CENTRAL BANK OF NIGERIA

MONTHLY REPORT

APRIL 2007

RESEARCH AND STATISTICS DEPARTMENT

CENTRAL BANK OF NIGERIA

MONTHLY REPORT

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

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ECONOMIC REPORT FOR THE MONTH OF APRIL 2007

1.0 SUMMARY

Provisional data indicated decline in monetary aggregates in April, 2007. Broad money stock (M_2) and narrow money supply (M_1) fell by 0.9 and 2.3 per cent, respectively, from their levels in March, 2007. The development was attributable to the decline in other assets (net) of the banking system.

Available data indicated a mixed development in banks' deposit and lending rates in April, 2007. The spread between banks' weighted average deposit and maximum lending rates, narrowed from 11.10 percentage points in March, 2007 to 10.75 per cent. The margin between the average savings deposit and maximum lending rates, however, widened from 14.62 per cent to 14.74 percentage points. The weighted average inter-bank call rate rose from 7.33 per cent in the preceding month to 7.54 per cent.

The value of money market assets outstanding increased by 9.7 per cent to ₦1,947.6 billion, in contrast to the decline of 1.1 per cent in the preceding month. The rise was traceable largely to the 34.3 and 8.6 per cent rise in Commercial Papers and FGN bonds outstanding, respectively. Available data indicated that activities on the Nigerian Stock Exchange were bullish during the review month as all the major market indicators trended upward.

The major agricultural activities in the review month included: preparation of land for transplanting of tree crops from nurseries; planting of upland rice, maize and vegetables; application of fertilizers; and harvesting of fruits. The prices of most Nigerian major agricultural commodities at the London Commodities Market increased. At 267.8 (1990=100), the all-commodities price index, in dollar terms, rose by 1.5 per cent over the level in the preceding month.

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.10 million barrels per day (mbd) in April, 2007, compared with 2.15 mbd in the preceding month. Crude oil export was estimated at 1.65 mbd for the month, while deliveries to the refineries for domestic consumption remained at 0.45 mbd or 13.35 million barrels for the month. The average price of Nigeria's reference crude, the Bonny Light (37^0 API), estimated at US\$70.46 per barrel, increased by 9.6 per cent over the level in March 2007.

The inflation rate on a year-on-year basis declined to 4.2 per cent in April, 2007, from 5.2 per cent in the preceding month. Inflation rate on a twelve-month moving average was 6.5 per cent, compared with 7.2 per cent in March, 2007. The fall was attributable largely to the decline in the prices of some food items during the period under review.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) in April, 2007, amounted to US\$2.29 billion and US\$1.54 billion, respectively, resulting in a net inflow of US\$0.75 billion. The rise in inflow was traceable to the increase in oil sector receipts, while the fall in outflow was attributable to the decline in DAS utilisation and external debt service. The demand pressure in the foreign exchange market moderated in April, 2007, as foreign exchange sales by the CBN to the authorized dealers declined by 43.1 per cent from the preceding month's level. The weighted average exchange rate of the Naira vis-à-vis the US dollar, appreciated from ₦128.15 per dollar to ₦127.98 per dollar in April, 2007. In the Bureaux de change segment of the market, the rate, also, appreciated by 0.3 per cent to ₦129.00 per dollar from ₦129.34 per dollar. Available data showed that Nigeria's gross external reserves rose by 2.2 per cent to US\$43.53 billion in April, 2007. Non-oil export earnings by Nigeria's top 100 exporters in April, 2007 amounted to US\$117.27 million, indicating an increase of 22.2 per cent over the level in the preceding month. The development was attributable largely to the variation in the prices of some of the commodities traded at the

international commodities market during the review month.

Other major international economic developments of relevance to the domestic economy during the month included: the release of the 2007/2008 World Economic Outlook (WEO) by the International Monetary Fund (IMF). The outlook showed that global growth would moderate to 4.9 per cent during the period. The 40th Session of the United Nations Economic Commission for Africa (UNECA) Conference of Ministers of Finance, Planning and Economic Development was held in Addis Ababa, Ethiopia from 2nd – 3rd April, 2007. The theme of the Conference was "Accelerating Africa's Growth and Development to meet the Millennium Development Goals (MDGs): Emerging Challenges and the Way Forward". The objectives of the conference were to identify some of the emerging challenges to accelerating growth and development to meet the MDGs in Africa; and to propose options for consideration by Ministers, which will pave the way for scaling up interventions to accelerate growth and development to meet the MDGs in the region. Also, the Spring Meetings of the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs & Developments, and the Board of Governors of the International Monetary Fund (IMF) and the World Bank (WB) took place in Washington D.C. from 12th – 15th April, 2007. The purpose of the meeting was to consider Voice and Representation of Developing Countries, the 1977 Decision on Surveillance, Scaling up of Aid, Clean Energy and Climate Change, Governance and Anti-Corruption, among others. Furthermore, the fifteenth meeting of the International Monetary and Financial Committee was held on April 14, 2007. The Committee welcomed the continued strong and broad-based expansion of the global economy. It also noted the progress and continued focus in IMF surveillance, on the agreed strategy for promoting an orderly unwinding of global imbalances over the medium term. The Committee called on poor countries and donors to continue working in partnership to build the robust growth observed in low-income countries in order to accelerate progress towards achieving the Millennium Development Goals.

2.0 FINANCIAL SECTOR DEVELOPMENTS

Money supply as well as banks' deposit and lending rates generally declined in April, 2007. The value of money market assets outstanding increased, following the 8.6 per cent rise in outstanding FGN bonds. Transactions on the Nigerian Stock Exchange were bullish during the review month as all the major market indicators trended upward.

2.1 Monetary and Credit Developments

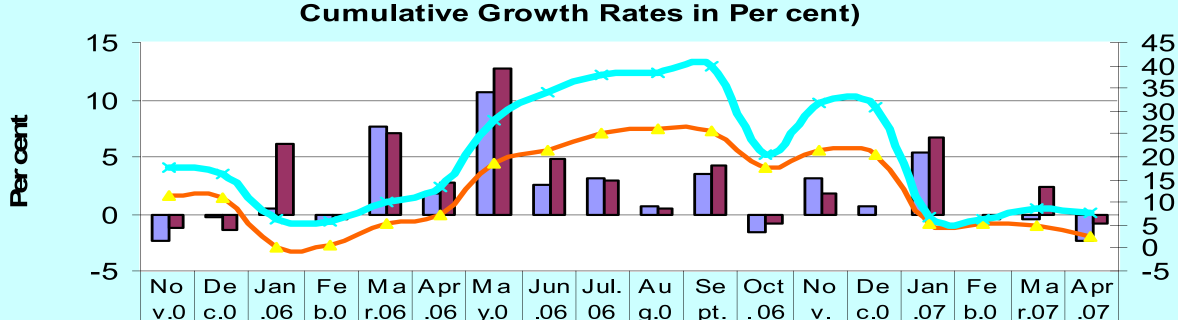
Provisional data indicated that broad money supply (M_2) fell by 0.9 per cent to ₦3,960.3 billion, in contrast to the increase of 2.3 per cent in the preceding month, while narrow money supply (M_1) fell by 2.3 per cent to ₦1,982.0 billion, compared with the decline of 0.5 per cent in March 2007. The development was attributable to the fall in other assets (net) of the banking system. Over the level at end-December, 2006, M_1 and M_2 grew by 2.4 and 7.8 per cent, respectively, representing an annualized growth rate of 7.2 and 23.4 per cent for fiscal 2007 (fig.1 and table 1).

