



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT
NOVEMBER 2010***

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 decelerated in November 2010 relative to the level in the preceding month. Broad money (M_2), fell slightly by 0.7 per cent, relative to the level at the end of the preceding month, due largely to the 5.5 per cent decline in other assets (net) of the banking system. Narrow money (M_1), also declined, by 1.1 per cent, from the level at the end of the preceding month. Reserve money (RM), increased by 0.9 per cent over the level at the end of October 2010. Relative to the level at end-December 2009, M_2 rose by 3.5 per cent, compared with the increase of 4.3 per cent at the end of preceding month, owing wholly to the increase in domestic credit (net).

Available data indicated mixed developments in banks' deposit and lending rates. The spread between the weighted average term deposit and maximum lending rates narrowed from 17.92 percentage points in October 2010 to 17.84 percentage points. The margin between the average savings deposit and maximum lending rates also, narrowed slightly from 20.37 percentage points in the preceding month to 20.36 percentage points. The weighted average interbank call rate rose to 8.99 per cent from 8.45 per cent in the preceding month, reflecting the tight liquidity condition in the interbank funds market.

The value of money market assets outstanding at end-November 2010 was ₦4,339.41 billion, representing an increase of 2.2 per cent, compared with an increase of 2.9 per cent at end-October 2010. The development was attributed to the 11.7, 2.8 and 0.5 per cent rise in the value of Bankers' Acceptances, FGN Bonds, and Commercial Papers (CPs), respectively.

Total federally-collected revenue in November 2010 was estimated at ₦599.0 billion, representing an increase of 2.7 and 50.5 per cent over the proportionate monthly budget estimate for 2010 and the receipts in the corresponding period of 2009, respectively. At ₦447.59 billion, gross oil receipts, which constituted 74.7 per cent of the total revenue, exceeded the proportionate monthly budget revenue estimate for 2010 and the receipts in the corresponding period of 2009 by 9.6 and 77.3 per cent, respectively. The increase in oil receipts relative to the proportionate monthly budget estimate was largely

attributed, to the rise in domestic crude oil and gas sales during the review month. Non-oil receipts, at ₦151.42 billion or 25.3 per cent of the total, was 13.3 and 1.8 per cent lower than the proportionate monthly budget estimate for 2010 and receipts in the preceding month, respectively, but exceeded the level in the corresponding month of 2009 by 4.0 per cent. The shortfall relative to the proportionate monthly budget estimate, reflected largely the significant decline in independent revenue of the Federal Government, Customs Special Levies and Value Added Tax (VAT). Federal Government estimated retained revenue in November 2010 was ₦194.80 billion, while total estimated expenditure was ₦256.59 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦61.88 billion, compared with the monthly budgeted deficit of ₦129.23 billion for the review month.

The dominant agricultural activities in November 2010 were: harvesting of tubers, fruits, vegetables, grains, as well as pre-planting operations for dry season farming. In the livestock sub-sector, farmers were engaged in fattening and other husbandry activities preparatory to the end-of-year sales. Crude oil production, including condensates and natural gas liquids in November 2010 was estimated at 2.15 million barrels per day (mbd) or 64.50 million barrels. Crude oil export was estimated at 1.70 mbd or 51.0 million barrels for the month, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.50 million barrels. The average price of Nigeria's reference crude, the Bonny Light (37° API), estimated at US\$87.08 per barrel, increased by 3.4 per cent over the level in the preceding month.

The end-period headline inflation rate (year-on-year), in November 2010, was 12.8 per cent, compared with 13.4 per cent at the end of the preceding month. Inflation rate on a twelve-month moving average basis in November 2010 remained at the preceding month's level of 13.9 per cent.

Foreign exchange inflow and outflow through the CBN in November 2010 were US\$2.24 billion and US\$2.17 billion, respectively, and resulted in a net inflow of US\$0.07 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$1.84 billion, showing a decline of 34.7 per cent from the level in the preceding month, in contrast to a rise of 3.0 per cent in the corresponding period of 2009.

The average Naira exchange rate vis-à-vis the US dollar,

appreciated at the WDAS and the interbank segments of the market by 0.7 and 0.8 per cent, respectively. Also, at the bureaux-de-change segment, the Naira appreciated from ₦153.98 per US dollar in October 2010 to ₦153.13 per US dollar, indicating an increase of 0.6 per cent over the level in the preceding month.

Non-oil export earnings by Nigerian exporters increased by 137.1 per cent over the level in the preceding month to US\$342.4 million. The development was attributed largely to the rise in the prices of all the commodities traded at the international commodities market during the period.

World crude oil output in November 2010 was estimated at 86.85 million barrels per day (mbd), while demand was estimated at 86.37 million barrels per day (mbd), representing an excess supply of 0.48 mbd, compared with 86.76 and 86.25 mbd supplied and demanded, respectively, in the preceding month. The non-OECD countries remained the key growth drivers in demand for world crude oil, led by China, India, the Middle East and Latin America. This was also reinforced by increased consumption in the Organisation for Economic Co-operation and Development (OECD) as a result of strong economic activities, supported by various stimulus plans.

Other major international economic developments and meetings of relevance to the domestic economy during the review month included: the End of Year 2010 Statutory Meeting of the West African Monetary Agency (WAMA) held in Dakar, Senegal from November 23 - 25, 2010, which discussed the activities undertaken by WAMA under the ECOWAS Monetary Cooperation Programme during the second half of 2010, including studies, missions and meetings, as well as staff and administrative matters. The meeting discussed various reports, including the progress achieved in the second half of 2010, macroeconomic convergence for the first half of 2010 as well as staff and administrative issues.

In another development, the G-20 Leaders Summit was held in Seoul, South Korea from November 11 - 12, 2010. The Summit agreed on a series of policy actions designed to respond to the challenges of global recovery and renewed growth, as well as ways of preventing future crises.

In a related development, the International Monetary Fund (IMF) Article IV Mission visited Nigeria from November 4-18,

2010 to conduct the 2010 Article IV Consultation, involving discussion on Nigeria's economic policies with the authorities. The Mission met with the relevant Nigerian authorities and discussed on recent developments in the Nigerian economy, the outlook for 2010 and 2011, and the macroeconomic policy framework needed to support Nigeria's long-term goals as identified in the country's development strategy, Vision 20:2020.

Finally, the Climate Investment Funds (CIF) governing bodies' annual meeting was held in Washington D.C., USA from November 5 – 12, 2010. Nigeria and Niger were among the latest developing nations to obtain financial support from the CIF to advance their nations' clean energy and climate resilience initiatives. Nigeria's US\$250 million investment plan to develop renewable energy under the CIF's Clean Technology Fund (CTF) was endorsed, and Niger was awarded US\$110 million in grants and highly concessional loans to improve climate resilience and food security under the CIF's Pilot Program for Climate Resilience (PPCR).

2.0 *Financial Sector Developments*

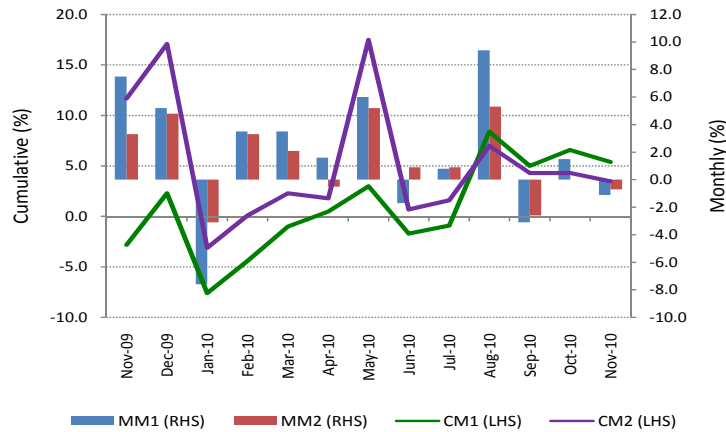
2.1 Monetary and Credit Developments

Growth in the major monetary aggregate decelerated, while banks' deposit and lending rates indicated mixed developments in November 2010. The value of money market assets outstanding increased, owing largely to the rise in the value of Bankers' Acceptances, FGN Bonds and Commercial Papers (CPs). Developments on the Nigerian Stock Exchange (NSE) were mixed during the review month.

Growth in the key monetary aggregate decelerated in November 2010.

Provisional data indicated a decline in the major monetary aggregate at end-November 2010. Relative to the preceding month, broad money supply, (M₂), at ₦11,142.7 billion, fell marginally by 0.7 per cent, compared with the decline of 0.002 per cent in October 2010. The development was accounted for, wholly, by the 5.5 per cent decline in other assets (net) of the banking system. Narrow money supply (M₁), at ₦5,274.2 billion, also, fell by 1.1 per cent, in contrast to the increase of 1.5 per cent at the end of the preceding month. In addition, quasi-money fell by 0.4 per cent, compared with 1.3 per cent at end-October 2010. Relative to end-December 2009, growth in M₂ moderated to 3.5 per cent, owing wholly to the increase of 20.8 per cent in net domestic assets of the banking system, particularly claims on Federal Government which grew by 47.8 per cent.

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



At ₦9,547.3 billion, aggregate banking system credit (net) to the domestic economy rose by 0.9 per cent on month-on-month basis, compared with an increase of 1.6 per cent at the end of the preceding month. The development reflected largely, the increase in claims on both the Federal Government and the private sector. Relative to end-December 2009, domestic credit (net), increased by 20.8 per cent.

