



**CENTRAL BANK OF NIGERIA**

***ECONOMIC REPORT  
OCTOBER 2011***

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

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## 1.0 Summary

Growth in the key monetary aggregate trended downward in the month of October 2011. On month-on-month basis, broad money ( $M_2$ ) fell by 3.5 per cent, due largely to the 33.9 per cent decline in other asset (net) of the banking system. Similarly, narrow money ( $M_1$ ) fell by 3.4 per cent below the level at the end of the preceding month. Relative to the level at end-December 2010,  $M_2$ , however, grew by 5.7 per cent, owing largely, to the rise in domestic credit (net) and foreign asset (net) of the banking system. Reserve money (RM) increased by 24.0 per cent over its level in the preceding month.

Available data indicated that banks' deposit rates showed mixed developments, while lending rates generally increased in October 2011. The spread between the weighted average term deposit and maximum lending rates widened by 0.35 percentage points to 17.78 per cent in October 2011. Similarly, the margin between the average savings deposit and maximum lending rates widened from 20.50 per cent in the preceding month to 21.91 per cent. The weighted average interbank call rate rose from 15.00 per cent in the preceding month to 11.38 per cent, reflecting the improved liquidity condition in the interbank funds market during the month.

The value of money market assets outstanding at end-October 2011 was ₦211.8 billion, showing an increase of 13.93 per cent, over the level at end-September 2011. The development was attributed to the increase in the value of FGN Bonds and Bankers Acceptances. Activities on the Nigerian Stock Exchange (NSE) in September 2011 were mixed.

Gross federally-collected revenue in October 2011 was estimated at N 1,143.26 billion, showing an increase of 48.8 per cent over the monthly budget estimate, but fell below the level in the preceding month by 0.5 per cent. At N904.18 billion, gross oil receipts fell below the level in the preceding month. This was attributed largely, to the decline in Petroleum Profit Tax (PPT) and Royalties.

Non-oil receipts, at N239.1 billion (20.9 per cent of the gross federally collected revenue), exceeded both the monthly budget estimate and the level in the preceding month by

19.4 and 0.8 per cent, respectively. The increase relative to the monthly budget estimate reflected, largely, the rise in Federal Government Independent Revenue and Receipts from Custom Special Levies. Federal Government estimated retained revenue in October 2011 was N282.57 billion, while total estimated expenditure was N 326.04 billion. Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of N43.47 billion, compared with the estimated monthly budget deficit of N94.72 billion for the review month.

The dominant agricultural activities in October 2011 included harvesting of various root crops and the preparation of land and nurseries for tomatoes, pepper, carrots, cabbage and other vegetables. Crude oil production, including condensates and natural gas liquids in October was estimated at 2.06 million barrels per day (mbd) or 63.86 million barrels for the month. Crude oil export was estimated at 1.61 mbd or 49.19 million barrels, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels. The average price of Nigeria's reference crude, the Bonny Light (370 API), was estimated at US\$114.05 per barrel, down by 2.28 per cent from the level in the preceding month.

The end-period headline inflation rate (year-on-year), in October 2011, was 10.5 per cent, compared with 10.3 per cent at the end of the preceding month. Inflation rate on a twelve-month moving average basis, declined by 0.3 percentage points to 11.1 per cent from the level in the preceding month.

Foreign exchange inflow and outflow through the CBN in October, 2011 were US\$4.52 billion and US\$4.18 billion, respectively, and resulted in a net inflow of US\$0.34 billion. Foreign exchange sales by the CBN to the authorized dealers amounted to US\$5.18 billion, showing a decline of 0.2 below the level in the preceding month, but an increase of 73.7 per cent over the level in the corresponding period of 2010.

Relative to the level in the previous month, the average Naira exchange rate vis-à-vis the US dollar at the WDAS appreciated at the WDAS segment, but depreciated at the interbank and bureaux-de-change segments of the market.

Non-oil export receipts rose significantly by 310.5 per cent over the level in the preceding month, attributed largely, to



*the rise in export proceeds from the manufactured and food products sub-sectors.*

*World crude oil output in October 2011 was estimated at 88.35 million barrels per day (mbd), while demand was estimated at 87.81 million barrels per day (mbd), representing an excess supply of 0.54 mbd, compared with 88.25 and 88.00 mbd supplied and demanded, respectively, in the preceding month.*

*Other major international economic developments and meetings of relevance to the domestic economy during the review month included: the Sixth Ordinary Session of the ECOWAS Convergence Council of Ministers of Finance and Governors of Central Banks held in Lome, Togo, on October 14, 2011. The meeting adopted documents to guide the process for the creation of a single currency in the region. The documents included the guideline on the Formulation of Multi-year Programme on Convergence within ECOWAS, the Draft Supplementary Act on convergence and Macroeconomic Stability Pact among Member States and the Draft Supplementary Amendment of a regional decision on the creation of a Multilateral surveillance Mechanism of Economic and Financial Policies of Member States;*

*Also, the Sixth African Economic Conference (AEC) was held in Addis Ababa from October 25-28, 2011. The Conference with the theme "Green Economy and Structural Transformation" was attended by experts from international organizations, the public and private sectors, governments, academia, civil society and the media. The conference discussed issues relating to the environment, climate change and green growth and how they affect Africa's future prosperity. The participants also reviewed over 40 research proposals and propositions on political, economic and social issues that could help African countries to improve their economies and agriculture without harming the environment.*

*Furthermore, the International Monetary fund (IMF) October 2011 Regional Economic Outlook on Sub-Saharan Africa was released in Washington D.C in October, 2011. The outlook revealed that growth remained strong in the region in recent years, and that most low income countries in Africa weathered the global economic slowdown well. The Regional Economic Outlook projected that growth on sub-Saharan Africa (SSA) economies would remain on average*

above 5.0 per cent, because of one-off boosts to production.

*Finally, the Euro debt crisis driven by events in Greece, Italy and Spain continued to trouble the Euro area and the global economy in October 2011. In a bid to curtail the Euro debt crisis, Euro zone leaders led by French President Nicholas Sarkozy and German Chancellor Angela Merkel struck a deal with private banks and insurers on October 27, 2011 to accept a 50.0 per cent loss on Greek Government bond holdings, under a plan to lower Greece's debt burden and to contain the two-year old Euro zone crisis.*

## 2.0 *Financial Sector Developments*

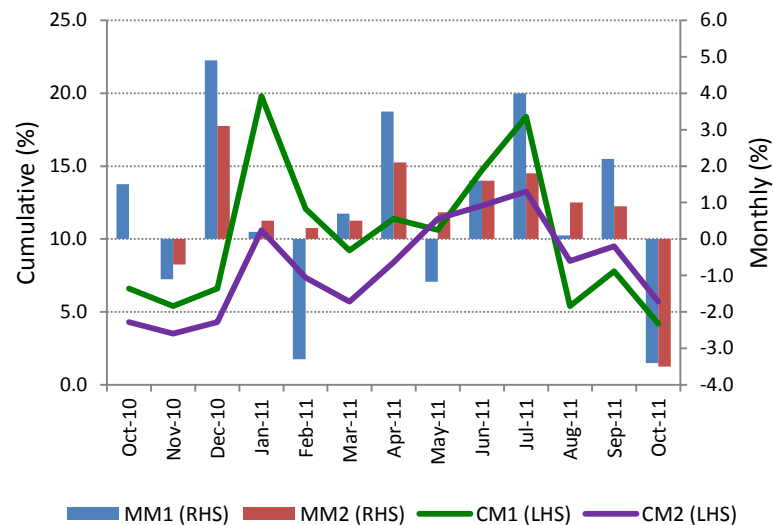
### 2.1 Monetary and Credit Developments

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

*Growth in the key monetary aggregate trended downward in October 2011.*

Provisional data indicated that growth in the major monetary aggregate slowed at end-October 2011, relative to the level at the end of the preceding month. Broad money supply ( $M_2$ ), at ₦12,177.2 billion, declined by 3.5 per cent, in contrast to the increase of 0.9 per cent at the end of the preceding month. The development was accounted for, largely, by the 33.9 per cent decline in other assets (net) of the banking system, which more than off-set the 8.7 and 0.8 per cent rise in domestic credit (net) and foreign assets (net) of the banking system, respectively. Correspondingly, narrow money supply ( $M_1$ ), at ₦5,802.9 billion, fell by 3.4 per cent, in contrast to the increase of 2.2 per cent at the end of the preceding month. Quasi-money also, at ₦6,374.3 billion, fell by 3.7 per cent, compared with the increase of 0.3 per cent in the preceding month. Relative to the level at end-December 2010, growth in  $M_2$  slowed to 5.7 per cent, owing, largely, to the 24.6 and 3.3 per cent increase in domestic credit (net) and foreign assets (net) of the banking system, respectively. Similarly,  $M_1$  moderated by 4.2 per cent at end-December 2010, owing wholly to the 6.1 per cent increase in its demand deposit component (Fig. 1, Table 1).

**Figure 1: Growth Rate of Narrow Money (M1) and Broad Money (M2)<sup>1</sup>**



At ₦10,848.4 billion, aggregate banking system credit (net) to the domestic economy rose by 8.7 per cent, on month-on-month basis, at end-October 2011, in contrast to the decline of 0.1 per cent in the preceding month. The development reflected, largely, the 9.8 per cent increase in claims on the core private sector. Over the level at end-December 2010, aggregate banking system credit (net) to the domestic economy, rose by 24.6 per cent, due largely to the 24.2 per cent increase in claims on the private sector, which more than off-set the effect of the decline of 21.7 per cent in net claims on the Federal Government.

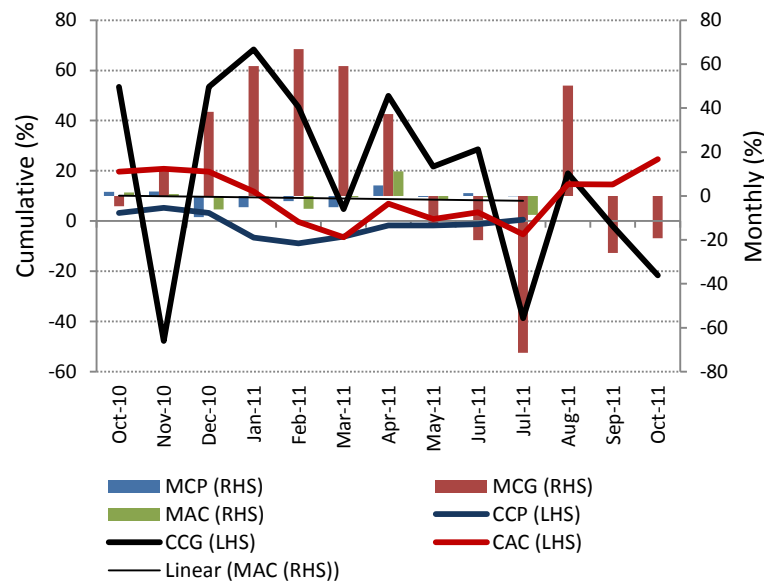
Banking system's credit (net) to the Federal Government, on month-on-month basis, fell by 19.2 per cent to negative ₦1,364.7 billion, compared with the decline of 25.9 per cent at the end of the preceding month. Over the level at end-December 2010, aggregate banking system's claims (net) on the Federal Government also fell by 21.7 per cent, reflecting, largely, the decline in the banking system's holding of Federal Government securities. The Federal Government, however, remained a net lender to the

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

banking system at the end of the review month.

