



CENTRAL BANK OF NIGERIA

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

RESEARCH DEPARTMENT

CENTRAL BANK OF NIGERIA

MONTHLY REPORT

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1.0 Summary

Provisional data indicated growth in monetary aggregates during the review month. Broad money (M_2) and narrow money (M_1) increased by 18.3 and 11.3 per cent over the levels in the preceding month, respectively. The increase was attributed largely to the rise in aggregate banking system credit (net) and other assets (net) of the banking system.

Available data indicated mixed developments in banks' deposit and lending rates in April 2008. The spread between the weighted average deposit and maximum lending rates narrowed from 9.17 percentage points in March 2008 to 8.51 percentage points in April 2008. The margin between the average savings deposit and maximum lending rates, however, widened from 14.53 percentage points in the preceding month to 15.82 in the review month. The weighted average inter-bank call rate, which stood at 9.37 per cent in the preceding month, rose to 10.51 per cent at end-April 2008, reflecting the liquidity condition in the banking system.

The value of money market assets outstanding increased by 1.1 per cent to =N=2,700.4 billion over the level in the preceding month. The rise was attributed largely to the 2.3 per cent increase in outstanding FGN bonds. Activities on the Nigerian Stock Exchange were bearish as most market indicators trended downwards in the review month.

The major agricultural activities in the review month included: preparation of land for transplanting tree crops from nurseries; planting of upland rice, maize, vegetables, root crops; application of fertilizers as well as harvesting of fruits. 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 2.01 million barrels per day (mbd) or 60.30 million barrels, compared with 2.0 mbd or 62.0 million barrels in the preceding month. Crude oil export was estimated at 1.56 mbd or 46.80 million barrels for the month, while deliveries to the refineries for domestic consumption remained at 0.445 mbd or 13.35 million barrels for the month. The average price of Nigeria's reference crude, the Bonny Light (37⁰ API), estimated at US\$111.85 per barrel, rose by 6.8 per cent over the level in the preceding month.

The inflation rate for April 2008, on a year-on-year basis, was 8.2 per cent, compared with 7.8 per cent recorded in the preceding month. The inflation rate on a twelve-month moving average basis, was 6.1 per cent, compared with 5.8 per cent in March 2008. The development was attributed largely to the increase in the price of some food items, household goods, kerosene and some building materials.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$4.24 billion and US\$2.10 billion, respectively, resulting in a net inflow of US\$2.14 billion during the month. Relative to the respective levels in the preceding month, inflow and outflow rose by 6.0 and 150.0 per cent, respectively. The increase in inflow was attributed largely to the rise in autonomous inflows, while the rise in outflow was due largely to the increase in foreign exchange utilization under the Wholesale Dutch Auction System (WDAS).

Foreign exchange sales by the Central Bank of Nigeria (CBN) to end-users through the authorized dealers stood at US\$0.40 billion, while demand increased by 185.1 per cent to US\$0.4 billion. The rise in demand was attributed to the decline in inflow at the inter-bank foreign exchange market. The gross external reserves rose by 1.8 per cent to US\$60.82 billion in April 2008, compared with US\$59.76 billion in the preceding month. The weighted average exchange rate of the Naira vis-à-vis the US dollar, appreciated marginally by 0.05 per cent to =N=117.87 per dollar at the WDAS. In the bureaux de change segment of the market, the rate also, appreciated by 0.06 per cent to =N=118.93 per dollar. Non-oil export earnings by Nigeria's top 100 exporters amounted to US\$172.24 million, indicating an increase of 115.3 per cent over the level in the preceding month. The development was attributed to the favourable prices in the world commodity market.

Other major international economic developments of relevance to the domestic economy during the review month included: the 1st Joint Conference of African Union Ministers of Economy and Finance, and the United Nations Economic Commission for Africa (UNECA) Conference of African Ministers of Finance, Planning and Economic Development held in Addis Ababa, Ethiopia from March 31 - April 2, 2008. The purpose of the Conference was to address the new challenges facing Africa in the 21st century and examine the new international economic environment within which these challenges would be tackled. Also, the 2008 Spring meetings of the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Developments, the International Monetary Fund (IMF) and the World Bank (WB) were held in Washington D.C., USA from April 9 - 14, 2008; while the first Indo-African Summit was held in Delhi, India from April 8 - 9, 2008. The Summit was attended by fourteen African Heads of State and African Regional Economic Communities.

2.0 FINANCIAL SECTOR DEVELOPMENTS

Monetary aggregates grew further in April 2008, while banks' deposit and lending rates indicated mixed developments. The value of money market assets increased, following largely the rise in outstanding FGN bonds. Transactions on the Nigerian Stock Exchange (NSE) were bearish during the review period.

2.1 Monetary and Credit Developments

Provisional data indicated that monetary aggregates grew further in April 2008. Broad money supply (M_2) and narrow money supply (M_1) rose by 18.3 and 11.3 per cent to =N=7,675.7 billion and =N=3,998.5 billion, respectively, compared with the increase of 11.5 and 16.2 per cent in March 2008. The rise in M_2 was attributed largely 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 59.5 per cent, compared with the indicative benchmark of 22.9 per cent for fiscal 2008 (fig. 1 and table 1).

Aggregate banking system credit (net) to the domestic economy rose by 23.9 per cent to =N=3,601.8 billion in April 2008, compared with the increase of 20.8 per cent in the preceding month. The development was attributed mainly to the 9.0 per cent increase in claims on the private sector, reinforced by the 5.2 per cent rise in claims on the Federal Government.