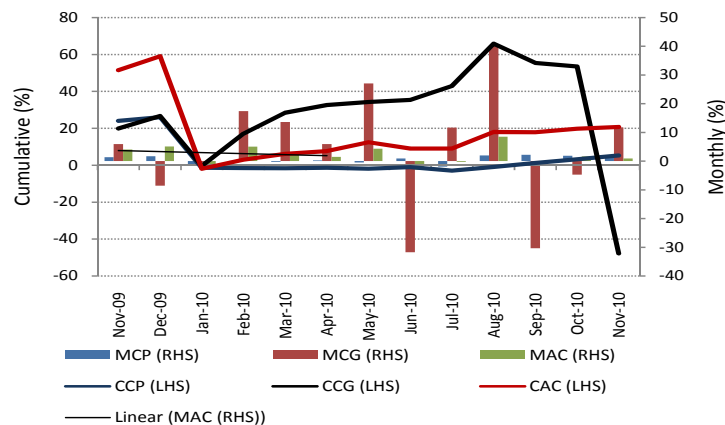
Banking system’s credit (net) to the Federal Government, on month-on-month basis, increased by 11.8 per cent to negative ₦1,201.1 billion, compared with the increase of 4.7 per cent at the end of the preceding month. The development reflected largely, the increase in banking system’s holding of Federal Government securities. Similarly, credit to the Federal Government rose significantly by 47.8 per cent, over the level at end-December 2009. The Federal Government remained a net lender to the banking system at the end of the review month.

The banking system’s credit to the private sector rose by 2.0 per cent to ₦10,748.4 billion over the preceding month’s level, compared with an increase of 1.9 per cent at end-November 2010. The development

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

reflected the increase in both the monetary authorities and the DMBs' claims on the sector (Fig. 2, Table 1). Credit to the private sector rose by 5.3 per cent, relative to end-December 2009. The development reflected the 4.9 and 17.8 per cent increase in credit to the core private sector and state and local governments, respectively.

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



At ₦6,327.1 billion, foreign assets (net) of the banking system rose over the level in the previous month by 1.3 per cent, in contrast to the decline of 3.2 per cent at the end of October 2010. The development was attributed wholly to the 3.6 per cent rise in CBN's holding of foreign assets. Over the level at end-December 2009, foreign assets (net) of the banking system fell by 16.7 per cent.

Foreign assets (net) of the banking system rose, on month-on-month basis at end November 2010.

Quasi-money fell by 0.4 per cent, to ₦5,868.4 billion, compared with the decline of 1.3 per cent at the end of October 2010. The development was attributed to the fall in all the components namely, time, savings and foreign currency deposits of the DMBs. Over the level at end-December 2009, quasi-money, however, rose by

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).

1.8 per cent.

Other assets (net) of the banking system declined by 5.5 per cent to ₦4,731.7 billion, in contrast to the increase of 1.2 per cent at the end of the preceding month, reflecting largely, the fall in unclassified assets of both the CBN and the DMBs. Relative to the level at end-December 2009, other assets (net) of the banking system fell slightly by 0.04 per cent.

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

	Nov-09	Dec-09	Mar-10	Apr-10	May-10	Jun-10	Aug-10	Sep-10	Oct-10	Nov-10
Domestic Credit (Net)	4.1	5.4	3	1.5	4.3	-3	8.5	-0.2	1.6	0.9
Claims on Federal Government (Net)	5.9	-7.7	13.6	5.9	27.1	31.7	40.2	30.4	4.7	-11.8
Claims on Private Sector	0	2.2	-0.2	0.3	-0.5	0.9	2	2.2	1.9	2
Claims on Other Private Sector	1.2	2.2	-0.4	0.2	-0.4	0.9	4.1	1.8	1.55	2.3
Foreign Assets (Net)	3.1	1.6	-0.7	-3.3	-5.8	-1.8	-0.9	-1.12	-3.2	1.3
Other Assets (Net)	-4.1	-0.1	0.8	1.4	-3.8	10.3	-2.355	-4.67	1.2	5.5
Broad Money Supply (M2)	3.3	4.8	2.1	-0.5	-2	0.9	-2.57	-2.57	0	-0.7
Quasi-Money	-0.1	2.2	1.1	-2.1	-3.2	3.2	1.92	-2.12	-1.29	-0.4
Narrow Money Supply (M1)	7.5	5.2	3.5	1.6	-0.5	-1.7	9.4	-3.07	1.46	-1.1
Reserve Money (RM)	2.4	17.4	-7.6	4.2	19.5	0	5.7	-23.3	6.9	0.9

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

In line with seasonal increase in demand for currency during the fourth quarter, currency in circulation at ₦1,227.6 billion, rose by 6.5 per cent at end-November 2010 over the level at end-October 2010, traceable largely, to the 20.5 per cent increase in vault cash.

Total deposits at the CBN amounted to ₦4,391.5 billion, indicating a decline of 0.01 per cent from the level at the end of the preceding month. The development reflected largely, the 21.7 and 19.6 per cent decline in banks' deposits and 'others', respectively. Of the total deposits, the percentage shares of the Federal Government, banks and "others" were 81.6, 5.1 and 13.3 per cent, respectively.

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

The CBN operating target, the reserve money (RM), increased to ₦1,450.8 billion from ₦1,438.4 billion at the end of the preceding month, mirroring the trends in DMBs' deposits with the CBN.

2.3 Money Market Developments

Activities in the money market were mixed in November 2010. There was tight liquidity in the system up to the middle of the review month. However, the release of statutory revenue allocation, VAT and other fiscal injections later in the month, relaxed the tight liquidity condition. Deposit Money Banks (DMBs) and Discount Houses (DHs) participated actively at the primary auction of Nigerian Treasury Bills (NTBs) and the Federal Government of Nigeria (FGN) Bonds, as they took advantage of the adjustment in the Monetary Policy Rate. The turnover at the Over-The-Counter (OTC) market for NTBs and FGN Bonds remained significant at the secondary market.

There was a mixed development at all the segments of the money market in November 2010.

Provisional data indicated that the value of money market assets outstanding, at ₦4,339.41 billion, was 2.2 per cent, above the level at the end of the preceding month, compared with an increase of 2.9 per cent at end-October 2010. The development was attributed to the 2.8, 11.7 and 0.5 per cent increase in the value of FGN Bonds, Bankers Acceptances and Commercial Papers (CPs), respectively.

2.3.1 Interest Rate Developments

Available data indicated mixed developments in banks' deposit and lending rates in November 2010. The average savings deposit rate remained at the preceding month's level of 1.48 per cent, while the 7-day, 12-month and over twelve month deposit rates declined by 0.14, 0.17 and 0.32 percentage point to 1.72, 3.80 and 5.53 per cent, respectively. All other rates on deposit of various maturities, however, increased from a range of 3.60 – 4.32 per cent in the preceding month to 3.69 – 5.08 per cent. At 4.00 per cent, the average term deposit rates rose by 0.07 percentage point above the rate in the preceding month. The average maximum lending rate, however, fell by 10 basis points to 21.84 per cent. Similarly, the average prime lending rate fell by 50 basis points to 16.11 per cent. Consequently, the spread between the weighted average term deposit and maximum lending rates

There was a mixed development in deposit and lending rates in November 2010.

The spread between the weighted average term deposit and maximum lending rates narrowed, while in real terms, all deposit rates were negative.

narrowed from 20.37 percentage points in October 2010 to 20.36 percentage points. Similarly, the margin between the average savings deposit and maximum lending rates narrowed from 17.92 percentage points in the preceding month to 17.84 percentage points. With the headline inflation rate (on year-on-year basis) at 12.8 per cent at end-November, all deposit rates, were negative in real terms.

There was a mixed development in interbank money market rates in November 2010.

At the interbank call segment, the weighted average rate, which stood at 8.45 per cent in October 2010, rose to 8.99 per cent, reflecting the tight liquidity condition which exerted upward pressure on rates in the market. In tandem with activities at the interbank market, the Nigeria Interbank Offered Rate (NIBOR) for the 7-day tenor fell to 9.54 from 9.72 per cent, while the NIBOR for the 30-day tenor rose to 12.36 from 11.14 per cent in the preceding month (Fig. 3, Table 2).

Figure 3: Selected DMBs Interest Rates (Average)

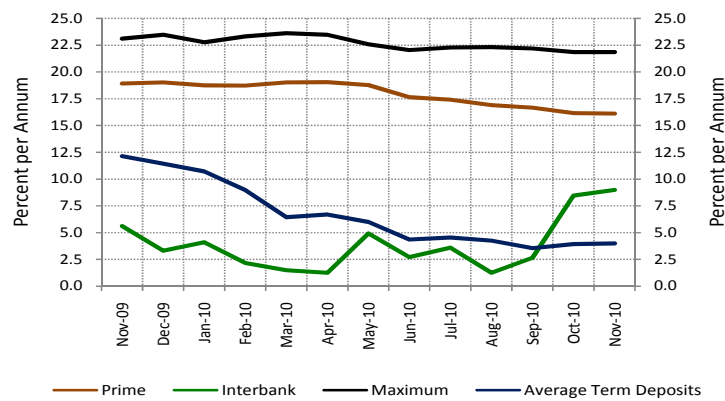


Table 2: Selected Interest Rates (Percent, Averages)

	Nov-09	Dec-09	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Average Term Deposits	12.1	11.4	6.9	7.8	4.4	4.6	4.3	3.6	3.9	4.0
Prime Lending	18.9	19.0	18.0	18.1	17.7	17.4	16.9	16.7	16.2	16.1
Interbank	5.6	3.3	1.3	6.0	2.7	3.6	1.3	2.7	8.5	9.0
Maximum Lending	23.1	23.5	22.8	22.9	22.0	22.3	22.3	22.2	21.9	21.8

2.3.2 Commercial Papers (CPs)

DMBs holdings of CPs rose during the month under review.

The value of Commercial Papers (CPs) held by DMBs rose by 0.5 per cent to ₦218.7 billion at end-November 2010, compared with an increase of 3.4 per cent at the end of the preceding month. Thus, CPs constituted 5.0

per cent of the total value of money market assets outstanding as at end-November 2010, compared with 5.2 per cent at the end of the preceding month.

2.3.3 Bankers' Acceptances (BAs)

The value of BAs holding by DMBs increased by 11.7 per cent to ₦83.1 billion at end-November 2010, compared with an increase of 21.8 per cent at the end of the preceding month. Consequently, BAs accounted for 1.9 per cent of the total value of money market assets outstanding at the end of November 2010, compared with 1.8 per cent at the end of the preceding month.

DMBs' holdings of BAs rose in November 2010.