Aggregate banking system credit (net) to the domestic economy increased by 68.8 per cent to ₦461.9 billion, in contrast to the decline of 21.5 per cent in March 2007. The development was traceable to the rise in banking system credit to both the public and private sectors during the review period. In the first four months of the year, aggregate banking system credit (net), however, fell by 38.7 per cent.

Banking system's credit (net) to the Federal Government in April, 2007, rose by 0.1 per cent, in contrast to the decline of 7.6 per cent recorded in the preceding month. The development reflected wholly the increase in DMBs' claim on the Federal Government. Over the level at end-December, 2006, however, banking system credit (net) to the Federal Government fell by 50.5 per cent.

Banking system's credit (net) to the private sector, also, rose by 6.1 per cent to ₦3,188.1 billion, compared with the increase of 4.1 per cent in the preceding month. The rise reflected wholly the 6.2 per cent increase in DMBs' claims on the sector. Over the level at end-December 2006, credit to the private sector rose by 24.3 per cent.

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

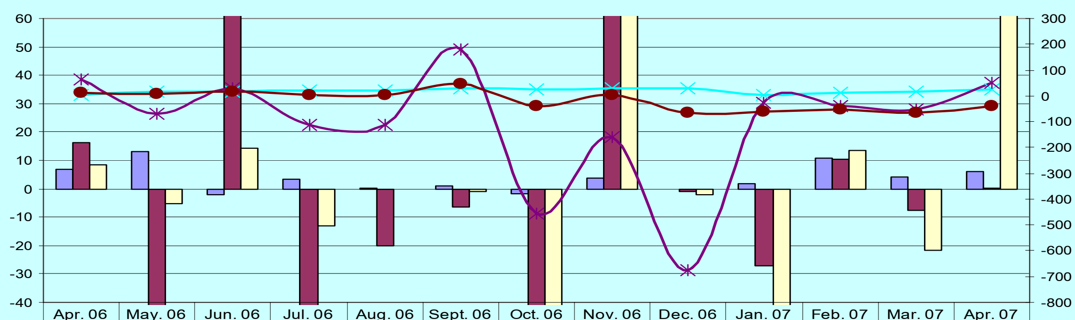


	Nov.06	Dec.06	Jan .06	Feb.06	Mar.06	Apr .06	May.06	Jun .06	Jul. 06	Aug.06	Sept.06	Oct .06	Nov.06	Dec.06	Jan .07	Feb.07	Mar.07	Apr .07
MM1	-2.3	-0.3	0.4	-0.9	7.6	1.7	11	2.6	3.2	0.7	3.4	-1.6	3.2	0.7	5.4	-0.1	-0.5	-2.3
MM2	-1.3	-1.4	6.1	-0.4	7	2.8	13	4.9	2.9	0.5	4.3	-0.8	1.8	-0	6.7	-0.4	2.3	-0.9
CM1	11	11	0.4	0.6	5.3	7.1	18	22	25	26	26	18	21	20	5.4	5.4	4.8	2.4
CM2	18	16	6.1	5.7	10	13	28	34	38	39	40	21	32	31	6.7	6.3	8.8	7.8

At ₦7,107.2 billion, foreign assets (net) of the banking system increased by 1.2 per cent, compared to the increase of 2.1 per cent in March, 2007. The development was attributable to the increase in both the CBN and DMB's holdings. Over the level at end-December 2006, foreign assets (net) of the banking system rose by 14.3 per cent.

Quasi money increased by 0.4 per cent to ₦1,978.3 billion, compared with the increase of 5.5 per cent in the preceding month. The development was attributable to the rise in all the components namely, time and savings deposits of the DMBs during the month. Over the level at end-December 2006, quasi-money, rose by 13.7 per cent.

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



	Apr. 06	May. 06	Jun. 06	Jul. 06	Aug. 06	Sept. 06	Oct. 06	Nov. 06	Dec. 06	Jan. 07	Feb. 07	Mar. 07	Apr. 07
MCP	6.9	13	-2	3.5	0.2	1.1	-1.7	3.7	-0.2	1.7	10.6	4.1	6.1
MCG	16.2	-80.9	5,358.10	-108.4	-20.1	-6.3	-228.6	82.7	-0.8	-27	10.2	-7.6	0.1
MAC	8.6	-5.39	14.4	-12.9	-0.1	-0.8	-58.2	69.8	-2.2	-59.3	13.6	-21.5	68.8
CCP	3.7	17.1	14.8	18.8	19	28.1	26	30.6	28.2	1.7	12.5	17.1	24.3
CCG	65.6	-68.4	28.9	-110.9	-113.1	178.6	-458.2	-161.9	-676.2	-27	-40	-50.7	50.5
CAC	11.8	5.8	16.6	1.6	1.6	48	-38.1	5.1	-65	-59.3	-53.7	-63.7	-38.7

Other assets (net) of the banking system, however, declined by 9.3 per cent in April, 2007, in contrast to the increase of 0.6 per cent in the preceding month. The development reflected the increase in unclassified assets of the CBN.

2.2 Currency-in-circulation and Deposits at the CBN

At ₦766.0 billion, currency in circulation rose by 5.3 per cent in April, 2007, compared with the level in the preceding month. The increase was traceable to the 2.8 per cent rise in currency outside banks, reinforced by the 17.6 per cent increase in vault cash.

Total deposits at the CBN amounted to ₦4,666.2 billion, indicating an increase of 7.5 per cent over the level in the preceding month. The development was attributable largely to the 5.0 increase in Federal Government's deposits, reinforced by the rise in private sector and DMBs' deposits, respectively. The shares of the Federal Government, banks and "others" in total deposits at the CBN were 94.1, 2.8 and 3.1 per cent, respectively, compared with 95.2, 2.4 and 2.4 per cent, in the preceding month.

