



CENTRAL BANK OF NIGERIA

***ECONOMIC REPORT FOR
THE MONTH OF FEBRUARY
2008***

RESEARCH DEPARTMENT

CENTRAL BANK OF NIGERIA

MONTHLY REPORT

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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 8.5 and 9.1 per cent over the level in the preceding month, respectively. The increase was attributed to the rise in aggregate banking system credit to the domestic economy and other assets (net) of the banking system.

Available data indicated that banks' deposit and lending rates in February 2008 declined. The spread between the weighted average deposit and maximum lending rates widened from 9.97 percentage points in the preceding month to 10.01. The margin between the average savings deposit and maximum lending rates, also, widened from 14.91 percentage points in January, 2008 to 15.03. The weighted average inter-bank call rate, which stood at 11.22 per cent in the preceding month, fell to 10.04 per cent at end-February 2008, reflecting the liquidity ease in the banking system.

The value of money market assets outstanding increased in the review month by 3.6 per cent to ₦2,393.8 billion over the level in the preceding month. The rise was attributed largely to the 4.0 per cent increase in outstanding FGN bonds. Activities on the Nigerian Stock Exchange indicated improved performance during the review month.

The major agricultural activities in the review month included: harvesting of tree crop and fruits; tending irrigation-fed vegetables and cereal crops; and land clearing for the 2008 wet season farming. The prices of most Nigeria's major agricultural commodities at the London Commodities Market recorded increase 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 63.80 million barrels for the month, compared with 2.20 mbd or 68.20 million barrels in the preceding month. Crude oil export was estimated at 1.75 mbd or 50.75 million barrels for the month, while deliveries to the refineries for domestic consumption remained at 0.445 mbd or 12.91 million barrels. The average price of Nigeria's reference crude, the Bonny Light (37⁰ API), estimated at US\$98.15 per barrel, rose by 4.1 per cent over the level in the preceding month.

The inflation rate for February 2008, on a year-on-year basis, was 8.0 per cent, compared with 8.6 per cent recorded in the preceding month. The inflation rate on a twelve-month moving average basis, however, remained at the preceding month's level of 5.5 per cent. The development was attributed largely to sound macroeconomic policies, stability in the exchange rate and interest rate as well as the non passage of the 2008 budget.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$3.91 billion and US\$1.39 billion, respectively, resulting in a net inflow of US\$2.52 billion during the month. Relative to the respective levels in the preceding month, inflow and outflow fell by 21.3 and 28.7 per cent, respectively. The decline in inflow was attributed largely to the fall in foreign exchange purchases, while the fall in outflow was largely due to the decline in WDAS utilization.

Foreign exchange sales by the Central Bank of Nigeria (CBN) to end-users through the authorized dealers stood at US\$0.50 billion, indicating a decline of 56.8 per cent from the level in the preceding month, while demand declined by 65.7 per cent to US\$0.6 billion. The fall in demand was attributed to the improved activities in the inter-bank foreign exchange market. The gross external reserves rose by 5.0 per cent to US\$56.91 billion in February 2008, compared with US\$54.22 billion at end-January 2008. The weighted average exchange rate of the Naira vis-à-vis the US dollar, depreciated by 0.2 per cent to ₦118.21 per dollar at the WDAS. In the bureaux de change segment of the market, the rate also, depreciated by 1.0 per cent to ₦119.55 per dollar. Non-oil export earnings by Nigeria's top 100 exporters amounted to US\$189.8 million, indicating an increase of 62.4 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 Extraordinary meeting of the Committee of Governors of the West African Monetary Zone (WAMZ) held in Accra, Ghana on February 29, 2008. The purpose of the meeting was to consider the revised WAMI budget proposal for 2008 and the revised WAMI Statute. Also, the Honourable Minister of Foreign Affairs (HMFA), Chief Ojo Maduekwe, led a Nigerian Economic Delegation to Spain from February 7 - 12, 2008. The purpose of the meeting was to review the Strategic Partnership Agreement signed between Nigeria and Spain on January 9, 2005 aimed at strengthening the level of bilateral cooperation between the two countries. In addition, His Excellency, President Umaru Musa Yar'Adua visited China on February 28, 2008 and held bilateral talks with the Chinese President, Hu Jintao. The objective of the talks was to exchange views on bilateral relations as well as international and regional issues of mutual concern and reach broad consensus on how to further China-Nigeria strategic partnership.

2.0 FINANCIAL SECTOR DEVELOPMENTS

Monetary aggregates grew further in February 2008, while banks' deposit and lending rates declined. 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 February 2008. Broad money supply (M_2) and narrow money supply (M_1) rose by 8.5 and 9.1 per cent to ₦5,802.5 billion and ₦3,077.0 billion, respectively, compared with the increase of 11.1 and 10.1 per cent in January 2007. The rise in M_2 was attributed to the increase in aggregate banking system credit to the domestic economy and other assets (net) of the banking system. Over the level at end-December 2007, M_2 grew by 20.6 per cent, compared with the target of 22.9 per cent for fiscal 2008 (fig.1 and table 1).

Aggregate banking system credit (net) to the domestic economy rose by 13.8 per cent to ₦2,504.1 billion in February 2008, compared with the increase of 2.7 per cent in the preceding month. The development was attributed mainly to the 5.5 per cent increase in claims on the private sector.

