



***CENTRAL BANK OF NIGERIA***

***ECONOMIC REPORT FOR  
THE FIRST QUARTER OF  
2008***

*Volume 3, Issue 1  
March 2008*

***RESEARCH DEPARTMENT***

# **CENTRAL BANK OF NIGERIA**

## **QUARTERLY ECONOMIC REPORT**

### **EDITORIAL BOARD**

#### **Editor-In-Chief**

C.N.O. Mordi

#### **Managing Editor**

B. S. Adebunsi

#### **Editor**

S. A. Olih

#### **Assistant Editor**

U. Kama

#### **Associate Editor**

J. Yakubu

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

Subscription to the Quarterly Economic Report is available without charge to institutions, corporations, embassies and development agencies. Individuals, on written request, can obtain any particular issue without a charge. Please direct all inquiries on the publication to the Director of Research, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.

## TABLE OF CONTENTS

	<b>EDITORIAL BOARD ...</b>	...	i
	<b>TABLE OF CONTENTS...</b>	...	ii
<b>1.0</b>	<b>SUMMARY ...</b>	...	1
<b>2.0</b>	<b>FINANCIAL SECTOR DEVELOPMENTS ...</b>	...	3
2.1	Monetary and Credit Developments	...	3
2.2	Currency-in-Circulation and Deposits at the CBN	...	3
2.3	Interest Rate Developments	... ..	4
2.4	Money Market Developments	... ..	4
2.5	Deposit Money Banks' Activities	...	5
2.6	Discount Houses' Activities	... ..	5
2.7	Capital Market Developments	... ..	5
<b>3.0</b>	<b>FISCAL OPERATIONS ...</b>	...	6
3.1	Federation Account Operations	...	6
3.2	The Fiscal Operations of the three tiers of Government	...	7
3.2.1	The Federal Government	...	7
3.2.2	Statutory Allocations to State Governments	...	7
3.2.3	Statutory Allocations to Local Government Councils	...	7
<b>4.0</b>	<b>DOMESTIC ECONOMIC CONDITIONS ...</b>	...	8
4.1	Agricultural Sector	... ..	8
4.2	Industrial Production	... ..	8
4.3	Small and Medium Enterprises Equity Investment Scheme	...	9
4.4	Petroleum Sector	... ..	9
4.5	Consumer Prices	... ..	10
<b>5.0</b>	<b>EXTERNAL SECTOR DEVELOPMENTS ...</b>	...	10
5.1	Foreign Exchange Flows	...	10
5.2	Non-Oil Export Proceeds by top 100 Exporters	...	11
5.3	Sectoral Utilisation of Foreign Exchange	...	11
5.4	Foreign Exchange Market Developments	...	11
<b>6.0</b>	<b>OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS ...</b>	...	12

## FIGURES

1.	Aggregate Money Supply in Nigeria	...	3
2.	Aggregate Domestic Credit to the Economy	...	3
3.	Selected Bank Interest Rates	...	4
4.	Treasury Bills' Holdings	...	4
5.	Volume and Value of Traded Securities	...	6
6.	Market Capitalization and Value Index	...	6
7.	Components of Federally Collected Revenue	...	7
8.	Trends in Oil and Non-Oil Share of GDP	...	8
9.	Index of Industrial Production	...	9
10.	Distribution of Value of SMEEIS Investment	...	10
11.	Trends in Crude Oil Price	...	10
12.	Quarterly Consumer Price Indices in Nigeria	...	11
13.	Inflation Rate in Nigeria	...	11
14.	Foreign Exchange Flows through the CBN	...	11
15.	Sectoral Utilisation of Foreign Exchange	...	12
16.	Average Exchange Rate Movements	...	12
17.	WDAS-BDC Exchange Rate Premium	...	12
18.	Demand for and Supply of Foreign Exchange	...	13
19.	Monetary and Credit Developments Table	...	15

## 1.0 Summary

Aggregate output growth measured by the gross domestic product (GDP) was estimated at 6.49 per cent during the first quarter of 2008, compared with 7.82 per cent in the preceding quarter. The growth was driven by the non-oil sector which was estimated at 9.67 per cent. Provisional data indicated growth in monetary aggregates during the review quarter. Broad money supply ( $M_2$ ) and narrow money supply ( $M_1$ ) increased by 34.8 and 40.2 per cent relative to the preceding quarter. The increase in  $M_2$  was attributed to the rise in foreign assets (net), aggregate domestic credit and other assets (net) of the banking system.

Available data indicated mixed developments in banks' deposit and lending rates in the first quarter of 2008. The spread between the weighted average deposit and maximum lending rates widened from 15.01 percentage points in the preceding quarter to 15.20 percentage points. On the other hand, the margin between the average savings deposit and maximum lending rates, narrowed from 10.77 to 10.31 percentage points during the quarter. The weighted average inter-bank call rate, rose from 8.25 per cent in the preceding quarter to 10.30 per cent at end-March 2008, reflecting the liquidity squeeze in the inter-bank funds market.

The value of money market assets outstanding increased by 18.7 per cent to ₦2,670.3 billion over the level in the preceding quarter. The rise was attributed largely to the 82.3 per cent increase in bankers acceptances (BAs). Activities on the Nigerian Stock Exchange was bullish as some of the major market indicators trended upward. Total federally-collected revenue during the first quarter of 2008 stood at ₦1,889.35 billion, representing an increase of 25.2 and 11.2 per cent over the proportionate budget estimate and the preceding quarter's level, respectively. At ₦1,574.30 billion, oil receipts constituted 83.3 per cent of the total, representing an increase of 33.2 and 23.1 per cent over the budget estimate and the level in the preceding quarter, respectively. The rise in oil receipts relative to the budget estimate was attributed to the persistent rise in oil prices at the international oil market. However, non-oil receipts, at ₦315.06 billion or 16.7 per cent of the total, was lower than the receipts in the preceding quarter and the budget estimate by 25.0 and 3.8 per cent, respectively. The fall in non-oil receipts relative to the preceding quarter was attributed to the decline in independent revenue of the Federal Government and companies income tax (CIT). Federal Government retained revenue for the first quarter of 2008 was ₦560.73 billion, while total expenditure was ₦464.11 billion. Thus, the fiscal operations of the Federal Government was estimated to have resulted in a surplus of ₦96.63 billion, compared with the proportionate budgeted deficit of ₦38.87 billion and the actual deficit of ₦240.70 in the preceding quarter.

The major agricultural activities in the review quarter included: harvesting of tree crops and fruits; clearing of land for the 2008 cropping season as well as cultivation of irrigated land with vegetable and wheat. The prices of most Nigerian major agricultural commodities at the London Commodities Market were favourable during the quarter. Activities in the industrial sector declined during the first quarter of 2008 as the estimated index of industrial production fell marginally by 0.1 and 1.7 per cent from its levels in the preceding quarter and the corresponding period of 2007, respectively.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.05 million barrels per day (mbd) or 186.55 million barrels for the quarter, compared with 2.13 mbd in the preceding quarter. Crude oil export was estimated at 1.60 mbd or 145.60 million barrels for the quarter, while deliveries to the refineries for domestic consumption remained at 0.445 mbd or 40.495 million barrels for the quarter. The average price of Nigeria's reference crude, the Bonny Light (37<sup>0</sup> API), estimated at US\$98.87 per barrel, rose by 7.5 per cent over the level in the preceding quarter. The end-period inflation rate for the first quarter of 2008, on a year-on-year basis, was 7.8 per cent, compared with 6.6 and 5.2 per cent recorded at the end of the preceding quarter and the corresponding period of 2007, respectively. Inflation rate on a twelve-month moving average basis for the first quarter, was 5.8 per cent, compared with 5.4 per cent recorded in the preceding quarter, reflecting largely the lag effect of the end-of-year festive spendings and the erratic power supply in the country.

The gross external reserves rose by 16.4 per cent to US\$59.76 billion in the first quarter of 2008, compared with US\$51.33 and US\$42.63 billion in the preceding quarter and corresponding period of 2007, respectively.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$12.89 billion and US\$4.19 billion, respectively, resulting in a net inflow of US\$8.7 billion during the quarter. Foreign exchange sales by the CBN to the authorized dealers fell to US\$1.64 billion from US\$3.37 billion in the preceding quarter. The weighted average exchange rate of the Naira vis-à-vis the US dollar, appreciated by 2.3 per cent to ₦118.04 per dollar at the WDAS. In the bureaux de change segment of the market, the naira also appreciated from ₦123.89 per dollar to ₦119.79 per dollar. Non-oil export earnings by Nigeria's top 100 exporters amounted to US\$387.00 million, indicating an increase of 40.5 per cent over the level in the preceding quarter. The development was attributed largely to the rise in the prices of all the commodities traded at the international commodities market during the period.

*Other major international economic developments of relevance to the domestic economy during the quarter 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 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. Also, the 33<sup>rd</sup> 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. In addition, 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 Extraordinary meeting of the Committee of Governors of the West African Monetary Zone (WAMZ) was 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.*

*Furthermore, 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, greater partnership in banking and finance as well as energy matters, especially in the export of natural gas to Spain*

*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.*

*Lastly, the African Development Bank Group (AfDB) convened a consultation workshop from March 18–19, 2008, in Abuja. The objective of the workshop was to review the Country Strategy Paper (CSP) 2005-2009 for Nigeria.*

## 2.0 FINANCIAL SECTOR DEVELOPMENTS

### 2.1 Monetary and Credit Developments

**M**onetary aggregates grew in the first quarter of 2008, while banks' deposit and lending rates indicated mixed development. The value of money market assets increased, following largely the rise in bankers acceptances. Transactions on the Nigerian Stock Exchange (NSE) were bullish as some of the major market indicators trended upward.

