CENTRAL BANK OF NIGERIA

ECONOMIC REPORT FOR THE MONTH OF JANUARY 2008

RESEARCH DEPARTMENT

CENTRAL BANK OF NIGERIA

MONTHLY REPORT

The Central Bank of Nigeria Monthly 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, 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

Provisional data indicated growth in monetary aggregates during the review month. Broad money supply (M_2) and narrow money supply (M_1) increased by 11.1 and 10.1 per cent over the levels in the preceding month, respectively. The increase was attributed largely to the rise in foreign assets (net) and aggregate banking system credit to the domestic economy.

Available data indicated a general increase in banks' deposit and lending rates in January 2008. The spread between the weighted average deposit and maximum lending rates narrowed from 10.63 percentage points in the preceding month to 9.97. The margin between the average savings deposit and maximum lending rates, also, narrowed from 15.06 percentage points in December, 2007 to 14.91. The weighted average inter-bank call rate, which stood at 8.99 per cent in the preceding month, rose to 11.22 per cent at end-January 2008, reflecting the liquidity squeeze in the banking system.

The value of money market assets outstanding increased by 2.2 per cent to =N=2,300.1 billion over the level in the preceding month. The rise was attributed to the 4.2 per cent increase in outstanding FGN bonds. Activities on the Nigerian Stock Exchange indicated improved performance as most of the market indicators trended upward.

The major agricultural activities in the review month included: harvesting of tree crops, fruits and clearing of land for the 2008 cropping season, while in the Northern States, most farmers were engaged in the cultivation of irrigated lands with vegetables and wheat. However, in the livestock sub-sector, most poultry farmers were engaged in raising of broilers and layers to replenish the stock sold off during the last festive season. The prices of most Nigerian major agricultural commodities at the London Commodities Market recorded increases during the review month.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.20 million barrels per day (mbd) or 68.20 million barrels for the month, compared with 2.21 mbd or 68.51 million barrels in the preceding month. Crude oil export was estimated at 1.75 mbd or 54.25 million barrels for the month, 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 (37^0 API), estimated at US$94.26 per barrel, rose by 0.9 per cent over the level in the preceding month.

The inflation rate for January 2008, on a year-on-year basis, was 8.6 per cent, compared with 6.6 per cent recorded in the preceding month. The inflation rate on a twelve-month moving average basis was, however, 5.5 per cent, compared with 5.4 per cent in the preceding month.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US$4.80 billion and US$1.95 billion, respectively, resulting in a net inflow of US$2.85 billion during the month. Relative to the respective levels in the preceding month, inflow rose by 0.6 per cent, while outflow fell by 25.0 per cent. The rise in inflow was attributed largely to the foreign exchange purchases during the period, while the fall in outflow was due to the 35.2 and 49.7 per cent decline in WDAS utilization and drawings on L/Cs, respectively.

Foreign exchange sales by the Central Bank of Nigeria (CBN) to end-users through the authorized dealers stood at US$1.15 billion, indicating a decline of 20.7 per cent from the level in the preceding month, while demand increased by 67.7 per cent to US$1.74 billion. The gross external reserves rose by 5.6 per cent to US$54.22 billion in January 2008, compared with US$51.33 billion at end-December 2007. This level of reserves could finance 26.7 months of foreign exchange commitments, compared with 23.6 months in the preceding month. The weighted average exchange rate of the Naira vis-à-vis the US dollar, appreciated by 0.2 per cent to =N=117.98 per dollar at the WDAS. In the bureaux de change segment of the market, the rate also, appreciated by 0.6 per cent to =N=120.80 per dollar. Non-oil export earnings by Nigeria's top 100 exporters amounted to US$116.9 million, indicating an increase of 1.2 per cent over the level in the preceding month. The development was attributed to the variations in the commodity prices at the international market.

Other major international economic developments of relevance to the domestic economy during the review month included: the annual meeting of the World Economic Forum held in Davos, Switzerland from January 23 – 27, 2008. The theme of the meeting was "The Power of Collaborative Innovation". It was attended by many business, government and civil society leaders including President Musa Yar'Adua of Nigeria. The meeting called for a new brand of collaborative and innovative leadership to address the challenges of globalization, particularly the pressing problems of conflict in the Middle East, terrorism, climate change and water conservation. In that regard, the Japanese Prime Minister Yasuo Fukuda unveiled a five-year, US$10 billion fund to support efforts in developing countries to combat global warming, while the Bill & Melinda Gates Foundation announced a US$306 million package of agricultural development grants designed to boost the yields and incomes of millions of small farmers in Africa and other parts of the developing world. Also, the first part of the most comprehensive investigations into private equity by the World Economic Forum was released in January, 2008 and the 33rd Summit of Heads of State and Government of the Economic Community of West African States (ECOWAS) was held in Ouagadougou, Burkina Faso on January 18, 2008.

2.0 FINANCIAL SECTOR DEVELOPMENTS

Monetary aggregates grew in January 2008, while banks' deposit and lending rates indicated general increase. Similarly, the value of money market assets increased, following largely the rise in outstanding FGN bonds. Transactions on the Nigerian Stock Exchange (NSE) were bullish during the review period.

2.1 Monetary and Credit Developments

Provisional data indicated that monetary aggregates increased in January 2008. Broad money supply (M_2) rose by 11.1 per cent to =N=5,346.3 billion in contrast to the decline of 0.3 per cent in December 2007. Narrow money supply (M_1) rose by 10.1 per cent to =N=2,820.5 billion, compared with the increase of 7.8 per cent in the preceding month. The rise in M_2 was attributed largely to the increase in foreign assets (net) and other assets (net) of the banking system (fig.1 and table 1).

Aggregate banking system credit (net) to the domestic economy rose by 2.7 per cent to =N=2,199.9 billion in January 2008, in contrast to the decline of 7.0 per cent in the preceding month. The development was attributable wholly to the deposit money banks' (DMBs) claims on the private sector.

At =N=2,996.1 billion, banking system's credit (net) to the Federal Government fell by 3.0 per cent, compared with the decline of 10.2 per cent in the preceding month. The fall was attributed to the 3.6 per cent fall in claims by the CBN, during the period.

