



**CENTRAL BANK OF NIGERIA**

***ECONOMIC REPORT  
JANUARY 2012***

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

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## 1.0 Summary

Growth in the key monetary aggregate was moderate in January 2012. On month-on-month basis, broad money ( $M_2$ ) grew by 3.4 per cent at end-January 2012, compared with the growth of 8.9 per cent at end of the preceding month. The development was attributed largely to the 2.1 and 3.4 per cent increase in domestic credit (net) and foreign asset (net) of the banking system. On year-on-year basis,  $M_2$  grew marginally by 0.3 per cent, owing to the same reasons above. Narrow money ( $M_1$ ) rose marginally by 0.8 per cent, over the level at the end of the preceding month. Reserve money fell by 3.4 per cent from its level at end of the preceding month.

Available data indicated mixed developments in banks' deposit and lending rates in January 2012. The spread between the weighted average term deposit rate and maximum lending rates narrowed to 16.82 in January 2012 from 17.41 in the preceding month. Similarly, the margin between the average savings deposit and maximum lending rates narrowed from 21.94 percentage points to 21.69 percentage points. The weighted average interbank call rate declined to 14.19 per cent from 15.5 per cent in the preceding month, reflecting the liquidity condition in the interbank funds market.

The value of money market assets outstanding at end-January 2011 declined by 0.1 per cent to N5,538.76 billion, in contrast to the rise of 7.9 per cent at end of the preceding month. The development was attributed to the 27.3 and 1.3 per cent decline in the value of Bankers Acceptances (BAs) and Commercial Paper (CP) holdings, respectively. Activities on the Nigerian Stock Exchange (NSE) in the fourth quarter of 2011 were mixed.

Total federally-collected revenue in January 2012 was estimated at ₦1,008.37 billion, representing an increase of 11.7 and 37.8 per cent over the levels in the preceding month and the corresponding period of 2012, respectively. At ₦802.71 billion, gross oil receipts, which constituted 79.6 per cent of the total revenue, was 10.6 and 38.4 per cent higher than the levels in the preceding month and corresponding period of 2011, respectively. The increase in oil

receipts during the review month was attributed, largely, to the 18.7 and 22.7 per cent rise in receipts from domestic crude oil and gas sales and crude oil and gas export during the month under review. Non-oil receipts, at ₦205.66 billion or 20.4 per cent of the total revenue was 16.6 and 35.9 per cent higher than the receipts in the preceding month and the corresponding month of 2011, respectively. The increase relative to the level in the preceding month reflected largely the increase in corporate tax, Federal Government independent revenue and customs special levies). Federal Government estimated retained revenue in January 2012 was ₦272.08 billion, while total estimated expenditure was ₦388.87 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦116.86 billion, compared with the deficit of ₦101.7 billion recorded in the corresponding period of 2011.

The dominant agricultural activities in January 2012 were: cultivation of fruits, vegetables, rice and maize; and harvesting of tree crops as well as clearing of land for the 2012 cropping season. In the livestock sub-sector, farmers were engaged in re-stocking of broilers and layers to replenish those sold during the end of 2011 festive season. Nigeria's crude oil production, including condensates and natural gas liquids in January 2012 was estimated at average of 2.22 million barrels per day (mbd) or 68.82 million barrels in the month under review. Crude oil export was estimated at 1.77 mbd or 54.87 million barrels for the month, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels for the month. The average price of Nigeria's reference crude, the Bonny Light (37° API), estimated at US\$113.69 per barrel, increased by 2.9 per cent over the level in the preceding month.

The end-period headline inflation rate (year-on-year), in January 2012, was 12.6 per cent, compared with 10.3 per cent at the end of the preceding month. Inflation rate, on a twelve-month moving average basis increased marginally by 0.1 percentage point to 10.9 per cent, from the level in the preceding month.

Foreign exchange inflow and outflow through the CBN in January 2012 were US\$4.21 billion and US\$2.95 billion, respectively, and resulted in a net inflow of US\$1.36 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$2.11 billion, showing a decline of 27.0 per



cent from the level in the preceding month, but an increase of 7.7 per cent, when compared with the level in the corresponding period of 2011.

The average Naira exchange rate vis-à-vis the US dollar, depreciated at the WDAS and bureau-de-change segments by 0.1 and 0.8 per cent, respectively. At the interbank segment, the Naira however, appreciated by 0.6 per cent over the level in the preceding month.

Non-oil export earnings by Nigerian exporters declined marginally by 2.0 per cent to US\$201.78 million below the level in the preceding month. The development was attributed largely to the decline in exports of minerals and agricultural products traded at the international commodities market.

World crude oil output in January 2012 was estimated at 89.19 million barrels per day (mbd), while demand was estimated at 88.35 million barrels per day (mbd), representing an excess supply of 0.84 mbd, compared with 90.16 and 88.35 mbd supplied and demanded, respectively, in the preceding month. The decline in global crude oil demand was attributed to the growing economic uncertainty, particularly in the Organisation for Economic Co-operation and Development (OECD) region and fragile economic conditions in Europe.

Other major international economic developments and meetings of relevance to the domestic economy during the review month included: the World Economic Forum Annual Meeting held at Davos-Klosters, Switzerland from January 25-29, 2012 on the theme: "The Great Transformation: Shaping New Models"; the meeting of the National Coordinating Committee (NCC) on the Economic Community of West African States (ECOWAS) Multilateral Surveillance Mechanism which took place in Ouagadougou, Burkina Faso, from January 23-27, 2012; and the 18<sup>th</sup> African Union (AU) Heads of State and Government Summit held in Addis Ababa, Ethiopia from January 29 – 30 with the theme "Boosting Intra-African Trade".



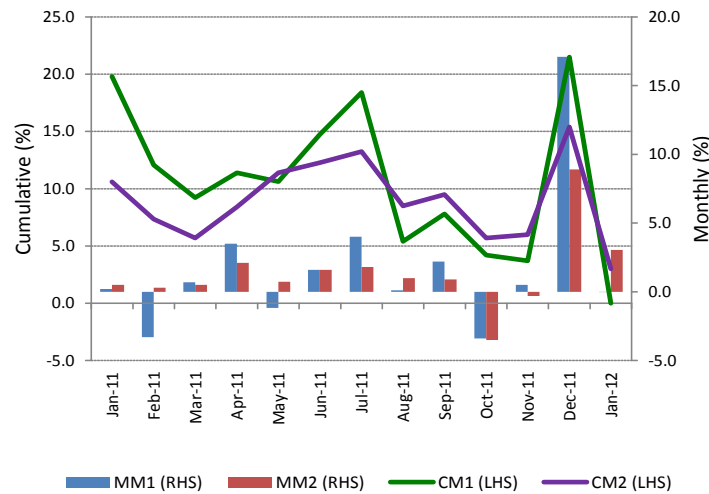
## 2.0 *Financial Sector Developments*

*The major monetary aggregate grew moderately, while banks' deposit and lending rates indicated mixed developments in January 2012. The value of money market assets outstanding declined, owing largely to the fall in the value of commercial paper (CP) and Bankers Acceptances. Developments on the Nigerian Stock Exchange (NSE) were mixed in the review month.*

*The key monetary aggregate grew moderately in January 2012.*

### 2.1 **Monetary and Credit Developments**

Provisional data indicated that the major monetary aggregate, broad money supply, ( $M_2$ ), at ₦13,753.0 billion, grew by 3.4 per cent, on month-on-month basis, compared with 8.9 per cent at end of the preceding month. The development was accounted for, largely, by the 2.1 and 3.4 per cent increase in domestic credit (net) and foreign asset (net) of the banking system. On year-on-year basis,  $M_2$  grew marginally by 0.3 per cent, owing to the same reasons above. Narrow money supply ( $M_1$ ), at ₦6,824.5 billion, also increased marginally by 0.8 per cent, above the level at the preceding month. The development was accounted for wholly by the 3.8 per cent increase in demand deposits, which more than offset the 12.2 per cent fall in currency outside banks. Quasi-money rose by 6.1 per cent, compared with 1.5 and 0.7 per cent growth at the end of the preceding month and corresponding period of 2011, respectively.

Figure 1: Growth Rate of Narrow Money ( $M_1$ ) and Broad Money, ( $M_2$ )<sup>1</sup>

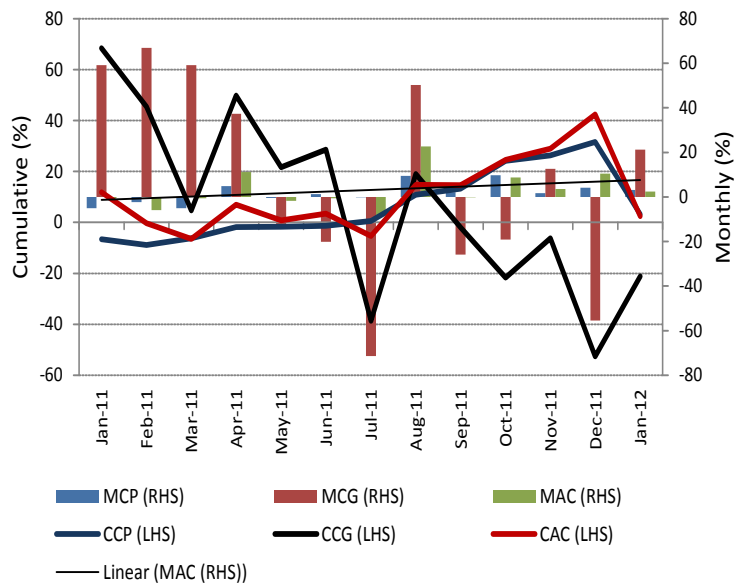
At ₦12,664.8 billion, aggregate banking system credit (net) to the domestic economy rose by 2.1 per cent on month-on-month basis, compared with 10.5 per cent growth recorded at the end of the preceding month. The development reflected largely, the 3.5 per cent increase in claims on the private sector. On year-on-year basis, aggregate banking system credit (net) to the domestic economy, however, declined by 4.2 per cent.