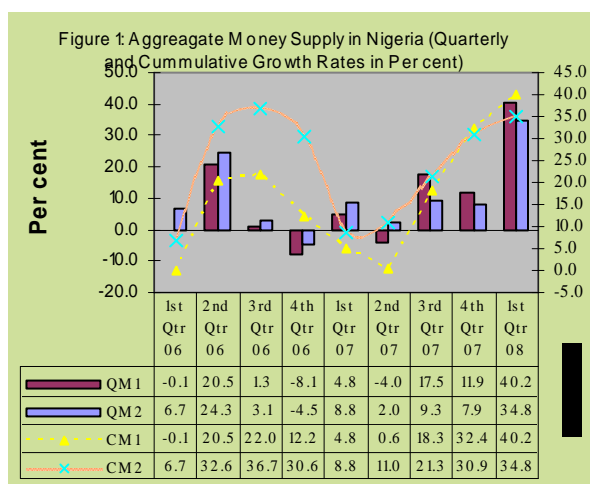
Provisional data indicated growth in monetary aggregates in the first quarter of 2008. Broad money supply (M<sub>2</sub>) and narrow money supply (M<sub>1</sub>) rose by 34.8 and 40.2 per cent to ₦6,486.2 billion and ₦3,592.9 billion, respectively, compared with the increase of 7.9 and 11.9 per cent in the preceding quarter. The rise in M<sub>2</sub> was attributed to the increase in foreign assets (net), domestic credit and other assets (net) of the banking system. Over the level at end-December 2007, M<sub>2</sub> grew by 34.8 per cent, compared with the indicative benchmark of 22.9 per cent for fiscal 2008 (fig.1 and table 1).

At ₦2,907.4 billion, aggregate banking system credit (net) to the domestic economy rose by 35.8 per cent in the first quarter of 2008, compared with the increase of 52.4 per cent in the preceding quarter. The development reflected the increase in claims on the private sector during the period.

Banking system's credit (net) to the Federal Government declined by 5.0 per cent to ₦3,054.0 billion, compared with the decline of 5.6 per cent in the preceding quarter. The fall in the review quarter was attributed to the decline in CBN's claims on the Federal Government.

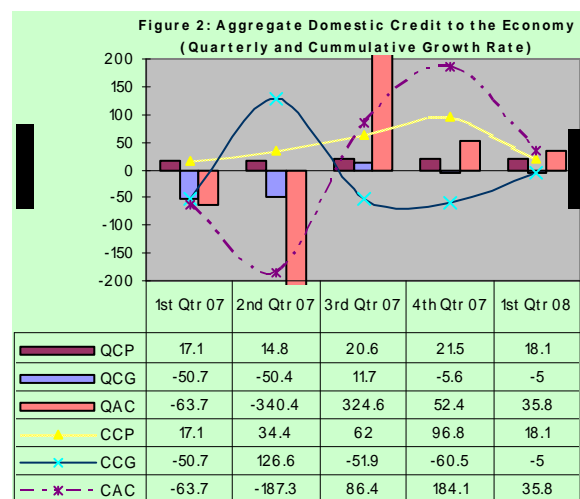
Banking system's credit to the private sector rose by 18.1 per cent to ₦5,961.3 billion, compared with the increase of 21.5 per cent in the preceding quarter. The rise reflected wholly the 20.8 per cent increase in deposit money banks' (DMBs) claims on the private sector (fig 2).

At ₦8,136.0 billion, foreign assets (net) of the banking system rose by 10.4 per cent, compared with the increase of 5.9 per cent in the preceding quarter. The development was attributed to the 10.3 and 11.3 per cent increase in the CBN and DMBs' holdings, respectively.



Quasi money rose by 28.6 per cent to ₦2,893.3 billion, compared with the increase of 3.7 per cent in the preceding quarter. The development was attributed to the increase in all the components namely, time, savings and foreign currency deposits of the DMBs during the quarter.

Other assets (net) of the banking system rose by 3.0 per cent to ₦4,557.2 billion, in contrast to the decline of 20.3 per cent in the preceding quarter. The rise reflected largely the increase in unclassified assets of the DMBs during the quarter.



### 2.2 Currency-in-circulation and Deposits at the CBN

At ₦891.8 billion, currency in circulation fell by 7.2 per cent in March, 2008 from the level in December, 2007. The fall was traceable largely to the decline of 7.7 per cent in currency outside the banking system during the period.

Total deposits at the CBN amounted to ₦4,876.1 billion, indicating an increase of 8.9 per cent over the level in the preceding quarter. The development was attributed to the 9.0 and 16.4 per cent rise in both the Federal Government and deposit money banks' (DMBs) deposits, respectively. The shares of the Federal Government, banks and "others" in total deposits at the CBN were 93.3, 5.6 and 1.1 per cent, respectively, compared with the shares of 93.2, 5.2 and 1.6 per cent, in the fourth quarter of 2007.

### 2.3 Interest Rate Developments

Available data indicated mixed developments in banks' deposit and lending rates in the first quarter of 2008. With the exception of the average savings deposits and seven-day savings rates which, fell by 0.26 and 0.16 percentage points to 2.97 and 5.38 per cent, respectively, all other rates on deposits of various maturities rose from a range of 7.75 – 9.90 per cent in the preceding quarter to 9.48 – 10.71 per cent. On the other hand, the average prime and maximum lending rates fell by 0.44 and 0.07 percentage points to 16.05 and 18.17 per cent, respectively. Consequently, the spread between the weighted average deposit and maximum lending rates widened from 15.01 percentage points in the preceding quarter to 15.20 percentage points. On the other hand, the margin between the average savings deposit and maximum lending rates narrowed from 10.77 percentage points in the preceding quarter to 10.31 percentage points. The increase in interest rates during the review quarter was attributed to the upward review of the MPR in December, 2007.

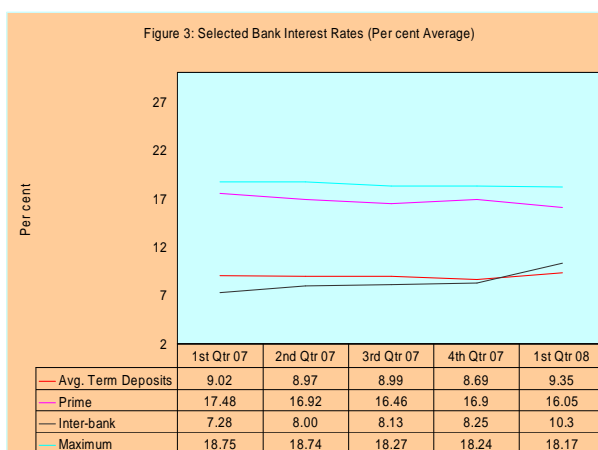
At the inter-bank call segment, the weighted average rate, which was 8.25 in the preceding quarter, rose to 10.30 per cent, reflecting the liquidity squeeze in the inter-bank funds market.

### 2.4 Money Market Developments

With tight liquidity conditions in the money market, following the upward review of the MPR from 9.0 to 9.5 per cent in December, 2007, deposit money banks (DMBs) accessed the CBN lending facility more frequently to square up short-term positions. Consequently, a cumulative sum of ₦8,658.91 billion was granted to DMBs on overnight basis in the review period, compared with ₦523.91 billion in the preceding quarter.

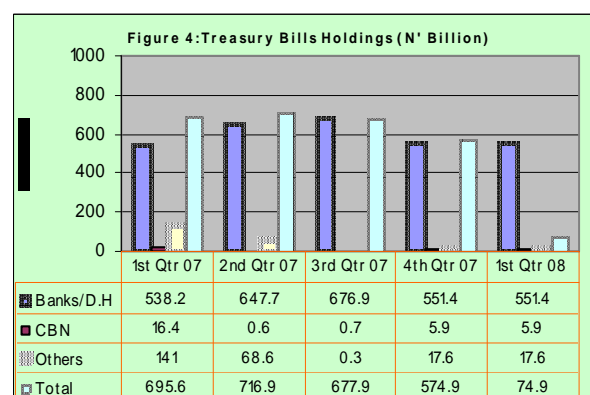
The value of money market assets outstanding at the end of the first quarter of 2008 increased by 18.7 per cent to ₦2,670.3 billion, compared with the increase of 5.8 per cent in the preceding quarter. The rise was attributed to the 82.3, 49.4 and 12.7 per cent increase in bankers acceptances (BAs), Commercial Papers (CPs)

and outstanding FGN Bonds, respectively. A total of ₦150.0 billion FGN bonds made up of ₦90.0 billion 3-year bonds and ₦60.00 billion 5-year bonds were issued in the review quarter. The coupon rates ranged from 9.0 to 10.3 per cent, while the issue rate ranged from 7.00 – 9.20 and 9.50 – 0.75 per cent for the 3-year and 5-year bonds, respectively. The sustained patronage in the FGN bonds auction, reflected the continued confidence in the Nigerian economy by foreign investors.