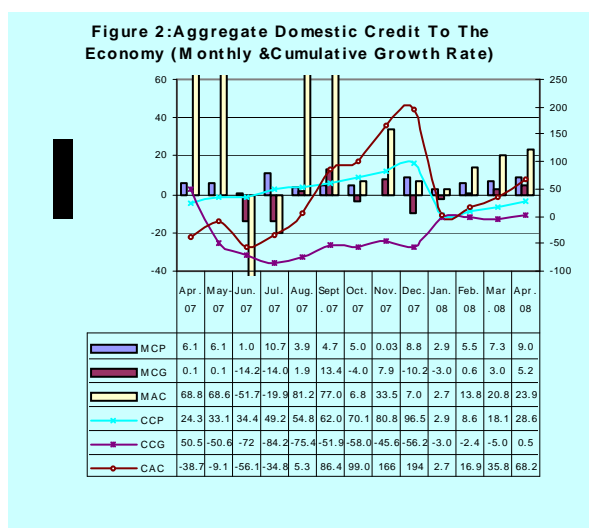
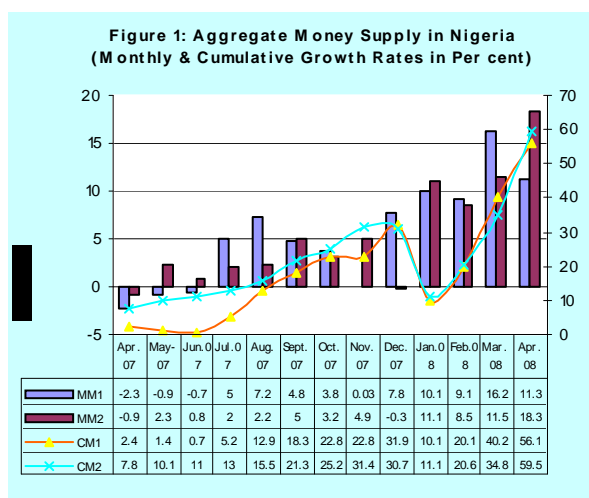
Banking system's credit (net) to the Federal Government rose by 5.2 per cent, compared with the increase of 3.0 per cent in the preceding month. The increase was attributed wholly to the 35.2 per cent rise in claims by the deposit money banks (DMBs), owing to increase in holdings of treasury securities in the review month.

Banking system's credit to the private sector rose by 9.0 per cent to =N=6,495.8 billion, compared with the increase of 7.3 per cent in the preceding month. The development reflected largely the increase in DMBs' claims on other private sector (fig 2).

At =N=8,211.8 billion, foreign assets (net) of the banking system rose by 0.9 per cent, compared with the increase of 5.6 per cent in the preceding month. The development was attributed to the increase in CBN's holdings.

Quasi money rose by 27.1 per cent to =N=3,677.2 billion, compared with the increase of 6.2 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.

Other assets (net) of the banking system, also, rose by 9.2 per cent to =N=4,137.9 billion, in contrast to the decline of 6.1 per cent in the preceding month. The development reflected largely the rise in unclassified assets of both the CBN and DMBs.



2.2 Currency-in-circulation and Deposits at the CBN

At ₦898.9 billion, currency in circulation rose by 0.8 per cent in April 2008 over the level in March, 2008. The increase was traceable largely to the 3.4 per cent rise in vault cash of the DMBs.

Total deposits at the CBN amounted to ₦5,149.4 billion, indicating an increase of 5.6 per cent over the level in the preceding month. The development was attributed entirely to the 7.0 per cent rise in Federal Government deposits. The shares of the Federal Government, banks and “others” in total deposits at the CBN were 94.5, 4.6 and 0.9 per cent, respectively, compared with the shares of 93.3, 5.6 and 1.1 per cent, in March 2008.

2.3 Interest Rate Developments

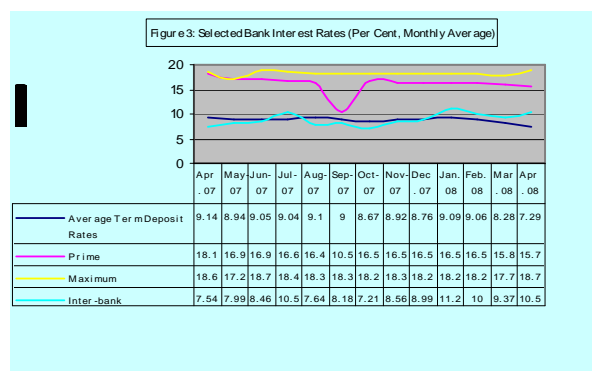
Available data indicated increase in banks’ deposit rates in April 2008, while lending rates recorded mixed developments. With the exception of the average savings rate which declined by 0.23 percentage points to 2.90 per cent, all other rates on deposits of various maturities increased from a range of 5.15 – 10.66 per cent in the preceding month to 5.51 – 13.42 per cent in the review month. Similarly, the average maximum lending rate increased by 1.06 percentage point to 18.72 per cent, while the average prime lending rate declined by 0.06 percentage point to 15.72 per cent. Consequently, the spread between the weighted average deposit and maximum lending rates narrowed from 9.17 percentage points in the preceding month to 8.51 percentage points. The margin between the average savings deposit and maximum lending rates, however, widened from 14.53 percentage points in the preceding month to 15.82 percentage points.

The weighted average inter-bank call rate, which was 9.37 per cent in the preceding month, rose to 10.51 per cent at end-April 2008, reflecting the liquidity condition in the banking system.