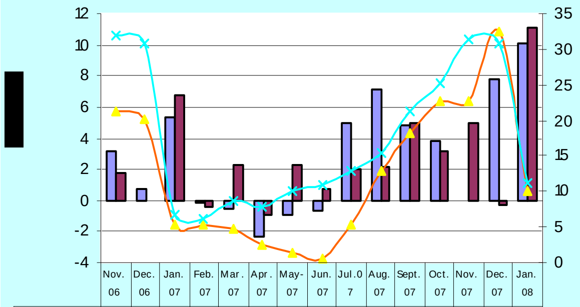
Banking system's credit to the private sector rose by 2.9 per cent to =N=5,195.9 billion, compared with the increase of 8.8 per cent in the preceding month. The rise in the review month reflected wholly the 6.8 per cent increase in DMBs' claims on the sector (fig 2).

At =N=7,673.5 billion, foreign assets (net) of the banking system rose by 4.2 per cent, compared with the increase of 1.4 per cent in the preceding month. The development was attributed entirely to the 5.3 per cent increase in CBNs' holdings.

Similarly, quasi money rose by 12.3 per cent to =N=2,525.8 billion, in contrast to the decline of 8.2 per cent in the preceding month. The development was credited to the rise in all the components namely, time, savings and foreign currency deposits of the DMBs during the period.

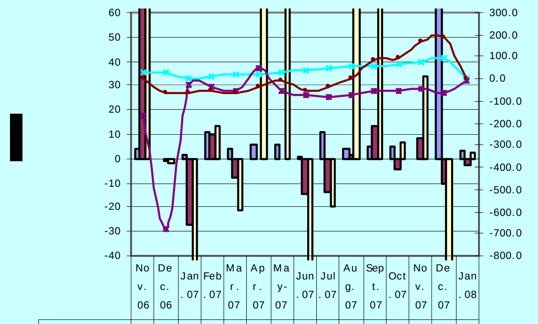
Other assets (net) of the banking system, also rose by 3.6 per cent, in contrast to the decline of 5.7 per cent in the preceding month. The rise reflected largely the increase in the DMBs' domestic inter-bank claims.

Figure 1: Aggregate Money Supply in Nigeria (Monthly & Cumulative Growth Rates in Per cent)



	Nov. 06	Dec. 06	Jan. 07	Feb. 07	Mar. 07	Apr. 07	May-07	Jun. 07	Jul.07	Aug. 07	Sept. 07	Oct. 07	Nov. 07	Dec. 07	Jan. 08
MM1	3.2	0.7	5.4	-0.1	-0.5	-2.3	-0.9	-0.7	5	7.2	4.8	3.8	0.03	7.8	10.1
MM2	1.8	-0.01	6.7	-0.4	2.3	-0.9	2.3	0.8	2	2.2	5	3.2	4.9	-0.3	11.1
CM1	21.3	20.3	5.4	5.4	4.8	2.4	1.4	0.7	5.2	12.9	18.3	22.8	22.8	32.4	10.1
CM2	32	30.9	6.7	6.3	8.8	7.8	10.1	11	13	15.5	21.3	25.2	31.4	30.9	11.1

Figure 2: Aggregate Domestic Credit To The Economy (Monthly & Cumulative Growth Rate)



	Nov. 06	Dec. 06	Jan. 07	Feb. 07	Mar. 07	Apr. 07	May-07	Jun. 07	Jul. 07	Aug. 07	Sept. 07	Oct. 07	Nov. 07	Dec. 07	Jan. 08
MCP	3.7	-0.2	1.7	11	4.1	6.1	6.1	1	11	3.9	4.7	5	0	689	2.9
MCG	83	-0.8	-27	10	-7.6	0.1	0.1	-14	-14	1.9	13	-4	7.9	-10	-3
MAC	70	-2.2	-59	14	-22	69	69	-52	-20	81	77	6.8	34	-207	2.7
CCP	30.6	28	1.7	13	17	24	33	34	49	55	62	70	81	97	2.9
CCG	-162	-676	-27	-40	-51	51	-51	-72	-84	-75	-52	-58	-46	-61	-3
CAC	5.1	-65	-59	-54	-64	-39	-9.1	-56	-35	5.3	86	99	166	184	2.7

2.2 Currency-in-circulation and Deposits at the CBN

At =N=867.7 billion, currency in circulation declined by 8.4 per cent in January 2008 from the level in December, 2007. The fall was traceable to the 9.6 and 13.8 per cent decline in currency outside banks and vault cash, respectively, during the month.

Total deposits at the CBN amounted to =N=4,727.4 billion, indicating an increase of 5.6 per cent over the level in the preceding month. The development was attributed to the 4.6 and 10.3 per cent increase in both Federal Government and bank deposits, respectively. The shares of the Federal Government, banks and "others" in total deposits at the CBN were 92.3, 5.5 and 2.2 per cent, respectively, compared with the shares of 93.2, 5.2 and 1.6 per cent, in December 2007.

2.3 Interest Rate Developments

Provisional data indicated a general increase in banks' deposit and lending rates in January 2008. With the exception of the seven-day and 1-month savings rates which declined by 0.76 and 0.20 percentage points to 5.06 and 9.83 per cent, respectively, all other rates rose during the review month. The average savings rate increased by 0.18 percentage point to 3.33 per cent, while all other rates on deposits of various maturities rose from a range of 7.92–9.77 per cent in the preceding month to 9.62–10.19 per cent. Similarly, the average prime and maximum lending rates rose by 0.02 and 0.03 per cent to 16.48 and 18.24 per cent, respectively. Consequently, the spread between the weighted average deposit and maximum lending rates narrowed from 10.63 percentage points in the preceding month to 9.97 percentage points. The margin between the average savings deposit and maximum lending rates, also, narrowed from 15.06 percentage points in the preceding month to 14.91 percentage points.

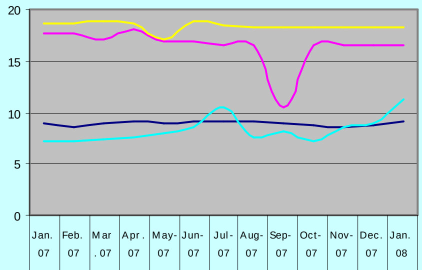
The weighted average inter-bank call rate, which was 8.99 per cent in the preceding month, rose to 11.22 per cent at end-January 2008, reflecting the liquidity squeeze in the banking system.