2.3.4 Open Market Operations

NTBs tenured 149- and 331-day, were auctioned at the open market in the month of November 2010. Amounts offered were ₦10.00 billion and ₦20.00 billion respectively, while the total public subscription for the 149- and 331-day stood at ₦47.25 billion. The bid rates ranged from 8.7500 to 10.9949 per cent at the auction. Amounts sold were ₦11.00 billion at 9.70 per cent and ₦18.50 billion at 10.25 per cent, respectively. No OMO Bills matured in the month of November 2010 for repayment.

2.3.5 Primary Market

At the primary market segment, Nigerian Treasury Bills of 91-, 182- and 364-day, tenors amounting to ₦252.53 billion, were offered, while ₦205.95 billion was allotted. Also, ₦30.18 billion worth of NTBs was sold to the non-competitive bidders during the month. Patronage at the primary market had remained impressive and reflected market players' preference for risk-free tradable government securities. In the same vein, the marginal rates for the tenors improved considerably as NTBs were sold at rates that reflected the prevailing market conditions. The sum of ₦121.16 billion was repaid on matured NTBs.

The marginal rates for the Nigerian Treasury Bills of 91-, 182- and 364-day tenors increased considerably in the review month.

2.3.6 Bonds Market

FGN Bonds of 3-, 7- and 20- year (re-opened) tranches, amounting to ₦20.00 billion, ₦25.31 billion and ₦25.00 billion, respectively, were auctioned in November, 2010.

The marginal rates for various tenors of FGN Bonds were higher than in the preceding month, owing to the expectations of higher inflation.

The bid rates ranged from 6.24 - 14.00 per cent, 9.25 - 15.00 per cent and 10.00 -17 per cent for the 3-, 7- and 20-year tranches, respectively. Total public subscription was ₦126.94, while total allotment was ₦81.73 billion at marginal rates of 11.5000 per cent for the 3-year, 13.2083 per cent for the 7-year and 14.5000 per cent for the 20-year FGN Bonds.

2.3.7 CBN Standing Facilities

The total standing deposit facility (SDF) requested by DMBs and discount houses declined significantly in November 2010, due to the tight liquidity condition in the market. The sum of ₦626.66 billion was deposited by the DMBs and discount houses under the Bank's SDF, compared with ₦998.75 billion in the preceding month. The sum of ₦1394.87 billion was requested for, under the standing lending facilities (SLF), compared with ₦985.64 in the preceding month. The MPR and the rate for Bank's standing lending facility (SDF) remained unchanged at 6.25 and 8.25 per cent, respectively, while the rate for the standing deposit facility rose to 4.25 per cent from the level in the preceding month.

2.4 Deposit Money Banks' Activities

Available data indicated that total assets/liabilities of the Deposit Money Banks (DMBs) amounted to ₦18,305.6 billion, indicating a decline of 0.4 per cent from the level at end-October 2010. Funds sourced, mainly from increased foreign assets and disposal of unclassified assets were used largely, in the extension of credit to the private sector.

DMBs' Credit to government fell by 2.5 per cent, while credit to the core private sector increased slightly by 2.3 per cent over the level in November 2010.

At ₦11,839.8 billion, DMBs' credit to the domestic economy rose by 1.3 per cent over the level in the preceding month. The breakdown showed that credit to government fell by 2.5 per cent, while credit to the core private sector increased by 2.3 per cent over the level in November 2010.

Central Bank's credit to the DMBs declined by 3.1 per cent to ₦464.3 billion at end-November 2010, reflecting largely the fall in CBN overdrafts to banks during the

review month.

Total specified liquid assets of the DMBs stood by ₦2,993.9 billion, representing 27.6 per cent of their total current liabilities. This level of liquid assets was 0.1 percentage points below the preceding month's ratio and 2.6 percentage points above the stipulated minimum ratio of 25.0 per cent for fiscal 2010. The loan-to-deposit ratio was 78.9 per cent and was 1.1 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 ₦390.5 billion at end-November 2010, showing an increase of 7.4 per cent over the level at end-October 2010. The increase in assets was accounted for largely, by the 21.6 and 15.9 per cent rise in claims on fixed assets and "other assets", respectively. Correspondingly, the increase in total liabilities was attributed largely, to the 28.6 and 7.3 per cent, rise in borrowings and money-at-call, respectively.

Discount houses' investment in Federal Government securities of less than 91-day maturity rose to ₦31.7 billion and accounted for 10.4 per cent of their total deposit liabilities. It was, however, 49.6 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2010. At that level, discount houses' investment declined by 4.9 per cent from the level at the end of the preceding month. Total borrowing by the discount houses was ₦32.7 billion, while their capital and reserves amounted to ₦43.3 billion. This resulted in a gearing ratio of 1.2:1, compared with the stipulated maximum target of 50:1 for fiscal 2010.

2.6 Capital Market Developments

2.6.1 Secondary Market

Available data indicated that activities on the Nigerian Stock Exchange (NSE) in November 2010 were mixed. Relative to the preceding month, the volume of traded securities increased by 10.8 per cent, while the value to

7.4 billion shares, while the value declined by 33.4 per cent to ₦60.3 billion, in 121,531 deals. The Banking sub-sector remained the most active on the Exchange with a traded volume of 5.0 billion shares, valued at ₦35.5 billion, in 70,864 deals. This was followed by the Insurance sub-sector with a traded volume of 801.5 million shares, valued at ₦580.20 million, in 5,707 deals. A total of 176 equities were traded, compared with 165 in the preceding month. Banking stocks accounted for the top three (3) most active. First Bank of Nigeria Plc topped the list with a transaction volume of 443.82 million shares, followed by Access Bank Plc with 404.44 million shares and Zenith Bank Plc placed third with 368.34 million shares.

Figure 4: Volume and Value of Traded Securities

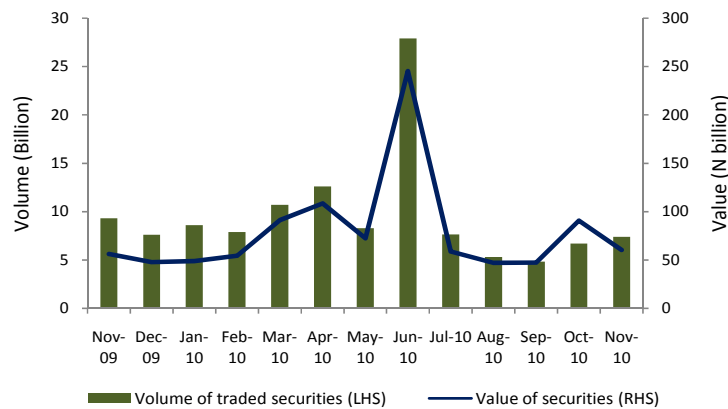


Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)

	Nov-09	Dec-09	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Volume (Billion)	9.3	7.6	12.6	8.3	27.9	7.6	5.3	4.8	6.7	7.4
Value (₦ Billion)	56.1	47.6	108.3	72.2	245.2	58.8	46.9	47.3	90.6	60.3

2.6.2 Over-the-Counter (OTC) Bonds Market

Transactions on the Over-the-Counter (OTC) Bonds market indicated a turnover of 730.8 million units, worth ₦750.9 billion in 5,524 deals, compared with 1.1 billion units, valued at ₦1.0 billion, in 8,004 deals in October 2010. The most active, bond, by turnover volume, was the 10.0% FGN July 2030 Bond with a traded volume of 205.6 million units, valued at ₦155.8 billion, in 1,595 deals. This was followed by the 4.00% FGN April 2015

Bond with a traded volume of 151.7 million units, valued at ₦113.1 billion, in 1,250 deals.

2.6.3 New Issues Market

In the new issues segment of the market, the Multi-Trex Integrated Foods Plc offering of 3,722,493,620 shares at a price of ₦3.00 per share were admitted on the Daily Official List. Also, 792,914,256 shares, in favour of Paint and Coating Manufacturers Nigeria Plc were admitted on the Daily Official list at a price of ₦3.00 per share. Similarly, the Ebonyi State Government's ₦20.0 billion 14% Fixed Rate Development Bond 2015 was listed in the National Bonds Sector. There were two (2) supplementary listings on the Nigeria Stock Exchange in November 2010, compared with one (1) in the preceding month (Table 4).

Table 4: Supplementary listing on the Nigeria Stock Exchange (NSE) in November 2010

S/N	Company	Additional Shares (billion)	Reasons
1	NEM Insurance Plc	0.3	Acquisition of Lambard Insurance Co. Plc
2	Niger Insurance Plc	0.9	Bonus Issue of one (1) for five (5) shares

Four (4) equities were adjusted for dividend, compared with five (5) in the preceding month. The 9.2% FGN November 2010 (4th FGN Bond 2010 Series 13) was delisted from the Daily Official list on maturity and full payment.

2.6.4 Market Capitalization

Total market capitalization declined by 1.0 per cent to ₦10.0 trillion, compared with ₦10.1 trillion in the preceding month. The 216 listed equities accounted for 79.0 per cent of the total market capitalization. The development was attributed largely, to the drop in equity prices and the delisting of one matured FGN Bond.

2.6.5 NSE All-Share Index

The All-Share Index declined by 1.0 per cent to close at 24,764.65 (1984=100), in the review month. Two of the four sectoral indices appreciated during the review month. The NSE Banking and NSE Oil/Gas Indices rose

by 2.8 and 2.7 per cent to close at 381.18 and 343.13, respectively. However, the NSE Food/Beverage and NSE Insurance fell by 0.9 and 1.4 per cent to close at 797.98 and 159.97, respectively. The development was attributed largely to the drop in equity prices and the delisting of one matured FGN Bond.