Data on holdings of treasury bills outstanding indicated that holdings by the CBN, DMBs & discount houses and "others" remained at the preceding quarter's levels of ₦5.9, ₦551.4 and ₦17.6 billion, respectively.

Treasury Bills of 91-182- and 364-day tenors were offered in the first quarter of 2008 with total issue amounting to ₦662.8 billion, compared with ₦691.5 billion in the preceding quarter of 2007. Total subscription and allotment stood at ₦606.2 billion and ₦399.5 billion, respectively, compared with ₦691.5 billion and ₦689.6 billion recorded in the preceding quarter.





Issue rates for the 91-day and 182-day NTBs ranged from 9.15 – 9.50 percent, compared with the respective ranges of 8.15 – 9.50 per cent in the preceding quarter. At the 364-day segment, the issue rates ranged from 8.47 – 10.01 per cent. The sustained patronage in the market was attributed largely to the safe attributes of the government securities.

Analysis of the offer showed that the share of DMBs and discount houses and “others” fell by 44.5 and 35.8 per cent, respectively, from the preceding quarter’s level to ₦=277.3 billion and ₦=122.3 billion or 69.4 and 30.6 per cent of the total, respectively.

## 2.5 Deposit Money Banks’ Activities

Available data indicated that total assets/liabilities of the DMBs amounted to ₦=13,390.9 billion, representing an increase of 32.5 per cent over the level in the preceding quarter. The development was attributed largely to the rise in claims on the private sector.

Funds, which were sourced mainly from demand deposit, time, savings and foreign currency deposits were used mainly for acquisition of unclassified assets and extension of credit to the private sector.

At ₦=7,236.0 billion, credit to the domestic economy rose by 21.0 per cent over the level in the preceding quarter. The increase in credit during the quarter was attributed largely to the 21.8 per cent rise in claims on Federal Government (net) during the period.

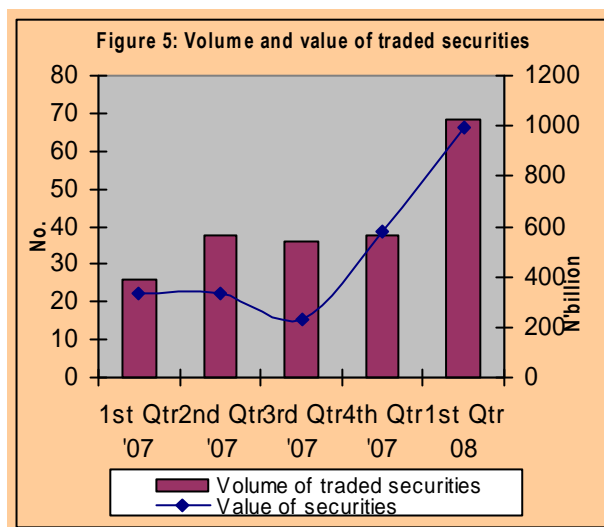
Central Bank’s credit to the DMBs fell by 2.9 per cent to ₦=29.0 billion in the review quarter.

Total specified liquid assets of the DMBs stood at ₦=3,865.8 billion, representing 49.6 per cent of their total current liabilities. At that level, the liquidity ratio rose by 4.9 percentage points over the preceding quarter’s level. This level of specified liquid assets was 9.6 percentage points above the stipulated minimum ratio of 40.0 per cent for fiscal 2008. The loans-to-deposit ratio fell by 9.4 percentage points below the level in the preceding quarter, and was 6.1 percentage points below the prescribed minimum target of 80.0 per cent.

## 2.6 Discount Houses’ Activities

Total assets/liabilities of the discount houses stood at ₦=437.8 billion in the first quarter of 2008, indicating an increase of 46.8 and 121.0 per cent over the levels in the preceding quarter and corresponding period of 2007, respectively. The increase in assets relative to the preceding quarter was attributed largely to

the rise in balances with banks as well as claims on banks. Similarly, the increase in total liabilities was attributed largely to the rise in borrowing and money-at-call during the period. Discount houses’ investments in Federal Government securities of less than 91 days maturity amounted to ₦=144.7 billion, representing 37.0 per cent of their total deposit liabilities. At this level, discount houses’ investments rose by 25.4 per cent over the level in the preceding quarter. This level of investment was 23.0 percentage points below the prescribed minimum level of 60.0 per cent for fiscal 2008.



Total borrowing by the discount houses was ₦=275.5 billion, while their capital and reserves amounted to ₦=24.0 billion, representing an increase of 5.3 and 61.1 per cent over the levels in the preceding quarter and the corresponding period of 2007, respectively. Thus, resulting in a gearing ratio of 11.5:1, 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 the first quarter of 2008 were bullish. The volume and value of traded securities rose by 82.0 and 70.1 per cent to 68.6 billion shares and ₦=990.4 billion, respectively, compared with 37.7 billion shares and ₦=582.4 billion in the preceding quarter. The insurance sub-sector was the most active on the Exchange followed by the banking sub-sector. Transactions in the Federal Government and industrial loans/preference stocks, however, remained dormant during the period under review.

Transactions on the Over-the-Counter (OTC) bond market, indicated that a turnover of 3.3 billion units worth ₦3.3 trillion in 4,195.0 deals was recorded in the review quarter, compared with 529.9 million units valued at ₦540.6 billion in 4,880.0 deals recorded in the fourth quarter of 2007. The most active bond (measured by turnover volume) was the 3rd FGN Bond 2009 Series 11 with traded volume of 630.83 million units valued at ₦643.5 billion in 486 deals.

In the new issues market, FGN Bonds of 3- and 5- year tranches were reopened in line with the restructuring of the domestic debt profile to longer tenors. A total of ₦150.0 billion, made up of ₦90.0 billion 3- year Bonds and ₦60.0 billion 5- year Bonds were allotted at coupon rates ranging from 9.0 – 10.3 per cent, compared with ₦142.8 billion and ₦110.0 billion issued and allotted in the fourth quarter and the first quarter of 2007, respectively. The issue rates ranged from 7.0 – 9.2 per cent and 9.5 – 10.8 per cent, respectively.

A total of 27.2 billion ordinary shares were registered as supplementary listings from (11) issues, while a total of 34.1 billion ordinary shares were admitted into the daily official list during the quarter under review.

The All-Share Index rose by 8.7 per cent to close at 63,016.56 (1984 = 100) and the market capitalization of the listed securities rose by 20.1 per cent to ₦12.1 trillion in the review quarter. The development was attributed largely to price gains recorded by the highly capitalized companies in the banking and insurance sub-sectors.

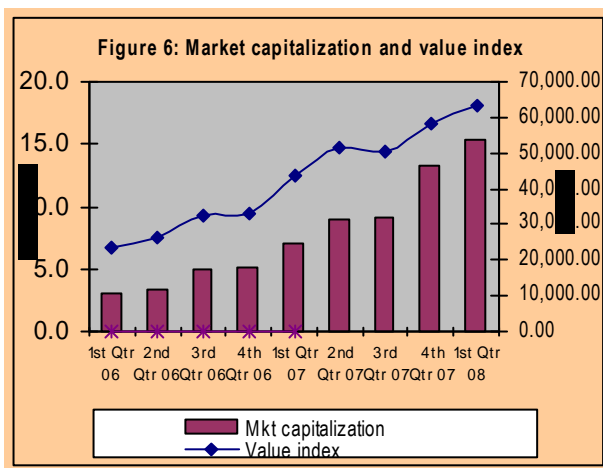
In another development, the shares of Transnational Corporation of Nigeria Plc, African Petroleum Plc, Deap Capital Management & Trust Plc and Custodian & Allied Insurance Company were placed on technical suspension following the receipt of their applications to undertake supplementary share offerings and share reconstructions. However, the technical suspensions placed on the shares of AIICO Insurance Plc, Zenith Bank Plc, Fidelity Bank Plc, Afribank Nigeria Plc, PlatinumHabib Bank Plc and Costain (WA) Plc were lifted, following the conclusions of their public offerings.

### 3.0 FISCAL OPERATIONS

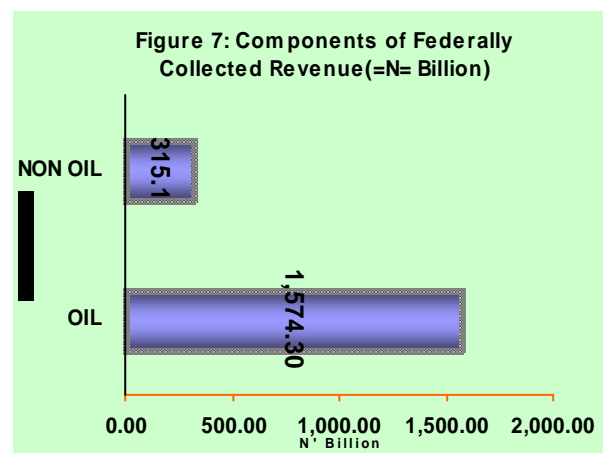
#### 3.1 Federation Account Operations

Total federally-collected revenue during the first quarter of 2008 stood at ₦1,889.35 billion, representing an increase of 25.2 and 11.2 per cent over the proportionate budget estimate and the preceding quarter's level, respectively. At ₦1,574.30 billion, oil receipts

which constituted 83.3 per cent of the total, increased by 33.2 and 23.1 per cent over the budget estimate and the level in the preceding quarter, respectively. The rise in oil receipts relative to the budget estimate was attributed to the persistent rise in oil prices at the international oil market during the review period. However, non-oil receipts, at ₦315.06 billion or 16.7 per cent of the total, was lower than the receipts in the preceding quarter and the budget estimate by 25.0 and 3.8 per cent, respectively. The decline in non-oil receipts during the period was attributed largely to the fall in independent revenue of the Federal Government and Companies Income Tax (CIT) (fig 7).