Banking system's credit (net) to the Federal Government, on month-on-month basis, declined by 37.1 per cent to negative ₦728.4 billion, in contrast to the growth of 52.7 and 34.8 per cent at the end of preceding month and corresponding period of 2011, respectively. The development reflected largely, the significant decline in banking system's holdings of government securities. Federal government, however, remained a net lender to the banking system at the end of the review month.

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

The banking system's credit to the private sector, on month-on-month basis, rose by 3.5 per cent to ₦13,393.1 billion over the preceding month's level, in contrast to a decline of 4.2 per cent at end of the corresponding month of 2011. Similarly, banking system's claims on the core private sector rose by 3.8 per cent to ₦12,899.0 billion over the level in the preceding month, compared with 3.4 per cent at the end of the preceding month. On year-on-year basis, banking system's credit to the private sector, however, fell by 4.6 per cent. (Fig. 2, Table 1).

**Figure 2: Growth Rate of Aggregate Domestic Credit to the Economy<sup>2</sup>**



At ₦7,427.2 billion, foreign assets (net) of the banking system, on month-on-month basis, rose by 3.4 per cent, compared with 8.4 per cent in the preceding month. The development was attributed, largely, to the 12.6 and 1.4 per cent increase in DMBs and CBN's holdings of foreign assets, respectively. Over the level at end-

Foreign assets (net) of the banking system rose on month-on-month basis at the end January 2012.

<sup>2</sup> 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).

January 2011, foreign assets (net) of the banking system declined by 1.6 per cent.

On month-on-month basis, quasi-money rose by 6.1 per cent to ₦6,928.4 billion, compared with 1.5 and 0.7 per cent growth at the end of the preceding month and corresponding period of 2011, respectively. The development was attributed to the rise in time, savings and foreign currency deposits with the deposit money bank (DMBs).

Relative to the level at end of the preceding month, other assets (net) of the banking system fell marginally by 0.9 per cent to negative ₦6,339.0 billion, compared with the decline of 11.5 per cent in the preceding month. The development was reflected the fall in unclassified asset of both the CBN and DMBs. Over the level at end-January 2011, other assets (net) of the banking system rose by 4.5 per cent.

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

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
<b>Domestic Credit (Net)</b>	-0.3	11.15	-1.74	11.2	-1.74	-0.6	-8.6	22.7	-0.1	8.7	3.5	10.47	2.1
<i>Claims on Federal Government (Net)</i>	34.8	37.25	-13.9	37.3	-13.9	-20.2	-71.4	50.2	-25.9	-19.2	12.7	-55.4	-37.1
<i>Claims on Private Sector</i>	-4.2	4.8	-0.51	4.8	-0.51	1.3	-0.1	9.35	2.1	9.8	1.68	4.15	3.5
<i>Claims on Other Private Sector</i>	-4.6	-3.34	-0.69	-3.34	-0.69	0.9	0.5	9.26	2.3	9.8	2	3.39	3.8
<b>Foreign Assets (Net)</b>	-1.6	-10.2	1.32	-10.2	1.32	1.5	16.3	-7.06	-4.4	0.8	-1.51	8.41	3.4
<b>Other Assets (Net)</b>	4.5	1.24	4.67	1.24	4.67	4.5	-2.3	-36.8	9.6	-33.9	-4.5	11.46	-0.9
<b>Broad Money Supply (M2)</b>	0.3	2.11	0.73	2.11	0.73	1.6	1.8	0.96	0.9	-3.5	0.3	8.9	3.4
<b>Quasi-Money</b>	0.7	0.85	2.43	0.85	2.43	1.5	-0.2	1.76	-0.3	-3.7	0.99	1.46	6.1
<b>Narrow Money Supply (M1)</b>	-0.1	3.54	-1.17	3.54	-1.17	1.6	4	0.06	2.2	-3.4	-0.5	17.2	0.8
<b>Reserve Money (RM)</b>	-8.2	-0.57	3.22	-0.57	3.22	17.9	5.1	-15.1	3.6	24	-1.0	18.9	-3.4

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

At ₦1,475.53 billion, currency in circulation fell by 5.8 per cent in the review month, compared with the decline of 2.7 per cent at the end of corresponding period of 2011. The development reflected the 12.2 per cent

decline in currency outside banks during the review month.

Total deposits at the CBN amounted to ₦6,042.0 billion, indicating an increase of 2.5 per cent above the level at the end of the preceding month. The development reflected the increase in Federal Government and private sector deposits, which rose by 2.1 and 11.2 per cent, respectively. Of the total deposits, the shares of the Federal Government, banks and "others" were ₦4,158.2 billion (68.8 per cent), ₦1,213.8 billion (20.1 per cent) and ₦670.0 billion (11.1 per cent), respectively.

Reserve money (RM) fell at the end of January 2012.

The reserve money (RM), fell by 3.4 per cent to ₦2,689.32 billion from ₦2,784.28 billion recorded at the end of the preceding month, mirroring the trends in DMBs' deposits with the CBN.

## 2.3 Money Market Developments

Patronage at the auction of government securities remained high for the short and longer-term securities, reflecting investors' preference for these securities. The Monetary Policy Rate (MPR) was maintained at 12.00 per cent in the month under review.

Provisional data indicated that the value of money market assets outstanding at end-January 2012 was ₦5,538.76 billion, indicating a decline of 0.1 per cent, in contrast to a rise of 7.9 per cent at the end of the preceding month. The development was attributed to the 27.3 and 1.3 per cent decline in Bankers Acceptances (BAs) and Commercial Paper (CP) holdings, respectively.

### 2.3.1 Interest Rate Developments

Available data indicated mixed developments in banks' deposit and lending rates in January 2012. The average savings, 7-day, 1-month, and 12-month deposit rates declined by 0.02, 0.06, 0.12 and 0.54, percentage points, respectively, while the average 3-

month, 6-month and over 12-month deposit rose by 0.82, 0.99 and 0.8 percentage, respectively. At 6.26 per cent, the average term deposit rate rose by 0.4 percentage point above the level in the preceding month. The average prime lending rate fell by 10.0 percentage point to 16.92 per cent and the maximum lending rates declined by 0.27 percentage point to 23.08 per cent at the end of January 2012. Consequently, the spread between the weighted average term deposit rate and maximum lending rates narrowed to 16.82 in January 2012 from 17.5 in the preceding month. Similarly, the margin between the average savings deposit and maximum lending rates narrowed from 21.94 percentage points to 21.69 percentage points.

Available data indicated mixed developments in banks' deposit and lending rates in January 2012!

At the interbank call segment, the weighted average rate, which stood at 15.5 per cent in the preceding month declined to 14.19 per cent, reflecting the liquidity condition in the interbank funds market. Similarly, the weighted average rate at the open buy back (OBB) declined from 14.06 per cent in December 2011 to 13.82 per cent at end-January 2012. In line with the activities at the interbank funds market, the Nigerian interbank offered rate (NIBOR) for 7- and 30-day tenors declined to 14.82 and 15.46 per cent, respectively. With headline inflation rate of 12.6 per cent at end -January 2012, most rates except the lending rates, were negative in real terms (Fig. 3, Table 2).



Figure 3: Selected DMBs Interest Rates (Average)

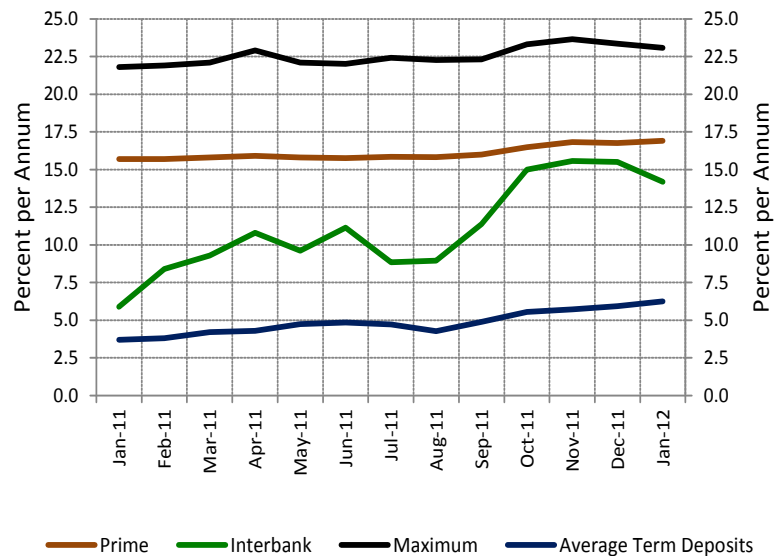


Table 2: Selected Interest Rates (Percent, Averages)

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Average Term Deposits	3.7	3.8	4.2	4.3	4.8	4.8	4.7	4.3	4.9	5.5	5.9	5.9	6.3
Prime Lending	15.7	15.7	15.8	15.9	15.8	15.8	15.8	15.8	16.0	16.5	16.4	16.8	16.9
Interbank	5.8	8.3	10.2	10.8	9.6	11.2	8.9	8.2	11.4	15.0	15.6	15.5	14.2
Maximum Lending	21.8	218.0	22.0	22.9	22.1	22.0	22.4	22.3	22.3	23.3	23.7	23.4	23.1

### 2.3.2 Commercial Paper (CP)

The value of commercial paper (CP) held by DMBs fell by 1.3 per cent to ₦200.4 billion at end-January 2012, compared with the decline of 7.2 per cent at the end of the preceding month. CP constituted 3.6 per cent of the total value of money market assets outstanding at end-January 2012, compared with 3.7 per cent at the end of the preceding month.

### 2.3.3 Bankers' Acceptances (BAs)

At end-January 2012, Bankers' Acceptances (BAs) declined by 27.3 per cent to ₦53.4 billion, compared with 11.7 per cent in the preceding month. The decline in BAs reflected the fall in investments by deposit money banks and discount houses. Consequently, BAs accounted for 0.9 per cent of the total value of money market assets outstanding at end-January 2012,

DMBs' holdings of BAs and CP declined in January 2012.