Similarly, banking system's credit to the private sector rose by 9.8 per cent above the preceding month's level, to ₦12,213.1 billion, compared with the growth of 2.1 per cent recorded at end-September 2011. The development reflected, wholly, the rise in the DMBs' claims on the core private sector. Relative to the level at end-December 2010, banking system's credit to the private sector rose by 24.2 per cent, compared with 13.2 per cent at end-September 2011. (Fig. 2, Table 1).

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



At ₦6,724.5 billion, foreign assets (net) of the banking system increased by 0.8 per cent at end-October 2011, in contrast to the decline of 4.4 per cent at the end of the preceding month. The development was attributed to the 0.7 and 1.3 increase in the CBN's and DMBs' holdings of foreign assets (net), respectively. Relative to the level at end-December 2010, foreign assets (net) of the banking system, increased by 3.3 per cent.

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

<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).

Quasi-money declined by 3.7 per cent to ₦6,374.30 billion, compared with 0.3 per cent at the end of the preceding month. The development reflected the fall in all the components namely: time, savings and foreign currency deposits of the DMBs. Over the level at end-December 2010, quasi-money, however, rose by 7.1 per cent, reflecting the increase in all its components.

Other assets (net) of the banking system, on a month-on-month basis, fell by 33.9 per cent to negative ₦5,395.8 billion, in contrast to an increase of 9.6 per cent at the end of the preceding month, reflecting largely, the increase in unclassified liabilities of both the CBN and the DMBs. Relative to the level at end-December 2010, other assets (net) of the banking system, also declined by 46.2 per cent.

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

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Domestic Credit (Net)	1.62	0.92	-8.78	-0.3	11.15	-1.74	11.2	-1.74	-0.6	-8.6	22.7	-0.1	8.7
Claims on Federal Government (Net)	4.66	11.8	6.6	34.8	37.25	-13.85	37.3	-13.9	-20.2	-71.4	50.2	-25.9	-19.2
Claims on Private Sector	1.92	2	8.54	-4.2	4.8	-0.51	4.8	-0.51	1.3	-0.1	9.35	2.1	9.8
Claims on Other Private Sector	1.55	2.3	-8.88	-4.6	-3.34	-0.69	-3.34	-0.69	0.9	0.5	9.26	2.3	9.8
Foreign Assets (Net)	-3.2	1.3	2.84	-1.6	-10.2	1.32	-10.2	1.32	1.5	16.3	-7.06	-4.4	0.8
Other Assets (Net)	1.2	-5.4	22.02	4.5	1.24	4.67	1.24	4.67	4.5	-2.3	-36.83	9.6	-33.9
Broad Money Supply (M2)	0	0.7	3.44	0.3	2.11	0.73	2.11	0.73	1.6	1.8	0.96	0.9	-3.5
Quasi-Money	-1.3	-0.4	1.46	0.7	0.85	2.43	0.85	2.43	1.5	-0.2	1.76	-0.3	-3.7
Narrow Money Supply (M1)	1.5	1.1	5.63	-0.32	3.54	-1.17	3.54	-1.17	1.6	4	0.06	2.2	-3.4
Reserve Money (RM)	7	0.9	27.22	-3.9	-0.57	3.22	-0.57	3.22	17.9	5.1	2	3.6	24

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

At ₦1,359.58 billion, currency in circulation at end-October 2011 rose by 1.2 per cent over the level at end-September 2011. The development reflected wholly the increase in currency outside banks by 2.6 per cent. However, it fell by 4.1 per cent over the level at end-December 2010.

Total deposits at the CBN amounted to ₦6,414.4 billion, indicating an increase of 23.3 per cent over the level at

the end of the preceding month. The development reflected, largely, the 77.9 and 19.9 per cent increase in DMBs and Federal Government deposits, respectively. Of the total deposits, the percentage shares of the Federal Government, banks and "others" were 76.3, 15.7 and 8.01 per cent, respectively.

Reserve money (RM) increased by 24.0 per cent to ₦2,366.21 billion, which was above the ₦1,908.85 billion recorded at the end of the preceding month and reflected the trends in DMBs' deposits with the CBN.

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

## 2.3 Money Market Developments

Financial market indicators in October 2011 trended upward in all segments due to the tight monetary policy stance of the Bank occasioned by the huge demand for foreign exchange. The Bank's policy action yielded the desired results as the demand for foreign exchange at the WDAS Spot window moderated, leading to the appreciation of the naira. The injection of funds through the purchase of Asset Management Corporation (AMCON) Bonds significantly reduced the request for Standing Lending Facility (SLF) and Repurchase Transactions. The suspension of the reserve averaging led to the re-emergence of the Standing Deposit Facility (SDF).

Provisional data indicated that the value of money market assets outstanding at end-October 2011 was ₦5,280.06 billion, representing an increase of 0.4 per cent, compared with the increase of 2.4 per cent at end-September 2011. The development was attributed to the 19.5 and 1.2 per cent rise in Bankers Acceptances and Commercial Paper, respectively.

### 2.3.1 Interest Rate Developments

Available data indicated that banks' deposit rates showed mixed developments, while lending rates generally increased in October 2011. With the exception of the average savings and 12 month deposit rates, which declined by 0.41 and 0.96 percentage points to 1.41 and 4.90 per cent,

Developments in interest rates were mixed in October 2011.

respectively, all other rates on deposits of various maturities, rose from a range of 2.36 – 5.86 per cent in September to 3.35 -7.06 to per cent in October 2011. Similarly, the average term deposit rate for the review month rose by 0.65 percentage point to 5.54 per cent. The average prime and maximum lending rates also rose by 0.5 and 1.0 percentage point to 16.49 and 23.32 per cent, respectively. Consequently, the spread between the weighted average term deposit rates and average maximum lending rate widened by 0.35 percentage points to 17.78 per cent. Similarly, the margin between the average savings deposit and maximum lending rates widened from 20.50 per cent in the preceding month to 21.91per cent. At the interbank call segment, the weighted average rate, which stood at 11.38 per cent in September 2011, rose to 15.00 per cent, Similarly, the weighted average rate, at the open buy back (OBB) segment, increased from 11.16 per cent in September 2011 to 13.70 per cent at end-October 2011. In line with the liquidity condition at the interbank funds market, the Nigerian interbank offered rate (NIBOR) for 7- and 30-day, at 16.36 and 16.90 per cent, respectively, increased by 4.94 and 4.67 percentage points above the levels in the preceding month. With headline inflation rate at 10.5 per cent at end-October 2011, most deposit rates, were negative in real terms (Fig. 3, Table 2).



Figure 2: Selected DMBs Interest Rates (Average)

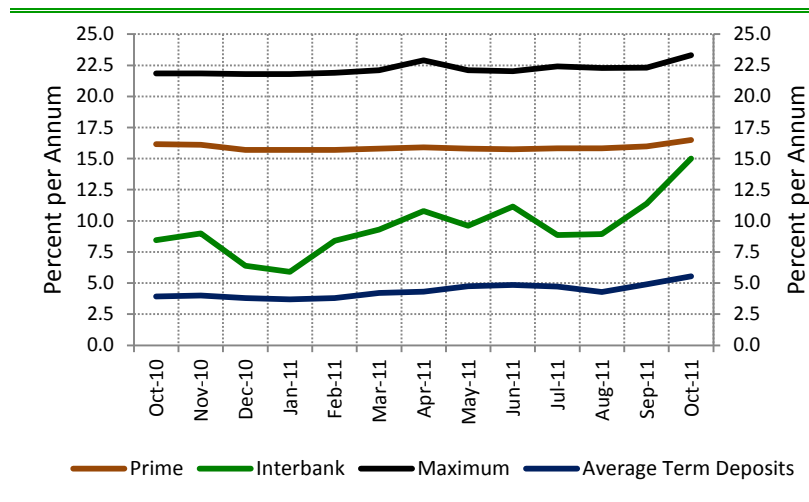


Table 2: Selected Interest Rates (Percent, Averages)

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Average Term Deposits	3.9	4.0	3.8	3.7	3.8	4.2	4.3	4.8	4.8	4.7	4.3	4.9	5.5
Prime Lending	16.2	16.1	15.7	15.7	15.7	15.8	15.9	15.8	15.8	15.8	15.8	16.0	16.5
Interbank	8.5	8.9	6.4	5.8	8.3	10.2	10.8	9.6	11.2	8.9	8.2	11.4	15.0
Maximum Lending	21.9	21.8	21.8	21.8	21.8	22.0	22.1	22.1	22.0	22.4	22.3	22.3	23.3

### 2.3.2 Commercial Paper (CP)

The value of Commercial Paper (CP) held by the DMBs at end-October rose by 1.2 per cent to ₦211.8 billion, compared with the increase of 13.9 per cent at end-September 2011. Thus, CP constituted 4.0 per cent of the total value of money market assets outstanding at end-October 2011, compared with 4.0 per cent at the end of the preceding month.

### 2.3.3 Bankers' Acceptances (BAs)

Bankers' Acceptances (BAs) increased by 19.5 per cent to ₦103.99 billion, compared with 31.0 per cent in the preceding month. The development in BAs reflected the increase in investments by deposit money banks and discount houses. As a proportion of total value of money market assets outstanding, BAs accounted for 2.0 per cent, compared with 1.7 per cent at the end of the preceding month.

### 2.3.4 Open Market Operations

Sale of Nigerian Treasury Bills (NTBs) of various maturities was used to mop-up excess liquidity from the banking system. Total amount offered was ₦812.3 billion, while public subscription stood at ₦915.78 billion. Allotment was ₦643.60 billion. bid rates ranged between 11.00 - 20.69 per cent and issue rates ranged between 12.31 - 17.00 per cent. Activity at the two-way quote trading platform remained passive in the month under review.

### 2.3.5 Primary Market

Nigerian Treasury Bills of 91-, 182- and 364-day tenors were auctioned at the primary market. Total amount offered and subscribed to, stood at ₦309.95 billion and ₦460.64 billion, respectively, compared with ₦280.53 billion and ₦458.59 billion in September 2011. Bid rates ranged from 10.10 to 19.01 per cent for the 91-day tenor, 11.25 to 19.11 per cent for the 182-day tenor and 12.50 to 19.55 per cent for the 360-day tenor. Total allotment was ₦309.95 billion, indicating an increase of 10.5 per cent over the preceding month's level.

### 2.3.6 Bonds Market

Federal Government of Nigeria (FGN) Bonds with tenors of 3-, 5- and 10-year tranches, amounting to ₦8.00 billion, N17.67 billion and N30.00 billion were re-opened at the primary market in October 2011. Total public subscription for the three tranches was ₦125.77 billion, while total allotment stood at N55.67 billion at marginal rates of 15.50 per cent for the 3- year, 16.30 per cent for the 5-year and 18.00 per cent for the 10-year tranche, respectively, compared with the 10.50, 11.25 and 11.49 per cent for each of the tenors in the preceding month.