2.4 Money Market Developments

Provisional data indicated that the value of money market assets outstanding in January 2008 was =N=2,300.1 billion, representing an increase of 2.2 per cent over the level at end-December 2007. The rise was attributed to the 4.2 per cent increase in outstanding FGN bonds.

At the inter-bank funds market, the value of transactions was =N=1,329.1 billion in 824 deals,

Figure 3: Selected Bank Interest Rates (Per Cent, Monthly Average)



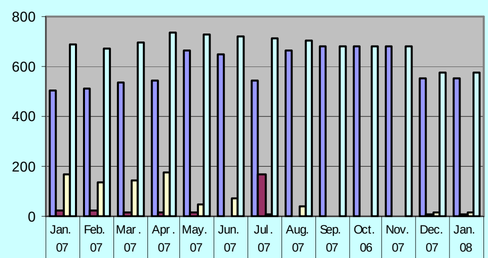
	Jan. 07	Feb. 07	Mar. 07	Apr. 07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec. 07	Jan. 08
Average Term Deposit Rates	8.95	8.52	9.02	9.14	8.94	9.05	9.04	9.1	9	8.67	8.63	8.76	9.09
Prime	17.6	17.6	17.2	18.1	16.9	16.9	16.6	16.4	10.5	16.5	16.5	16.5	16.5
Maximum	18.70	18.6	18.9	18.6	17.2	18.7	18.4	18.3	18.3	18.2	18.3	18.2	18.24
Inter-bank	7.25	7.25	7.33	7.54	7.99	8.46	10.5	7.64	8.18	7.21	8.56	8.99	11.2

representing an increase of 55.9 per cent over the level in the preceding month. Analysis of the transactions showed that activities at the open-buy-back (OBB) segment of the market was dominant at =N=857.6 billion, representing 64.5 per cent of the total. At the inter-bank segment, placements stood at =N=469.8 billion, compared with =N=188.9 billion in the preceding month. As in the preceding month, there was no investment in the private sector securities segment.

Open market operations was conducted using the two-way quote trading. Total sales amounted to =N=141.9 billion, compared with =N=585.3 billion in December. Rates ranged from 8.65 to 9.25 per cent, compared with 5.76 to 9.23 per cent in the preceding month. However, the sum of =N=34.9 billion was underwritten by the Bank at the 182-day primary auction and was used for liquidity management.

Nigerian Treasury Bills (NTBs) of 91-day, 182-day and 364-day tenors were offered, with total issue, sub-

Figure 4: Treasury Bills Holdings (N' Billion)



	Jan. 07	Feb. 07	Mar. 07	Apr. 07	May. 07	Jun. 07	Jul. 07	Aug. 07	Sep. 07	Oct. 06	Nov. 07	Dec. 07	Jan. 08
Banks/ D.H	501.9	515.2	538.2	547.2	662.3	647.7	541.4	663.2	676.9	676.9	676.9	551.4	551.4
CBN	22.9	20.6	16.4	13.9	14.0	0.6	166.2	0.7	0.7	0.7	0.7	5.9	5.9
Others	165.5	139.7	141	177.9	51.4	68.6	7.7	42.1	0.3	0.3	0.3	17.6	17.6
Total	690.3	675.5	695.6	739	727.7	716.9	715.3	705.9	677.9	677.9	677.9	574.9	574.9

scription and allotment amounting to =N=210.0 billion, =N=166.3 billion and =N=134.9 billion, respectively, compared with the total issue and allotment of N=340 billion apiece and public subscription of =N=235.8 billion in December, 2007.

The issue rates ranged from 7.25 - 8.84 per cent and 8.00-9.15 per cent for the 91–day and 182–day maturity, respectively, compared with the range of 6.99-8.50 and 7.70 –8.75 per cent for 91–day and 182–day, respectively, in the preceding month.

At the FGN bonds segment of the market, the 9th (re-opening) 13th series of the 4th FGN bonds were issued for 3- and 5- year tenors in line with the restructuring of the domestic debt profile to longer tenors. A total of =N=50.0 billion were issued and allotted at coupon rates of 9.00 and 9.45 per cent, respectively. Total public subscription for the two issues stood at =N=94.75 billion with bid rates ranging from 7.10 to 12.50 per cent, reflecting market players' preference for longer-tenored securities, whose yields were perceived to be stable and attractive. The sustained patronage at the FGN bonds market indicated the continued confidence by investors in the Nigerian economy.

2.5 Deposit Money Banks' Activities

Available data indicated that total assets/liabilities of the twenty four (24) DMBs amounted to =N=10,787.0 billion, representing an increase of 6.7 and 54.1 per cent over the levels in the preceding month and at end-December 2006, respectively. Funds, sourced mainly from the accumulation of time, savings and foreign currency deposits and capital account, were used largely in the settlement of unclassified assets.

At =N=6,367.8 billion, credit to the domestic economy rose by 6.7 per cent over the level in the preceding month. The breakdown showed that credit to government and the core private sector rose by 5.1 and 6.8 per cent, respectively, over their levels in the preceding month.

Central Bank's credit to the DMBs fell by 32.8 per cent to =N=20.1 billion in the review month, reflecting the decline in loans and advances from the CBN.

Total specified liquid assets of the DMBs was =N=3,068.4 billion, representing 48.7 per cent of their total current liabilities. This level of assets was 7.2 percentage points over the preceding month's level, and 8.7 per cent over the stipulated minimum ratio of 40.0 per cent for fiscal 2008. The loan-to-deposit ratio rose by 3.4 per cent over the preceding month's level, and was 0.1 percentage points below the prescribed maximum target of 80.0 per cent.

2.6 Discount Houses

Total assets/liabilities of the discount houses stood at =N=259.9 billion at end-January 2008, indicating a decline of 12.9 per cent from the level in the preceding month. The fall in assets relative to the preceding month was attributed largely to the 6.9 and 47.0 per cent decline in "claims on Federal Government " and "claims on banks", respectively, while the fall in total liabilities was attributed largely to the 73.7 and 11.8 per cent rise in "money at call" and "other amount owing", respectively. Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to =N=115.4 billion, representing 68.7 per cent of their total deposit liabilities. At this level, discount houses' investments in Federal Government securities declined by 14.0 per cent from the level in the preceding month but increased by 8.5 percentage point above the prescribed minimum of 60.0 per cent for fiscal 2008, respectively.