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

#### 2.3.4 *Open Market Operations*

Open market operation (OMO) auctions were conducted twice in the review period with maturities ranging from 36 to 265 days. This was done to mop-up excess liquidity in the system in line with the tight monetary stance of the Bank. Total value offered, subscribed to and allotted amounted to ₦400.00 billion, ₦764.01 billion and ₦246.64 billion, respectively.

#### 2.3.5 *Primary Market*

At the primary market segment, auctions were conducted in three tenors, namely 91-, 182- and 364-day for Nigerian Treasury Bills (NTBs). Total amount offered and subscribed to were ₦316.30 billion and ₦350.87 billion, respectively, compared with ₦319.91 billion and ₦418.09 billion in the preceding month. The bid rates ranged from 12.00 to 17.20 per cent. Total allotment was ₦175.99 billion, indicating a decline of ₦143.91 billion when compared with the level in the preceding month.

#### 2.3.6 *Bonds Market*

The Federal Government of Nigeria offered a 10-year FGN Bond in three tranches during the review period. The first two tranches were reopened, while the third was a new issue. For the re-opened 10.70% FGN May 2018, total amount offered, subscribed to and allotted were ₦19.76 billion, ₦22.40 billion and ₦19.76 billion, respectively. Total offer, subscription and allotment for the re-opened 7.00% FGN October 2019 was ₦35.00 billion, ₦27.03 billion and 18.90 billion, respectively, while those of the 16.39% FGN January 2022 new issue tranches were ₦35.00 billion, ₦59.92 billion and ₦35.00 billion, respectively. The marginal rates for the reopened tranches were 16.9870 per cent for the 10.7% FGN May 2018 and 16.0000 per cent for the 7.00% FGN October 2019, while the marginal rate for the new issue 16.39% FGN January 2022 was 16.3900 per cent.

Three tranches (two re-open and one new issue) of FGN Bonds were offered during the month under review.

### 2.3.7 CBN Standing Facilities

Aggregate Standing Lending Facility (SLF) granted during the period under review was ₦937.00 billion, compared with ₦2,057.79 billion in the preceding month, showing a decline of 54.4 per cent. The development was due to the improved liquidity conditions in the banks. The standing deposit facility (SDF) stood at ₦839.20 billion with a daily average volume of ₦41.96 billion in January 2012, compared with ₦425.2 billion with a daily average volume of ₦22.26 billion 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 ₦20,276.0 billion, indicating a rise of 4.5 per cent above the level recorded at the end of the preceding month. Funds were sourced mainly from increased mobilisation of time, Savings and foreign currency deposits (N404.6 billion), unclassified liabilities (N410.6 billion) and Federal Government deposits (N168.8 billion). The funds were used mainly to extend credit to the private sector (N414.7 billion), purchase of unclassified assets (N195.3 billion and accretion to reserves (N187.9 billion).

At ₦12,954.6 billion, DMBs' credit to the domestic economy rose by 2.6 per cent over the level in the preceding month. The breakdown showed that relative to the level at the end of the preceding month, credit to the private sector rose by 4.1 per cent, while credit to the Federal Government declined by 2.5 per cent.

Central Bank's credit to the DMBs fell by 17.1 per cent to ₦244.43 billion at end-January 2012, while total specified liquid assets of the DMBs stood at ₦5,434.2 billion, representing 38.6 per cent of their total current liabilities. This level of liquid assets was 3.4 percentage points below the preceding month's ratio of 42.0 percentage points and 8.6 below the stipulated minimum ratio of 30.0 per cent. The loan-to-deposit ratio was 44.2 per cent, showing a shortfall of 35.8

DMBs' Credit to the central government and the private sector rose by 2.6 and 4.6 per cent, respectively in the month under review.

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

## 2.5 Discount Houses' Activities

Provisional data indicated that total assets/liabilities of the discount houses stood at ₦306.82 billion at end-January 2012, showing a decline of 4.3 per cent from the level in the preceding month. The development was accounted for, largely, by the 5.2 and 12.4 per cent fall in claims on the Federal Government and claims on others (including commercial bills, loans and advances and CBN certificates). Correspondingly, the decline in total liabilities was attributed largely, to the 22.0 and 3.3 per cent fall in capital and reserves.

Discount houses' investment in Federal Government securities of less than 91-day maturity rose to ₦73.9 billion and accounted for 36.5 per cent of their total deposit liabilities. It was, however, 23.5 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2012. At that level, discount houses' investment rose by 7.6 per cent over the level at the end of the preceding month. The discount houses capital and reserves amounted to ₦38.70 billion. This resulted in a gearing ratio of 1.4:1, compared with the stipulated maximum target of 50:1.

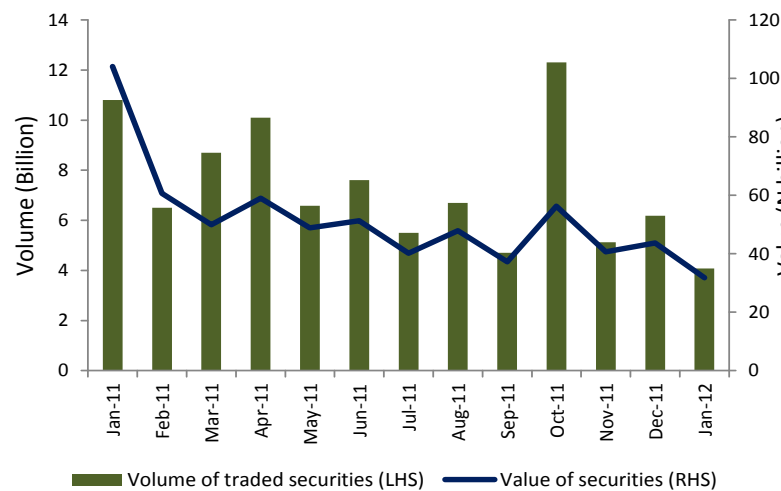
## 2.6 Capital Market Developments

### 2.6.1 *Secondary Market*

Available data indicated that activities on the Nigerian Stock Exchange (NSE) in January 2012 indicated mixed developments. The volume and value of traded securities fell by 51.2 and 37.7 per cent to 4.1 billion shares and ₦31.8 billion, respectively, in 46,942 deals, compared with 6.2 billion shares valued at ₦43.7 billion in 62,132 deals in the preceding month. The financial services sector remained the most active on the Exchange with a traded volume of 2.8 billion shares, valued at ₦12.9 billion in 25,313 deals. This was followed

by the manufacturing sector with a traded volume of 751 million shares, valued at ₦10.9 billion in 11,180 deals. Sub-sector analysis indicated that the banking sub-sector was the most active with traded volume of 2.2 billion valued at ₦12.4 billion in 23,513, followed by the insurance sub-sector with traded volume of 608.2 million shares valued at ₦393.48 million in 1,721 deals. Breweries sub-sector was placed third with traded volume of 582.8 million shares valued at ₦7.41 billion. Total number of traded equities remained at 198 as in the preceding month.

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



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

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Volume (Billion)	10.8	6.5	6.6	10.1	6.6	7.6	5.5	6.7	4.7	12.3	5.1	6.2	4.1
Value (₦ Billion)	104.1	60.6	48.8	59.0	48.8	51.3	40.2	47.9	37.2	54.6	27.8	43.7	31.8

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

Transactions at the Over-the-Counter indicated that a total of 305.9 million units worth ₦277.6 billion were traded in 1,350 deals. The most active bond (measured by turnover volume) was the 7<sup>th</sup> FGN Bond 2013 series 1 with a traded volume of 95. Billion units valued at ₦ 88.6 billion in 508 deals. There were two other reopened Bonds on offer; 10.7% FGN May 2018 and 7.00% FGN October 2019 Bond in the period under review. The

value of Federal Government Bonds at end-January 2012 rose by 137.2 per cent to ₦3,541.19 billion over the preceding month's level of ₦1,492.8 billion. This constituted 29.9 per cent of the aggregate market capitalization. Also, the value of sub-national bonds stood at ₦308.0 billion, same as in the preceding month and accounted for 2.6 per cent of the aggregate market capitalization. The value of corporate bonds, at ₦1,376.29 billion, rose by 2.6 per cent over ₦1,341.29 billion in the preceding month, while its share of the aggregate market capitalization declined by 2.2 percentage points to 11.6 from 13.8 in the preceding month.

### 2.6.3 New Issues Market

There were only two (2) supplementary listings in the review month (Table 4).

**Table 4: Supplementary listing on the Nigeria Stock Exchange (NSE) in January 2012**

S/N	Company	Additional Shares (billion)	Reasons
1	Oasis Insurance Plc	1.5	Completion of Special Placing
2	UBA PLC	N35 billion 14% medium term 2018 notes	Part of N 400 billion medium term payment

### 2.6.4 Market Capitalization

The total market capitalization of all the 217 listed securities rose by 14.8 per cent to ₦11.81 trillion over the preceding month's level of ₦10.28 trillion. The 198 listed equities accounted for 55.7 per cent of the total market capitalization.

### 2.6.5 NSE All-Share Index

The All-Share Index, which opened at 20,730.6 at the beginning of the month, closed at 20,875.8, representing an increase of 0.7 per cent over the level in the preceding month. The NSE Banking index increased by 1.3 per cent, while the other three, NSE Food/Beverage, NSE Insurance and NSE Oil/Gas indices declined by 2.7, 0.7 and 1.4 per cent, respectively, below the levels at the end of the preceding month.