Of the total federally-collected revenue during the review quarter, the sum of ₦1,041.57 billion was transferred to the Federation Account for distribution among the three tiers of government and the 13% derivation fund. The Federal Government received ₦486.61 billion, while the state and local governments received ₦246.82 billion and ₦190.28 billion, respectively. The balance of ₦117.86 billion went to the 13% derivation fund for distribution by the oil producing states.



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

### 3.2.1 The Federal Government

At ₦560.73 billion, the Federal Government retained revenue for the first quarter of 2008 was 13.5 and 20.0 per cent lower than the proportionate budget estimate and the receipts in the preceding quarter, respectively. The decline in retained revenue was attributed largely to the fall in Federal Government independent revenue, resulting from the low level of activities during the period.

At ₦464.11 billion, total expenditure for the period fell by 50.7 and 32.4 per cent from the levels in the preceding quarter and the proportionate budget estimate, respectively. The decline in total expenditure for the period relative to the preceding quarter and budget estimate was attributed largely to the non-release of capital budget during the quarter, following the delay in the passage of the 2008 budget. A breakdown of total expenditure showed that the recurrent component accounted for 93.7 per cent, while statutory transfers to FCT and other special agencies accounted for the balance of 6.3 per cent.

The fiscal operations of the Federal Government in the first quarter of 2008, resulted in an estimated surplus of ₦96.63 billion, in contrast to the proportionate budgeted deficit of ₦38.87 billion and the actual deficit of ₦240.70 in the preceding quarter.

### 3.2.2 Statutory Allocations to State Governments

Total receipts, including 13% Derivation Fund and share of Value Added Tax (VAT) by the state governments from the Federation Account during the first quarter of 2008 stood at ₦412.50 billion, representing an increase of 10.8 and 14.8 per cent over the levels in the preceding quarter and corresponding period of 2007, respectively.

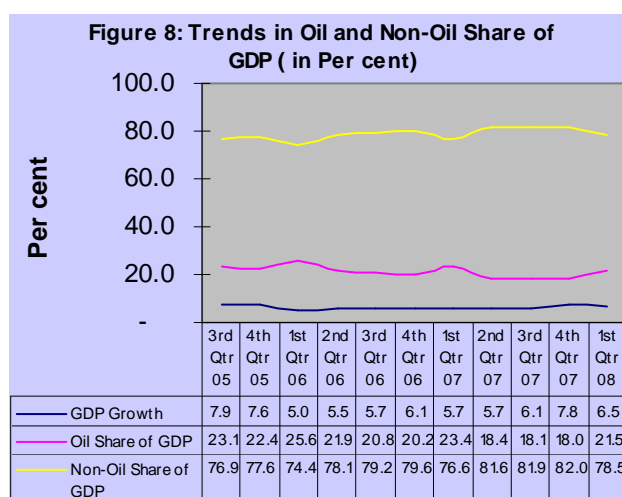
At ₦47.82 billion, receipts from the VAT Pool Account rose by 12.4 and 49.3 per cent over the levels in the preceding quarter and the corresponding period of 2007, respectively. Similarly, at ₦364.68 billion, total receipts from the Federation Account rose by 10.6 and 11.4 per cent over the level in the preceding quarter and corresponding period of 2007. On monthly basis, the sums of ₦115.18 billion, ₦104.81 billion and ₦192.50 billion were allocated to the 36 state governments in January, February and March 2008, respectively.

### 3.2.3 Statutory Allocations to Local Government Councils

Total receipts by the local governments from the Federation and VAT Pool Accounts during the first quarter of 2008 stood at ₦223.76 billion. This was higher than the levels in the preceding quarter and the corresponding period of 2007 by 9.9 and 40.3 per cent, respectively. Of this amount, allocation from the Federation Account was ₦190.28 billion or 80.0 per cent of the total, compared with 85.4 per cent recorded in the preceding quarter.

VAT Pool Account accounted for ₦33.47 billion, which was higher than the levels in the preceding quarter and corresponding quarter of 2007 by 12.5 and 30.0 per cent, respectively. On monthly basis, the sums of ₦63.77 billion, ₦58.58 billion and ₦101.41 billion were allocated to the 774 local governments in January, February and March 2008, respectively.

In another development, the National Assembly passed the 2008 Appropriation Bill, amounting to ₦2.75 trillion during the review quarter. The breakdown showed that recurrent expenditure amounted to ₦1,888.06 billion or 68.7 per cent of the total budget, while the capital expenditure stood at ₦860.30 billion or 31.3 per cent of the total. The budget resulted in an overall estimated deficit of ₦155.47 billion. The deficit is expected to be financed through proceeds from sale of government properties, oil block signature bonus, privatization proceeds and domestic borrowings.



## 4.0 DOMESTIC ECONOMIC CONDITIONS

### 4.1 Agricultural Sector

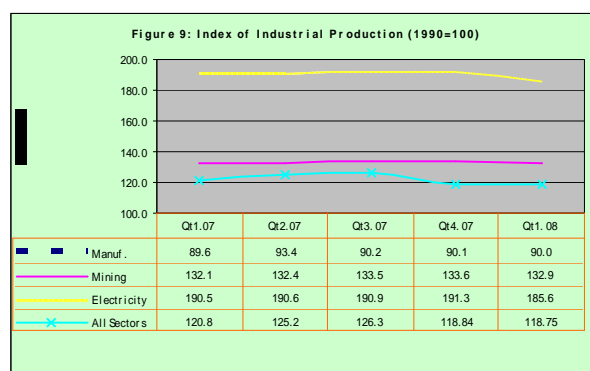
**A**ggregate output growth in the economy measured by the gross domestic product (GDP) was estimated at 6.49 per cent during the first quarter of 2008, compared with 7.82 per cent in the preceding quarter. The growth was driven by the non-oil sector which was estimated at 9.67 per cent. The major agricultural activities during the first quarter of 2008 were harvesting of tree crops and fruits; clearing of land for the 2008 cropping season as well as cultivation of irrigated land with vegetables and wheat. Crude oil production was estimated at 2.05 million barrels per day (mbd) or 186.55 million barrels for the quarter. The end-period inflation rate for the first quarter of 2008, on a year-on-year basis, was 7.8 per cent, compared with 6.6 per cent in the preceding quarter. The inflation rate on a 12-month moving average basis was 5.8 per cent, compared with the preceding quarter's level of 5.4 per cent.

Agricultural activities during the first quarter of 2008 in the southern states centered on harvesting of tree crops and fruits as well as the clearing of land for the 2008 cropping season, while farmers in the northern states were engaged in the cultivation of irrigated land with vegetables and wheat.

During the first quarter, a total of ₦551.03 million was guaranteed to 3,958 farmers under the Agricultural Credit Guarantee Scheme (ACGS). This amount represented an increase of 5.4 per cent over the level in the preceding quarter and a decline of 7.5 per cent below the level in the corresponding quarter of 2007. A sub-sectoral analysis of the loans guaranteed indicated that the food crops sub-sector had the largest share of ₦455.9 million or 82.7 per cent guaranteed to 3,748 beneficiaries, while the livestock sub-sector received ₦73.8 million or 13.4 per cent guaranteed to 133 beneficiaries. Also, the fisheries sub-sector obtained ₦11.6 million or 2.1 per cent for disbursement to 31 beneficiaries, while the cash crops sub-sector got ₦9.6 million or 1.8 per cent guaranteed to 14 beneficiaries. Further analysis showed that 24 states benefited from the scheme during the quarter, the highest and lowest sums of ₦189.8 million (34.4 per cent) and ₦1.3 million (0.24 per cent) went to Jigawa and Kogi states, respectively.

The retail price survey of most staples by the CBN showed price increase in the first quarter of 2008. Eleven of the fourteen commodities monitored, namely white beans, brown beans, millet, guinea corn, yellow maize, white maize, yam flour, medium eggs, palm oil, groundnut oil, and vegetable oil recorded price increase of 8.8, 4.1, 15.0, 22.9, 28.1, 27.6, 15.1, 36.0, 63.7, 23.9 and 31.0 per cent, respectively, over their levels in the preceding quarter. While the prices of local rice, white garri and yellow garri recorded price decline of 6.6, 6.2 and 6.5 per cent, respectively, from their levels in the preceding quarter.

The prices of all Nigerian major agricultural commodities at the London Commodities Market recorded increases during the review quarter. All the six commodities monitored namely, coffee, palm oil, cocoa, copra, soya bean and cotton, in dollar terms, recorded price increase of 8.8, 5.6, 0.1, 2.7, 25.7, and 3.9 per cent, respectively, over their levels in the preceding quarter.