Total borrowings by the discount houses was =N=142.9 billion, while their capital and reserves amounted to =N=23.8 billion, resulting in a gearing ratio of 6.0:1, compared with the stipulated maximum target of 50:1 for fiscal 2008.

2.7 Capital Market Developments

Provisional data indicated that activities on the Nigerian Stock Exchange (NSE) in the month of January, 2008 were bullish as most of the market indicators trended upward. The volume and value of traded securities rose by 109.7 and 72.4 per cent, to 20.1 billion shares and =N=183.2 billion, respectively, in 349,617 deals, compared with 9.6 billion shares and =N=164.7 billion in 180,219 deals recorded in the preceding month. The insurance sub-sector remained the most active on the Exchange, with a trading volume of 10.0 billion shares worth =N=46.0 billion in 98,543 deals, owing to the increased activities in the shares of NEM Insurance, Lasaco Assurance Plc and Equity Assurance Plc. This was followed by the banking sub-sector with a trading volume of 6.9 billion shares worth =N=180.7 billion in 149,116 deals. The development in the banking sub-sector was boosted by the shares of Intercontinental Bank Plc, Oceanic Bank International Plc and FirstInland Bank Plc during the month. Transactions in Federal Government and industrial loans/preference stocks, however, remained dormant during the month.

Analysis of transactions on the Over-the-Counter (OTC) bond market indicated a turnover of 473.0 million units worth =N=475.9 billion in 3,702 deals in the review month, compared with 692.8 million units worth =N=723.8 billion in 5,085 deals in December 2007.

The most active bond was the 4th FGN Bond 2010 series 14 with a traded volume of 34.8 million units valued at =N=33.0 billion in 275 deals.

In the new issues market, issuance of the 4th FGN bonds progressed as two Federal Government bonds namely, the reopening (3-year) 2010 and (5-year) 2013 series of bonds valued at =N=50.00 billion were admitted to the Daily Official List with coupon rates of 8.99 and 9.45 per cent and a subscription rates of 7.10-11.00 and 7.95-12.50 per cent, respectively. The issues were over-subscribed in excess of =N=44.75 billion.

In a related development, a total of 16.8 billion ordinary shares were registered as supplementary listings from five (5) issues during the month, involving Oceanic Bank International Plc (public offerings of 900.0 million shares); Cement Company of Northern Nigeria Plc (public right offering of 173.3 million shares); AIICO Insurance Plc (merger between AIICO Insurance Plc and NFI Insurance Plc and Lamda Insurance Co. limited of 637.7 million shares); Cornerstone Insurance Plc (share placement with Capital Alliance Private Equity II Limited) and First City Monument Bank Plc (underlying shares pursuant to the Global Depository Receipt (GDR) of 900 million). However, the shares of NFI Insurance Plc was delisted from the Daily Official List, following the company's merger with AIICO Insurance Plc. This development reduced the number of listed companies and securities to 211 and 309, respectively.

In another development, the shares of Custodian and Allied Insurance Plc were placed on technical suspension having received their application to undertake Initial Public Offering. However, the technical suspensions placed on the shares of Fidelity Bank Plc, Afribank Nigeria Plc, PlatinumHabib Bank Plc and Costain (WA) Plc were lifted, following the expiration of two weeks allowed by the Exchange after the closure of the supplementary share offering to the public.

Furthermore, the shares of International Energy Insurance Plc were reconstructed in ratio of 1:3. The company issued 5.5 billion shares listed at =N=5.79 per share, down from 16.5 billion shares.

The All-Share Index fell by 6.6 per cent to close at 54,189.92 (1984 =100), while the market capitalization of the 309 listed securities fell by 9.8 per cent to =N=12.0 trillion in the review month. The development was attributed largely to the price gains recorded by the highly capitalized companies.

Figure 5: Volume and value of traded securities

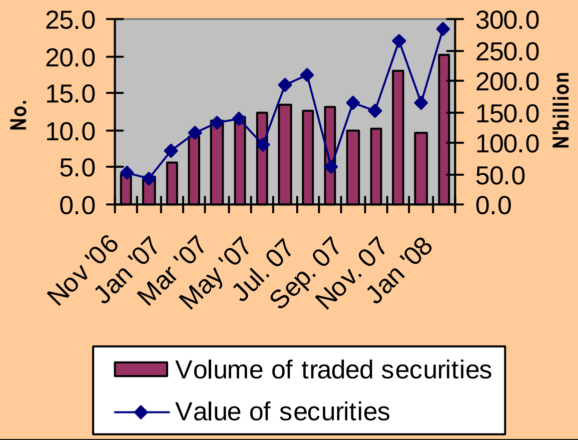
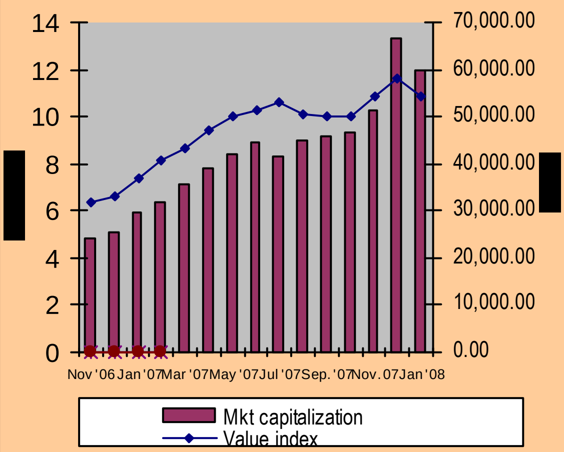


Figure 6: Market capitalization and value index



9.0 DOMESTIC ECONOMIC CONDITIONS

The major agricultural activities during the month of January 2008 were harvesting of tree crops, fruits and clearing of land for the 2008 cropping season, as well as cultivation of irrigated lands with vegetables and wheat. In the livestock sub-sector, most poultry farmers were engaged in raising broilers and layers to replenish the stock sold off during the last festive season. Crude oil production was estimated at 2.20 million barrels per day (mbd) or 68.20 million barrels during the month. The end-period inflation rate for January 2008, on a year-on-year basis, was 8.6 per cent, compared with 6.6 per cent recorded in the preceding month. The inflation rate on a 12-month moving average basis was 5.5 per cent, compared with 5.4 per cent in December, 2007.