2.4 Money Market Developments

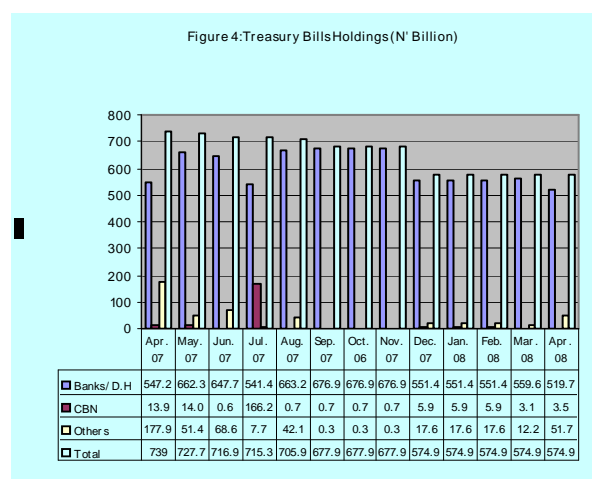
Provisional data indicated that the value of money market assets outstanding in April 2008 was ₦2,700.4 billion, representing an increase of 1.1 per cent over the level at end-March 2008. The increase during the month was attributed to the 2.3 per cent increase in outstanding FGN bonds.

The tight liquidity condition experienced since the beginning of the year eased in the review month, following the payment of matured bills amounting to ₦241.6 billion. There was no direct OMO auction during the review month.



However, the two-way quote trading and reverse repo transactions were used to mop up excess funds from the banking system. Sales in the two-way quote segment amounted to ₦96.0 billion, while ₦92.65 billion was sold at the reverse repo segment. A total of ₦100 billion was issued at the primary market segment for liquidity management. The issue rates at the two-way quote ranged from 5.96 to 9.31 per cent, compared with 5.96 to 9.38 per cent in the preceding month.

Analysis of the holdings of treasury bills in the review month, showed that deposit money banks (DMBs) and discount houses continued to dominate the market, and jointly accounted for ₦519.7 billion or 90.4 per cent of the total, while investment by the non-bank public amounted to ₦51.7 billion or 9.0 per cent of the total. CBN’s holding was ₦3.5 billion in the review month.



Nigerian Treasury Bills (NTBs) of 91-, 182- and 364-day tenors were offered in April 2008, with total issue, subscription and allotment amounting to ₦174.5 billion, ₦342.3 billion and ₦141.4 billion, respectively, compared with ₦267.6 billion, ₦245.0 billion and ₦115.0 billion in March 2008.

Subscription for the 91-day tenor was low as only ₦20.00 billion was issued, indicating market players' preference for the 182- and 364-day tenored securities. The issue rates for the 91-day and 182-day NTBs fell in April 2008, as it ranged from 7.99 to 9.50 per cent and 8.00 to 10.20 per cent, respectively, compared with 8.00 to 9.25 per cent and 9.00 to 10.25 per cent in March 2008. The issue rate for the 364-day tenor was 9.08 per cent, down from 9.50 per cent in the preceding month.

At the FGN Bonds segment, the 5-year (re-opening) was issued in line with the restructuring of the domestic debt profile to longer tenors. A total of ₦30.00 billion was issued and allotted at a coupon rate of 9.65 per cent, while public subscription was ₦58.0 billion. In the preceding month, two tranches of 3- and 5-year (re-opening) were issued, with public subscription and allotment amounting to ₦83.6 billion and ₦50.0 billion, respectively. The impressive subscription, especially by foreign investors reflected the continued confidence in the Nigerian economy and the market players' preference for longer-tenored securities.

The Monetary Policy Rate (MPR) was reviewed upward by 50 basis points to 10.00 per cent in April 2008. Consequently, total lending facility granted to deposit money banks in April 2008 fell to ₦1,289.4 billion from ₦2,066.0 billion in March 2008.

2.5 Deposit Money Banks' Activities

Available data indicated that total assets/liabilities of the twenty four (24) DMBs amounted to ₦13,623.1 billion, representing an increase of 1.7 and 34.8 per cent over the levels in the preceding month and end-December 2007, respectively. The increase in total assets was attributed largely to the 6.1 and 9.3 per cent rise in reserves and claims on the private sector, respectively. Funds, sourced mainly from the expansion of unclassified liabilities and accumulation of time, savings and foreign currency deposits, were used largely to extend credit to the private sector and settle demand deposits.

At ₦8,247.7 billion, credit to the domestic economy rose by 14.0 per cent over the level in the preceding month. The breakdown showed that credit to government and the private sector increased by 35.2 and 8.8 per cent, respectively, over their levels in the preceding month.

Central Bank's credit to the DMBs rose by 5.8 per cent to ₦30.7 billion in the review month, reflecting the rise in loans and advances from the CBN.

Total specified liquid assets of the DMBs was ₦3,670.6 billion, representing 47.4 per cent of their total current liabilities. This level of assets was 2.2 percentage points lower than the preceding month's level, and 7.4 per cent over the stipulated minimum ratio of 40.0 per cent for fiscal 2008. The loan-to-deposit ratio stood at 80.6 per cent, as against the 73.9 per cent recorded in the preceding month, and was 0.6 percentage points over the prescribed maximum target of 80.0 per cent for the industry.

2.6 Discount Houses

Total assets/liabilities of the discount houses stood at ₦486.5 billion at end-April 2008, indicating an increase of 11.1 per cent over the level in the preceding month. The rise in assets relative to March 2008, was attributed to the 22.9 and 42.5 per cent increase in claims on banks and "others", respectively. The increase in total liabilities was attributed largely to the 23.9 and 19.7 per cent rise in borrowings and "money-at-call", respectively. Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to ₦121.8 billion, representing 27.7 per cent of their total deposit liabilities. At this level, discount houses' investments in Federal Government securities declined by 15.8 per cent from the level in the preceding month and was 32.3 percentage point below the prescribed minimum of 60.0 per cent for fiscal 2008.