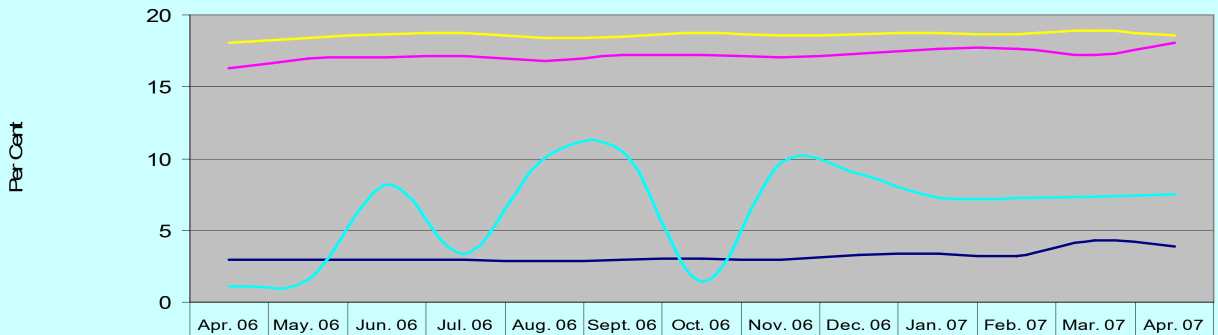
2.3 Interest Rate Developments

Available data indicated a mixed development in banks' deposit and lending rates in April, 2007. With the exception of the average savings and the 12-months deposit rates which fell by 0.46 and 0.02 percentage points to 3.84 and 8.28 per cent, respectively, other rates on deposits of various maturities, rose to a range of 5.56–10.61 per cent from a range of 5.55–10.48 per cent in the preceding month. Similarly, the weighted average prime lending rate increased by 0.87 percentage point to 18.05 per cent. The weighted average maximum lending rate, however, declined by 0.34 percentage point to 18.58 per cent.

Consequently, the spread between the weighted average deposit and maximum lending rates narrowed from 11.10 to 10.75 percentage points in April, 2007. The margin between the average savings deposit and maximum lending rates, however, widened from 14.62 percentage points in the preceding month to 14.74 percentage points.

The weighted average inter-bank call rate rose from 7.33 per cent in the preceding month to 7.54 per cent (fig. 3).

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



	Apr. 06	May. 06	Jun. 06	Jul. 06	Aug. 06	Sept. 06	Oct. 06	Nov. 06	Dec. 06	Jan. 07	Feb. 07	Mar. 07	Apr. 07
Savings	2.98	2.95	2.96	2.94	2.91	2.93	3.08	2.97	3.25	3.36	3.19	4.3	3.84
Prime	16.25	16.97	17.08	17.17	16.81	17.19	17.19	17.06	17.33	17.64	17.63	17.18	18.05
Maximum	18.03	18.36	18.61	18.7	18.39	18.52	18.71	18.54	18.66	18.70	18.64	18.92	18.58
Inter-bank	1.13	1.57	8.16	3.37	10.03	10.45	1.40	9.70	8.98	7.25	7.25	7.33	7.54

2.4 Money Market Developments

Provisional data indicated that money market activity remained vibrant as the value of money market assets outstanding at end-April, 2007 increased by 9.7 per cent to ₦1,947.6 billion, compared with the increase of 1.1 per cent in the preceding month. The increase was traceable largely to the 34.3 and 8.6 per cent rise in Commercial Papers (CP) and outstanding FGN bonds, respectively. Treasury bills outstanding, however, remained at the preceding month's level of ₦695.5 billion.

Treasury bills worth ₦137.0 billion were offered in April 2007, compared with ₦138.0 billion in the preceding month. Subscriptions and allotment stood at ₦203.3 billion and ₦137.0 billion, compared with ₦338.2 billion and ₦138.0 billion, respectively, in March, 2007. Analysis of allotment showed that investment by the deposit money banks (DMBs) and discount houses jointly accounted for ₦40.3 billion or 29.4 per cent of the total, while the balance of ₦96.7 billion or 70.6 per cent went to the non-bank public during the month.

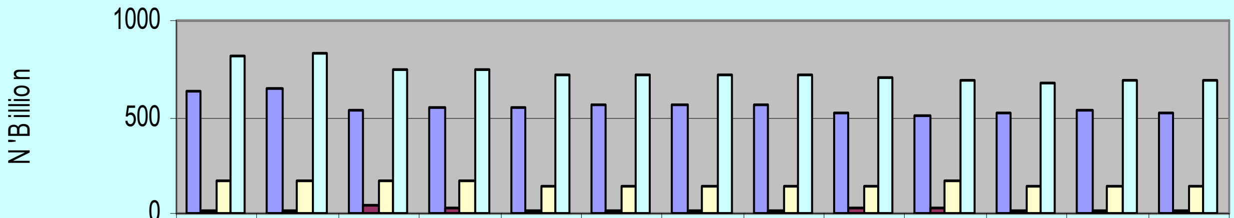
Holdings of treasury bills outstanding showed that the DMBs and discount houses' holdings declined by 2.1 per cent to ₦526.7 billion, while, holdings by the non-bank public declined by 0.4 per cent to ₦140.4 billion. Consequently, the CBN's holding rose from ₦16.4 billion in March, 2007 to ₦18.5 billion in April, 2007.

The CBN standing facilities provided the financial valves for absorbing surplus funds and injecting overnight funds on a last-resort basis. Furthermore, the lending and deposit facilities provided the rates corridor within which market players, with suitable securities, were expected to trade. These facilities were fully utilized by market players during the month.

The sum of ₦19.3 billion was lent to DMBs under the lending facility in April 2007.

Due to the liquidity surfeit in the system for most of the review period, especially after the release of ₦61.9 billion excess crude oil proceeds, DMBs frequently utilized the CBN deposit facilities. Cumulative overnight deposits made by deposit money banks and discount houses amounted to ₦1,668.56 billion during the month, compared with ₦2, 775.41 billion in March 2007. Owing to some teething IT problems that made it impossible to determine the accurate reserve positions/balances and hence the settlement balances, it was noted that banks that accessed the standing facilities also had credit balances at the end of the day. Overnight special deposit/placement at the CBN amounted to ₦767.3 billion, compared with ₦1,344.9 billion in the preceding month. The deposit money banks/discount houses were remunerated at 0.1 per cent for such special deposits.