3.1 Agricultural Sector

Agricultural activities during the month of January 2008 in the Southern States consisted of harvesting of tree crops, fruits and clearing of land for the 2008 cropping season, while in the Northern States, most farmers were engaged in the cultivation of irrigated lands with vegetables and wheat. However, in the livestock sub-sector, most poultry farmers were engaged in raising broilers and layers to replenish the stock sold off during the last festive season.

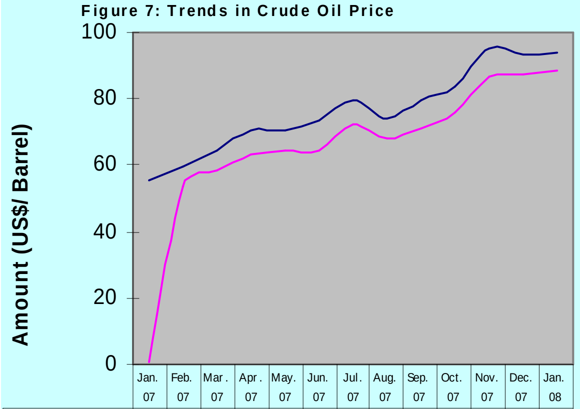
A total of =N=219.2 million was guaranteed to 1,661 farmers under the Agricultural Credit Guarantee Scheme (ACGS) during the month. This represented a decrease of 60.4 and 7.7 per cent from the levels in the preceding month and the corresponding period of 2007, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector had the largest share of =N=172.3 million or 64.7 per cent guaranteed to 1,561 beneficiaries, while the livestock sub-sector received =N=37.6 million or 17.2 per cent guaranteed to 55 beneficiaries.

Also, the fisheries sub-sector received =N=2.3 million or 1.0 per cent guaranteed to 7 beneficiaries. The cash crops sub-sector was granted =N=7.0 million or 3.2 per cent guaranteed to 38 beneficiaries. Analysis by state showed that 15 states benefited from the scheme, with the highest and lowest sums of =N=94.3 million (74.2 per cent) and =N=0.3 million (0.1 per cent) guaranteed to Jigawa and Kogi states, respectively.

Retail price survey of most staples by the CBN showed that the prices of major staples recorded increases in January 2008. All the commodities monitored, recorded price increase ranging from 0.6 per cent for brown beans, to 35.4 per cent for palm oil, over their levels in the preceding month. Relative to their levels in the corresponding period of 2007, all commodities recorded price increase ranging from 3.2 per cent for white garri to 69.2 per cent for palm oil. This development was attributed to the reduced supply arising from unfavourable weather conditions during the period.

The prices of most Nigeria's major agricultural commodities at the London Commodities Market recorded increase during the review month. At 317.1 (1990=100), the All-Commodities price index in dollar terms, increased by 1.6 and 34.5 per cent over the levels in the preceding month and the corresponding period of 2006, respectively. Further analysis showed that all the six commodities monitored recorded price increases, ranging from 0.6 per cent for cocoa to 18.4 per cent for soya bean, over their levels in the preceding month.

Figure 7: Trends in Crude Oil Price

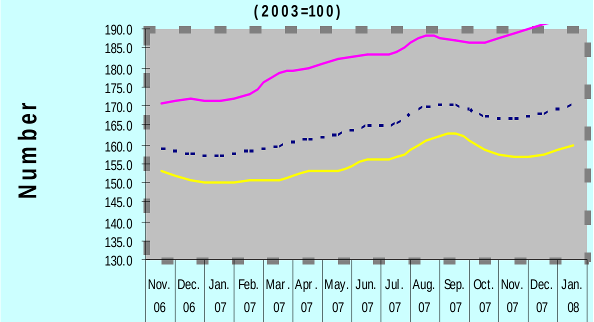


	Jan. 07	Feb. 07	Mar. 07	Apr. 07	May. 07	Jun. 07	Jul. 07	Aug. 07	Sep. 07	Oct. 07	Nov. 07	Dec. 07	Jan. 08
Bonny Light	55.57	59.35	64.28	70.46	70.4	73.39	79.62	73.9	79.81	83.73	95.05	93.4	94.26
Opec Basket	0.73	53.38	58.47	63.39	64.36	64.36	72.32	67.94	71	75.83	86.57	87.19	88.5

Period

Relative to their levels in the corresponding period of 2007, all the commodities recorded price increases ranging from 21.1 per cent for copra to 712.4 per cent for soya bean.

Figure 8: Monthly Consumer Price Indices in Nigeria (2003=100)



	Nov. 06	Dec. 06	Jan. 07	Feb. 07	Mar. 07	Apr. 07	May. 07	Jun. 07	Jul. 07	Aug. 07	Sep. 07	Oct. 07	Nov. 07	Dec. 07	Jan. 08
Composite	158.3	157.1	156.4	157.6	159.2	161.1	161.9	164.3	165.1	169.4	170.2	166.7	166.5	167.4	169.8
Urban	170.8	171.6	171.3	173.1	178.4	179.7	182.0	183.5	184.0	188.4	186.9	186.1	188.6	191.4	193.1
Rural	152.9	150.8	149.9	150.9	150.9	153.0	153.2	156.0	156.9	161.1	163.0	158.2	156.9	157.0	159.7

Similarly, at 3,965.4 (1990=100), the All-Commodities price index, in naira terms, increased by 1.8 and 37.2 per cent over the levels in the preceding month and the corresponding period of 2007, respectively. Also, all the commodities monitored recorded price increases, ranging from 0.5 per cent for cocoa to 13.5 per cent for soya bean, over their levels in the preceding month. Relative to their levels in the corresponding period in 2007, all the commodities recorded price increases ranging from 14.4 per cent for copra to 481.7 per cent for soya bean. The increase in prices were attributed to the weak dollar which attracted investment funds into the commodities market, thereby increasing the demand.