At negative ₦2,978.4 billion, banking system's credit (net) to the Federal Government rose by 0.6 per cent, in contrast to the decline of 3.0 per cent in the preceding month. The increase was attributed wholly to the 1.5 per cent rise in claims by the Central Bank of Nigeria (CBN), during the period.

Banking system's credit to the private sector rose by 5.5 per cent to ₦5,482.5 billion, compared with the increase of 2.9 per cent in the preceding month. The development reflected the 4.8 and 74.1 per cent increase in DMBs and CBN's claims on the sector (fig 2).

At ₦7,584.6 billion, foreign assets (net) of the banking system fell by 1.2 per cent, in contrast to the rise of 4.2 per cent in the preceding month. The development was attributed entirely to the 2.0 per cent decline in CBN's holdings.

Quasi money rose by 7.9 per cent to ₦2,725.5 billion, compared with the increase of 12.3 per cent in the preceding month. The development was attributed 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 5.3 per cent to ₦4,286.2 billion, compared with the increase of 3.6 per cent in the preceding month. The development reflected largely the rise in unclassified assets of both the CBN and DMBs during the review month.

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

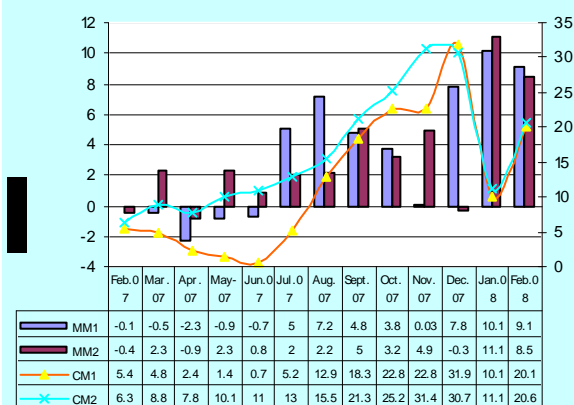
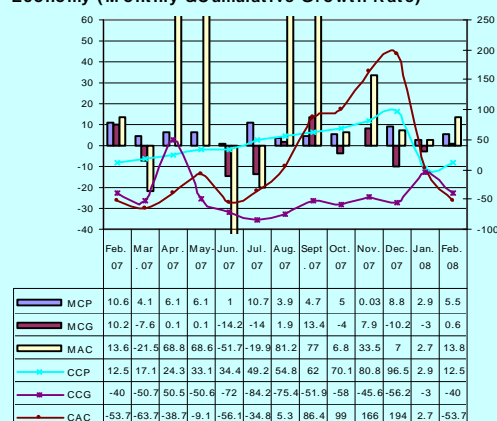


Figure 2: Aggregate Domestic Credit To The Economy (Monthly & Cumulative Growth Rate)



2.2 Currency-in-circulation and Deposits at the CBN

At =N=863.2 billion, currency in circulation fell by 0.5 per cent in February 2008 from the level in January, 2007. The fall was traceable largely to the decline of 9.6 per cent in vault cash during the period.

Total deposits at the CBN amounted to =N=4,592.9 billion, indicating a decline of 2.9 per cent from the level in the preceding month. The development was attributed largely to the 10.5 and 2.4 per cent fall in both banks and Federal Government deposits, respectively. The shares of the Federal Government, banks and “others” in total deposits at the CBN were 92.7, 5.0 and 2.3 per cent, respectively, compared with the shares of 92.3, 5.5 and 2.2 per cent, in January 2007.

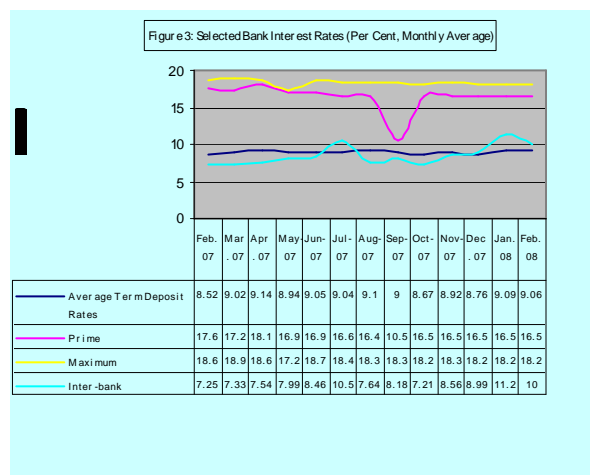
2.3 Interest Rate Developments

Available data indicated decline in banks’ deposit and lending rates in February 2008. With the exception of the 6-month and 12-month savings rates which rose by 0.17 and 0.12 percentage points to 10.20 and 9.92 per cent, respectively, all other rates on deposits of various maturities declined from a range of 5.06 – 10.19 per cent in the preceding month to 5.04 – 10.20 per cent. Similarly, the average prime and maximum lending rates declined by 0.02 and 0.01 percentage point to 16.46 and 18.23 per cent. Consequently, the spread between the weighted average deposit and maximum lending rates widened from 9.97 percentage points in the preceding month to 10.01 percentage points. The margin between the average savings deposit and maximum lending rates, also widened from 14.91 percentage points in the preceding month to 15.03 percentage points.

The weighted average inter-bank call rate, which was 11.22 per cent in the preceding month, fell to 10.04 per cent at end-February 2008, reflecting the liquidity ease in the banking system.