Figure 5: Market Capitalization and All-Share Index

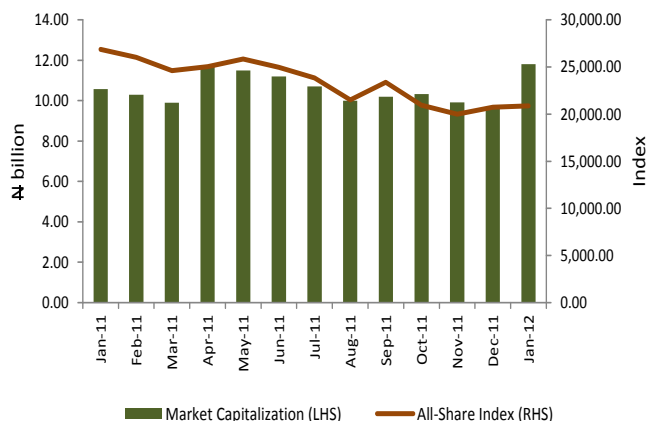


Table 5: Market Capitalization and All Share Index (NSE)

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Market Capitalization (₦ trillion)	10.5	103.0	9.9	11.7	11.5	10.7	10.0	10.2	10.3	9.9	9.7	11.8
All-Share Index	26830.7	26016.8	25020.1	25041.7	25866.6	23827.0	21497.6	23373.0	20935.0	20003.4	20730.6	20875.8





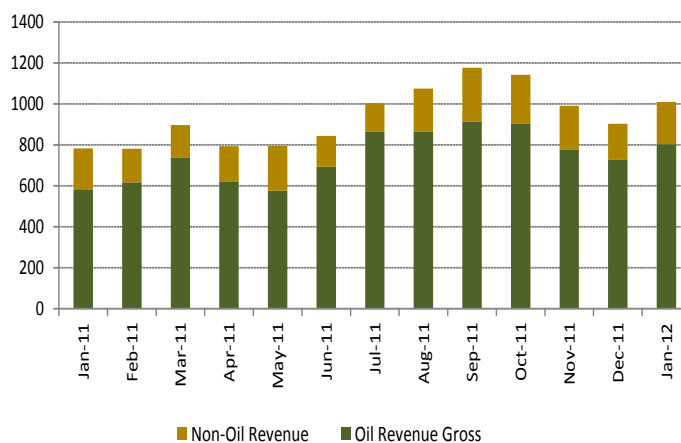
### 3.0 Fiscal Operations

#### 3.1 Federation Account Operations

Available data showed that estimated gross federally-collected revenue in January 2012, at ₦1,008.37 billion, exceeded the levels recorded in the preceding month and the corresponding period of 2011 by 11.7 and 37.8 per cent, respectively. The rise relative to the level in the preceding month was attributed to the increase in both oil and non-oil receipts during the review month (Fig. 6, Table 6).

Gross federally-collected revenue rose above the levels in the preceding month and the corresponding period of 2011.

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



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

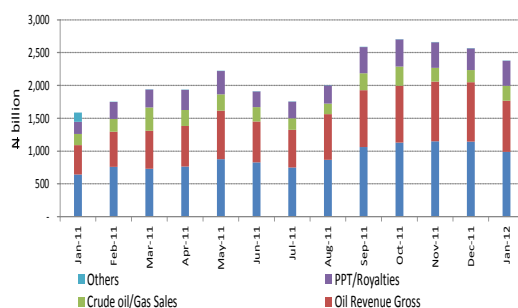
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Federally-collected revenue (Gross)	731.8	766.9	876.9	781.8	748.8	848.3	1048.7	1109.5	1149.0	1143.3	949.7	902.6	1008.4
Oil Revenue	580.1	617.0	738.5	621.5	576.5	694.4	865.3	865.6	911.9	904.2	778.0	726.0	802.7
Non-Oil Revenue	136.8	180.0	164.0	173.1	196.8	153.9	183.3	243.9	237.1	239.1	211.8	176.6	205.7

At ₦802.71 billion, gross oil receipts, which constituted 79.6 per cent of the total revenue, exceeded the receipts in the preceding month and the corresponding period of 2011 by 10.6 and 38.4 per cent, respectively. The increase in oil receipts relative to the preceding month was attributed, largely, to the

Relative to the preceding month's level, oil receipts rose in January 2012.

18.7 and 22.7 per cent rise in receipts from domestic crude oil and gas sales and crude oil and gas export, respectively (Fig. 7, Table 7).

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

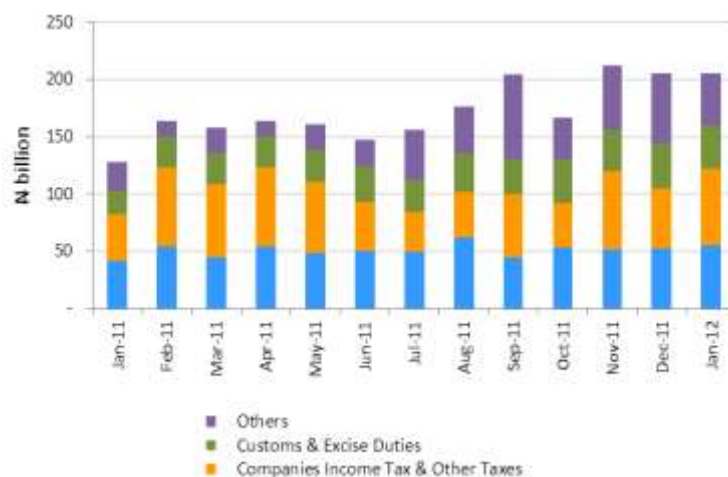


**Table 7: Components of Gross Oil Revenue (₦ billion)**

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Oil Revenue	580.1	617.0	738.5	621.5	576.5	694.5	865.3	865.6	911.9	904.2	778.0	726.0	802.7
Crude oil/Gas Sales	136.8	112.7	231.6	153.5	155.8	217.4	176.0	163.5	257.4	290.7	207.0	185.6	227.8
Domestic crude oil/G	168.1	195.6	154.0	227.9	170.5	203.4	287.4	285.3	264.3	278.8	190.3	183.2	217.4
PPT/Royalties	274.9	308.5	352.4	239.9	249.9	273.3	401.7	415.0	389.7	334.4	380.2	356.2	357.0
Others	0.3	0.2	0.5	0.3	0.3	0.3	0.3	1.8	0.5	0.2	0.4	1.0	0.5

The performance of non-oil receipts was impressive relative to the preceding month and corresponding period of 2011.

Non-oil receipts (gross), at ₦205.66 billion or 20.4 per cent of the total revenue was 16.6 and 35.9 per cent higher than the receipts in the preceding month and the corresponding period of 2011, respectively. The development reflected, largely, the increase in corporate tax, Federal Government independent revenue and customs special levies (Fig. 8, Table 8).

**Figure 8: Gross Non-Oil Revenue and Its Components****Table 8: Components of Gross Non-Oil Revenue (N billion)**

	Jan-11	Feb-11	Mar-11	Apr-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Non-Oil Revenue	151.4	149.3	138.2	208.7	173.1	196.7	264.6	237.1	237.1	211.8	176.6	205.7
Value-Added Tax (VAT)	47.5	50.8	49.2	61.6	53.8	54.7	66.0	57.0	60.7	51.6	52.3	54.9
Companies Income Tax & Other Taxes	32.3	42.1	35.3	39.8	38.2	65.2	84.7	107.1	79.2	68.6	52.5	66.8
Customs & Excise Duties	48.6	31.4	27.7	34.2	37.6	36.5	40.3	36.1	39.9	35.6	39.5	38.3
Others	23.0	25.0	26.0	73.1	43.6	40.4	73.5	37.0	59.3	56.0	144.3	160.0

Of the gross federally-collected revenue during the month, the sum of ₦468.06 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 ₦214.52 billion, while the States and Local Governments received ₦108.81 billion and ₦83.89 billion, respectively. The balance of ₦60.85 billion was credited to the 13.0 per cent derivation fund for distribution by the oil-producing states. Also, the Federal Government received ₦7.91 billion from the VAT Pool Account, while the state and local governments received ₦26.35 billion and ₦18.45 billion, respectively. Overall, total allocation to the three tiers of government from the Federation and VAT Pool Accounts in January 2012 amounted to ₦606.45 billion.

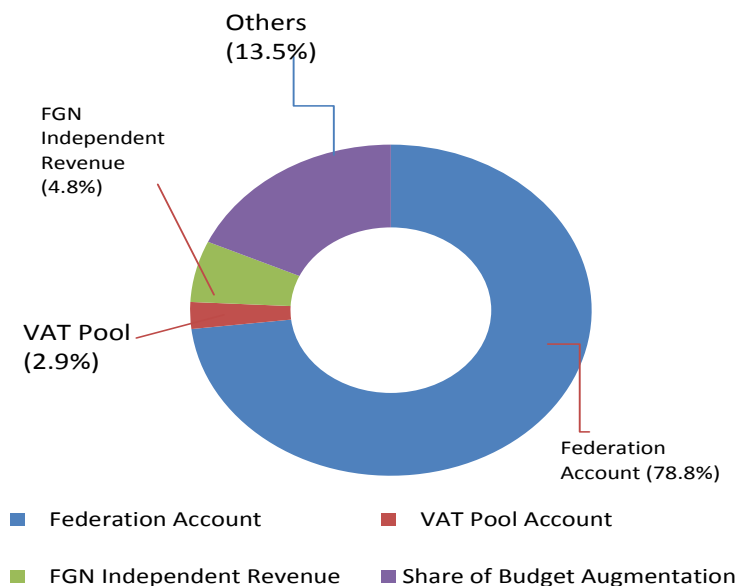
## 3.2 The Fiscal Operations of the Three Tiers of Government

### 3.2.1 The Federal Government

Federal government estimated retained revenue was higher than the preceding month and corresponding period of 2011 by 16.5 and 36.9 per cent, respectively

At ₦272.08 billion, the estimated Federal Government retained revenue for January 2012, was higher than the levels in the preceding month and the corresponding period of 2011 by 16.5 and 42.9 per cent, respectively. Of the total amount, the Federation Account accounted for 78.8 per cent, while VAT, FGN Independent Revenue and Others accounted for 2.9, 4.8 and 13.5 per cent, respectively (Fig. 9, Table 9).