In naira terms, five of the six commodities traded, namely, coffee, palm oil, copra, cotton, and soya bean recorded price increase of 7.9, 5.3, 2.6, 3.0 and 13.8 per cent, respectively, over the levels in the preceding quarter. The price of cocoa remained unchanged. Over their levels in the corresponding period of 2007, all the commodities recorded price increases which ranged from 15.7 per cent for copra to 478.6 per cent for soya bean.

### 4.2 Industrial Production

Industrial activities during the first quarter of 2008 declined marginally relative to the preceding quarter. At 118.8 (1990=100), estimated index of industrial production fell marginally by 0.1 and 1.7 per cent from the levels attained in the preceding quarter and corresponding period of 2007, respectively. The fall reflected decline in manufacturing output, mining production and electricity consumption.

Provisional data from the National Bureau of Statistics (NBS) on the sectoral growth rate of GDP indicated that the manufacturing sub-sector fell by 0.1 per cent from the level attained in the preceding quarter. The estimated index of manufacturing production, at 90.0 (1990=100), also fell by 0.1 per cent from the level in the preceding quarter. It however, rose by 0.4 per cent over the level in the corresponding period of 2007. The development was attributed to the decline in production by manufacturing firms as a result of poor electric supply and low economic activities due to the delay in the passage of 2008 budget.

At 132.9 (1990=100), the index of mining production fell by 1.2 per cent from the level in the preceding quarter. It however, rose by 0.6 per cent over the level in the corresponding period of 2007. The decline was attributed to the fall in crude oil and gas production resulting from the crises in the Niger Delta region.

At 3,000.0 MW/h, estimated average electricity generation fell by 7.0 per cent from the level attained in the preceding quarter. The decline reflected the drop in water levels at the reservoirs which power the hydro power stations in the country as well as the non supply of gas to Egbin, Delta and Geregu power stations, following the damage to the gas pipelines during the period.

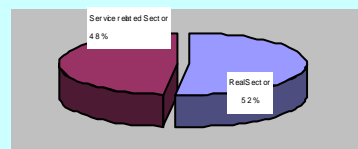
At 1,600.0 MW/h, estimated average electricity consumption declined by 6.3 per cent from the level in the preceding quarter. Of the total, residential consumption accounted for 51.3 per cent, commercial & street lighting accounted for 26.7 per cent, while industrial consumption accounted for 22.0 per cent. The decline in electricity consumption relative to the preceding quarter was attributed to the low supply from the power generating stations.

### 4.3 Small and Medium Enterprises Equity Investment Scheme

A cumulative sum of =N=42.0 billion has been realized under the SMEEIS as at the end of the first quarter of 2008. Out of this, the sum of =N=24.8 billion or 58.9 per cent of the total was set aside for investment in 327 projects. Overall, the total amount invested by banks remained the same as in the preceding quarter. Sectoral analysis of the cumulative investment showed that the real sector (Manufacturing-31.2%, Agro-allied-9.3, Construction-11.3% and Solid Minerals-0.3%) recorded investments worth =N=12.9 billion, (accounting for 51.9 %) in 201 projects, while the service sub-sector (Tourism & Leisure-20.4%, Services-18.9%, IT & Telecom-7.2%, and Educational Establishment-1.6%) accounted for =N=11.9 billion (48.1%) in 126

projects.

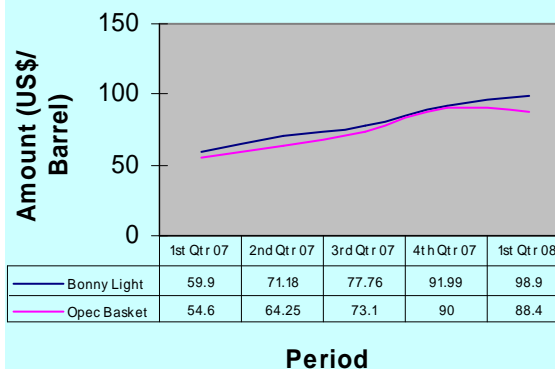
**Figure 10: Distribution of Value of SMEEIS Investments As At March 2008**



### 4.4 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids was estimated at 2.05 million barrels per day (mbd) or 186.55 million barrels in the first quarter of 2008, representing a decline of 3.8 and 4.7 per cent from the levels in the preceding quarter and corresponding period of 2007, respectively. Crude oil export was estimated at 1.60 mbd or 145.60 million barrels in the review quarter, compared with 1.68 mbd or 154.56 mbd in the preceding quarter. Deliveries to the refineries for domestic consumption remained at 0.445 mbd or 40.495 million barrels in the review quarter.

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



At an estimated average of US\$98.87 per barrel, the price of Nigeria's reference crude, the Bonny Light (37° API), rose by 7.5 per cent over the level in the preceding quarter. 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 5.1, 7.7, 6.9 and 7.7 per cent to US\$97.06, US\$96.98, US\$92.77 and US\$99.16 per barrel, respectively. The average price of OPEC's basket of eleven crude streams, however, fell by US\$1.62 per barrel to

US\$88.38 over the level in the preceding quarter. The increase in price was attributed to speculations resulting from a slowdown in the US economy, fuelling fears of a recession in the US.

#### 4.5 Consumer Prices

Available data showed that the all-items composite Consumer Price Index (CPI) for the end of first quarter, 2008 was 171.6 (May 2003=100), representing an increase of 2.5 and 7.8 per cent over the levels in the preceding quarter and corresponding period of 2007, respectively.

The development was attributed to the increase in the prices of some food items; alcoholic beverages, tobacco & kola; recreation & culture; food & non-alcoholic beverages; furnishing & household equipment maintenance; health; education; and restaurant & hotels.

The urban all-items CPI at the end of the first quarter, 2008 was 196.3 (May 2003=100), indicating an increase of 2.6 and 10.0 per cent over the levels in the preceding quarter and corresponding quarter of 2007, respectively. Similarly, the rural all-items CPI for the quarter, at 160.9 (May 2003=100), represented an increase of 2.5 and 6.6 per cent over the levels in the preceding quarter and corresponding period of 2007, respectively.

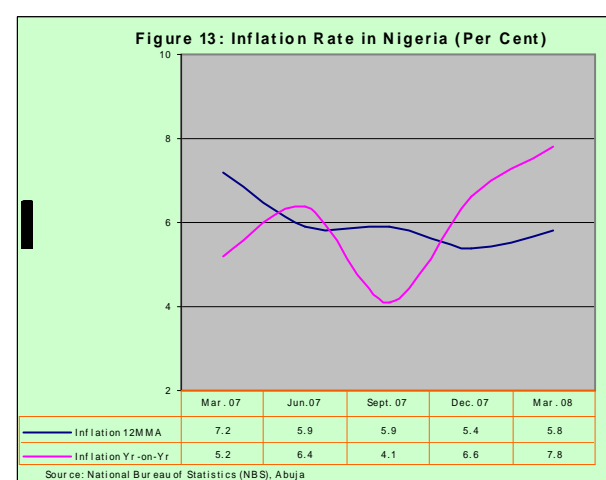
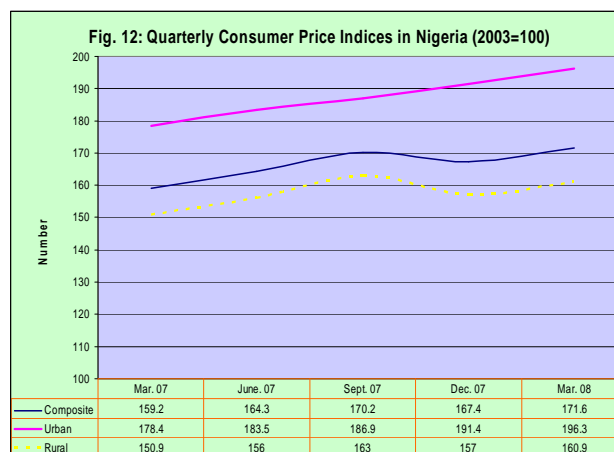
The end-period inflation rate for the first quarter of 2008, on a year-on-year basis, was 7.8 per cent, compared with 6.6 and 5.2 per cent recorded in the preceding quarter and corresponding quarter of 2007, respectively. The inflation rate on a twelve-month moving average basis for the first quarter, 2008 was 5.8 per cent, compared with 5.4 and 7.2 per cent recorded in December and corresponding period of 2007, respectively. The development was attributed largely to the lag effect of the end-of-year festive spendings as well as the erratic power supply in the country.

### 5.0 EXTERNAL SECTOR DEVELOPMENTS

#### 5.1 Foreign Exchange Flows

*The gross external reserves rose by 16.4 per cent to US\$59.76 billion, compared with US\$51.33 billion and US\$42.63 billion in the preceding quarter and corresponding period of 2007, respectively.*

Foreign exchange inflow and outflow through the CBN in the first quarter of 2008 amounted to US\$12.89 billion and US\$4.19 billion, respectively, representing a net inflow of US\$8.7 billion. Relative to the respective



levels of US\$10.83 billion and US\$5.67 billion in the preceding quarter, inflow rose by 19.0 per cent, while the outflow fell by 26.1 per cent. The rise in inflow was attributed to the 30.9 per cent increase in autonomous inflow, reinforced by the 24.0 per cent rise in oil earnings, while the fall in outflow was attributed largely to 31.1, 55.9 and 64.7 per cent decline in DAS utilisation, drawing on L/C and autonomous outflows during the review quarter.