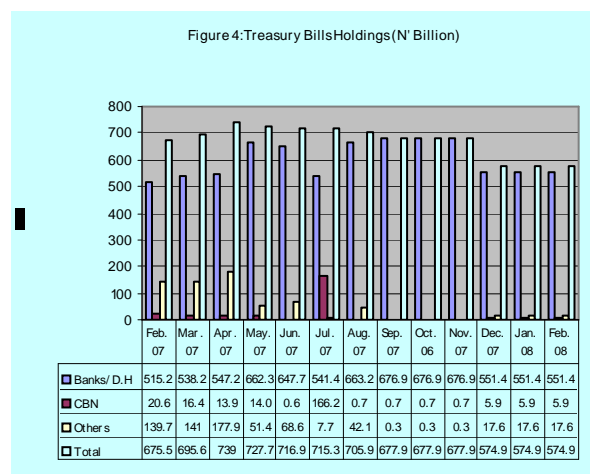
2.4 Money Market Developments

Provisional data indicated that the value of money market assets outstanding as at February 2008 was N2,393.8 billion, representing an increase of 3.6 per cent above the level at end-January 2008. The rise during the month was attributed to the 4.04, 22.2 and 3.3 per cent increase in outstanding FGN bonds, Bankers Acceptance and Commercial Papers, respectively.



At the inter-bank funds market, the value of transactions closed at N1,347.6 billion in 997 deals in February 2008, indicating an increase of =N=18.5 billion or 1.4 per cent, compared with =N=1,329.1 billion in 824 deals in the preceding month. Analysis of the transactions showed that the open-buy-back (OBB) segment dominated as it closed at =N=830.6 billion, representing 61.6 per cent of the total transactions, compared with =N=857.6 billion in the preceding month. At the inter-bank segment, inter-bank placements also rose, closing at =N=517.0 billion, an increase of =N=47.2 billion, compared with =N=469.8 billion in the preceding month. As in the preceding month, there was no investment in the private sector securities.

In the OMO segment of the market, the two-way quote trading was used for mopping up specific amounts of excess funds from the banking system. Total sale in the review month was =N=132.00 billion, compared with =N=141.9 billion sold in January 2008. The issue rates



at the two-way quote ranged from 8.65 to 9.25 per cent, same as in the preceding month.

Nigerian Treasury Bills (NTBs) of 91-, 182- and 364-day tenors were offered in February 2008, with total issue, subscription and allotment amounting to ₦185.1 billion, ₦194.9 billion and ₦136.6 billion, respectively, compared with ₦210.0 billion, ₦166.3 billion and ₦134.9 billion in January 2008. The subscription for the 91-day tenor was low as only ₦5.00 billion was issued each week, indicating market players' preference for the 182-day tenor. The issue rates for the 91-day and 182-day NTBs ranged from 8.5 to 8.75 per cent and 9.15 to 9.5 per cent, respectively, in February 2008, compared with 7.25 to 8.84 per cent and 8.00 to 9.15 per cent, in January 2008, while the issue rates for the 364-day tenor was 9.50 per cent, up from 8.23 per cent in January 2008.

At the FGN Bonds segment, the 3-year (re-opening) and 5-year (re-opening) tenors were issued in line with the restructuring of the domestic debt profile to longer tenors. A total of ₦50.00 billion, made up of ₦30.00 billion, 3-year and ₦20.00 billion, 5-year Bonds were issued and allotted at coupon rates of 9.50 and 10.30 per cent, respectively. Total public subscription for the two issues stood at ₦64.8 billion with bid rates ranging from 8.80 to 10.75 per cent and 9.00 to 11.40 per cent for the 3- and 5-year tenors, respectively. The sustained patronage, especially by foreign investors, reflected market player's preference for longer-tenored securities.

Following the upward review of the Monetary Policy Rate (MPR) to 9.50 per cent in December, 2007, the CBN lending facility was frequently accessed by DMBs to square up short positions. Consequently, total patronage of CBN lending facility was ₦2,083.44 billion in February 2008, down from ₦4,497.09 billion in January, 2008.

2.5 Deposit Money Banks' Activities

Available data indicated that total assets/liabilities of the twenty four (24) DMBs amounted to ₦12,620.2 billion, representing an increase of 17.0 and 24.9 per cent over the levels in the preceding month and the corresponding period of 2006, respectively. The increase in total assets was attributed largely to the 50.0 and 91.9 per cent rise in claims on Federal Government and banks, respectively. Funds, sourced mainly from the accumulation of demand deposits and time, savings and foreign currency deposits, were used largely in the extension of credit to the Federal Government and the private sector.

At ₦6,568.2 billion, credit to the domestic economy rose by 3.1 per cent over the level in the preceding month. The breakdown showed that credit to government declined by 3.8 per cent, while credit to the private sector rose by 4.8 per cent over the level in the preceding month.

Central Bank's credit to the DMBs fell by 56.9 per cent to ₦8.6 billion in the review month, reflecting the decline in loans and advances from the CBN.

Total specified liquid assets of the DMBs was ₦3,451.5 billion, representing 50.1 per cent of their total current liabilities. This level of assets was 12.5 percentage points over the preceding month's level, and 10.1 per cent over the stipulated minimum ratio of 40.0 per cent for fiscal 2008. The loan-to-deposit ratio rose by 0.9 per cent over the preceding month's level, and was 0.6 percentage points over the prescribed maximum target of 80.0 per cent.