**Figure 9: Federal Government Retained Revenue**



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

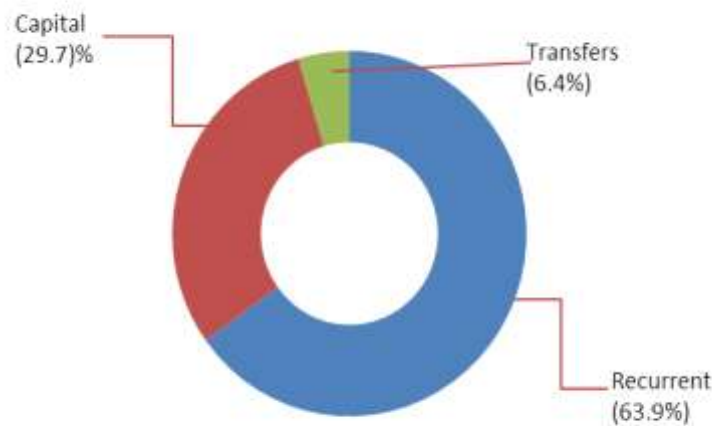
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Retained Revenue	190.4	193.4	190.6	250.4	229.9	275.5	613.9	280.9	279.1	282.6	285.1	233.6	272.1
Expenditure	224.4	286.5	327.5	298.4	304.1	330.8	354.9	405.3	450.7	326.0	458.2	350.0	388.9
Overall Balance: (+)/(-)	-101.7	-93.1	-136.9	-117.6	-74.2	-117.6	313.6	313.6	-171.6	-43.5	173.1	-116.4	-116.8

At ₦388.87 billion, total estimated expenditure for January 2012 exceeded the level in the preceding month by 11.1 per cent. The increase in total

Total estimated expenditure for January 2012 was higher than the level in the preceding month by 11.1 per cent.

expenditure relative to the preceding month's level was attributed to the rise in its recurrent component. A breakdown of total expenditure showed that the recurrent component accounted for 63.9 per cent, while the capital and transfer component accounted for the balance of 29.7 and 6.4 per cent, respectively (Fig. 10). Non-debt obligations accounted for 80.4 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 19.6 per cent.

**Figure 10: Federal Government Expenditure in January 2012**



Thus, the fiscal operations of the Federal Government in January 2012, resulted in an estimated deficit of ₦116.8 billion, compared with ₦101.7 billion recorded in the corresponding month of 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 ₦135.16 billion. This represented an increase of 9.4 and 26.8 per cent above the levels in the preceding month and

The fiscal operations of the FG resulted in an estimated deficit of ₦116.8 billion in January 2012.

corresponding month of 2011 respectively.

The breakdown showed that, at ₦26.35 billion, receipts from the VAT Pool Account was higher than the levels in the preceding month and corresponding period of 2011 by 4.9 and 15.7 per cent, respectively. Receipts from the Federation Account, at ₦108.81 billion, increased by 10.5 and 29.7 per cent above the levels in the preceding month and corresponding month of 2011, respectively.

### *3.2.3 Statutory Allocations to Local Government Councils*

Total receipts by the local governments from the Federation and VAT Pool Accounts in January 2012, stood at ₦102.3 billion. This was higher than the levels in the preceding month and corresponding period of 2011 by 9.4 and 26.9 per cent, respectively. Of this amount, receipts from the Federation Account amounted to ₦83.9 billion, while the VAT Pool Account accounted for the balance of ₦18.5 billion.

## 4.0 Domestic Economic Conditions

*The dominant agricultural activities in January 2012 were: cultivation of fruits, vegetables, rice and maize; and harvesting of tree crops as well as clearing of land for the 2012 cropping season. In the livestock sub-sector, farmers intensified the raising of broilers and layers to replenish the stock sold off during the end of 2011 festive season. Crude oil production was estimated at 2.22 million barrels per day (mbd) or 68.82 million barrels during the month. The end-period inflation rate for January 2012, on a year-on-year basis, was 12.6 per cent, compared with the preceding month's level of 10.3 per cent. The inflation rate on a 12-month moving average basis was 10.9 per cent, compared with the preceding month's level of 10.8 per cent.*

### 4.1 Agricultural Sector

Available data indicated that the predominant agricultural activities in the southern states were harvesting of tree crops and fruits, and clearing of land for the 2012 cropping season, while farmers in the north were engaged in dry season production /cropping of vegetables, fruits, rice and maize. In the livestock sub-sector, farmers intensified the raising of broilers and layers to replenish the stock sold off during the end of 2011 festive season.

A total of ₦102.62 million was guaranteed to 341 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in January 2012. This represented a decline of 90.48 and 61.4 per cent below the levels in the preceding month and the corresponding month of 2011, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the livestock had the largest share of ₦52.45 million (51.1 per cent) for 79 beneficiaries, while the food crops received ₦35.56 million (34.7 per cent) for 236 beneficiaries. The fisheries sub-sector got ₦12.25 million (11.9 per cent) for 18 beneficiaries, while cash crops got ₦0.31 million (0.3 per cent) for 1 beneficiary. "Others" got ₦2.05 million (2.0 per cent) for 7 beneficiaries. Analysis by state showed that 21 states benefited from the scheme in the month

with the highest sum of N11.55 million (11.25 per cent) guaranteed to Adamawa state, while Enugu and Kogi states had the lowest guaranteed sums of N0.5 million (0.48 per cent) each.

At end-January 2012, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACs) since inception to the participating banks for disbursement stood at ₦158.39 billion.

At end-January 2012, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACs) since inception to the participating banks for disbursement stood at N158.39 billion for two hundred and three (203) projects. A total of twenty six state governments benefited from the programme (Table 10).

**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	38.41	34
2	Zenith Bank Plc	18.76	15
3	First Bank of Nigeria Plc	17.37	50
4	Union Bank of Nigeria Plc	14.86	18
5	Unity Bank Plc	12.68	10
6	Stanbic IBTC	11.25	21
7	Access Bank Plc	9.93	10
8	Skye Bank	8.67	6
9	Fidelity Bank Plc	7.58	8
10	GT Bank Plc	5.55	8
11	Sterling Bank	4.52	6
12	Oceanic Bank Plc	2.67	5
13	Mainstreet Bank	2.00	1
14	Diamond Bank	1.75	6
15	CITIBANK	1.50	1
16	WEMA Bank	0.16	2
17	FCMB PLC Bank	0.27	1
18	Enterprises Bank	0.50	1
	<b>TOTAL</b>	<b>158.39</b>	<b>203</b>

## 4.2 Petroleum Sector

Crude oil and natural gas production was estimated to rise by 0.9 per cent over the level in the preceding month.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.22 million barrels per day (mbd) or 68.82 million barrels for the month. This was 0.02 mbd or 0.9 per cent above the level recorded in the preceding month. The marginal increase in output was attributed to the restoration of production in the Shell's Bonga deep offshore facility and its offshore EA field, which were shut down due to



leakages as well as the maintenance of its floating production, storage and offloading (FPSO) vessel.

Crude oil export was estimated at 1.77 mbd or 54.87 million barrels. This represented an increase of 1.14 per cent above the 1.75 mbd or 54.25 million barrels (mb) recorded in the previous month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels for the month.

At an estimated average price of US\$113.69 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API) increased by 2.9 per cent above the level in the preceding month. The price development was attributed to supply challenges in the Middle East, especially with the adoption of plan by the European Union (EU) to place a ban on Iranian oil. The average prices of other competing crudes, namely the West Texas Intermediate (US\$100.73 per barrel), U.K Brent (US\$111.53 per barrel) and Forcados (US\$114.84 per barrel) exhibited similar trend as the Bonny Light.

The average price of OPEC's basket of eleven crude streams, rose by 3.9 and 19.5 per cent to US\$111.49 per barrel, over the levels in the preceding month and the corresponding month of 2011, respectively (Fig. 11, Table 11).

In January 2012, crude oil export was estimated at 1.77 mbd, compared to 1.75 mbd in the preceding month.

The average price of all the crude streams and the Bonny Light (37° API) rose above the levels in the preceding month and corresponding month.

**Figure 11: Trends in Crude Oil Prices**

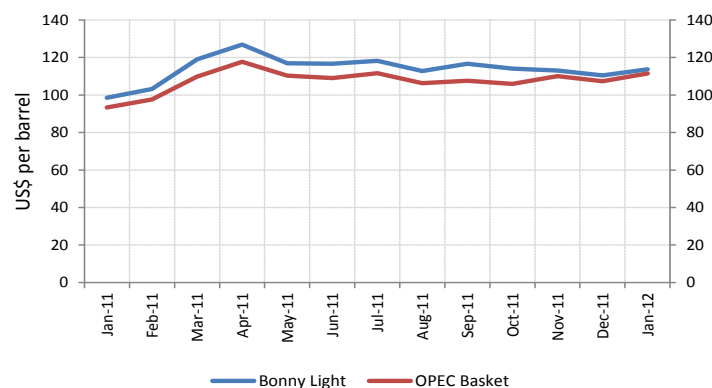


Table 11: Average Crude Oil Prices in the International Oil Market

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Bonny Light	98.50	103.23	118.99	126.91	116.99	116.66	118.21	112.81	116.71	114.05	114.05	110.45	113.69
OPEC Basket	93.30	97.69	109.84	117.70	110.39	109.04	111.62	106.32	107.61	105.87	105.87	107.34	111.49

### 4.3 Consumer Prices

The general price level rose in January 2012 relative to the preceding month, owing to the increase in the index of staple food and non-alcoholic beverages as well as gas and other fuel.

Available data showed that the all-items composite Consumer Price Index (CPI) in January 2012 was 130.2 (November 2009=100), representing an increase of 3.3 per cent over the level in the preceding month. The development was attributed to the increase in the prices of staple food items and non-alcoholic beverages, as well as housing, water, electricity, gas and other fuel.

The urban all-items CPI at end-January 2012 was 128.9 (November 2009=100), indicating an increase of 5.4 per cent above the level in the preceding month. The rural all-items CPI for the month was 131.3 (November 2009=100), representing an increase of 1.8 per cent over the level in the preceding month.

The headline inflation rate on a year-on-year basis rose by 2.3 percentage point to 12.6 percent, while the 12-month moving average rate was 10.9 per cent.