Figure 4:Treasury Bills Holdings (N' Billion)



	Apr. 06	May. 06	Jun. 06	Jul. 06	Aug. 06	Sept. 06	Oct. 06	Nov. 06	Dec. 06	Jan. 07	Feb. 07	Mar. 07	Apr. 07
Banks/D.H	627.2	653.3	541.1	548.5	552.5	558.7	561.9	561.9	520.6	501.9	515.2	538.2	526.7
CBN	14.5	10.8	35.8	30.5	20.5	18.4	15.2	15.2	33.4	22.9	20.6	16.4	18.5
Others	173.3	171.2	164.2	162.1	142.2	138.2	138.2	138.2	147.4	165.5	139.7	141	140.4
Total	815.0	835.4	741.1	741.1	715.3	715.3	715.3	715.3	701.4	690.3	675.5	695.6	685.6

2.5 Deposit Money Banks' Activities

Available data indicated that total assets/liabilities of deposit money banks (DMBs) stood at ₦7,291.8 billion, in April 2007, and represented an increase of 4.0 per cent over the level in the preceding month. The rise was attributable largely to the increase in claims on private sector from ₦2905.5 billion to ₦3100.5 billion, reinforced by the 10.5 per cent increase in foreign assets. Funds, which were sourced mainly from increased foreign and unclassified liabilities, were utilized largely in the extension of credit to the private sector.

Aggregate credit to the domestic economy by the DMBs amounted to ₦4,008.5 billion, representing an increase of 13.0 per cent over the level in the preceding month. The rise was traceable largely to the

47.5 per cent increase in claims on central government during the period.

The Central Bank's credit to the DMBs fell by 0.5 per cent to ₦9.9 billion, compared with the level in the preceding month. The development reflected the adoption of the new monetary policy rate (MPR) which discourages banks from borrowing first from the CBN.

Total specified liquid assets of the DMBs stood at ₦2,374.5 billion, or 51.0 per cent of their total current liabilities. This level of liquid assets was 2.1 percentage points over the preceding month's level, and 11.0 percentage points above the stipulated minimum ratio of 40.0 per cent for fiscal 2007. The loans-to-deposit ratio, at 67.9 per cent, was 12.1 percentage points below the maximum target of 80.0 per cent.

2.6 Discount Houses

Available data indicated that total assets/liabilities of the discount houses stood at ₦206.9 billion in April 2007, representing an increase of 4.5 per cent over the level in the preceding month. The increase in assets was attributable largely to the 20.5 and 247.1 per cent rise in "claims on Federal Government" and "claims on others", respectively, while the rise in liabilities was attributable largely to the 21.4 per cent increase in "other amount owing", during the period. Discount houses' investments in Federal Government securities of less than 91 days maturity stood at ₦92.7 billion, representing 52.6 per cent of their total deposit liabilities. This level of investment was 6.4 per cent over the level in the preceding month, but 7.4 percentage points below the prescribed minimum of 60.0 per cent for 2007 fiscal.

Total borrowing by discount houses was ₦200.4 billion, while their capital and reserves amounted to ₦16.3 billion, resulting in a gearing ratio of 6.7:1, compared with the prescribed maximum target of 50:1 for the year.

2.7 Capital Market Developments

Available data indicated that activities on the Nigerian Stock Exchange (NSE) in the month of April, 2007 were bullish as all the major market indicators trended upward. The volume and value of traded securities rose by 3.5 and 4.8 per cent to 11.8 billion shares and ₦139.7 billion, respectively, compared with the 11.4 billion shares and ₦133.4 billion in the preceding month. The banking sub-sector remained the most active on the exchange during the period. 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 indicates that a turnover of 24.14 million units worth ₦25.73 billion was recorded in the review month, compared with 138.78 million units worth ₦149.92 billion recorded in the month of March, 2007. The most active bond was the FGN Bond 2012 with a traded volume of 2.6 million units valued at ₦2.62 billion. In the first four months of the year, total turnover in the capital market amounted to 38.0 billion shares valued at ₦475.3 billion.

In the new issues market, the Standard Alliance Insurance Plc's 17,500,000 Units Floating Rate Cumulative Irredeemable Convertible Preference Shares of ₦100 each was admitted on the Daily Official List. Also, the 3-year ₦65.0 billion 4th FGN Bond 2010 Series 4 was admitted to the Daily Official List with a coupon rate of 9.00 %. The bond auction through the recently appointed primary dealers for bonds received high patronage, signifying the increased confidence in the Nigerian economy where long term investments are expected to boost growth and development.

Four (4) public offerings were concluded, while two (2) bonuses and a Share Reconstruction were listed as supplementary listings. However, four securities were delisted from the Daily Official List based on the recommendation of the Board of Directors. These were the 416,000,000 shares of CFAO Nigeria Plc and the three bonds issued by the company. By this action, the number of securities listed on the Exchange dropped to 290 at end-April, 2007.

The All-Share index rose by 8.4 per cent to close at 47,123.99 (1984 = 100), while the total market capitalization of the 290 listed securities rose by 9.9 per cent to ₦7.8 trillion in the review month. The index had on April 24, 2007 recorded its highest value of 47,262.30 before dropping to its month-end position. Zenith Bank Plc was the most capitalized stock for the month, with a market capitalization of ₦459.5 billion followed by Dangote Sugar Refinery Plc with a market capitalization of ₦430.4 billion.

The development was attributable largely to price gains recorded by the highly capitalized companies in the banking, insurance and food beverages and tobacco sub-sectors, quoted on the Exchange.

In another development, the Federal Government approved new minimum capital base for all capital market operators in the country. The new capital base would strengthen and reposition the operators to cope with the expected challenges and global competition in line with the objectives of the Federal Government's economic reform programme. It would also bring together fringe players, thus paving the way for well capitalized and properly structured organizations in the nation's capital market. Under the new capital base, the minimum paid-up capital for issuing houses has been increased from ₦150 million to ₦2 billion; brokers/dealers, from ₦70 million to ₦1 billion; Clearing and settlement Agency, from ₦500 million to ₦1 billion; Registrars, from ₦50 million to ₦500 million.

Underwriters who before now had a minimum capital base of ₦100 million are now required to have ₦2 billion; Fund/Portfolio Manager, from ₦20 million to ₦500 million, while Corporate Sub-brokers with a current capital base of ₦5 million are to raise it to ₦50 million.

Operators not affected by the upward review included stock/commodities exchanges, capital trade points, commodities brokers, venture capital managers and individual investment advisers. Others are consultants (individual and corporate), rating agencies, corporate investment advisers and trustees. This is aimed at encouraging a smooth take off of these relatively new areas of capital market operations in Nigeria.

Existing operators has been given up to December 31, 2008 by the Securities and Exchange Commission (SEC) to comply with the new capital requirements either through capital increases or mergers/acquisitions, adding that no extension will be granted.

In a related development, a 40 per cent reduction in all capital market fees for both primary and secondary market transactions was approved during the month under review. The reduction in cost is the culmination of industry-wide efforts at ensuring that the domestic capital market is made more competitive to attract both local and foreign investments into the country.