Figure 5: Market Capitalization and All-Share Index

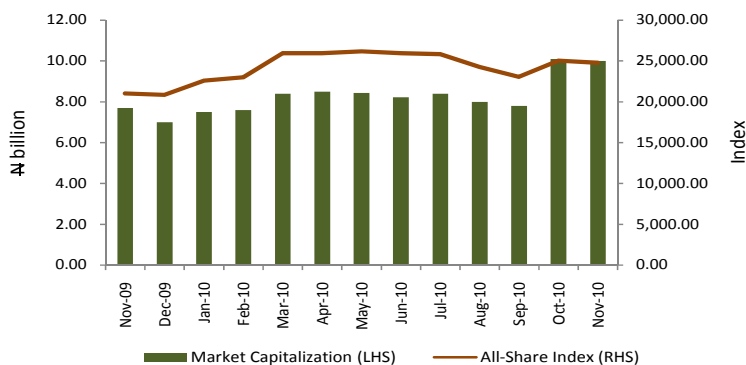


Table 5: Market Capitalization and All Share Index (NSE)

	Nov-09	Dec-09	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Market Capitalization (₦ trillio)	4998.1	5.0	8.5	8.4	8.2	8.4	8.0	7.8	10.1	10.0
All-Share Index	21010.0	20827.2	26453.2	26183.2	25966.3	25844.2	24268.2	23050.6	25042.2	24764.7

3.0 Fiscal Operations

3.1 Federation Account Operations

Available data showed that total federally-collected revenue in November 2010 was ₦599.01 billion, showing an increase of 2.7 and 50.5 per cent above the proportionate monthly budget estimate and the receipts in the corresponding period of 2009, respectively. However, it was 2.8 per cent below the receipts in the preceding month (Fig. 6, Table 5).

Total federally-collected revenue was above the proportionate monthly budget estimate for November 2010.

Figure 6: Components of Gross Federally-Collected Revenue

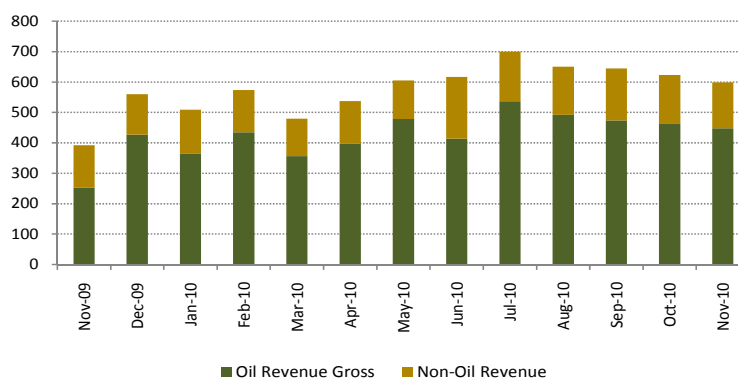


Table 6: Gross Federation Account Revenue (₦ billion)

	Nov-09	Dec-09	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Federally-collected revenue (Gross)	398.1	572.9	537.7	605.2	641.8	699.9	650.6	644.7	623.3	599.0
Oil Revenue	252.5	426.8	396.9	478.4	413.4	536.2	492.5	473.3	462.4	447.6
Non-Oil Revenue	145.6	143.6	165.5	126.9	202.9	163.7	158.1	171.4	161.0	151.4

At ₦447.59 billion, gross oil receipts, which constituted 74.7 per cent of the total revenue, exceeded the proportionate monthly budgeted revenue and the receipts in the corresponding period of 2009 by 9.6 and 77.3 per cent, respectively. It was, however, lower than the receipts in the preceding month by 3.2 per cent. 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 month under review (Fig. 7, Table 6).

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

Figure 7: Gross Oil Revenue and Its Components

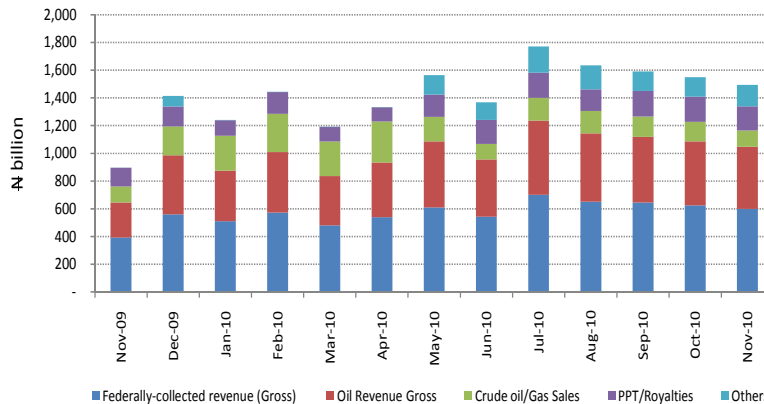


Table 7: Components of Gross Oil Revenue (N billion)

	Nov-09	Dec-09	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Oil Revenue	252.5	426.8	396.9	478.4	413.4	536.2	492.5	473.3	462.4	447.6
Crude oil/Gas Sales	38.1	206.8	293.8	318.1	111.7	165.3	163.1	147.7	142.1	117.2
PPT/Royalties	135.3	144.9	102.8	160.0	174.0	180.4	154.8	184.9	180.0	175.0
Others	79.1	75.2	133.2	141.4	127.8	190.6	174.5	140.7	140.3	155.4

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

Non-oil receipts, at ₦151.42 billion or 25.3 per cent of the total, was 13.3, and 1.8 per cent lower than the proportionate monthly budget estimate and receipts in the preceding month, respectively, but exceeded the level in the corresponding month of 2009 by 4.0 per cent. The shortfall relative to the proportionate monthly budget estimate reflected largely the significant decline in independent revenue of the Federal Government, especially Customs Special Levies and Value Added Tax (VAT) (Fig. 8, Table 7).

Figure 8: Gross Non-Oil Revenue and Its Components

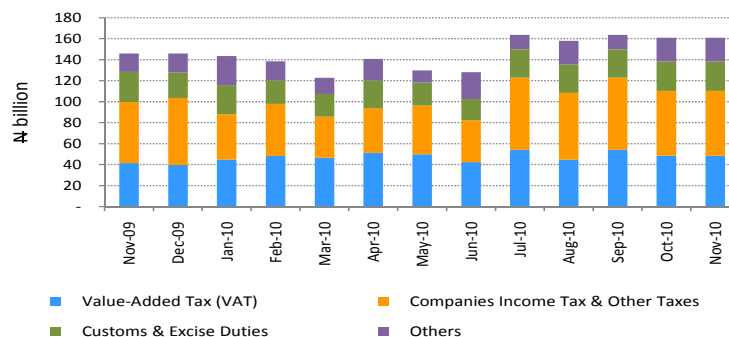


Table 8: Components of Gross Non-Oil Revenue (₦ billion)

	Nov-09	Dec-09	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Non-Oil Revenue	145.6	146.1	140.9	126.9	128.2	163.7	158.1	171.4	161.0	151.4
Value-Added Tax (VAT)	41.4	39.6	51.1	49.8	42.2	54.2	44.6	48.5	48.5	39.9
Companies Income Tax & Other Taxes	58.1	63.8	42.6	46.6	40.1	68.8	63.9	80.5	61.7	51.4
Customs & Excise Duties	28.8	24.4	26.6	21.9	20.2	30.0	27.1	26.9	28.0	30.9
Others	17.3	18.2	20.5	21.5	25.7	13.8	22.5	13.8	22.5	29.2

Of the gross federally-collected revenue during the month, the sum of ₦365.20 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 per cent Derivation Fund. The Federal Government received ₦172.72 billion, while the States and Local Governments received ₦87.61 billion and ₦67.54 billion, respectively. The balance of ₦37.33 billion went to the 13.0 per cent derivation fund for distribution by the oil-producing states. Also, the Federal Government received ₦5.75 billion, while the State and Local Governments received ₦19.16 and ₦13.41 billion, respectively, from the VAT Pool Account. Overall, the total allocation to the three tiers of government from the Federation and VAT Pool Accounts in November 2010 amounted to ₦403.52 billion.

3.2 The Fiscal Operations of the Three Tiers of Government

3.2.1 The Federal Government

At ₦194.80 billion, the estimated Federal Government retained revenue for November 2010, was 29.3 per cent lower than the proportionate monthly budget estimate for 2010. It was, however, higher than the level in the preceding month and the receipts in the corresponding month of 2009 by 2.3 and 126.5 per cent, respectively. Of this amount, the shares from the Federation Account and the VAT Pool account were ₦172.72 and ₦5.75 billion, respectively, while the balance (₦16.33 billion) came from FGN independent revenue and “others” (Fig. 9, Table 8).

Federal government estimated retained revenue was lower than the proportionate monthly budget by 29.3 per cent. It was, however, higher than the level in the preceding month and the receipts in the corresponding month of 2009 by 2.3 and 126.5 per cent, respectively.

Figure 9: Federal Government Retained Revenue

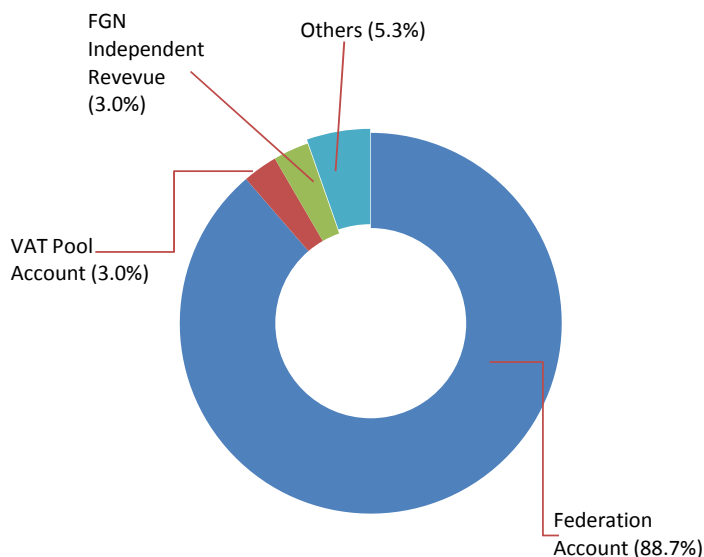


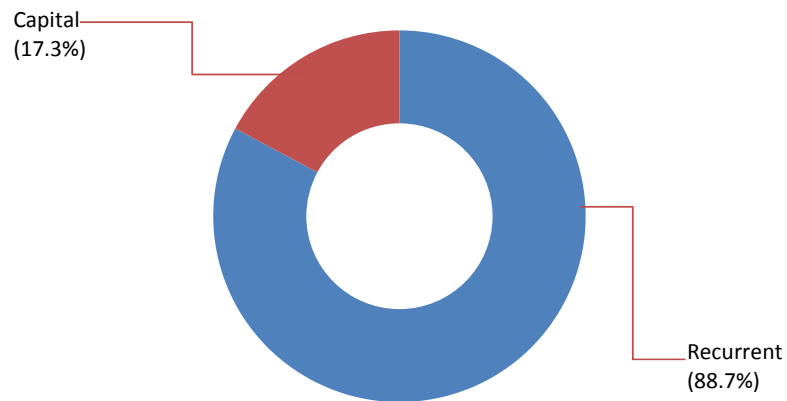
Table 9: Federal Government Fiscal Operations (₦ billion)

	Nov-09	Dec-09	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Retained Revenue	86.0	185.1	246.3	331.4	207.1	185.1	214.5	176.4	190.4	194.8
Expenditure	416.8	359.0	158.9	164.9	458.5	328.6	321.1	328.6	292.1	256.7
Overall Balance: Surplus(+)/Deficit	-330.8	-178.7	87.4	166.5	-251.7	-143.5	-106.6	14.9	-101.7	-61.9

Total estimated expenditure for November 2010 fell short of the proportionate monthly budget and the level in the preceding month by 36.6 and 12.1 per cent, respectively.