The end-period headline inflation rate for January 2012, on a year-on-year basis, was 12.6 per cent, compared with 10.3 per cent in the preceding month. The rise in the headline index was attributed to the rise in prices of many food and non-food items arising from the increase in transportation cost, which resulted from the partial removal of the subsidy on the premium motor spirit (Petrol). The inflation rate on a twelve-month moving average basis was 10.9 per cent, compared with 10.8 per cent in the preceding month (Fig. 12, Table 12).

The composite food index on a year –on-year basis was 13.1 per cent, compared with 11.0 per cent recorded in the preceding month. The development was attributed to the increase in the prices of yam, other tubers, cooking oil, meat, fruit, vegetables and beverages. The all items less farm produce price index (core price

index) on a year-on-year basis was 12.7 per cent, compared with 10.8 in the preceding month. The development was attributed largely to the contribution of transport fares, liquid fuels and other services.

Figure 12: Consumer Price Index

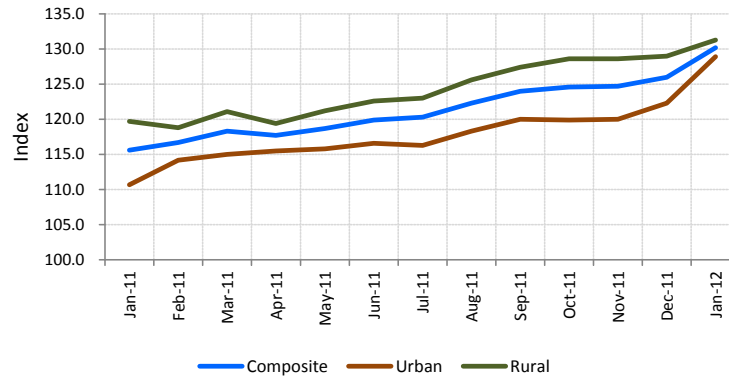


Table 12: Consumer Price Index (November 2009=100)

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Composite	112.8	114.2	118.3	117.7	118.7	119.9	120.3	122.3	124.0	124.6	124.7	126.0	130.2
Urban	111.7	112.2	115.0	115.5	115.8	116.6	116.3	118.3	120.0	119.9	120.0	122.3	128.9
Rural	113.6	115.9	121.1	119.4	121.2	122.6	123.0	125.6	127.4	128.6	128.6	129.0	131.3
CPI - Food	114.3	117.7	118.1	119.0	118.5	120.1	120.4	123.7	124.8	125.0	125.4	128.1	129.3
CPI - Non Food	114.5	115.5	117.5	117.9	118.9	119.8	120.1	121.2	123.5	124.8	124.6	124.8	129.1

Figure 13: Inflation Rate

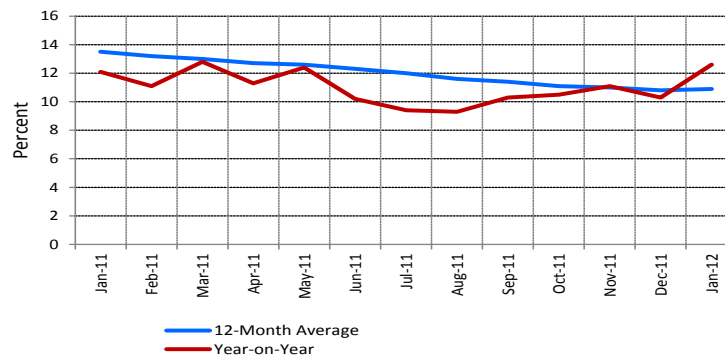


Table 13: Headline Inflation Rate (%)

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
12-Month Average	13.9	13.7	13.0	12.7	12.6	12.3	12.0	11.6	11.4	11.1	11.0	10.8	10.9
Year-on-Year	12.8	11.8	12.8	11.3	12.4	10.2	9.4	9.3	10.3	10.5	11.1	10.3	12.6



## 5.0 External Sector Developments

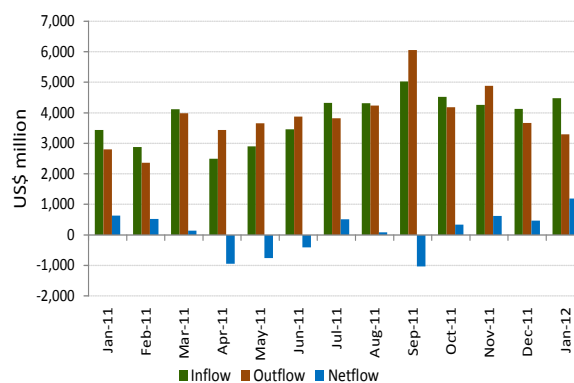
Provisional data indicated that foreign exchange inflow through the CBN rose by 4.2 per cent over the level in the preceding month, while outflow fell by 19.7 per cent. Total non-oil export receipts by banks declined, by 2.0 per cent, below the level in the preceding month. Total external reserves rose by 4.6 per cent over the preceding month's level. The average exchange rate of the Naira vis-à-vis the US dollar, depreciated by 0.13 per cent to ₦158.4 per dollar at the Wholesale Dutch Auction System (WDAS).

### 5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in January 2012 were US\$4.31 billion and US\$2.95 billion, respectively, resulting in a net inflow of US\$1.36 billion. Relative to the level in the preceding month, inflow increased by 4.2 per cent, while outflow declined by 19.7 per cent. The rise in inflow was attributed wholly to the increase in crude oil sales receipts, by 18.1 and 50.0 per cent above the levels in the preceding month and corresponding period of 2011, respectively. The decline in outflow was due, largely to the 33.6, 81.9 and 62.5 per cent fall in WDAS-forwards, interbank and swaps transactions, respectively. (Fig. 14, Table 14).

Foreign exchange inflow through the CBN in January 2012 rose by 4.2 per cent, while outflow fell by 19.7 per cent. Overall there was a net inflow of US\$1.36 billion during the review period.

**Figure 14: Foreign Exchange Flows through the CBN**



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

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Inflow	3435.6	3164.7	4119.2	2495.6	2896.1	3463.2	4327.7	4315.0	5030.4	4523.1	4265.0	4132.3	4315.2
Outflow	2805.8	2768.7	3985.9	3439.7	3657.2	3873.7	3818.6	4234.1	6060.7	4184.3	4880.3	3667.1	2950.8
Netflow	629.8	396.0	629.8	-944.1	-761.1	-410.5	509.1	81.7	-1030.3	338.8	624.3	465.2	1364.4

Aggregate foreign exchange flows through the economy indicated that total inflow was US\$8.52 billion, representing an increase of 3.5 per cent, over the level in the preceding month, but a decline of 24.2 per cent below the level in the corresponding period of 2011. Oil sector receipts, which rose by 18.1 per cent, stood at US\$4.19 billion, and accounted for 49.1 per cent of the total, compared with US\$3.55 billion in the preceding month.

Non-oil inflows into the economy declined by 79.4 per cent and accounted for 1.5 per cent of the economy-wide total, in January 2012.

On a month-on-month basis, non-oil public sector inflow, at US\$120.68 million, declined by 79.4 per cent and accounted for 1.4 per cent of the total, while autonomous inflow, at US\$4.21 billion, rose by 2.8 per cent and accounted for 49.4 per cent of the total.

At US\$3.03 billion, aggregate foreign exchange outflow from the economy declined by 20.7 per cent below the level in the preceding month. When compared with the level in the corresponding period of 2011, it however, rose by 4.3 per cent. The decline in outflow relative to the preceding month was attributed to the fall in wDAS utilization, drawings on L/C, National priority projects and autonomous sources. Overall, net inflow through the economy during the month stood at US\$5.49 billion, compared with US\$4.41 billion in the preceding month.

## 5.2 Non-Oil Export Earnings by Exporters

Total non-oil export earnings, at US\$201.78 million, declined marginally by 2.0 per cent from the level at end of the preceding month. The development reflected largely, the fall in export of minerals and agricultural products. A breakdown of receipts showed

that proceeds of industrial, manufactured, agricultural, minerals, food products and transport sub-sectors stood at US\$81.64, US\$78.15 US\$12.38 US\$5.40, US\$21.47 and US\$2.74 million, respectively.

The shares of industrial, manufactured, agricultural, minerals, food products and transport sub-sectors in non-oil export proceeds were 40.5, 38.7, 6.1, 2.7, 10.6 and 1.4 per cent, respectively.

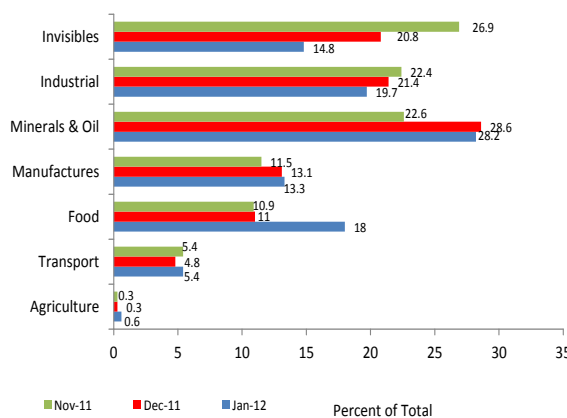
Total non-oil export earnings by exporters fell in January 2012 by 2.0 per cent below the level in preceding month.

### 5.3 Sectoral Utilisation of Foreign Exchange

The minerals and oil sector accounted for the bulk (28.2 per cent) of total foreign exchange disbursed in January 2012, followed by the industrial sector (19.7 per cent). Other beneficiary sectors, in a descending order included: food products (18.0 per cent), invisibles (14.8 per cent), manufactured products (13.3 per cent), transport (5.4 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 January 2012.