Average equities transaction cost in the primary market has been reduced from 6.92 per cent to 4.32 per cent, while transaction cost on bonds has been reduced from 7.03

per cent to 4.79 per cent. For the secondary market, equities transaction costs on the buy side have been reduced from 4.07 per cent to 2.36 per cent, while the sell side is now 2.65 per cent down from 4.12 per cent. The new fee regime came into effect on April 24, 2007.

Other approvals during the month included 80 per cent mandatory underwriting for public offers; and a code of conduct for shareholders' associations in Nigeria. This is to reduce the incidence of under subscription and ensure that the issuing houses and stockbrokers have higher stakes in the issues they bring to the market.

3.0 DOMESTIC ECONOMIC CONDITIONS

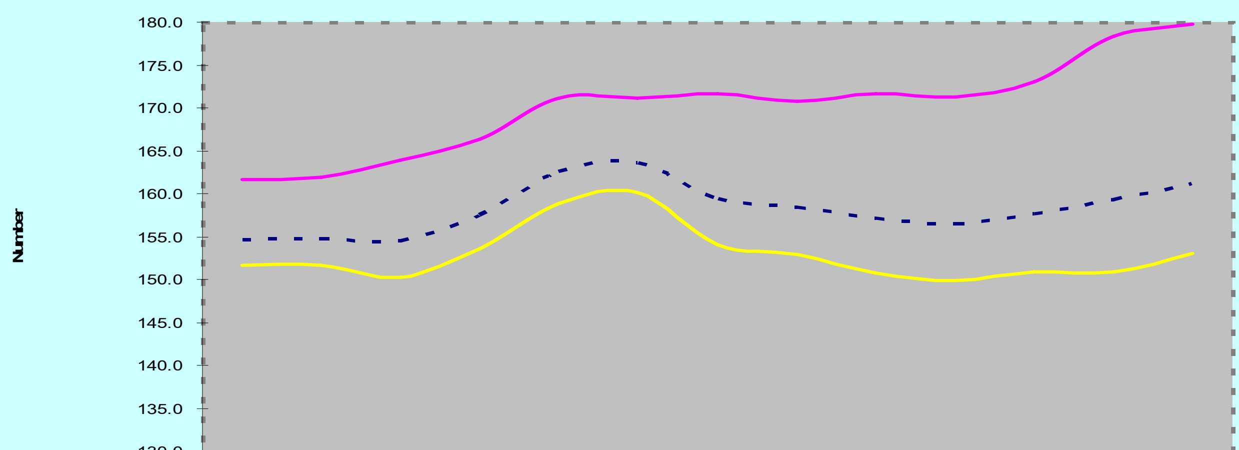
The predominant agricultural activities in April, 2007 were: preparation of land for transplanting of tree crops from nurseries; planting of upland rice, maize and vegetables; application of fertilizers; and harvesting of fruits. Livestock farmers intensified their activities to replenish stock of broilers and overgrown layers sold off during the Easter festivities. Crude oil production was estimated at 2.10 million barrels per day (mbd) or 63.0 million barrels for the month. The inflation rate for April, 2007, on a year-on-year basis, was 4.2 per cent, compared with 5.2 per cent recorded in the preceding month.

3.1 Agricultural Sector

The predominant agricultural activities during the month of April, 2007 centered on the preparation of land for transplanting of tree crops from nurseries; planting of upland rice, maize and vegetables; application of fertilizers; and harvesting of fruits. Livestock farmers intensified their activities to replace stock of broilers and overgrown layers sold off during the Easter festivities.

The sum of ₦446.5 million was guaranteed to 6,465 farmers under the Agricultural Credit Guarantee Scheme (ACGS) during the review month, representing an increase of 376.6 and 383.7 per cent over the levels in the preceding month and the corresponding period of 2006, respectively. A sub-sectoral analysis showed that the food crop sub-sector with

Figure 5: Monthly Consumer Price Indices in Nigeria (2003=100)



	Apr. 06	May. 06	Jun. 06	Jul. 06	Aug. 06	Sep. 06	Oct. 06	Nov. 06	Dec. 06	Jan. 07	Feb. 07	Mar. 07	Apr. 07
Composite	154.6	154.7	154.4	157.5	162.5	163.5	159.4	158.3	157.1	156.4	157.6	159.2	161.1
Urban	161.6	161.9	163.9	166.3	171.2	171.2	171.7	170.8	171.6	171.3	173.1	178.4	179.7
Rural	151.6	151.6	150.3	153.6	158.8	160.1	154.1	152.9	150.8	149.9	150.9	150.9	153.0

6,381 beneficiaries, obtained the largest share of ₦430.8 million (96.4 per cent), fisheries sub-sector got ₦10.8 million (2.4 per cent) for 49 beneficiaries, while ₦3.8 million (0.9 per cent) was guaranteed to 12 beneficiaries in the livestock sub-sector. The cash crops sub-sector got ₦0.8 million (0.2 per cent) for 16 beneficiaries, while ₦0.3 million (0.1 per cent) was granted to “others”. Analysis of the loans guaranteed by states showed that ten states benefited from the scheme with the highest guaranteed sum of ₦297.6 million (66.7 per cent) to farmers in Zamfara State, and the lowest sum of ₦0.5 million (0.1 per cent) granted to farmers in Imo State.

Retail price survey of most staples by the CBN showed that the prices of major staples recorded mixed trends in April, 2007. Eight of the fourteen commodities monitored, namely yam flour, local rice, white garri, yellow garri, millet and white maize recorded price increase of 14.6, 8.4, 7.0, 6.8, 2.8 and 0.3 per cent, respectively, over their levels in the preceding month. This was, however, moderated by the components of vegetable oil, white beans, palm oil, groundnut oil, eggs, guinea corn and brown beans whose prices declined by 5.3, 3.7, 1.6, 1.0, 1.0, 0.3 and 0.3 per cent, respectively, during the review month.

The prices of most Nigerian major agricultural commodities at the London Commodities Market recorded increases during the review month. At 267.8 (1990=100), the all-commodities price index, in dollar terms, increased by 1.5 and 49.6 per cent over their levels in the preceding month and the corresponding period of 2006, respectively. Further analysis showed that five of the six commodities monitored, namely palm oil, coffee, cocoa, soya bean and copra recorded price increase of 1.8, 1.5, 1.4, 1.4 and 0.7 per cent, respectively, while cotton recorded a price decline of 2.1 per cent, when compared with the levels in the preceding month.