At ₦256.68 billion, total estimated expenditure for November 2010 fell short of the proportionate monthly budget estimate, the levels in the preceding month and the corresponding period of 2009 by 36.6, 12.1 and 38.4 per cent, respectively. The lower total expenditure relative to the preceding month’s level was attributed to the decline in recurrent component. A breakdown of total expenditure showed that the recurrent component accounted for 82.8 per cent, while the capital and transfer component accounted for the balance of 17.2 per cent (Fig. 10).

Figure 10: Federal Government Expenditure in November 2010



Thus, the fiscal operations of the Federal Government in November 2010, resulted in an estimated deficit of ₦61.88 billion, compared with the monthly budgeted deficit of ₦129.23 billion.

The fiscal operations of the FG resulted in an estimated deficit of ₦61.88 in November 2010.

3.2.2 Statutory Allocations to State Governments

During the review month, total receipts by state governments, including the 13.0 per cent Derivation Fund and share of VAT from the Federation Account stood at ₦144.09 billion. This represented a decline of 2.3 per cent from the level in the preceding month. It was, however, 14.3 per cent higher than the level in the corresponding month of 2009.

The breakdown showed that, at ₦19.16 billion, receipts from the VAT Pool Account was lower than the levels in the preceding month and corresponding period of 2009 by 17.7 and 3.7 per cent, respectively, while receipts from the Federation Account, at ₦124.94 billion, rose by 0.6 and 17.7 per cent over the levels in October 2010, and the corresponding month of 2009, respectively.

3.2.3 Statutory Allocations to Local Government Councils

Total receipts by the Local Governments from the Federation and VAT Pool Accounts during November 2010, stood at ₦80.95 billion. This was lower than the level in the preceding month by 3.6 per cent, but higher than the corresponding period of 2009 by 11.7 per cent. Of this amount, receipts from the Federation Account was ₦67.54 billion (83.4 per cent of the total), while the VAT Pool Account accounted for ₦13.41 billion (16.6 per cent of the total).

4.0 Domestic Economic Conditions

The dominant agricultural activities in November 2010 were; harvesting of tubers, fruits, vegetables, grains, as well as pre-planting operations for dry season farming. In the livestock sub-sector, farmers were engaged in fattening and other husbandry activities in anticipation of the end-of-year sales. Crude oil production was estimated at 2.15 million barrels per day (mbd) or 64.5 million barrels during the month. The end-period inflation rate for November 2010, on a year-on-year basis was 12.8 per cent, compared with the preceding month's level of 13.4 per cent. The inflation rate on a 12-month moving average basis remained at 13.9 per cent in November 2010.

4.1 Agricultural Sector

Available data indicated that the predominant agricultural activities in the southern states were harvesting of tubers, fruits and vegetables, while farmers in the north were engaged in harvesting of late maturing grains, as well as pre-planting operations for the dry season farming. In the livestock sub-sector, farmers were engaged in fattening and other husbandry activities preparatory to the end-of-year sales.

A total of ~~N~~803.8 million was guaranteed to 4,421 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in November 2010. This represented a decline of 41.8 and 35.6 per cent from the levels in the preceding month and the corresponding month of 2009, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector had the largest share of ~~N~~613.8 million (76.4 per cent) to 3,968 beneficiaries, while the livestock sub-sector received ~~N~~100.6 million (12.5 per cent) for 246 beneficiaries. The fisheries sub-sector received ~~N~~70.7 million (8.8 per cent) for 170 beneficiaries. The cash crops sub-sector had ~~N~~8.1 million (1.0 per cent) for 23 beneficiaries, while "Others" received ~~N~~10.6 million (1.3 per cent) for 14 beneficiaries. Analysis by state showed that 30 states benefited from the scheme during the

month, with the highest and lowest sums of ₦120.5 million (15.0 per cent) and ₦0.5 million (0.1 per cent) guaranteed to Jigawa and Kano States, respectively.

At end-November 2010, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACs) to the participating banks for disbursement stood at ₦91.13 billion (for ninety-four projects).

At end-November 2010, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACs) to the participating banks for disbursement stood at ₦91.13 billion (for ninety-four projects). Fifteen state governments have so far benefited from the programme (Table 9).

Table 10: Disbursement of Credit Under the Commercial Agriculture Credit Scheme (CACs)

S/N	Participating Banks	Amount Disbursed (₦ billion)	Number of Projects
1	United Bank for Africa (UBA) Plc	36.16	32
2	Zenith Bank Plc	12.84	9
3	Union Bank of Nigeria Plc	10.3	10
4	First Bank of Nigeria Plc	6.4	22
5	Skye Bank Plc	6	3
6	Unity Bank Plc	5.5	3
7	GT Bank Plc	4.25	6
8	Access Bank Plc	4.18	4
9	Fidelity Bank Plc	3.5	4
10	Oceanic Bank Plc	2	1

4.2 Petroleum Sector

Crude oil and natural gas production was estimated at 2.15 mbd in November 2010.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.15 million barrels per day (mbd) or 64.5 million barrels for the month. At this level, it was 1.8 per cent below the level in the preceding month.

In November 2010, crude oil export was estimated at 1.70 mbd, representing a decline of 0.6 per cent from the level in the preceding month.

Crude oil export was estimated at 1.70 mbd or 51.0 million barrels, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.50 million barrels. The decline in the level of production was attributed to the renewed attacks on oil facilities in the Niger Delta region.

At an estimated average of US\$87.08 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), increased by 3.4 per cent over the level in October 2010. The average prices of other competing crudes namely, the West Texas Intermediate, U.K Brent

and Forcados also rose, by 2.9, 3.3 and 3.6 per cent, to US\$83.93, US\$85.91 and US\$87.88 per barrel, respectively.

The average price of OPEC’s basket of eleven crude streams, rose by 2.7 per cent, over the level in October 2010 to US\$82.03. The development was attributed to speculative activities in the oil market (Fig. 11, Table 10).

The average price of all the crude streams, including the Bonny Light rose above the preceding month’s levels.

Figure11: Trends in Crude Oil Prices

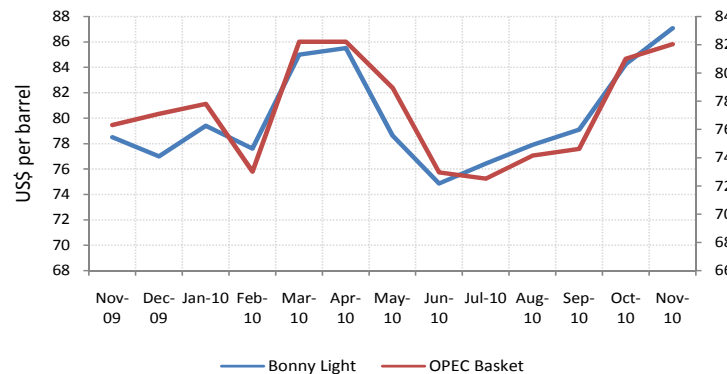


Table 11: Average Crude Oil Prices in the International Oil Market

	Nov-09	Dec-09	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Bonny Light	78.50	77.00	85.51	78.63	76.23	76.42	77.90	79.10	84.26	87.08
OPEC Basket	76.30	77.10	82.33	78.94	72.95	72.51	74.15	74.63	81.00	82.03

4.3 Consumer Prices

Available data showed that the all-items composite Consumer Price Index (CPI) in November 2010 was 112.8 (November 2009=100), representing an increase of 0.1 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-November 2010 was 111.7 (November 2009=100), indicating a marginal increase of 0.4 per cent over the level in the preceding month. The rural all-items CPI for the month was 113.6 (November 2009=100), representing a decline of 0.4 per

The general Price level rose in November relative to October 2010, owing to the increase in the index of staple food and non-alcoholic beverages.

The inflation rate on a year-on-year basis fell by 0.6 percentage point to 12.8, while the 12-month moving average rate remained at the preceding month's level of 13.9 per cent.

The retail prices of most staples rose in November 2010.

cent over the level in the preceding month.

The end-period inflation rate for November 2010, on a year-on-year basis, was 12.8 per cent, compared with 13.4 per cent in the preceding month. The inflation rate on a twelve-month moving average basis for November 2010, remained at 13.9 per cent, same as in the preceding month (Fig. 12, Table 12).

Retail price survey of staples by the CBN showed that the prices of most of the major staples rose in November 2010. Ten (10) of the fourteen (14) commodities monitored, recorded price increase (ranging from 0.6 per cent for both brown beans and yellow garri to 32.7 per cent for yam flour), over their levels in the preceding month, while the prices of white garri, white maize, yellow maize and white beans fell by 0.1, 1.1, 1.5 and 1.6 per cent, respectively. Relative to their levels in the corresponding month of 2009, nine (9) of the commodities recorded price decline ranging from 0.5 per cent for millet to 14.9 per cent for brown beans, while the prices of yellow garri, egg, groundnut oil, vegetable oil and palm oil, however, rose by 1.0, 4.1, 6.3, 9.1 and 18.6 per cent, respectively.