3.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.20 million barrels per day (mbd) or 68.20 million barrels for the month, compared with 2.21 mbd or 68.51 million barrels in the preceding month. Crude oil export was estimated at 1.75 mbd or 54.25 million barrels in the month, compared with 1.76 mbd or 54.56 million barrels in the preceding month. Deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.95 million barrels for the month.

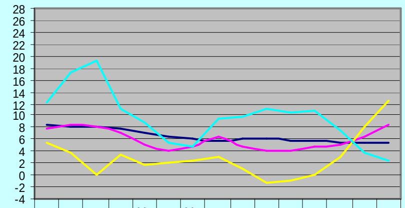
At an estimated average of US$94.26 per barrel, the price of Nigeria's reference crude, the Bonny Light (37º API), increased by 0.9 per cent over the level in the preceding month. The average prices of other competing crudes namely, the West Texas Intermediate, the U.K Brent, the Arab Light, and the Forcados also rose to US$93.00, US$92.79, US$88.42 and US$94.55 per barrel, respectively. The average price of OPEC's basket of eleven crude streams rose by 1.5 per cent to US$88.50 over the level in the preceding month. The rise in price was attributed to supply concerns, following Shell's declaration of a force majeure on crude shipments from its Forcados export terminals in Nigeria as well as the expectations that OPEC output levels would remain unchanged.

3.3 Consumer Prices

Available data showed that the all-items composite Consumer Price Index (CPI) for the month of January, 2008 was 169.8 (May 2003=100), representing an increase of 1.4 per cent over the level in the preceding month. The development was attributed to the increase in the price of some food items, cement and kerosene.

The urban all-items CPI for the end of January, 2008 was 193.1 (May 2003=100), indicating an increase of 0.9 per cent over the level in the preceding month. The rural all-items CPI for the month was 159.7 (May 2003=100), and represented an increase of 1.7 per cent over the level in the preceding month. The end-period inflation rate for January 2008, on a year-on-year basis, was 8.6 per cent, compared with 6.6 per cent recorded in the preceding month. The inflation rate on a twelve-month moving average basis for January 2008, was 5.5 per cent, compared with 5.4 per cent in December 2007, reflecting largely the lag effect of the increased spending experienced during the end-of year festivities.

Figure 9: Inlation Rate in Nigeria (Per Cent)



	Nov. 06	Dec. 06	Jan. 07	Feb. 07	Mar. 07	Apr. 07	May-07	Jun-07	Jul-07	Aug. 07	Sep-07	Oct. 07	Nov. 07	Dec. 07	Jan. 08
Inlation 12-MMA	8.5	8.2	8	7.7	7.2	6.5	6	5.9	6	6.1	5.9	5.7	5.5	5.4	5.5
Inflation Yr-on-Yr	7.8	8.5	8	7.1	5.2	4.2	4.6	6.4	4.8	4.2	4.1	4.6	5.2	6.6	8.6
Food Inflation	5.4	3.9	-0.1	3.3	1.7	2.1	2.4	3.2	1.1	-1.2	-0.8	-0.1	3.2	8.2	12.6
Core Inflation	12.1	17.3	19.3	11	8.90	5.4	4.6	9.6	9.9	11.2	10.5	10.7	7.4	3.6	2.5

4.0 EXTERNAL SECTOR DEVELOPMENTS

Provisional data indicated that foreign exchange inflow through the CBN in January 2008 rose by 0.8 per cent, while outflow fell by 25.0 per cent. Similarly, total non-oil export earnings by Nigeria's top 100 exporters rose by 1.2 per cent over the level in the preceding month. The gross external reserves rose by 5.6 per cent to US$54.22 billion in January 2008, while the weighted average exchange rate of the Naira vis-à-vis the US dollar, appreciated marginally by 0.2 per cent to =N=117.98 per dollar at the WDAS.

4.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in January 2008 were US$4.80 billion and US$1.95 billion, respectively, representing a net inflow of US$2.85 billion. Relative to the respective levels of US$4.77 billion and US$2.60 billion in the preceding month, inflow rose by 0.6 per cent, while outflow fell by 25.0 per cent. The rise in inflow was attributed largely to the foreign exchange purchases during the period, while the fall in outflow was due to the 35.2 and 49.7 per cent decline in WDAS utilization and drawings on L/Cs, respectively.

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US$8.41 billion, representing an increase of 0.5 and 37.9 per cent over the levels in the preceding month and corresponding period of 2007, respectively. Oil sector receipts, which accounted for 41.1 per cent of the total, stood at US$3.46 billion, compared with US$3.53 billion in the preceding month. Non-oil public sector and autonomous inflow rose by 9.1 and 0.04 per cent and accounted for 16.0 and 42.9 per cent of the total, respectively.

At US$2.03 billion, aggregate foreign exchange outflow from the economy fell by 24.2 per cent from the level in the preceding month. The decline in outflow relative to the preceding month was attributed to the 35.2 and 49.7 per cent fall in DAS utilisation and drawings on L/Cs, respectively.

4.2 Non-Oil Export Proceeds by top 100 Exporters

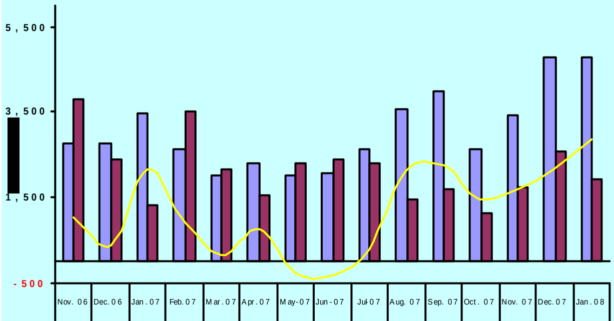
Total non-oil export earnings by Nigeria's top 100 exporters rose by 1.2 per cent over the level in the preceding month to US$116.9 million. The development was attributed to the variations in world commodity prices at the international market. A breakdown of the proceeds in the review month showed that agricultural sub-sectors rose from US$59.58 million in the preceding month to US$67.78 million, while manufacturing and "others" sub-sectors fell from US$50.18 million and US$5.79 million in the preceding month to US$43.83 million and US$5.27 million, respectively.

The shares of agricultural, manufacturing and "others" sub-sectors in total non-oil export proceeds were 58.0, 37.5 and 4.5 per cent, respectively, compared with 51.3, 43.4 and 5.0 per cent, respectively, in the preceding month. The top 100 exporters accounted for 100.0 per cent of all the non-oil export proceeds during the review month.