2.6 Discount Houses

Total assets/liabilities of the discount houses stood at ₦407.5 billion as at end-February 2008, indicating an increase of 56.8 per cent over the level in the preceding month. The rise in assets relative to the preceding month was attributed largely to the 50.0 and 91.9 per cent rise in claims on Federal Government and banks, respectively, while the increase in total liabilities was attributed largely to the 65.3 and 156.9 per cent rise in "other amount owing" and "money-at-call", respectively. Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to ₦185.9 billion, representing 66.8 per cent of their total deposit liabilities. At this level, discount houses' investments in Federal Government securities rose by 61.2 per cent over the level in the preceding month and 6.8 percentage point over the prescribed minimum of 60.0 per cent for fiscal 2008, respectively.

Total borrowings by discount houses was ₦2.2 billion, while their capital and reserves amounted to ₦24.0 billion, resulting in a gearing ratio of 9.8:1, 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 February were bullish as most market indicators trended upwards. The volume and value of traded securities rose by 48.3 per cent and 16.4 per cent to 29.8 billion shares and ₦213.3 billion, respectively, in 475,716 deals, compared with 20.1 billion shares and ₦284 billion in 349,617 deals in the preceding month. The insurance sub-sector remained the most active on the Exchange with a trading volume of 14.7 billion shares in 143,631 deals. This was followed by the banking sub-sector with 8.2 billion shares in 164,084 deals. Transactions in Federal Government and industrial loans/ preference stocks, however, remained dormant during the month.

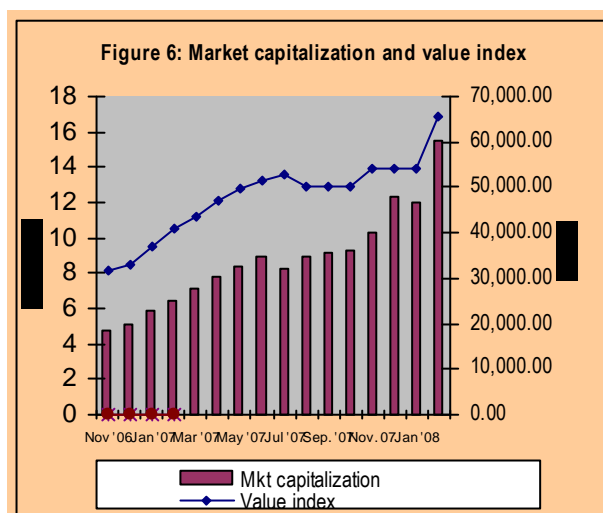
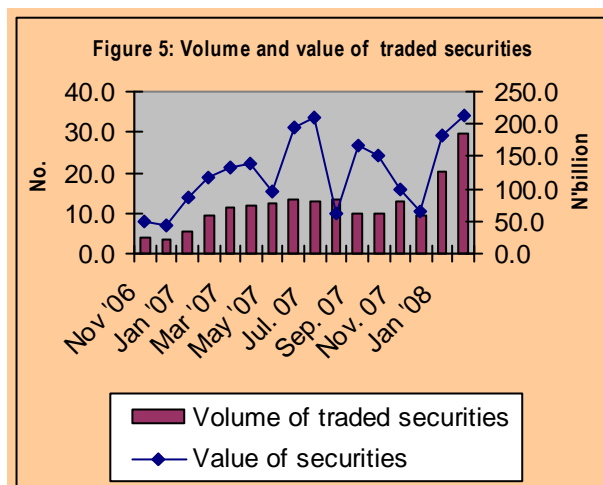
Transactions on the Over-the-Counter (OTC) bond market, indicated that a turnover of 688.21 million units worth ₦712.70 billion in 5,364 deals was recorded in the review month, compared with 473.0 million units valued at ₦475.9 billion in 3,702 deals recorded in January 2008. The most active bond was the 3rd FGN Bond 2009 series 11 with a traded volume of 46.7 million units valued at ₦49.74 billion in 436 deals.

In the new issues market, a total of 34.09 billion ordinary shares in the name of Dangote Flour Mills Plc (5 billion ordinary shares), Universal Insurance Co. (13.97 billion ordinary shares), Goldlink Insurance Co. Plc (9.10 billion ordinary shares), Consolidated Hallmark Assurance Plc (6 billion ordinary shares) and Skye Shelter Fund Plc (0.02 billion ordinary shares) were admitted to the daily official list.

In a related development, 20.7 billion ordinary shares were registered as supplementary listings from five (5) issues during the month, involving Deap Capital Management & Trust Plc (bonus of 1 for 2 of 5 billion shares), IBTC Chartered Bank (merger between IBTC-Chartered and Stanbic Bank Nig. Plc of 6.25 billion shares), Access Bank Plc (Public Offering of 9.16 billion shares), Nigerian Aviation Handling Company Plc (Public & Rights Offering of 0.13 billion shares) and Eterna Oil & Gas Plc (Rights Offering of 0.15 billion shares). This increased the number of listed companies and securities to 216 and 313, respectively.

In another development, the shares of Transnational Corporation of Nigeria Plc were placed on technical suspension following the controversy that resulted from the reversal of the sale of NITEL/ MTEL to the company by the Federal Government. Also, the shares of African Petroleum Plc and Deap Capital Management & Trust Plc were placed on technical suspension having received the companies' application to undertake supplementary share offering. However, the technical suspension placed on the shares of Zenith Bank Plc was lifted following the conclusion of the supplementary share offering to the public.