In naira terms, at 3,254.7 (1990=100), the all-commodities price index, also rose marginally by 0.1 and 48.3 per cent over their levels in the preceding month and the corresponding period of 2006, respectively. Further analysis showed that four of the six commodities monitored, namely cocoa, soya bean, palm oil recorded price increases of 0.1 per cent each, while copra increased by 0.2 per cent, over their levels in the preceding month. This was, however, moderated by cotton and coffee whose prices declined by 0.1 per cent each, during the period.

3.2 Petroleum Sector

Nigeria’s crude oil production, including condensates and natural gas liquids, was estimated at 2.10 million barrels per day (mbd) or 63.0 million barrels for April, 2007, compared with 2.15 mbd or 66.65 million barrels in the preceding month. Crude oil export was estimated at 1.65 mbd or 49.5 million barrels for the month, compared with 1.70 mbd or 52.7 million barrels in March, 2007. Deliveries to refineries for domestic consumption remained at 0.45 mbd or 13.35 million barrels for the month.

The average price of Nigeria’s reference crude, the Bonny Light (37º API), was estimated at US$70.46 per barrel, indicating an increase of 9.6 per cent over the level in the preceding month. Similarly, the prices of other competing crudes, namely the West Texas Intermediate, the U.K Brent, the Arab Light and the Forcados rose by 5.1, 11.3, 12.2 and 9.8 per cent to US$63.69, US$67.83, US$62.87 and US$70.11, respectively, in the review month. The development was attributable to geopolitical concerns such as fear of supply disruptions in Iran due to sanctions by the UN; and in Nigeria as a result of the disputed election results. Refinery bottlenecks in the US; and falling levels of gasoline inventories in the face of the approaching summer season, also contributed to the rise in prices.

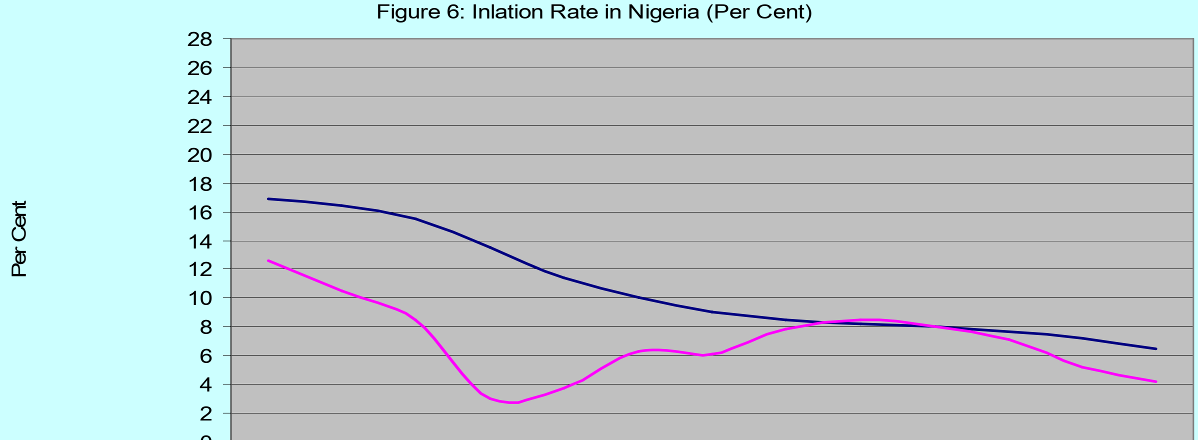
3.3 Consumer Prices

Data from the National Bureau of Statistics (NBS) showed that the all-items composite Consumer Price Index (CPI) for April, 2007 was 161.1 (May 2003=100), representing an increase of 1.2 and 4.2 per cent over the levels in the preceding month and the corresponding period of 2006, respectively. The development was attributable to the increase in the following components: miscellaneous goods & services; restaurant and hotels; education; clothing and foot wear; communication; food and non alcoholic beverages; housing, water, electricity, gas & other fuel; food; transport; and recreation and culture whose indices increased by 2.4, 2.2, 2.2, 2.1, 1.2, 1.0, 1.0, 0.9, 0.3 and 0.2 per cent, respectively. This was, however, moderated by the components of alcoholic beverages, tobacco & kola; health; and furnishings, housing equipment & household maintenance whose indices declined by 3.1, 3.0, and 0.6 per cent, respectively.

The urban all-items CPI for April, 2007 stood at 179.7 (May 2003=100), representing an increase of 0.7 and 11.2 per cent over the levels in the preceding month and the corresponding period of 2006, respectively. Similarly, the rural all-items CPI for April 2007, stood at 153.0 (2003=100), indicating an increase of 1.4 and 1.0 per cent over the levels in the preceding month and the corresponding period of 2006, respectively.

The rate of inflation for April, 2007, on a year-on-year basis was 4.2 per cent, compared with 5.2 per cent in the preceding month. The fall was attributable largely to the decline in the prices of some food items, building materials and services. The inflation rate on a twelve-month moving average basis for the month under review was 6.5 per cent, compared with 7.2 per cent recorded in March 2007.

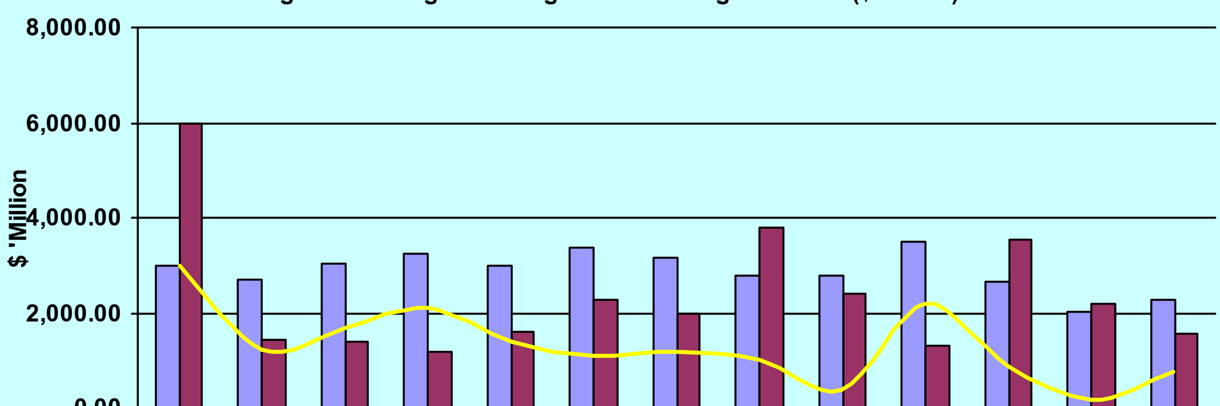
Figure 6: Inlation Rate in Nigeria (Per Cent)