Figure 12: Consumer Price Index

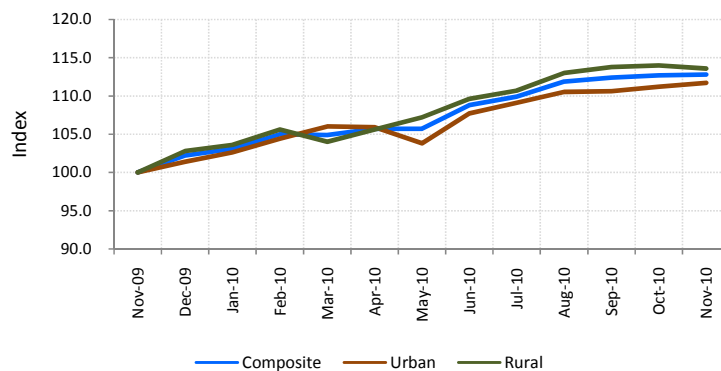


Table 12: Consumer Price Index (May 2003=100)

	Nov-09	Dec-09	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Composite	89.0	89.7	105.7	105.7	108.8	109.9	111.9	112.4	112.7	112.8
Urban	100.0	101.4	105.9	103.8	107.7	109.1	110.5	110.6	111.2	111.7
Rural	100.0	102.8	105.6	107.2	109.6	110.7	113.0	113.8	114.0	113.6

Figure 13: Inflation Rate

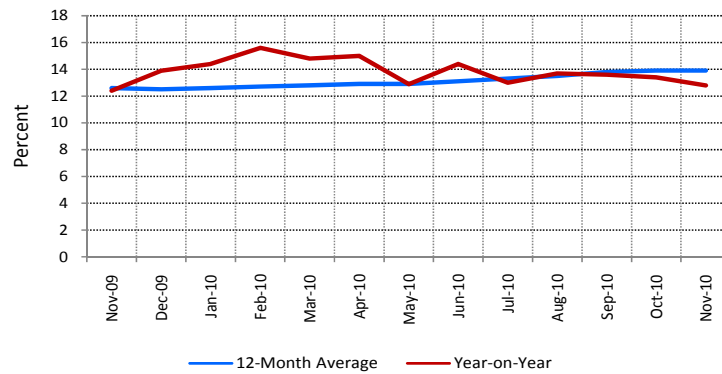


Table 13: Headline Inflation Rate (%)

	Nov-09	Dec-09	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
12-Month Average	12.6	12.5	12.9	12.9	13.1	13.3	13.5	13.8	13.9	13.9
Year-on-Year	12.4	13.9	15.0	12.9	14.1	13.0	13.7	13.6	13.4	12.8

5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow and outflow through the CBN fell by 4.2 and 37.3 per cent, respectively from the levels in the preceding month. Total non-oil export receipts by banks rose, by 10.2 per cent, above the level in the preceding month. The external reserves declined by 1.6 per cent from the preceding month's level, while the average exchange rate of the Naira vis-à-vis the US dollar, appreciated by 0.7 per cent to N150.22 per dollar at the Wholesale Dutch Auction System (WDAS).

5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in November 2010 were US\$2.24 billion and US\$2.17 billion, respectively, resulting in a net inflow of US\$0.07 billion. Both inflow and outflow declined by 4.2 and 37.3 per cent, respectively, from the levels in the preceding month. The fall in inflow was attributed largely, to the decline in crude oil receipts, while the decline in outflow was due, largely, to the 34.7 per cent fall in WDAS/RDAS funding (Fig. 14, Table 13).

Foreign exchange inflow and outflow through the CBN declined in November 2010. Overall there was a net inflow of US\$0.07 billion during the period.

Figure 14: Foreign Exchange Flows Through the CBN

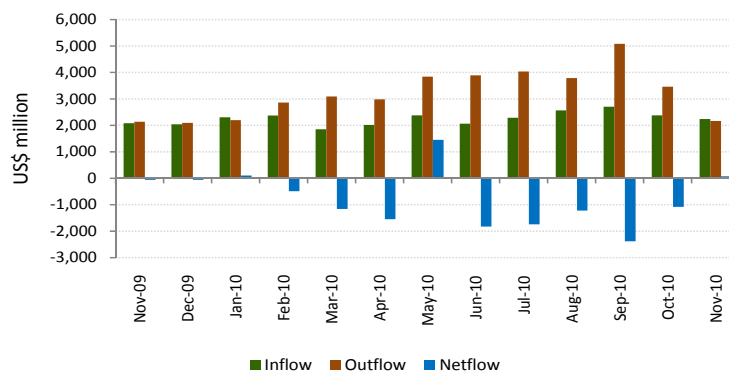


Table 14: Foreign Exchange Flows Through the CBN (US\$ million)

	Nov-09	Dec-09	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Inflow	2082.8	2040.7	2016.9	2381.6	2062.4	2291.0	2564.5	2701.5	2378.1	2240.7
Outflow	2138.8	2096.2	2981.6	3840.4	3885.8	4032.6	3787.3	5078.7	3463.5	2169.8
Netflow	-56.0	-55.5	-3775.5	-1456.8	-1673.6	-1743.2	-1222.8	-2377.2	-1085.4	70.8

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$10.27 billion, representing a decline of 1.1 per cent from the level in the preceding month, but an increase of 103.8 per cent over the level in the corresponding period of 2009. Oil sector receipts, which fell by 4.9 per cent and accounted for 20.6 per cent of the total, stood at US\$2.12 billion, compared with US\$2.23 billion in the preceding month.

Non-oil public sector inflow rose by 5.2 per cent and accounted for 1.1 per cent of the total, while autonomous inflow which fell by 0.1 per cent, accounted for 78.2 per cent of the total.

At US\$2.29 billion, aggregate foreign exchange outflow from the economy declined by 35.1 per cent from the level in the preceding month, but rose by 7.0 per cent over the level in the corresponding month of 2009. The fall in outflow from the preceding month's level reflected, largely, the 34.8 and 64.6 per cent decline in WDAS/RDAS utilization and other official payments, respectively.

5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings received by banks increased by 137.1 per cent over the preceding month's level to US\$342.4 million. The development reflected largely, the increase in the prices of goods traded at the international market. A breakdown of the proceeds in November 2010 showed that proceeds of food, industrial, manufactured, minerals, agricultural, and transport sub-sectors stood at US\$232.2, US\$43.1, US\$32.3, US\$24.2, US\$10.3 and US\$0.3 million, respectively.

Non-oil inflow into the economy rose by 5.2 per cent and accounted for 1.1 per cent of the total, in November 2010.

Total non-oil export earnings by exporters rose in November on account of increase in the prices of most traded commodities.

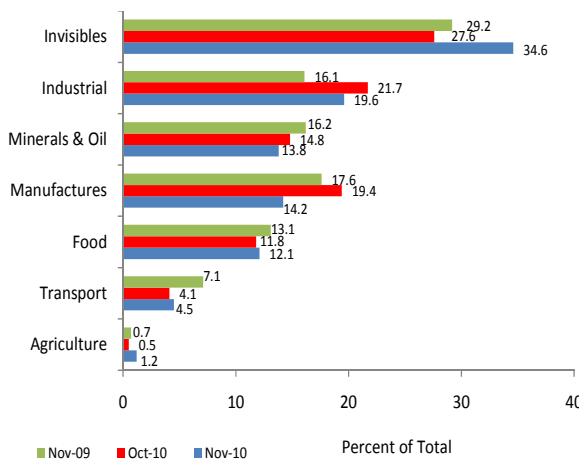
The shares of food, industrial, manufactured, minerals, agricultural, and transport sub-sectors in non-oil export proceeds were 67.8, 12.5, 9.5, 7.1 3.0 and 0.1 per cent, respectively, in the review month.

5.3 Sectoral Utilisation of Foreign Exchange

The invisibles sector accounted for the bulk (34.6 per cent) of total foreign exchange disbursed in November 2010. This was followed by the industrial sector (19.6 per cent). Other beneficiary sectors, in a descending order included: the manufactured products (14.2 per cent), minerals & oil (13.8 per cent), food products (12.1 per cent), transport (4.5 per cent) and agricultural products (1.2 per cent) (Fig.15).

The invisibles sector accounted for the bulk of the total foreign exchange disbursed in November 2010.

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\$2.13 billion in November 2010, showing a decline of 29.0 and 2.7 per cent from the levels in the preceding month and the corresponding month of 2009, respectively. A total of US\$1.84 billion was sold by the CBN to authorized dealers during the period, reflecting a decline of 34.8 per cent from the

Demand for foreign exchange by authorized dealers declined in November 2010 relative to October 2010 and the corresponding month of 2009.

level in the preceding month, but an increase of 2.8 per cent over the level in the corresponding period of 2009 (Fig.16, Table 14).

Figure16: Demand for and Supply of Foreign Exchange

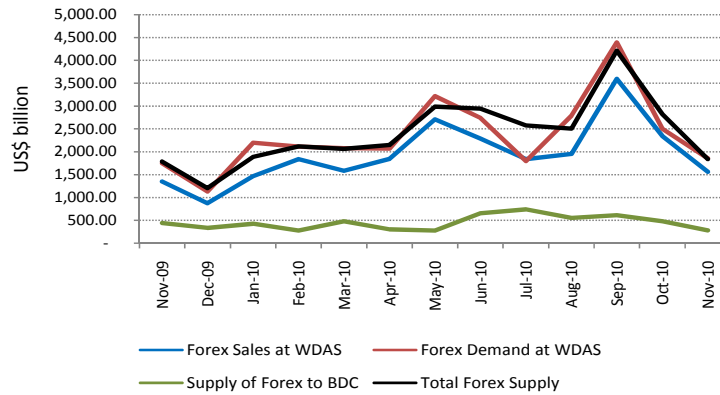


Table 15: Demand for and Supply of Foreign Exchange (US\$ billion)

	Nov-09	Dec-09	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Sep-10	Oct-10	Nov-10
Forex Sales at WDAS	1347.5	872.0	1838.9	1582.0	1841.1	2707.5	2284.0	3593.5	2342.1	1561.7
Forex Demand at WDAS	1749.2	1128.5	2110.8	2081.2	2068.6	3492.2	2741.9	4391.8	2503.7	1853.4
Supply of Forex to BDC	441.5	334.3	279.0	482.2	306.1	277.3	657.5	613.8	478.7	280.2
Total Forex Supply	1789.0	1206.2	2117.9	2064.2	2147.1	2984.8	2941.4	4207.3	2820.8	1841.9

The Naira exchange rate vis-à-vis the US dollar, on average, appreciated in all the segments of the foreign exchange market.