### 2.3.7 CBN Standing Facilities

Aggregate Standing Lending Facility (SLF) granted during the period under review was ₦6,769.29 billion, compared with ₦7,216.19 billion at end-September 2011, representing a decline of 6.2 per cent. The decline was due to the purchase of AMCON bonds by

The marginal rates for 3-, 5- and 10-year tenors of FGN Bonds were higher than in the preceding month.

the Bank from the intervened banks. Following the suspension of the reserve averaging scheme for cash reserve requirement (CRR) and the commencement of the daily maintenance of CRR, which was sterilized in the CRR account maintained at the Bank, transactions at the SDF resurfaced in the October 17, 2011. A total of 10 requests under the SDF amounting to N422.50 billion, was granted during the period.

## 2.4 Deposit Money Banks' Activities

Available data indicated that total assets and liabilities of the deposit money banks (DMBs) amounted to ₦19,164.8 billion, showing a decline of 3.20 per cent below the level at end-September 2011. Funds sourced mainly from increased capitalisation and loan recovery as well as disposal of unclassified assets were used, largely, in the purchase of Federal Government securities and increased foreign assets holdings. At N9,925.74 billion, DMBs' credit to the domestic economy fell by 6.7 per cent below the level in the preceding month. The breakdown, on a month-on-month basis, showed that credit to states and local governments and credits to the core private sector rose by 8.2 and 9.8 per cents, respectively, above their levels in the preceding month.

DMBs' Credit to state and local government and credit to the core private sector rose by 8.16 and 9.83 per cent above the levels in September 2011.

Central Bank's credit to the DMBs, largely, loans and advances, rose by 24.9 per cent to ₦2,623.89 billion at end-October 2011, while specified liquid assets of the DMBs stood at N4,280.30 billion, representing 31.2 per cent of their total current liabilities. This level of liquid assets was 11.2 percentage points above the preceding month's ratio and 1.2 percentage points above the stipulated minimum ratio of 30.0 per cent for fiscal 2011. The loan-to-deposit ratio was 49.6 per cent and was 30.4 percentage points below the stipulated maximum target of 80.0 per cent.

## 2.5 Discount Houses' Activities

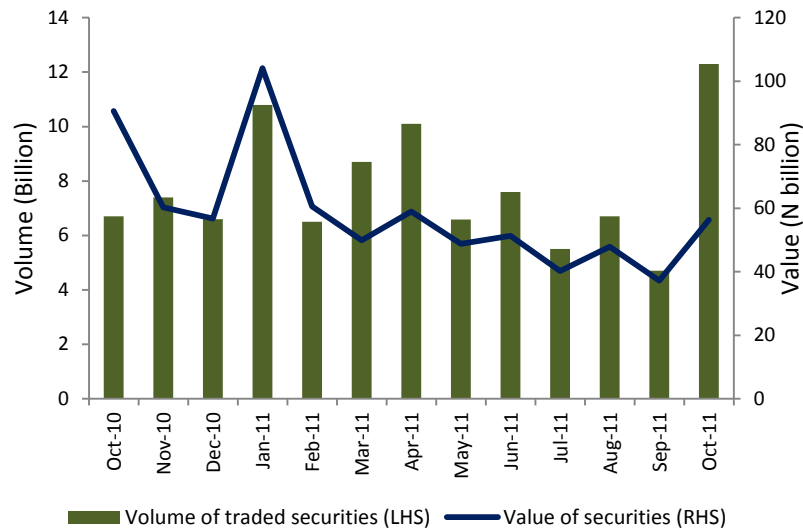
Total assets and liabilities of the discount houses stood

at N335.9 billion at end-October 2011, showing an increase of 5.9 per cent over the level at end-September 2011. The development was accounted for by the rise in claims on state government, fixed assets, claims on banks and other assets. Correspondingly, the increase in total liabilities was attributed, largely, to an increase in other liabilities. Discount houses' investment in Federal Government securities of less than 91-day maturity fell to N25,033.6 billion and accounted for 10.9 per cent of their total deposit liabilities. Thus, investment in Federal Government Securities was 49.1 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2011. At that level, discount houses' investment on NTBs declined by 55.1 per cent below the level at the end of the preceding month. Total borrowing by the discount houses was N34.5 billion, while their capital and reserves amounted to N49.6 billion. This resulted in a gearing ratio of 1.2:1, compared with the stipulated maximum target of 50:1 for fiscal 2011.

## 2.6 Capital Market Developments

### 2.6.1 *Secondary Market*

Available data indicated that developments on the Nigerian Stock Exchange (NSE) in October 2011 were mixed. The volume and value of traded securities rose by 171.8 and 54.6 per cent to 12.3 billion shares and ₦56.33 billion, respectively, in 77,501 deals, compared with 4.7 billion shares, valued at ₦37.2 billion, in 91,117 deals in the preceding month. The banking sub-sector was the most active on the Exchange with a traded volume of 3.26 billion shares, valued at ₦21.94 billion, in 38,836 deals. This was followed by the Insurance sub-sector with a traded volume of 7.53 billion shares, valued at ₦12.8 billion, in 2,327 deals.

**Figure 3: Volume and Value of Traded Securities****Table 3: Traded Securities on the Nigerian Stock Exchange (NSE)**

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Volume (Billion)	6.7	7.4	6.6	10.8	6.5	6.6	10.1	6.6	7.6	5.5	6.7	4.7	2.3
Value (N Billion)	90.6	60.3	56.7	104.1	60.6	48.8	59.0	48.8	51.3	40.2	47.9	37.2	54.6

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

Transactions on the Over-the-Counter (OTC) bonds market indicated a turnover of 655.1 million units worth ₦383.3 billion in 4,769 deals. The most active bond was the 8<sup>th</sup> FGN Bond 2014 Series 1 with a traded volume of 66.87 million units valued at N66.41 billion in 478 deals, followed by the 10% FGN July 2030 (7<sup>th</sup> FGN Bond 2030 Series 3) with a traded volume of 83.52 million units, valued at N68.1 billion in 677 deals.

### 2.6.3 New Issues Market

There were no supplementary listings in October. However, 5,199,955,556 preference shares of ₦0.5 each at ₦2.25 per share in favour of HIS Nigeria Plc were admitted on the daily official list during the period under review. Three companies, namely Oceanic Bank Plc., Intercontinental Bank Plc., and Finbank Plc were delisted from the Exchange following their acquisitions by three other healthier banks.

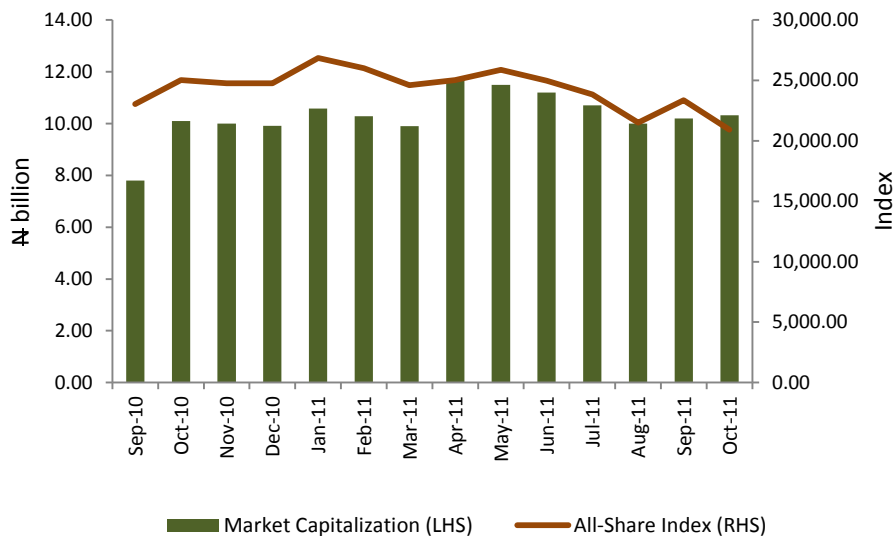
### 2.6.4 Market Capitalization

The aggregate market capitalization of the 191 listed securities stood at ₦10.32 trillion. The Banking sub-sector, accounted for 18.0 per cent (N1.86 trillion) of the total market capitalization, while the debt component accounted for the balance.

### 2.6.5 NSE All-Share Index

The All-Share Index, which opened at 23,373.00 in the beginning of the month, closed at 20,934.96, indicating a decline of 10.4 per cent below the level in the preceding month. Similarly, three of the four sectorial indices, namely the NSE Banking Index, NSE Food/Beverage and NSE Insurance increased by 4.5, 0.1, and 0.5 per cent, respectively, while the NSE Oil/Gas Index declined by 0.1 per cent.

**Figure 4: Market Capitalization and All-Share Index**



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

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jul-11	Aug-11	Sep-11	Oct-11
Market Capitalization (₦trillion)	10.1	10.0	9.9	10.5	103.0	9.9	11.7	11.5	10.7	10.0	10.2	10.3
All-Share Index	25042.2	24764.7	24770.5	26830.7	26016.8	25020.1	25041.7	25866.6	23827.0	21497.6	23373.0	20935.0

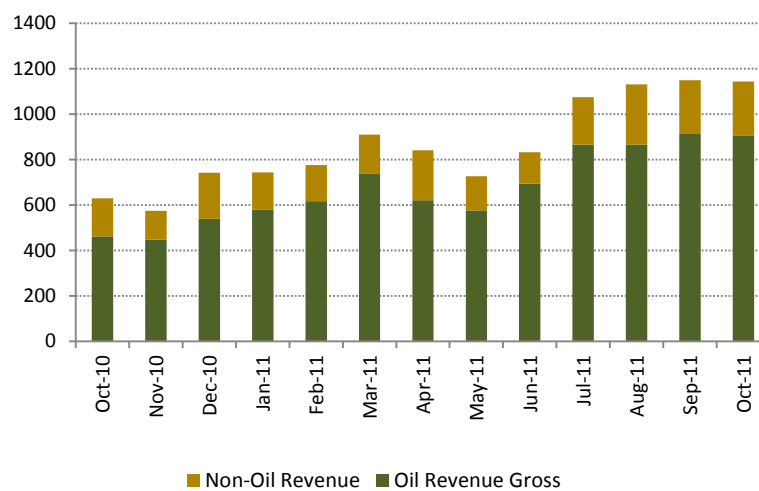
### 3.0 Fiscal Operations

#### 3.1 Federation Account Operations

Gross federally-collected revenue stood at ₦1,143.26 billion in October 2011, showing an increase of 48.8 per cent over the monthly budget estimate, but lower than the receipts in the preceding month by 0.5 per cent (Fig. 6, Table 5).

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

**Figure 5: Components of Gross Federally-Collected Revenue**



**Table 5: Gross Federation Account Revenue (₦ billion)**

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Federally-collected revenue (Gross)	623.3	644.7	757.7	731.8	766.9	876.9	781.8	748.8	848.3	1048.7	1109.5	1149.0	1143.3
Oil Revenue	462.4	447.6	538.7	580.1	617.0	738.5	621.5	576.5	694.4	865.3	865.6	911.9	904.2
Non-Oil Revenue	161.0	151.3	149.5	136.8	180.0	164.0	173.1	196.8	153.9	183.3	243.9	237.1	239.1

At ₦904.18 billion, gross oil receipts, which constituted 79.1 per cent of the total revenue, fell below the level in the preceding month by 2.8 per cent. The decline in oil receipts relative to the level in the preceding period was attributed, to the decline in Petroleum Profit Tax (PPT) and Royalties (Fig. 7, Table 6).