The All-Share Index rose by 21.15 per cent to close at 65,652.38 (1984 = 100), while the market capitalization rose by 29.2 per cent to ₦15.5 trillion in the review month. The development was attributed largely to price gain recorded by the highly capitalized companies in the insurance and banking sub-sectors.



3.0 DOMESTIC ECONOMIC CONDITIONS

The major agricultural activities during the month of February 2008 were harvesting of tree crops and fruits; tending irrigation-fed vegetables and cereal crops; and clearing of land for the 2008 wet season farming. Crude oil production was estimated at 2.20 million barrels per day (mbd) or 63.80 million barrels during the month. The end-period inflation rate for February 2008, on a year-on-year basis, was 8.0 per cent, compared with 8.6 per cent recorded in the preceding month. The inflation rate on a 12-month moving average basis was 5.5 per cent, same as in the preceding month.

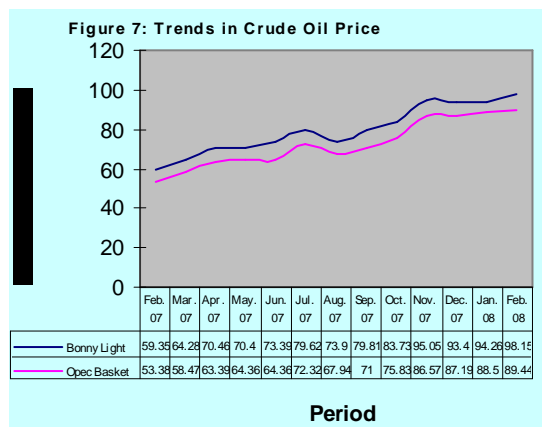
3.1 Agricultural Sector

Major agricultural activities during the month of February 2008 in the Southern States consisted of harvesting of tree crops and fruits as well as clearing of land for the 2008 cropping season, while in the Northern States, most farmers were engaged in tending irrigation-fed vegetables and cereal crops.

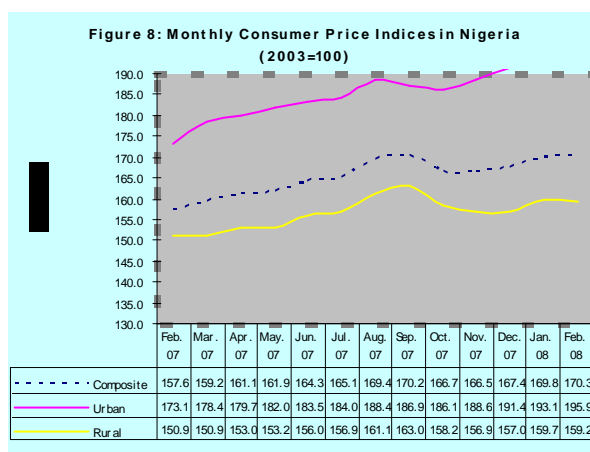
A total of =N=90.9 million was guaranteed to 746 farmers under the Agricultural Credit Guarantee Scheme (ACGS) during the month. This represented a decline of 58.5 per cent from the level in the preceding month but an increase of 38.1 per cent over the level in the corresponding period of 2007. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector had the largest share of =N=80.5 million or 88.6 per cent guaranteed to 725 beneficiaries, while the livestock sub-sector received =N=8.8 million or 9.7 per cent guaranteed to 19 beneficiaries. Also, the fisheries sub-sector received =N=1.5 million or 1.7 per cent guaranteed to 2 beneficiaries. Analysis by state showed that 5 states benefited from the scheme, with the highest and lowest sums of =N=70.6 million (77.8 per cent) and =N=2.3 million (2.5 per cent) guaranteed to Benue and Adamawa states, respectively.

Retail price survey of most staples by the CBN indicated increase in prices in February 2008. Over their levels in the preceding month, twelve of the commodities monitored, recorded price increases ranging from 0.1 per cent for local rice to 17.7 per cent for palm oil, while price decrease of 0.3, 1.2 and 2.2 per cent, were recorded for yellow garri, millet and white garri, respectively. Relative to the level in the corresponding period of 2007, price increases ranged from 7.9 per cent for yam flour to 108.7 per cent for palm oil, while white and yellow garri recorded price decrease of 1.2 per cent apiece. The development was attributed to the reduction in supply, following unfavourable weather conditions during the month.

The prices of most Nigeria's major agricultural commodities at the London Commodities Market recorded increase during the review month. At 321.9 (1990=100), the All-Commodities price index in dollar terms, increased by 1.5 and 36.5 per cent over the levels in the preceding month and the corresponding period of 2007, respectively.



Further analysis indicated that all the six commodities monitored recorded price increases ranging from 0.2 per cent for cocoa to 4.8 per cent for soya bean over their levels in the preceding month. Relative to the levels in the corresponding period of 2007, all the commodities recorded price increase ranging from 22.6 per



cent for cotton to 883.1 per cent for soya bean. Similarly, at 4,030.5 (1990=100), the All-Commodities price index in naira terms, increased by 1.6 and 87.3 per cent over the levels in the preceding month and the corresponding period of 2007, respectively. Also, five of the commodities monitored recorded price increase ranging from 0.3 per cent for copra to 3.4 per cent for soya bean, over the level in the preceding month. The price of cocoa remained unchanged at the preceding month's level. Relative to the level in the corresponding period in 2007, all commodities recorded price increases ranging from 18.2 per cent for copra to 592.1 per cent for soya bean. The increase in prices were attributed to the weak dollar which attracted investment funds into the commodities market, and thereby increasing the demand. While the increase in the price of cocoa was attributed to the dry weather in West Africa.