	Apr. 06	May. 06	Jun. 06	Jul. 06	Aug. 06	Sept. 06	Oct. 06	Nov. 06	Dec. 06	Jan. 07	Feb. 07	Mar. 07	Apr. 07
Inlation 12-MMA	16.9	16.4	15.5	13.5	11.4	10	9	8.5	8.2	8	7.7	7.2	6.5
Inflation Yr-on-Yr	12.6	10.5	8.5	3	3.7	6.3	6.1	7.8	8.5	8	7.1	5.2	4.2

4.0 EXTERNAL SECTOR DEVELOPMENTS

Figure 7: Foreign Exchange Flows Through the CBN ($'Million)



	Apr.06	May.06	Jun.06	Jul.06	Aug.06	Sep. 06	Oct. 06	Nov. 06	Dec.06	Jan.07	Feb.07	Mar.07	Apr.07
Inflow	2,990.02	2,677.39	3,050.33	3,249.12	2,991.52	3,385.70	3,160.70	2,779.33	2,787.84	3,497.86	2,632.69	2,015.66	2,289.01
Outflow	5,981.55	1,440.25	1,379.15	1,164.83	1,610.78	2,293.70	1,991.07	3,800.90	2,403.89	1,311.56	3,516.84	2,188.61	1,537.14
Netflow	2,991.53	1,237.14	1,671.18	2,084.29	1,380.74	1,092.00	1,169.67	1,021.57	383.95	2,186.30	884.15	172.95	751.87

Months

4.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the CBN, amounted to US$2.29 billion and US$1.54 billion, in April 2007, compared with US$2.02 billion and US$2.19 billion, respectively, in the preceding month. This resulted in a net inflow of US$0.75 billion, as against a net outflow of US$0.17 billion in March, 2007. Inflow increased by 13.4 per cent relative to the preceding month's level, while outflow declined by 29.7 from the preceding month's level. The rise in inflow was attributable to the increase in the oil sector receipts brought about by the increase in crude oil prices at the international market, while the fall in outflow was traceable to the decline in DAS utilisation and external debt service during the period. The fall was however, moderated by the increase in drawings on L/Cs and 'other official payments'. Outflow through autonomous sources remained at the preceding months level of US$0.02 billion.

Available data on aggregate foreign exchange flows through the economy in April 2007 showed that total inflow increased by 7.6 per cent to US$4.11 billion. Oil sector receipts, which accounted for 49.6 per cent of the total, rose by 12.7 per cent to US$2.04 billion from the level in the preceding month. Also, non-oil public sector inflows and autonomous inflow increased by 19.0 and 1.7 per cent to US$0.25 billion and US$1.79 billion, respectively, and accounted for 6.0 and 44.4 per cent of the total inflows.

At US$1.56 billion, aggregate foreign exchange outflow from the economy declined by 29.4 per cent from the preceding month's level, reflecting the 43.1 and 75.0 per cent fall in DAS utilisation and external debt service, respectively. The fall in outflow was, however, moderated by the substantial increase in drawings on L/Cs and 'other official payments'. Autonomous outflow remained at the preceding month's level of US$0.02 billion.

4.2 Non-Oil Export Proceeds by top 100 Exporters

Non-oil export earnings by Nigeria's top 100 exporters amounted to US$117.27 million in April, 2007, indicating an increase of 22.2 per cent over the preceding month's level.

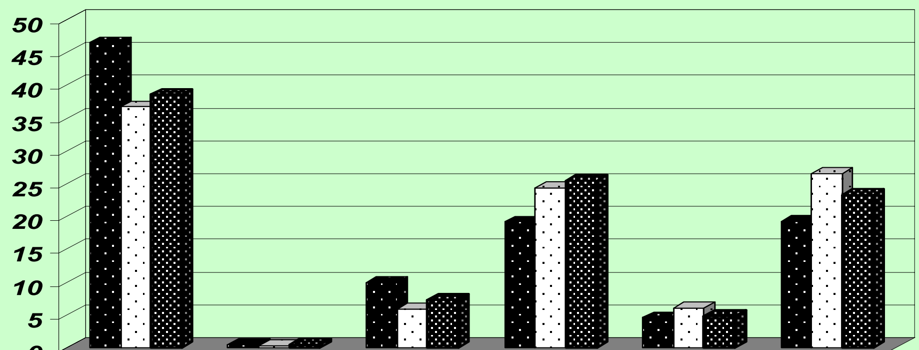
A breakdown of the proceeds during the month showed that proceeds in respect of the manufacturing, agricultural and 'others' sub-sectors rose by 27.5, 1.9, and 328.6 per cent to US$39.83 million, US$62.39 million and US$15.04 million, respectively, in the review month.

The rise in non-oil export proceeds was attributable largely to the increase in world commodity prices at the International Commodities Market. The share of the agricultural sector in total non-oil export proceeds was 53.2 per cent during the month, as against 63.7 per cent in the preceding month, while the manufacturing sub-sector accounted for 34.0 per cent, compared with 32.5 per cent in the preceding month. The share of "others" sub-sector increased from 3.6 per cent to 12.8 per cent. The top 100 exporters accounted for 100 per cent of all the non-oil export proceeds in April, 2007.

4.3 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for (36.7 per cent) of total foreign exchange disbursed in April, 2007, followed by the invisibles (26.6 per cent). Other beneficiary sectors, in a descending order, included: general merchandise sector (24.4 per cent), transport (6.1 per cent), food (5.9 per cent), and agricultural products (0.3 per cent) (Fig.8).

Figure 8:Sectoral Utilization of Foreign Exchange (Percentage of Total)



	Industrial	Agricultural	Foods	G/Merchandise	Transport	Invisibles
Apr. 06	46.5	0.5	9.9	19.2	4.6	19.3
Apr. 07	36.7	0.3	5.9	24.4	6.1	26.6
Mar. 07	38.6	0.5	7.3	25.5	4.8	23.3

4.4 Foreign Exchange Market Developments

The demand pressure in the foreign exchange market moderated in April 2007, as foreign exchange sales by the CBN to authorized dealers amounted to US$0.95 billion, representing a decline of 43.1 per cent from the level in the preceding month. The development was attributable to the improved activities at the inter-bank foreign exchange market. The weighted average exchange rate of the Naira vis-à-vis the US dollar appreciated from ₦128.15 per dollar in March to ₦127.98 per dollar in April 2007. In the bureaux de change segment of the market, the rate, also, appreciated marginally by 0.3 per cent to ₦129.00 per dollar from ₦129.34 per dollar in March, 2007.

Consequently, the premium between the official and bureaux de change rates narrowed from 0.9 per cent in the preceding month to 0.8 per cent.