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

Figure 6: Gross Oil Revenue and Its Components

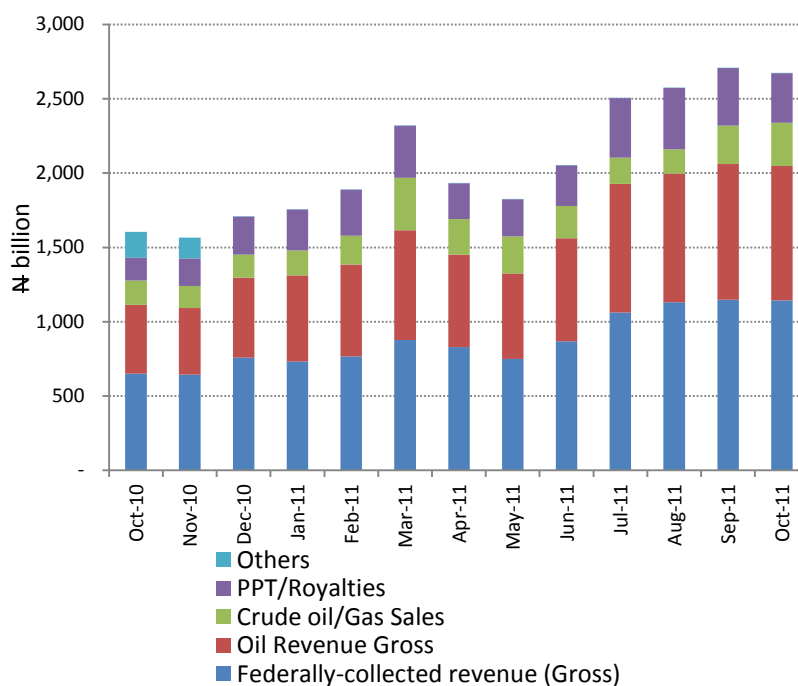


Table 6: Components of Gross Oil Revenue (₦ billion)

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Oil Revenue	462.4	447.6	538.7	580.1	617.0	738.5	621.5	576.5	694.5	865.3	865.6	911.9	904.2
Crude oil/Gas Sales	142.1	147.7	155.3	136.8	112.7	231.6	153.5	155.8	217.4	176.0	163.5	257.4	290.7
Domestic crude oil/G	140.0	155.2	126.6	168.1	195.6	154.0	227.9	170.5	203.4	287.4	285.3	264.3	278.8
PPT/Royalties	180.0	184.9	256.4	274.9	308.5	352.4	239.9	249.9	273.3	401.7	415.0	389.7	334.4
Others	140.3	140.7	0.4	0.3	0.2	0.5	0.3	0.3	0.3	0.3	1.8	0.5	0.2

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

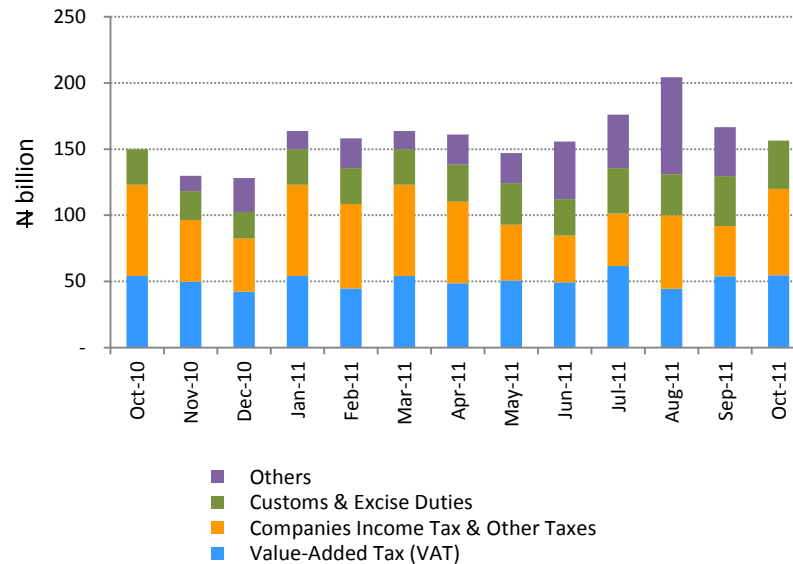
Non-oil receipts, at ₦239.1 billion (20.9 per cent of the gross federally collected revenue), exceeded both the monthly budget estimate and the level in the preceding month by 19.4 and 0.8 per cent, respectively. The increase relative to the monthly budget estimate reflected, largely, the rise in Federal Government Independent Revenue and enhanced receipts from Custom Special Levies.

On cumulative basis, total federally collected revenue for the period January to October 2011 was estimated at ₦9,230.03 billion, reflecting increase of 20.2 and 55.7 per cent over the budget estimate and actual receipts in the corresponding period of 2010, respectively. Of this amount, oil receipts represented 79.9 per cent, while non-oil receipts accounted for the balance of



20.1 percent.

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



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

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Non-Oil Revenue	161.0	158.4	171.4	151.4	149.3	138.2	208.7	173.1	196.7	264.6	237.1	29.1
Value-Added Tax (VAT)	48.5	63.9	68.8	47.5	50.8	49.2	61.6	53.8	54.7	66.0	57.0	60.7
Companies Income Tax & Other Taxes	61.7	27.1	27.0	32.3	42.1	35.3	39.8	38.2	65.2	84.7	107.1	79.2
Customs & Excise Duties	28.0	44.6	54.2	48.6	31.4	27.7	34.2	37.6	36.5	40.3	36.1	39.9
Others	22.5	22.8	21.5	23.0	25.0	26.0	73.1	43.6	40.4	73.5	37.0	59.3

Of the gross federally-collected revenue (after accounting for all deductions and transfers) in October, the sum of ₦553.14 billion was transferred to the Federation Account for distribution among the three tiers of government and the 13.0% Derivation Fund. The Federal Government received ₦260.72 billion, while the states and local governments received ₦132.24 billion and ₦101.95 billion, respectively. The balance of ₦58.23 billion was credited to the 13.0% Derivation Fund for sharing by the oil-producing states. From the VAT Pool Account, the Federal Government received ₦8.75 billion, while the state and local governments received ₦29.15 billion and ₦20.41 billion, respectively. Overall,

the total allocation to the three tiers of government from the Federation and VAT Pool Accounts in October 2011 amounted to ₦611.45 billion, compared with the budget estimate of ₦617.06 billion for the month.

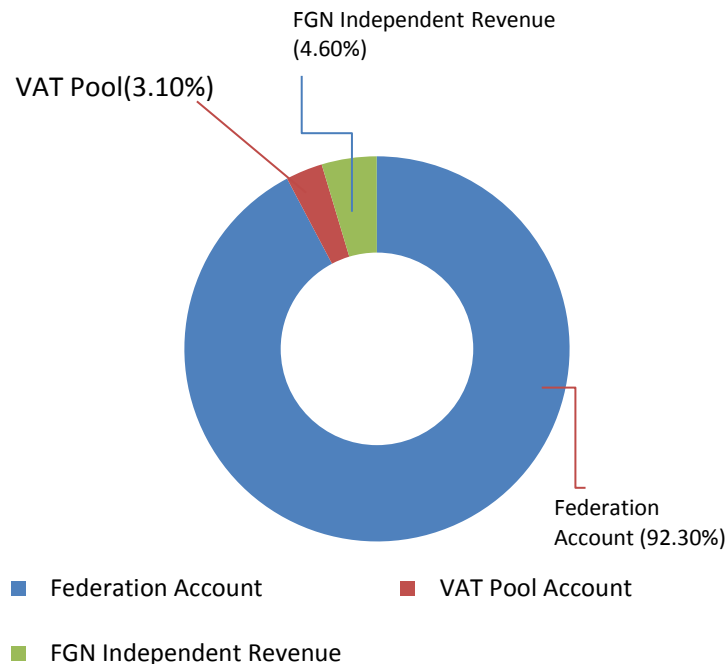
### 3.2 The Fiscal Operations of the Three Tiers of Government

#### 3.2.1 The Federal Government

At ₦282.57 billion, the estimated Federal Government retained revenue for October 2011, was lower than the monthly budget estimate by 5.9 per cent, but exceeded the level in the preceding month by 1.2 per cent. Of this amount, the share from the Federation Account was 92.3 per cent, while VAT Pool Accounts and FGN Independent Revenue accounted for 3.1 and 4.6 per cent, respectively (Fig. 9).

Federal government estimated retained revenue was lower than the monthly budget estimate by 5.9 per cent, but exceeded the level in the preceding month by 1.2 per cent, respectively.

**Figure 9: Federal Government Retained Revenue**

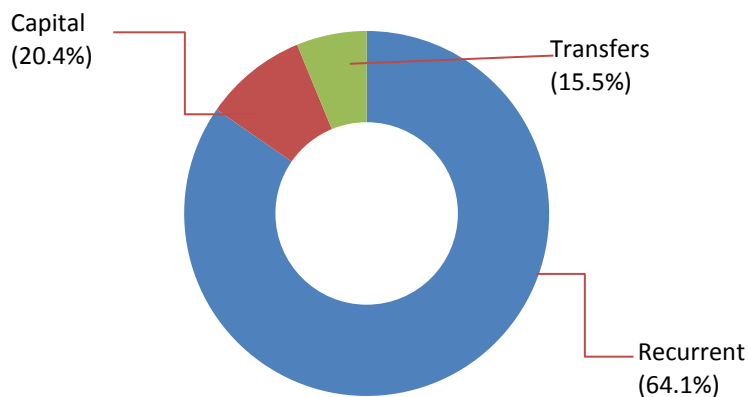


**Table 8: Federal Government Fiscal Operations (₦ billion)**

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Retained Revenue	190.4	198.0	185.1	190.4	193.4	190.6	250.4	229.9	275.5	613.9	280.9	279.1	282.6
Expenditure	292.1	318.0	319.6	224.4	286.5	327.5	298.4	304.1	330.8	354.9	405.3	450.7	326.0
Overall Balance: (+)/(-)	-101.7	-119.9	-134.6	-101.7	-93.1	-136.9	-117.6	-74.2	-117.6	313.6	313.6	-171.6	-43.5

At ₦326.04 billion, total estimated expenditure for October 2011 fell below the monthly budget estimate and the level in the preceding month by 17.5 and 22.7 per cent, respectively. A breakdown of total expenditure showed that the recurrent accounted for 64.1 per cent, while the capital and transfer components accounted for the balance of 20.4 and 15.5 per cent, respectively. Non-debt-obligations accounted for 69.2 per cent of the total recurrent expenditure, while debt service payments accounted for the balance of 30.8 per cent (Fig. 10).