**Figure15: Sectoral Utilisation of Foreign Exchange**

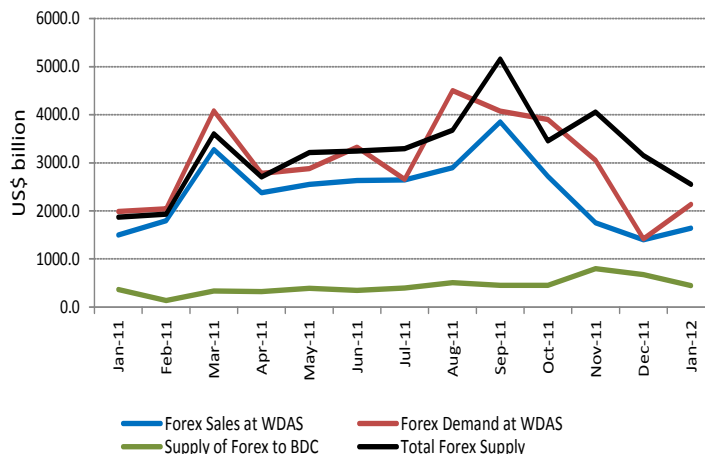


## 5.4 Foreign Exchange Market Developments

Demand for foreign exchange by authorized dealers increased in January 2012 relative to preceding month but declined when compared with the corresponding month of 2011.

Aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (wDAS), Bureau-de-change (BDC) and wDAS-Forward contract was US\$2.62 billion in January 2012, showing an increase of 11.1 per cent over the level in the preceding month, but a decline of 10.8 per cent below the level in the corresponding month of 2011. A total of US\$2.11 billion was sold by the CBN to authorized dealers during the period, reflecting a decline of 27.0 per cent below the level in the preceding month, but an increase of 7.7 per cent over the level in the corresponding period of 2011 (Fig.16, Table 15).

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



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

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

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Forex Sales at WDAS	2000.0	1794.8	3274.4	2375.6	2549.9	2632.8	2643.3	2889.1	3850.0	2807.0	1749.6	1397.9	1640.7
Forex Demand at WDAS	2800.4	2041.0	4080.3	2780.4	2878.4	3325.5	2655.2	4504.5	4076.2	3900.0	3054.4	1415.3	2134.0
Supply of Forex to BDC	135.5	300.0	330.5	322.3	392.0	347.3	398.2	504.3	995.7	716.8	795.4	675.7	365.7
Total Forex Supply	2135.5	2094.8	3604.9	2707.8	3217.2	3242.3	3293.7	3677.0	5157.6	3923.0	4056.3	3151.5	2110.9

Under the wDAS, the average exchange rates of the Naira vis-à-vis the US dollar, depreciated by 0.11 per cent to ₦158.40 per US dollar below the level in the preceding month. It also, depreciated at the BDC



segment by 0.8 per cent to ₦164.70 below level in the preceding month. At the interbank segment, the average rate however, appreciated by 0.6 per cent to ₦161.31 per US dollar.

Consequently, the premium between the official and bureau-de-change rates widened from 3.2 per cent in the preceding month to 4.0 per cent, while at the interbank market, it narrowed from 2.6 per cent in the preceding month to 1.8 per cent.

The premium between the WDAS and the BDC rate was 3.8 per cent, but 1.8 per cent between WDAS and the interbank segment.

Figure 17: Average Exchange Rate Movements

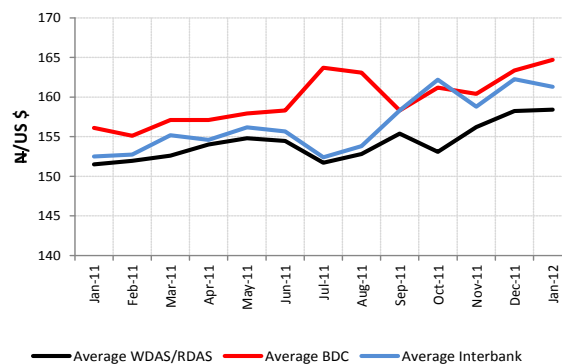
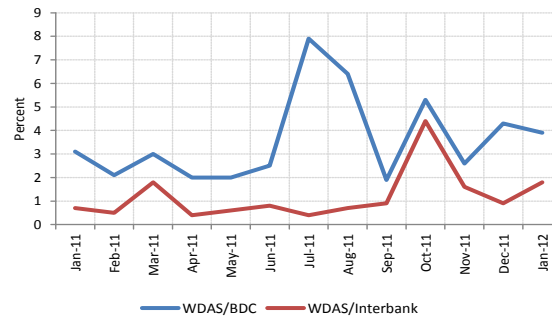


Table 16: Exchange Rate Movements and Exchange Rate Premium

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
<b>Average Exchange Rate (₦/\$)</b>													
WDAS/RDAS	151.6	151.9	152.6	154.0	154.8	154.5	151.8	152.8	155.4	153.1	156.2	158.2	158.4
BDC	156.1	155.1	157.1	157.1	158.0	158.3	163.7	163.1	158.3	161.2	160.4	163.4	164.7
Interbank	152.4	152.7	155.2	154.6	156.2	155.7	152.4	153.8	158.3	162.2	158.8	162.3	161.3
<b>Premium (%)</b>													
WDAS/BDC	2.7	3.0	2.0	3.0	2.0	2.0	2.5	7.9	6.4	1.9	2.6	3.2	4.0
WDAS/Interbank	1.4	0.7	0.5	1.8	0.4	0.9	0.8	0.4	0.7	0.9	1.6	2.6	1.8

Figure 18: Exchange Rate Premium



### 5.5 Gross External Reserves

The gross external reserves at end-January 2012 stood at US\$34.14 billion, indicating an increase of 4.6 per cent over the level at the end of the preceding month. A breakdown of the reserves showed that CBN holdings stood at US\$24.78 billion (72.6 per cent), Federal Government holdings was US\$6.18 billion (18.1 per cent) and the Federation Account portion (Excess Crude) was US\$3.18 billion (9.3 per cent) (Fig. 19, Table 16).

Gross external reserves increased by 4.58 per cent in January 2012.

Figure 19: Gross External Reserves

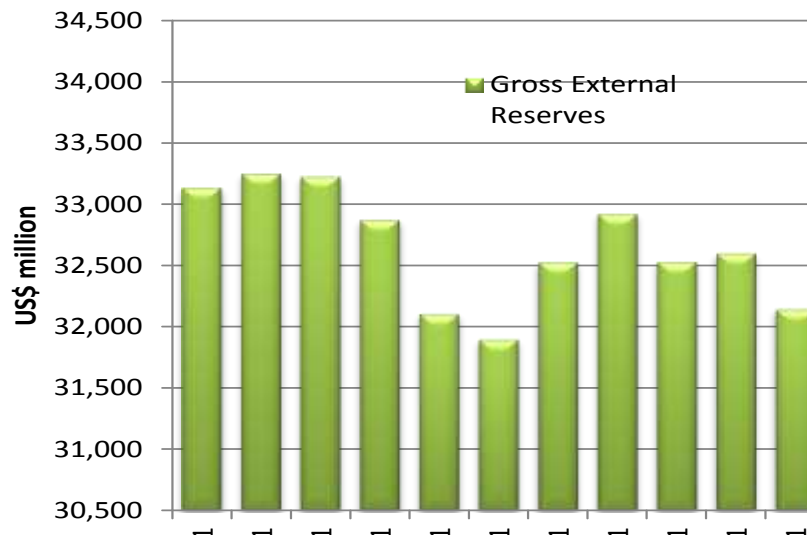


Table 17: Gross External Reserves (US\$ million)

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
External Reserves	33131.8	33246.1	33221.8	32866.9	32100.8	31890.5	32521.7	32914.0	32525.4	32594.7	32139.0	32639.8	34136.6



## ***6.0 Other International Economic Developments and Meetings***

World crude oil output in January 2012 was estimated at 89.19 million barrels per day (mbd), while demand was estimated at 88.35 mbd, representing an excess supply of 0.84 mbd, compared with 90.16 and 89.30 mbd supplied and demanded, respectively, in the preceding month. The decline in global crude oil demand was attributed to the growing economic uncertainty, particularly in the OECD region and fragile economic conditions in Europe. The Organisation for Economic Co-operation and Development (OECD) countries had average demand of 45.89 mbd, while the non-OECD countries demand accounted for the balance of 42.46 mbd.

Non-OPEC output was estimated at an average of 52.48 mbd, representing a decline of 0.7 per cent from the level in the preceding month. This development was attributed to the decline in supply from UK, Syria, Mexico and Sudan.

Other major international economic developments and meetings of relevance to the domestic economy during the review month included: the World Economic Forum Annual Meeting held at Davos-Klosters, Switzerland from January 25-29, 2012 on the theme: "The Great Transformation: Shaping New Models".

Some of the key resolutions at the technical sessions were:

- That the Post-Lehman regulatory changes had strengthened banks and stabilized the financial system;
- Need for fiscal discipline, fiscal union and firewalls in resolving Eurozone crisis;
- The key challenges faced by the society are debt sustainability and social equity; and

- The need for Europe to embark on structural and political reforms to restore confidence in its unity and viability.

Also, the meeting of the National Coordinating Committee (NCC) on the Economic Community of West African States (ECOWAS) Multilateral Surveillance Mechanism was held in Ouagadougou, Burkina Faso, from January 23 – 27, 2012. The Meeting was convened to receive presentation on Members' economic and financial situation during the first half of 2011 and assess their progress towards achieving macroeconomic convergence, which is critical to attaining monetary union in the West African sub-region.

After receiving and discussing on the reports by ECOWAS Member countries, the following key decisions were taken:

- The quality and authenticity of data provided in the report were the sole responsibility of member countries;
- Members agreed to regularly update the ECOWAS database; and
- Agreed to operationalise the NCCs through series of activities by its members.

Finally, the 18<sup>th</sup> African Union (AU) Heads of State and Government Summit was held in Addis Ababa, Ethiopia from January 29 - 30, 2012 with the theme "Boosting Intra-African Trade". The Heads of States adopted 25 decisions, one resolution and two declarations. One major decision taken at the Summit was the suspension of the elections of the Chairperson and Deputy Chairperson of the AU Commission, alongside that of eight Commissioners. The decision to suspend the elections was taken after a long debate, as none of the candidates for the chairmanship could obtain the two thirds votes as stipulated in the AU constitution. The Summit also commended the establishment of the trade area Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC)

and the Southern African Development Community (SADC) and noted that Africa is looking to establish a Continental free trade area by 2017, in order to promote the economic development and integration of the continent.