Total borrowings by discount houses were ₦301.2 billion, while their capital and reserves amounted to ₦24.0 billion, resulting in a gearing ratio of 12.5:1, compared with the stipulated maximum target of 50:1 for fiscal 2008.

2.7 Capital Market Developments

Available data indicated that activities on the Nigerian Stock Exchange (NSE) in April 2008 were bearish as most market indicators trended downwards. The volume and value of traded securities fell by 11.8 per cent and 17.1 per cent to 16.5 billion shares and ₦160.7 billion, respectively, in 394,307 deals, compared with 18.7 billion shares and ₦193.9 billion in 380,437 deals in the preceding month. The banking sub-sector was the most active on the Exchange, with a trading volume of 63.4 billion shares in 168,369 deals. Transactions in the Federal Government and industrial loans/preference stocks, however, remained dormant during the month.

Transactions on the Over-the-Counter (OTC) bond market, recorded a turnover of 785.2 million units worth N807.7 billion in 6,806 deals in the review month, compared with 688.2 million units valued at N712.7 billion in 5,364 deals in March 2008. The most active bond was the 4th FGN Bond 2010 series 14 with a traded volume of 60.7 million units valued at N61.7 billion in 464 deals.

In the new issues market, a total of 14.89 billion ordinary shares issued by the Nigerian Bag Manufacturing Company Plc (6.215 billion ordinary shares) and Aso Savings and Loans Plc (8.679 billion ordinary shares) were admitted to the daily official list.

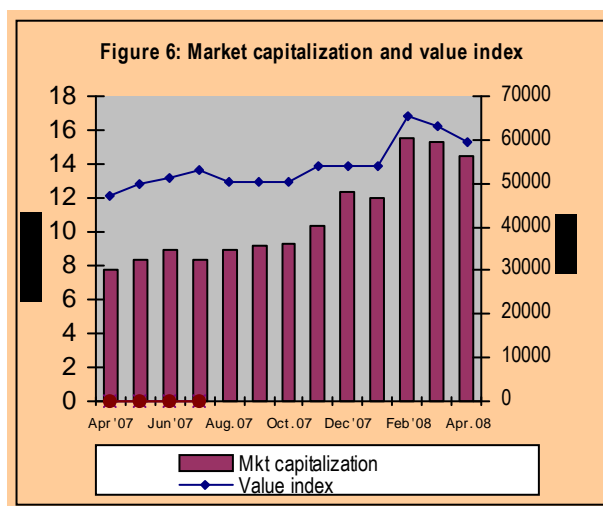
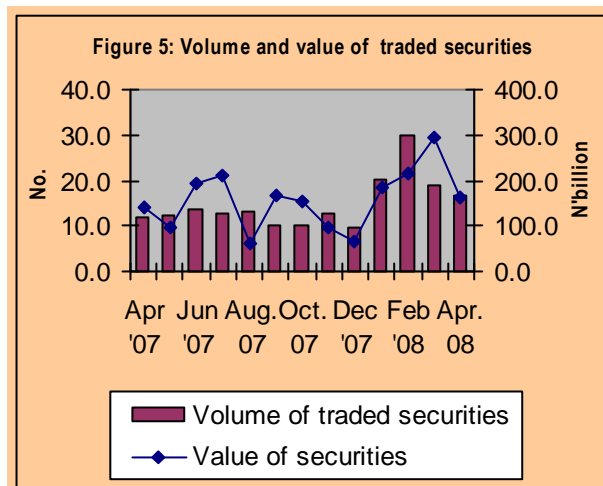
In a related development, 269.47 million ordinary shares involving Thomas Wyatt Nigeria Plc, Mobil Oil Nigeria Plc and Nigerian Aviation Handling Co. Plc were registered as supplementary listings during the month. Consequently, the number of listed companies and securities increased to 218 and 314, respectively.

In another development, the shares of National Sports Lottery Plc and Nigerian Wire Industries Plc were placed on technical suspension, following the companies' applications to undertake Initial Public Offering and Supplementary Share Offering, respectively.

The All-Share Index fell by 5.7 per cent to close at 59,440.91 (1984 = 100), while the market capitalization fell by 5.2 per cent to =N=14.5 trillion in the review month. The development was attributed largely to price losses 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 April 2008 were preparation of land for transplanting tree crops from nurseries; planting of upland rice, maize, vegetables, root crops; application of fertilizers as well as harvesting of fruits. Crude oil production was estimated at 2.01 million barrels per day (mbd) or 60.30 million barrels during the month. The end-period inflation rate for April 2008 on a year-on-year basis, was 8.2 per cent, compared with 7.8 per cent recorded in the preceding month. The inflation rate on a 12-month moving average basis was 6.1 per cent, compared with 5.8 per cent recorded in March 2008.



3.1 Agricultural Sector

Major agricultural activities in April 2008 in the Northern States consisted of preparation of land for transplanting tree crops from nurseries, planting of upland rice, maize and vegetables, application of fertilizers, and harvesting of fruits. In the Southern States, preparation of land for the planting of root crops such as yam and cassava commenced.