4.3 Sectoral Utilisation of Foreign Exchange

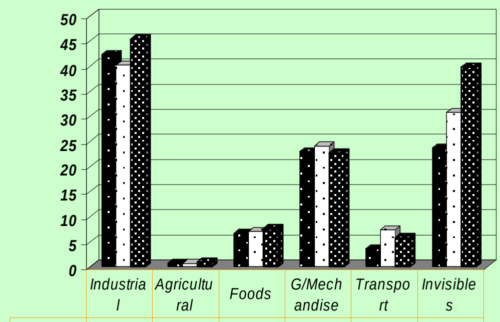
The industrial sector accounted for the bulk (34.2 per cent) of total foreign exchange disbursed in January 2008, followed by invisibles (33.8 per cent). Other beneficiary sectors, in a descending order of importance included: general merchandise (20.5 per cent), food (5.6 per cent), transport (5.3) and agricultural products (0.6 per cent) (Fig.11).

Figure 10 : Foreign Exchange Flows Through the CBN ($'Million)



	Nov. 06	Dec. 06	Jan. 07	Feb. 07	Mar. 07	Apr. 07	May-07	Jun-07	Jul-07	Aug. 07	Sep. 07	Oct. 07	Nov. 07	Dec. 07	Jan. 08
Inflow	2,779.	2,787.	3,497.	2,632.	2,015.6	2,289.	2,039.1	2078	2620.9	3582.7	3966.9	2615.6	3448.6	4,768.	4,804.
Outflow	3,800.	2,403.	1,311.6	3,516.8	2,188.6	1,537.1	2,313.4	2376.3	2314.8	1443.6	1686.1	1132.6	1751.9	2,599.	1,952.2
Netflow	1,021.6	384.0	2,186.3	884.2	172.95	751.87	-274.3	-298.2	306.16	2139.3	2280.8	1483	1696.7	2,169.4	2,852.

Figure 11:Sectoral Utilization of Foreign Exchange (Percentage of Total)



	Industrial	Agricultural	Foods	G/Merchandise	Transport	Invisibles
Nov. 06	42.3	0.8	6.7	23	3.6	23.7
Oct. 07	40.2	0.7	7.1	24.1	7.4	30.8
Nov. 07	45.4	0.9	7.6	22.7	5.8	39.8

4.4 Foreign Exchange Market Developments

Aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (WDAS) was US$1.74 billion in January 2008, indicating an increase of 67.7 and 51.5 per cent over the levels in the preceding month and corresponding period of 2007, respectively. Consequently, at US$1.15 billion, the amount of foreign exchange sold by the CBN to authorized dealers fell by 20.7 per cent from the level in the preceding month. Under the WDAS, the weighted average exchange rate of the Naira vis-à-vis the US dollar appreciated marginally by 0.2 per cent to =N=117.98 per dollar. In the bureaux de change segment of the market, the average rate also, appreciated by 0.6 per cent to =N=120.80 per dollar. Consequently, the premium between the official and bureaux de change rates narrowed from 2.7 per cent in the preceding month to 2.4 per cent.

4.5 External Reserves

Available data showed that Nigeria's external reserves at end-January 2008 stood at US$54.22 billion, representing an increase of 5.6 and 24.6 per cent over the levels of US$51.33 billion and US$43.51 billion recorded in the preceding month and corresponding period of 2007, respectively. This level of reserves could finance 26.7 months of current foreign exchange commitments, compared with 23.6 months in the preceding month.

5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

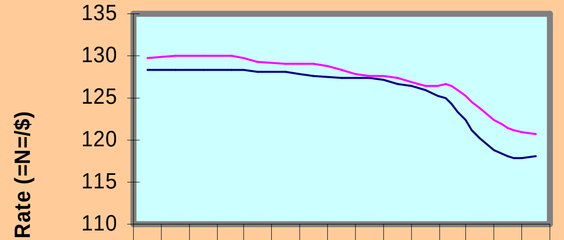
World crude oil output in the month of January 2008 was estimated at 85.29 million barrels per day (mbd), while demand was estimated at 88.00 mbd, representing an excess demand of 2.71 mbd, compared with 86.48 and 88.20 mbd supplied and demanded, respectively, in the preceding month.

Other major international economic developments of relevance to the domestic economy during the month included: the annual meeting of the World Economic Forum held in Davos, Switzerland from January 23 – 27, 2008. The theme of the meeting was "The Power of Collaborative Innovation". The meeting was attended by many business, government and civil society leaders including President Musa Yar'Adua of Nigeria. The meeting called for a new brand of collaborative and innovative leadership to address the challenges of globalization, particularly the pressing problems of conflict in the Middle East, terrorism, climate change and water conservation. Among the key decisions that emerged from the meeting was a joint statement by Heads of Government and business organizations vowing to make 2008 a turning point in the fight against poverty.

In another development, Japanese Prime Minister Yasuo Fukuda unveiled a five-year, US$10 billion fund to support efforts in developing countries to combat global warming, while the Bill & Melinda Gates Foundation announced a US$306 million package of agricultural development grants designed to boost the yields and incomes of millions of small farmers in Africa and other parts of the developing world to enable them lift themselves and their families out of hunger and poverty.

Furthermore, the first part of the most comprehensive investigations into private equity by the World Economic Forum was released in January 2008. It focused on the demography of global private equity deals, the willingness of private equity-backed firms to make long-term investments globally,

Figure 12: Average Exchange Rate Movements



	Nov. 06	Dec. 06	Jan. 07	Feb. 07	Mar. 07	Apr. 07	May. 07	Jun. 07	Jul. 07	Aug. 07	Sep. 07	Oct. 07	Nov. 07	Dec. 07	Jan. 08
Average WDAS	128	128	128	128	128	128	128	127	127	127	126	124	120	118	118
Average BDC	130	130	130	130	129.	129	129	128	128	127	127	126.	124	121	121

and the impact of private equity investments on the employment levels of firms in the US and corporate governance in the UK.

In addition, fourteen global Chief Executive Officers (CEOs) and company chairmen, representing a range of industries and regions, issued a call to their peers to join collaborative efforts to strengthen public governance frameworks and institutions as a core element of their approach to corporate citizenship.