Total estimated expenditure for October 2011 fell below the proportionate budget estimate and the level in the preceding month by 17.5 and 22.7 per cent, respectively.

**Figure 10: Federal Government Expenditure**

Thus, the fiscal operations of the Federal Government resulted in an estimated deficit of ₦43.47 billion, compared with the estimated monthly budget deficit of ₦94.72 billion.

The fiscal operations of the FG resulted in an estimated deficit of ₦43.47 billion in October 2011.

### 3.2.2 Statutory Allocations to State Governments

Total receipts by state governments, including the share of VAT and the Federation Account stood at ₦219.63 billion in October 2011. This was higher than the levels in

the preceding month and the corresponding period of 2010 by 2.2 and 48.9 per cent, respectively.

The breakdown showed that, at ₦29.15 billion, receipts from the VAT Pool Account were higher than the levels in the preceding month and corresponding period of 2010 by 6.5 and 25.2 per cent, respectively. At ₦190.47 billion, State Government receipt from the Federation Account exceeded the level in the preceding month and the corresponding month of 2010 by 1.6 and 53.4 per cent, respectively.

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

Total receipts by the local governments from the Federation and VAT Pool Accounts, stood at ₦122.36 billion. This exceeded both the levels in the preceding month and corresponding period of 2010 by 0.5 and 45.7 per cent, respectively. Of this amount, receipts from the Federation Account was ₦101.95 billion (83.3 per cent of the total), while the VAT Pool Account accounted for ₦20.41 billion (16.7 per cent of the total).

## 4.0 Domestic Economic Conditions

*The dominant agricultural activities in October 2011 included harvesting of various root crops and the preparation of land and nurseries for tomatoes, pepper, carrots, cabbage and other vegetables. In the livestock sub-sector, farmers intensified husbandry towards the end-of-year sales. Crude oil production was estimated at 2.06 million barrels per day (mbd) or 63.86 million barrels during the month. The end-period inflation rate for October 2011, on a year-on-year basis, was 10.5 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 11.1 per cent, compared with the preceding month's level of 11.4 per cent.*

### 4.1 Agricultural Sector

Available data indicated that the predominant agricultural activities in most parts of the country were dominated by harvesting of various root crops, especially yam, Irish and sweet potatoes, maize and groundnuts. Farmers also continued with the preparation of land and nurseries for tomatoes, pepper, carrots, cabbage and other vegetables. In the livestock sub-sector, farmers intensified husbandry towards the end-of-year sales.

A total of ₦1,877.6 million was guaranteed to 9,616 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in October 2011. This represented increase of 53.7 and 36.0 per cent above the levels in the preceding month and the corresponding period of 2010, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the food crop sub-sector had the largest share of ₦1,130.5 million (60.2 per cent) guaranteed to 7,573 beneficiaries, while the livestock sub-sector received ₦425.2 million (22.6 per cent) for 716 beneficiaries. "Others" received ₦124.8 million (6.7 per cent) for 190 beneficiaries, mixed crops received ₦122.4 million (6.5 per cent) guaranteed to 409 beneficiaries, the fisheries sub-sector received ₦61.7 million (3.3 per cent) guaranteed to 696 beneficiaries, while the cash crops sub-sector had ₦13.1 million (0.7

per cent) for 32 beneficiaries. Analysis by state showed that 31 states benefited from the Scheme during the month under review, with the highest and lowest sums of ₦352.9 million (18.8 per cent) and ₦1.0 million (0.05 per cent) guaranteed to Kano and Ondo States, respectively.

Total amount released under the Commercial Agriculture Credit Scheme (CACS) for disbursement stood at N136.75 billion (for 173 projects) IN October 2011.

At end-October 2011, the total amount released by the CBN under the Commercial Agriculture Credit Scheme (CACS) to the participating banks for disbursement stood at N136.75 billion (for one hundred and seventy three projects). Twenty six state governments have so far benefited from the programme (Table 9).

**Table 9 Disbursement of Credit under the Commercial Agriculture Credit Scheme (CACS) October 2011.**

1	United Bank for Africa (UBA) Plc	37.91	35
2	Union Bank of Nigeria Plc	15.34	18
3	Zenith Bank Plc	15.33	10
4	FBN Plc	14.77	46
5	Skye Bank Plc	8.7	6
6	Stanbic IBTC Bank	8.34	19
7	Unity Bank Plc	8.19	6
8	Access Bank Plc	7.93	9
9	Fidelity Bank Plc	6.23	7
10	GTB Plc	5.5	8
11	Sterling Bank Plc	2.22	2
12	Mainstreet Bank Plc	2	1
13	Oceanic Bank Plc	2	1
14	Diamond Bank Plc	0.65	3
15	Citibank	1.5	1
16	Wema Bank Plc	0.1	1
	<b>TOTAL</b>	<b>136.75</b>	<b>173</b>

## 4.2 Petroleum Sector

Crude oil and natural gas production was estimated to decline by 3.3 per cent to 63.86 million barrels for the month.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at an average of 2.06 million barrels per day (mbd) or 63.86 million barrels for the month, compared with 2.13 mbd or 66.03 million barrels in the preceding month.

Crude oil export was estimated at 1.61 mbd or 49.91 million barrels, compared with 1.68 mbd or 52.08 mb recorded in the preceding month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels.

At an estimated average of US\$114.05 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), fell by 2.3 per cent below the level in September 2011. The average prices of other competing crudes namely: the West Texas Intermediate, U.K Brent and Forcados, also declined by 0.5, 2.8 and 2.4 per cent to US\$84.76, US\$111.77 and US\$115.16 per barrel, respectively, in the review month.

The average price of OPEC's basket of eleven crude streams fell by 1.6 per cent to US\$105.87 per barrel, compared with the level in September 2011. (Fig. 11, Table 10).

The average price of Nigeria's reference crude, the Bonny Light fell by 2.28 per cent below the level in the preceding month. Similarly, the prices of U.K Brent, Forcados and West Texas Intermediate fell in October 2011.

Figure 11: Trends in Crude Oil Prices

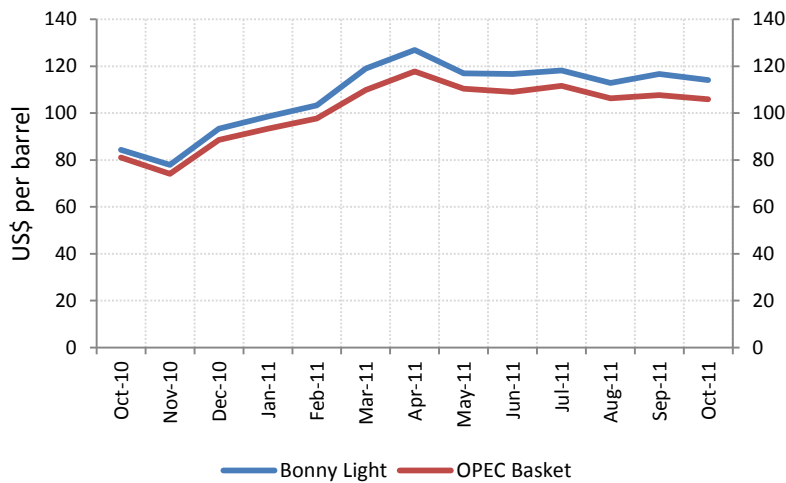


Table 10: Average Crude Oil Prices in the International Oil Market

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Bonny Light	84.26	77.90	93.40	98.50	103.23	118.99	126.91	116.99	116.66	118.21	112.81	116.71	114.05
OPEC Basket	81.00	74.20	88.60	93.30	97.69	109.84	117.70	110.39	109.04	111.62	106.32	107.61	105.87

### 4.3 Consumer Prices

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

Available data showed that the all-items composite Consumer Price Index (CPI) in October 2011 was 124.6 (November 2009=100), representing an increase of 0.2 per cent over the level in the preceding month. The development was attributed to the rise in the price index of food and non-alcoholic beverages, housing water, electricity, gas, and other fuels.

The urban all-items CPI at end-October 2011 was 119.9 (November 2009=100), indicating a decline of 0.1 per cent below the level in the preceding month. The rural all-items CPI for the month was 128.6 (November 2009=100), representing an increase of 0.9 per cent over the level in the preceding month (Fig. 12, Table 11).

The headline inflation rate on a year-on-year basis rose by 0.2 percentage points to 10.5 per cent, while the 12-month moving average rate fell to 11.1 per cent.

The end-period inflation rate for October 2011, on a year-on-year basis, was 10.5 per cent, compared with 10.3 per cent in the preceding month. The inflation rate on a twelve-month moving average basis for October 2011 was 11.1 per cent, compared with 11.4 per cent in the preceding month. (Fig. 13, Table 12).

Developments in the retail prices of most staples increased in October 2011.

The retail prices of most staples recorded increase in October 2011. The retail prices of twelve (12) of the fourteen (14) commodities monitored, recorded price increase over their levels in the preceding quarter. These ranged from 0.1 per cent for local rice to 3.5 per cent for yam flour). The prices of yellow garri and white garri, however, fell by 1.5 and 2.2 per cent, respectively. Relative to their levels in the corresponding month of 2010, the price movement showed that thirteen (13) of the fourteen (14) commodities recorded price increase, while white garri recorded a price decline of 0.2 per cent.



Figure 12: Consumer Price Index

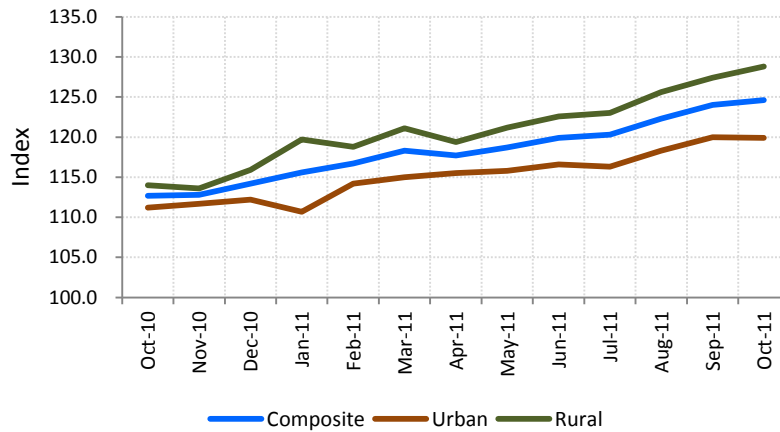


Table 11: Consumer Price Index (November 2009=100)

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Composite	112.7	112.8	114.2	112.8	114.2	118.3	117.7	118.7	119.9	120.3	122.3	124.0	124.6
Urban	111.2	111.7	112.2	111.7	112.2	115.0	115.5	115.8	116.6	116.3	118.3	120.0	119.9
Rural	114.0	113.6	115.9	113.6	115.9	121.1	119.4	121.2	122.6	123.0	125.6	127.4	128.8