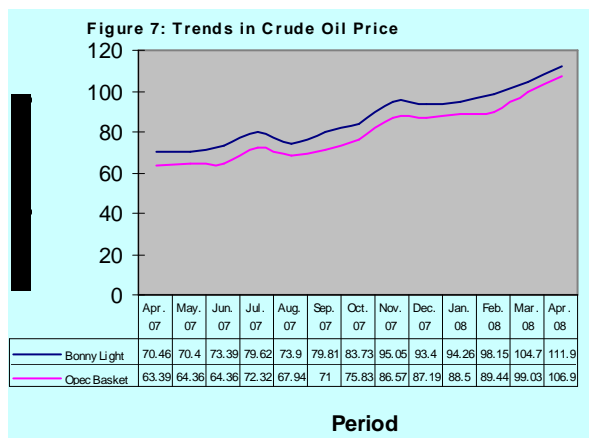
A total of =N=169.7 million was guaranteed to 570 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in April 2008. This represented a decline of 29.6 and 62.0 per cent from the levels in the preceding month and the corresponding period of 2007, respectively. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector had the largest share of =N=111.8 million or 65.9 per cent guaranteed to 443 beneficiaries, while the livestock sub-sector received =N=38.2 million or 22.5 per cent guaranteed to 86 beneficiaries.

Also, thirty (30) beneficiaries in the fisheries sub-sector received ₦15.6 million or 9.2 per cent, while eleven (11) beneficiaries in the cash crops sub-sector got ₦4.2 million or 2.4 per cent. Analysis by state showed that eighteen (18) states benefited from the scheme, with the highest sum of ₦87.0 million (51.3 per cent) guaranteed to 109 farmers in Kwara state, while the lowest sum of ₦1.0 million or (0.6 per cent) was guaranteed to 1 farmer each from Plateau and Zamfara states.

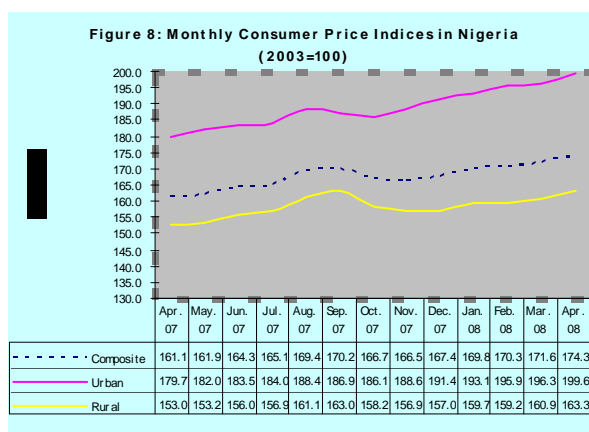
Retail price survey of most staples by the CBN indicated increase in prices in April 2008. Over their levels in the preceding month, thirteen out of the fourteen commodities monitored recorded price increases ranging from 1.7 per cent for guinea corn to 33.1 per cent for palm oil, while a price decrease of 6.1 per cent was recorded for white garri. Relative to the level in the corresponding period of 2007, price increases ranged from 15.1 per cent for local rice to 70.5 per cent for palm oil, white garri and yam flour recorded price decrease of 18.3 and 9.2 per cent, respectively. The development was attributed to the reduction in supply, following the commencement of farming activities during the month. The competitive demands from households and industrial consumers for grains also contributed to the rise in food prices during the review month.

The prices of most Nigeria's major agricultural commodities at the London Commodities Market recorded increases during the review month. At 314.4 (1990=100), the All-Commodities price index, in dollar terms, increased marginally by 0.2 and 14.5 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 increase ranging from 0.1 per cent for cocoa to 2.5 per cent for soya bean over their levels in March 2008. Relative to the levels in the corresponding period of 2007, all the commodities recorded price increase ranging from 6.7 per cent for cocoa to 399.1 per cent for soya bean.

Similarly, at 3,927.4 (1990=100), the All-Commodities price index, in naira terms, increased marginally by 0.2 and 15.7 per cent over the levels in the preceding month and the corresponding period of 2007, respectively. Also, all the commodities monitored recorded price increase ranging from 0.07 per cent for cocoa to 1.9 per cent for soya bean, over the level in March 2008. Relative to the level in the corresponding period in 2007, all the commodities recorded price increase ranging from 4.7 per cent for cocoa to 260.4 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 increased demand.



3.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.01 million barrels per day (mbd) or 60.30 million barrels for the month, compared with 2.0 mbd or 62.0 million barrels in the preceding month. Crude oil export was estimated at 1.56 mbd or 46.80 million barrels in April 2008, compared with 1.55 mbd or 48.05 million barrels in the preceding month. Deliveries to the refineries for domestic consumption stood at 0.445 mbd or 13.35 million barrels for the month.

At an estimated average of US\$111.85 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), increased by 6.8 per cent over the level in the preceding month. The average prices of other competing crude namely, the West Texas Intermediate, the U.K Brent, the Arab Light, and the Forcados also rose by 7.6, 4.7, 6.5 and 5.2 per cent to US\$112.04, US\$108.13, US\$106.11 and US\$111.51 per barrel, respectively.

The average price of OPEC's basket of eleven crude streams rose by 7.9 per cent to US\$106.90 per barrel. The rise in price was attributed to the continued decline in the value of the dollar as well as concerns over supply disruptions in Nigeria.

3.3 Consumer Prices

Available data showed that the all-items composite Consumer Price Index (CPI) for April 2008 was 174.3 (May 2003=100), representing an increase of 1.6 per cent over the level in the preceding month. The development was attributed to the increase in the price of some food items, household goods, kerosene and some building materials.