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 63.80 million barrels for the month, compared with 2.20 mbd or 68.20 million barrels in the preceding month. Crude oil export was estimated at 1.75 mbd or 50.75 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 0.445 mbd or 12.91 million barrels for the month.

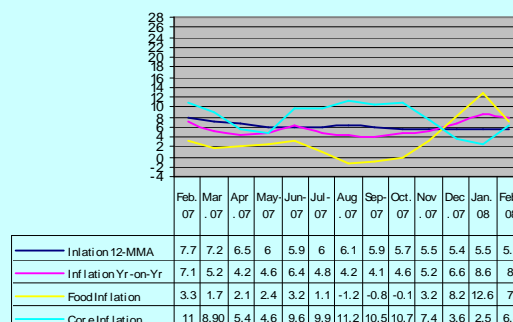
At an estimated average of US\$98.15 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), increased by 4.1 per cent over the level in the preceding month. The average prices of other competing crudes namely, the West Texas Intermediate, the U.K Brent, the Arab Light, and the Forcados also rose by 2.3, 3.3, 3.9 and 3.7 per cent to US\$95.14, US\$95.82, US\$91.88 and US\$98.08 per barrel, respectively. The average price of OPEC's basket of twelve crude streams rose by 1.1 per cent to US\$89.44 per barrel. The rise in price was attributed to supply concerns, following the stoppage of crude exports by Venezuela to the US and the speculation 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 February, 2008 was 170.3 (May 2003=100), representing an increase of 0.3 per cent over the level in the preceding month. The development was attributed to the increase in the price of some food items, cement, roofing sheets, kerosene and gas.

The urban all-items CPI for the end of February, 2008 was 195.9 (May 2003=100), indicating an increase of 1.5 per cent over the level in the preceding month. The rural all-items CPI for the month at 159.2 (May 2003=100), represented a decline of 0.3 per cent from the level in the preceding month. The end-period inflation rate for February 2008, on a year-on-year basis, was 8.0 per cent, compared with 8.6 per cent recorded in the preceding month. The inflation rate on a twelve-month moving average basis for February 2008, remained unchanged at the preceding month's level of 5.5 per cent.

Figure 9: Inflation Rate in Nigeria (Per Cent)



4.0 EXTERNAL SECTOR DEVELOPMENTS

Provisional data indicated that foreign exchange inflow and outflow through the CBN in February 2008 fell by 10.6 per cent and 28.3 per cent, respectively. Similarly, total non-oil export earnings by Nigeria's top 100 exporters rose by 62.4 per cent over the level in the preceding month. The gross external reserves rose by 5.6 per cent to US\$56.80 billion in February 2008, while the weighted average exchange rate of the Naira vis-à-vis the US dollar, depreciated marginally by 0.2 per cent to =N=118.21 per dollar at the WDAS.

4.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in February 2008 were US\$3.91 billion and US\$1.39 billion, respectively, representing a net inflow of US\$ 2.52 billion. Relative to the respective levels of US\$4.97 billion and US\$1.95 billion in the preceding month, inflow and outflow fell by 21.3 and 28.7 per cent. The decline in inflow was attributed largely to the fall in foreign exchange purchases during the period, while the fall in outflow was largely due to the 38.1 per cent decline in foreign exchange utilization.

Provisional data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$9.80 billion, representing an increase of 10.6 and 91.9 per cent over the levels in the preceding month and corresponding period of 2007, respectively. Oil sector receipts, which accounted for 36.3 per cent of the total, stood at US\$3.55 billion, compared with US\$3.46 billion in the preceding month. Non-oil public sector and autonomous inflows declined by 76.7 and 1.5 per cent and accounted for 3.6 and 60.1 per cent of the total, respectively.

At US\$1.52 billion, aggregate foreign exchange outflow from the economy fell by 28.3 per cent from the level in the preceding month. The decline in outflow relative to the preceding month was attributed to the 38.1 and 66.3 per cent fall in DAS utilization 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 62.4 per cent over the level in the preceding month to US\$189.8 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 and "others" sub-sectors rose from US\$67.78 million and US\$5.27 million in the preceding month to US\$137.42 million and US\$13.33 million, respectively, while manufacturing sub-sector fell from US\$43.83 million to US\$39.05 million.