Figure 13: Inflation Rate

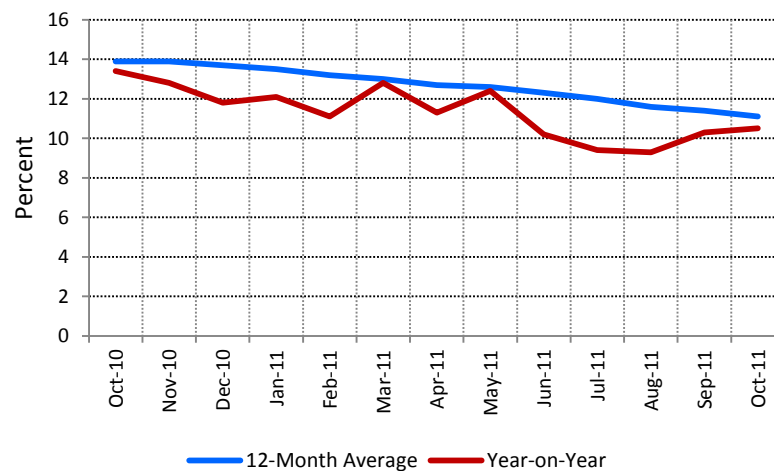


Table 12: Headline Inflation Rate (%)

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
12-Month Average	13.9	13.9	13.9	13.9	13.7	13.0	12.7	12.6	12.3	12.0	11.6	11.4	11.1
Year-on-Year	13.4	13.6	12.8	12.8	11.8	12.8	11.3	12.4	10.2	9.4	9.3	10.3	10.5



## 5.0 External Sector Developments

Provisional data indicated that foreign exchange inflow and outflow through the CBN declined by 10.1 and 31.0 per cent, respectively, below the levels in the preceding month. Total non-oil export receipts by banks rose significantly by 310.5 per cent above the level in the preceding month. The gross external reserves increased by 0.2 per cent above the preceding month's level, while the average exchange rate of the Naira vis-à-vis the US dollar, appreciated by 1.5 per cent to ₦153.08 per dollar at the Wholesale Dutch Auction System (WDAS).

### 5.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in the month of October was US\$4.52 billion and US\$4.18 billion, respectively, resulting in a net inflow of US\$0.34 billion, in contrast to a net outflow of US\$1.03 billion recorded in September 2011. Inflow fell by 10.1 per cent below the level in the preceding month, but showed an increase of 94.0 per cent above the level in the corresponding period of 2010. The decline in inflow during the review period reflected the fall in receipts from crude oil sales. Similarly, outflow fell by 31.0 per cent from the level in the preceding month due to the reduction in demand at WDAS, reflecting the recent monetary authority's decision to tighten monetary policy and the frequent intervention at the interbank segment. The WDAS utilization accounted for the bulk (68.0 per cent) of the total, cash sales to Bureau-de-Change (BDC) operators was 11.3 per cent, other official payments was 11.1 per cent, WDAS-forward contract was 7.1 per cent, while drawings on L/Cs and external debt service, accounted for 1.7 and 0.8 per cent, respectively. (Fig. 14, Table 13).

Foreign exchange inflow and outflow through the CBN declined by 10.1 and 31.0 per cent, respectively in October 2011. Overall, there was a net inflow of US\$0.34 billion during the period.

Figure 14: Foreign Exchange Flows through the CBN

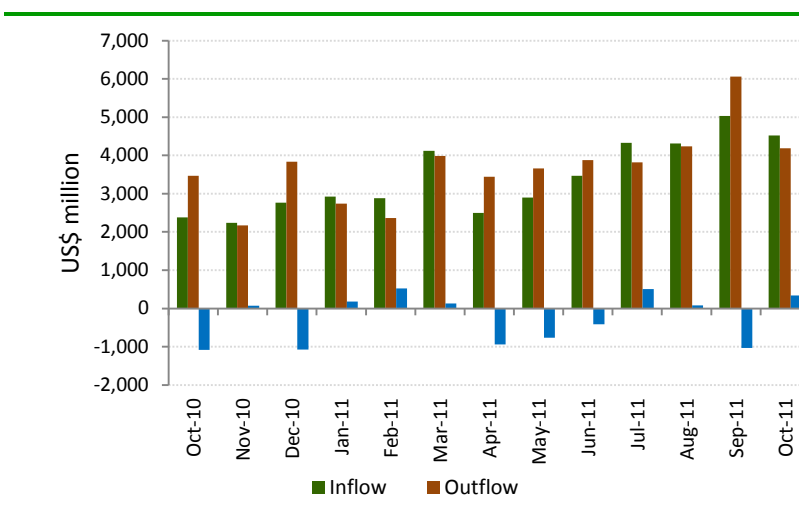


Table 13: Foreign Exchange Flows through the CBN (US\$ million)

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Inflow	2378.1	2240.7	2761.4	3435.6	3164.7	4119.2	2495.6	2896.1	3463.2	4327.7	4315.0	5030.4	4523.1
Outflow	3463.5	2169.8	3835.6	2805.8	2768.7	3985.9	3439.7	3657.2	3873.7	3818.6	4234.1	6060.7	4184.3
Netflow	-1085.4	708.0	-1074.2	629.8	396.0	629.8	-944.1	-761.1	-410.5	509.1	81.7	-1030.3	338.8

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$9.84 billion, representing an increase of 3.7 per cent over the level at the end of the preceding period, but was 5.2 per cent below the level in the corresponding period of 2010. The development was attributed to a 310.6 per cent increase in non-oil exports. Inflows through the Central Bank of Nigeria (CBN) accounted for 46.0 per cent of the total, while inflows from autonomous sources accounted for 54.0 per cent.

Oil sector receipts, at US\$4.25 billion, accounted for 43.2 per cent of the total, and was below the level in the preceding month by 3.1 per cent. Non-oil public sector inflow, however, increased by 310.5 per cent above the level in the preceding month and accounted for 10.7 per cent of the total.

At US\$4.29 billion, aggregate foreign exchange outflow from the economy fell by 30.3 per cent below the level in the preceding month. Thus, foreign exchange flows

Non-oil inflows into the economy rose by 310.5 per cent and accounted for 10.7 per cent of the total inflows in October 2011.

through the economy resulted in a net inflow of US\$5.55 billion in the month under review. The outcome reflected, largely, a decline in the WDAS utilisation of foreign exchange during the month

## 5.2 Non-Oil Export Earnings by Exporters

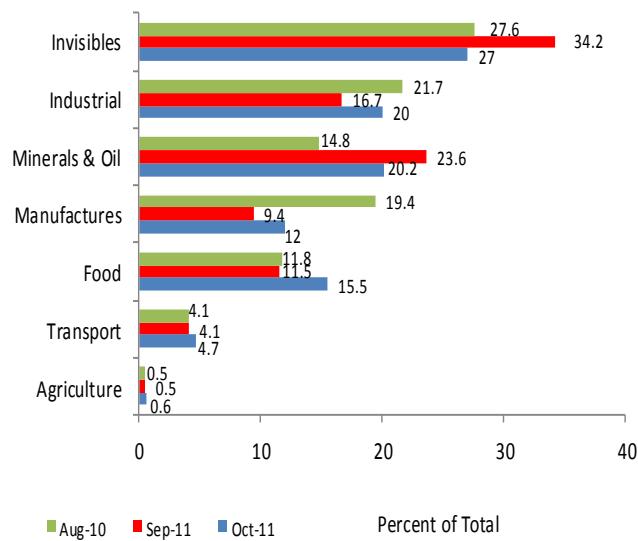
Total non-oil export earnings received by banks, rose by 310.5 per cent to US\$567.42 million, above the preceding month's level. The development was attributed, largely to the increase in export proceeds from the manufactured and food products sub-sectors. A breakdown of the export proceeds in October 2011 showed that, manufactured products, industrial, mineral, agricultural products, food products and transport earned US\$419.70 million, US\$116.00 million, US\$14.31 million, US\$11.50 million, US\$5.90 million and transport US\$0.04 million, respectively. The shares of manufactured products, industrial, mineral, agricultural products, and food products in non-oil export proceeds were 74.0, 20.4, 2.5, 2.0, and 1.0 per cent, respectively, in the review month.

Total non-oil export earnings increased in October 2011, on account of increase in the exports of industrial and mineral sector.

## 5.3 Sectoral Utilisation of Foreign Exchange

The invisible sector accounted for the bulk (27.0 per cent) of total foreign exchange disbursed in October 2011, followed by minerals and oil sector (20.2 per cent). Other beneficiary sectors, in a descending order included: industrial sector (20.0), food products (15.5 per cent), manufactured product (12.0 per cent) transport (4.7 per cent) and agricultural products (0.6 per cent) (Fig.15).

The invisible sector accounted for the bulk of the total foreign exchange disbursed in October 2011.

**Figure15: Sectoral Utilisation of Foreign Exchange**

## 5.4 Foreign Exchange Market Developments

Aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (WDAS) was US\$5.18 billion in October 2011, showing a decline of 0.2 per cent from the preceding month's level, but an increase of 73.7 per cent above the level in the corresponding month of 2010. A total of US\$3.45 billion was sold by the CBN to authorized dealers during the period, reflecting a decline of 15.6 per cent below the level in the preceding month, but an increase of 22.5 per cent when compared with the level in the corresponding period of 2010 (Fig.16, Table 14).

Demand for foreign exchange by authorized dealers fell by 0.2 per cent below the level in the preceding month, but rose by 73.7 over the level in the corresponding month of 2010.

Figure 16: Demand for and Supply of Foreign Exchange

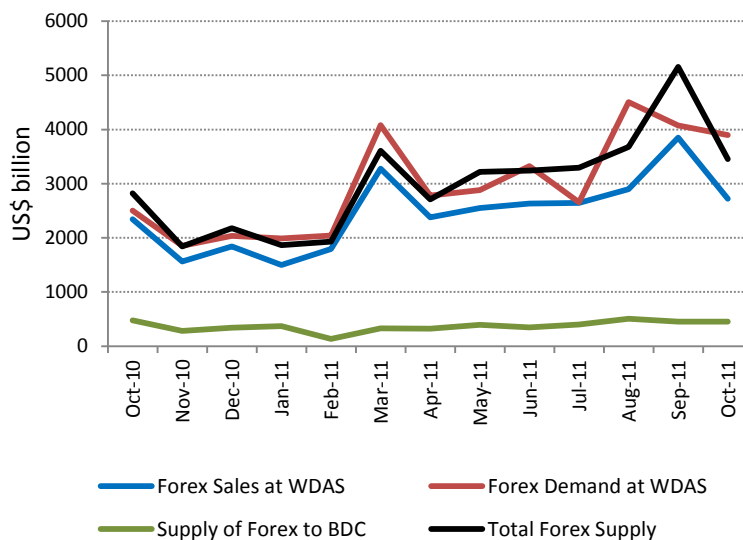


Table 14: Demand for and Supply of Foreign Exchange (US\$ billion)

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Forex Sales at WDAS	2342.1	1561.7	1839.1	2000.0	1794.8	3274.4	2375.6	2549.9	2632.8	2643.3	2889.1	3850.0	2718.9
Forex Demand at WDAS	2503.7	1853.4	2035.1	2800.4	2041.0	4080.3	2780.4	2878.4	3325.5	2655.2	4504.5	4076.2	3899.6
Supply of Forex to BDC	478.7	280.2	341.1	135.5	300.0	330.5	322.3	392.0	347.3	398.2	504.3	451.2	451.2
Total Forex Supply	2820.8	1841.9	2180.2	2135.5	2094.8	3604.9	2707.8	3217.2	3242.3	3293.7	3677.0	5157.6	3454.2

Under the WDAS, the average exchange rate of the Naira vis-à-vis the US dollar, appreciated by 1.5 per cent to ₦153.08 per US dollar. It, however, depreciated at both the bureau-de-change and interbank segments by 1.8 and 2.0 per cent to ₦161.20 and ₦159.84 per US dollar, respectively.