Available data on aggregate foreign exchange flows through the economy indicated that total inflow amounted to US\$29.02 billion, representing an increase of 25.3 and 85.7 per cent over the levels in the preceding quarter and corresponding period of 2007, respectively. Oil sector receipts, which accounted for 36.8 per cent of the total, stood at US\$10.69 billion, compared with US\$8.62 billion and US\$6.81 billion in the preceding quarter and corresponding period of 2007, respectively. Non-oil public sector inflows which accounted for 7.6 per cent of the total, fell by 0.6 per cent, while autonomous inflow which accounted for 55.6 per cent rose by 30.9 per cent.

At US\$4.50 billion, aggregate foreign exchange outflow from the economy fell by 31.3 and 37.2 per cent from the level in the preceding quarter and corresponding period of 2007, respectively. The decline in outflow relative to the preceding quarter was attributed largely to the 31.1 per cent fall in DAS utilisation, reinforced by the 64.7 per cent fall in autonomous outflows.

## 5.2 Non-Oil Export Proceeds by top 100 Exporters

Total non-oil export earnings by Nigeria's top 100 exporters increased by 40.5 and 82.4 per cent to US\$387.00 million in the review period, over the levels in the preceding quarter and corresponding period of 2007, respectively. A breakdown of the proceeds in the review quarter showed that proceeds in respect of agricultural, manufacturing and "others" sub-sectors rose from US\$130.59 million, US\$120.52 million and US\$23.26 million in the preceding quarter to US\$236.56 million, US\$126.77 and US\$23.34 million, respectively.

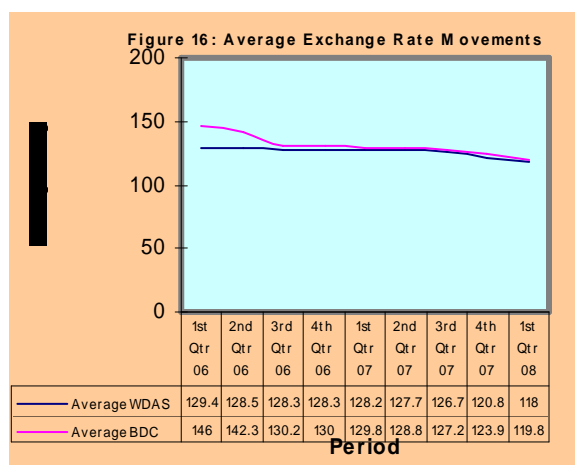
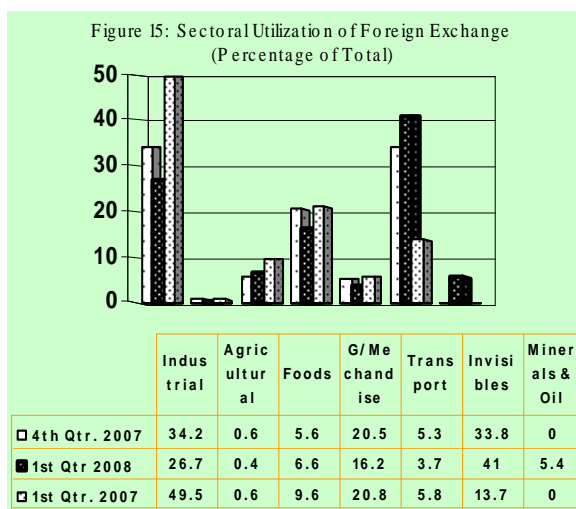
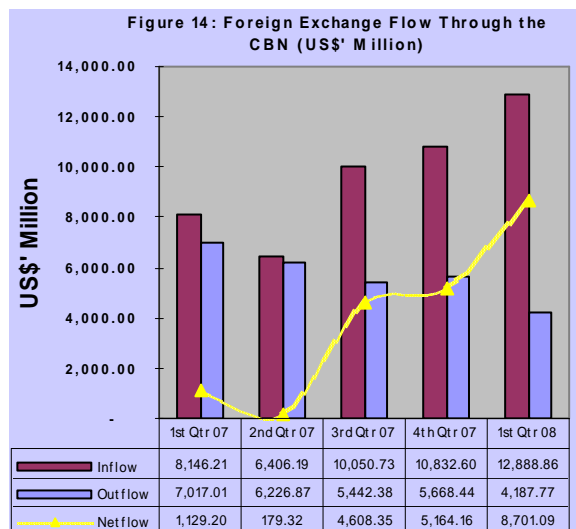
The shares of agricultural, manufacturing and "others" sub-sectors in total non-oil export proceeds were 61.1, 32.8 and 6.1 per cent, respectively, compared with 36.2, 44.3 and 19.5 per cent, in the preceding quarter. The development was attributed largely to the increase in the prices of the goods traded at the international market. The top 100 exporters accounted for 99.9 per cent of all the non-oil export proceeds in the first quarter of 2008.

## 5.3 Sectoral Utilisation of Foreign Exchange

The invisibles sector accounted for the bulk (41.0 per cent) of total foreign exchange disbursed in the first quarter of 2008, followed by the industrial sector (26.7 per cent). Other beneficiary sectors, in a descending order of importance, included: general merchandise (16.2 per cent), food (6.6 per cent), minerals & oil (5.4 per cent), transport (3.7 per cent) and agricultural products (0.4 per cent) (Fig.12).

## 5.4 Foreign Exchange Market Developments

Foreign exchange demand by the authorized dealers stood at US\$2.47 billion, indicating a decline of 12.5 and 44.9 per cent from the levels in the preceding quarter and corresponding period of 2007, respectively. Consequently, a total amount of US\$1.64 billion was sold by the CBN during the period, indicating a decline of 51.3 and 59.7 per cent over the levels in the preceding quarter and corresponding period of 2007, respectively.



Under the WDAS, the weighted average exchange rate of the Naira vis-à-vis the US dollar appreciated by 2.3 per cent to =N=118.04 per dollar from =N=120.87 per dollar in the preceding quarter. It also showed an appreciation of 7.9 per cent over the level in the corresponding period of 2007. In the bureaux-de-change segment of the market, the naira traded at an average of =N=119.79 per dollar, compared with =N=123.89 and =N=129.79 per dollar in the preceding quarter and the corresponding quarter of 2007, respectively. Consequently, the premium between the official and the bureaux-de-change rates narrowed from 2.5 per cent in the preceding quarter to 1.5 per cent.

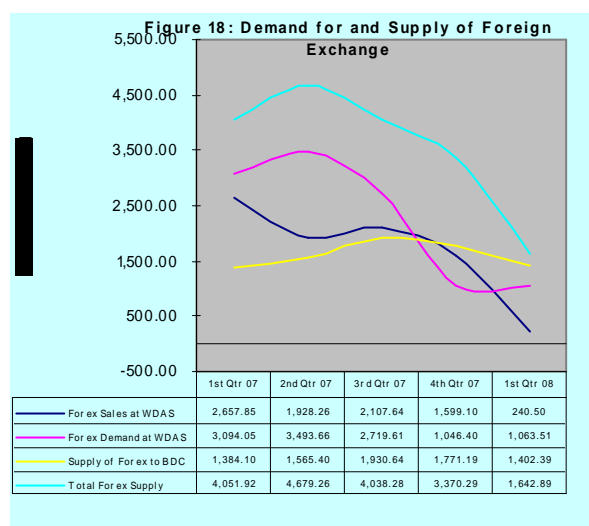
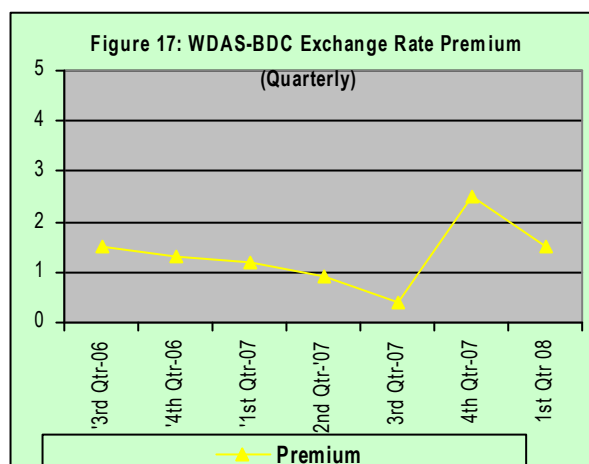
## 6.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

World crude oil output in the first quarter of 2008 was estimated at 87.3 million barrels per day (mbd), while demand was estimated at 88.0 mbd, compared with 85.9 and 87.0 mbd supplied and demanded in the preceding quarter, respectively. The increase in demand was attributed to the geopolitical tensions in some of the OPEC member countries as well as the fast economic growth in China and India which helped to drive the demand for crude oil in the international oil market.

Other major international economic developments of relevance to the domestic economy during the quarter 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 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. (See January, 2008 Report).

The 33<sup>rd</sup> 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. (See January, 2008 Report).

Also, 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 (See January, 2008 Report).



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 (See February, 2008 report).

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. 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 (See February, 2008 report).



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 international and regional issues of mutual concern and reach broad consensus on how to further China-Nigeria strategic partnership (See February, 2008 Report).