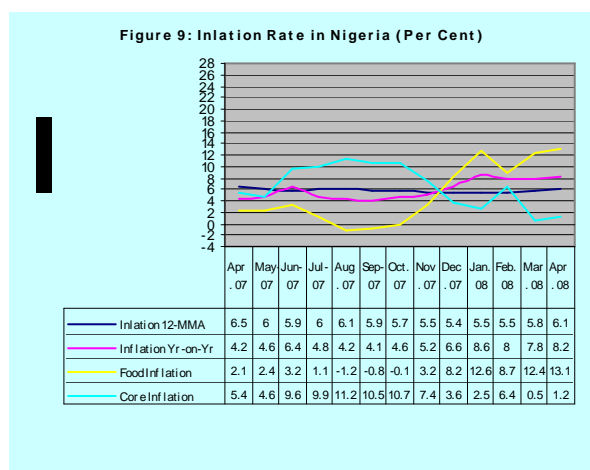
The urban all-items CPI for end-April 2008 was 199.6 (May 2003=100), indicating an increase of 1.7 per cent over the level in the preceding month. The rural all-items CPI for April 2008 at 163.3 (May 2003=100), represented an increase of 1.5 per cent over the level in the preceding month. The end-period inflation rate for April 2008, on a year-on-year basis was 8.2 per cent, compared with 7.8 per cent recorded in the preceding month. The inflation rate on a twelve-month moving average basis for April 2008, was 6.1 per cent, compared with 5.8 per cent in March 2008.

4.0 EXTERNAL SECTOR DEVELOPMENTS

Available data indicated that foreign exchange inflow and outflow through the CBN in April 2008 rose by 6.0 per cent and 150.0 per cent, respectively, over the levels in the preceding month. Similarly, total non-oil export earnings by Nigeria's top 100 exporters rose by 115.3 per cent over the level in March 2008. The gross external reserves rose by 1.8 per cent to US\$60,814.22 billion in April 2008, while the weighted average exchange rate of the Naira vis-à-vis the US dollar, appreciated marginally by 0.04 per cent to ₦117.87 per dollar at the WDAS.

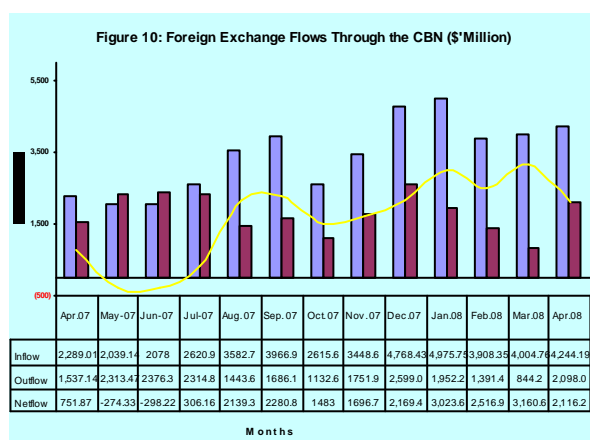
4.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN in April 2008 were US\$4.24 billion and US\$2.10 billion, respectively, representing a net inflow of US\$ 2.14 billion. Relative to the levels of US\$4.00 billion and US\$0.84 billion in the preceding month, inflow and outflow rose by 6.0 and 150.0 per cent, respectively.



The increase in inflow was attributed largely to the 10.7 per cent rise in autonomous inflows in the review month, while the increase in outflow was attributed largely to the 38.1 per cent rise in foreign exchange utilization.

Available data on aggregate foreign exchange flows through the economy indicated that total inflow was US\$8.95 billion, representing an increase of 8.3 and 87.3 per cent over the levels in the preceding month and corresponding period of 2007, respectively. Oil sector receipts, which accounted for 42.7 per cent of the total, stood at US\$3.82 billion, compared with US\$3.68 billion in the preceding month. Non-oil public sector and autonomous inflows increased by 26.0 and 10.7 per cent and accounted for 4.6 and 52.7 per cent of the total, respectively. At US\$2.21 billion, aggregate foreign exchange outflow from the economy rose by 155.8 per cent over the level in the preceding month. The increase in outflow relative to the preceding month was attributed largely to the 185.1 and 24.9 per cent rise in WDAS utilization and drawings on letters of credit (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 115.3 per cent over the level in March 2008 to US\$172.24 million. The development was attributed to the favourable prices in world commodity market. A breakdown of the proceeds in the review month showed that agricultural, manufacturing and "others" sub-sectors rose from US\$31.36 million, US\$43.89 million and US\$4.75 million in the preceding month to US\$103.60 million, US\$60.68 million and US\$7.95 million, respectively.

The shares of agricultural, manufacturing and "others" sub-sectors in total non-oil export proceeds were 60.15, 35.23 and 4.62 per cent, respectively, compared with 39.20, 54.87 and 5.93 per cent, in the preceding month. The top 100 exporters accounted for 100.0 per cent of the non-oil export proceeds in the review month.

4.3 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for the bulk (36.7 per cent) of total foreign exchange disbursed in April 2008, followed by invisibles (26.6 per cent). Other beneficiary sectors, in a descending order included: general merchandise (24.4 per cent), transport (6.1 per cent), food (5.9 per cent), and agricultural products (0.3 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\$0.4 billion in April 2008, an increase of 185.1 per cent over the level in the preceding month and a decline of 64.3 per cent from the level in the corresponding period of 2007. The development was attributed to the decreased inflow of foreign exchange at the inter-bank foreign exchange market. Consequently, a total of US\$0.4 billion foreign exchange was sold by the CBN to authorized dealers during the review month. Under the WDAS, the weighted average exchange rate of the Naira vis-à-vis the US dollar appreciated marginally by 0.04 per cent to =N=117.87 per dollar. In the bureau de change segment of the market, the average rate also, appreciated by 0.06 per cent to =N=118.93 per dollar. Consequently, the premium between the official and bureau de change rates remained at the preceding month's level of 0.9 per cent.

4.5 External Reserves

Available data showed that Nigeria's external reserves at end-April 2008 stood at US\$60.82 billion, an increase of 1.8 and 39.7 per cent over the levels of US\$59.76 billion and US\$43.53 billion recorded in the preceding month and the corresponding period of 2007, respectively.