Following these developments, the premium between the WDAS and the bureaux-de-change rates widened from 1.8 per cent in the preceding month to 5.0 per cent. Similarly, the premium between the WDAS/Interbank rates widened from 0.8 per cent in the preceding month to 4.2 per cent during the month under review.

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

The premium between the WDAS and BDC rates widened from 1.8 per cent to 5.0 per cent, while the premium widened to 4.2 per cent at the interbank segment.

Figure 17: Average Exchange Rate Movements

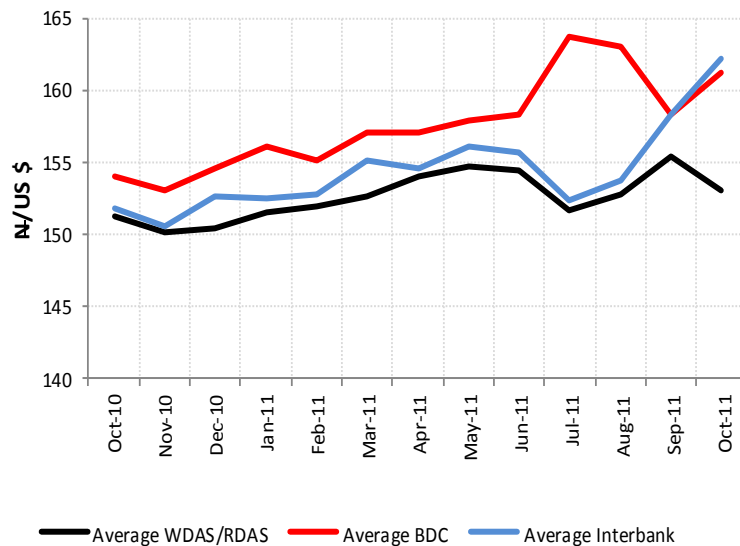
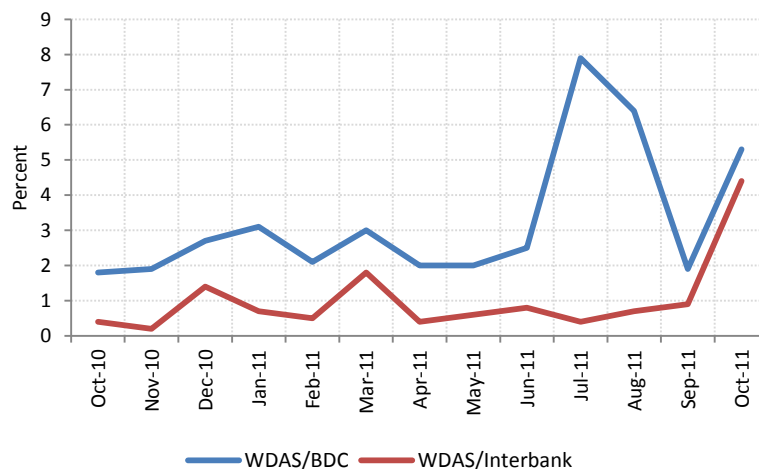


Table 15: Exchange Rate Movements and Exchange Rate Premium

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
Average Exchange Rate (N/\$)													
WDAS/RDAS	151.3	150.2	150.5	151.6	151.9	152.6	154.0	154.8	154.5	151.8	152.8	155.4	153.1
BDC	154.0	153.1	154.6	156.1	155.1	157.1	157.1	158.0	158.3	163.7	163.1	158.3	161.2
Interbank	151.8	150.6	152.6	152.4	152.7	155.2	154.6	156.2	155.7	152.4	153.8	158.3	162.2
Premium (%)													
WDAS/BDC	1.8	1.9	2.7	3.0	2.0	3.0	2.0	2.0	2.5	7.9	6.4	1.9	5.3
WDAS/Interbank	0.4	0.2	1.4	0.7	0.5	1.8	0.4	0.9	0.8	0.4	0.7	0.9	4.4

Figure 18: Exchange Rate Premium





## 5.5 Gross External Reserves

The gross external reserves at the end of October 2011 stood at US\$32.59 billion, indicating an increase of 0.2 per cent over the level at the end of the preceding month, but a decline of 3.0 per cent from the level in the corresponding period of 2010. A breakdown of the reserves showed that the Federation Account portion (Excess Crude) was US\$6.65 billion (20.4 per cent), Federal Government holding was US\$2.77 billion (8.5 per cent) and CBN reserves stood at US\$23.18 billion (77.1 per cent) (Fig. 19, Table 16).

Gross external reserves rose marginally in October 2011.

Figure 19: Gross External Reserves

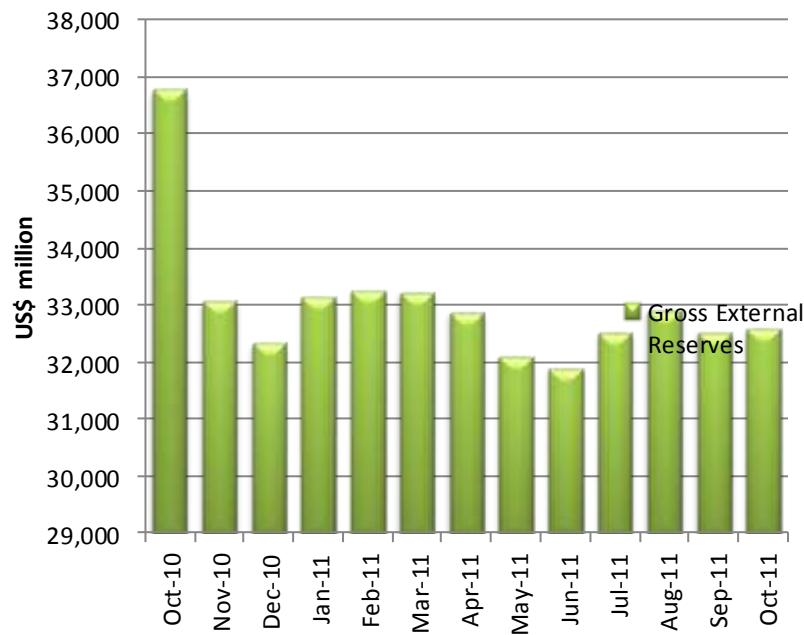


Table 16: Gross External Reserves (US\$ million)

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
External Reserves	33597	33059.3	32339.3	33131.83	33246.1	33221.8	32866.93	32100.81	31890.50	32521.71	32914.00	32525.40	32594.69



## *6.0 Other International Economic Developments and Meetings*

World crude oil output in October 2011 was estimated at 88.35 million barrels per day (mbd), while demand was estimated at 87.81 million barrels per day (mbd), compared with 87.49 and 87.85 mbd supplied and demanded, respectively, in the preceding month. The marginal decline in demand was attributed to the uncertainty in the world economy, particularly in the Organisation for Economic Co-operation and Development (OECD) region and recession fears in Europe.

Other major international economic developments and meetings of relevance to the domestic economy during the review month included: the sixth Ordinary session of the ECOWAS Convergence Council of Ministers of Finance and Governors of Central Banks held in Lome, Togo, on October 14, 2011. The meeting adopted documents to guide the process for the creation of a single currency in the region. The documents included the guideline on the Formulation of Multi-year Programme on Convergence within ECOWAS; the Draft Supplementary Act on convergence and Macroeconomic Stability Pact among Member States and the Draft Supplementary Amendment of a regional decision on the creation of a Multilateral surveillance Mechanism of Economic and Financial Policies of Member States.

The following are the key decisions taken at the meeting by the Convergence Council:

- The Council clarified the role of the various institutions involved in the implementation of the multi-lateral surveillance Mechanism within the ECOWAS Member States in order to avoid duplication by annexing the status of WAMA to the Supplementary act on Convergence

and Macro Economic Stability Pact among ECOWAS member states.

- The ECOWAS Commission and WAMA were directed to henceforth work in harmony on multilateral surveillance and convergence issues.
- Considered the multi-year programme of convergence and requested the release of the first annual multi-year report not later than 3 months after the adoption of the convergence pact by the Heads of State.
- Agreed to ensure speedy ratification and implementation of ECOWAS Protocols and decisions and legal instruments.
- Expressed their commitment to intensify and continue the effort to rescue high budget deficits and in promoting sustainable budget policies and debts; and
- Agreed to continue strengthening the capacity of the NCCs/CNPE.

Also, the Sixth African Economic Conference (AEC) was held in Addis Ababa from October 25-28, 2011. The Conference with the theme "Green Economy and Structural Transformation" was attended by experts from international organizations, the public and private sectors, governments, academia, civil society and the media. The conference discussed issues relating to the environment, climate change and green growth, and how they affect Africa's future prosperity. Furthermore, the participants reviewed over 40 research proposals and propositions on political, economic and social issues that could help African countries to improve their economies and agriculture without harming the environment.

In another development, the International Monetary fund (IMF) October 2011 Regional Economic Outlook on Sub-Saharan Africa was released in Washington D.C in October, 2011. The outlook revealed that growth remained strong in the region in recent years, and most low income countries in Africa weathered the global economic slowdown well. The Regional Economic Outlook projected that growth on sub-Saharan Africa (SSA) economies would remain on average above 5.0 per cent, because of one-off boosts to production in a number of countries.

Finally, the Euro debt crisis driven by events in Greece, Italy and Spain continued to trouble the Euro area and the global economy in October 2011. In a bid to curtail the Euro debt crisis, Euro zone leaders led by French President Nicholas Sarkozy and German Chancellor Angela Merkel, struck a deal with private banks and insurers on October 27, 2011 to accept a 50.0 per cent loss on Greek government bond holdings under a plan to lower Greece's debt burden and to contain the two-year old Euro zone crisis. Under the deal, the private sector agreed to voluntarily accept a nominal 50 per cent cut in its bond investments to reduce Greece's debt burden by 100 billion euros, cutting its debts to 120 per cent of GDP by 2020, from 160 per cent now. At the same time, the Euro zone will offer credit enhancements or sweeteners to the private sector totaling 30 billion euros. The aim was to complete negotiations by the end of the year so Greece has a full second financial aid programme in place before 2012.



