money 1/** | -0.1 | -1.3 | -0.4 | 1.5 | 0.7 | 3.5 | 0.4 | -0.2 | 2.0 |
| **Money Supply (M1)** | 4.9 | 1.5 | -1.1 | 5.6 | -0.1 | -3.2 | 0.7 | 4.0 | -0.4 |
| *Currency Outside Banks* | -0.9 | -0.7 | 1.9 | 1.3 | -4.5 | -0.8 | 8.6 | 2.3 | 1.0 |
| *Demand Deposits 2/* | 6.2 | 1.9 | -1.7 | 0.7 | 1.0 | -3.7 | -1.2 | 0.5 | 0.5 |
| **Total Monetary Liabilities (M2)** | 6.6 | 0.0 | -0.7 | 3.4 | 0.3 | 0.3 | 0.5 | 1.8 | 1.8 |
| *Memorandum Items:* | | | | | | | | | |
| Reserve Money (RM) | 2.4 | 7.0 | 0.9 | 8.1 | -8.1 | 7.43 | -6.3 | 5.1 | 2.0 |
| *Currency in Circulation (CIC)* | 1.1 | 2.5 | 6.5 | 1.2 | -2.7 | -0.27 | 6.0 | -0.8 | 2.7 |
| *DMBs Demand Deposit with CBN* | 8.7 | 30.3 | -21.7 | 23.4 | -24.19 | 36.57 | -40.2 | 16.1 | -44.0 |

## Table A3: Federal Government Fiscal Operations (₦ billion)

| | Aug-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Jul-11 | Aug-11 |
|---|---|---|---|---|---|---|---|---|---|
| **Retained Revenue** | **350.1** | **190.4** | **194.8** | **294.6** | **198.0** | **193.4** | **190.6** | **613.9** | **280.9** |
| *Federation Account* | *171.6* | *173.1* | *172.7* | *172.8* | *165.2* | *167.1* | *171.9* | *222.5* | *254.0* |
| *VAT Pool Account* | *6.4* | *7.0* | *5.8* | *6.4* | *6.8* | *7.5* | *7.1* | *7.9* | *9.5* |
| *FGN Independent Revenue* | *12.0* | *5.2* | *5.9* | *52.8* | *10.6* | *13.5* | *11.6* | *19.8* | *8.8* |
| *Excess Crude* | *101.9* | *0.0* | *0.0* | *62.5* | *6.8* | *4.8* | *0.0* | *363.8* | *7.5* |
| *Others* | *58.2* | *5.1* | *10.5* | *0.0* | *8.5* | *0.5* | *0.1* | *0.0* | *1.0* |
| **Expenditure** | **406.4** | **292.1** | **256.7** | **408.9** | **317.9** | **286.5** | **327.5** | **354.9** | **405.3** |
| *Recurrent* | *279.0* | *224.4* | *212.6* | *327.7* | *239.2* | *230.4* | *184.8* | *300.4* | *296.3* |
| *Capital* | *80.7* | *43.3* | *44.1* | *43.3* | *77.1* | *33.3* | *85.6* | *32.4* | *83.6* |
| *Transfers* | *46.7* | *24.5* | *13.8* | *13.8* | *1.7* | *22.8* | *57.1* | *22.1* | *25.5* |
| **Overall Balance: Surplus(+)/Deficit(-)** | **-96.5** | **-106.6** | **-61.9** | **-114.2** | **-119.9** | **-93.1** | **-136.9** | **259.1** | **124.4** |