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

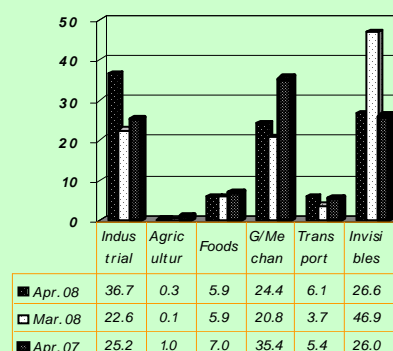
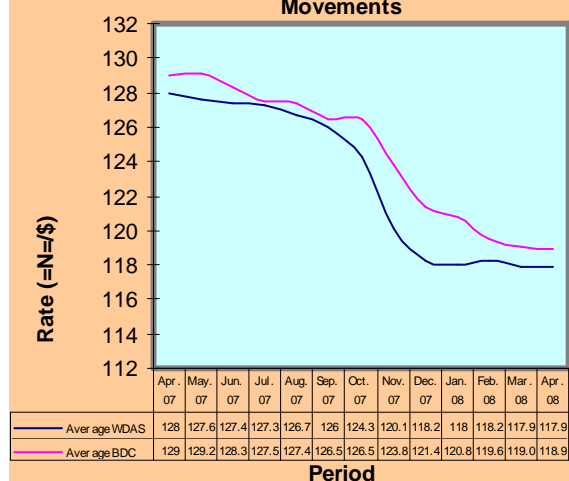


Figure 12: Average Exchange Rate Movements



5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

World crude oil output in the month of April 2008 was estimated at 86.10 million barrels per day (mbd), while demand was estimated at 86.20 mbd, representing an excess demand of 0.10 mbd, compared with 87.21 and 86.20 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 1st Joint Conference of African Union Ministers of Economy and Finance, and the United Nations Economic Commission for Africa (UNECA) Conference of African Ministers of Finance, Planning and Economic Development held in Addis Ababa, Ethiopia from March 31 - April 2, 2008. The purpose of the Conference was to address the new challenges facing Africa in the 21st century and examine the new international economic environment within which these challenges would be tackled. The following were the highlights of the Conference:

- ◆ The Ministers noted that despite the impressive growth in African economy (average of 5 per cent growth in gross domestic product) in recent years, it has not reflected in poverty reduction.
 - ◆ The Ministers also noted the need to implement strategies to achieve sustained and broad-based growth to accelerate progress towards the achievement of the Millennium Development Goals (MDGs) so as to effectively confront the challenges of the 21st century.
 - ◆ Noting the critical role of knowledge in the new world economy, the Ministers resolved to mobilize resources to improve the quality of education at all levels, with emphasis on research and development as well as science and technology.
 - ◆ They noted with concern the rising prices of oil and food, and urged the African Union Commission and the African Development Bank to conduct feasibility study for the establishment of an African Oil Fund. The Fund is expected to provide assistance to low-income oil-importing African countries to mitigate the effects of high oil prices. The Ministers equally decided to undertake “vigorous measures” to implement the comprehensive African agricultural development programme.
- ◆ On climate change, the Ministers agreed to effectively integrate climate change adaptation and mitigation strategies into national and regional development frameworks and implement same.

Finally, the African Ministers of Finance on their part reaffirmed their commitment to achieving the MDGs in Africa by 2015.

In a related development, the 2008 Spring meetings of the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Developments, the International Monetary Fund (IMF) and the World Bank (WB) was held in Washington D.C., USA from April 9 - 14, 2008. The following were the highlights of the meeting:

- ◆ The meeting observed the unprecedented turmoil in the global financial market which has led to the downward review of global economic growth forecast from 4.9 per cent to 3.7 per cent and urged advanced economies to take decisive policy actions to strengthen their regulatory and supervisory framework, in order to put global financial system on sound footing.
- ◆ Members stressed the need to redress the severe democratic imbalances in the governance of Bretton Woods Institutions (BWIs) between developed and developing countries and therefore requested for additional chair for the large African constituency.
- ◆ The meeting agreed that an effective response to climate change must include mitigation and adaptation to its inevitable consequences. They called for equitable contribution to reflect the lower energy use by developing countries vis-à-vis developed countries.
- ◆ Members also endorsed the agreement by the IMF Executive Board on a new income model and a new medium-term budgetary envelope, which will contribute to placing the Fund on a sustainable financial footing.
- ◆ The International Monetary and Finance Committee (IMFC) agreed that the Fund’s technical assistance and training should continue to play a key role in supporting members' capacity building efforts in the areas of the Fund's core mandate.

- ◆ The Development Committee (DC) endorsed the overall World Bank Group (WBG) objective of contributing to an inclusive and sustainable globalization, so as to overcome poverty, and enhance growth which is environmentally friendly. It also noted that the rise in oil and food prices affects various consumers and income groups differently, with the poor being especially vulnerable and therefore, urged the Bank and development partners to urgently support programmes aimed at improving the availability of food to vulnerable groups.
- ◆ India promised to give duty free access to goods of immediate interests such as cotton, cocoa, aluminium ores, copper ores, cashew nuts, cane sugar, ready-made garments, fish fillets and non-industrial diamonds to 34 African countries under a Duty Free Tariff Preference Scheme for Least Developed Countries.
- ◆ Indian Prime Minister, Dr. Singh, noted that India had extended a line of credit (LoC) worth \$2.15 billion in the last five years to both bilateral and regional economic communities of Africa, and announced an additional LoC of \$5.4 billion for the next five years.