Lastly, the Africa Development Bank Group (AfDB) convened a consultation workshop from March 18–19, 2008, in Abuja. The objective of the workshop was to review the Country Strategy Paper (CSP) 2005-2009 for Nigeria.

Highlights of the workshop were as follows:

- A presentation was made on the AfDB's Group Strategy for the period 2005-2009. The presentation showed that the group's strategy is grounded in Nigeria's National Economic Empowerment and Development Strategy (NEEDS).
- The presentation showed that Nigeria is classified as a blend country, implying that the country is eligible to borrow from concessionary and non-concessionary windows of the Bank. However, Nigeria utilized the ADF concessionary more than the non-concessionary window. The forum was informed that ADF's concessional allocation to Nigeria from 2005-2007 was \$268.0 million.
- The presentation by AfDB group also showed that project implementation in Nigeria has in general been slow. The challenges highlighted included weak compliance with the Bank's general conditions, delays in signing loan agreements, slow provision of counterpart funds and lack of effective coordination and project supervision given the size of the country.
- On macroeconomic issues with particular reference to the financial and banking sector reforms, the challenges identified included the need to further strengthen capacity in implementing the legal and regulatory framework to mitigate risk in the post-consolidation era. Also, it was agreed that there is a need for further institutional policy reforms within the financial and banking sector, to protect the economy from external shocks as a result of integration of Nigerian economy into the global economy.
- On the provision of credit lines to Nigerian deposit money banks, it was suggested at the AfDB should device a method of monitoring the disbursement of the loans to the beneficiaries and evaluating its impact on the Small and Medium Scale Enterprises which it was earmarked for.
- On Infrastructure and Energy, the need to strengthen domestic financial markets to support efficient project financing in local currency, especially for tenors between 10-12 years was discussed. The AfDB was exploring possibilities of further deepening the bond market.
- The indicative operational work programme of the AfDB group in 2008 for non-lending activities included, a full-fledged portfolio review, finalization of the country governance profile, Investment Climate Assessment (ICA), in coordination with other donors (DFID/World Bank) and study on Fiscal Decentralizations.
- The indicative operational work programme in 2008 for lending programme of the AfDB included: power transmission line project, support to the health sector development programme (Health V Project) and the multinational Enugu-Abakaliki-Mamfe-Ekok Road Project (Nigeria-Cameroon Highway).

**Appendix 1: Selected Macroeconomic Indicators (GDP, Money & Credit, Money Market & Capital Market Indicators)**

	1 <sup>st</sup> Qtr 06	2 <sup>nd</sup> Qtr 06	3 <sup>rd</sup> Qtr 06	4 <sup>th</sup> Qtr 06	1 <sup>st</sup> Qtr 07	2 <sup>nd</sup> Qtr 07	3 <sup>rd</sup> Qtr 07	4 <sup>th</sup> Qtr 07	1 <sup>st</sup> Qtr 08
<b>GROSS DOMESTIC PRODUCT (at 1990 Constant Basic Prices)</b>									
Growth Rate (%)	5.0	5.5	5.7	6.1	5.7	5.5	6.6	7.8	6.5
Oil share of GDP (%)	25.6	21.9	20.8	20.2	23.8	18.7	18.6	18.0	21.5
Non-Oil share of GDP (%)	74.4	78.1	79.2	79.6	76.2	81.3	81.4	82.0	78.5
<b>GROSS DOMESTIC PRODUCT (at Current Basic Prices)</b>									
Growth Rate (%)	22.7	23.3	25.3	24.3	33.2	18.7	23.6	26.9	29.2
Oil share of GDP (%)	46.1	39.0	35.0	35.8	38.6	32.7	29.5	29.7	35.6
Non-Oil share of GDP (%)	53.9	61.0	65.0	64.2	61.4	67.3	70.5	70.3	64.4
<b>MONEY &amp; CREDIT</b>									
Narrow Money (M <sub>1</sub> ) (%) <sup>1</sup>	-0.1	20.5	1.3	-8.1	4.8	-4.0	17.5	11.9	40.2
Broad Money (M <sub>2</sub> ) (%) <sup>1</sup>	6.7	24.3	3.1	-4.5	8.8	2.0	9.3	7.9	34.8
Narrow Money ((M <sub>1</sub> ) (%) <sup>2</sup>	-0.1	20.5	22.0	12.2	4.8	0.6	18.3	32.4	40.2
Broad Money (M <sub>2</sub> ) (%) <sup>2</sup>	6.7	32.6	36.7	30.6	8.8	11.0	21.3	30.9	34.8
Aggregate Credit (Net) (%) <sup>1</sup>	3.4	12.8	9.7	-69.1	-63.7	20.9	324.6	52.4	35.8
Aggregate Credit (Net) (=N= 'b) <sup>1</sup>	78.9	306.0	-262.7	-1681.8	-480.2	330.9	1,404.8	2,141.4	2,907.4
Credit to Government (Net) (%) <sup>1</sup>	45.5	-11.4	-134.5	-1231.8	-50.7	-14.2	11.7	-5.6	-5.0
Credit to Government (Net) (=N= 'b) <sup>1</sup>	139.3	-50.8	-530.7	-1,676.0	-918.2	-3,117.0	-2,752.6	-2,908.1	-3,054.0
By CBN	-8.2	-424.6	-467.6	-1,689.9	-516.6	-3,596.9	-3,818.4	-4,074.4	-4,474.0
By DMB	147.5	-373.8	-63.0	14.0	-401.6	480.0	1,065.8	1,166.3	1,420.1
Federal Government Deposits (=N= 'b)	385.9	770.6	1,136.3	3,448.5	4,182.1	4,718.4	4,963.7	4,171.5	4,548.2
Credit to Private Sector (%) <sup>1</sup>	-3.01	18.3	11.6	0.2	17.1	14.8	20.6	21.5	18.1
Credit to Private Sector (=N= 'b) <sup>1</sup>	-60.4	356.7	268.0	-5.9	438.0	3,447.8	4,157.4	5,049.5	5,961.3
Private Sector Deposit (=N= 'b)	206.7	266.0	212.8	131.8	46.7	15.8	11.6	70.5	54.8
Aggregate Credit (%) <sup>2</sup>	3.41	16.6	5.3	-67.4	-63.7	340.4	86.3	184.1	35.8
Credit to Government (%) <sup>2</sup>	45.5	28.9	-144.5	-692.1	-50.7	50.4	-51.9	-60.5	-5.0
Credit to Private Sector (%) <sup>2</sup>	-3.0	14.8	28.1	27.8	17.1	14.8	62.0	96.8	18.1
Base Money (=N= 'b)	728.9	797.6	805.7	974.9	841.3	858.3	898.3	1,195.3	1,164.9
(Growth Rate, %) <sup>1</sup>									
Currency in Circulation (=N= 'b)	563.7	602.8	615.1	779.3	727.4	715.0	722.3	960.8	891.8
Bank Reserves (=N= 'b)	165.2	194.8	190.6	195.7	113.8	143.3	245.0	647.0	827.4
Money Supply (=N= 'b)	3,003.1	3,733.7	3,848.9	3,674.6	3,998.1	4,079.8	4,458.5	4,811.7	6,486.2
<b>NTB SALES (=N= 'b)</b>									
NTB Sales at Primary Market	461.4	339.6	309.3	332.2	338.1	359.9	327.1	689.6	399.5

	1 <sup>st</sup> Qtr 06	2 <sup>nd</sup> Qtr 06	3 <sup>rd</sup> Qtr 06	4 <sup>th</sup> Qtr 06	1 <sup>st</sup> Qtr 07	2 <sup>nd</sup> Qtr 07	3 <sup>rd</sup> Qtr 07	4 <sup>th</sup> Qtr 07	1 <sup>st</sup> Qtr 08
NTB Sales at OMO	349.0	520.5	560.5	344.4	307.2	743.6	847.7	1,684.0	484.3
<b>INTEREST RATES (%)</b>									
Inter-bank Call Rate (Weighted Average)	13.47	3.62	5.72	6.69	7.28	8.00	8.13	8.25	10.30
Minimum Rediscount Rate/Monetary Policy Rate	13.0	14.0	14.0	10.0*	10.0	8.00	8.00	9.5	10.0
Treasury Bill Rate									
Savings Deposit Rate	3.48	2.96	2.94	3.14	3.62	3.81	3.51	3.23	2.97
Deposit Rates (Consolidated)	5.42	7.00	6.95	7.41	7.59	7.75	7.67	7.47	7.86
Average Term Deposit Rate	8.09	8.25	8.14	8.67	8.88	9.04	9.05	8.69	9.35
7 Days	4.41	4.88	4.36	5.11	5.40	5.59	5.83	5.54	5.38
1 Month	8.79	9.41	9.21	10.02	10.25	10.38	10.50	9.90	10.51
3 Months	9.23	9.77	9.79	10.25	10.28	10.37	10.45	9.87	10.71
6 Months	8.70	9.12	9.31	10.02	9.84	9.96	9.67	9.49	9.98
12 Months	8.72	8.74	8.01	7.89	8.42	8.11	7.46	7.75	9.48
Over 12 Months	5.47	7.58	8.14	8.73	8.78	9.85	9.69	9.56	10.01
Prime Lending Rate	16.52	16.77	17.15	17.26	17.48	17.30	14.48	16.49	16.05
Maximum Lending Rate	18.09	18.33	18.61	18.70	18.75	18.16	15.63	18.24	18.17
Average Lending Rate									
Real Interest Rate (Max. Lending Rate)	6.09	9.83	12.31	10.2	13.55	12.34	11.53	11.64	10.37
Real Interest rate (Ave. Deposit Rate)	-3.91	-0.25	1.84	0.17	3.68	1.31	3.57	2.09	1.55
<b>CAPITAL MARKET</b>									
All Share Value Index	23,383.4	26,161.2	32,554.6	33,189.3	43,456.0	51,330.46	50,229.01	57,990.22	63,016.56
Market Capitalization (=N='t)	3.0	3.3	5.0	5.1	7.1	8.9	9.2	13.3	15.3
Value of Shares Traded (=N='b)	59.6	82.2	163.9	148.9	335.6	330.5	231.3	582.4	990.4
Volume of Shares Traded ('b)	5.3	7.1	11.9	12.5	26.2	37.8	35.9	37.7	68.6
1 Percentage change over preceding Quarter									
2 Percentage change over preceding December									
* Commencement of MPR									
GDP Figures are revised for 2007									