# APPENDIX TABLES



Table A1: Money and Credit Aggregates

	Jan 11	July-11	Aug-11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12
<b>Domestic Credit (Net)</b>	8,685.74	8,142.22	9,990.75	9,981.56	10,848.39	11,226.98	12,403.18	12,664.78
<i>Claims on Federal Government (Net)</i>	(730.97)	(1,824.85)	(908.74)	(1,144.46)	(1,364.71)	(1,191.65)	(531.16)	(728.37)
Central Bank (Net)	(2,823.21)	(3,460.54)	(2,988.28)	(3,244.66)	(3,988.61)	(3,668.98)	(3,548.75)	(3,587.14)
Banks	2,092.24	1,635.69	2,079.54	2,100.21	2,623.89	2,477.32	3,017.59	2,858.78
<i>Claims on Private Sector</i>	9,416.71	9,967.07	10,899.49	11,126.02	12,213.10	12,418.63	12,934.34	13,393.14
Central Bank	532.56	807.87	838.61	885.61	2,720.19	2,705.24	3,319.90	3,336.53
Banks	8,884.15	9,159.20	10,060.87	10,240.40	9,492.91	9,713.39	9,614.45	10,011.61
<i>Claims on Other Private Sectc</i>	9,025.66	9,597.17	10,487.61	10,725.85	11,780.28	12,013.11	12,421.12	12,898.99
Central Bank	532.10	807.87	838.61	885.61	2,720.19	2,705.24	3,319.90	3,336.53
Banks	8,493.10	8,789.30	9,649.00	9,840.24	9,060.09	9,307.87	9,101.23	9,562.46
<i>Claims on State and Local Go</i>	391.04	369.90	411.87	400.16	432.83	405.52	513.22	494.15
Central Bank	-	-	-	-	-	-	-	-
Banks	391.04	369.90	411.87	400.16	432.83	405.52	513.22	494.15
<i>Claims on Non-financial Publi</i>	-	-	-	-	-	-	-	-
Central Bank	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-
<b>Foreign Assets (Net)</b>	6,400.55	7,506.10	6,976.40	669.79	6,724.54	6,623.23	7,180.64	7,427.20
Central Bank	5,217.35	5,950.20	5,413.80	5,267.50	5,304.24	5,141.50	5,865.76	5,947.25
Banks	1,183.20	1,555.90	156.60	1,402.29	1,420.30	1,481.73	1,314.88	1,479.95
<b>Other Assets (Net)</b>	(3,524.76)	(3,256.80)	(4,456.40)	(4,030.46)	(5,395.78)	(5,637.07)	(6,283.48)	(6,339.01)
<b>Total Monetary Assets (M2)</b>	<b>11,561.53</b>	<b>12,391.45</b>	<b>12,510.79</b>	<b>12,620.90</b>	<b>12,177.15</b>	<b>12,213.14</b>	<b>13,300.34</b>	<b>13,752.96</b>
<b>Quasi-Money 1/</b>	5,994.45	6,520.96	6,636.79	6,615.82	6,374.30	6,437.19	6,531.91	6,928.39
<b>Money Supply (M1)</b>	5,567.07	5,870.49	5,874.00	6,005.08	5,802.85	5,775.95	6,768.43	6,824.54
<i>Currency Outside Banks</i>	1,033.45	1,039.75	1,060.54	1,012.37	1,038.22	1,069.14	1,244.85	1,093.19
<i>Demand Deposits 2/</i>	4,533.63	4,830.74	4,813.46	4,992.71	4,764.64	4,706.81	5,523.58	5,731.38
<b>Total Monetary Liabilities (M2)</b>	<b>11,561.53</b>	<b>12,391.45</b>	<b>12,510.79</b>	<b>12,620.90</b>	<b>12,177.15</b>	<b>12,213.14</b>	<b>13,300.34</b>	<b>13,752.96</b>
<i>Memorandum Items:</i>	-	-	-	-	-	-	-	-
Reserve Money (RM)	1,694.89	2,169.38	1,841.96	1,908.85	2,366.21	2,341.93	2,784.28	2,689.32
<i>Currency in Circulation (CIC)</i>	1,340.44	1,343.60	1,379.72	1,342.97	1,359.58	1,390.70	1,565.76	1,475.53
<i>DMBs Demand Deposit with CBN</i>	354.46	825.78	462.25	565.88	1,006.62	951.23	1,218.52	1,213.79

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)

	Jan-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
<b>Growth over Preceding December (%)</b>								
Domestic Credit (Net)	-0.3	-6.5	14.7	14.6	24.6	28.9	42.4	2.1
Claims on Federal Government (Net)	34.8	-62.7	19.0	-2.0	-21.7	-6.2	52.7	-37.1
Claims on Private Sector	-4.2	1.4	10.9	13.2	24.2	26.3	31.6	3.5
Claims on Other Private Sector	-4.6	1.4	10.9	13.4	24.5	27.0	31.3	3.8
Claims on State and Local Government	5.7	0.0	11.4	8.2	17.0	9.7	38.8	3.7
Claims on Non-financial Public Enterprises								
Foreign Assets (Net)	-1.6	15.4	7.2	2.5	3.3	1.8	10.4	3.4
Other Assets (Net)	4.5	11.7	-20.8	-9.2	-46.2	-52.8	-70.3	-0.9
Total Monetary Assets (M2)	0.3	7.5	8.5	9.5	5.7	6.0	15.4	3.4
Quasi-Money 1/	0.7	9.5	11.5	11.1	7.1	8.1	9.7	6.1
Money Supply (M1)	-0.1	5.4	5.4	7.8	4.2	3.7	21.5	0.80
Currency Outside Banks	-4.5	-3.9	-2.0	-6.5	-4.1	-1.2	15.0	-12.2
Demand Deposits 2/	1.0	7.6	7.2	11.2	6.2	4.9	23.0	3.8
Total Monetary Liabilities (M2)	0.3	7.5	8.5	9.5	5.7	6.0	15.4	3.4
<i>Memorandum Items:</i>								
Reserve Money (RM)	-8.2	17.5	-2.0	3.4	28.2	26.9	50.9	-3.4
Currency in Circulation (CIC)	-2.7	-2.5	0.1	-2.6	-1.3	0.9	13.6	-5.8
DMBs Demand Deposit with CBN	-24.2	76.6	-1.1	21.0	115.3	103.4	160.6	-0.4
<b>Growth over Preceding Month (%)</b>								
Domestic Credit (Net)	-0.3	-8.6	22.7	-0.1	8.7	3.5	10.5	2.1
Claims on Federal Government (Net)	34.8	-71.4	50.2	-25.9	-19.2	12.7	55.4	-37.1
Claims on Private Sector	-4.2	-0.1	9.4	2.1	9.8	1.7	4.2	3.5
Claims on Other Private Sector	-4.6	0.5	9.3	2.3	9.8	2.0	3.4	3.8
Claims on State and Local Government	5.7	-12.0	11.3	2.8	8.2	-6.3	26.6	-3.7
Claims on Non-financial Public Enterprises								
Foreign Assets (Net)	-1.6	16.3	-7.1	-4.4	0.8	-1.5	8.4	3.4
Central Bank	-2.9	20.9	-9.0	-2.7	0.7	-3.1	14.1	1.4
Banks	4.3	1.6	0.4	-10.3	1.3	4.3	-11.3	12.6
Other Assets (Net)	4.5	-2.3	-36.8	9.6	-33.9	-4.5	-11.5	-0.9
Total Monetary Assets (M2)	0.3	1.8	0.1	0.9	-3.5	0.3	8.9	3.4
Quasi-Money 1/	0.7	-0.2	1.8	0.3	3.7	1.0	1.5	6.1
Money Supply (M1)	-0.1	4.0	0.1	2.2	-3.4	-0.5	17.2	0.8
Currency Outside Banks	-4.5	2.3	2.0	-4.5	2.6	3.0	16.4	-12.2
Demand Deposits 2/	1.0	4.4	-0.4	3.7	-4.6	-1.2	17.4	3.8
Total Monetary Liabilities (M2)	0.3	1.8	1.0	0.9	-3.5	0.3	8.9	3.4
<i>Memorandum Items:</i>								
Reserve Money (RM)	-8.2	5.1	-15.1	3.6	24.0	-1.0	18.9	-3.4
Currency in Circulation (CIC)	-2.7	-0.8	2.7	-2.7	1.2	2.3	12.6	-5.8
DMBs Demand Deposit with CBN	-24.2	16.1	-44.0	22.4	77.9	-5.5	28.1	-0.4

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 A3: Federal Government Fiscal Operations (₦ billion)**

	Jan-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
<b>Retained Revenue</b>	<b>198.0</b>	<b>613.9</b>	<b>280.9</b>	279.1	282.6	285.1	233.6	272.1
<i>Federation Account</i>	165.2	222.5	254.0	262.3	260.7	208.7	194.1	214.5
<i>VAT Pool Account</i>	6.8	7.9	9.5	8.2	8.8	7.4	7.5	7.9
<i>FGN Independent Revenue</i>	10.6	19.8	8.8	8.6	13.1	17.1	4.6	13.2
<i>Excess Crude</i>	6.8	363.8	7.5	0.0	0.0	52.0	0.0	0.0
<i>Others</i>	8.5	0.0	1.0	0.0	0.0	0.0	27.4	36.5
<b>Expenditure</b>	<b>317.9</b>	<b>354.9</b>	<b>405.3</b>	450.7	326.0	458.2	350.0	388.9
<i>Recurrent</i>	239.2	300.4	296.3	330.8	208.9	292.7	263.8	273.5
<i>Capital</i>	77.1	32.4	83.6	119.9	66.5	136.2	64.0	85.8
<i>Transfers</i>	1.7	22.1	25.5	21.1	21.6	21.0	22.2	29.6
<b>Overall Balance: Surplus(+)/Deficit(-)</b>	<b>-119.9</b>	<b>259.1</b>	<b>124.4</b>	-171.6	-43.5	-173.1	-116.4	-116.8