The premium between the WDAS rate and the rates in the other two segments were 1.9 per cent for the BDC and 0.2 per cent for the interbank segment.

Under the WDAS, the average exchange rate of the Naira vis-à-vis the US dollar appreciated marginally by 0.7 per cent to ₦150.22 per dollar. It also, appreciated at the bureaux-de-change segment, from ₦153.98 per US dollar in October 2010 to ₦153.13 per dollar. Similarly, at the interbank segment of the market, the average rate, appreciated by 0.8 per cent to N150.55 per US dollar.

Consequently, the premium between the official and bureau-de-change rates widened from 1.8 per cent in the preceding month to 1.9 per cent, while at the interbank market, it narrowed from 0.4 per cent in the preceding month to 0.2 per cent.

Figure 17: Average Exchange Rate Movements

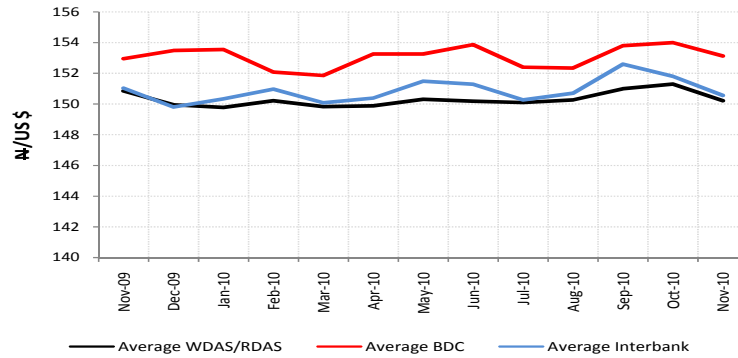
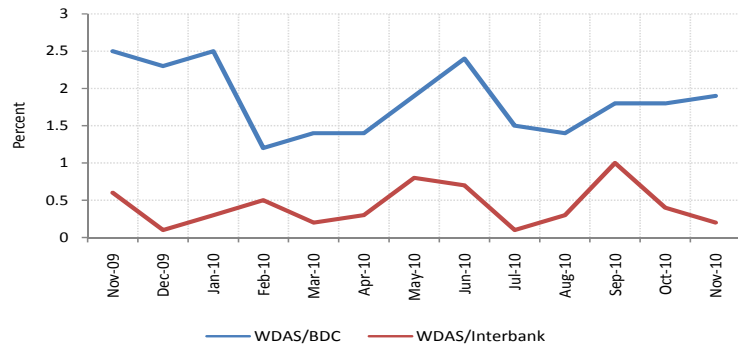


Table 16: Exchange Rate Movements and Exchange Rate Premium

	Nov-09	Dec-09	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Sep-10	Oct-10	Nov-10
Average Exchange Rate (N/\$)										
WDAS/RDAS	150.9	150.0	149.8	149.9	150.3	150.2	150.1	151.0	151.3	150.2
BDC	153.0	153.5	151.9	152.0	153.3	153.9	152.4	153.8	154.0	153.1
Interbank	151.0	149.8	150.1	150.4	151.5	151.3	150.3	152.6	151.8	150.6
Premium (%)										
WDAS/BDC	1.4	2.3	1.4	1.4	1.9	2.4	1.5	1.8	1.8	1.9
WDAS/Interbank	0.1	0.1	0.5	1.3	0.8	0.7	0.1	1.0	0.4	0.2

Figure 18: Exchange Rate Premium



5.5 Gross External Reserves

The gross external reserves at the end of November 2010 stood at US\$33.06 billion, indicating a decline of 1.6 per cent from the level at the end of the preceding month. A breakdown of the reserves showed that CBN holding stood at US\$27.26 billion (82.5 per cent), Federal Government holding was US\$3.81 billion (11.5 per cent) and the Federation Account portion (Excess Crude) was US\$1.99 billion (6.0 per cent) (Fig. 19, Table 16).

Gross external reserves continued its downward trend in November 2010, as accretion to reserves remained minimal.

Figure 19: Gross External Reserves

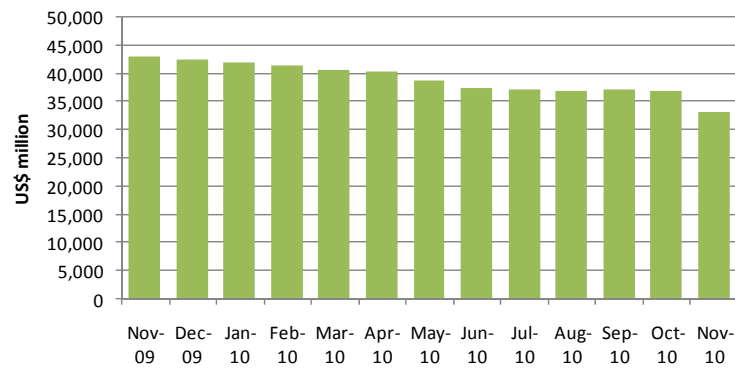


Table 17: Gross External Reserves (US\$ million)

	Nov-09	Dec-09	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
External Reserves	43024.68	42382.49	41410.1	40667.03	40305.92	38815.79	37468.44	37155.19	36769.65	34589	33597	33597

6.0 Other International Economic Developments and Meetings

World crude oil output in November 2010 was estimated at 86.85 million barrels per day (mbd), while demand was estimated at 86.37 million barrels per day (mbd), representing an excess supply of 0.48 mbd, compared with 86.76 and 86.25 mbd supplied and demanded, respectively, in the preceding month. The non-OECD countries remained the key contributors to world crude oil demand growth, led by China, India, the Middle East and Latin America. This was reinforced by increased consumption in the Organisation for Economic Co-operation and Development (OECD) as a result of the strong economic activities, supported by various stimulus plans.

Other major international economic developments and meetings of relevance to the domestic economy during the review month included: the End of Year 2010 Statutory Meeting of the West African Monetary Agency (WAMA) held in Dakar, Senegal from November 23 - 25, 2010. The objectives of the meeting were to discuss the activities undertaken by WAMA under the ECOWAS Monetary Cooperation Programme during the second half of 2010, including studies, missions and meetings, as well as staff and administrative matters. The meeting also discussed various reports, including the progress achieved in the second half of 2010, macroeconomic convergence for the first half of 2010 as well as staff and administrative issues.

In a related development, the G-20 Leaders Summit was held in Seoul, South Korea from November 11 - 12, 2010. The G20 agreed on a series of policy actions designed to respond to the challenges of global recovery and renewed growth, as well as ways of preventing future crises. An initiative of South Korea development was included as a substantive item on the G-20 agenda. The Seoul Development Consensus sets out their commitment to work in partnership with

developing countries. African Leaders welcomed the consensus as it gave emphasis to shared growth, generation of new poles of growth, and national policy ownership.

The major deliverables of the Summit included:

- A modernized IMF that better reflects the changes in the world economy through greater representation of dynamic emerging markets and developing countries. Comprehensive quota and governance reforms, as outlined in the Seoul Summit Document, will enhance the IMF's legitimacy, credibility and effectiveness, making it an even stronger institution for promoting global financial stability and growth;
- Instruments to strengthen global financial safety nets, which would help countries cope with financial volatility by providing them with practical tools to overcome sudden reversals of international capital flows;
- Core elements of a new financial regulatory framework, including bank capital and liquidity standards, as well as measures to better regulate and effectively resolve systemically important financial institutions, complemented by more effective oversight and supervision;
- The Financial Inclusion Action Plan, the Global Partnership for Financial Inclusion and a flexible SME Finance Framework, all of which will significantly contribute to improving access to financial services and expanding opportunities for poor households and small and medium enterprises;
- They gave their strong commitment to engage in across-the-board negotiations to promptly bring the Doha Development Round to a successful, ambitious, comprehensive, and balanced conclusion consistent with the mandate of the Doha Development Round and built on the progress already achieved; and

- Agreed to work further on macroprudential policy frameworks; better reflect the perspective of emerging market economies in financial regulatory reforms; strengthen regulation and oversight of shadow banking; further work on regulation and supervision of commodity derivatives markets; improve market integrity and efficiency; enhance consumer protection; pursue all outstanding governance reform issues at the IMF and World Bank; and build a more stable and resilient international monetary system.

In another development, an International Monetary Fund (IMF) Article IV Mission visited Nigeria from November 4–18, 2010 to conduct the 2010 Article IV Consultation, involving discussion on Nigeria's economic policies with the authorities. The Mission met with the relevant Nigerian authorities and discussed on recent developments in the Nigerian economy, the outlook for 2010 and 2011, and the macroeconomic policy framework needed to support Nigeria's long-term goals as identified in the country's development strategy, Vision 20:2020.

At the end of the Mission, the IMF Mission Chief for Nigeria issued a statement stating that the Nigerian economy weathered the global economic recession and domestic banking crisis remarkably well. He further stated that Nigeria's real Gross Domestic Product growth in 2010 is expected to be exceptionally high on the back of a strong recovery in oil production and continued strong growth in other sectors. He, however, noted that inflation remained stubbornly high and international reserves continued to fall as the authorities tried to support the exchange rate.

The IMF Mission emphasized the importance of developing a consistent macroeconomic policy framework with the fiscal and monetary authorities and the need for both authorities to collaborate to achieve stability and growth. The IMF Mission noted that the

quick and firm interventions by the CBN were instrumental in stabilizing the financial sector, and observed that substantial progress was being made in making the Asset Management Corporation of Nigeria (AMCON) operational, as well as strengthening banking supervision. The Mission highlighted the importance of establishing clear criteria for eligible assets and ensuring full transparency and accountability of AMCON's operations and financial results.