Furthermore, the first Indo-African Summit was held in Delhi, India from April 8 - 9, 2008. The Summit was attended by fourteen African Heads of State and African Regional Economic Communities. Nigeria was represented at the Summit by the Vice President, Goodluck Jonathan. Below were the highlights of the summit:

- ◆ The Summit identified food insecurity, high oil prices and climate change as top concerns and pledged to work as partners to solve these challenges.
- ◆ On climate change, the summit noted that since nations contributed differently to global warming, it was necessary to "uphold the principle of common but differential responsibility".
- ◆ The Prime Minister also emphasized the need to strengthen local capabilities by creating regional and pan-African institutions of higher education in sciences, information technology and vocational education as well as investment in research, and the development of renewable forms of energy and agriculture. He therefore pledged to provide more opportunities to African students to pursue higher studies in India.

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

		APRIL	MARCH	FEBRUARY	DECEMBER	CHANGE BETWEEN		CHANGE BETWEEN		CHANGE BETWEEN	
		2008	2008	2008	2007	(1&2)		(2&3)		(1&4)	
		(1)	(2)	(3)	(4)	ABSOLUTE	PER CENT	ABSOLUTE	PER CENT	ABSOLUTE	PER CENT
1	Domestic Credit	3,601,778.80	2,907,358.50	2,406,739.90	2,141,435.40	694,420.30	23.88	500,618.60	20.80	1,460,343.40	68.19
(a)	Claims on Federal Government (Net)	(2,893,977.50)	(3,053,986.70)	(3,147,322.10)	(2,908,078.50)	160,009.20	5.24	93,335.40	2.97	14,101.00	0.48
	By Central Bank (Net)	(4,813,325.60)	(4,474,048.80)	(4,326,255.60)	(4,074,422.80)	(339,276.80)	(7.58)	(147,793.20)	3.42	(738,902.80)	(18.14)
	By Banks (Net)	1,919,348.10	1,420,062.10	1,178,933.50	1,166,344.30	499,286.00	35.16	241,128.60	20.45	753,003.80	64.56
(b)	Claims on Private Sector	6,495,756.30	5,961,345.20	5,554,062.00	5,049,513.90	534,411.10	8.96	407,283.20	7.33	1,446,242.40	28.64
	By Central Bank	167,383.80	145,417.90	164,782.20	236,025.20	21,965.90	15.11	(19,364.30)	(11.75)	(68,641.40)	(29.08)
	By Banks	6,328,372.50	5,815,927.30	5,389,279.80	4,813,488.70	512,445.20	8.81	426,647.50	7.92	1,514,883.80	31.47
(i)	Claims on State and Local Governments	90,542.50	107,601.80	108,946.50	100,820.40	(17,059.30)	(15.85)	(1,344.70)	(1.23)	(10,277.90)	(10.19)
	By Central Bank	0.0	0.0	0.0	0.0	-	-	-	-	-	-
	By Banks	90,542.50	107,601.80	108,946.50	100,820.40	(17,059.30)	(15.85)	(1,344.70)	(1.23)	(10,277.90)	(10.19)
(ii)	Claims on Non-Financial Public Enterprises	-	-	-	-	-	-	-	-	-	-
	By Central Bank	-	-	-	-	-	-	-	-	-	-
	By Banks	-	-	-	-	-	-	-	-	-	-
(iii)	Claims on Other Private Sector	6,405,213.80	5,853,743.40	5,445,115.50	4,948,693.50	551,470.40	9.42	408,627.90	7.50	1,456,520.30	29.43
	By Central Bank	167,383.80	145,417.90	164,782.20	236,025.20	21,965.90	15.11	(19,364.30)	(11.75)	(68,641.40)	(29.08)
	By Banks	6,237,830.00	5,708,325.50	5,280,333.30	4,712,668.30	529,504.50	9.28	427,992.20	8.11	1,525,161.70	32.36
2	Foreign Assets (Net)	8,211,822.80	8,136,024.60	7,704,845.50	7,367,064.60	75,798.20	0.93	431,179.10	5.60	844,758.20	11.47
	By Central Bank	7,490,734.60	7,248,971.10	6,904,312.90	6,570,263.70	241,763.50	3.34	344,658.20	4.99	920,470.90	14.01
	By Banks	721,088.20	887,053.50	800,532.60	796,800.90	(165,965.30)	(18.71)	86,520.90	10.81	(75,712.70)	(9.50)
3	Other Assets (Net)	(4,137,915.80)	(4,557,161.90)	(4,294,631.60)	(4,696,808.10)	419,246.10	9.20	(262,530.30)	(6.11)	558,892.30	11.90
	Total Monetary Assets (M₂)	7,675,685.80	6,486,221.20	5,816,953.80	4,811,691.90	1,189,464.60	18.34	669,267.40	11.51	2,863,993.90	59.52
	Quasi - Money 1/	3,677,200.10	2,893,302.50	2,725,473.70	2,249,759.90	783,897.60	27.09	167,828.80	6.16	1,427,440.20	63.45
	Money Supply (M ₁)	3,998,485.50	3,592,918.70	3,091,480.10	2,561,932.00	405,566.80	11.29	501,438.60	16.22	1,436,553.50	56.07
	Currency Outside Banks	674,225.00	674,464.90	687,407.00	730,660.20	(239.90)	(0.04)	(12,942.10)	(1.88)	(56,435.20)	(7.72)
	Demand Deposits 2/	3,324,260.50	2,918,453.80	2,404,073.10	1,831,271.80	405,806.70	13.90	514,380.70	21.40	1,492,988.70	81.53
	Total Monetary Liabilities	7,675,685.60	6,486,221.20	5,816,953.80	4,811,691.90	1,189,464.40	18.34	669,267.40	11.51	2,863,993.70	59.52

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.