Appendix 2: Selected Macroeconomic Indicators (Fiscal, External & Real Sectors Indicators)

	1 <sup>st</sup> Qtr 06	2 <sup>nd</sup> Qtr 06	3 <sup>rd</sup> Qtr 06	4 <sup>th</sup> Qtr 06	1 <sup>st</sup> Qtr 07	2 <sup>nd</sup> Qtr 07	3 <sup>rd</sup> Qtr 07	4 <sup>th</sup> Qtr 07	1 <sup>st</sup> Qtr 08
<b>FISCAL OPERATIONS OF THE FEDERAL GOVT</b>									
Federally Collected Revenue (=N='b)	1,705.5	1,284.7	1,487.6	1483.1	1224.7	1,120.2	1,479.4	1,699.3	1,889.4
Oil Revenue	1,551.1	1,144.2	1,311.8	1,280.5	1,018.6	926.8	1,165.6	1,279.1	1,574.3
Non-Oil Revenue	154.4	140.5	175.7	202.6	206.0	193.4	281.0	420.2	
Retained Revenue (=N='b)	374.5	395.1	492.7	564.1	473.1	670.5	566.6	700.6	
Total Expenditure (=N='b)	333.8	309.3	498.1	685.8	485.1	585.5	515.7	941.3	
Recurrent	327.1	267.0	354.2	339.5	307.1	251.5	375.27	615.5	434.9
Capital Expenditure	2.6	42.3	128.1	309.2	152.5	308.5	6.93	291.5	-
Transfers	4.1	38.4	15.9	37.1	25.6	25.6	16.75	34.4	29.3
Surplus/Deficit (=N='b)	40.7	85.9	-5.5	-121.7	-12.1	85.1	153.47	-240.7	96.6
Ways and Means Advances (=N='b)	-	-	-	-	-	-	-	-	-
Statutory Limit (% of Budgeted)	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
<b>FOREIGN EXCHANGE FLOWS Through the CBN (US\$m)</b>									
Inflow	9,655.16	8,717.74	9,626.35	8,727.91	8,146.21	6,406.19	10,050.73	10,832.6	
Outflow	2,255.44	8,800.95	5,069.32	8,195.86	7,017.01	6,226.87	5,442.38	5,668.44	4,187.77
(Debt Service)	161.65	4,733.48	209.16	1,727.72	676.71	109.17	129.43	111.15	110.40
Net Flow	7,399.72	-83.21	4,557.03	532.05	1,129.2	179.32	4,608.35	5,164.16	8,701.09
<b>FOREIGN EXCHANGE MARKET</b>									
Forex Sales at WDAS (US\$m)	709.47	2,419.2	2,724.62	3,412.38	2,657.85	2306.06	2,107.64	1,599.10	240.50
Forex Demand at WDAS (US\$m)	900.13	2,878.19	2,991.86	4,537.24	3,094.05	3493.66	2,719.61	1,046.40	1,063.51
Supply of Forex to BDC (US\$m)	0.00	508.84	1,018.92	1,202.24	1,384.1	1,185.60	1,930.6	1,771.19	1,402.39
Total Forex Supply (US\$m)	709.47	2,928.045	3,743.54	5,224.62	4,051.92	4,679.26	4,038.28	3,370.29	1,642.89
Average WDAS Exchange Rate	129.36	128.45	128.31	128.28	128.23	127.65	126.63	120.87	118.04
Average BDC Exchange Rate	145.97	142.33	130.24	129.99	129.80	128.83	127.15	123.89	119.79
BDC Premium	12.84	10.80	1.50	1.33	1.22	0.9	0.4	2.5	1.2
Depreciation									
<b>BALANCE OF PAYMENTS</b>									
Current Account (=N='b)	731.36	1,089.50	1,090.58	929.71	876.06	1,217.07	1,571.41	-	-
Goods	429.10	948.15	754.63	736.39	486.44	741.87	854.42	-	-
Export	1,068.219	1,560.51	1,531.80	1,460.38	1,320.18	1,505.46	1,646.70	-	-
Import	-639.12	-612.35	-777.17	-723.99	-833.75	-763.59	-792.29	-	-
Services (net)	-1.42	-65.03	-47.47	79.54	-6.27	-3.50	-43.06	-	-
Income (net)	-42.87	-52.97	-26.22	69.26	7.13	-20.53	-16.23	-	-

	1 <sup>st</sup> Qtr 06	2 <sup>nd</sup> Qtr 06	3 <sup>rd</sup> Qtr 06	4 <sup>th</sup> Qtr 06	1 <sup>st</sup> Qtr 07	2 <sup>nd</sup> Qtr 07	3 <sup>rd</sup> Qtr 07	4 <sup>th</sup> Qtr 07	1 <sup>st</sup> Qtr 08
Current Transfers (net)	346.55	259.35	262.24	342.12	388.76	499.23	657.70	-	
Capital and Financial Accounts	292.98	-1,050.67	-604.58	-668.18	-762.67	-1,231.15	-897.94	-	
Capital Account (net)	1.10	2.23	2.60	1.92	1.60	1.96	2.58	-	-
Financial Accounts (net)	291.88	1,052.90	-607.19	-670.10	-764.27	-1,233.11	-900.52	-	-
Direct Investment	125.24	85.03	71.06	136.09	147.50	161.14	365.22	-	-
Net Errors and Omissions	-3.23	-4.45	-2.54	-1.92	-3.58	-3.80	-2.52	-	-
Overall Balance	1,021.11	34.38	483.43	259.61	109.82	6.50	670.95	-	-
<b>EXTERNAL RESERVES (US\$b)</b>	36.20	36.48	40.46	42.30	42.60	42.63	47.97	51.33	59.70
<b>CRUDE OIL PRODUCTION (MBD)</b>									
Total World Supply	85.2	84.5	84.9	85.2	85.4	85.5	86.0	85.9	87.3
OPEC	34.5	33.6	34.2	34.0	33.7	35.1	36.3	35.1	
Non-OPEC	50.7	50.8	50.6	51.3	50.6	50.3	49.5	50.8	
<b>CRUDE OIL PRICES (US\$/Barrel)</b>									
Bonny Light	62.5	70.5	71.5	61.6	59.9	71.2	79.6	92.0	98.9
OPEC Basket	58.0	64.9	66.2	56.1	54.6	64.3	73.1	90.0	88.4
<b>DOMESTIC PRICES</b>									
12 MMA Inflation Rate (%)	17.4	15.5	10	8.2	7.2	5.9	5.9	5.4	5.8
Y/Y Inflation Rate (%)	12.0	8.5	6.3	8.5	5.2	6.4	4.1	6.6	7.8
Core Inflation:12 MMA (%) <sup>2</sup>	11.1	11.0	11.2	12.8	13.4	11.1	10.6	9.2	6.8
Core Inflation: Y/Y (%) <sup>2</sup>	16.3	13.6	10.6	17.3	8.9	9.6	10.5	3.6	0.5
Food Inflation:12 MMA (%) <sup>3</sup>	20.7	18.0	9.0	5.6	3.3	2.0	2.1	1.9	4.2
Food Inflation: Y/Y (%) <sup>3</sup>	9.3	6.2	4.3	3.9	1.7	3.2	-0.8	8.2	12.4
<b>INDUSTRIAL PRODUCTION</b>									
Index of Industrial Production	123.2	124.4	120.6	114.8	120.80	121.70	120.90	118.84	118.75
Index of Manufacturing Production	91.9	92.6	87.2	86.6	89.60	89.80	89.40	90.07	89.96
Index of Mining Production	144.4	148.1	145.3	132.8	132.10	132.40	133.50	133.64	132.90
Average Electricity Generation	3,074.6	3,016.2	2,744.7	2,520.1	2,271.5	2,950.0	2,794.1	3,850.0	3,850.0
Average Electricity Consumption (MW/h)	1,832.0	1,796.6	1,760.9	1,725.1	1,689.1	1,796.6	1,617.0	1,750.0	1,750.0
<i>1 Provisional</i>									
<i>2 Core Inflation based on consumer price index (CPI) of All Items less Farm Produce</i>									
<i>3 Inflation based on consumer price index (CPI) of food</i>									