## APPENDIX TABLES





Table A1: Money and Credit Aggregates

	Oct 10	Nov 10	Dec 10	Jan 11	Mar-11	July-11	Aug-11	Sep 11	Oct 11
<b>Domestic Credit (Net)</b>	9,460.25	9,547.26	8,708.55	8,685.74	7,854.70	8,142.20	9,990.75	9,981.56	10,848.39
<i>Claims on Federal Government</i>	(1,074.12)	(1,201.12)	(1,121.80)	(730.97)	(1,571.84)	(1,824.90)	(908.74)	(1,144.46)	(1,364.71)
Central Bank (Net)	(2,894.78)	(2,976.07)	(2,884.03)	(2,823.21)	(3,401.44)	(3,460.50)	(2,988.74)	(3,244.66)	(3,988.61)
Banks	1,820.66	1,774.95	1,762.21	2,092.24	1,829.61	1,635.70	2,079.54	2,100.21	2,623.89
<i>Claims on Private Sector</i>	10,534.37	10,748.38	9,830.34	9,416.71	9,426.54	9,967.10	10,899.50	11,126.02	12,213.10
Central Bank	664.06	683.58	632.17	532.56	437.51	807.90	838.60	885.61	2,720.19
Banks	9,870.30	10,064.78	9,198.17	8,884.15	8,989.03	9,159.20	10,060.70	10,240.40	9,492.91
<i>Claims on Other Private Se</i>	10,149.53	10,382.73	9,460.53	9,025.66	9,049.77	9,597.20	10,487.60	10,725.84	11,780.28
Central Bank	664.06	683.58	632.17	532.558424	437.51	807.90	838.60	885.61	2,720.19
Banks	9,485.47	9,699.15	8,828.36	8,493.10	8,612.26	8,789.30	9,648.99	9,840.24	9,060.09
<i>Claims on State and Local</i>	384.83	365.65	369.81	391.04	376.77	369.90	411.90	400.16	432.83
Central Bank		-	-	-					
Banks	384.83	365.65	369.81	391.04	376.77	369.90	411.90	400.16	432.83
<i>Claims on Non-financial Public Enterprises</i>			-	-					
Central Bank		-	-	-					
Banks		-	-	-					
<b>Foreign Assets (Net)</b>	6,247.76	6,453.96	6,506.62	6,400.55	6,988.07	7,506.10	6,976.40	669.79	6,724.54
Central Bank	4,999.98	5,226.46	5,372.29	5,217.35	5,722.80	5,950.20	5,413.80	5,267.50	5,304.24
Banks	1,247.78	1,227.50	1,134.33	1,183.20	1265.281366	1,555.90	156.60	1,402.29	1,420.30
<b>Other Assets (Net)</b>	(4,483.39)	(4,539.01)	(3,689.63)	(3,524.76)	(3,189.15)	(3,256.80)	(4,456.40)	(4,030.46)	(5,395.78)
<b>Total Monetary Assets (M2)</b>	<b>11,224.61</b>	<b>11,224.78</b>	<b>11,525.53</b>	<b>11,561.52</b>	<b>11,653.62</b>	<b>12,391.45</b>	<b>12,510.80</b>	<b>12,620.90</b>	<b>12,177.15</b>
<b>Quasi-Money 1/</b>	5,891.86	5,968.89	5,954.26	5,994.45	6,229.11	6,520.96	6,636.80	6,615.82	6,374.30
<b>Money Supply (M1)</b>	5,332.75	5,255.89	5,534.45	5,545.79	5,534.45	5,870.49	5,874.00	6,005.08	5,802.85
<i>Currency Outside Banks</i>	874.89	880.86	1,082.19	1,033.34	1,082.18	1,039.75	1,060.50	1,012.37	1,038.22
<i>Demand Deposits 2/</i>	4,457.86	4,375.02	4,452.27	4,512.46	4,452.27	4,830.74	4,813.50	4,992.71	4,764.64
<b>Total Monetary Liabilities (M2)</b>	<b>11,224.61</b>	<b>11,224.78</b>	<b>11,525.53</b>	<b>11,561.52</b>	<b>11,653.62</b>	<b>12,391.45</b>	<b>12,510.80</b>	<b>12,620.90</b>	<b>12,177.15</b>
<b>Memorandum Items:</b>									
Reserve Money (RM)	1,438.35	1,344.32	1,845.71	1,694.88	1,705.92	2,169.38	1,841.96	1,908.85	2,366.21
<i>Currency in Circulation (CIC)</i>	1,153.17	1,125.39	1,378.13	1,340.43	1,416.38	1,343.60	1,379.72	1,342.97	1,359.58
<i>DMBs Demand Deposit with CB</i>	285.12	218.92	467.58	354.45	289.54	825.78	462.20	565.88	1,006.62

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)

	Oct-10	Nov-11	Dec-10	Jan-11	Mar-11	Jul-11	Aug-11	Sep-11	Oct-11
<b>Domestic Credit (Net)</b>	19.7	27.4	10.2	-0.3	-9.8	-6.5	14.7	14.6	24.6
<i>Claims on Federal Government (Net)</i>	53.4	51.8	51.3	34.8	-40.1	-62.7	19.0	-2.0	-21.7
<i>Claims on Private Sector</i>	3.2	7.6	-3.8	-4.2	-4.1	1.4	10.9	13.2	24.2
<i>Claims on Other Private Sector</i>	2.6	7.2	-4.4	-4.6	-4.3	1.4	10.9	13.4	24.5
<i>Claims on State and Local Government</i>	24.0	20.8	19.2	5.7	1.9	0.0	11.4	8.2	17.0
<i>Claims on Non-financial Public Enterprises</i>									
<b>Foreign Assets (Net)</b>	-17.7	-15.4	-14.3	-1.6	7.4	15.4	7.2	2.5	3.4
<b>Other Assets (Net)</b>	5.2	-0.1	22.0	4.5	13.6	11.7	-20.8	-9.2	-46.2
<b>Total Monetary Assets (M2)</b>	4.3	8.8	7.0	0.3	1.1	7.5	8.6	9.5	5.7
<b>Quasi-Money 1/</b>	2.2	6.4	3.3	0.7	4.6	9.5	11.5	11.1	7.1
<b>Money Supply (M1)</b>	6.6	11.7	11.1	-0.1	-2.6	5.4	5.4	14.3	8.8
<i>Currency Outside Banks</i>	-5.6	4.8	-13.1	-4.5	2.8	-3.9	-2.0	14.9	18.7
<i>Demand Deposits 2/</i>	9.4	13.2	1.9	1.0	-4.0	7.6	7.2	14.1	6.9
<b>Total Monetary Liabilities (M2)</b>	4.3	8.8	6.9	0.3	1.1	7.5	8.6	9.5	5.7
<b>Memorandum Items:</b>									
<i>Reserve Money (RM)</i>	-3.5	4.7	11.6	-8.1	-7.6	17.5	-2.0	3.4	28.2
<i>Currency in Circulation (CIC)</i>	-2.4	10.7	16.6	-2.7	2.8	-2.5	0.1	2.6	-1.4
<i>DMBs Demand Deposit with CBN</i>	-39.6	-18.8	-1.0	-24.19	-38.1	76.6	-1.1	21.0	115.3
<b>Growth over Preceding Month (%)</b>									
<b>Domestic Credit (Net)</b>	1.6	0.9	-8.8	-0.3	-3.5	-8.6	22.7	0.0	8.7
<i>Claims on Federal Government (Net)</i>	-4.7	-11.8	6.6	34.8	-50.8	-71.4	50.2	-25.9	-19.3
<i>Claims on Private Sector</i>	1.9	2.0	-8.5	-4.2	2.7	-0.5	9.4	2.3	9.8
<i>Claims on Other Private Sector</i>	1.6	2.3	-8.9	-4.6	2.6	0.5	9.3	2.3	9.8
<i>Claims on State and Local Government</i>	12.8	-4.9	1.1	5.7	6.0	-12.0	0.0	2.8	8.2
<i>Claims on Non-financial Public Enterprises</i>									
<b>Foreign Assets (Net)</b>	-3.2	1.3	2.8	-1.6	3.9	16.3	-7.1	-4.4	0.8
<i>Central Bank</i>	-4.3	3.6	2.2	-2.9	4.1	20.9	-36.8	2.0	1.3
<i>Banks</i>	1.7	-8.2	-1.7	4.3	3.1	1.6	1.0	23.6	25.2
<b>Other Assets (Net)</b>	1.2	5.5	22.0	4.5	2.4	-2.3	1.8	-9.2	-46.2
<b>Total Monetary Assets (M2)</b>	0.0	-0.7	0.9	0.3	0.5	1.8	0.1	0.9	3.5
<b>Quasi-Money 1/</b>	-1.3	-0.4	1.5	0.7	0.4	-0.2	2.0	0.3	3.7
<b>Money Supply (M1)</b>	1.5	-1.1	5.6	-0.1	0.7	4.0	-0.4	2.2	-3.4
<i>Currency Outside Banks</i>	-0.7	1.9	1.3	-4.5	8.6	2.3	1.0	-4.5	2.6
<i>Demand Deposits 2/</i>	6.2	1.9	-1.7	0.7	1.0	-3.7	-1.2	0.5	0.5
<b>Total Monetary Liabilities (M2)</b>	6.6	0.0	-0.7	3.4	0.3	0.3	0.5	1.8	1.8
<b>Memorandum Items:</b>									
<i>Reserve Money (RM)</i>	2.4	7.0	0.9	8.1	-8.1	7.43	-6.3	5.1	2.0
<i>Currency in Circulation (CIC)</i>	1.1	2.5	6.5	1.2	-2.7	-0.27	6.0	-0.8	2.7
<i>DMBs Demand Deposit with CBN</i>	8.7	30.3	-21.7	23.4	-24.19	36.57	-40.2	16.1	-44.0

Table A3: Federal Government Fiscal Operations (₦ billion)

	Oct-10	Nov-10	Dec-10	Jan-11	Mar-11	Jul-11	Aug-11	Sep-11	Oct-11
<b>Retained Revenue</b>	<b>190.4</b>	<b>194.8</b>	<b>294.6</b>	<b>198.0</b>	<b>190.6</b>	<b>613.9</b>	<b>280.9</b>	279.1	282.6
<i>Federation Account</i>	173.1	172.7	172.8	165.2	171.9	222.5	254.0	262.3	260.7
<i>VAT Pool Account</i>	7.0	5.8	6.4	6.8	7.1	7.9	9.5	8.2	8.8
<i>FGN Independent Revenue</i>	5.2	5.9	52.8	10.6	11.6	19.8	8.8	8.6	13.1
<i>Excess Crude</i>	0.0	0.0	62.5	6.8	0.0	363.8	7.5	0.0	0.0
<i>Others</i>	5.1	10.5	0.0	8.5	0.1	0.0	1.0	0.0	0.0
<b>Expenditure</b>	<b>292.1</b>	<b>256.7</b>	<b>408.9</b>	<b>317.9</b>	<b>327.5</b>	<b>354.9</b>	<b>405.3</b>	450.7	326.0
<i>Recurrent</i>	224.4	212.6	327.7	239.2	184.8	300.4	296.3	330.8	208.9
<i>Capital</i>	43.3	44.1	43.3	77.1	85.6	32.4	83.6	119.9	66.5
<i>Transfers</i>	24.5	13.8	13.8	1.7	57.1	22.1	25.5	21.1	20.5
<b>Overall Balance: Surplus(+)/Deficit(-)</b>	<b>-106.6</b>	<b>-61.9</b>	<b>-114.2</b>	<b>-119.9</b>	<b>-136.9</b>	<b>259.1</b>	<b>124.4</b>	-171.6	-43.5