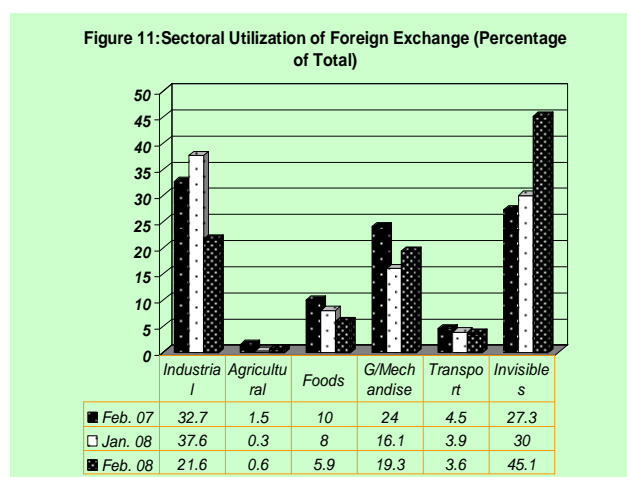
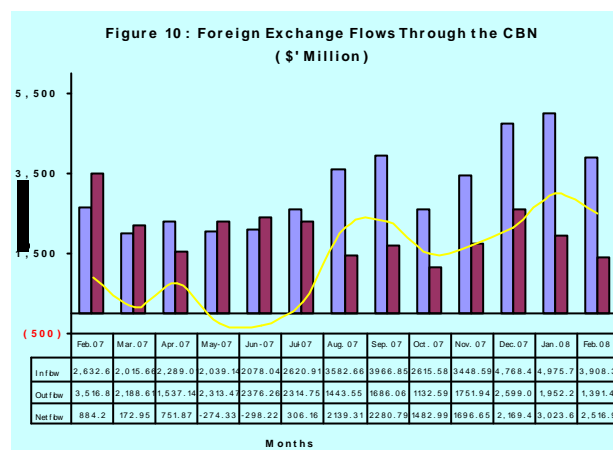
The shares of agricultural, manufacturing and others" sub-sectors in total non-oil export proceeds were 72.4, 20.6 and 7.0 per cent, respectively, compared with 102.7, 10.9 and 4.5 per cent, in the preceding month. The top 100 exporters accounted for 100.0 per cent of all the non-oil export proceeds during the review month.

4.3 Sectoral Utilisation of Foreign Exchange

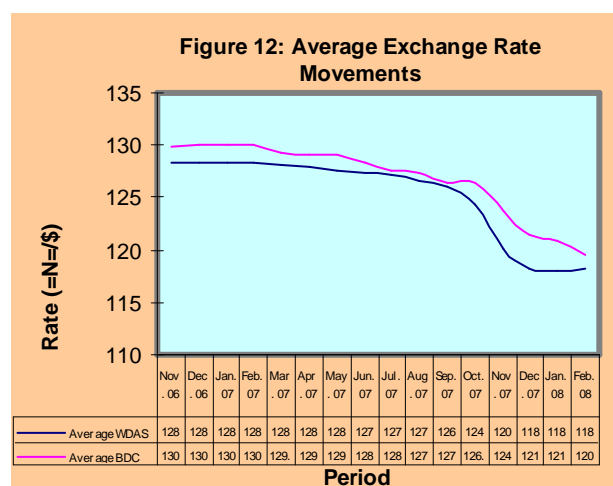
The invisibles accounted for the bulk (45.1 per cent) of total foreign exchange disbursed in February 2008, followed by industrial sector (21.6 per cent). Other beneficiary sectors, in a descending order of importance, included: general merchandise (19.3 per cent), food (5.9 per cent), personal effects (3.9 per cent), transport (3.6 per cent) and agricultural products (0.6 per cent) (Fig. 11).

4.4 Foreign Exchange Market Developments

Aggregate demand for foreign exchange by authorized dealers under the Wholesale Dutch Auction System (WDAS) was US\$0.6 billion in February 2008, indicating an increase of 65.7 and 66.0 per cent over the level in the preceding month and corresponding period of 2007, respectively. The development was attributed to the increased inflow of foreign exchange at the inter-bank foreign exchange market. Consequently, at US\$0.50 billion, the amount of foreign exchange sold by the CBN to authorized dealers fell by 56.8 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 depreciated marginally by 0.2 per cent to =N=118.21 per dollar.



In the bureau de change segment of the market, the average rate also, appreciated by 1.0 per cent to =N=119.55 per dollar. Consequently, the premium between the official and bureau de change rates narrowed from 2.4 per cent in the preceding month to 1.1 per cent.



4.5 External Reserves

Available data showed that Nigeria's external reserves at end-February 2008 stood at US\$56.91 billion, representing an increase of 5.0 and 33.7 per cent over the levels of US\$54.22 billion and US\$42.55 billion recorded in the preceding month and corresponding period of 2007, respectively.

5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

World crude oil output in the month of February 2008 was estimated at 85.40 million barrels per day (mbd), while demand was estimated at 88.00 mbd, representing an excess demand of 2.6 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 Extraordinary meeting of the Committee of Governors of the West African Monetary Zone (WAMZ) held in Accra, Ghana on February 29, 2008. The purpose of the meeting was to consider the revised WAMI budget proposal for 2008 and the revised WAMI Statute.

Also, the Honourable Minister of Foreign Affairs (HMFA), Chief Ojo Maduekwe, led a Nigerian Economic Delegation to Spain from February 7 - 12, 2008. The purpose of the meeting was to review the Strategic Partnership Agreement signed between Nigeria and Spain on December 9, 2005 aimed at strengthening the level of bilateral cooperation between the two countries. During the meeting, the two countries agreed on the need for the expansion of Spanish investment in Nigeria and greater partnership in banking and finance as well as energy matters, especially in the export of natural gas to Spain.

At the meeting, the Nigerian National Petroleum Corporation (NNPC) made a presentation on the incentives that are available to investors in the different sectors of the oil and gas industry. Similarly, the Central Bank of Nigeria made a presentation on the Nigerian Banking Sector and the policies which have been initiated to strengthen the banking/financial sector in Nigeria.

In another development, His Excellency, President Umaru Musa Yar'Adua visited China on February 28, 2008 and held bilateral talks with the Chinese President, Hu Jintao. The objective of the talks was to exchange views on bilateral relations as well as discuss international and regional issues of mutual concern and reach broad consensus on how to further China-Nigeria strategic partnership.