Lastly, the 33rd Summit of Heads of State and Government of the Economic Community of West African States (ECOWAS) was held in Ouagadougou, Burkina Faso on January 18, 2008. The following were the major highlights of the Summit:

- The Summit adopted a regional Poverty Reduction Strategy (PRS) which will be integrated with the existing poverty reduction strategies of member states.
- The Summit also approved the establishment of a Statistics Development Support Fund, intended to facilitate access to qualitative data for economic planning and development in the region.

The Board of Directors of the African Development Bank (AfDB) approved a capital subscription of Euro 3.05 million and a Line of Credit (LOC) of Euro 40 million to the West African Development Bank, (BOAD). BOAD is a regional financial institution which provides financing for the economic development of the West African Economic and Monetary Union (WAEMU) member states.

- The LOC would finance projects in agricultural business, manufacturing industry, mining, and services (hotel, trade and telecommunications).
- The financial support is in line with the poverty reduction vision of the AfDB, whose development strategy hinges on regional economic integration. It is also consistent with NEPAD objectives.

TABLE 1
MONETARY AND CREDIT DEVELOPMENTS
(=N=Million)

		JANUARY 2008	DECEMBER 2007	NOVEMBER 2007	JANUARY 2007	CHANGE BETWEEN (1&2)		CHANGE BETWEEN (2&3)		CHANGE BETWEEN (1&4)	
		(1)	(2)	(3)	(4)	ABSOLUTE	PER CENT	ABSOLUTE	PER CENT	ABSOLUTE	PER CENT
1	Domestic Credit	2,199,866.00	2,141,435.40	2,001,962.40	306,914.60	58,430.6	2.7	139,473.0	7.0	1,892,951.4	616.8
(a)	Claims on Federal Government (Net)	(2,996,078.10)	(2,908,078.50)	(2,638,159.50)	(2,302,007.90)	-87,999.6	-3.0	-269,919.0	-10.2	-694,070.2	30.2
	By Central Bank (Net)	(4,221,524.30)	(4,074,422.80)	(3,831,026.50)	(3,203,935.20)	-147,101.5	-3.6	-243,396.3	-6.4	-1,017,589.1	-31.8
	By Banks (Net)	1,225,446.20	1,166,344.30	1,192,867.00	901,927.30	59,101.9	5.1	-26,522.7	-2.2	323,518.9	35.9
(b)	Claims on Private Sector	5,195,944.10	5,049,513.90	4,640,121.90	2,608,922.50	146,430.2	2.90	409,392.0	8.8	2,587,021.6	99.2
	By Central Bank	53,527.35	236,025.20	93,523.40	42,879.80	-182,497.9	-77.3	142,501.8	152.4	10,647.6	24.8
	By Banks	5,142,416.75	4,813,488.70	4,546,598.50	2,566,042.70	328,928.1	6.8	266,890.2	5.9	2,576,374.1	100.4
(i)	Claims on State and Local Governments	120,358.35	100,820.40	101,994.60	76,351.30	19,538.0	19.4	-1,174.2	-1.2	44,007.1	57.6
	By Central Bank	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	By Banks	120,358.35	100,820.40	101,994.60	76,351.30	19,538.0	19.4	-1,174.2	-1.2	44,007.1	57.6
(ii)	Claims on Non-Financial Public Enterprises	-	-	-	13,249.40	0.0	0.0	0.0	0.0	-13,249.4	-100.0
	By Central Bank	-	-	-	13,249.40	0.0	0.0	0.0	0.0	-13,249.4	-100.0
	By Banks	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
(iii)	Claims on Other Private Sector	5,075,585.75	4,948,693.50	4,538,127.30	2,519,321.80	126,892.3	2.6	410,566.2	9.0	2,556,264.0	101.5
	By Central Bank	53,527.35	236,025.20	93,523.40	29,630.40	-182,497.9	-77.3	142,501.8	152.4	23,897.0	80.7
	By Banks	5,022,058.40	4,712,668.30	4,444,603.90	2,489,691.40	309,390.1	6.6	268,064.4	6.0	2,532,367.0	101.7
2	Foreign Assets (Net)	7,673,533.20	7,367,064.60	7,268,824.20	7,232,760.40	306,468.6	4.2	98,240.4	1.4	440,772.8	6.1
	By Central Bank	6,918,762.00	6,570,263.70	6,410,886.70	6,618,334.40	348,498.3	5.3	159,377.0	2.5	300,427.6	4.5
	By Banks	754,771.20	796,800.90	857,937.50	614,426.00	-42,029.7	-5.3	-61,136.6	-7.1	140,345.2	22.8
3	Other Assets (Net)	(4,527,112.60)	(4,696,808.10)	(4,443,011.60)	(3,619,210.40)	169,695.5	3.6	-253,796.5	-5.7	-907,902.2	-25.1
	Total Monetary Assets (M_2)	5,346,286.60	4,811,691.90	4,827,775.00	3,920,464.60	534,594.7	11.1	-16,083.1	-0.3	1,425,822.0	36.4
	Quasi - Money 1/	2,525,800.70	2,249,759.90	2,451,129.50	1,880,161.20	276,040.8	12.3	-201,369.6	-8.2	645,639.5	34.3
	Money Supply (M_1)	2,820,485.90	2,561,932.00	2,376,645.50	2,040,303.40	258,553.9	10.09	185,286.5	7.8	780,182.5	38.2
	Currency Outside Banks	669,322.45	730,660.20	618,803.60	574,667.90	-61,337.8	-8.4	111,856.6	18.1	94,654.5	16.5
	Demand Deposits 2/	2,151,163.45	1,831,271.80	1,757,841.90	1,465,635.50	319,891.7	17.5	73,429.9	4.2	685,528.0	46.8
	Total Monetary Liabilities	5,346,286.60	4,811,691.90	4,827,775.00	3,920,464.60	534,594.7	11.1	-16,083.1	-0.3	1,425,822.0	36.4

Notes:

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

2/ Demand Deposits consists of State, Local Government and Parastatals Deposits at the CBN; State, Local Government and Private Sector Deposits as well as Demand Deposits of Non-Financial Public Enterprises at Deposit Money Banks.

3/ Provisional.