4.5 External Reserves

Available data showed that Nigeria's gross external reserves at end-April, 2007 stood at US$43.53 billion, representing an increase of 2.2 per cent over the level of US$42.60 billion recorded in the preceding month. When compared with the level at end-April, 2006, it rose by 31.7 per cent. At the current rate of foreign exchange commitments, the level of reserves could finance about 18.4 months of current foreign exchange disbursement, compared with 19.0 months in March, 2007.

5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

World crude oil output in April 2007 was estimated at 85.30 million barrels per day (mbd), while demand was estimated at 86.20 mbd, compared with 84.50 mbd in the preceding month, indicating an excess demand of 0.8 mbd. The increase in demand was attributable to the spell of cold weather in the United States.

Other major international economic developments of relevance to the domestic economy during the month included: the release of the 2007/2008 World Economic Outlook (WEO) by the International Monetary Fund (IMF). The outlook showed that global growth would moderate to 4.9 per cent during the period. Growth in the United States would reduce to 2.2 per cent in 2007 from 3.3 per cent in 2006. In the Euro area, growth would ease, reflecting in part, the gradual withdrawal of monetary accommodation and further fiscal consolidation. In Japan, however, the expansion would continue at about the same pace as in 2006, while, emerging market and developing countries would continue to grow strongly, although at a slower pace than in 2006.

The WEO also revealed that many emerging and developing countries face the challenge of maintaining stable macroeconomic and financial conditions in the wave of strong foreign exchange inflows. Exchange rates in several Asian countries have appreciated markedly over the past six months, while in commodity-exporting countries, the rapid rise in export receipts and government revenues need to be carefully managed to avoid overheating.

In another development, the 40th Session of the United Nations Economic Commission for Africa (UNECA) Conference of Ministers of Finance, Planning and Economic Development was held in Addis Ababa, Ethiopia from 2nd – 3rd April, 2007. The theme of the Conference was "Accelerating Africa's Growth and Development to meet the Millennium Development Goals (MDGs): Emerging Challenges and the Way Forward". The objectives of the conference were to identify some of the emerging challenges to accelerating growth and development to meet the MDGs in Africa; and to propose options for consideration by Ministers, which will pave the way for scaling up interventions to accelerate growth and development to meet the MDGs in the region.

The major highlights of decisions taken at the meeting were as follows:

- Alignment of national development strategies and medium expenditure frameworks with the MDGs and other international agreed goals.
- Designation of a mechanism by end 2008 for monitoring the progress towards the MDGs in all member states.
- Increased domestic spending on the MDGs by ensuring that resources from debt relief, revenues from natural resources and other sources are channeled towards meeting the goals.
- Strengthening and deepening the financial sector to promote micro financing and increased credit, harness remittances for development, and further improve the business and investment environment to attract flows of Foeign Direct Investment (FDI).
- Increased investments in gender equality and women's empowerment that would improve the status of women, including the provision of water, energy, education, health and strengthening policies to reduce violence against women.
- Launching of the African Green Revolution by end 2008 to raise agricultural productivity by ensuring the access of small holder farmers to fertilizer and improved seeds through targeted subsidies as necessary, investment in water management, strengthening agricultural extension services, expanding rural infrastructure and promoting regional cooperation in inter-African trade and investment in agriculture.
- Improving the availability, timeliness and quality of data through compliance with international standards.
- Requesting the UN and international financial institutions to assist African governments in preparing and implementing MDG based comprehensive national development strategies and Quick Impact Initiatives

The Spring Meetings of the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs & Developments, and the Board of Governors of the International Monetary Fund (IMF) and the World Bank (WB) took place in Washington D.C. from 12th – 15th April, 2007. The Nigerian delegation to the meetings was led by the Honourable Minister of Finance, Mrs. Nenadi Usman. The meeting considered Voice and Representation of Developing Countries, the 1977 Decision on Surveillance, Scaling up of Aid, Clean Energy and Climate Change, Governance and Anti-Corruption, among others.

On Voice and Representation, the Ministers stressed that the adoption of a package of reforms aimed at increasing the voice and representation of developing countries remained of utmost importance for the legitimacy and effectiveness of the Bretton Woods Institutions. The Ministers acknowledged that there was need to increase the voting share of those countries whose weight and role in the world economy had increased but this should not come at the expense of other developing countries.

The Ministers also reiterated their commitment to support the Fund's ability to strengthen the effectiveness and independence of its surveillance in the changing global environment. Nevertheless, they remained doubtful if the revision of the 1977 Decision on Surveillance over Exchange Rate Policies is necessary to pursue the objective of more focused and effective surveillance. The Ministers later endorsed the principles agreed by the Executive Board to guide any revision of the 1977 Decision, namely: there should be no new obligations, dialogue and persuasion should remain key pillars of surveillance; the decision should pay due regard to country circumstances and emphasize evenhandedness; and that it should remain flexible to allow surveillance to continue evolving. They agreed to work together to ensure that any revision of the Decision respects these principles

The Ministers expressed disappointment over the slow rate of delivery of aid resources after the adoption of the MDGs, the Monterrey Consensus and the commitment of the G8 to scale up aid. However, they welcomed progress in the implementation of the World Bank Group's Africa Action Plan though noting that the region is still not on track to meet the poverty goal and most of the human development goals. The Ministers called for a rapid and frontloaded increase in official development assistance (ODA) to meet the MDGs and ensure an improved distribution of the gains from global prosperity.

Furthermore, the Ministers welcomed the update on the World Bank Group Action Plan on Clean Energy for Development. They pointed to the overwhelming evidence that climate change and variability is a serious concern with disproportionately adverse impact on the developing world. The Ministers agreed with the main pillars of the proposed approach, namely: a strong overall World Bank Group energy programme; scaling up support to help countries address the lack of access to energy, especially in sub-Saharan Africa; supporting emerging markets' and developing countries transition to a low carbon economy; enhanced support on adaptation to climate variability and change; and improved financial products.

The Ministers finally stressed that good governance and the fight against corruption are of the utmost importance to their countries. They called for a close involvement of the Bank Board in the discussion and endorsement of the Implementation Plan, as well as in the oversight of the strategy, including decisions on country cases and individual projects. They called for a review of the implementation of the strategy in a year's time.

In another development, the fifteenth meeting of the International Monetary and Financial Committee was held on April 14, 2007. The Committee welcomed the continued strong and broad-based expansion of the global economy. It also noted the progress and continued focus in IMF surveillance, on the agreed strategy for promoting an orderly unwinding of global imbalances over the medium term. The Committee called on poor countries and donors to continue working in partnership to build the robust growth observed in low-income countries in order to accelerate progress towards achieving the Millennium Development Goals. They welcomed the resumption of the Doha Round trade negotiations, and called on World Trade Organisation (WTO) members to work with a renewed commitment to urgently achieve an ambitious outcome.