The Mission supported the Vision 20:2020 strategy with emphasis on a sound macroeconomic environment to promote private sector growth. The Mission, however, noted that achieving the high level of public investment outlined in the strategy would require a major shift in public resources from recurrent to capital spending, substantial increase in non-oil revenue, and expansion in budget implementation capacity. It advocated that public capital projects be clearly prioritized in the event that fiscal resources were inadequate to fully implement the Vision.

Finally, the Climate Investment Funds (CIF) governing bodies' annual meeting was held in Washington D.C., USA from November 5 – 12, 2010. Nigeria and Niger were among the latest developing nations to gain financial support from the CIF to advance their nations' clean energy and climate resilience initiatives. Nigeria's US\$250 million investment plan to develop renewable energy under the CIF's Clean Technology Fund (CTF) was endorsed, and Niger was awarded US\$110 million in grants and highly concessional loans to improve climate resilience and food security under the CIF's Pilot Program for Climate Resilience (PPCR).

APPENDIX TABLES

Table A1: Money and Credit Aggregates

	Nov 09	Dec 09	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10
Domestic Credit (Net)	7,496.54	7,903.79	8,595.04	9,326.10	9,309.83	9,460.24	9,547.26
<i>Claims on Federal Government (Net)</i>	(2,493.44)	(2,302.29)	(1,315.67)	(787.10)	(1,026.27)	(1,074.12)	(1,201.12)
Central Bank (Net)	3,949.87	(3,731.60)	(3,270.12)	(2,748.07)	(3,037.35)	(2,894.77)	(2,976.07)
Banks	1,456.43	1,429.31	1,954.45	1,960.97	2,011.07	1,820.65	1,774.95
<i>Claims on Private Sector</i>	9,989.98	10,206.09	9,910.71	10,113.20	10,336.11	10,534.36	10,748.38
Central Bank	398.90	538.21	488.18	493.56	564.78	664.06	683.58
Banks	9,591.08	9,667.88	9,422.52	9,619.64	9,771.33	9,870.30	10,064.78
<i>Claims on Other Private Sectc</i>	9,687.36	9,895.76	9,624.01	9,818.48	9,994.87	10,149.53	10,382.73
Central Bank	398.90	538.21	488.18	493.56	564.78	664.06	683.58
Banks	9,288.46	9,357.55	9,135.83	9,324.91	9,430.09	9,485.47	9,699.15
<i>Claims on State and Local Gov</i>	302.62	310.32	286.70	294.72	341.24	384.83	365.65
Central Bank	-	-	-	-	-	-	-
Banks	302.62	310.32	286.70	294.72	286.70	384.83	365.65
<i>Claims on Non-financial Publi</i>	-	-	-	-	-	-	-
Central Bank	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-
Foreign Assets (Net)	7,477.28	7,593.32	6,583.04	6,526.92	6,453.96	6,247.75	6,327.10
Central Bank	6,421.47	6,522.24	5,518.26	5,429.52	5,226.46	4,999.97	5,181.21
Banks	1,055.81	1,071.08	1,064.78	1,097.39	1,227.50	1,247.77	1,145.89
Other Assets (Net)	(4,547.87)	(4,729.74)	(4,236.55)	(4,332.38)	(4,539.01)	(4,483.39)	(4,731.71)
Total Monetary Assets (M2)	10,239.56	10,767.38	10,941.44	11,520.46	11,224.78	11,224.60	11,142.65
Quasi-Money 1/	5,517.67	5,763.51	5,983.09	6,098.14	5,968.89	5,891.85	5,868.41
Money Supply (M1)	4,721.89	5,003.87	4,958.35	5,422.50	5,255.89	5,332.74	5,274.24
<i>Currency Outside Banks</i>	851.39	927.24	805.68	822.23	880.86	874.89	892.33
<i>Demand Deposits 2/</i>	3,870.50	4,076.63	4,152.67	4,600.27	4,375.02	4,457.85	4,381.91
Total Monetary Liabilities (M2)	10,239.56	10,767.38	10,941.44	11,520.46	11,224.78	11,224.60	11,142.65
<i>Memorandum Items:</i>	-	-	-	-	-	-	-
Reserve Money (RM)	1,383.51	1,653.86	1,658.88	1,752.95	1,344.32	1,438.35	1,450.82
<i>Currency in Circulation (CIC)</i>	1,108.62	1,181.54	1,076.92	1,094.71	1,125.39	1,153.17	1,227.64
<i>DMBs Demand Deposit with CBN</i>	274.89	472.32	581.96	658.24	218.92	285.18	223.18

1/ Quasi-money consist of Time, Savings and Foreign Currency Deposits at Deposit Money Banks excluding Takings from Discount Houses.
2/ Demand Deposits consist of State, Local and Parastatals Deposits at CBN, State, Local Government and Private Sector Deposits as well as Demand D non-financial Public Enterprises at Deposit Money Banks

Table A2: Money and Credit Aggregates (Growth Rates)

	Nov 09	Dec 09	Jul-10	Aug-10	Sep 10	Oct 10	Nov 10
	<i>Percentage Change Over Preceding December (%)</i>						
Domestic Credit (Net)	20.8	59.6	8.8	18.0	17.8	19.7	27.4
<i>Claims on Federal Government (Net)</i>	47.8	25.9	42.9	65.8	55.4	53.4	51.8
<i>Claims on Private Sector</i>	5.3	26.6	-2.9	-0.9	1.3	3.2	7.6
<i>Claims on Other Private Sector</i>	7.2	25.1	-2.7	-0.8	1.0	2.6	7.2
<i>Claims on State and Local Government</i>	20.8	107.2	-7.6	-5.0	10.0	24.0	20.8
<i>Claims on Non-financial Public Enterprises</i>							
Foreign Assets (Net)	-16.7	-11.2	-13.3	-14.0	-15.0	-17.7	-15.4
Other Assets (Net)	0.0	9.1	10.4	8.4	4.0	5.2	-0.1
Total Monetary Assets (M2)	3.5	17.5	1.6	7.0	4.3	4.3	8.8
Quasi-Money 1/	1.8	33.7	3.8	5.8	3.6	2.2	6.4
Money Supply (M1)	11.7	3.0	-0.9	8.4	5.0	6.6	11.7
<i>Currency Outside Banks</i>	4.8	3.9	-13.1	-11.3	-5.0	-5.6	4.8
<i>Demand Deposits 2/</i>	13.2	2.8	1.9	12.8	7.3	9.4	13.2
Total Monetary Liabilities (M2)	3.5	17.5	1.6	7.0	4.3	4.3	8.8
Memorandum Items:							
Reserve Money (RM)	4.7	6.8	0.3	6.0	-9.2	-3.5	4.7
<i>Currency in Circulation (CIC)</i>	10.7	2.3	-8.9	-7.4	-4.8	-2.4	10.7
<i>DMBs Demand Deposit with CBN</i>	-18.8	20.0	23.2	39.4	-53.6	-39.6	-18.8
	<i>Growth over Preceding Month (%)</i>						
Domestic Credit (Net)	4.1	5.4	-0.2	8.5	-0.2	1.6	0.9
<i>Claims on Federal Government (Net)</i>	5.9	7.7	11.7	40.2	-30.4	-4.7	-11.8
<i>Claims on Private Sector</i>	0.0	2.2	-1.9	2.0	2.2	1.9	2.0
<i>Claims on Other Private Sector</i>	1.2	2.2	-1.6	2.0	1.8	1.6	2.3
<i>Claims on State and Local Government</i>	-4.9	2.5	-10.2	2.8	15.8	12.8	-4.9
<i>Claims on Non-financial Public Enterprises</i>							
Foreign Assets (Net)	3.1	1.6	1.5	-0.9	-1.1	-3.2	1.3
Central Bank	3.6	0.1	2.2	-1.6	-3.7	-4.3	3.6
Banks	-8.2	5.2	-1.7	3.1	11.9	1.7	-8.2
Other Assets (Net)	-4.1	4.5	0.4	-2.3	-4.7	1.2	5.5
Total Monetary Assets (M2)	3.3	5.2	0.9	5.3	-2.6	0.0	-0.7
Quasi-Money 1/	-0.1	8.9	0.9	1.9	-2.1	-1.3	-0.4
Money Supply (M1)	7.5	5.3	0.8	9.4	-3.1	1.5	-1.1
<i>Currency Outside Banks</i>	1.9	5.2	1.3	2.1	7.1	-0.7	1.9
<i>Demand Deposits 2/</i>	-1.7	5.3	0.7	10.8	-4.9	1.9	-1.7
Total Monetary Liabilities (M2)	3.3	5.2	0.9	5.3	-2.6	0.0	-0.7
Memorandum Items:							
Reserve Money (RM)	2.4	19.5	8.1	5.7	-23.3	7.0	0.9
<i>Currency in Circulation (CIC)</i>	6.5	6.6	1.2	1.7	2.8	2.5	6.5
<i>DMBs Demand Deposit with CBN</i>	-21.7	71.8	23.4	13.1	-66.7	30.3	-21.7

Table A3: Federal Government Fiscal Operations (₦ billion)

	Nov-09	Dec-09	Aug-10	Sep-10	Oct-10	Nov-10
Retained Revenue	86.0	185.1	292.5	191.3	190.4	194.8
<i>Federation Account</i>	81.6	136.8	171.6	173.0	173.1	172.7
<i>VAT Pool Account</i>	5.9	5.7	6.4	7.0	7.0	5.8
<i>FGN Independent Revenue</i>	3.8	4.7	12.0	0.4	5.2	5.9
<i>Excess Crude</i>	68.2	22.3	101.9	10.4	0.0	0.0
<i>Others</i>	-73.5	15.6	0.6	0.6	5.1	10.5
Expenditure	416.8	359.0	406.4	176.4	292.1	256.7
<i>Recurrent</i>	199.7	246.9	279.0	133.1	224.4	212.6
<i>Capital</i>	192.5	112.0	80.7	43.3	43.3	44.1
<i>Transfers</i>	12.1	12.8	46.7	0.0	24.5	13.8
Overall Balance: Surplus(+)/	-330.8	-173.9	-113.9	14.9	-106.6	-61.9