The following were the major highlights of the meeting:

- The Chinese President, Hu Jintao noted that since the establishment of China-Nigeria diplomatic ties 37 years ago, bilateral relations have been developing continuously with fruitful exchanges and cooperation in all areas. He also noted that since President Yar'Adua took over office, the Nigerian government had paid high regard to relations with China, sticking to the one-China policy, and supporting China's peaceful reunification process.
- President Hu made a four-point proposal to strengthen bilateral relations. First, deepen the sound political relations between the two countries. Second, expand trade, economic and technological cooperation. Third, expand humanistic and people-to-people contacts. Fourth, strengthen coordination and cooperation in multilateral areas.
- Nigeria expressed her willingness to promote friendly exchanges and political trust, expand cooperation with China in such fields as trade, infrastructure and energy.

Following the talks, the two Heads of State jointly signed an agreement on cultural and educational exchanges and cooperation between the two countries.

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

		FEBRUARY	JANUARY	DECEMBER	CHANGE BETWEEN		CHANGE BETWEEN		CHANGE BETWEEN	
		2008	2008	2007	(1&2)	PER CENT	(2&3)	PER CENT	(1&3)	PER CENT
		(1)	(2)	(3)	ABSOLUTE	PER CENT	ABSOLUTE	PER CENT	ABSOLUTE	PER CENT
1	Domestic Credit	2,504,052.70	2,199,866.00	2,141,435.40	304,186.70	13.83	58,430.60	2.73	362,617.30	16.93
(a)	Claims on Federal Government (Net)	(2,978,439.20)	(2,996,078.10)	(2,908,078.50)	17,638.90	0.59	(87,999.60)	(3.03)	(70,360.70)	(2.42)
	By Central Bank (Net)	(4,157,372.70)	(4,221,524.30)	(4,074,422.80)	64,151.60	1.52	(147,101.50)	(3.61)	(82,949.90)	(2.04)
	By Banks (Net)	1,178,933.50	1,225,446.20	1,166,344.30	(46,512.70)	(3.80)	59,101.90	5.07	12,589.20	1.08
(b)	Claims on Private Sector	5,482,491.90	5,195,944.10	5,049,513.90	286,547.80	5.51	146,430.20	2.90	432,978.00	8.57
	By Central Bank	93,212.10	53,527.35	236,025.20	39,684.75	74.14	(182,497.85)	(77.32)	(142,813.10)	(60.51)
	By Banks	5,389,279.80	5,142,416.75	4,813,488.70	246,863.05	4.80	328,928.05	6.83	575,791.10	11.96
(i)	Claims on State and Local Governments	108,946.50	120,358.35	100,820.40	(11,411.85)	(9.48)	19,537.95	19.38	8,126.10	8.06
	By Central Bank	0.0	0.0	-	-	-	-	-	-	-
	By Banks	108,946.50	120,358.35	100,820.40	(11,411.85)	(9.48)	19,537.95	19.38	8,126.10	8.06
(ii)	Claims on Non-Financial Public Enterprises	-	-	-	-	-	-	-	-	-
	By Central Bank	-	-	-	-	-	-	-	-	-
	By Banks	-	-	-	-	-	-	-	-	-
(iii)	Claims on Other Private Sector	5,373,545.40	5,075,585.75	4,948,693.50	297,959.65	5.87	126,892.25	2.56	424,851.90	8.59
	By Central Bank	93,212.10	53,527.35	236,025.20	39,684.75	74.14	(182,497.85)	(77.32)	(142,813.10)	(60.51)
	By Banks	5,280,333.30	5,022,058.40	4,712,668.30	258,274.90	5.14	309,390.10	6.57	567,665.00	12.05
2	Foreign Assets (Net)	7,584,636.90	7,673,533.20	7,367,064.60	(88,896.30)	(1.16)	306,468.60	4.16	217,572.30	2.95
	By Central Bank	6,784,104.30	6,918,762.00	6,570,263.70	(134,657.70)	(1.95)	348,498.30	5.30	213,840.60	3.25
	By Banks	800,532.60	754,771.20	796,800.90	45,761.40	6.06	(42,029.70)	(5.27)	3,731.70	0.47
3	Other Assets (Net)	(4,286,216.10)	(4,527,112.60)	(4,696,808.10)	240,896.50	5.32	169,695.50	3.61	410,592.00	8.74
	Total Monetary Assets (M₂)	5,802,473.50	5,346,286.60	4,811,691.90	456,186.90	8.53	534,594.70	11.11	990,781.60	20.59
	Quasi - Money 1/	2,725,473.70	2,525,800.70	2,249,759.90	199,673.00	7.91	276,040.80	12.27	475,713.80	21.15
	Money Supply (M₁)	3,076,999.80	2,820,485.90	2,561,932.00	256,513.90	9.09	258,553.90	10.09	515,067.80	20.10
	Currency Outside Banks	683,882.15	669,322.45	730,660.20	14,559.70	2.18	(61,337.75)	(8.39)	(46,778.05)	(6.40)
	Demand Deposits 2/	2,393,117.65	2,151,163.45	1,831,271.80	241,954.20	11.25	319,891.65	17.47	561,845.85	30.68
	Total Monetary Liabilities	5,802,473.50	5,346,286.60	4,811,691.90	456,186.90	8.53	534,594.70	11.11	990,781.60	20.59

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.